

DEPARTMENT OF PETROLEUM RESOURCES

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Ref. No: DMR/CTO/COA/COM/V.3B/16

Date: 8th July, 2020

The Managing Director,
Shell Petroleum Development Company of Nig. Ltd,
21/22 Freeman House,
Marina,
Lagos.

Dear Sir,

RE: REALLOCATION OF BONNY TERMINAL GROSS VOLUME FROM JUNE 2016 TO JULY 2018 BASED ON COMPARISON OF METERED GROSS VOLUME BETWEEN THE CORIOLIS METER AND LACT UNIT INSTALLED ON THE NCTL

Reference is hereby made to your letter SPDC-PROD-2018-0756L dated November 30, 2018 and the subsequent engagements we had with your representatives on the above subject matter.

After a careful review of data available to us, we wish to notify you that your re-computation comprises of the following:

- i. Water volume reallocation to correct for the initial water allocation to NCTL injectors between June 2016 and May 2017 with Coriolis meter, the outcome of which requires TNP injectors to refund **2,081,678 barrels** of understated oil to NCTL Injectors in line with DPR directives Ref: DMR/CTO/COA/COM/V.3/102 dated 9th February 2018.
- ii. Re-computations for prior allocations that were conducted between July 2017 to July 2018 without the un-approved Coriolis Meter, the basis of which SPDC is requesting for DPR's consent to carryout production adjustment of **4,110,454 barrels** from NCTL Injectors to TNP Injectors.

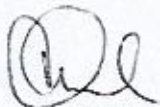
Accordingly, the Department resolves as follows:

1. Our earlier rejection of water allocation with the Coriolis Meter as communicated in the referenced letter stands, therefore, SPDC shall implement the refund of the understated **2,081,678 barrels** of oil, from the SPDC JV: **1,317,829 barrels**; TEPNG JV: **571,438 barrels**; NDPR: **107,744 barrels** and WSPOL: **84,668 barrels** in favor of Aiteo JV: **1,022,029 barrels**; Belemaoil JV: **39,374 barrels**; Eroton JV: **643,245 barrels** and Newcross JV: **377,030 barrels**. The refund shall be conducted within ten (10) months effective from September 2020 (See Appendices I and II for details)

2. DPR is unable to accept SPDC's proposal described in (ii) above due to the following reasons:
 - a. The suspended Coriolis meter was not approved for custody transfer allocation purposes as DPR procedure Guidelines do not have provision for temporary metering or use of non LACT systems for custody transfer measurements,
 - b. The allocations that SPDC seeks to amend were conducted in line with DPR approved methodologies which use Terminal fiscalised volumes as the basis for allocating crude oil losses. Therefore, accepting SPDC's request will provide grounds for other companies that recently installed LACT units, to request for a review of their earlier allocations which were equally penalised for non-compliant measurements, failure of which will mean that only SPDC and/or TNP injectors are singled out by the Department.
3. Kindly note that, in the spirit of reconciliation, the Department has recognized the gross allocation to NCTL injectors between June 2016 and June 2017. This is to avoid maximum penalty for allocating crude oil to NCTL injectors with an unapproved Coriolis meter.

Please ensure strict compliance.

Yours faithfully,



M. A. Alaku

For: Director of Petroleum Resources

APPENDIX II

Oil Volume Adjustment on SPDC Network - June 2016 to June 2017				
Pipeline	Oil Volume Reallocation from June 2016 to July 2018	Revised Oil Allocated Volume	Initial Oil Allocated Volume	Actual Oil Volume Adjustment bb's
NCTL	AITEO (OML 29) plus 75% SBAR	17,775,579	16,753,550	1,022,029
NCTL	BELEMAOIL Robertkiri	2,157,704	2,080,710	76,994
NCTL	EROTON (OML 18) + 50% AWOBA	11,736,003	11,092,758	643,245
NCTL	NEWCROSS (OML 24) + 50% AWOBA	6,252,410	5,875,380	377,030
NCTL	SPDC Facility on NCTL line + 25% SBAR	4,125,099	3,822,196	302,903
ECTL	Belera Inda	393,762	431,381	-37,619
TNP	Millenium Oil and Gas	0	0	0
TNP	NDPR	1,346,762	1,454,506	-107,744
TNP	TEPNG	6,564,073	7,135,511	-571,438
TNP	WSPOL	1,123,818	1,208,486	-84,668
TNP	SPDC Facility on TNP line	16,452,259	18,072,990	-1,620,731
NLNG	SPDC Condensate volume from NLNG	2,097,762	2,097,762	0

