JEUNE AFRIQUE ÉCONOMIE

Nigeria Licensing Round Sidelines NNPC and Elumelu in Favour of Unknown Bidders

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Nigeria has concluded what is being described as its largest oil block licensing round since the Petroleum Industry Act came into force in 2021, with results that have surprised the market. Among the unsuccessful bidders are two high-profile names: the Nigerian National Petroleum Company (NNPC) and Tony Elumelu, one of Nigeria's most prominent business figures. Both were passed over in favour of companies described as more confidential — meaning less publicly known or transparent in their ownership structures.

The outcome has drawn significant attention precisely because of who was left out. NNPC, as the national oil company, and Elumelu's interests represent established, well-capitalised players with deep roots in Nigeria's upstream sector. Their failure to secure acreage suggests that the licensing process either prioritised different criteria — such as work programme commitments or financial terms — or that the award process itself lacked the transparency that international investors and civil society groups have consistently called for under the PIA framework.

The PIA, signed into law in 2021, was designed in part to modernise Nigeria's upstream licensing regime, improve fiscal terms, and attract fresh capital into a sector that has suffered years of underinvestment, production decline, and security challenges in the Niger Delta. One of the Act's stated goals was to make licensing more competitive and rules-based. The awarding of blocks to lesser-known entities raises legitimate questions about whether those objectives are being met in practice, or whether discretionary decision-making continues to shape outcomes behind the scenes.

For international observers, the opacity surrounding the winning bidders is itself a signal worth monitoring. In previous Nigerian licensing rounds, awards to opaque or shell-like entities have later been linked to disputes, farm-out failures, and stalled exploration activity — all of which delay the eventual development work that service companies depend on. The scale of this round, the largest under the new law, makes the quality and credibility of awardees particularly consequential for the sector's near-term trajectory.

Nigeria remains one of Sub-Saharan Africa's most significant upstream markets by reserve base and production history, but output has trended downward in recent years due to theft, infrastructure deterioration, and a difficult investment climate. Fresh block awards, if followed by credible work programmes and capitalised operators, could in principle stimulate new drilling and development activity over a three-to-seven-year horizon. Whether the companies that won acreage in this round have the technical capacity and financing to advance exploration remains, for now, an open question.

Why this matters to partners and clients of Saga

Norwegian service companies should monitor this licensing round closely but exercise caution before committing commercial resources, given the opacity surrounding the winning bidders. The credibility and capitalisation of the awardees will determine whether exploration and development work programmes materialise at a pace relevant for subsea, drilling, or well services engagement. Partners are advised to track farm-out activity and operator disclosures over the next 12–24 months before positioning seriously for Nigeria upstream work linked to these specific awards.

PARTNER ANGLES

- **Drilling:** Winning bidders will eventually require drilling contractors once exploration programmes are confirmed — monitor which operators emerge with funded work commitments before approaching.

- **Subsea/FPSO:** If awarded blocks prove to contain deepwater or offshore acreage, FPSO and subsea players should track operator identity and financing capacity before engaging on concept selection.
- **Service:** Well services and oilfield services companies should assess whether new awardees have technical in-house capacity or will rely on third-party contractors, which would create early entry points.
- **Pipeline:** New block development in the Niger Delta region typically requires export infrastructure tie-ins — pipeline service companies should follow block locations once disclosed.

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