

INVESTMENT & FINANCE

Offshore

2005 Licensing Round Fetched \$2.5 Billion

Government earned over \$2.5 billion from the just concluded commercial bid round of the 2005 licensing round. The revenue came from the signature bonuses and sundry fees paid by prospective investors to secure blocks in the exercise which commenced April.

About 44 oil blocks were won out of the 76 offered. The Highest single signature bonus paid for a block was \$310 million by Korea National Oil Company (KNOC) for OPL 323. Chasewood Consortium's \$252 million bid that saw it clinched OPL 289 followed by Technical Systems limited which made the third highest bid to secure OPL 280 at \$210 million.

Top-Ten Signature Bonus

Category	Block	Winner	Signature Bonus (\$m)
Deep Offshore	323	Korea National Oil Company	310
Refinery	289	Ethiopia Power/ Chasewood Consortium/ ICON Oil & Gas	252.2
Refinery	280	KNOC/Southland (Technical System Engineering Ltd.)	210
Refinery	274	Chinese Petroleum Corp/Rivgas Pet/ Chrome (Sapele Pet/Union Atlantic Pet/ Ascon Oil EP)	200
Deep Offshore	315	Petrobras	180
Deep Offshore	321	Korea National Oil Company	175
Continental Shelf	471	Videcon/Continental Oil & Gas/Sapid Petroleum	125
Continental Shelf	233	Clean Waters Refinery Ltd.	120
Continental Shelf	241	Oilworld Nigeria Ltd.	101
Deep	257	Conoil	100

Shell paid \$2.2 billion PPT

Shell Nigeria in its latest annual report 2004 **People and the Environment** disclosed that it paid a handsome \$2.2 billion of Petroleum Profit Tax to the Federal Government in 2004-representing an 83 per cent increase compared to the \$1.2 billion paid in 2003.

The increased revenue to government reflects higher crude oil prices and increased production in the year under review. Similarly, royalty payments rose by nearly 50 per cent from \$608 million in 2003 to \$904 million in 2005. The SPDC joint venture also made a statutory contribution of \$68.9 million to the Niger Delta Development Commission (NDDC) of which the Shell share was \$21 million.

Also, it awarded some \$727 million contracts to Nigerian companies in 2004, 20 percent of which were natives of Niger Delta.

The company produced an average of one million barrels of crude oil a day (bpd) in 2004 compared to 910, 000 bpd in 2003. Gas sales experienced a six per cent growth from the 2003 volumes to 1.2 billion standard cubic feet in 2004 bpd in 2003 to 40,000 and 60,000 bpd in 2004.

In addition, pay as you earn (PAYE) tax was paid to governments of States where staff are resident as well as education tax paid to the Federal Government.

Rates and Exchange @24-August 2005

Exchange Rates

UK Pound	=	Ngn. Naira 237.13
US Dollar	=	Ngn. Naira 131.85
EU Euro	=	Ngn. Naira 161.56

US Dollar LIBOR

Three months	=	3.84%
Six months	=	4.05%
One year	=	4.26%

Interest Rate Swaps (US\$)

3-years	=	4.41%
5-years	=	4.47%
10-years	=	4.67%
15-years	=	4.73%

Oil: Brent = \$65.32/bbl