

## Emmanuel O. Egbogah

Special Adviser to the President of Nigeria  
on Petroleum Matters

John Donnelly, *JPT* Editor



### Regarding your new appointment as special adviser to the President of Nigeria on Petroleum Matters, what does your position involve?

My position is to advise the president of Nigeria on anything to do with petroleum, including legal aspects, policies, and strategies. The Nigerian petroleum industry is my responsibility. In the immediate term, I am involved in the restructuring of the public sector of the oil and gas industry in Nigeria. That is my immediate task because in the past the oil industry has not done as well as it should have. A lot of the laws are very old and out of date so I am involved in updating laws and policies. We are repealing many laws and enacting new ones to be able to make the changes in the industry that we want to occur. Those changes are very fundamental and very profound and will change the way the oil industry operates in Nigeria.

### Can you describe what kinds of changes you would like to see happen?

For instance, we have created a structure that derived from the highest level of authority in the government, what we call a superministerial council, the National Energy Council, which will be chaired directly by the president himself. This council, which includes ministers of the government and myself, will supervise the restructuring and the complete reorganization of the national oil company, the Nigerian National Petroleum Corporation (NNPC). In the past, NNPC has engaged in what I call a conflicting role in legal, commercial, and regulatory policies. It is not possible that a company could police itself, so we are now going to separate the various functions of the company.

The new company, which is going to be called the National Petroleum Company of Nigeria, will engage purely in commercial activities and function as an integrated national company that can go to the stock market and raise money to carry out its operations. It will be regulated by a new agency, called the Petroleum Inspectorate Commission, which replaces the Department of Petroleum Resources in Nigeria. That commission will have the authority to regulate, including the international oil companies (IOCs) operating in the country.

We will have a dual regulation structure—one body to oversee the upstream and another to oversee the downstream, called the Petroleum Development Administration. These functions will be clearly defined so that the roles no longer will be conflicting and self-defeating. We believe that this kind of structure will give clarity, efficiency, and professionalism to the oil and gas industry in Nigeria.

Most importantly, I have proposed changing the existing joint-venture operations in Nigeria. In the past, almost every time the government was called upon to bring cash to support a petroleum operation, it has not been able to do that successfully. So over the years the amount of money that the government owes to IOCs has grown to billions of dollars. You can understand that this does not allow the oil industry to operate nondisruptively. The government could not meet its cash call and that affected operations. In the joint-venture operations we have, the government owns about 55 to 60% of the operation and should contribute proportionately. That has been difficult for the government to do because it has many other areas of concern such as agriculture, health, education, and infrastructure.

So my proposal is to convert the existing joint ventures in Nigeria to incorporated joint ventures that could go to the capital markets to get source funds

*Emmanuel O. Egbogah is special adviser to the President of Nigeria on petroleum matters, an appointment he received in 2007. He is the founder and executive chairman of Emerald Energy Resources and SPE Director, Africa Region. He has more than 35 years of diversified geological and petroleum engineering experience in Canada, the United States, the North Sea, Africa, the Middle East, and the Asia Pacific region. Previously, he was vice president, International Production, for Niko Resources in Calgary; technical adviser and technology custodian for Petronas; Enhanced Oil Recovery adviser for Libya's national oil corporation; petroleum engineering manager and Enhanced Oil Recovery specialist for Amerigo International in Calgary and Houston; and senior vice president Engineering with Applied Geosciences and Technology Consultants in Calgary.*

