

# OIL & GAS FIELD DIVESTMENT IN NIGERIA

## KEY INVESTMENT CONSIDERATION

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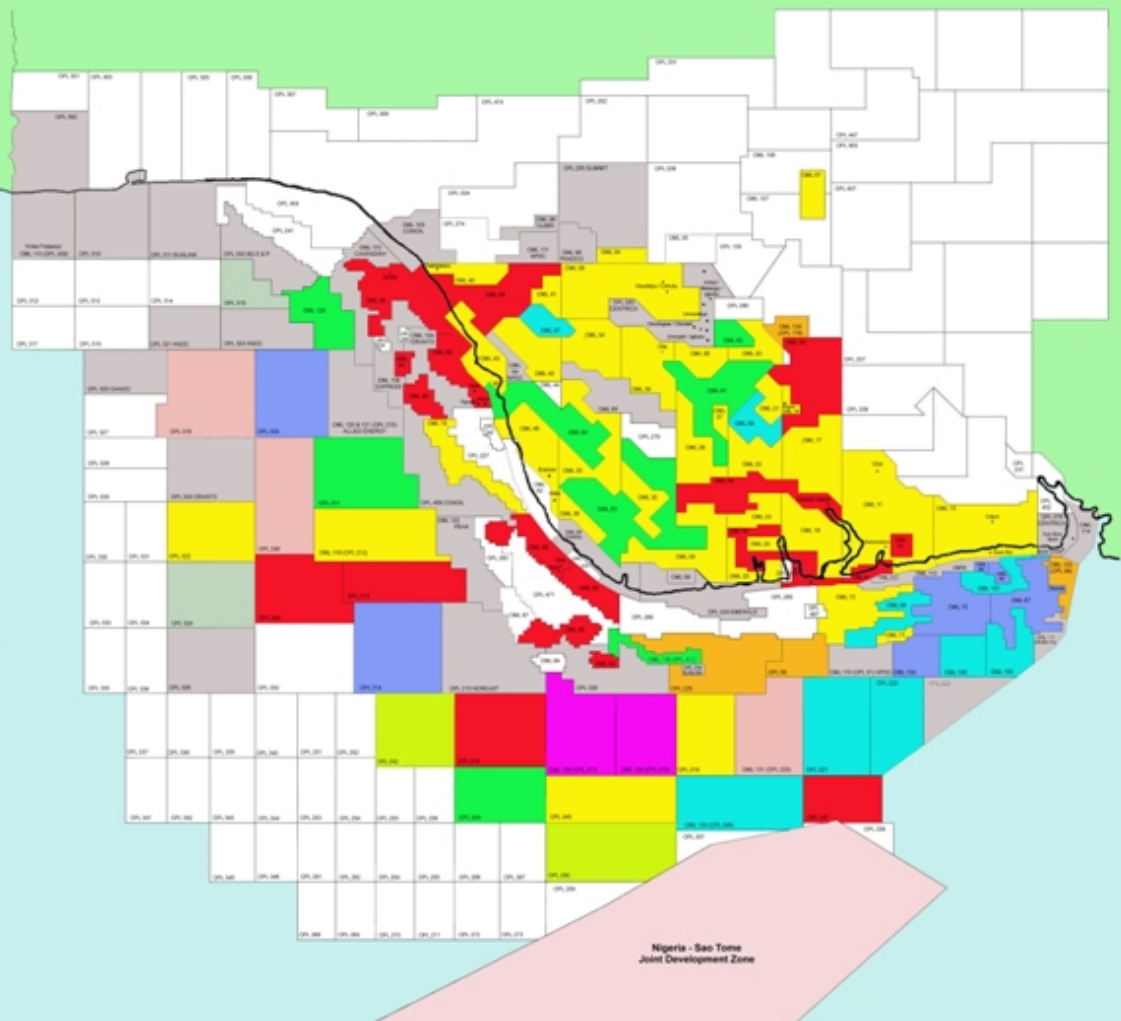
# NIGER DELTA

