Nembe Creek Trunk Line

The Nembe Creek Trunk Line supplies oil to the Bonny export hub in Nigeria from a major production location ~90km west of the export facility. Bonny is one of the largest hubs in the Greater Africa region. Early last week it was reported that the pipeline had taken substantial damage and must be closed for service. Later that same week, operators of the pipeline claimed that they would have to use force majeure for exports coming out of Bonny in order to continue maintenance on the pipeline. This is not the first time that this pipeline has needed maintenance. Earlier this quarter the pipeline was briefly closed to receive service.

> Pipeline could be operational, or flow could be coming from other locations

Bonny Terminal Inventory Utilization
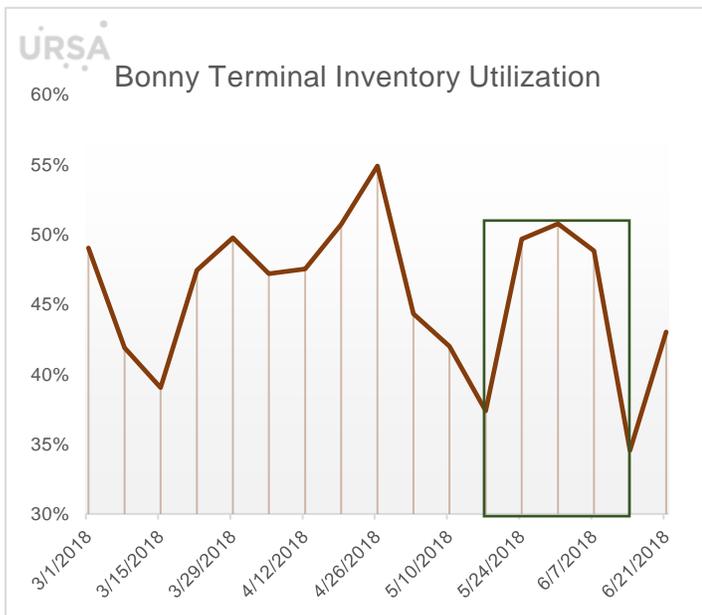
What is Happening at Bonny?

Ursa has noticed draws in the Bonny facility following the damages to the Nembe Creek Trunk Line. Focusing on the most recent damages in early June, we see no builds in inventory at the facility – to be expected. The left chart illustrates Bonny crude oil inventory in percent utilization of the facility.

During a recent three-week span, after the pipeline was reported to be down, highlighted by the box, Ursa measured a draw of over one million barrels, and saw inventories only statistically staying flat or declining. Also, recent export levels during that period appear to be quite consistent with prior levels. Force majeure has been recently claimed so the effects in exports may not be felt quite yet.

A Sign of Flow?

Weekly measurements of inventory data will give insight into the matter and give an accurate timeline of the completion of service to the pipeline. Observing our most recent measurement of Bonny and seeing a significant build in inventory, the pipeline may be semi-operational again to deliver Bonny Light to the terminal, or they have used alternate means to build up inventories. This could mean that the flow could pick back up again and quite possibly a major, long term disruption was avoided.