Oil & Gas | A Dynamic Landscape

Subduing Challenges and Seizing Investment Opportunities

Nigeria International Energy Summit (NIES), 2024

26th Feb., - 1st March 2024
FCT, Abuja

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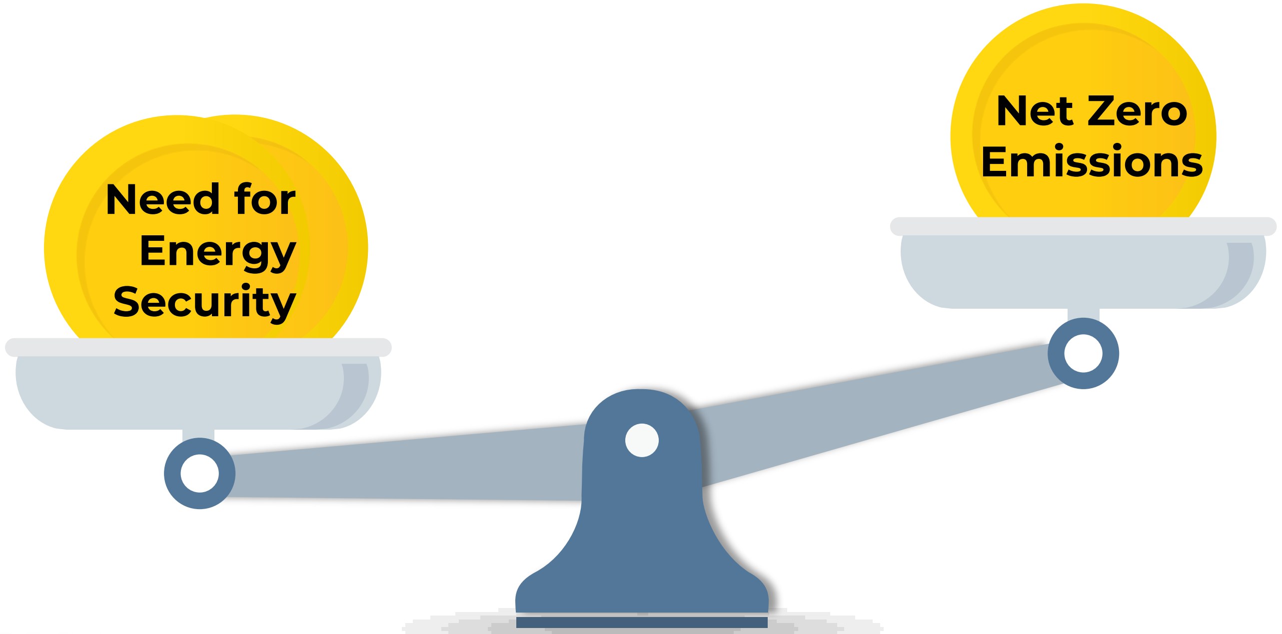
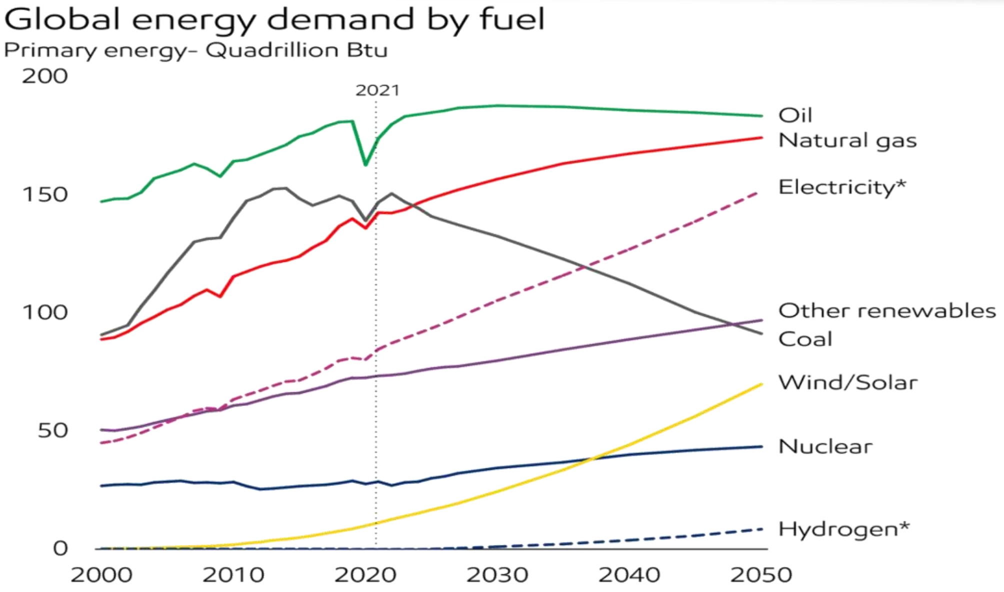
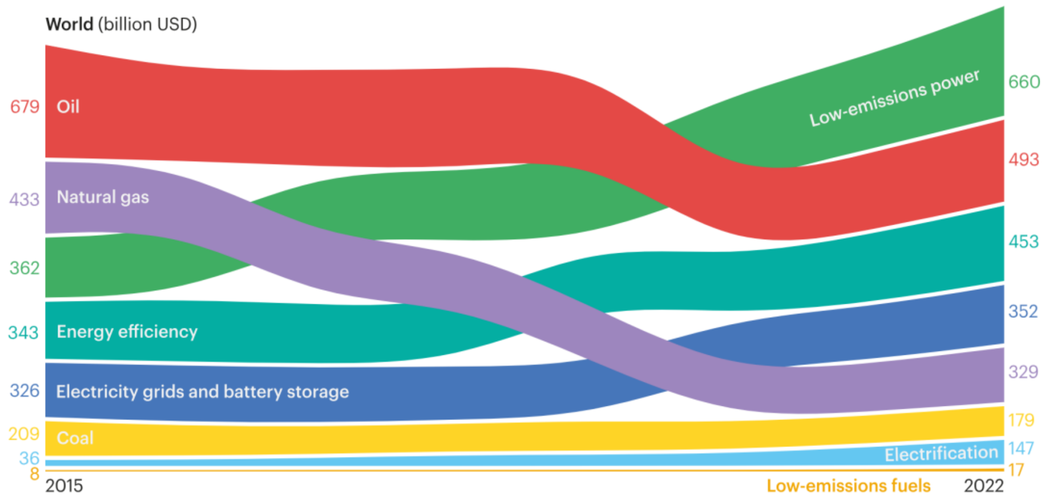
Bala Wunti
Chief Upstream Investment Officer

