

# ACC Intelligence & Research



NIGERIAN  
NATIONAL  
PETROLEUM  
CORPORATION **NNPC**



## WHAT ONE NEEDS TO KNOW TO UNDERSTAND THE NIGERIAN CRUDE OIL TRADE.

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Member of the *National Association of Fraud Investigators*

## What one needs to know to understand

# The Nigerian Crude Oil trade.

- NNPC’s telephone numbers are +234 9 234 8200 -19 and website address is [www.nnpc-nigeria.com](http://www.nnpc-nigeria.com). Any others are not real!
- All contracts are directly with NNPC and signed by **COMD’s General Manager** – currently Mr Aminu Baba-Kusa.
- There are no **assignment fees or reassigned** contracts. NNPC **sells** oil, it does not assign or reassign oil.
- All NNPC contracts are **FOB delivery**.
- All NNPC contracts are two part: Part One is the terms of the actual contract (6 pages) and Part Two is the standard NNPC General Terms & Conditions of contract (24 pages).
- All contracts are **term contracts** and established in **barrels per day**.
- There are **no spot** contracts.
- All contracts are **non specific** as to what type of crude oil will be supplied.
- There are **no local brokers or allocation holders**.
- There are **no allocations, bulk allocations, bulk equities or special Presidential, Emiri or other allocation**.
- There is no such entity as **NNPC – JV Operators** or even **NNPC – Shell JV Operators**.
- There is a list of NNPC’s onshore JV partnerships at the end of this document.
- At times NNPC **sells its equity to its JV partners** as and when necessary.
- All Nigerian crude oils sold by NNPC are **sold at NNPC’s Official Selling Prices (OSP)** for each crude oil. The OSP is published, by fax, every 25<sup>th</sup> of every month for the following month (23<sup>rd</sup> in December). Whilst the OSPs are based on Platts Dated Brent any crude oil is only priced at the OSP for the date (month) of lifting. The OSPs are only sent to registered lifters, JV Partners and major trading exchanges. It is not a general publication in the public domain.
- NNPC **does not discount** its crude oil, ever.
- Every month NNPC **informs the lifter** what type (grade) of crude is available. The lifter may reject the lift if the type of crude is not acceptable to them – but it is just about unheard of to do so! NNPC attempts to provide the same type of crude continuously.
- There are **three OPS** per grade of crude oil – Prompt Basis or Advanced Valuation Basis or Deferred Valuation Basis

**PROMPT** basis pricing period is 5 consecutive published quotations **after** the Bill of Lading date with the Bill of Lading date being day zero

**ADVANCED VALUATION** basis pricing period is 5 consecutive published quotations **before** the Bill of Lading date with the Bill of Lading date being day six

**DEFERRED VALUATION** basis pricing period is 5 consecutive published quotations with the sixth quotation day after the Bill of Lading date being day one

- The **Advanced** and **Deferred** options are slightly more expensive than the Prompt option. The option chosen has to be shown in the Letter of Credit or an amendment to then Letter of Credit posted with NNPC bankers Central Bank of Nigeria, at least five days before the lifting date.
- Lifters are informed of their crude type and quantity **by fax** from NNPC COMD. Lifters are informed of their lifting window and later the actual loading date (two day range) **by faxes** from NNPC
- Lifters have to have an acceptable payment instrument in place **5 days before the lifting date** – note that they have been checked for the financial capacity to be able to pay for the crude before any contract negotiation started.
- Payment terms are normally **30 days** from Bill of Lading date.
- Current crude grades that have a published OSP. Bonga and others to be added shortly

	<b>Type</b>
1	Bonny Light
2	Qua Ibo Light
3	Escravos Light
4	Brass Blend
5	Pennington Light

	<b>Type</b>
6	Focados
7	Amenam Blend
8	Oso Condensate
9	Yoho Light
10	Ea Blend

**99.999999% of what you see is  
WORTHLESS FRAUD.**

**There is no discounted Nigerian crude. Fact.**

**NNPC only sells FOB; there is no CIF or TTT.**

On the following pages are NNPC issued (warning) documents

**What one needs to know to understand the Nigerian Crude Oil trade.**



## **NIGERIAN NATIONAL PETROLEUM CORPORATION** **(NNPC)**

### **GUIDELINES FOR LIFTING OF NIGERIAN CRUDE OIL**

It is the policy of Federal Government of Nigeria to streamline procedures for those wishing to buy and sell Nigerian crude oil.

#### **WHO MAY APPLY:**

- A. A bona fide end user who owns a refinery and retail outlets abroad. Details of the applicant's facilities, markets and volumes of crude oil processed over the last three years must accompany the application.
- B. An established and globally recognised large volume trader. Such applicant must provide evidence of its global network, its activities and volumes of crude oil handled in the last three years.
- C. A company that has built an export oil refinery in Nigeria.

