

# Corporate Citizenship Perspective







## Key Points

Largest private sector employer in Akwa Ibom State

N8 billion committed to Eket-Ibendo road project in Akwa Ibom State

Paid over N160 billion in contribution to the Niger Delta Development Commission (NDDC), since 2001

Over 92% of our workforce are Nigerians, out of which 35% are from Akwa Ibom State

Since 2000, we've contributed over N19 billion in the fight against malaria

Citizenship at ExxonMobil means meeting the world's growing demand for energy in an economical, environmentally and socially responsible manner. Serving the energy needs of literally millions of people around the world, ExxonMobil affiliates strive to live this philosophy every day.

ExxonMobil and its affiliates believe that the way results are achieved is as important as the results themselves. Corporate-wide management strategies are designed to ensure that corporate citizenship is fully integrated into every aspect of our business practices so that expectations for citizenship performance are met in every part of our global operations.



Operating ethically and responsibly is engrained in our business culture and monitored, enforced and improved upon through our Business Conduct and Operations Integrity Management System standards, which are deployed globally.

## Listening and then Acting

Corporations do not exist in a vacuum. People and communities can have an extensive impact on a business, just like a business can have an impact on the community in which it operates. Therefore, ExxonMobil affiliates in Nigeria often seek opportunities to engage in discussion with customers, partners, shareholders, governments, non-governmental organisations (NGOs) and other publics, to help identify and manage the key issues that impact our business and communities. By listening to interested parties and sharing opinions, we have the chance to improve our decision-making processes, anticipate and respond to changing outlooks in society and develop a keen understanding of the issues that impact our communities.

**Interaction with a variety of interested parties takes many forms. These include direct engagement with Government representatives, neighbouring communities, stakeholder's meeting and partnerships with NGOs**



# Being a Good Citizen to the People of Nigeria

ExxonMobil affiliates in Nigeria strive to be good corporate citizens in their local communities and have contributed to Nigerian content in a wide variety of projects to improve the standard of living in those communities. For example, ExxonMobil affiliates have provided:

- Life-changing electricity supply to communities
- Potable water to more than 100 communities
- Paved more than 60 miles of asphalt roads
- Constructed or rehabilitated 120 schools and educational facilities

Recognising the importance of the health of Nigerians, ExxonMobil affiliates have provided:

- Modern-day clinics
- Support for area hospitals
- Bed nets to protect against mosquitoes

In addition to these, we also provide:

- Direct employment opportunities
- Workforce training
- Capacity building
- Supplier development

The NNPC/MPN Joint Venture spends between \$10 million and \$12 million annually on various community assistance initiatives. One such example is the aquaculture project, which was established in two communities in Akwa Ibom State, the location of Mobil Producing Nigeria's operational headquarters. This project provides employment opportunities for more than 200 people who produce about 100 tons of shrimp and more than 500 tons of fish yearly.

The ExxonMobil Foundation also gives financial support to two innovative programs in Nigeria that address social issues such as public health and education.

The Africa Health Initiative has funded a number of projects that focus on malaria control and improving public health. These include the distribution of over 13 million Insecticide Treated Nets (ITNs) in communities where we operate, provision of free counselling on malaria at selected clinics in Lagos State and support for the establishment of a training centre for National Blood Transfusion Service in Abuja, as well as a blood service program in Akwa Ibom State.

The Educating Women and Girls Initiative supports education and opportunities for women and girls that address areas of significant need, assists with local communities and promises long-lasting benefits. Projects focus on girls but do not exclude boys. For example, the Centre for Development and Population Activities (CEPDA) runs a Better Life Options programme which targets girls at risk of dropping out of school. As often as possible, local citizens and community groups are engaged to help provide direction in the development of programmes that will affect them directly.





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Since 2001, ExxonMobil affiliates have contributed over N160 billion to the NDDC to support the development of the region while over N230 billion is paid annually to Akwa Ibom State Government as 13% derivation.

Over N4 billion spent on NNPC/MPN JV undergraduate scholarship to Nigerian students

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ExxonMobil understands that education is vital to the development of communities, which is why over the years our affiliates have provided support for educational pursuits in neighbouring communities and across the nation. These include:

- Over N4 billion spent on NNPC/MPN JV undergraduate scholarship to Nigerian students in the last two decades, of which over N2 billion has gone to students from Akwa Ibom State.
- Over N57 million spent on NNPC/MPN JV secondary school scholarship targeting indigent students from Akwa Ibom State over the last 4 years.
- Over N1 billion spent on provision of NNPC/EEPNL international postgraduate scholarship to Nigerian students in the last 20 years.
- Over the last 7 years, close to 200 Nigerians benefitted from the NNPC/EEPNL National Post Graduate Scholarship.

Mobil Producing Nigeria Unlimited, operator of the NNPC/MPN JV, is proud to be associated with the reconstruction of the Eket/Ibomo road; a major highway for the residents of the Eket federal constituency. The provision of N8 billion, which represents 30 percent of the project cost, in partnership with Akwa Ibom State government is further proof of commitment to paving the way, for a brighter, future for our communities.

Mobil Producing Nigeria Unlimited is the largest private sector employer of labour in Akwa Ibom State where the company's operational head office is located. The company has a direct staff of over 2,000, of which over 92 percent is Nigerian. Of that number, 35 percent are from Akwa Ibom State. To date, the NNPC/MPN JV has employed about 85 percent of the 626 graduates from the MPN Technical Training Centre. Also, over 300 Internship positions are provided yearly, with more than 60 percent of the interns working in the JV Operations area coming from Akwa Ibom State.

Mobil Producing Nigeria Unlimited over the last 10 years has contributed annually to the Nigerian government, over N1 trillion in revenue from its operations and has made more than N160 billion in contribution to the Niger Delta Development Commission (NDDC). The company has paid over N230 million (annually) in ground rent to Akwa Ibom State Government and over N50 million in tenement rate to Ibeno and Eket local government areas. Under the 1-year Engineering Capability Development Program, NNPC/ExxonMobil upstream Nigeria Affiliates have invested over N1 billion to train 75 graduate engineers. Till date, Delta Afrik, the co-ordinating Engineering Procurement and Construction Management (EPCM) contractor, has employed 92 percent of the trained engineers.

As part of its drive to improve youth employment within the oil and gas industry and other sectors, NNPC/MPN JV initiated the Graduate Assistance Program in 2008. In its first three years, about 450 Nigerian graduates benefitted from the program. The second phase re-launched in 2013 currently has 300 enrolled.

ExxonMobil has taken the initiative to empower women:

- More than N5 billion committed since 2005 reaching thousands of women from 88 countries.
- Target high impact, sustainable investments across ExxonMobil Africa countries.
- Develop women entrepreneurs and business leaders.
- More than 10,000 women have been sponsored since 2005 under *Global Women in Management (GWIM)*, *Women in Management, Business and public service (WIMBIZ)*, *Vital Voices* and *Solar Sisters* programs.
- We Connect – a global supplier-meet-the-buyer event connects 51% women-owned businesses to market opportunities with multinational corporations.
- Creating a more level playing field for women's economic participation in Nigeria.





**Since 2000, ExxonMobil Foundation has contributed more than N19 billion to NGOs and social initiatives such as USAID and Roll Back Malaria**

Since 2000, ExxonMobil Foundation has contributed more than N19 billion to NGOs and social initiatives such as USAID and Roll Back Malaria, thus making ExxonMobil (EM) one of the largest corporate donors to the fight against malaria. Over N3 billion of this amount came to Nigeria.

ExxonMobil affiliates in Nigeria provided support to her workforce and contributed to the government's Ebola Virus Disease (EVD) prevention and containment efforts. Below is a summary:

- Provided protection kits for healthcare workers as well as non-contact thermometers to Akwa Ibom and Rivers State to help upscale states' response capability.
- Donated four vehicles to the Port Harcourt Ebola Emergency Operations Centre to help with contact tracing and surveillance of people who may be secondary or tertiary contacts.
- Facilitated WHO accredited consultant to provide advisory and capacity enhancement support to the Emergency Operations Centres in Lagos and Port Harcourt.
- Organized capacity building/training on EVD/Infectious disease control for healthcare workers in Akwa Ibom State.
- EM Foundation granted about N40 million to the US Centre for Disease Control for the training of healthcare workers and the supply of protection kits.
- Public service announcement on Ebola prevention messages broadcast on radio stations in Akwa Ibom and Rivers states and press inserts in Akwa Ibom State.
- Large format banners with EVD messages displayed at Mobil retail stations nationwide and flyers for customers at stations.
- Provided travel guidance and frequently asked questions for the workforce.

Between 2006 and 2011, ExxonMobil sponsored Nigerians to the Biomedical Training (BMT) program implemented by Medisend International to improve biomedical technicians in the repair and maintenance of biomedical equipment.

