



SPEECH BY THE COMMISSION CHIEF EXECUTIVE (NUPRC)

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AT

NIGERIA OIL AND GAS CONFERENCE AND EXHIBITION

ON

**“PROVIDING REGULATORY OVERSIGHT IN THE PIA
ERA”**

International Conference Centre, Abuja

4th – 7th July 2022

Protocols:

1. Distinguished guests, ladies, and gentlemen, it is my pleasure and honour to deliver this keynote address on “**Providing Regulatory Oversight in the PIA Era**” at the 21st National Oil and Gas (NOG) conference and exhibition event, with a theme “**Funding the Nigerian Energy Mix for Sustainable Economic Growth**”.

2. I am particularly glad to remark that the Nigerian Oil and Gas Conference (NOG) has grown and attained a standard of an annual event that draws participants from different continents. It is in this light that I want to commend the official organizers of NOG, DMG Nigeria Events, Levmore Services, Partners, and all oil and gas Corporate sponsors for their commitment to the success of the event and in ensuring that Nigeria’s oil and gas potentials are showcased to the outside world.

3. Ladies and gentlemen, from the regulatory perspective, Nigerians craved a legal regulatory

framework for the oil and gas industry – one robust enough to effectively regulate the sector for optimum productivity and efficiency. It is remarkable that the Nigerian oil and gas industry has transformed from a background of regulatory uncertainties to a sector governed by clear rules and regulations. Thanks to Mr. President, His Excellency Muhammadu Buhari GCFR, and the Ninth (9th) Assembly for the passage of the PIA, 2021.

4. Ladies and gentlemen, in its content and spirit, the PIA, 2021 provides for administrative, institutional governance, attractive fiscal regimes, and mechanisms for improved Health, Safety, and Environment and achieving peaceful co-existence between operators and host communities.

5. Specifically and consistent with the statutory regulatory mandates of the Nigerian Upstream Petroleum Regulatory Commission (The Commission), the Act empowers the Commission on technical and commercial regulation of the Upstream petroleum

activities in a manner to ensure sustainable hydrocarbon exploration and production at optimum cost, dealing with issues of environmental remediation, decommissioning, and abandonment, and setting up of Host Community Development Trust (HCDT).

6. Furthermore, PIA 2021 has introduced incentives aimed at growing reserves and increasing Nigeria's daily production towards attaining the Government aspiration of forty (40) billion barrels and 220TCF of oil and gas reserves respectively and three (3) million bopd production target. The sixth schedule of the Act provides for production allowance wherein performance in terms of production milestone is rewarded.

7. In a clear departure from the past, the PIA, 2021 has introduced a mandatory Decommissioning and Abandonment Fund prescribed under Section 232 and 233, adoption of Grid System for Acreages under Section 69, Host Communities Development

Trust under Chapter 3 that has replaced MOUs and GMOUs. These are aimed at achieving operational efficiency, higher productivity, cost optimization, cleaner and safe upstream environment.

8. Ladies and Gentlemen, the PIA 2021 under Chapter four (4) and the seventh schedule provides attractive fiscal terms for the Petroleum Industry which includes:

- i. Progressive royalty rates compared to pre-PIA royalty rates for all terrains,
- ii. Reduced royalties to 2.5% for gas produced and utilized locally,
- iii. Introduction of hydrocarbon tax and company income tax that are cumulatively lower than Petroleum Profit Tax Pre-PIA,
- iv. Zero hydrocarbon tax for deep offshore operations,
- v. Consolidated taxation on lease- and company-basis and other fiscal incentives.

These sweeping reforms are geared towards creating additional opportunities for new investments and higher revenue for both government and investors.

9. Ladies and gentlemen, since take-off, the Commission has been working diligently in developing necessary Regulations aimed at giving meaning to the intent and letters of the PIA, 2021. To ensure fairness, equity, and, justice, the Act provides under Section 216 that a stakeholders' consultation forum be held before the finalization of the regulation. In compliance with the specific provisions of the Act, the Commission indeed held various Stakeholders' consultative fora before finalizing six (6) priority Regulations comprising the Nigeria Upstream Host Communities Development Regulations, Nigeria Upstream Fees and Rents Regulations, Nigeria Royalty Regulations, Conversion and Renewal Regulations, Domestic

Gas Delivery Obligations Regulations and Licensing Round Regulations.

10. Distinguished guests, ladies, and gentlemen, the PIA, 2021 recognizes the immense importance of host communities and dedicated the entire Chapter three (3) of the Act to Host Communities Development. The objectives as stated in Section 234(1) of the Act are to foster sustainable shared prosperity and provide direct social and economic benefits from petroleum operations to host communities while enhancing peaceful and harmonious coexistence between Settlers (operators) and host communities.

11. Indeed, it is noteworthy that The Commission has made a tremendous stride by unveiling on June 28th, 2022, the Nigeria Upstream Host Communities Development Regulations and Procedure Guide to serve as a navigational aid for the implementation of the Host Community Development Trust (HCDDT)

in line with the provisions of Section 235 of the PIA, 2021.

12. Ladies and gentlemen, please permit me to say that the Act has also made provision for existing producing marginal field operators to be granted a separate Petroleum Mining Lease (PML) after conversion. Likewise, any discovery declared as a marginal field prior to 1st January 2021 and not producing shall be converted to Petroleum Prospecting License (PPL) and be issued Model Licence and contract in compliance with Sections 94(1)(2) and 85 of the PIA.

13. Distinguished Ladies and Gentlemen, the Commission in its regulatory focus is currently engaging operators on the review of field development plans, identifying declining and shut-in wells aimed at enhancing oil and gas production optimization, gas flare elimination and monetization.

14. Furthermore, distinguished ladies and gentlemen, in the Post PIA regulatory environment, Gas has been accorded robust focus. Good enough for Nigeria, Gas has equally been adopted as a transition fuel in the energy transition regime. The Commission is making a concerted regulatory drive towards effective exploitation and monetization of our gas resources in line with Section 108 of the Act. It is noteworthy to remark that the PIA provides for gas flaring penalties to be utilized “for the purpose of environmental remediation and relief of the host communities” as provided under Sections 52 (7d), 104 (4) of the Act.

Conclusion

15. Ladies, and gentlemen, before concluding this presentation on providing regulatory oversight in the PIA era, it is relevant to summarise that aside from the specific regulatory mandates of the Commission as highlighted in the foregoing, the Act in effect has vested the Commission in its regulatory activities with sweeping powers to act as an

investigator, quasi-judicial, a mediator, a conciliator, and a business enabler. The whole intent is to ensure that the Commission is fully equipped statutorily to discharge on its mandates. It is gratifying that the Commission has effectively been deploying its statutory powers within the PIA environment to ensure an effective and predictable regulatory environment in the sector.

16. Finally, may I extend the good wishes of the Board, Management, and staff of the Nigerian Upstream Petroleum Regulatory Commission once again to the official organizers of this event, DMG Events Nigeria, corporate sponsors and all participants. We look forward to interesting sessions throughout the rest of the event.

Thank you for your attention.