## OIL & GAS

## CONSESSION MAP



| Operators                                                                                                                   |               |                                                                                                                             |                               |
|-----------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <span style="background-color: yellow; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span>  | Shell         | <span style="background-color: #f08080; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> | ConocoPhillips                |
| <span style="background-color: blue; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span>    | ExxonMobil    | <span style="background-color: #90ee90; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> | Devon                         |
| <span style="background-color: red; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span>     | ChevronTexaco | <span style="background-color: orange; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span>  | Addax                         |
| <span style="background-color: cyan; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span>    | Total         | <span style="background-color: #a9a9a9; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> | Petrobras                     |
| <span style="background-color: green; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span>   | Agip          | <span style="background-color: #d3d3d3; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> | Local & Independent Operators |
| <span style="background-color: magenta; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> | Statoil       | <span style="background-color: #f0f0f0; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> | Upstream Marginal Field       |





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**WE ARE ENHANCING SUSTAINABLE & PROFITABLE  
ENERGY & NATURAL RESOURCE PROJECT DEVELOPMENT ACROSS AFRICA**

# OIL & GAS FIELD DIVESTMENT

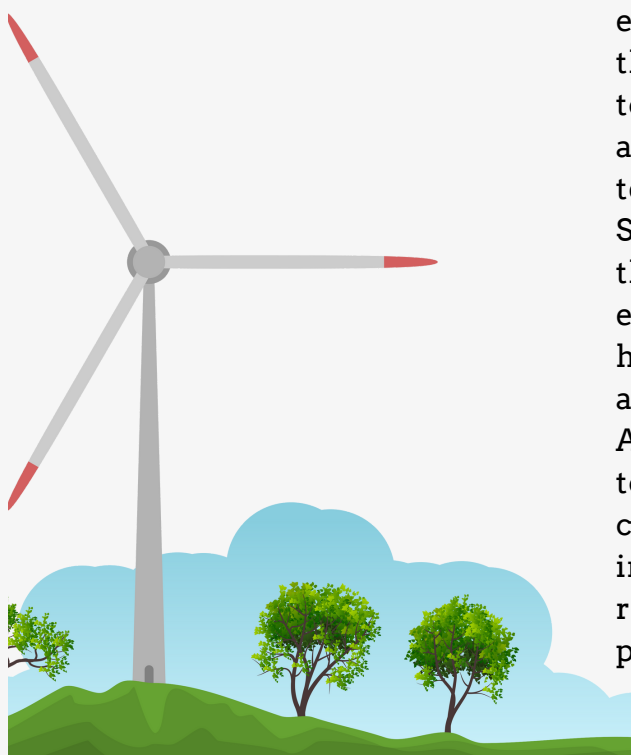
A divestiture takes place when a company sells its stake in a field asset. Divestitures allow companies to generate cash flow, eliminate a business segment (product line or subsidiary) that doesn't fit their main objective, lower debt, increase shareholder value, or meet other corporate objectives.

International oil companies (IOCs) in Nigeria have been divesting their assets for almost two decades. Through various divestments efforts, rival companies Chevron, Exxon Mobil, and Royal Dutch Shell have all pursued the drive to reduce their footprint in Nigeria. Earlier in the year, Conoil paid a deposit for Chevron's Equity in Nigeria's oil mining leases (OMLs) 86 (which holds Apoi, Funiwa, Sengana, and Okubie field and OML 88 (holds the Pennigton and the Middleton fields, and the undeveloped condensate discovery, Chioma field). For Exxon Mobil, industry sources reveal the planned/ongoing divestment of its stake in OML 66, 68, 70, and 104. Shell Nigeria's latest divestment effort is its move to sell all of its operated joint venture (JV) licenses held by the Shell Petroleum Development Company (SPDC). This includes a 30% interest in 19 OMLs. Analysts put Shell's divestment assets in Nigeria at \$2.3b.





*Nigeria has an estimated 2.3 billion barrels of crude oil reserves in over 183 fields classified as marginal.*



# WHY ARE IOC'S SUCH AS SHELL DIVESTING ?

Shell Nigeria's information sources reveals that at the core of the reasons for Shell's current divestment is to meet their net-zero emission target by 2050. With this target, Shell will contribute to a net-zero world, where society stops adding to the total amount of greenhouse gases emissions (GHGs) in the atmosphere.