- Beneficiaries took part in a free 6-month biomedical training programme organized by Medisend in Dallas, USA.
- Thirty-one (31) persons from Akwa Ibom and Cross Rivers states, four from Rivers State and 10 others from Edo, Enugu, Kano, Kwara, Lagos, Ogun, Osun, Oyo and Plateau states took part in the biomedical training.
- ExxonMobil Foundation provided Medisend Mobile Biomedical Repair and Test Kits; the kit empowers hospitals to repair equipment in their own laboratory in place of using manufacturers or third party repair technicians.

## Oil and Gas Nigeria (Executive Briefs)

is produced by the Public & Government Affairs Department  
ExxonMobil affiliates in Nigeria.

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# Profile of ExxonMobil Affiliates in Nigeria



## Key Points

Over the last 5 years (2010 - 2014) contributed N1 trillion annually as revenue to the Nigerian government

N8 billion committed to the Eket/Ibendo road in Akwa Ibom State

Over N160 billion in contribution to the Niger Delta Development Commission (NDDC), since 2001

Over N230 billion annual revenue to AKS as 13% derivation

Spent over N4 billion in undergraduate scholarship to Nigerian students in the last two decades

## ExxonMobil and Nigeria: A Rewarding Relationship

Exxon Mobil Corporation (ExxonMobil) is the world's largest publicly - traded international oil and gas company. An industry leader in almost every aspect of the energy and petrochemical business, we operate facilities in most of the world's countries and explore for oil and natural gas on six continents. ExxonMobil is involved in the exploration and production of crude oil and natural gas; the manufacture of petroleum products; and the transportation and sale of crude oil, natural gas, and petroleum products. ExxonMobil is a major manufacturer and marketer of commodity and specialty petrochemicals and also has interest in electric power generation facilities. In addition, we conduct extensive research programs in support of these businesses.

ExxonMobil has enjoyed a mutually rewarding relationship with Nigeria for the last century. The merger between Exxon and Mobil Corporations in December 1999 brought together within the same corporate group, three major companies in Nigeria - Esso Exploration & Production Nigeria Limited (EEP NL), Mobil Oil Nigeria PLC (MON) and Mobil Producing Nigeria Unlimited (MPN). These three Nigerian companies provide significant revenue to the government and economy of Nigeria. ExxonMobil upstream affiliates in Nigeria operate several joint venture concessions and



deep-water production sharing contracts, which currently focus on major secondary oil recovery projects, natural gas liquids and gas monetisation and significant investment in national content development. All productions are from offshore fields with 70 discovered fields and over 100 platforms. There are five storage and loading terminals (Qua Iboe Terminal, Bonny NGL Terminal, Yoho Floating Storage and Offloading (FSO), Erha Floating Production, Storage and Offloading (FPSO) and Usan FPSO).

ExxonMobil upstream affiliates are assigned specific oil mining lease (OML) assets by government, which we operate directly or in collaboration with several oil and gas companies.

**ExxonMobil upstream affiliates in Nigeria currently have production capacity of over 900,000 barrels a day gross of crude, condensate and natural gas liquids - include ExxonMobil operated and operated by others.**



**Assets (OML) operated by ExxonMobil subsidiary companies;**

- Mobil Producing Nigeria Unlimited (Joint Venture) – OMLs 67, 68, 70 and 104 (Qua Iboe Light, Yoho and Oso Condensate)
- Esso Exploration & Production Nigeria Limited – Production Sharing Contract (PSC) – OML 133 (Erha, Erha N, Bosi)
- Esso Exploration & Production Nigeria (Offshore East) Limited – Production Sharing Contract (PSC) – OML 138 and 139 (Usan Ukot)

**Operated by others (OBO)**

- Mobil Producing Nigeria Unlimited (Farm-out and unitized fields) – OMLs 67, 70 and 99 (Ebok/Okwok – OER/Afren, Amenam Kpono – Total)
- Esso Exploration and Production Nigeria (Deepwater) Limited – Production Sharing Contract (PSC) – OML 118 (Bonga – SNEPCO).

ExxonMobil affiliates currently have seven main offices in Nigeria: two corporate offices in Lagos State (Victoria Island and Apapa), two in Rivers State (Onne Base and Bonny River Terminal), two in Akwa Ibom, (Uyo and Qua Iboe Terminal), and one in Abuja. We employ a workforce of over 6,000 in Nigeria (including over 4,000 contractor personnel). Over nine in every 10 staff is Nigerian and of that number, 35 percent are from Akwa Ibom State.

During the inaugural Top Businesses Award held at Banquet Hall of the Presidential Villa, Abuja on December 1, 2014, ExxonMobil companies in Nigeria ranked number 1 from the unveiled top 100 companies. The award recognizes the company's contributions to the country and commitment to the Nigerian people, which are instrumental to shaping the future.

## Esso Exploration & Production Nigeria Limited (EEPNL)

EEPNL was established in 1993 as an affiliate of Exxon Corporation. EEPNL is the operator of the deep-water oil and gas development named Erha within the OML 133. EEPNL was awarded operatorship of Oil Prospecting Lease (OPL) 209 (now OML 133) of the Nigerian National Petroleum Corporation (NNPC) in the same year. The field streamed first oil in the first half of 2006 and has capacity to produce over 200,000 barrels of oil per day.

Erha utilizes a Floating Production Storage Offloading (FPSO) vessel which benefits from a considerable amount of Nigerian content.



# Mobil Oil Nigeria PLC (MON)

The story of MON dates back to 1907 when Socony Vacuum Oil Company began marketing operations in Nigeria, through the sale of sunflower kerosene. In 1978, the company became a publicly quoted company on the Nigeria Stock Exchange and assumed its current name and status. MON posts superior returns to its shareholders and continues to lead the oil industry in efficiency and brand image. MON is one of the six major petroleum products marketers in the country. It currently has over 200 retail outlets spread across all 36 states of Nigeria.

It also plays a leading role in the promotion and sharing of best practices in the downstream sector of Nigeria's oil and gas industry.

# Mobil Producing Nigeria (MPN)

MPN is the second largest oil producer in Nigeria today. The company commenced operations in 1955 under the name Mobil Exploration Nigeria Incorporated (MENI). MPN is the operator of a joint venture operation with the Federal Government of Nigeria, through the NNPC. The Federal Government has a 60 percent interest in the joint venture with the remaining 40 percent held by MPN. In 1961, MPN was granted an oil prospecting license in the offshore of what is now Akwa Ibom State. Since then, MPN has played an active role in the country's energy industry, operating more than 90 offshore platforms, comprising over 300 producing wells at a production capacity of more than 700,000 barrels a day of crude, condensate and natural gas liquids (NGL).



# Corporate Structure

The three affiliates have a single Lead Country Manager. The Lead Country Manager serves as the Chairman of the Board and Managing Director of the two upstream affiliates, assisted by a committee of key executives from operating and service divisions.

MON PLC has a separate Chairman of the Board of Directors/Managing Director and is a publicly quoted company on the Nigerian Stock Exchange.

**We will continue to partner with the Nigerian Government to meet its national oil and gas objectives in order to support growth of the economy.**

## ExxonMobil Standards of Business Conduct

ExxonMobil and its affiliates have long recognized the importance of sound corporate governance, strong business controls, integrity, and high ethical standards. We believe that the methods we use to attain results are as important as the results themselves. ExxonMobil and its affiliates are respected in the industry for their ethics and adherence to health, safety and environment standards.

This is why our affiliates are committed to operating both a profitable and responsible business, not just in Nigeria, but in the over 200 countries and territories where ExxonMobil affiliates operate. These principles form the basis of our Standards of Business Conduct, and are regularly reinforced with all our employees and suppliers. Our straightforward business model; ethical standards; and culture of integrity, legal compliance and accountability, underpin the entirety of our business and are essential to delivering industry-leading results and long-term success.

ExxonMobil affiliates' objectives are to maximise revenue and thereby contribute to national economic growth. We will continue to work cooperatively with the Nigerian Government to meet its national oil and gas objectives.

These objectives will be achieved by:

- Recognizing Safety First in All We Do
- Strengthening Our License To Operate
- Enhancing Our Base Business
- Developing New Businesses
- Enhancing Nigerian National Capacity and Capabilities, and
- Developing People and Organizational Capability.





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# Gas Resource Utilization



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## Key Points

East Area Additional Oil Recovery increases oil recovery and eliminates non-routine gas flaring by injecting produced gas

QIT Gas Flare Elimination Project to eliminate routine gas flaring

NGL II Expansion Project in Bonny River Terminal



# Nigeria, a Country Rich in Gas Resources

Most of the natural gas produced in Nigeria is associated gas produced along with crude oil. As part of its aggressive pursuit of gas monetization and utilization strategies, the Nigerian government is developing legislation and policies aimed at regulating and growing the domestic gas market. The development of economic domestic outlets for gas would be greatly beneficial in meeting the goal of eliminating all non-routine gas flaring.

The challenge for the Nigerian government is to create a commercial environment that encourages the development of gas utilization projects that will benefit all stakeholders. Nigeria is an active member of the World Bank's Global Gas Flaring Reduction Partnership (GGFR), which comprises the World Bank, governments of oil-producing countries, and international and state-owned oil companies. The partnership is actively working on efforts to identify and implement economically feasible alternatives to gas venting and flaring. ExxonMobil is also a member of GGFR and is actively engaged in this partnership effort.