Energy Dynamics (Demand now and forecast)







Source: International Energy Agency World Energy Outlook 2023

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Energy, Emission and Supply Security

01 The **world** needs energy to power it

02 The energy can be **renewable** or **nonrenewable**

03 The world has to **choose** between energy **security** and energy **transition**ing to cleaner sources

04 **Fossil fuels** have and will still power the world (currently **70%**)

05 Someone has to **produce** the energy responsibly

06 **Capital** is required to produce the energy in resource rich countries eg **Nigeria.**

Bringing it to Nigeria (why invest in Nigeria)

Fiscal Attractiveness

- ✓ Marginal Field Investment
- ✓ Incentives for Deepwater Projects
- ✓ Improvement in Regulatory Framework.

Premium Quality Crude

- ✓ Sweet
- ✓ Light
- ✓ High Yield

Experienced Workforce

- ✓ 35years average age
- ✓ > 50% with a two or more degrees
- ✓ Local content

Stable Regime and Regulation

- ✓ Policy Transparency
- ✓ Regulatory Certainty

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CURRENT REALITIES

A Call to Resilience and Innovation

Navigating Diplomatic Complexities

GEOPOLITICS

- Geopolitical conflicts
- Sanctions
- Divestment/Acquisitions

Beyond Compliance to Sustainability

ENVIRONMENTAL RESTRICTIONS

- Climate Change Drive
- ESG
- Environmental Litigations

Riding the Waves of Commodity Prices

MARKET VOLATILITY

- Double Digit Oil Price
- Increasing Industry players and New Oil Frontiers

Embracing Evolution in Regulations

REGULATORY CHANGES

- Paris Agreement (2015), MARPOL Annex VI, California Zero-Emission Vehicle (ZEV) Mandate, Biden Administration Executive Orders
- Petroleum Industry Act (PIA) 2021

