

AFRICA OIL+GAS REPORT

# Nigeria's Crude Supply Gap to Dangote Refinery Signals Upstream Coordination Failures

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A recurring structural tension in Nigeria's downstream energy sector has come into sharper focus: the country is offering Dangote Refinery significantly more crude oil than the refinery chooses to lift. According to reporting by Sully Manope from Abuja, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) convenes monthly meetings with operating companies specifically to coordinate domestic crude allocation — yet the volumes made available to the 650,000-barrel-per-day Dangote facility consistently exceed what the refinery elects to purchase.

This dynamic cuts against the dominant narrative that has framed Nigeria's domestic refining challenge primarily as a supply problem. If upstream operators are presenting crude at volumes the refinery declines to absorb, the bottleneck likely lies elsewhere — in pricing disagreements, crude quality mismatches, logistics constraints, or the refinery's own phased commissioning schedule. The NUPRC's monthly convening mechanism does suggest institutional intent to prioritise domestic supply, but intent and execution remain misaligned.

For the broader Nigerian energy economy, the implications are significant. Nigeria has long exported the vast majority of its crude while importing refined petroleum products at substantial cost to the country's foreign exchange reserves. The Dangote refinery was positioned as the structural fix to this paradox. If the refinery is selectively lifting crude — and upstream operators are left holding allocated volumes — it raises questions about how offtake agreements are structured, whether crude

grades on offer match the refinery's processing configuration, and what role international trading intermediaries play in the arbitrage between export netbacks and domestic sale prices.

Industry observers note that Dangote's refinery has been processing a mix of Nigerian and imported crude, including tranches sourced from the United States. This suggests the refinery may be optimising its crude slate for margin rather than national supply obligation — a commercially rational position, but one that complicates Nigeria's ambitions to redirect export barrels into domestic value addition. The NUPRC's coordination meetings have not, so far, produced a binding offtake framework that compels volume absorption at agreed price points.

The situation also reflects a wider governance challenge in Nigeria's upstream sector, where production shortfalls, royalty disputes, and infrastructure underinvestment have reduced the country's actual liftable crude below its nameplate OPEC quota. Against this backdrop, the monthly NUPRC coordination mechanism is an important signal that Nigerian regulators are actively managing the crude-to-refinery pipeline — but the gap between what is offered and what is bought suggests that commercial and logistical architecture still needs significant development before the domestic refining ambition is fully realised.

## **Why this matters to partners and clients of Saga**

Norwegian service companies should monitor this situation closely, as resolution of the crude allocation impasse will likely trigger investment in midstream logistics — including marine offloading, crude blending infrastructure, and pipeline tie-ins — where Norwegian subsea and pipeline firms hold competitive expertise. FPSO operators and well services companies active in Nigeria's upstream should assess whether production optimisation contracts could be reframed to prioritise crude quality specifications compatible with the Dangote refinery's processing train. The regulatory coordination role of the NUPRC also presents a potential entry point for Norwegian advisory and technology firms supporting upstream data management and compliance.

## PARTNER ANGLES

- **FPSO:** FPSO operators can explore whether crude blending or processing adjustments on existing vessels could align Nigeria's offshore production grades more closely with Dangote's refinery configuration.
- **Pipeline:** Resolution of the offtake impasse will likely require upgraded onshore crude evacuation and delivery infrastructure, creating pipeline project opportunities for Norwegian contractors.
- **Subsea:** Improving reliable crude liftability from deepwater fields supplying domestic allocations may require subsea integrity and flow assurance interventions where Norwegian firms are well-positioned.
- **Drilling:** If upstream operators are sitting on allocated but un-lifted crude, pressure to increase production efficiency could accelerate well workover and re-completion campaigns.
- **Service:** Norwegian advisory firms can support NUPRC or upstream operators in designing binding offtake frameworks and crude quality monitoring protocols to close the allocation-to-purchase gap.

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