The specific GGFR deliverables are to:

- Develop a voluntary international flare reduction/elimination standard.
- Improve natural gas flaring and venting data and establish best practices for flaring efficiency; disseminate "best practices".
- Design financing mechanisms for gas flaring reduction projects including carbon credit trading.
- Improve the legal and regulatory framework for investments in flaring reductions.
- Provide assistance with developing local markets, gaining access to international markets, and finding solutions for remote fields.

ExxonMobil supports a collaborative process and encourages its affiliates to be engaged with host governments around the world to progress constructive venting and flaring reduction initiatives and develop legal/fiscal frameworks that stimulate growth of local gas markets and provide incentives for investments.

**ExxonMobil affiliates in Nigeria have continued to lead the industry's effort to end flaring through gas utilization and monetization of projects. In the last three decades, we have invested over \$1.8 billion in these type of projects and we plan to invest an additional \$3 billion over the next several years to help Nigeria's gas flare reduction goals**









# ExxonMobil Affiliate Operations in Nigeria

ExxonMobil's affiliates in Nigeria are focused on the safety and health of our employees, contract personnel and the residents in communities where we operate. With the exception of a small balance of flaring at the Qua Iboe Terminal (QIT), all flaring takes place offshore.

ExxonMobil's affiliates in Nigeria lead the industry's flare elimination efforts through gas utilization and monetization projects. Over the last three decades, we have invested more than \$1.8 billion in these types of projects, starting with the Asabo Gas Injection Project (GIP) commissioned by Mobil Producing Nigeria (MPN) in 1977.

Projects to reduce flaring required for safety and operational reasons, are also being developed with a focus on increasing operational reliability (i.e. less process upsets) and lowering purge gas requirements. Examples include:

- Process upsets might require some flaring for safety reasons
- Start up/shut down for maintenance, construction and facility modification activities
- Emergency evacuation of gas trapped in the system for safety reasons







## Key NNPC/MPN JV Gas Utilization Projects

- East Area Additional Oil Recovery Projects (EAP) is located onshore and offshore, streaming into the Bonny River Terminal facility. The project increases oil recovery and eliminates non-routine gas flaring by injecting produced gas.
- NGL II Expansion project: Second phase of the EAP is an expansion of the successful OSO-NGL project which involves the expansion of the Joint Venture's existing onshore fractionalization and storage facilities at the Bonny River Terminal (BRT) in Bonny Island, Rivers State.
- QIT Gas Flare Elimination Project (QGFE) is targeted specifically at eliminating routine gas flaring in the NNPC/MPN JV offshore fields, and reducing operational flaring onshore at the Qua Iboe Terminal, Ibeno, Akwa Ibom State.

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# JV FUNDING



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# Key Points

Funding of Joint Venture (JV) operations is critical to maintaining base production and addition of incremental volumes

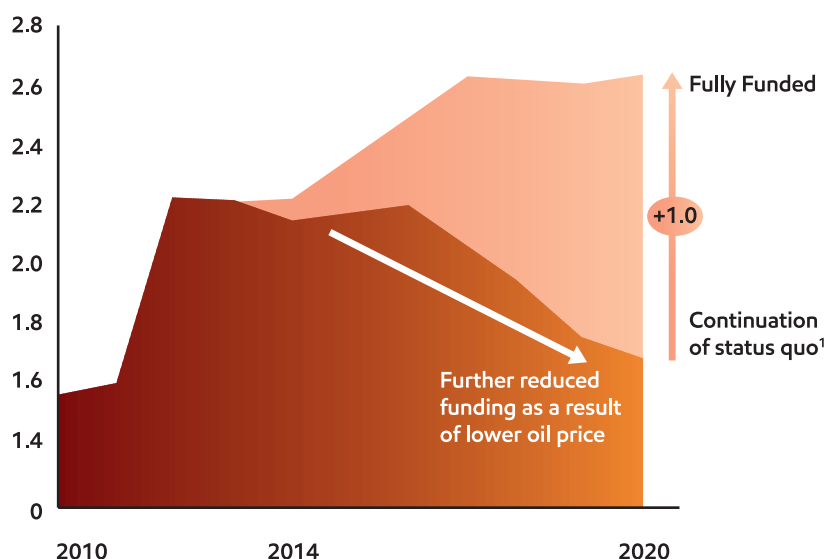
Funding issues and other challenges must be resolved in order to unlock Nigeria's full production potential

Key contributor to Production Sharing Contract (PSC) growth has been unconstrained funding

## JV Funding Challenges constrain Industry Growth

- JV production estimated to increase by ~1 Mboed by 2020 if 2013 business plans had been fully funded
- FGN reduction in JV funding will exacerbate production decline
- Funding issues and other challenges must be resolved in order to unlock Nigeria's full production potential

### Total JV Production

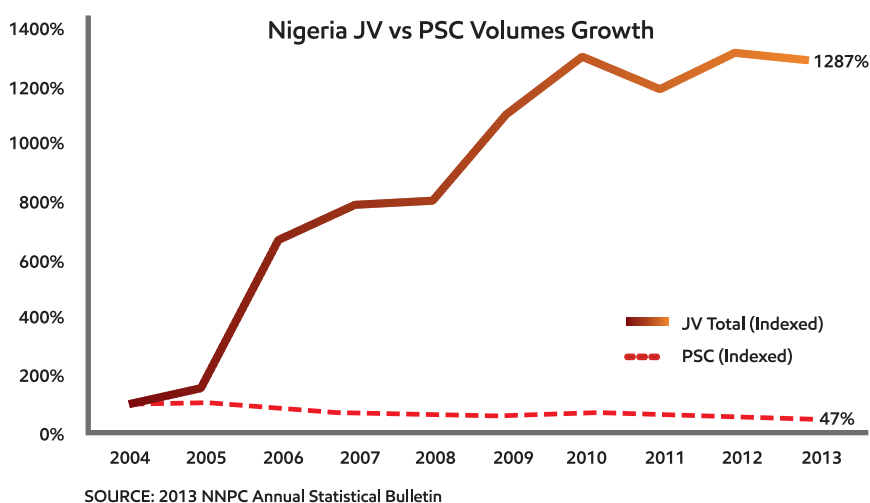
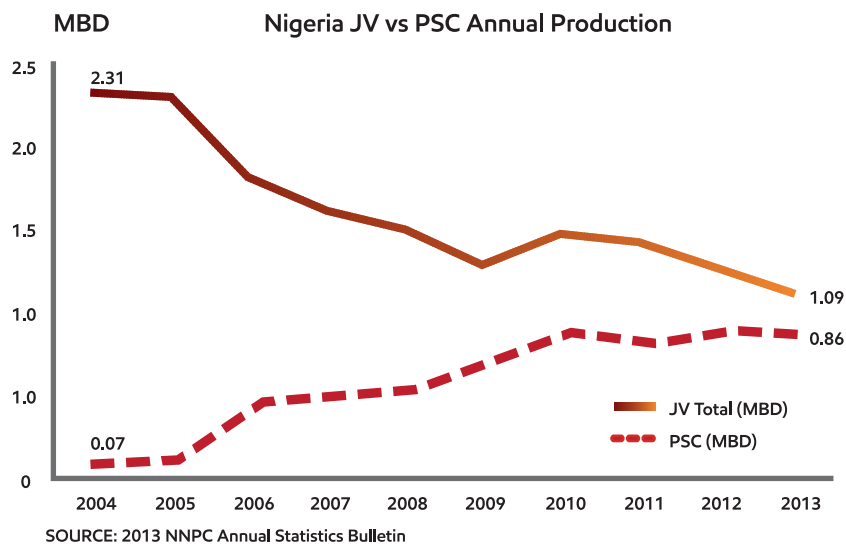


<sup>1</sup> Current funding gap and arrears levels sustained and alternative funding used at current levels  
SOURCE: Oil Producers' Trade Section (OPTS)



# Steady decline in Nigeria JV production

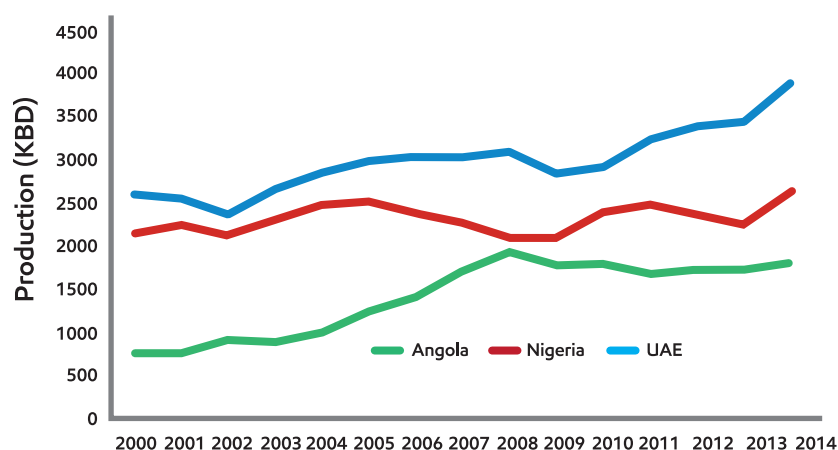
- JV volumes declined ~53% in last ten years
- PSC volumes grew ~1200% over same period
- Key contributor to PSC growth has been unconstrained funding
  - IOCs provide funding; recover costs from production (if successful)
- JV funding challenged on two fronts
  - Cash call arrears
  - Annual budget shortfalls



