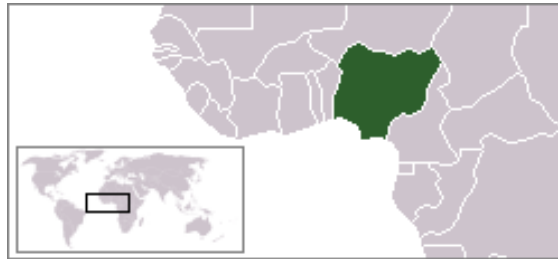


## REGIONAL REPORT – NIGERIA – AUGUST 2009

Report on Projects & Project Management  
in Nigeria

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**Gas Master Plan Program - Towards the Creation  
of a Sustainable Gas-based Economy**

On Monday, July 20<sup>th</sup>, the NNPC Group Managing Director (GMD), Mr Mohammed Sanusi Barkindo, revealed that over 45 investors have applied for pre-qualification in the Gas Mater Plan (GMP). The GMD stated this in Asaba during a Delta State Stakeholders meeting on the Nigerian Gas Master Plan. This was following the recent advertisement by the Federal Government for prospective investors to submit proposals for the various investment opportunities available in the gas master plan portfolio.

**Objective of the Gas Master Plan (GMP)**

He explained that the objective of the GMP is to create a sustainable gas-based economy for the nation. He further stated that the GMP will address infrastructural challenges in gas supply in Nigeria, and the development of three gas processing hubs across Delta, Rivers and Akwa-Ibom states. He indicated that over \$10 billion worth of gas infrastructure development, consisting of central processing facilities.

**Projects of the Gas Master Plan (GMP) Program**

The GMP was designed to build pipelines, processing plants and other gas infrastructure in the country. It has a portfolio of investments, which include the central processing facilities (CPF) and major gas pipelines that will move gas from one point to another. The government is targeting \$30 billion investment in the next

three to four years in the implementation of the master plan and this will boost the economic landscape of the country.

The plan will also invest so heavily on the 184 trillion cubic feet of proven gas reserves that it seeks to position the country to become the world's second largest liquefied natural gas (LNG) producer after Qatar by 2011. Domestic projects such as methanol plants, gas-to-liquids plants, fertiliser plants, independent power projects and other LNG export plants such as Brass LNG are expected to stimulate the demand.

Nigeria produces 7.8 billion cubic feet of gas per day and utilises 4.5 billion cubic feet per day. However, analysts reveal that the 2.3 billion cubic feet of gas per day flared in the country is the same quantity of gas used yearly by Trinidad & Tobago. The projects being undertaken, and the investment opportunities advertised, by the Government as components of the Gas Mater Plan, include the following:

### **1. Domestic Gas Market Expansion**

As a result of various projects implemented over some years, total gas utilized in the country increased from about 197 million scf/d in 1999 to about 573 million scf/d in 2004. Consequently, domestic demand for natural gas is expected to increase to about 1700mmscf/d by 2010. Investment opportunities therefore abound in the domestic gas market

### **2. Independent Power Plants (IPPs)**

Government has encouraged JV (Joint Ventures) and PSC (Production Sharing Companies) multinational oil companies operating in Nigeria to embark on IPPs, as part of the Power Sector reform. The Reform Act reviewed the generation, transmission and distribution of electricity in the country to improve its performance. The IPPs should further strengthen the oil companies' social responsibility in the local economy.

### **3. The Liquefied Natural Gas Projects (LNGs).**

Since production started in 1999, LNG has been one of the fastest growing projects. Thus there are LNG projects include NLNG Bonny, Brass LNG, the Olokola (OK) LNG.

### **4. The West Africa Gas Pipeline**

The Final Investment Decision of the West Africa Gas Pipeline was signed on 16th December 2004. This project which is of strategic importance should foster

cooperation and economic development in the sub-region in the spirit of the New Partnership for African Development (NEPAD).