This supports their more ambitious goal to tackle climate change laid out in the Paris Agreement: to limit the rise in average global temperature to 1.5°Celsius.

Becoming a net-zero emissions energy business means that Shell will reduce emissions from their operations, and from the fuels and other energy products they sell to their customers. It also means capturing and storing any remaining emissions using technology or balancing them with offsets.

Shell is transforming its business to meet this target, providing more low-carbon energy such as charging for electric vehicles, hydrogen, and electricity generated by solar and wind power.

Another reason for divestment is their effort to focus their upstream portfolio to deliver cash by focusing on core assets that have integrated value chains that give them a resilient, lower risk, and less complex portfolio.

Please see reference <sup>2</sup>

# WHAT INVESTORS MUST KNOW

Just like most divestment in the upstream oil and gas business, Shell's divestments poses a tremendous opportunity for indigenous players looking to diversify their existing portfolio or other investors interested in venturing into the oil and gas space in the Nation with Africa's Largest oil & gas reserves.

Nigeria is a core part of Shell's global oil and gas business. For more than 60 years, Shell has worked in partnership with the Federal Government of Nigeria, local and international companies, investors, contractors and communities to develop the country's oil and gas sector. Shell Companies in Nigeria employ nearly 3,000 people and more than 11,000 contractors.

Investors will be inheriting their portion of this established resources and assets detailed below

## Shell Onshore

The Shell Petroleum Development Company of Nigeria Limited (SPDC) Supplies onshore and shallow water oil and gas to domestic and export market Operator and 30% participant interest holder in SPDC joint venture: Operating Assets include.

- 340 producing oil wells (97 land, 181 west and 62 central assets).
- 56 producing gas wells (10 land, three west and 43 central assets).
- A network of approximately 4,000 kilometers of oil and gas pipelines and flowlines.
- 10 gas plants.
- Two major oil export terminals.
- One power plant

Please see reference<sup>3</sup>

# WHAT INVESTORS MUST KNOW



*Due Diligence comes in various forms, (Technical, Economic, Financial & Commercial, Legal) and each focuses on a specific area of the project.*

Please see reference <sup>3</sup>

With 56 producing gas wells (10 land, three west and 43 central assets). Shell's asset portfolio is gas-rich. There has been a growth of gas consumption in Nigeria due largely to the expansion of gas-based power generation and LPG for domestic consumption. This growing gas demand means there is clear opportunity and shells gas portfolio is developed to do that.

## HOW TO ASSESS AN ASSET

To assess opportunities, Sponsors of oil and gas projects in Sub Saharan Africa often find themselves in a seemingly never-ending process while designing the asset scale/size, ownership structure, security package, and financing plan. When acquiring producing assets, investors may have reservations, and rightly so, as they have funds to protect and stakeholders to report to. This is why **due diligence** takes priority in an asset acquisition.

The right **due diligence** should be done to prevent you from making bad deals, but not so obstructive that it stops you from making the right decision. The goal is to find the balance. Due Diligence comes in various forms, (Technical, Economic, Financial & Commercial, Legal) and each focuses on a specific area of the project. The due diligence process allows an acquirer to identify and assess risks, liabilities, and business problems in the target company before finalizing the transaction, potentially avoiding losses and bad press later on.