# Nigeria lagging behind Peers in Oil Production Growth

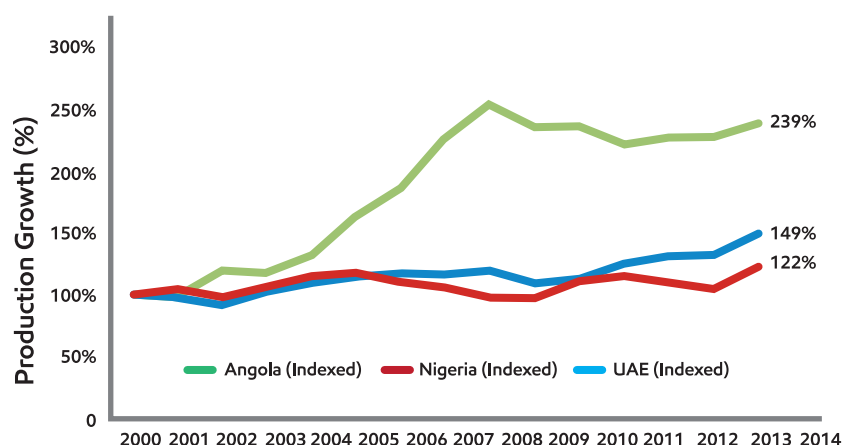
- Nigeria has lagged behind peers in adding incremental volumes over last 15 years
  - Nigeria: 22% increase
  - UAE: 49% increase
  - Angola: 139% increase
- Funding of JV operations is critical to maintaining base production and addition of incremental volumes
- Funding issues and other challenges must be resolved to unlock Nigeria's full potential

**Annual Production Comparison by Country**



SOURCE: Wood Mackenzie – Annual Production Data

**Production Growth Comparison by Country**

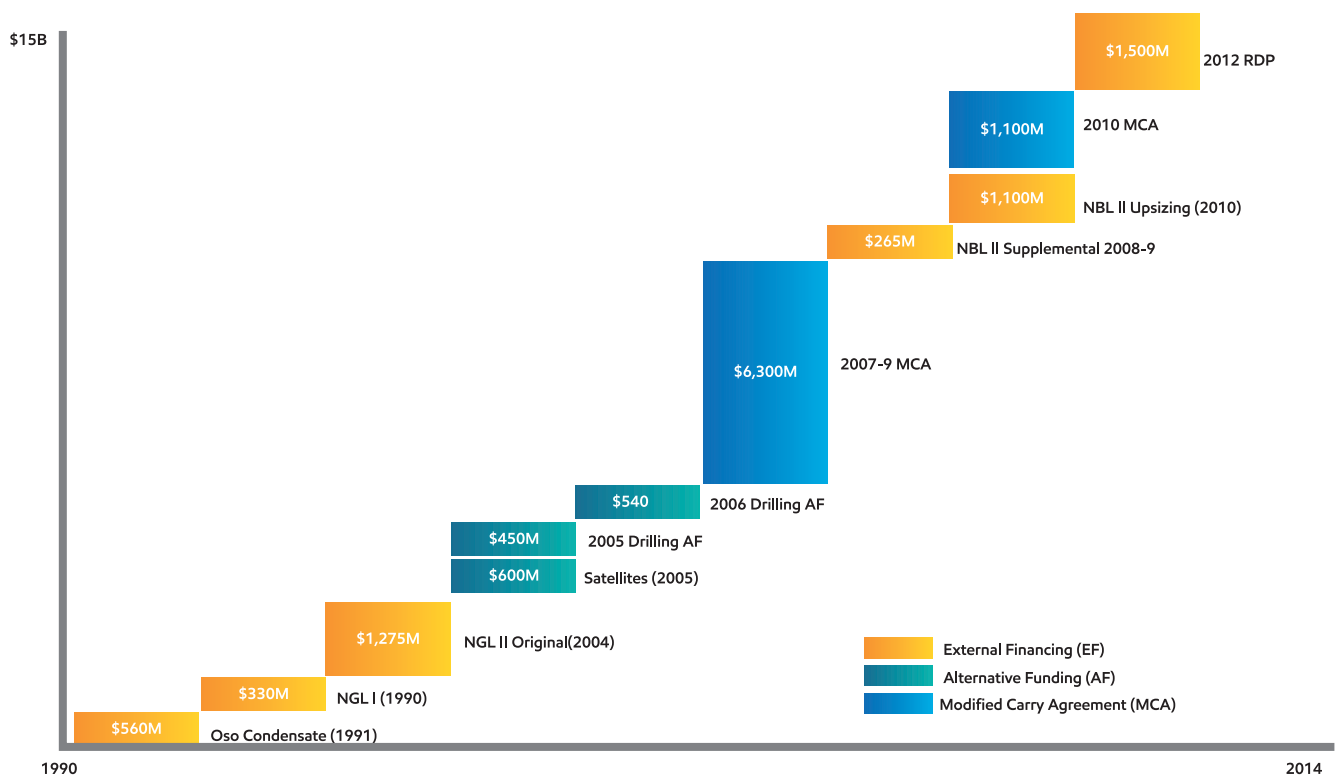
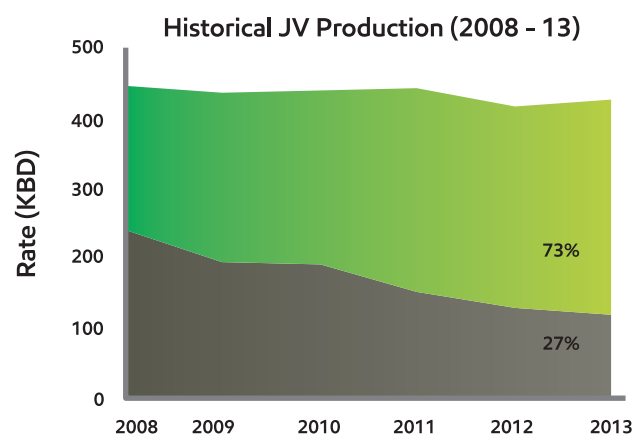


SOURCE: Wood Mackenzie – Annual Production Data



# Alternative Funding – Success Story

- ~\$15B of Alternative Funding capacity generated for JV to date
- >70% of current JV production from programs/projects executed via alternative funding and external financing mechanisms



- \$15B of Alternative Funding capacity (EF / AF / MCA) generated for JV to date
- 70% of current JV production from programs/ projects executed via AF/EF mechanisms

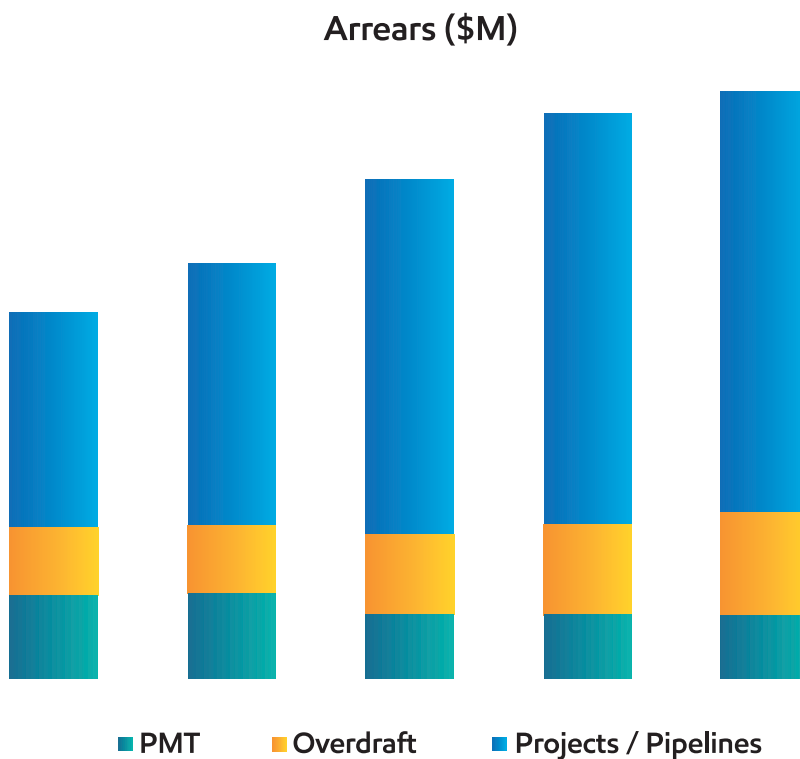
# Alternative Funding Options

JV FUNDING VEHICLE	STRUCTURE	KEY ENABLERS
External Financing (EF)	<p>Commercial banks provide funding for approved JV work program</p> <p>Cost-effective, market driven borrowing rates</p> <p>Lenders have no recourse to JV assets; loan secured by revenues from forward sale of incremental production volumes</p>	<p>Incremental production volumes</p> <p>Executed contracts required for incremental production activities</p> <p>Partner (IOC / NNPC / NAPIMS) alignment on work program</p> <p>NASS / Min. of Finance / CBN / NCDMB approvals or waivers</p> <p>Nigerian &amp; International bank participation</p> <p>Robust economics / loan coverage ratios</p>
Alternative Funding (AF) / Modified Carry Agreement (MCA)	<p>IOC fund NNPC share of approved JV work program</p> <p>IOC receives agreed after-tax IRR</p> <p>Loan repaid via tax relief and crude oil liftings</p>	<p>Incremental production volumes</p> <p>Partner (IOC / NNPC / NAPIMS) alignment on work program</p> <p>NASS / Min. of Finance / FIRS approvals</p> <p>Executed contracts required for incremental production activities</p>



