

Nigeria expects improved security to boost oil production - minister

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Nigeria's oil minister said on Friday, 24 June, that after meeting with oil companies this month, he expects to see some improvement in security in the sector, enabling Africa's top producer to meet its OPEC production quota by the end of August.



Nigeria's minister of state for petroleum resources Timipre Sylva speaks during the Saudi Green Initiative Forum to discuss efforts by the world's top oil exporter to tackle climate change in Riyadh, Saudi Arabia. 23 October 2021. Reuters/Ahmed Yosri

Nigeria loses millions of barrels of crude oil a year because of theft and vandalism, underscoring how insecurity causes vast financial losses for the West African country. The president has pledged to ensure that oil theft is stopped and has set up dedicated courts to combat the problem.

This year, the government budgeted 1.8 million barrels per day of production. However, production hit 1.5 million bpd in the first quarter, a shortfall that the government blamed on attacks on oil infrastructure and crude theft.

"For us in Nigeria, we are at a low point. We are not able to meet our OPEC quota," oil minister Timipre Sylva told a media conference, but added he expected to do so soon.

"We have given ourselves just about a month to ensure that we can ... we believe that by August, we would see some improvement in security," he said.

"At this moment, I think prices are firm enough and I don't think there will be any surprise in August. We believe that the market is well supplied," he said.

"Of course some people consider price to be on the high side and expect us to pump more. At this moment there is little capacity that can be brought to the market."



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Gas pipeline project to Europe

Sylva also said Nigeria had started construction of a 614km gas pipeline which will reach Europe through Algeria.

Algeria, Niger and Nigeria held talks last week on the revival of a decades-old project to pipe gas across the Sahara, a potential opportunity for Europe to diversify its gas sources.

Sylva said Nigeria was now embarking on construction of its portion of the gas pipeline.

The revival comes at a strategic time as the European Union seeks to wean itself off Russian gas following Russia's invasion of Ukraine, and is seeking alternative sources.

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