

# **OGIC FEARS**

## ***OPTS Fears, Reactions/Reservations are that:***

1. *Proposed Fiscal Reforms undermine the I-JVs ability to achieve self-financing*
2. *Oil and Gas Production growth shall be significantly curtailed*
3. *Capital investment shall be reduced by US\$74Billion*
4. *FGN domestic gas aspirations cannot be attained*
5. *Growth of Oil and Gas Sector is further challenged as follows:*
  - *Elimination of oil and gas cost consolidation*
  - *Increased Taxation and other high Government take that make Nigeria economics far less attractive than other countries for the same size of oil fields*
  - *High development cost amidst falling price and search for energy alternatives*
  - *Commerciality threshold of Deepwater development projects even at Oil Price of US\$60 per Barrel*
  - *Bankability of I-JVs for the fact that PIB proposed fiscal terms yield insufficient cash flow for sustainabili*

## **OGIC Recommendations as Petroleum Industry Bill.**

### **Oil and Gas Reforms Implementation Committee (OGIC) as approved for a Bill into an accelerated Act of Parliament:**

*that “in the interest of accountability, transparency financial sufficiency, the existing Joint Venture relationships shall each be incorporated, with the parties to the Joint Venture (JVs) as shareholders of the incorporated entity.*

*The interest held by NNPC in these JVs shall be held by NNPC Limited and the corporate governance regime of the incorporated JVs shall be akin to that of NNPC Limited.”*

### **The stated objectives of PIC Bill for the Upstream Oil and Gas operations are as follows:**

1. *Maximization of economic rent from the Oil and Gas Sector*
2. *Infusion of strict commercial orientation in the Oil and Gas Sector for:*
  - a. *Increased transparency, accountability and ensuring auditable process*
  - b. *Fostering an enabling business environment with minimal political interference*

3. *Reposition nation's Oil and Gas Industry in view of contemporary challenges within the sector both globally in the domestic sphere*
4. *Maximization of local content and development of Nigerian capacity*
5. *Diversification of the economy.*