# NNPC Cash Call Arrears

- Receivables of ~\$800M at YE 2014
- Arrears level impacting investor confidence
- JV Receivables growth driven by:
  - Delays in approvals of contracts / expenditures
  - Rejection of costs
  - NNPC budget constraints



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# Nigerian Content



Produced by ExxonMobil affiliates in Nigeria

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# Key Points

In 2014, over \$1.5 Billion contracts worth awarded, with close to \$1Billion Nigerian Content Value

Sourced over N153 Billion from Nigerian Banks for Production Projects Financing

97% of Purchase Orders were issued to local service providers in 2014

Launched the ExxonMobil Contractor Finance Scheme (EMCFS) providing access to over N1.4Trillion for local contractors





# Nigerian Content

Within the last two decades, the local content development has gained prominence as a cardinal element of government policies and business strategies in the Oil & Gas Industry in Nigeria. Increasingly, the consensus within government and business circles has been that, promoting local content development is an effective driver for achieving an inclusive economic growth, such that it generates linkages between the high value, non-labour intensive oil and gas sector, and other low value but labour intensive sectors of the economy, sustainable employment and empowerment of Nigerian nationals.

The Federal Government of Nigeria, in their effort to drive the promotion of Nigerian Content (NC), enacted the Nigerian Oil & Gas Industry Content Development Act 2010 (NC Act), which was signed into law in April 2010. Under the law, the following requirements were set out as primary drivers for the promotion of the requisite Nigerian Content:

- Establishment of the Nigerian Content Development and Monitoring Board (NCDMB or “the Board”). The Board has the responsibilities for implementing the provisions of the NC Act, implementing regulations made by the Minister of Petroleum Resources, and supervising, coordinating, administering, monitoring, and managing the development of NC in the Nigerian oil and gas industry.
- Submission of a Nigerian Content Plan (“the Plan”) to the Board for approval, prior to carrying out any activity or project in the Nigerian oil and gas industry by an operator. The Plan is required to demonstrate compliance with the NC requirements of the NC Act.

In ExxonMobil, we recognize that investing in the development of Nigerian Content is a demonstration of our commitment to a future that guarantees the sustainability of our business model, hence, our contribution to building a competitive local suppliers’ base, develop in-country required highly skilled manpower, and deliver lasting socio economic benefits in our areas of operation.

## What is Nigerian Content?

Nigerian Content (NC) is broadly defined as the quantum of composite value added to or created in the Nigerian economy by a systematic development of capacity and capabilities through the deliberate utilization of Nigerian human, material resources and services in the oil and gas industry.

### **The NC Act requires that:**

- First consideration be given to services provided from within and goods manufactured in Nigeria.
- Exclusive consideration is given to Nigerian indigenous service companies, which demonstrate ownership of equipment, Nigerian personnel and capacity to execute work to bid on land and swamp operating areas of the Nigerian industry.



# ExxonMobil's Collaborative Approach to Nigerian Content

ExxonMobil operating companies in Nigeria, notably, Mobil Producing Nigeria (MPN) Unlimited and Esso Exploration and Production Nigeria Limited (EEPNL), support of NC development initiatives predates the enactment of the NC Act. These companies have been developing and supporting initiatives designed to enhance the level of in-country value creation and retention in the oil and gas industry. For example the establishment of the Eket Technical Training Centre in 1995. Since the enactment of the law, we have intensified our level of support to further increase NC value creation and retention within the Nigerian economy. These companies have been playing active roles in the industry's efforts, by collaborating with other stakeholders to develop sustainable Nigerian Content strategies aimed at adding value to the economy. To support our engagement and coordinate these efforts, a Nigerian Content Development department was established and a General Manager appointed to head the department.



ExxonMobil affiliates in Nigeria recognize that a collaborative effort is required to assure a successful and sustainable Nigerian Content. Our commitment and the resultant success stories are visible in many sectors including fabrication, manufacturing, human capital development, and engineering, amongst others as outlined below. We have been working on a number of initiatives and these include, but are not limited to the following:

#### **Human Capacity Development:**

- In 1995, ExxonMobil established the Eket Technical Training Centre, to produce readily employable technicians in oil and gas operations. Till date, over 626 technicians have been trained; about 85% have been employed by the NNPC/MPN Joint Venture.
- In the last two decades, ExxonMobil has spent over N4 billion on undergraduate scholarships and another over N1 billion on international post graduate scholarships.
- Established the Nigeria Project Organization (NPO) in Nigeria, thereby developing project development and execution capabilities of Nigerians; over 600 staff strength (employees and contractors), out of which over 70% are Nigerians.
- Under the 1-year Engineering Capacity Development Program, NNPC/ExxonMobil Upstream Nigeria affiliates have invested over N1 billion to train 75 graduate engineers. Till date, over 92% of them have been employed by DeltaAfrik, the coordinating Engineering Procurement & Construction Management (EPCM) Contractor.
- Ongoing technology transfer to Nigerians through projects such as Satellite Field Development Phase 1 (SFD1) and Erha North Phase 2 (ENP2) Projects, which achieved many major project milestones for Nigeria.

**ExxonMobil affiliates in Nigeria recognize that a collaborative effort is required to assure a successful and sustainable Nigerian Content. Currently, over 92% of our workforce are Nigerians. Among other programs to support the local content, we initiated the ExxonMobil Contractor Finance Scheme in 2013 to improve the capacity of local contractors by providing them access to over N1.4 trillion funding.**

#### **Supplier Development:**

- Between 2004 and 2012, ExxonMobil sourced over N153 billion from Nigerian banks for project financing, thereby improving the banks funding capacity.
- Between December 2010 and December 2014, ExxonMobil contributed over \$95 million to the Nigerian Content Development Fund (NCDF). The Fund established under the NC Act, is designed to enable Nigerian contractors and suppliers to have easier access to financing at favorable terms, and enhance Nigerian contractors' and suppliers' capability and capacity in the oil and gas industry, amongst other objectives.
- Awarded Engineering Service Agreements worth \$420 million to seven Nigerian companies; helped to improve the capabilities and capacities of local engineering design companies.

- Awarded Engineering, Procurement, and Construction Management contracts (EPCM1) to DeltaAfrik in 2006 and assigned EPCM2 to NETCO in 2014; enabling the two companies to enhance their capabilities in the management of detailed engineering design, supply chain, and construction activities.
- ExxonMobil was the first oil and gas company in Nigeria to deploy Nigerian-made line pipes in its offshore operations. This was done by collaborating with SCC Pipe Mill, Abuja to upgrade their facilities to manufacture line pipes suitable for oil and gas operations; procured 30km Double Submerged Arc Weld Helical (DSAWH) line pipes in 2010, and utilized same in our Edop-Idoho pipeline offshore Nigeria.
- In 2012, ExxonMobil completed the fabrication of three fully Nigerian manufactured wellhead platforms (WHPs) at NigerDock (ND) (Abang and Itut WHPs) and Dorman Long Engineering (DLE) (Oyot WHP) yards under the NNPC/MPN JV Satellite Fields Development Phase 1 (SFD1) Project.
- ExxonMobil provided additional support (over N2 billion in funding) for expansion of Aveon Offshore (Port Harcourt), ND and Dorman Long Engineering (Lagos) fabrication yards to substantially increase their facility's fabrication capacity.
- In October 2013, ExxonMobil upstream affiliates in Nigeria in conjunction with twelve (12) Nigerian banks launched the ExxonMobil Contractor Finance Scheme (EMCFS), providing access to over N1.4 trillion funding. As of December 2014, 236 Nigerian contractors registered under this scheme and about N10 billion disbursed in the interval.
- In 2014, ExxonMobil awarded about \$1.5 billion worth of contracts with NC Value of about \$767 million and 97% of Purchase Orders were issued to local service providers.