Production Adjustment based on Water Allocation Correction (BBLs)

Variance of volume Revised and Initial computation	62/38 Allocation Methodology							New Theft/Loss Allocation Methodology Template					
	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
AITEO (OML 29) & 75% SBAR NET OIL INJECTION	139,490	142,110	91,336	100,925	21,751	113,875	22,989	52,439	98,207	100,421	89,919	42,659	5,809
Belera Inda	-15,892	-21,580	-7,654	-4,051	-3,629	-3,890	-889	2,815	3,295	2,074	3,728	3,935	4,535
BELEMAOIL ROBERTKIRI NET OIL INJECTION	-13,037	-32,942	9,237	3,551	2,285	10,835	3,133	10,252	18,670	22,583	19,441	14,283	8,904
EROTON (OML 18) + 50% AWOBA NET OIL INJECTION	101,704	101,026	67,834	21,420	11,890	62,734	14,308	31,158	59,405	64,842	70,580	33,677	2,952
Millenium	0	0	0	0	0	0	0	0	0	0	0	0	0
NDPR	-4,606	-4,555	-6,825	-3,881	-952	-4,197	-932	-11,074	-17,551	-15,811	-20,205	-11,992	-5,061
NEWCROSS (OML 24) 50% AWOBA NET OIL INJECTION	61,444	52,850	33,599	11,850	5,486	37,319	2,781	19,367	36,012	38,937	41,600	24,062	6,729
SPDC volumes using new Allocation Methodology (including returned cond & 25% Sbar)	-243,151	-212,473	-159,382	-106,614	-35,130	-192,850	-40,938	-18,019	-90,171	-120,999	-76,061	-20,412	-4,698
TEPNG	-23,283	-24,237	27,193	-18,981	-3,750	-21,343	-4,371	-75,271	-90,910	-78,887	-107,315	-79,067	-15,359
WSPOL	-1,661	0	-1,775	-4,209	-923	-2,526	-1,086	-10,566	-17,555	-13,120	-21,686	-7,146	-3,803
SPDC Facility on NCTL line	36,656	29,177	12,967	31,253	3,179	5,173	1,130	8,529	108,672	15,954	34,121	15,778	274
SPDC Facility on TNP line	-279,807	-241,690	-172,349	-127,892	-35,308	-198,022	-42,038	-26,548	-198,843	-196,903	-110,183	-36,190	-4,972
SPDC Condensate volume from NLNG	0	0	0	0	0	0	0	0	0	0	0	0	0
	-0	-0	-0	-0	0	-0	-0	-0	1	-0	1	-0	-0

