

## COMMUNIQUÉ

ISSUED AT THE END OF THE  
1<sup>st</sup> NIGERIAN MARGINAL FIELDS WORKSHOP  
HELD AT  
HENRY FAJEMIROKUN AUDITORIUM HALL, COMMERCE HOUSE, VICTORIA ISLAND LAGOS  
ON  
27<sup>TH</sup> JANUARY 2014

1. *Preamble*

The 1<sup>st</sup> Nigerian Marginal Fields Workshop with the theme, “*Changing the Game to Deliver a Producing Asset- the Game Changer*” was held on Monday, January 27, 2014. The event attendance was mostly by corporate executives who are potential investors in Marginal Fields with diverse professional background in the oil and gas, finance and legal sectors, amongst others. The workshop was aimed at empowering the participants with information, tips and useful advice on bidding for and exploring marginal fields in Nigeria, to enable them grow sustainable businesses and beneficial interest in producing oil and gas assets.

2. *Structure of the Workshop*

The workshop commenced with a networking session and thereafter safety moments were taken. The scene for the workshop was set by one of the organizers followed by a key note address given by Mr. Austin Avuru (Seplat), titled “*Marginal Fields as a First Step to Indigenous Participation*”.

Six (6) presentations were made by seasoned experts, technocrats and entrepreneurs while a plenary session was facilitated by an industry giant, Engr.. Alex Neyin, who has cognate experience in the development and award of marginal fields in Nigeria.

Speakers and Resource Persons at the event are, Dr. Saka Matemilola (Quirad/Bulwark Consortium), Mr. Seye Fadahunsi (Pillar Oil), Engr. Debo Fagbami (Xenergi Limited), Mr. Femi Abegunde (Deloitte), Dr. Bayo Adaralegbe (Babalakin & Co), Engr. Effiom Edet (EIL-UK), Mr. Israel Aye (Sterling Partners), Engr. Alex Neyin (GACMORK) and Dr. Ibilola Amao (Lonadek).

3. *Thematic presentations*

Presentations were made on the technical and non-technical aspects of marginal fields management with practical advice on how to successfully bid during the 2014 Marginal Fields Licensing Bid Round. The following presentations were made during the 8-hour workshop:

- A. Marginal Fields as a First Step to Indigenous Participation
- B. Marginal Fields in Nigeria – More than Just a Business
- C. Marginal Field Governance Issues
- D. Marginal Field Asset Development
- E. Marginal Fields Investment In Nigeria – Financing and Fiscal Regime
- F. Evaluating a Marginal Field Asset.
- G. Marginal Fields Negotiations and Agreements

These presentations were followed by insightful and thought-provoking questions and answers session, which were brilliantly answered by the speakers. Engr Alex Nenyn, the resource person for the plenary session gave further practical information on the essence of the marginal fields programme.

#### 4. *Issues and Challenges*

The following were identified in the course of the workshop as the issues and challenges faced by interested parties:

- A. The need for potential investors to make adequate use of the Department of Petroleum Resources (DPR) portal for the 2013 Bid round to make necessary enquiries most especially on the requirements and other related information.
- B. Potential investors may encounter challenges in attracting adequate funding to participate in the Bid round.
- C. Most of the Marginal Fields awarded in the 2003 bid exercise have not been developed because they lack the capacity to leverage on funding, technical partnership and adequate utilization of available local service companies expertise.

#### 5. *Observations*

The following observations were also made during the workshop:

- A. Critical Success Factors for any marginal field bidder include, the provision for adequate funding, workable technical partnership and good political considerations (Federal Character and oil producing States/Communities)
- B. Participation in the 2013 Bid Round is open to all indigenous investors with provision for foreign partnership of not more than 49% equity. Preference will be given to Consortium Bids.
- C. Indigenous operators should view the Marginal Field Programme as a viable entry point into the Nigeria Oil and Gas upstream operation business and it can also be a growth platform for the sector.

#### 6. *Resolutions and Recommendations*

- A. The Nigerian government through the DPR to use the award programme of Marginal fields on a regular basis to promote indigenous participation in the oil and gas E&P sector to expand the industry value chain through domestic hydrocarbon utilization.
- B. The local service companies are advised to partner with their foreign counterparts to increase transfer of technical know-how and promote international best practices.
- C. Marginal Fields investors in the 2013 exercise should give more consideration to equity financing in place of debt option in order to reduce financial risk exposures.
- D. Investors to give consideration to partnering with oil producing states and communities that have floated E&P companies in order to improve their political requirements.
- E. Implementation of seamless handover process between the parties by Government will enable a successful commencement of operations and mutually beneficial relationship.
- F. Improved Fiscal Regimes are required from the Federal Government in order to build a sustainable Marginal Field Programme.
- G. Bidders should make efforts to establish strategic alliance with other interested bidders to improve their opportunities in the Marginal Field Programme.
- H. Interested participants can contact - [effiom@babaenergy.com](mailto:effiom@babaenergy.com); [lolaamao@lonadek.com](mailto:lolaamao@lonadek.com) for further details. Further information is also available on [www.mf2013ng.com](http://www.mf2013ng.com).