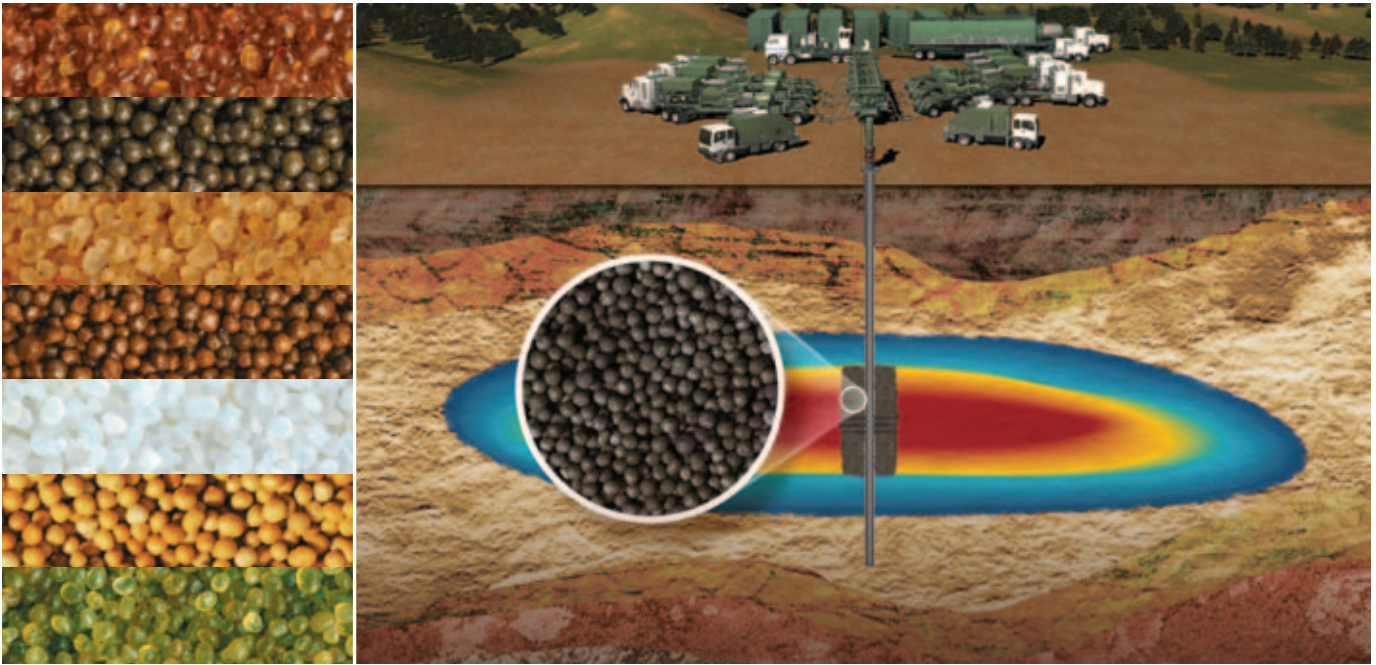
*Egbogah is a Distinguished Member of SPE and has served on numerous SPE committees. Egbogah received an honorary DSc degree in engineering from the University of Port Harcourt, Nigeria; and he earned a PhD degree in petroleum reservoir engineering from Imperial College of Science and Technology, University of London; a DIC degree in petroleum reservoir engineering from the Royal School of Mines, Imperial College; an MSc degree in petroleum engineering from the University of Alberta; and an MSc degree in applied petroleum geology from Friendship University, Moscow.*

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for their operations. The government will be relieved of this financial function and burden. Both the government and the IOCs will benefit from this innovative idea, and the government has already approved this.

**What reaction have you received from IOCs about the change in joint ventures?**

The IOCs that are involved have had meetings with me and the government, and I have hinted that this will be coming, and they indicated that they are not opposed to it. They agree that this is long overdue and should be very helpful to the growth of the industry in Nigeria. Similar joint ventures have long been in operation and successfully operate in many countries, such as Egypt and Oman.

**What are some of the main IOCs currently involved in joint ventures in Nigeria?**

Shell, ExxonMobil, Chevron, Agip, and Total, to name but a few, are involved in joint ventures in Nigeria.

**Have you discussed privatizing the Nigerian national oil company?**

We are not discussing privatization. The company will not become privatized. In this new concept, it will simply oper-

ate in this joint-venture system as well as in production-sharing contracts.