#### **OTHER CONDITIONS:**

Any applicant must have a minimum annual turnover of at least \$100 million and net worth of not less than \$40 million.

Successful applicants must show commitment to the development of the Nigerian economy by investing in any number of investment opportunities that abound either in the oil industry or other sectors or, as an alternative, in the short run, meaningful and sizeable investment in community development project(s) in the oil producing areas as may be acceptable. Investment areas include:

1. Upstream investments - to increase our oil reserves and production capacity;
2. Downstream projects in refining, processing, distribution and storage of petroleum products;
3. Gas utilization projects;
4. Solid mineral development;
5. Industries with foreign exchange earning potentials;
6. And any other areas of the economy acceptable to The Government of Nigeria and NNPC.

## **What one needs to know to understand the Nigerian Crude Oil trade.**

Successful companies in (A) and (B) above will be required to post a \$1 million performance bond through a first class Nigerian bank in addition to the regular crude oil contract provisions. The \$1 million bond shall be cashed, if after six months of the signing of the crude oil contract, the investment has not been made or there is no evidence of a commitment to do so. In addition to the forfeiture of the bond oil contract will automatically terminate.

### **MODALITIES:**

Shortlist of applicants for consideration for crude oil contract allocation will be drawn on the basis of successful economic intelligence reports. Such reports must confirm status claimed by applicant with respect to (A), (B); and 1 in OTHER CONDITIONS above.

Crude oil lifting shall be on the basis of a confirmed irrevocable Letter of Credit only. The Letter of Credit shall be in the name of holder; and

Where possible, government shall endeavour to maintain regional balance in the distribution of Nigerian crude oil contract holdings. For the purpose of this factor, regions shall be:

- North and South America
- Western Europe/Mediterranean
- Former Soviet Union and Eastern Europe
- Asian and Australia
- Africa

### **METHOD OF APPLICATION:**

Interested companies should submit their applications accompanied with their last three (3) years audited accounts and other company information to include date of establishment, company activities, facilities, major markets, volume traded over the past three years, number of employee and company's objective and any other relevant data in a sealed envelope and to reach:

The Group Managing Director  
Nigerian National Petroleum Corporation  
NNPC Towers  
Herbert Macaulay Way  
Central Area  
Abuja, Nigeria

Inquiries about profitable investment opportunities in the oil industry should be directed to:

The Group General Manager  
Corporate Planning and Development Division  
42, Usuma Street  
Cadastral Zone A5  
Maitama District  
Abuja, Nigeria

## **What one needs to know to understand the Nigerian Crude Oil trade.**

We wish to additionally inform as follows:

- In consonance with President Obasanjo's administration policy on transparency and accountability, Nigerian Crude Oil is NOT marketed on allocation basis;
- Bidding rounds are advertised in the print and electronic media and all prospective buyers are free to tender on an open competitive basis;
- **NNPC DOES NOT** sell Nigerian Crude Oil on barter (or counter-trade) basis.

Issued in August 2003 by:

**The Group General Manager**  
*Crude Oil Marketing Division (COMD)*  
**Nigerian National Petroleum Corporation**  
Abuja.



## **NIGERIAN NATIONAL PETROLEUM CORPORATION**

CENTRAL BUSINESS DISTRICT, HERBERT MACAULAY WAY, P.M.B. 190, GARKI, ABUJA.

### **PRESS RELEASE**

Telephone: 09-2348200-17

Date: 9<sup>th</sup> June, 2003

### **NNPC WARNS ON “FRAUDSTERS” PARADING THEMSELVES AS CRUDE OIL MARKETERS**

The Nigerian National Petroleum Corporation alerts the public to the increasing efforts by fraudulent persons, or organizations, purporting to be involved in oil business, to offer non-existent crude oil cargoes for sale using forged signatures of the Corporation's officials.

Members of the public, especially local and international businessmen, are, therefore, advised to always cross-check with the NNPC Headquarters Abuja, so as not to fall prey to fraudsters otherwise known as “419ners”.

Since the inception of the current Nigeria's civilian administration in 1999, no agent, local or external, has been involved in the sale of the country's crude oil. All sales and allocations are made by the NNPC on behalf of the Nigerian government.

Also, the NNPC does not sell application forms for lifting of crude oil. Rather, advertisements, stating the conditions for lifting (purchasing) Nigeria's crude oil are made, each term, in local and international media. Applications are reviewed and professionally analyzed each term, as conditions

## What one needs to know to understand the Nigerian Crude Oil trade.

and guidelines could vary from one term to the other.

Furthermore, the NNPC does not presently sell crude oil on spot basis, neither do the Corporation's customers hawk crude oil in

the international marketplace.

Genuine businessmen, desirous of buying Nigeria's crude, are advised to respond appropriately to the Corporation's guidelines, as advertised.