Revised Allocated Volume - June 2016 to June 2017	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
WITCO (OML 29) & 75% SBAR NET OIL INJECTION	1,276,887	1,777,184	890,133	1,986,456	1,840,428	1,645,275	1,110,728	902,718	1,323,947	1,508,013	1,053,525	1,158,518	1,291,770
Witama Inda	25,785	19,145	32,144	28,398	24,755	36,293	33,773	25,939	28,628	35,865	34,523	35,194	33,320
ELEMAOIL ROBERTKIRI NET OIL INJECTION	124,583	209,404	90,016	202,955	193,315	156,346	151,382	105,447	165,386	212,723	159,346	189,648	196,953
ROTON (OML 18) + 50% AWOBA NET OIL INJECTION	930,994	1,263,402	658,172	1,224,230	1,006,074	906,396	691,298	533,841	800,508	980,259	844,815	969,545	926,468
Millenium	-	-	-	-	-	-	-	-	-	-	-	-	-
DPR	33,174	24,896	150,682	137,420	33,448	143,341	140,823	128,772	98,330	126,680	154,187	133,849	41,161
NEWCROSS (OML 24) 50% AWOBA NET OIL INJECTION	562,457	650,922	327,444	677,261	464,189	539,103	375,953	281,782	418,423	498,880	439,706	524,652	481,638
PDC volumes using new Allocation Methodology (including returned cond & 25% Sbar)	1,199,265	1,305,261	1,124,508	1,491,723	626,266	2,055,800	1,714,873	2,391,738	2,482,894	1,752,065	2,409,311	3,066,693	1,054,724
EPNG	167,692	130,170	593,730	672,089	127,745	739,604	660,807	785,675	474,024	578,834	722,406	785,080	121,219
NSPOL	11,963	-	28,138	149,027	31,436	87,881	164,119	141,961	105,303	115,537	172,635	90,803	24,966
PDC Facility on NCTL line	335,546	364,881	126,373	527,360	268,969	74,734	54,608	144,120	411,096	236,197	415,532	477,350	688,321
PDC Facility on TNP line	426,940	214,385	785,328	964,363	240,879	1,847,581	1,597,709	2,112,817	2,071,798	1,515,867	1,867,380	2,527,998	279,214
PDC Condensate volume from NLNG	436,778	725,995	212,807	-	116,418	133,484	62,556	134,801	-	-	126,399	61,335	87,189
	4,332,800	5,390,383	3,899,966	6,569,539	4,347,654	6,310,239	5,043,753	5,297,873	5,897,444	5,808,855	5,990,503	6,963,981	4,172,219

Initial Allocated Volume - June 2016 to June 2017	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
WITCO (OML 29) & 75% SBAR NET OIL INJECTION	1,137,397	1,635,073	798,797	1,885,531	1,818,676	1,531,401	1,087,739	850,280	1,225,740	1,407,491	963,606	1,125,859	1,285,960
Witama Inda	42,684	40,725	39,198	32,459	28,384	40,183	34,662	23,124	25,334	33,791	30,795	31,259	28,784
ELEMAOIL ROBERTKIRI NET OIL INJECTION	137,621	242,346	80,780	199,404	191,030	145,711	148,248	95,195	146,717	190,340	139,905	175,365	188,048
ROTON (OML 18) + 50% AWOBA NET OIL INJECTION	829,190	1,162,376	580,637	1,202,810	994,183	843,662	676,991	502,683	741,103	915,418	774,235	935,867	923,503
Millenium	-	-	-	-	-	-	-	-	-	-	-	-	-
DPR	37,780	29,551	157,527	141,301	34,430	147,477	141,755	139,846	115,882	142,490	174,392	145,841	46,244
NEWCROSS (OML 24) 50% AWOBA NET OIL INJECTION	501,013	608,072	293,845	665,411	458,703	501,790	368,172	262,416	382,411	459,943	398,106	500,590	474,909
PDC volumes using new Allocation Methodology (including returned cond & 25% Sbar)	1,442,416	1,517,734	1,283,890	1,598,337	658,395	2,248,649	1,755,801	2,409,757	2,573,065	1,873,004	2,485,372	3,087,105	1,059,422
EPNG	190,975	154,506	625,888	691,070	131,495	760,949	665,181	861,946	564,334	657,721	829,721	864,148	137,578
NSPOL	13,624	-	29,414	153,236	32,359	90,417	165,205	152,627	122,858	128,657	194,371	97,949	27,769
PDC Facility on NCTL line	298,890	335,704	113,406	496,077	265,790	69,562	53,478	135,592	302,425	220,233	381,411	461,582	688,047
PDC Facility on TNP line	706,747	456,035	957,677	1,102,260	276,187	2,045,604	1,639,767	2,139,364	2,270,641	1,652,770	1,977,563	2,564,188	284,186
PDC Condensate volume from NLNG	436,778	725,995	212,807	-	116,418	133,484	62,556	134,801	-	-	126,399	61,335	87,189
	4,332,800	5,390,383	3,899,966	6,569,539	4,347,654	6,310,239	5,043,753	5,297,873	5,897,443	5,808,855	5,990,502	6,963,981	4,172,219

Distribution List:

1. Aiteo Eastern E & P Company Ltd
2. Belema Oil Producing Ltd
3. Eroton E & P Company Ltd
4. Newcross E & P Ltd
5. Niger Delta Petroleum Resources Ltd
6. Total E & P Nigeria Limited
7. Waltersmith Petroman Oil Ltd