### **5. The Trans Saharan Gas Pipeline.**

A Trans Saharan gas pipeline is planned to run from Nigeria to Algeria. The objective is to make Nigerian piped gas available to Europe. Developments on this project are discussed later in this report.

### **6. Gas to Liquids & Natural Gas Liquids**

These include the Escravos Gas- to- Liquids with a capacity of 34,000 barrels per day, the Escravos Natural Gas Liquids 1, 2 & 3 as well as the Mobil Natural Gas Liquids 1& 2.

### **Strategic Contribution for Security by Governor Uduaghan of Delta State**

During the stakeholders' meeting, Dr. Emmanuel Uduaghan stated the desire of his government and people to play an active role in the proposed Gas Master Plan. He stressed, "For us in the Delta, our major support is concerned with providing security and we will continue to work as a government to ensure that there is adequate security for the workers, employees of NNPC and all other workers of the oil industry in Delta State. We will also ensure that the facilities are well protected."

The governor explained that one of the ways to ensure the protection of lives and property was through continuous engagement of the communities. He explained, "That has been our biggest strategy. We engage them and educate them on the need to not to touch the facilities because we are all part owners of the oil that is being produced. That is why we are still interested in gas master plan because we believe it is one aspect of securing the facilities. If the government and the communities have some ownership in the business and they know that at the end of the day that whatever profit that is declared, part of it will come to the government and the community, that sense of ownership will lead to a sense of protection".

### **Importance of the Trans-Sahara gas pipeline and Developments on the Project**

The Nigerian Ambassador to Algeria, Ambassador Jeremiah Hassan, on Sunday, July 19, said that the Nigeria/Niger/ Algeria Trans-Sahara Gas Pipeline agreement would boost the country's economy. Speaking in an interview in Algiers, he stated that the gas project would open business doors and create jobs for the youths. The ambassador also said that the three countries had also entered into two other joint arrangements on Trans-Sahara Trade Routes and the Optic Fibre Telecommunications. He described the Optic Fibre Telecommunications as a corridor

that would allow free and faster communication among African countries without depending on the present cable connections in the Atlantic.

He explained: "The Trans-Sahara Gas Pipeline will carry our gas from Nigeria through Niger Republic to the European ports and that will be done using Algeria's already existing pipeline.

``This contract will allow us to link all the businessmen from these countries as well as Libya, Mali and other countries in this part of Africa.

``The Trans-Sahara gas agreement will reduce dependence on crude and devote attention to gas.

``The gas, which will be transported through the Algeria's pipeline to industries in those countries would be used in generating power for their machines."

He stated that the gas pipeline project would also generate a lot of business activities and enough power that would boost other sectors of the Nigerian economy. He noted that rather than flaring gas daily in Nigeria, it could be used as an alternative source of energy to improve power generation in the country. "With the new technology," he explained " people will no longer depend solely on fuel for power generation; gas is another source of energy that could be harnessed to generate our required power".

### **Concluding Comments: Community Engagement and Rapprochement – A Silver Bullet for Peace**

In contributing to the recent Delta Stakeholders' conference, Governor Uduagha highlighted a strategy for peace as consisting of continuous engagement of the communities and educating them on joint ownership of the oil and plant infrastructure. He said: " ... our biggest strategy (has been to ) engage them and educate them on the need to not to touch the facilities because we are all part owners of the oil that is being produced. .... If the government and the communities have some ownership in the business and they know that at the end of the day that whatever profit that is declared, part of it will come to the government and the community, that sense of ownership will lead to a sense of protection".

This strategy of inclusive ownership of oil and gas products and infrastructure is a win-win relationship that should win over even the most difficult opponent. For if every stakeholder realises that we can all make our views heard, freely contribute to discussions on investments and participate fairly in the sharing of rewards, we should not be faraway from arriving at an egalitarian, fair, and sustainable solution of the seemingly intractable Niger Delta problem. This could be the long-sought-for and greatly desired silver bullet for peace in this troubled region.

## About the Author



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