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**BUSINESS DAY**

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### Tackling challenge of JV funding in Nigeria's oil, gas sector

FRANK UZUEGBUNAM

A recurring problem in the upstream sector of the Nigerian oil and gas industry is the inability of the national oil company, the Nigerian National Petroleum Corporation (NNPC) to meet its funding obligations to Joint Venture (JV) operations. Nigeria's oil and gas production structure is mainly split between JV with NNPC onshore and in shallow water, and production sharing contracts (PSC) in deepwater offshore.

JV operation is the standard agreement between the national oil company (NOC) and international oil companies (IOCs). Under the arrangement, both the NOC and the IOCs contribute to funding oil operations in the proportion of their JV equity holdings and receive crude oil produced in the same ratio. Companies engaged in this form of arrangement are assessed to tax under the Petroleum Profits Tax Act (PPTA) at the rate of 65.75 percent of chargeable profits for the first five years of operation when the company is yet to fully recover its capitalized pre-production cost and 85 percent thereafter. The tax payable is modified by the provisions of the Memorandum of Understanding (MOU) between the parties. — Page 2



Dapo Ayoola, chief executive Sub-Saharan Africa Upstream oil and gas summit, Phillip Chukwu, managing partner PhiChukwu Associates and Sim Katende, head, energy dept. Katende & Siematawa at Sub-Saharan Africa Upstream oil and gas summit held in Accra, Ghana recently

### Energy Finance

#### Total seeks arbitration over Uganda tax dispute

Page 6



## Analysts seek shared experiences for Sub-Saharan Africa upstream

FRANK UZUEGBUNAM

Sub-Saharan Africa upstream oil and gas can reach greater heights if African oil and gas leaders and their support services providers come together for the purpose of developing and improving best practices in the oil and gas sector. This was the submission of speakers and analysts at the recent summit in Accra, Ghana with the theme, "Unlocking potentials in Sub-Saharan Africa upstream oil and gas".

"As a continent, we can be better than we are through shared experiences right on our soils led by our experts and funded by our investors for the mutual benefit of our stakeholders", said Dapo Ayoola, the chief executive of the Sub-Saharan Africa Upstream oil and gas summit. — Page 2.

### Market Insight

#### Saudis raise crude oil pricing to Asia

Page 7



### SNAPSHOTS

**\$100 billion**

US saves \$100bn a year not importing LNG

**\$100 billion**

Six years ago, the US oil trade with Africa was worth \$100bn. Today it is worth \$15bn

### Quote



"Oil and gas explorers will be re-looking at their budgets and deciding where to allocate their limited capital spend given the substantial decline in the oil price. Overall, low oil prices could have an impact on production undermining certain players in the market".  
 — Chris Broderham, PwC Africa Oil and Gas Advisory Leader

### OPEC weekly basket price

Week	Price (U.S \$)
3/4/15	51.66
27/3/15	51.91
20/3/15	49.5
13/3/15	53.24
6/3/15	56.07

Source: OPEC