INDUSTRY OPACITY

- Majority of Nigerian players are still private
- Xxxxxxx

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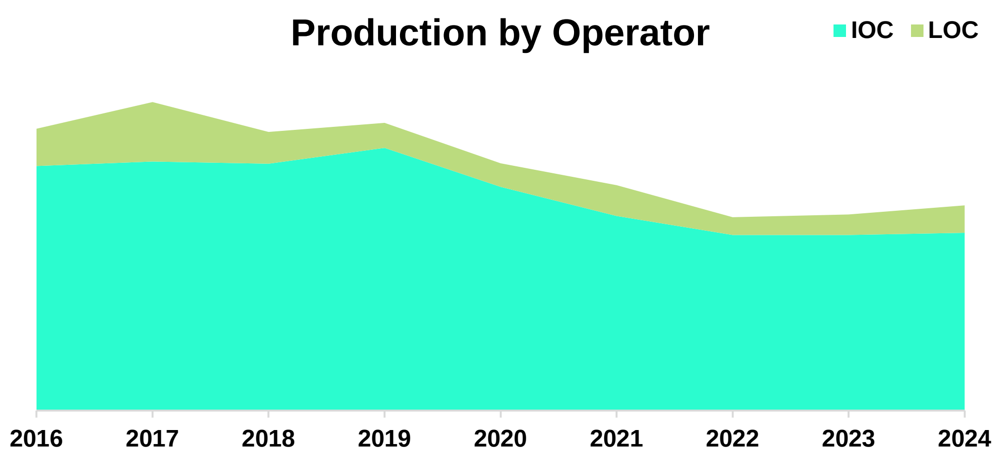
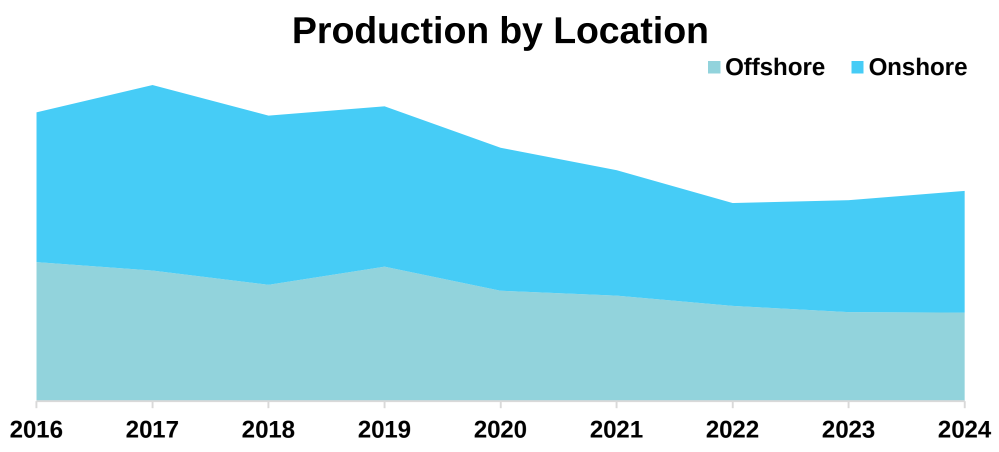
What are our Challenges?



Dwindling Production by the IOCs



Majority of our production is Onshore

1. **Oil and Gas Capital now has choice of movement between mature fields and new frontiers.**
2. **Changes in governance structure of onshore assets due to divestments by IOCs.**
3. **Corporate Governance of Indigenous Oil Companies**

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Looking Forward

How to mitigate **governance** and **compliance risks**?

What are the causes of **weak governance** and compliance?

Are there new **terms** to explore?

Are there Compliance initiatives to implement e.g. **ISO** certification?