**We remain committed to working with the Nigerian Government to improve the capacity of Nigerians in line with the objectives of the Nigerian Content Act.**

#### **Strategic Community Development:**

- Of the 6000+ strong workforce in Nigeria, over 92% are Nigerians, out of which 35% are from Akwa Ibom State.
- NNPC/MPN JV continue to enhance community health via the following efforts:
  - Provision of sustained payment of salary subventions to health workers in riverine Ibeno communities for over two decades.
  - Provision of sustained subvention to the VVF Centre in Uyo, Akwa Ibom State, for almost two decades.
  - Facilitated one-week intensive training programme in Emergency Medical Services (EMS) for over 300 medical personnel in Akwa Ibom State in March 2014. Successful participants were awarded certificates from the prestigious American Health Association (AHA).
- As part of its drive to improve youth employability, business knowledge, and skills, NNPC/MPN Joint Venture initiated the Graduate Assistance Program in Akwa Ibom State in 2008. In its first three years, about 450 Nigerian graduates benefited from the program. The second phase re-launched in 2013 currently has over 300 participating.



- MPN, the operator of the NNPC/MPN JV, has spent over N57 million (Fifty Seven Million Naira) on the NNPC/MPN JV Secondary School Scholarship targeting indigent students from Akwa Ibom State over the last 4 years.
- We partnered with the Akwa Ibom State Government in the ongoing re-construction of the Eket/Ibendo Road, a major highway in Eket Federal Constituency. Our NNPC/MPN JV contributed N8 billion (Eight Billion Naira), which represents 30% of the project cost.

## Way Forward: A strategic focus on Nigerian Content Development

ExxonMobil affiliate companies in Nigeria share and support the Federal Government's objectives of developing Nigerian Content within the oil and gas industry. We understand that supporting local content in Nigeria yields sustained benefits both for the Nigerian government and for our Nigerian affiliate companies. Based on our worldwide experience, we know that making the most of energy resources involves more than oil and gas production; it is also about developing capacity, creating and delivering long-term benefit to local communities. Through partnerships with host governments and industry stakeholders, ExxonMobil and its Nigerian affiliates believe that sustainable Nigerian Content can be achieved by applying the following principles:

1. Support a business environment that enhances supplier development, quality and competition, with limited government control.
2. Develop a national business plan to identify and advance competitive industries; right capabilities and capacities. The starting point is a comprehensive industry capability and capacity assessment.
  - a. Determine the capabilities that currently exist in country and those that can be developed over time.
  - b. Determine industry demand for goods and services, hence, use as determinant for the right gauges of capacities required to support the industry.
3. Using this capability and capacity assessments and identified gaps:
  - a. Create educational and developmental opportunities to broaden technical and business skills.
  - b. Create capacity development initiatives with the intent to increase required quantum and dimensions of deliverable goods and services.
4. Leverage expertise and capital from international organizations such as manufacturing and service companies to transfer technology/knowledge and accelerate the development of in-country capabilities.
5. Seek and ensure support/alignment of industry players/stakeholders.
6. Evolve collaborative regulatory stance and processes.
7. Ensure effective communication between the NCDMB and industry players/stakeholders.

We believe that the implementation of the principles outlined above, in a realistic phased fashion, will lead to long-term development and significant economic progress for Nigeria.

## Oil and Gas Nigeria (Executive Briefs)

is produced by the Public & Government Affairs Department  
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# Overview of Oil and Gas Business in Nigeria



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## Key Points

Oil exploration in Nigeria dates back to 1908

Nigeria is Africa's largest oil producer

Nigeria is the world's 6th biggest producer of gas

Nigeria is Africa's largest natural gas reserve holder and 9th in the world

# Nigeria's Growing Oil and Gas Business

Nearly a century ago, in 1908, the Nigeria Bitumen Corporation commenced oil exploration. In 1937, Shell D'Arcy became sole owner of the rights to Nigeria's growing exploration activity of high value, low sulphur content, light medium, light crude oil. As Nigeria's reputation for rich oil and gas reserves was spreading internationally, the country began offering concessionary rights in 1961 to international oil companies such as Mobil, Gulf, Agip, Satrap (now Elf), Tenneco and Amoseas (now Chevron). Ten years later, in 1971, the Nigerian



National Oil Corporation (NNOC) joined the Organisation of Petroleum Exporting Countries (OPEC). In 1977, NNOC was merged with the Ministry of Petroleum to form the Nigerian National Petroleum Corporation (NNPC), Nigeria's primary state-owned energy company. NNPC has majority interests in joint venture operations as well as several Production Sharing Contract (PSC) agreements with other oil companies.

Till date, Nigeria remains the largest oil producer in Africa. However, its peak production of 2.44 million barrels per day output in 2005 has declined to 2.2 million barrels per day by 2014, according to latest report from International Energy Agency (IEA). Nigeria is currently the 13th most prolific oil producer in the world. According to current estimates, Nigeria has the second-largest amount of proved crude oil reserves in Africa with about 37 billion barrels behind Libya who has 48 billion of oil reserves.

The Nigerian government has been actively pursuing strategies to maximise revenue and develop sectors other than oil to enhance and strengthen its national economy.

The oil sector accounts for nearly 90 percent of national revenue. Out of Nigeria's current daily output of 2.2 million barrels per day, ExxonMobil affiliates lead the industry by providing over 30% of the national output. Our upstream affiliates currently have production capacity of over 900,000 barrels a day gross of crude, condensate and natural gas liquids - include ExxonMobil operated and operated by others.

## Upstream and Downstream Activities in the Nigerian Oil and Gas industry

### **Upstream activity comprises:**

- Exploration, development and production of hydrocarbons (crude oil and gas)  
These activities include acreage acquisition, seismic survey, wildcat drilling, appraisal drilling and development, construction facilities, drilling, operation and maintenance.

### **Downstream activity comprises:**

- Refining, distribution and marketing of petroleum products (such as gasoline, diesel and lubes, etc.), and processing and marketing of Liquefied Natural Gas (LNG).

There are four government-owned refineries in Nigeria with a total production capacity of 445,000 barrels per day. In addition to the refineries, there are 21 government storage and logistics depots and 5,000 kilometres of crude pipeline.







Annual demand for petroleum products in Nigeria is more than 100 million barrels; 50 percent of this volume is gasoline (petrol). Marketing activities are led by six major marketers, with numerous independent companies also active in Nigeria. The six major marketers include: Mobil, Total, Conoil, Oando, MRS and Forte Oil.

The national oil company, Nigerian National Petroleum Corporation (NNPC) joined the downstream segment with NNPC retail subsidiary which commenced operations in August 2002, when the first Retail outlet tagged "mega station" was commissioned in Lagos to market petroleum products to the public.

The objectives for NNPC's entry into products retailing was initially a strategic move intended to provide the Corporation with the vehicle for intervention in the market during periods of emergency and avoidable supply disruptions and to create a benchmark for key players in the distribution chain, as well as to ensure safe, orderly and profitable retailing of products in the country.

At present, NNPC Retail currently operates about 37 Mega Stations, 12 Floating Mega Stations and over 500 Affiliate Stations.

## Government Regulation and Special Arrangements

All upstream activities are governed by either or both the Petroleum Act or the Petroleum Profits Tax Act, and many are subject to Joint Operating Agreements, Memoranda of Understanding or Production Sharing Contracts.

## Joint Operating Agreement (JOA)

JOAs govern the administrative relationship between the NNPC and its joint venture partners. This includes budget approval and supervision, funding by partners, crude lifting and sale by partners in proportion to equity. The bank accounts related to the venture are jointly owned, and the NNPC has discretionary access to all information related to the joint operating agreement, along with unlimited audit rights.

# Joint Ventures (JV)

The JV is a common arrangement among oil companies and the NNPC. In the JV, international oil companies (IOCs) own 40 percent with NNPC holding the remaining 60 percent of the business; revenue and expenses are allocated according to these percentages.

The majority of Nigeria's oil industry operations are governed by a concessionary system; the government grants leases, while the IOCs undertake a certain work program, pay taxes, royalties and rent to the government.

# Production Sharing Contracts (PSC)

Under the PSCs, the Government, through the NNPC, owns the acreage but the operating company entirely funds the program, covering exploration, development and production costs. Operating costs are recovered from production, and the operating company, or contractor, shares in profit oil, but pays royalties and tax with oil. While JVs dominate the upstream landscape in Nigeria, the relatively newfound interest in offshore and deep water operations is widely considered to be responsible for a shift from the traditional joint operating agreements to production sharing contracts, which require less government funding but still promise suitable returns on investment.

Nigeria is committed to the long-term growth of liquefied natural gas production, which involves converting associated natural gas into a more environmentally friendly, efficient product. ExxonMobil remains a key player driving this national goal.

