



WHY CRUDE OIL SALES STRUGGLE WHAT SHOULD NOCs, IOCs & IPPs DO?

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INTRODUCTION

- ❖ Crude oil is a non-renewable source of energy that is highly valuable
- ❖ NNPC Crude Oil Marketing Division (COMD) is directly responsible for the marketing and sale of Federation and NNPC's share of Crude Oil and Natural Gas Liquids from various production arrangements in Nigeria
- ❖ This presentation will highlight the factors that affect the prices of crude oil, which is the reason why Crude Oil sales struggle and what the NOC, IOC and IPPs should do

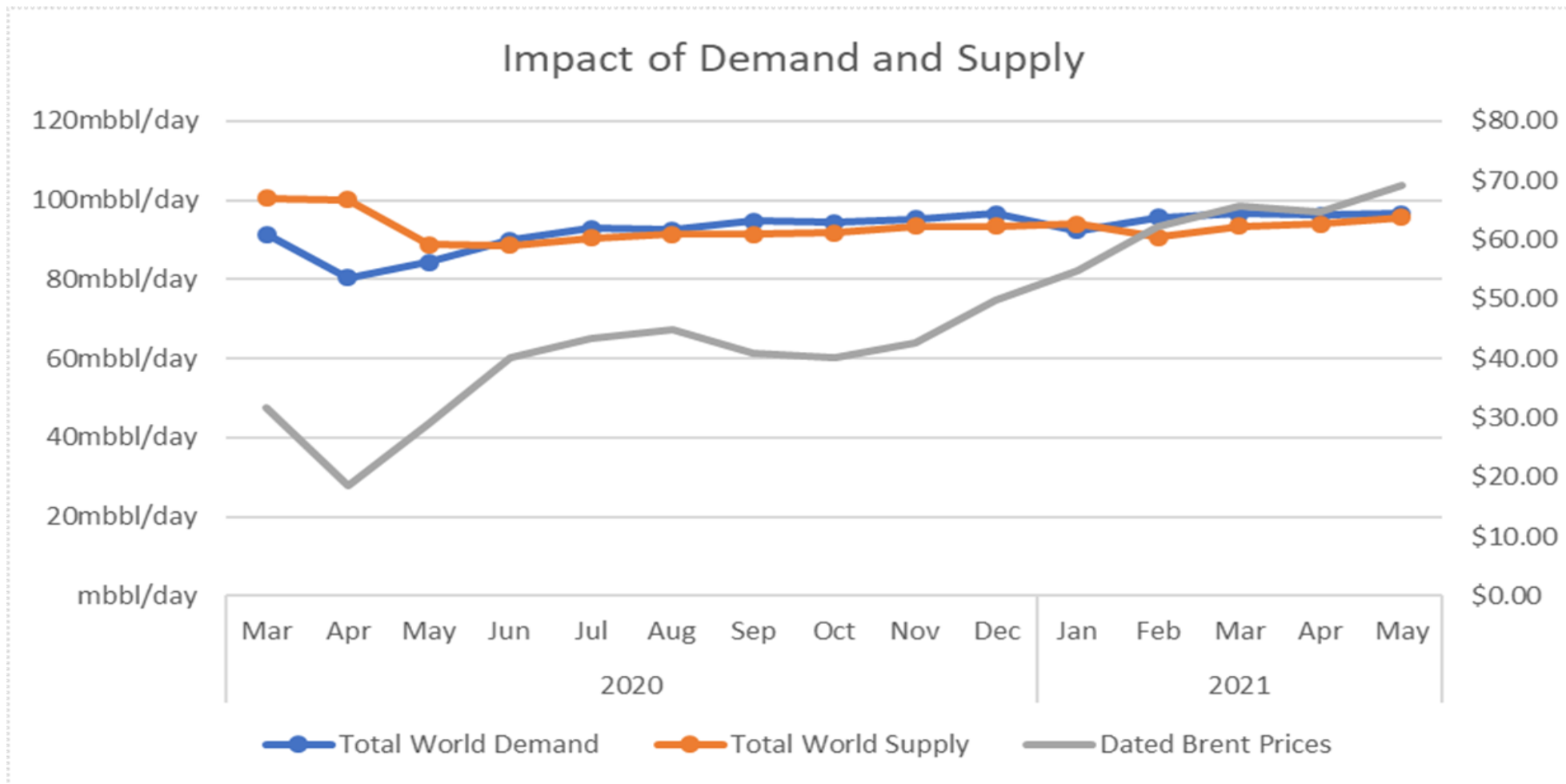
CRUDE OIL SALES



Are they struggling???

Are the struggles real???

WHY CRUDE OIL SALES STRUGGLE: DEMAND AND SUPPLY OF CRUDE



WHY CRUDE OIL SALES STRUGGLE: EVENTS & DISASTERS



- ❖ **OPEC:** Both OPEC & OPEC+ policies on production and supply.
- ❖ **Weather:** Severe winter seasons
- ❖ **Political Disruptions:** Any such disruptions especially in the world biggest oil-producing Middle East countries
- ❖ **Interest Rates:** The direction of interest rates can also influence the price of crude oil

WHY CRUDE OIL SALES STRUGGLE: EVENTS & DISASTERS



- ❖ **Disasters:** Hurricane Katrina & The Mississippi River flooding
- ❖ **Production Costs:** Along with storage capacity, production costs affect prices
- ❖ **Global Pandemics:** World economy still struggling with the effects of the 2020 COVID pandemic

- ❖ National Oil Companies (NOCs);
- ❖ International Oil Companies (IOCs) and;
- ❖ Independent Power Producers (IPPs) what should we do?????



WHAT NOCs, IOCs & IPPs SHOULD DO



- ❖ **Costs Optimization:** Innovative cost-reduction strategies to stay competitive. Key into NUCOP agenda
- ❖ **Operational Efficiency Improvement:** Invest in Modern Technology & Research & Technology
- ❖ **Energy Transition:** Oil companies are a natural fit to lead the energy transition.

WHAT NOCs, IOCs & IPPs SHOULD DO?



- ❖ **OPEC Regulations Compliance:** Compliance needed to control over-supply. OPEC+ already achieved a compliance level with its agreed oil production cuts of 113% in March 2021
- ❖ **Revenue Streams Diversification:** Diversify funds in Mid and Downstream sectors e.g. Refining & non O&G sectors e.g. Real Estate, Agriculture, Wealth management options etc

THANK YOU



Thank You