



Department of Petroleum Resources

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DPR MAKES GIANT STRIDES IN THE OIL AND GAS SECTOR: LAUNCHES REAL TIME CRUDE OIL AND LNG TRACKING INITIATIVES

The Department of Petroleum Resources in alignment with the transparency initiative of government, the executive order 001 - Ease of doing business and the "7 Big wins" policy launched by Mr. President, recognize the importance of reducing approval cycle, entry barriers and regulatory transaction costs as necessary ingredients for creating conducive business environment, optimize government take from hydrocarbon resources and value creation to all stakeholders.

It is in realization of these critical deliverables, that a wholistic automation process, through information technology and infrastructure deployment to enhance global competitiveness of the Nigerian oil and gas industry were put in place by the DPR with a view to achieving the lofty goals and aspirations of government for the sector as highlighted below:

NATIONAL PRODUCTION MONITORING SYSTEM (NPMS)

The National Production Monitoring System (NPMS) is one of the prominent projects put in place to facilitate the transmission of Upstream (Oil and Gas) production data to the DPR on a daily basis. The system is a process change for the submission and gathering of oil and gas production data, export data, and other data in the industry that improves on transparency in hydrocarbon accounting in Nigeria and the revenue generated therefrom. It enables accurate hydrocarbon production and export figures monitoring and ensures consistency and quality of data published by the Department of Petroleum Resources. The online gathering of data is achieved through the Corporate Database of the Oil and Gas operations, DPR offices at the Terminals and Meters installed at Onshore and Offshore Terminals.

Recently, NPMS Platform has been expanded and upgraded to enable it achieve Real-Time Data Gathering, Monitoring and Reporting of Oil production in active fields in Nigeria. The Department proposed a complete roll out of the Real-Time Upgrade in all 26 Oil Terminals by mid-2019. Currently, 9 Terminal locations successfully transmitting real-time data, while the remaining Terminals locations are at different levels of installations and system integration. Currently, our national crude oil production from nine terminals is captured in real time across DPR offices via web access.

CRUDE OIL AND LNG TRACKING (COLT)

Nigerians may recall the Honourable Minister's assurance sometime in 2016 while addressing a Press Conference, that "come January 2019, Nigeria would be able to account for every molecule of Hydrocarbon leaving the country".

Following the Honourable Minister's pronouncement, the DPR was challenged and immediately went to work as to finding excellent and proven systems of tracking every vessel and volume of crude oil leaving Nigeria to the spot markets and other parts of the world.

This was achieved using Automatic Identification System (AIS) to track Maritime Vessels (i.e Ocean going vessels) carrying commodities, with knowledge of volumes being shipped across the globe and by who in Real-Time. The seaborne flows are analysed cargo by cargo, revealing hidden patterns and trends in the market which could otherwise go unnoticed.

It is worth mentioning that the Crude Oil and LNG Tracking system provides data on vessel operations and movement which includes; loading, cargo details, ship details, destination (country/continent), discharges and trade activities.

The DPR proudly informs all Nigerians and the world that, every molecule of crude oil produced in Nigeria and quantity loaded is known and tracked to final destination including stopovers with applicable discharges. Similarly, information on imported cargos into Nigeria can also be accessed in real time. The System very interestingly demonstrates the ability to track and identify "Rogue" or "Dark" ships on a real-time map. The DPR is keenly interested in tracking and monitoring vessels in the Niger Delta area to deter unauthorized access. In addition, the Hon. Minister of State has directed the establishment of an inter-agency forensic team that can investigate any vessels with suspicious movements in the Nigerian territorial waters in collaboration with relevant agencies.

AUTOMATED DOWNSTREAM SYSTEM (ADS)

This is an integrated downstream automation initiative designed to change all internal regulatory processes of licensing and permitting across the value chain to an online system. This is to reduce approval cycle, enhance transparency, eliminate corrupt practices and accelerate ease of doing business. The following systems and processes have already been launched and are all active and available to industry players and the public:

- Coastal Vessel Licensing portal
- Lube Blending plants Licensing portal.
- Retail Outlets Marketing (ROMS) Licensing portal
- Industrial Consumers, Filling stations, Kerosene. Crude Oil Export Licensing portal.
- Hydrocarbon Processing Plants Licensing portal.
- Minimum Industry Safety Training for Downstream Operators (MISTDO) Licensing portal

To also enhance operational efficiency and excellence in monitoring downstream operation, Smart Inspector (inspection App) was launched to provide technology enablement for inspections and audit processes.

VALUE MONITORING AND BENCHMARKING (VMB)

This is a transparency enablement tool designed to provide cost monitoring platform that will allow benchmarking of upstream cost elements to aid investment decision and national planning. The initiative is hinged on policy aspiration on reducing cost of production in the industry.

FISCAL PAYMENT ADMINISTRATION SYSTEM (FISPAS)

FISPAS is an initiative to enhance assessment and collection of revenue streams mainly royalties, concession rental and miscellaneous revenues by industry players. It provides an exchange where revenue payments are reported, reconciled and reporting of payments and receipts is enhanced to facilitate revenue generation for the Federation.

ACCELERATED LEASE RENEWAL PROGRAMME

This initiative is hinged on the provisions of the Petroleum Act LFN 2004 which mandates the holder of an Oil Mining Lease to apply for the renewal of the lease at least one year to the expiration of the lease. Consequently, the Department views it appropriate to process renewal applications due to expire within the 2016 and 2019 window. This will not only enhance revenue flow to the



Federal Government but will also incentivize investments in the upstream sector by guaranteeing the life of leases critical for green investment decisions considering the long maturation period for exploration and production investments.

A total of forty-five (45) assets which are in IOCs and NNPC Joint Venture portfolios as well as indigenous operators that fell within the period under reference were identified. It is indeed worth mentioning that more than twenty-five (25) applications have so far been received, processed through various rigorous statutory regulatory gates and submitted for Ministerial consideration and approval. Mr President and Honourable Minister of Petroleum Resources has granted approvals for the renewal of about twenty-two (22) Oil Mining Leases which has resulted in the payment of Renewal Bonuses in excess of \$1 billion (**USD1,141,884,988.75** billion) in addition to the payment of revised application fees of \$1 million per block.

ROYALTY INDEBTEDNESS RECOVERY

Given the statutory nature of royalty as a first line charge, it was considered expedient to embark on aggressive recovery of all outstanding crude oil and gas sales royalty payments due to the Federation. It is worth mentioning that the current regulatory framework on payment of royalty is hinged on self - assessment and subsequent reconciliation with the DPR based on volume of crude oil produced and volume of gas sold. Several previous attempts by the Department at compelling the debtors to upset their respective outstanding payment was greeted with undue interferences and resistance.

Consequently, the DPR leveraged on Mr. President's and the Honourable Minister of Petroleum Resource's doggedness, strong political will and lack of interference with processes of public institutions to recover legacy crude oil and gas sales royalties payments owed by operators prior to 2015. We wish to state that **NGN1,269,787,561,881.39** have been paid by various debtors and payment plans agreed for progressive settlement. It is worthy to note that these achievements by DPR would not have been possible without close collaboration with the Ministry of Petroleum Resources and relevant stakeholders. This further underscores the importance of policy direction that provides a platform for co-operation and collaboration among the critical public stakeholders in policy development and implementation to ensure sustainable value addition to the oil and gas industry in Nigeria and the country at large.