# The Importance of Gas

**Considered immensely gas rich, Nigeria ranks 6th in the world among leading gas producers.** Industry experts place Nigeria's natural gas reserves at 185 trillion cubic feet (TCF), with most of it relatively under-exploited. Gas utilization and commercialization began in the 1960s, and since then, there has been a low rate of development of the domestic market, which is currently limited by existing fiscal policies.





As of January 2015, Nigeria is the ninth-largest natural gas reserve holder in the world and the largest in Africa. Despite holding a global top-10 position for proved natural gas reserves, Nigeria produced 1.35 TCF of dry natural gas in 2013, ranking among the world's top 30 largest natural gas producers. Natural gas production is constrained by the lack of infrastructure to monetize natural gas that is currently being flared.

Gas flaring in Nigeria has decreased in recent years, from 540 billion cubic feet (BCF) in 2010 to 428 BCF in 2013. There are a number of recently developed and upcoming natural gas projects that are focused on monetizing the natural gas that is currently flared. Nigeria consumed 490 BCF of dry natural gas in 2013, about 36% of its production.

Nigeria exported about 800 BCF of liquefied natural gas (LNG) in 2013, accounting for about 7% of globally traded LNG and ranking Nigeria among the world's top five LNG exporters. Japan is the largest importer of Nigerian LNG and received 23% of the total in 2013.

## Challenges Growing the Energy Sector

Nigeria's oil and gas objectives are both ambitious and challenging. The objective to grow reserves to 40 billion barrels calls for an active exploration and development program. There is also the challenge of achieving targeted production capacity of four million barrels per day, eliminating routine gas flaring and increasing gas revenue to 50 percent of oil revenue.

In order to achieve these objectives, the Nigerian Government needs to focus on the following:

- Provide a stable political environment which attracts private-sector participation and assure certainty of investments.
- Address oil theft and the core issues that have resulted in the unfortunate vandalism and violent acts in the Niger Delta, which have negatively impacted the operating environment and limited stability of oil and gas producing operations.
- Ensure timely provision of adequate funding to progress large portfolio of integrity projects and support its aggressive growth and reserve target.
- Ensure effective implementation of the Nigerian Content Act which was signed into law in 2010 with strategies that will strive for uninterrupted operations and add value to the economy.
- Collaborate with the oil and gas industry to pass a petroleum law that will establish an appropriate, well-defined gas regulatory and fiscal regime to attract private sector investment, as well as developing domestic infrastructure to ensure effective utilization of gas resources.
- Provide basic infrastructure such as power generation and roads.



**Nigeria is an excellent example of a country determined to be a major player in the global energy industry.**

## What the Future Holds

Each year, Exxon Mobil Corporation prepares a detailed global energy outlook, available on the ExxonMobil web site ([www.exxonmobil.com/energyoutlook](http://www.exxonmobil.com/energyoutlook)).

The ExxonMobil energy outlook is shared with public audiences around the world to broaden understanding of the energy challenges and opportunities all of us face in the years ahead. This is even more important for an energy rich – and energy dependent – nation such as Nigeria.

As the world's population approaches 9 billion people in 2040, we are challenged to not just meet basic needs, but also to improve living standards throughout the world. The scale and nature of this challenge is readily apparent in ExxonMobil's outlook for energy: a view to 2040, our long term global forecast of energy supply and demand trends.

It is important to understand the links between growth, economic progress and the amount and type of energy used around the world. Growth populations advance economically over time and seek better living standards, which in general leads to increased energy use.

The outlook reveals key findings about how people use energy, how much we will need in the future and what type of fuels will meet demand. For example: As global economic output more than doubles by 2040, energy demand will increase about 35 percent, even with significant efficiency gains. Energy demand in developing (Non OECD) nations will rise about 65 percent, driving nearly all of the global increase.

Today, electricity generation represents the largest driver of demand for energy. Through 2040, it will account for more than half of the rise in global energy demand. Transportation demand will rise about 40 percent, driven by expanding commercial activity. However, global energy used for personal vehicles will gradually peak and then begin to fall, as significant fuel economy gains offset growth in the worldwide fleet.

Natural gas will become increasingly important as a source of energy and, specifically, liquefied natural gas (LNG), because of its many environmental benefits and efficient generation of electricity. Imports from all over the world are expected to increase to about 25 percent of the entire energy supply by 2030 – or a volume of nearly 75 billion cubic feet per day.

In Africa, LNG supplies are expected to quadruple by 2030. However, more private investments and advances in technology are needed for this bright future to take place. Governments must look to invest in a focused, strategic manner, by providing access to acreage, opening up markets and reducing barriers to trade.







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# Safety, Health and the Environment



Produced by ExxonMobil affiliates in Nigeria

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## Key Points

Achieved 4 million man-hours from February 2015 to date without a Loss Time Incident (LTI)

Archieved Upstream Nigeria Best Safety Performance award in 2013

From 2010 to date, provided ExxonMobil Fundamentals of Safety (EMFOS) training to over 4,300 personnel

Developed and implemented Environmental Business Planning for managing environmental performance

## Safety: Our Core Value

ExxonMobil and its affiliates have an unwavering commitment to operations integrity, safety and flawless execution of project activities. Operating ethically and responsibly is ingrained in our business culture. It is monitored, enforced, and improved upon through the globally-deployed Standards of Business Conduct and Operations Integrity Management System (OIMS).

### **Operations Integrity**

OIMS is a cornerstone of our commitment to managing risks and achieving excellence in performance and it is applied at ExxonMobil affiliate facilities around the world. OIMS fully meets the requirements of the International Organization for Standardization (ISO) 14001 Environmental Management Systems, as attested by Lloyd's Register Quality Assurance Ltd. OIMS is also the system we use to ensure appropriate engagement with the communities in which we operate.

The OIMS framework contains 11 elements. As the driver for OIMS, management establishes policy, provides perspective, sets expectations, and provides the resources for successful operations as set forth in OIMS Element 1.



Operations Integrity requirements for the design, construction, and operations of facilities are addressed through the suite of management systems that support Elements 2 – 10. Many of these management systems are interdependent. An evaluation of the degree to which the OIMS Expectations and Guidelines are being met is essential to improve Operations Integrity and maintain accountability as set forth in OIMS Element 11.

OIMS is the way ExxonMobil strives for an incident free workplace where Nobody Gets Hurt; a reduction in environmental impact, so that we protect tomorrow today, and a secure workplace where it is recognized that Security is Everybody's Business.

ExxonMobil has made significant progress in improving the integrity of operations over the past decade and continues to reinforce the importance of rigorous OIMS execution. While progress has been made, we recognize that achieving Operations Integrity is a journey and not a destination.

**No business objective is so important that it would be pursued at the sacrifice of safety.**









# "Nobody Gets Hurt"

In line with our focus on safety, our employees and contractors are encouraged to take personal responsibility for keeping themselves and their co-workers always safe, by making a commitment that "Nobody Gets Hurt", at work or at home.

To be incident-free, we carry this safety message and vision to every person who works with and for ExxonMobil and its affiliates. It speaks to the leadership that must be demonstrated by everyone in the organization. If each worker is committed to working safely through an entire shift, then person by person, shift by shift, day by day, we will achieve a workplace where "Nobody Gets Hurt".

ExxonMobil has released five (5) significant emotional events videos, involving the re-enactment of past significant incidents to create workforce emotional connection to incidents, aimed at lowering risk tolerance and sharing lessons.

From February 1, 2015 to date, ExxonMobil affiliates in Nigeria achieved 4 million man-hours without a Loss Time Incident (LTI).

From 2010 to date, over 4,300 personnel (including contractors) received ExxonMobil Fundamentals of Safety (EMFOS) training.

Collectively, ExxonMobil affiliates achieved Upstream Nigeria Best Safety Performance in 2013 and received the ExxonMobil Production Company (EMPC) President's Safety Award. Also, four departments received functional global safety recognition the same year.



# Our Environmental Policy

It is our policy to conduct our business in a manner that is compatible with the balanced environmental and economic needs of the communities in which we operate. We are committed to continuous efforts to improve environmental performance throughout our operations worldwide.

Our employees are encouraged to be respectful of the environment and undergo training to ensure operating practices comply with existing regulations. Executives and other senior managers work closely with host governments and industry groups to promote environmental legislation grounded in sound science and considerate of risks, costs and benefits, and the effects on the energy supply.

## Our policy is to:

**Comply** with all applicable environmental laws and regulations and apply responsible standards where laws or regulations do not exist.

**Encourage** concern and respect for the environment, emphasize every employee's responsibility in environmental performance and ensure appropriate operating practices and training; work with government and industry groups to foster timely development of effective environmental laws and regulations.

**Manage** our business with the goal of preventing incidents, and of controlling emissions and wastes to below harmful levels.

**Respond** quickly and effectively to incidents resulting from our operations.

**Conduct** and support research to improve understanding of the impact of our business on the environment, to improve methods of environmental protection, and to enhance our capability to make operations and products compatible with the environment.

**Communicate** with the public on environmental matters and share our experience with others to facilitate improvements in industry performance.

**Undertake** appropriate reviews and evaluations of our operations to measure progress and to ensure compliance with this policy.