# HOW BROCKVILLE CAN HELP

Brockville Investments is a research-based project development & asset management company with expertise along the value chains of oil, gas, power, renewables & mining industries



# TECHNICAL DUE DILIGENCE

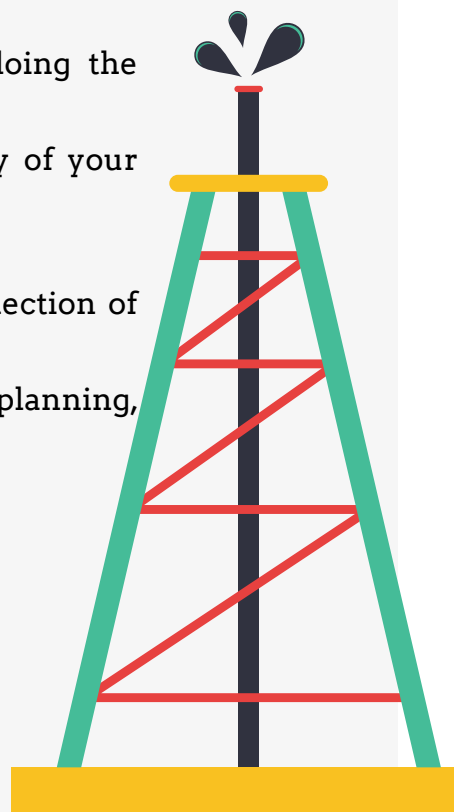
## TECHNICAL DUE DILIGENCE

Investments in the oil and gas sector require a good understanding of the **risks and rewards**. **Technical due diligence** is a key risk management tool to help identify the limitations and opportunities of an investment in an acquisition process before making an informed decision. It is essential to thoroughly assess the technical aspects of a project to ensure that your financial investments are based on verified project data.

Experts at **Brockville's Project team** conduct technical due diligence across oil, gas, mining power, renewable energy & Agriculture in Africa. Our projects typically involve assessing every aspect of an asset or terminal, for example – from reserve estimation and processing plants to current maintenance plans and any future investment requirements. Brockville teamwork as lender's technical advisor and our extensive experience in geoscience, engineering, and consultancy means that we have a wealth of industry experience in terms of reserve estimation, planning, design, asset management & financial advisory services gained from working on projects in Nigeria.

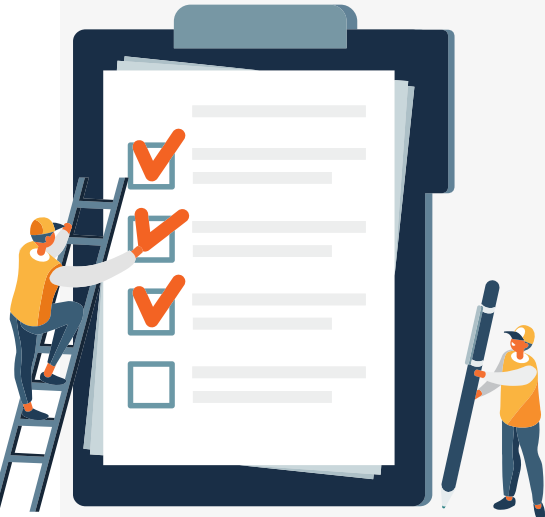
## WHAT WE DO

- We evaluate the technical feasibility of your project by doing the following
- Give an assessment of the physical and technical feasibility of your project
- Conduct a review of permits and licenses.
- Appraise your supplier selection, as well as the technical selection of contractors and vendors
- We evaluate the cost of development, installation, operations planning, and more
- We give clarity on the planned project's timeline.



# ECONOMIC & FINANCIAL DUE DILIGENCE

## ECONOMIC & FINANCIAL DUE DILIGENCE



The oil and gas industry is characterized by large investments, major technological challenges, and significant commercial and political complexity, exposing owners to financial, safety, and environmental risk. Economic due diligence is conducted to gauge an asset's commercial attractiveness. It is designed to enable the prospective buyer to make an informed decision, and highlight any potential risks associated with the target asset.

Conducting an economic analysis and preparing a financial study requires a deep understanding of both the technical and financial aspects of the project. The evaluation must be objective for it to receive a credible stance with potential investors and financiers

## WHAT WE DO



Brockville project team has the experience and the ability to impartially assess projects, and deliver reasoned opinions in reports concerning the viability of projects from an economic and financial perspective, providing a firm basis for decision making.

Brockville analyzes with an aim to outline projects size, required technology, and a cost estimate covering capital/operating costs, in addition, we create cash flow models that show the key project details, which allows us to assess the project base case and create sensitivities. This helps all parties to understand how the project will potentially perform under various scenarios which include commodity price, changing capital or operating cost, and more.