**Will there be significant changes to the types of contracts that will be offered or the structure of the contract terms?**

The contracts will remain the same. We will renegotiate the production-sharing contracts in accordance with the clause in the existing contract. The big difference is that the joint ventures will now be able to seek capital from the private market.

**Is yours a temporary appointment with the government until these changes are enacted?**

My appointment is for the term of this administration. If it lasts for 4 years, it will be that time. If it goes for 8 years, then that will be my time. There are 4-year terms for the president in Nigeria, and the current term expires in 2011.

**What do you realistically hope to accomplish in the oil and gas industry in Nigeria by 2011?**

What I hope to accomplish is to lay a very strong foundation for a modern oil and gas industry in the country. These changes—the reforms and the restructuring—are going to bring Nigeria's oil and gas industry into the 21st century. My greatest contribution to the industry so far, I believe, was to build up Petronas in Malaysia from nothing to the national oil company it is today, and I hope to be able to accomplish something similar here in my home country of Nigeria.

**Do you see the Nigerian company following in Petronas' footsteps and becoming more active internationally?**

The Nigerian company will be a fully integrated company that will compete both locally and internationally in all structures of the industry. It will focus on commercial operations, with the primary objective of revenue generation for its shareholders, and here the shareholder is the federal government of Nigeria. It shall have a very objective and professional board of directors, and it shall have various other officer positions as well. The board of directors will have top professional and technical people and at least two internationally acclaimed members, one of them a financial analyst. That will give the company respect and exposure in the international capital markets.

**What is the timetable for restructuring the contracts and the state oil company?**

As for the contracts, we have given the oil companies notice of our intention to enter into a renegotiation of the contracts. More specifically, we are ready to conclude the 2000 memorandum of understanding negotiation and set the strategy to engage them for the purpose of renegotiating the 1993 Production-Sharing Contracts. The negotiation process has already commenced.

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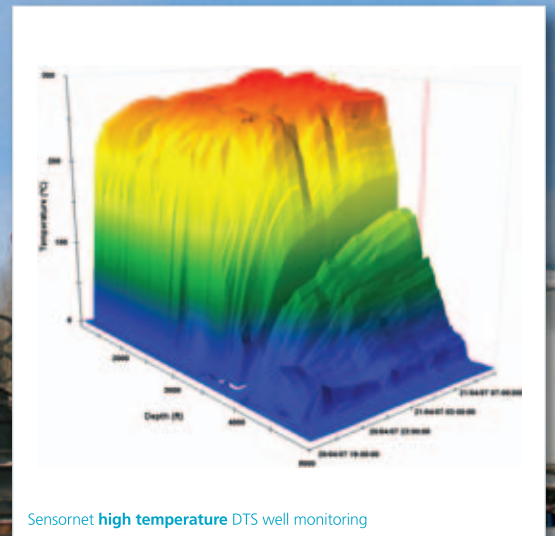
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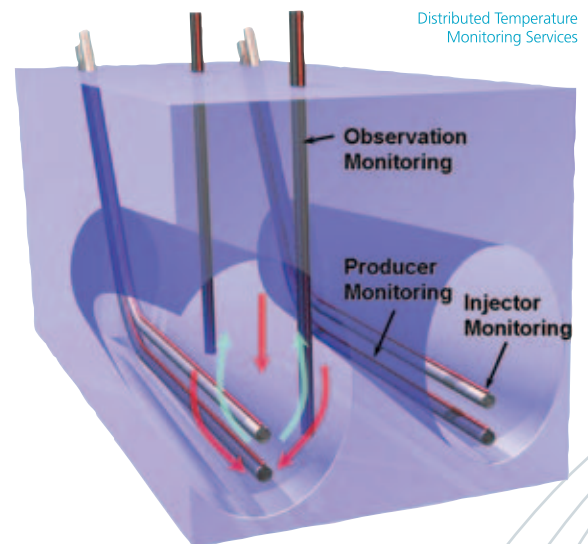


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