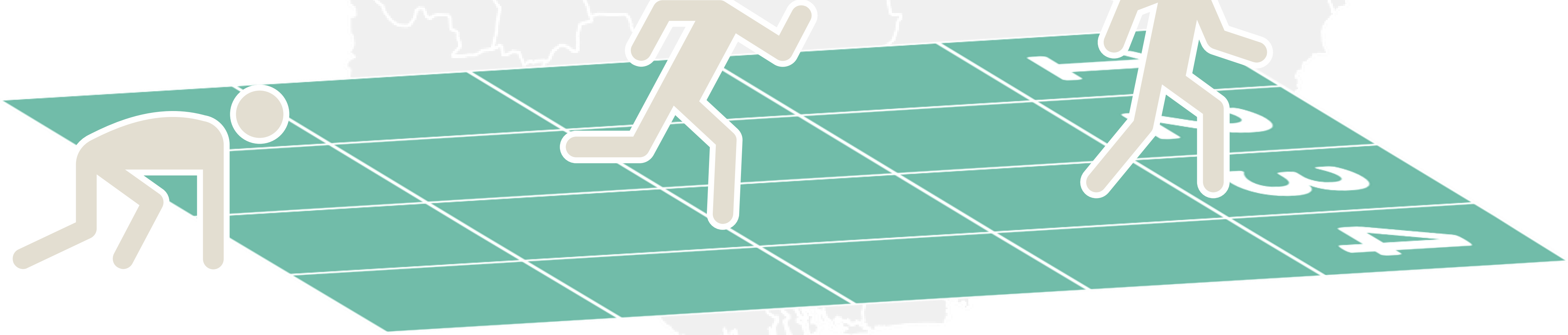
CONCLUSION

Our Collective Odyssey

Several challenges as well as opportunities abound...

For Nigeria, the journey is not just about financial gains but shaping a legacy through cooperation, collaboration, trust, and corporate governance...

What gives us hope for the future is our collective ability to overcome challenges and seize opportunities!!!



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Thank you

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Energy for tomorrow

OPPORTUNITIES

The Energy Investment Renaissance

Technological Innovation

- Horizontal Integral Cooperation
- Shared research and development costs

Start-up Ecosystem

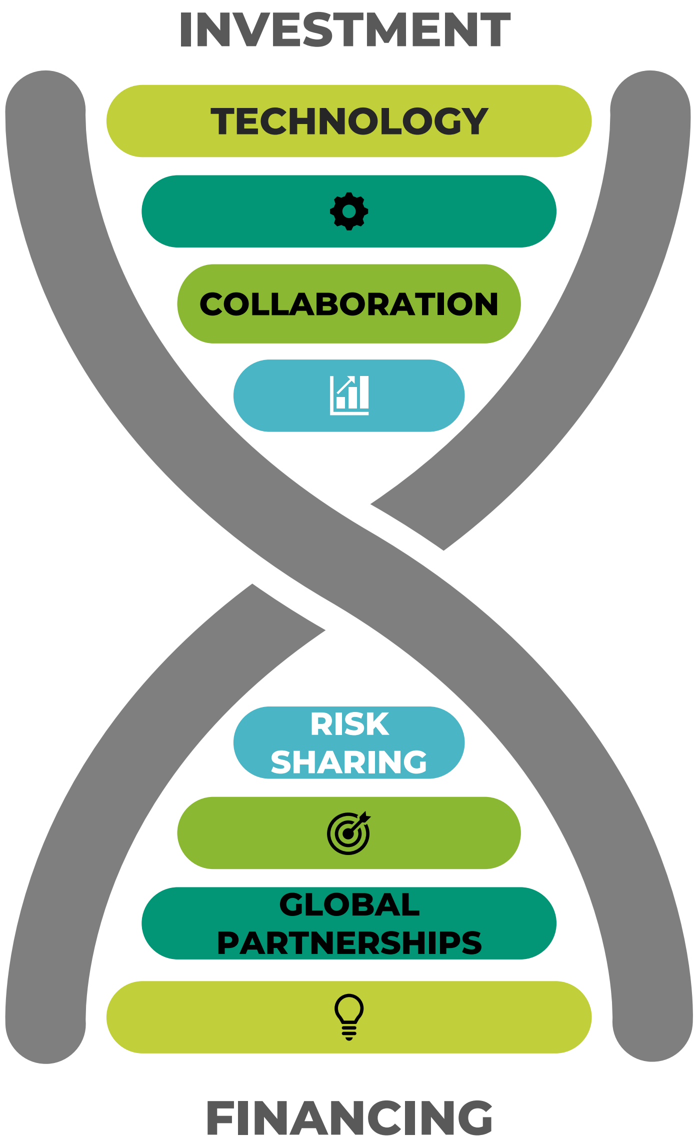
- Development and support of energy incubators/start ups for technology domestication

Diversification

- Exploring New Frontiers/Embracing the Clean Energy Revolution: LNG, CNG, Hydrogen production and Carbon Capture initiatives

Talent Development

- Our most valuable asset is our people. Invest in their continuous development, fostering a culture of innovation, diversity, and adaptability.



