



CASE STUDY

Nigeria upstream oil and gas sector due diligence investigation

Our findings uncovered corporate malpractice related to an opaque agreement signed with the national oil company. This was pivotal in determining our client's investment decision.



LOCATION

Nigeria

REQUIREMENT

Sofala was tasked to conduct a due diligence assessment of a leading Nigerian oil and gas company with an onshore Oil Mining License (OML) in Delta state in southern Nigeria. Our client required a detailed assessment of the company's track record, reputation, and the nature and extent of its political connections (including apparent ties between the outgoing president, Goodluck Jonathan, and certain shareholders).

APPROACH

Sofala's team conducted off-the-record interviews with IOC employees, Lagos-based bank executives, International Finance Corporation staff, and sources close to the Nigerian National Petroleum Company board, among others. Our inquiries determined (i) how the company had initially acquired exploration acreage from the Shell Petroleum Development Company of Nigeria (SPDC), which divested its principle onshore assets in Nigeria following government pressure and mounting operational challenges in the restive Niger Delta region; and (ii) how the company had financed its activities through various non-public agreements.

OUTCOME

Our findings uncovered apparent corporate malpractice within the financial terms of an opaque agreement signed with NNPC to transfer operating rights to the company under investigation. In addition, we identified operational risks related to the company's inability to guarantee access to a key export terminal for crude oil produced inland. This information was pivotal in determining our client's investment decision.

CONTACT US

info@sofalapartners.com
www.sofalapartners.com