## Protect Tomorrow. Today.

In recent years, our businesses have continued to improve environmental performance. We have developed and implemented Environmental Business Planning (EBP) as part of the annual business planning cycle – an important tool for managing environmental performance as an integral part of each operation and project.

Building on this progress, senior management launched “Protect Tomorrow Today”. It is a program that aims to provide further guidance on corporate environmental expectations, with the goal of continuous improvement in our environmental performance. Specifically, our businesses are expected to:

- Deliver superior environmental performance, leading to competitive advantage;
- Drive environmental incidents with real impact to zero;
- Achieve industry leadership in key environmental areas relevant to each business.



# Emergency Response

In addition to our efforts to prevent incidents, ExxonMobil believes that environmental responsibility means maintaining a strong response capability to operational emergencies, should they occur. We place great emphasis on preparing to respond effectively to mitigate the impact of incidents. Operating businesses and major sites have emergency response plans and well-trained teams that are routinely tested against a range of scenarios including product spills, fires, explosions, natural disasters, and security incidents.

ExxonMobil affiliates in Nigeria have trained and fully equipped emergency response teams, which are ready to respond in the event of an incident. The upstream affiliates - MPN and EEPNL - are also members of Clean Nigeria Associates (CNA), an industry oil spill response cooperative.

Our Nigerian affiliates regularly carry out drills involving several different business lines and large geographic areas. These drills are often undertaken together with governments, coastal authorities, and industry-wide oil spill response cooperatives to promote an understanding and appreciation of our response capabilities as well as to encourage communication among various stakeholders.

## Security

ExxonMobil is dedicated to securing the workplace and constantly assessing potential threats to our workforce and assets through ASPECT: Assist, Support, Protect, Educate, Communicate and Train.

- **ASSIST:** Through control room and emergency response teams, we respond promptly and effectively to distress calls involving our personnel at various locations 24/7. April 23, 2015 Year-to-date (YTD), we have responded to 228 distress calls.
- **SUPPORT:** In our journey management and escort services, over 2,420 security escort requests have been processed involving over 32,654 passengers while deploying over 14,067 government security forces with zero incidents recorded
- **PROTECT:** We are responsible for protecting about 6,000 workforce and their dependents and are strategically positioned at all ExxonMobil locations in Nigeria. We are constantly working with relevant government agencies and other IOCs through intelligence gathering and information sharing to ensure that our people and assets remain safe.
- **EDUCATE:** Interacting with the workforce, we provide educational tips such as ATM scam warning, identity theft and home security assessment
- **COMMUNICATE:** We frequently keep our people abreast with current security situations and raise their security awareness through our periodic Temporary Threat Escalation (TTE) reviews, timely sms (text) alert and other security advisories. YTD, we have issued 10 advisories in total.
- **TRAIN:** To keep ahead of emerging threats, we have conducted awareness sessions for 434 corporate guard forces YTD on Voluntary Principles on Security and Human Rights.

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ExxonMobil affiliates in Nigeria.

Exxon Mobil Corporation has numerous affiliates, many with names that include **ExxonMobil, Exxon, Esso, and Mobil**. For convenience and simplicity in the publication, those terms and the terms corporation, company, our, we and its, are sometimes used as abbreviated references to specific affiliates or affiliate groups. Similarly, ExxonMobil has business relationships with thousands of customers, suppliers, governments and others. For convenience and simplicity, words like venture, joint venture, partnership, co-venture, and partner are used to indicate business relationships involving common activities and interests, and those words may or may not indicate precise legal relationships.

## ExxonMobil affiliates in Nigeria:

Esso Exploration & Production Nigeria Limited  
In Production Sharing Contract with NNPC

Mobil Oil Nigeria Plc

Mobil Producing Nigeria Unlimited  
Operator of NNPC/MPN Joint Venture  
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## Lagos: Corporate Head Office (Upstream affiliates)

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P.M.B 12054, Lagos  
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# What We Bring To The Table



Produced by ExxonMobil affiliates in Nigeria

**ExxonMobil**  
Energy lives here™



## Key Points

Valued partner with high level of investments and financial commitments to economic growth

Generated ~\$15 billion of Alternative funding; accounting for 70 percent of current JV production

EM Competitive advantages- Integrity, Global reach, Operational excellence, Disciplined investing & High impact technologies

Production capacity of over 900,000 barrels a day gross of crude, condensate and natural gas liquids (NGL)-include EM operated and operated by others

ExxonMobil upstream companies produce over 30% of Nigeria's liquid output

## Great Potential for Nigeria's Upstream Sector

Nigeria is well-endowed with petroleum resources. Nigeria is Africa's largest oil producing country and the 13th largest in the world. It has an estimated 34 billion barrels of crude oil reserves. Current estimates also indicate Nigeria has the 6th largest natural gas reserves of 185 trillion cubic feet.

**Over 30% of Nigeria's total liquid output is produced by ExxonMobil upstream companies.**

The country plans to increase her daily oil output to 4 million barrels per day by 2020. Gas development projects are also ongoing and offer alternative sources of income and power to emerging plants and industrial enterprises across the country.

Despite the recent drop in crude oil prices which has impacted the global economy, Nigeria remains an attractive destination for investment in the oil and gas industry. There has been considerable reduction in violent attacks on oil facilities and personnel in the Niger Delta region. Nigeria needs to sustain this momentum by maintaining a regulatory environment that supports its national oil and gas objectives. In addition, adherence to the sanctity of contracts based on existing legal framework and contractual arrangements will support a stable fiscal environment and enhance investor confidence.







# A valued partner

ExxonMobil subsidiaries are at the heart of Nigeria's economy with a high level of investments and financial commitments to economic growth. Over the last 5 years (2010-2014), the Nigerian government received over N1 Trillion in annual revenue from our operations, in 2014 over \$1.5 Billion contracts worth awarded with close to \$1 billion Nigerian content value and more than N160 Billion in contributions to the Niger Delta Development Commission (NDDC) since 2001.

ExxonMobil is involved in each element of the upstream value chain in Nigeria – from exploration, to development, to production and our upstream affiliates in Nigeria continue to sustain and increase production levels, in line with the national goal. ExxonMobil upstream subsidiaries in Nigeria currently have a production capacity of over 900,000 barrels per day of crude, condensate and natural gas liquids (NGL), which include ExxonMobil operated assets and assets Operated by Others (OBO). ExxonMobil volumes represents over 30% of Nigeria's daily production.

Industry leader in innovative financing models- Alternative Financing (AF), External Financing (EF) & Modified Carry Agreements (MCA), sourcing over \$15 Billion





# What we bring to the table

Our Long term commitments, win-win philosophy, integrity, global presence, experience and resources constitute the fundamentals of our business operations.

Over the recent years of operating in Nigeria, we have a success story to tell with our innovative alternative financing models to support business growth. Some of these have been alternative funding (AF), external financing (EF) & modified carry agreements (MCA), where ~\$15 Billion of Alternative Funding capacity (EF / AF / MCA) has been generated, accounting for over 70% of current JV production. Funding the JV at the required level will unleash capacity for broader economic growth and prosperity.

Along with the addition of resources, we have the benefit of being able to apply sophisticated technologies developed by ExxonMobil Corporation to promote the discovery, development and production of oil and gas resources in Nigeria. These technologies promote commercialization of resources previously either inaccessible or uneconomic to develop. The Erha development is an example of how technological advances in deepwater operations and floating production, storage and offloading vessels can swiftly move a development from exploration to production quickly, efficiently and safely.





# Investing in the Future

For Nigeria to maintain its position as a global energy player, the country needs to invest aggressively in existing and new oil and gas assets. This calls for active exploration and development programs. An appropriate, effective funding strategy is crucial to achieving Nigeria's plans to grow production reserves. Historically, funding of the Joint Venture (JV) operations between the NNPC and oil producing companies has been a major constraint to project execution in the industry. In spite of relative improvements in Government funding level and implementation of cash call obligations in recent years, JV budgets continue to remain significantly below recommended spending levels required for progressing ongoing projects, timely and efficiently. This is a challenge the Government needs to address.

**We have demonstrated commitment to Nigeria through our investments in upstream operations. We will continue to invest in Nigeria in coming years. It is our belief that by creating a stable and supportive environment, Nigeria can demonstrate its strengths and advantages to other investors, which will have a positive outcome for the national economy.**





# Our Approach

Globally, ExxonMobil applies a long-term focused, rigorous and disciplined approach to capital investment. From optimizing the developments we pursue, to the personnel we rely on, to making financially sound decisions, no choice is made arbitrarily. The most important factors in our investment decisions are:

- A skilled work force.
- A resource base that is economic to develop.
- A stable fiscal environment.

ExxonMobil affiliates in Nigeria have demonstrated commitment to Nigeria through our investments in upstream operations and continued involvement in the oil and gas sector. We believe that by creating a stable and supportive environment, Nigeria can demonstrate its strengths and advantages to other investors, which will have a positive outcome on its national economy.