Alternative Financing

- **Equity Financing:** Private Equity/Venture Capital, IPOs
- **Capital Market:** Sovereign Wealth Funds, Bonds, Master Limited Partnerships
- **Vendor Financing**.

Farm-ins and Farm-outs

- A company, the farmee, may acquire an interest in a petroleum project from another company, the farmer. The farmee shares the exploration and development risks in return for a stake in the project.

Collaborative Risk Management

- Infrastructure sharing to reduce cost and minimize environmental footprint: cluster development/operations, crude transportation tolling

Investor Relations & Communication

- Establish transparent and effective communication channels with existing and potential investors. Regularly communicate the company's financial health, growth strategies, and industry trends to build investor confidence.

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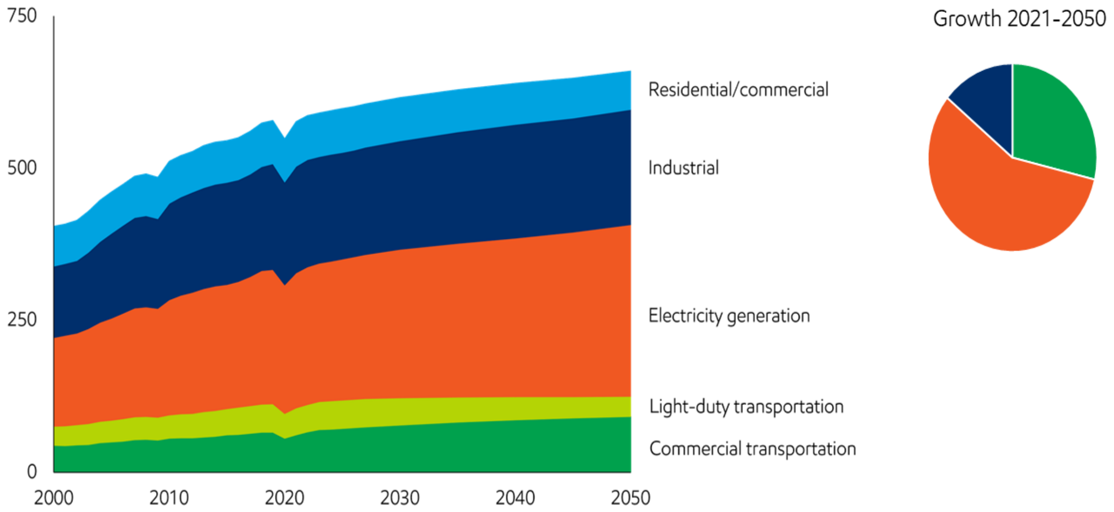
Global energy demand by sector



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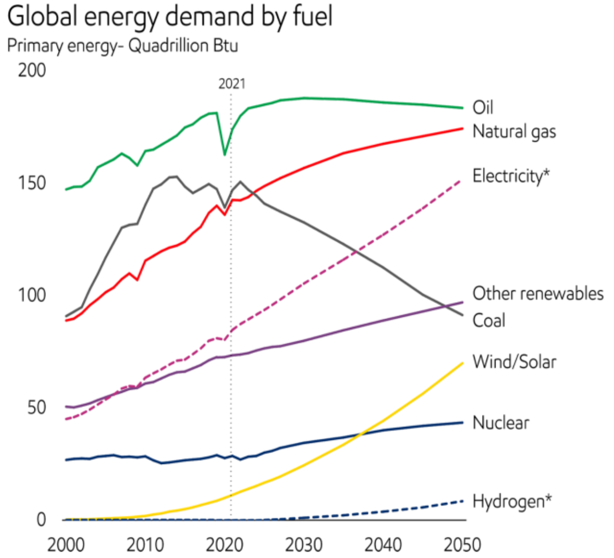

