



NNPC outlines measures to achieve \$10/bl Production Cost Target



www.advocaat-law.com



Advocaat Law Practice

The Nigerian National Petroleum Commission (NNPC) through its upstream investment arm, National Petroleum Investment Management service (NAPIMS), has developed a five - levelled **Upstream Cost Efficiency Transformation Framework (Framework)**. This Framework became exigent in order to reduce the high cost of producing petroleum in the Nigerian oil and gas sector and is geared towards achieving a Unit Operating Cost (UOC) of \$10 per barrel by the end of the last quarter of 2021. The five levels identified in the framework are the Traditional Level-which consists of industry players who are not proactive but rather, adopt a responsive approach to the fluctuations in the market. This level has the highest cost of production at \$30 per barrel; the Tactical Level- where players operate in silos which is not efficient resulting in operating costs hovering between \$20 to \$25 per barrel; the Collaboration level where companies adopt best practices for contract approvals and have streamlined processes which results in more efficient and prudent operations. Other levels are the Strategic level- where operators collaborate amongst themselves and share services leading to cost optimization and the transformational level where if attained, operating costs of \$10 per barrel will be achieved and the industry will be competitive.

For further enquiries on the Nigerian Oil and Gas sector, please contact:



OLA ALOKOLARO

ola.alokolaro@advocaat-law.com



UCHECHI IBEKU

uchechi.ibeku@advocaat-law.com



GLORY OGUNGBAMIGBE

glory.ogungbamigbe@advocaat-law.com