Alongside our oil business, we have also prioritised the commercialisation and development of the substantial gas reserves and resources identified at our blocks, positioning Seplat today as a leading supplier of processed natural gas to the domestic market in Nigeria.

Looking ahead, we plan to further increase our gas production and processing capacity to help meet Nigeria’s growing demand, particularly in the gas-to-power sector.

Scaling up our gas business
Capacity expansion at the strategic Oben gas hub

A major driver behind the rapid growth of Seplat’s gas business to date has been the modular build-up of processing capacity at the Oben facility to create a strategic gas hub ideally located to aggregate and supply gas to Nigeria’s main demand centres on the Lagos and Abuja axes. Having completed the Phase I expansion project in 2016, which added 150 MMscfd of processing capacity, we completed and commissioned the Phase II expansion in 2017 adding a further 225 MMscfd of processing capacity. As a result, Seplat’s overall operated gas processing capacity has increased to the 525 MMscfd level. Of this, 465 MMscfd is located at Oben with the remaining 60 MMscfd located at Sapele. The 375 MMscfd expansion at Oben (Phases I and II) was completed by Seplat as a 100% sole investment project.

The expansion of processing capacity has enabled a corresponding increase in gas production at our assets and therefore increased supply to the domestic market. 2017 was another record year for our gas business that saw gross production average 254 MMscfd and our share of gas revenues step up by 18% to US$124 million. We remain actively engaged with counterparties to increase contracted gas sales with the aim of ultimately taking gross production towards the 400 MMscfd level on a consistent basis. The expansion of gas processing capacity is also designed to provide headroom that will allow the Company to receive and tariff third party gas volumes in the future.

254 MMscfd
Gross average daily gas production in 2017

+18%
Year-on-year growth in gas revenues

Commencement of deliveries to the 459MW Azura-Edo IPP

On 20 December 2017 the first turbine at the Azura-Edo IPP was synchronised to the national grid as it began producing electricity for distribution with gas supplied by the Seplat / NPDC joint venture. Back in 2014 we had concluded a long-term gas sales agreement to supply 116 MMscfd to the Azura-Edo IPP for a period of 15 years. The commencement of deliveries under this sales agreement is a significant event that will bring much of our production under the cover of a long-term, credit enhanced, contract and creates a strong platform upon which we can further grow the gas business. Upon conclusion of the commissioning process we will move to take-or-pay terms.

Greenfield development of ANOH to drive future growth

The ANOH gas development at OML 53 (and adjacent OML 21 with which the upstream project is unitised) is expected to underpin the next step-change expansion of our gas business. Seplat’s involvement positions it at the heart of one of the largest greenfield gas and condensate developments onshore the Niger Delta to date. The project represents an opportunity for us to leverage the experience and track record we have gained at Oben to derive repeatability gains and optimal configuration of facilities. 2017 was spent working to finalise an incorporated joint venture relationship between Seplat and government and we aim to progress the upstream and midstream elements of the project to FID in 2018.

1,000 MW
Power generation that envisaged Seplat operated capacity at ANOH could underpin

1,531 Bscf
2P + 2C working interest gas reserves and resources

+20%
CAGR in gas reserves over 2010-2017