

Extraordinary



Federal Republic of Nigeria Official Gazette

No. 2

Lagos - 6th January, 2019

Vol. 107

Government Notice. No. 13

The following is published as supplement to this *Gazette* :

<i>S.I. No.</i>	<i>Short Title</i>	<i>Page</i>
2	Petroleum (Drilling and Production) (Amendment) Regulations, 2020	.. B19-20

Printed and Published by The Federal Government Printer, Lagos, Nigeria
FGP 48/022020/450

Annual Subscription from 1st January, 2020 is Local : ₦45,000.00 Overseas : ₦60,500.00 [Surface Mail]
₦75,000.00 [Second Class Air Mail]. Present issue ₦2,000 per copy. Subscribers who wish to obtain *Gazette*
after 1st January should apply to the Federal Government Printer, Lagos for amended Subscriptions.

PETROLEUM ACT
PETROLEUM (DRILLING AND PRODUCTION)
(AMENDMENT) REGULATIONS, 2020

[2nd Day of January, 2020]

Commence-
ment.

In exercise of the powers conferred upon me by section 9 (1) (a) of the Petroleum Act and all other powers enabling me in that behalf, I, MUHAMMADU BUHARI, President of the Federal Republic of Nigeria and Minister of Petroleum Resources, make the following Regulations—

1. The Petroleum (Drilling and Production) Regulations, 1969 as amended (in these Regulations referred to as the “Principal Regulations”) is further amended as set out in these Regulations.

Amendment
of the
Petroleum
(Drilling and
Production)
Regulations,
1969 as
amended.

2. Regulation 61 of the principal Regulations is amended by—

(a) Substituting the entire sub-regulation (1) with a new sub-regulation (1) as follows—

Amendment
of
Regulation
61.

“(1) The Licensee or Lessee shall pay to the Minister not more than sixty (60) days after production or otherwise as the Minister may direct—

(a) royalty at a rate per centum of the chargeable value (calculated in accordance with sub-regulation (3) of this regulation) of the crude oil and casing head petroleum spirit produced from the relevant area in the relevant period as follows—

- (i) in onshore areas.....20 percent,
- (ii) in areas up to 100 metres water depth.....18.50 percent,
- (iii) in areas up to 200 metres water depth.....16.50 percent,
- (iv) in areas greater than 200 metres water depth.....10.00 percent,
- (v) in frontier basin.....7.5 percent, and
- (vi) in inland basin.....7.5 percent ;

(b) royalty by price is adopted in order to allow for royalty reflexivity based on changing prices of crude oil and condensate ;

(c) the royalty based on price shall be identical for the various water depths beyond 200m water depth including frontier acreages for crude oil and condensate ;

(d) the royalty rates shall be based on increase that exceeds US\$20 per barrel, and shall be determined separately for crude oil and condensates as follows—

- (i) from US\$ 0 and up to US\$ 20 per barrel.....0 percent ;
- (ii) above US\$ 20 and up to US\$ 60 per barrel.....2.5 percent ;
- (iii) above US\$60 and up to US\$ 100 per barrel.....4 percent ;
- (iv) above US\$ 100 and up to US\$ 150 per barrel.....8 percent, and
- (v) above US\$ 150.....10 percent ;

(e) royalty at a rate per centum of the price received by a licensee, lessee or marginal field holder in the relevant area or at a price not less than the amount prescribed for gas flare payments in the applicable Regulations, whichever is greater, but does not include any flare or waste gas appropriated by the Government of the Federation for its own use or for any purpose approved by it, as follows—

- (i) onshore areas.....7 percent,
- (ii) offshore areas.....5 percent ; and

(f) all natural gas liquids extracted from natural gas and spiked into the oil stream shall be treated as oil so however that all natural gas extracted and processed, except volumes flared or utilised for the purpose of oil and gas production operations in the particular field, shall attract royalty at a rate per centum of the price received equivalent to the applicable rate per centum of the natural gas from which it was extracted and processed or at a price not less than the fees prescribed for gas flare penalties in the applicable Regulations whichever is greater.

(b) Inserting sub-regulation (5) immediately after sub-regulation (4) as follows:

“(5) If any installment of royalty due and payable pursuant to this regulation is not paid within sixty days (60) as prescribed in this regulation, a sum equal to 10 per cent of the amount of the royalty payable shall be charged in the first instance, and thereafter :

- (a) in the case of foreign currency remittance, any installment due shall incur interest at the prevailing London Inter Bank Offered Rate (LIBOR) plus 3 basis point ; and
- (b) in the case of Naira remittance, any installment due shall incur interest at the prevailing Nigerian Inter Bank Offered Rate (NIBOR) plus 3 basis point.”

Citation.

3. These Regulations may be cited as Petroleum (Drilling and Production) (Amendment) Regulations, 2020.

MADE at Abuja this 2nd day of January, 2019.

MUHAMMADU BUHARI
*President of the Federal Republic of Nigeria
 and Minister of Petroleum Resources.*