AFRICA OIL+GAS REPORT · OFFSHORE

Nigeria's 2026 Deep Offshore Tax Remission Order Reshapes Investment Calculus

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President Bola Ahmed Tinubu has signed the Deep Offshore Oil and Gas Projects Incentives (Tax Remission) Order, 2026 (DOEO 2026), a regulatory instrument designed to recalibrate the fiscal terms governing Nigeria's deep offshore petroleum sector. The move signals Abuja's continued effort to attract and retain capital in a basin that remains one of Sub-Saharan Africa's most consequential deepwater frontiers, though debate is already emerging over whether the order represents genuine fiscal reform or a rebalancing of revenue flows between government and operators.

The DOEO 2026 follows a period of sustained pressure from international oil companies and independent deepwater operators who have cited Nigeria's cost environment, above-ground risks, and fiscal unpredictability as barriers to sanctioning new projects. By introducing tax remission provisions specifically targeted at deep offshore developments, the Tinubu administration is signalling that it recognises the competitive tension between Nigerian deepwater fiscal terms and comparable regimes elsewhere on the continent and globally. Whether the specific remission thresholds and eligibility criteria are sufficiently compelling to unlock stalled final investment decisions remains the central question for the market.

Analysts and industry observers are divided on whether the order constitutes structural recalibration — genuinely improving project economics for marginal deepwater developments — or whether it amounts to a redistribution of fiscal burden without meaningfully changing the net take that has deterred some operators. The distinction matters considerably for project timelines. A credible improvement in after-tax returns could accelerate drilling campaigns and subsea development work currently sitting in pre-FID queues. A measure perceived as cosmetic is unlikely to shift operator behaviour in the near term.

For the broader Nigerian upstream ecosystem, the DOEO 2026 arrives at a critical juncture. The country has been working to arrest a multi-year decline in oil production and restore investor confidence following the divestment of onshore and shallow-water assets by major international operators toward deeper, more technically complex acreage. Deep offshore blocks represent the growth frontier, and the fiscal framework governing them directly determines the pace and scale of future development activity, including the subsea tiebacks, floating production systems, and drilling programmes that generate sustained demand for oilfield services.

The full implications of the order will depend on the detailed provisions — eligibility thresholds, remission percentages, duration, and ring-fencing rules — which will require careful review by operators and their advisers in the weeks ahead. Industry bodies and legal practitioners in the Nigerian petroleum space are expected to publish detailed assessments as the text is analysed against existing DEEP Act provisions and Production Sharing Contract terms.

Why this matters to partners and clients of Saga

Norwegian service companies should monitor how the DOEO 2026 affects the FID pipeline for stalled deepwater projects in Nigeria, as any acceleration toward sanction would generate near-term demand for subsea installation, FPSO integration, and drilling services. Partners with existing Nigerian client relationships should engage operators now to understand which projects are re-entering commercial evaluation under the new fiscal terms. Those without a Nigerian footprint should treat this as a signal to assess partnership or teaming options ahead of a potential activity uptick.

PARTNER ANGLES

- **Subsea/FPSO:** Track which deepwater operators re-open FID processes under improved tax terms, as subsea tieback and FPSO contract opportunities will follow closely behind any sanctioning decisions.
- **Drilling:** Improved deepwater economics could reactivate exploration and appraisal drilling campaigns currently deferred; monitor rig demand signals from operators holding undeveloped deep offshore acreage.
- **LNG:** Associated deepwater gas monetisation schemes may gain traction if fiscal terms improve project economics sufficiently to justify dedicated gas handling infrastructure.
- **Pipeline:** New deepwater field developments will require export pipeline and riser systems; early engagement with EPC consortia positioning for Nigerian deepwater work is advisable.
- **Service:** Well services and subsurface technology providers should assess whether the remission order is sufficient to move marginal deepwater prospects off operators' deferred lists and into active development planning.

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