**Ndu Ughamadu**  
*General Manager*  
*Group Public Affairs Division*



## SCRAM FROM OIL SCAM



**The Nigerian National Petroleum Corporation (NNPC) is very concerned at the nefarious activities of advanced-fee fraudsters in the international oil market through various false misrepresentations like:**

1. Exhibiting documents claiming to be agents to NNPC and having special allocations of crude oil either from the Presidency; Senate Committee on Petroleum or allocation of spot cargoes;
2. Offering ludicrous special discounts on Brent-related prices etc;
3. Quoting corporate names and terminals of oil producing companies who do business with NNPC as sources of oil to be lifted;
4. Parading names of NNPC executives and forging signatures of such executives as having duly authorized their illegal and non-existing oil-liftings or allocations.

These spurious claims are invariably accompanied by request for some form of advance payment/deposit to process DATE RANGE or loading window for such non-existing crude oil cargoes.

### BE ON YOUR GUARD/WATCH YOUR BACK

The Nigerian National Petroleum Corporation, as a Corporate Policy,

- i) DISPOSES ALL ITS CRUDE OIL THROUGH TERM CONTRACTS;
- ii) DOES NOT HAVE SPECIAL ALLOCATIONS; (Like Presidential Allocation or Special Task Force Allocation OR Senate Committee on Energy/Oil Allocation).
- iii) DOES NOT award Spot Cargoes.

Recipients of such enticing offers should contact security agents or the nearest Nigerian Embassy or High Commission. Buyers and Sellers of Nigeria Crude Oil know and are very familiar with NNPC procedure.

Genuine inquiries relating to crude oil sale and purchase should be directed to:

The Group General Manager  
Crude Oil Marketing Division  
Nigerian National Petroleum Corporation  
NNPC Towers  
Herbert Macaulay Way  
Central Business District  
Abuja.

Tel: +234- 9- 20004042  
+234- 9- 2348237  
Fax: +234- 9- 4130198

The NNPC website:  
[www.nnpc-nigeria.com](http://www.nnpc-nigeria.com)

OR  
The General Manager  
NNPC London Office  
Capitol House  
150 Hammersmith Road  
London W6 8SS

Tel: +044 206 732 0000  
Fax: +044 206 748 1015

## What one needs to know to understand the Nigerian Crude Oil trade.

Joint Venture Operators in Nigeria	Initials	Ownership
Agip - Nigerian AgipOil Company Limited	NAOC	Agip, Italian
Agip Energy And Natural Resources Limited	AENR	Agip, Italian
Elf Petroleum Nigeria Limited	EPLN	TFE, French
Esso Exploration And Production Nigeria Limited	EEPNL	ExxonMobil, USA
Mobil Producing Nigeria Limited	MPNL	ExxonMobil, USA
Pan Ocean Oil Corporation (Nigeria) Limited	POOC	Marathon Oil, USA
Phillips Nigeria Limited	PNL	Phillips, USA
Shell Nigeria Exploration And Production Company Limited	SNEPCO	Shell, Dutch/UK
Shell Nigeria Gas Limited	SNG	Shell, Dutch/UK
Shell Petroleum Development Company (Nigeria) Limited	SPDC	Shell, Dutch/UK
Statoil In Nigeria Limited	SINL	Statoil, Norwegian
Sasoil	SASOL	Sasoil, South African
Texaco Overseas (Nig) Petroleum Company Limited	TOPCO	Chevron Texaco, USA

Source: NNPC, 2002

Major Nigerian Oil Production Joint-Ventures				
Operator (% interest)	Other Partners (% interest)	NNPC (% interest)	Major Producing Fields	Production Barrels per Day
Shell (30%)	TotalFinaElf (10%) Agip (5%)	55%	<b>Bonny or Eastern Division</b> – Nembe, Cawthorn Channel, Ekulama, Imo River, Kolo Creek, Adibawa and Etelebou <b>Forcados or Western Division</b> – Forcados Yorke, Jones Creek, Olomoro, Otumara, Sapele, Soku, Egwa and Odidi	950,000 (2003 Est.)
ExxonMobil (40%)	None	60%	Qua Ibo, Edop, Ubit, Oso, Unam and Asasa	500,000 (2003 Est.)
ChevronTexaco (40%)	None	60%	Meren, Okan, Benin River, Delta/Delta South, Inda, Meji and Robertkiri, Funiwa, Middleton, North Apoi, Pennington and Sengana	485,000 (2003 Est.)
Agip (20%)	Phillips (20%)	60%	Obama, Obiafu, M'Bede, Abgara and Oshi	150,000 (2003 Est.)
TotalFinaElf (40%)	None	60%	Obagi, Aghigo, Okpoko, Upomami, Afia and Obodo-Jatumi	150,000 (2003 Est.)

Source: NNPC, 2002

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