Brockville's vast competence to model the economic performance of an upstream development are seen in the way we assess the performance

# FEASIBILITY STUDIES

## FEASIBILITY STUDIES

Our feasibility study at Brockville Investments helps your project to become viable. When considering and planning a potential project, you need to base your decisions on accurate information. Our feasibility study services will help you determine the viability of your project and collate the details you need to secure funding.

The uniqueness of a feasibility study from Brockville investments

Brockville project team is highly experienced in project finance. We carefully assess your project proposal to deliver the information that investors need to make their decisions.

We bring valuable outside insight and we can help you ;

Assess the viability of the asset you want to acquire and guide on the conditions that must be met before investing.

Get precise details of the field based on a thorough review of licenses, location sites overall assessment

Perform Economic analysis based on technical inputs

Thoroughly assess risk and provide inputs on mitigation.

Contact the Brockville Project team today to learn how our feasibility studies can help you make the right investment decision.

We bring valuable outside insight and we can help you ;

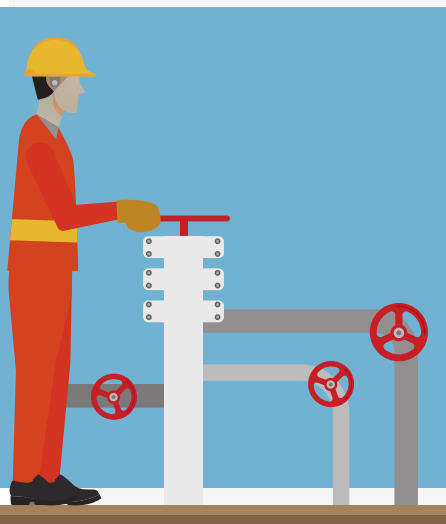
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# HOW WE CAN HELP

We combine technical and market expertise to deliver research & project development services to a wide variety of clients in oil, gas, power, renewable energy and Agriculture industries

## BROCKVILLE INVESTMENTS

### TECHNICAL SERVICES

The Brockville team is made up of expert consultant geologists, Engineers & commercial analyst who each bring in an average of 15 years of industry experience to provide technical services that help our clients reduce investment risks.

#### SERVICES INCLUDE

- Field development planning
- Oil, gas & Mineral reserves evaluations
- Due diligence and resource audit services
- Project Economics & Risk Analysis
- Gas Solutions ( Utilization & commercialization)
- Technical Feasibility studies



### COMMERCIAL SERVICES

The Brockville team combine technical skills with commercial service excellence

#### STRATEGY ADVISORY

We work with you combining our industry knowledge and experience in driving change within organizations to provide achievable strategy advice that is grounded in reality

#### Some of our strategy services are

- We help you decide on which markets to invest in
- We provide advice to drive change within your organization
- We weigh and advise on risk management approaches
- We help you understand areas in which your business is losing out to competitors
- We work together to develop a strategy that considers the current situation and sets out in detail how to progress to the next stage.

#### PROJECT MANAGEMENT

The energy sector is highly competitive and it is truly rewarding when decisions are rapidly turned into actions. It is also very risky when quick actions are not taken on decisions.

We work with you to execute challenging decisions and complete difficult tasks to provide optimum results.

#### Some of our operational services include

- Manage commercial aspect of your project from acquisition to commercial close
- Manage technical aspect of your project from geologic to engineering
- Conduct due diligence on potential gas off-takers
- Creating economic and financial models for your assets
- Negotiating commercial agreements on your behalf
- Developing commercialization strategies for your gas assets
- Developing utilization & monetization strategies for gas flare
- Creating new business capabilities so you can expand into more positions in the value chain.
- Designing, writing, and implementing business plans and organizational structures.
- Sharing our knowledge with your team to ensure any changes are sustainable

# REFERENCES

1. <https://reports.shell.com/>





**BROCKVILLE**  
INVESTMENTS  
Energy & Natural Resources



# CONTACT US

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