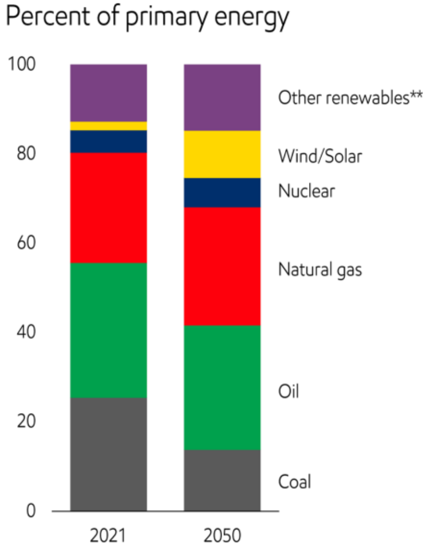

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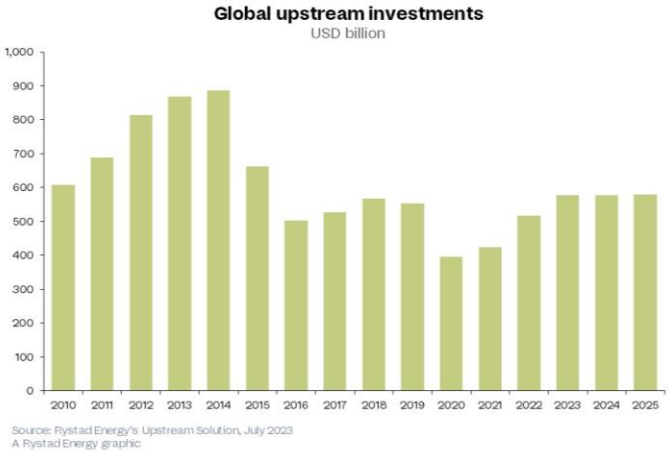
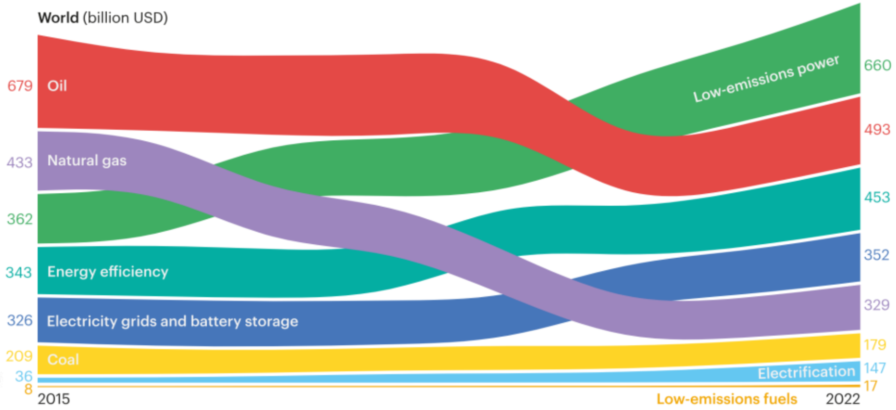
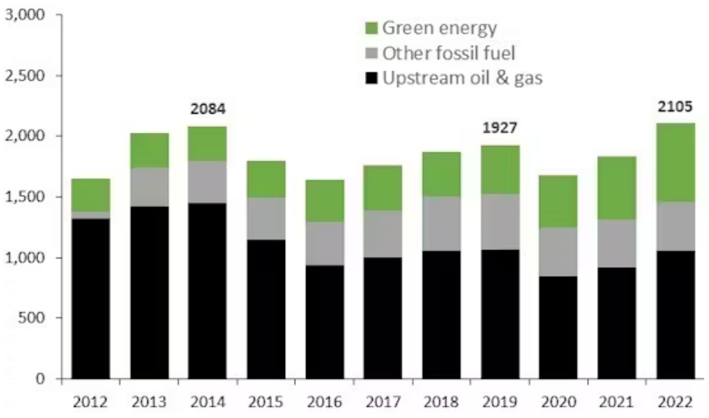
Global Energy investment by sector







Source: Rystad Energy