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Nigeria Oil And Gas Upstream - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-01-16 | 95 pages | Mordor Intelligence

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Report description:

Nigeria Oil And Gas Upstream Market Analysis

Nigeria Oil And Gas Upstream Market size in 2026 is estimated at USD 6.45 billion, growing from 2025 value of USD 6.20 billion with 2031 projections showing USD 7.85 billion, growing at 4.0% CAGR over 2026-2031.

Short-term contraction reflects the cost of regulatory transition and IOC divestments, while the rebound signals policy clarity under the Petroleum Industry Act (PIA), tighter security in the Niger Delta, and steady sanctions for deep-water projects. Output recovery is already visible, with national production averaging 1,560 thousand barrels per day in February 2025, despite persistent sabotage risks. Deep-water assets continue to draw capital because offshore blocks face fewer security threats and offer larger reservoir sizes than onshore fields. Natural gas gains strategic importance under the "Decade-of-Gas" program, which links flaring reduction targets to fresh domestic and export demand. Indigenous independents now anchor M&A activity, reshaping cost structures and accelerating workovers in marginal fields.

Nigeria Oil And Gas Upstream Market Trends and Insights

Petroleum Industry Act Transforms Fiscal Architecture

The PIA swept away opaque production-sharing rules and introduced transparent royalty and tax bands that now underpin most field development models. Operators must commit 3% of annual OPEX to Host Community Trusts, a rule that formalizes local benefits and eases long-standing social tensions. Faster block awards are already evident: the 2024 mini-bid round placed 25 of 31 tracts under "drill-or-drop" timelines, forcing swift appraisal drilling. Chevron converted its legacy licenses under the new fiscal terms and plans to increase output to 165,000 b/d, while Shell reached a final investment decision (FID) on Bonga North, a USD 1 billion deep-water tie-back. The independent Nigerian Upstream Petroleum Regulatory Commission now vets environmental baselines and local content plans before approvals, reducing opaque discretionary waivers that once delayed greenfield programs.

Security Operations Unlock Production Potential

A joint Navy-NNPC campaign destroyed 27 illegal refining camps in May 2025, cutting theft volumes that had wiped out whole barge convoys in 2023. Real-time pipeline surveillance, drone patrols, and community-linked surveillance contracts reduced vandal incidents by approximately 40% year-over-year, enabling 200,000 b/d of shut-in capacity to re-enter the grid. February 2025 national output rose by 34 thousand barrels per day (b/d) from January, underscoring the immediate gains. Digital fiber loops transmit leak-detection data to command centers, enabling field crews to shut valves before flow losses escalate, thereby reducing downtime across the Nembe, Trans-Niger, and Forcados systems. Sustainability depends on consistent funding for security forces and credible prosecution of arrested syndicates.

Infrastructure Vulnerability Constrains Growth

Annual losses exceeding USD 1 billion result from forced shutdowns, leak repairs, and stolen lifts, an erosion equivalent to a small-cap deep-water project every two years. Some operators now dedicate up to 20% of their field OPEX to armed escorts, pipeline pigging after sabotage, and community appeasement expenditures. Export terminals-Forcados, Bonny, and Brass-have each experienced multi-week outages since 2024, thereby multiplying the opportunity cost when Brent prices spike. NUPRC guidelines require operators to file detailed Security Risk Assessment plans with licence renewals, adding pre-FID overheads that pinch marginal fields.

Other drivers and restraints analyzed in the detailed report include:

Gas Infrastructure Drives Monetization StrategyIndigenous Independents Revive Marginal FieldsRegulatory Transition Creates Investment Uncertainty

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Offshore blocks accounted for 67.10% of 2025 revenue in the Nigerian upstream oil and gas market. High-productivity deep-water leases, such as OML 118 (Bonga), continue to attract infill drilling, which keeps plateau rates near 110,000 b/d post-FID. The Nigerian upstream oil and gas market size for offshore assets is projected to expand at a 4.44% CAGR through 2031, lifted by pre-sweater seismic imaging that improves drill-bit hit rates.

Reduced security exposure cuts non-productive time, while proximity to natural gas liquids provides monetization upside via FPSO off-take flexibility. State-mandated zero-routine-flaring targets require operators to integrate gas reinjection and power modules, creating local fabrication jobs at Lagos Free Zone yards. Onshore concessions remain cost-advantaged, but sabotage risks and communal compensation payments dilute returns, steering multinationals toward offshore reinvestment cycles.

Crude oil commanded 72.85% of the 2025 value; however, the natural-gas segment is expected to post the highest 5.74% CAGR by 2031, driven by policy support. The Nigerian upstream oil and gas market share for gas is set to rise once the AKK and OB3 pipelines synchronize with northern fertilizer complexes and captive-power plants.

NLNG Train-7 adds eight Mtpa of liquefaction capacity, assuring long-term offtake under Japan-Korea contracts. Domestic market reforms remove price caps, allowing industrial gas tariffs that finance upstream condensate stripping and compression packages. Associated-gas re-injection turns liabilities into economic barrels, dovetailing with the zero-flaring deadline. These shifts deepen the gas revenue mix and cushion oil-price volatility shocks.

The Nigeria Oil and Gas Upstream Market Report is Segmented by Location of Deployment (Onshore and Offshore), Resource Type (Crude Oil and Natural Gas), Well Type (Conventional and Unconventional), and Service (Exploration, Development and Production, and Decommissioning). The Market Sizes and Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

NNPC Limited Nigerian National Petroleum Development Co. (NPDC) Shell Petroleum Development Company Chevron Nigeria Ltd. ExxonMobil Nigeria Unlimited TotalEnergies EP Nigeria Ltd. Seplat Energy Plc Aiteo Eastern E&P Eni/NAOC Oando Energy Resources Waltersmith Petroman Eroton Exploration & Production First E&P Addax Petroleum Oriental Energy Resources Shoreline Natural Resources Yinka Folawiyo Petroleum Amni International Sahara Group Upstream Lekoil Ltd.

Additional Benefits:

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

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