Nigeria Oil and Gas Midstream Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 95 pages | Mordor Intelligence

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Report description:

The oil and gas midstream market in Nigeria is expected to register a CAGR of less than 1.5% during the forecast period. The Nigerian oil and gas midstream market was unaffected by the COVID-19 pandemic since the constant usage of storage facilities for storing hydrocarbons, the usage of pipelines for fuel transportation, and resilient demand for LNG in 2020 kept the demand for midstream services normalized in the country. Factors such as increasing production and consumption of natural gas and refined petroleum products, rising investments in the oil and gas sector, and increasing LNG exports are expected to boost the demand for pipeline services and drive the oil and gas midstream market in the country during the forecast period. However, environmental concerns regarding new pipeline and transportation infrastructure are likely to restrain the growth of the oil and gas midstream market in the coming years. One of the biggest oil producers, Nigeria is now making significant progress in developing its midstream and downstream sectors.

Key Highlights
The transportation segment is likely to dominate the market during the forecast period due to the increasing demand for refined products.
Exploration and production of oil and gas fields in the region are expected to become an opportunity for the companies working in the oil and gas midstream industry as more pipeline and storage infrastructure may be required.
Increasing investment in the pipelines and increasing LNG exports are expected to boost the industry's growth.

Nigeria Oil & Gas Midstream Market Trends

Transportation Sector to Dominate the Market

Pipelines dominate the oil and gas transportation industry. The oil and gas supply in the country is expected to exceed the existing transportation capacity, thus requiring expansions and the construction of new pipelines.
Currently, there are 18 existing pipelines in the country to transport crude oil and gas. With the increasing demand for petroleum products, a new pipeline infrastructure is required.
The rising energy demand has resulted in the increase in new pipeline constructions and transportation facilities as the continuous need for energy demands new oil and gas infrastructure. This increasing energy demand has increased new terminals and pipeline construction, including oil and gas pipeline and transportation.
For example, Ajaokuta-Kaduna-Kano (AKK) pipeline is a 614km-long natural gas pipeline to be developed by the Nigerian National Petroleum Corporation (NNPC). It will run from Ajaokuta to Kano in Nigeria. The project was commenced in July 2020, with commissioning scheduled for 2022.
Natural gas production in Nigeria increased to 49.4 billion cubic meters at the end of 2020. The increased consumption incentivizes the investors for the required increase in capacity and improves future investments, thereby boosting industry growth.
Hence, pipeline capacity is expected to increase slightly during the forecast period due to an increase in the consumption of oil and gas and rising investment in the sector.
The transportation sector covers the major markets in the midstream sector. Thus, with the increasing transportation sector, the midstream sector is also expected to grow during the forecast period.

Increasing Investment in the Pipelines, Along with Growing LNG Exports, is Expected to Drive the Market

The country has an abundant gas supply but lacks the required infrastructure for its transportation. The investment into the midstream infrastructure is expected to reap beneficial outcomes during the forecast period.
The West African Gas pipeline is an operating pipeline that delivers gas from Nigeria's Niger Delta to West African nations, such as Benin, Togo, and Ghana. The length of the pipeline is approximately 677 kilometers (421 miles), with a capacity of 200 million cubic feet per day. This pipeline is one of the primary pipelines in the region as it connects many countries.
The LNG exports from Nigeria increased from 26.9 billion cubic meters in 2015 to 28.4 billion cubic meters in 2020. Thus, an increase in LNG exports is expected to incentivize the investors to invest in the sector, thus boosting the industry's growth.
The Nigerian oil and gas midstream industry is expected to grow slightly over the forecast period due to the anticipated increase in the production, consumption, and exports of gas and an increase in investment into the country's pipeline infrastructure.

Nigeria Oil & Gas Midstream Market Competitor Analysis

The Nigerian oil and gas midstream market is consolidated. Some major companies include Nigerian National Petroleum Corporation, Duport Midstream Company Limited, Shell PLC, Eni SpA, and Chevron Nigeria Limited.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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