



Oil Production

NNPC upstream operations are in joint partnerships with the major oil companies. These multi-national Exploration and Production (E & P) companies are operating predominantly in the on-shore Niger Delta, coastal offshore areas and lately in the deepwaters. As with many other developing countries, the multinationals in Nigeria had been operating under what is called a concession system, with NNPC being the concessionaire, while the companies are the operators. NNPC also is responsible for the management of the exploration bidding rounds for oil and gas.

The multinational oil companies operate in partnership with NNPC under Joint Operating Agreements (JOAs) or Production Sharing Contracts (PSCs). Others, especially the indigenous oil companies, operate in partnership with international companies under sole risk or as independents. Nigeria's petroleum industry is well grounded in successful exploration, beginning with the first commercially viable discovery at Oloibiri in the Niger Delta in 1956, with a modest production rate of 5,100 barrels per day. Reserves of crude oil stand at 28.2 billion barrels. Natural gas reserves total 165 trillion standard cubic feet (scf), including 75.4 trillion scf of nonassociated gas.

An important ingredient in NNPC's exploration success is the Integrated Data Services Ltd (IDSL), a subsidiary of NNPC. IDSL is one of the largest and most advanced earth science facilities in Africa. Field data is sent to IDSL for analysis using advanced computer systems, giving the company the critical edge in its upstream operations. IDSL processes and interprets in 3-D configurations data from the hydrocarbon reservoirs. This technological capability is instrumental in developing reservoir management strategies, which provide optimum recovery rates over the life of a field.

IDSL has been responsible for most of the country's major oil discoveries and is continuing an intensive exploration programme to increase the nation's hydrocarbon reserves.

PRODUCTION

With a maximum crude oil production capacity of 2.5 million barrels per day, Nigeria ranks has Africa's largest producer of oil and the sixth largest oil producing country in the world. Nigeria appears to have a greater potential for gas than oil. Nigeria's gas production in the year 2000 was approximately 1,681.66 billion scf, 1,3715 billion scf was associated gas and the rest 310.16 billion was nonassociated gas.

Nigeria produces only high value, low sulphur content, light crude oils - Antan Blend, Bonny Light, Bonny Medium, Brass Blend, Escravos Light, Forcados Blend, IMA, Odudu Blend, Pennington Light, Qua-Iboe Light and Ukpokiti.

NNPC through its subsidiary the Nigerian Petroleum Development Company (NPDC) is directly responsible for four oil and gas fields with a total production of 15,000 bpd.

NPDC is committed to expanding its production capacity and has thus entered into strategic alliance with Agip Energy to develop the Okhono offshore field.

The Nigerian Gas Company, a subsidiary of NNPC transmits gas to major commercial centres in the country. The Escravos -Lagos pipeline feeds the commercial nerve-centre of the nation, as well as fuelling the main power station at Egbin, near Lagos.

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