

Extraordinary



Federal Republic of Nigeria

Official Gazette

No. 205

Lagos - 22nd November, 2022

Vol. 109

Government Notice No. 126

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

<i>S. I. No.</i>	<i>Short Title</i>	<i>Page</i>
73	Petroleum Royalty Regulations, 2022	B3193-3219

Printed and Published by The Federal Government Printer, Lagos, Nigeria
FGP 177/112022/350

Annual Subscription from 1st January, 2022 is Local : ₦50,000.00 Overseas : ₦65,000.00 [Surface Mail]
₦80,000.00 [Second Class Air Mail]. Present issue ₦3,000 per copy. Subscribers who wish to obtain *Gazette*
after 1st January should apply to the Federal Government Printer, Lagos for amended Subscriptions.

B 3192

PETROLEUM INDUSTRY ACT, NO. 6, 2021
PETROLEUM ROYALTY REGULATIONS, 2022



ARRANGEMENT OF REGULATIONS

Regulations :

PART I — OBJECTIVE AND APPLICATION

1. Objective.
2. Application.

PART II—ROYALTY ON PETROLEUM PRODUCTION

3. Royalty on oil prospecting licences and oil mining leases.
4. Payment of royalty.
5. Production subject to royalty.
6. Production not subject to royalty.
7. Petroleum measurement meters.
8. Other points of measurement.
9. Production from more than one PML.
10. Gas deliveries.

PART III — DETERMINATION OF ROYALTY RATES AND ROYALTIES IN KIND

11. Applicable royalty rates.
12. Royalty based on production.
13. Application of sliding scales for the determination of royalty.
14. Application of royalty rates for production from different terrain.
15. Application of royalties based on price.
16. Determination of royalty for natural gas utilized in-country.
17. Application of royalty in kind or cash.
18. Determination of average BTU content of gas and royalty gas deliveries.
19. Delivery of royalty oil and condensate in kind.

PART IV — GENERAL PROVISIONS RELATING TO VALUATION

20. Valuation for royalty purposes.
21. Monthly determination.
22. Fiscal price determination for test production.

PART V — VALUATION RELATING TO CRUDE OIL, CONDENSATES AND SEPARATELY
PRODUCED NATURAL GAS LIQUIDS

23. Information required for fiscal prices.
24. Determination of the fiscal prices.
25. Test marketing.
26. Adjustments to value.
27. Change of reference crude.
28. Blending.
29. Local sales.

PART VI — VALUATION IN RELATION TO NATURAL GAS

30. Composition and type of natural gas.
31. Fiscal price of natural gas sold at the measurement point.
32. Fiscal price of natural gas sold at the exit of a gas conditioning plant downstream of the measurement point.
33. Fiscal price of natural gas sold at the exit of a gas processing plant downstream of the measurement point.
34. Fiscal gas price based on the netback value.
35. Value determination.
36. Information to be provided to the Commission.

PART VII — ADMINISTRATIVE PROVISIONS

37. Royalty statements and assessments.
38. Royalty amounts taken in kind.
39. Estimates.
40. Books and records.
41. Audits.
42. Refunds.
43. Penalty.
44. Interest.
45. Notices.
46. Referral of disputes.

PART VIII — MISCELLANEOUS

47. Interpretations.
48. Citation.

SCHEDULE

S. I. No. 73 of 2022

PETROLEUM INDUSTRY ACT, NO. 6, 2021
PETROLEUM ROYALTY REGULATIONS, 2022

[18th Day of November, 2022]

Commence-
ment.

In exercise of the powers conferred on it by sections 10(f), and 304(2) of the Petroleum Industry Act, No. 6, 2021 (“the Act”) and of all other powers enabling it in that behalf, the Nigerian Upstream Petroleum Regulatory Commission (“Commission”) makes the following Regulations —

PART I — OBJECTIVE AND APPLICATION

1. The objective of these Regulations is to establish procedure for the determination of royalty payable and administration of the royalty regime as provided under the Act.

Objective.

2. These Regulations applies to petroleum production that are subject to royalties.

Application.

PART II — ROYALTY ON PETROLEUM PRODUCTION

3. Pursuant to the provisions of section 311(9) of the Act, the holders of oil mining leases or oil prospecting licences shall continue to pay royalty under the Petroleum Act, 1969 and Deep Offshore and Inland Basin Production Sharing Contact Act until converted or renewed under the Act or any regulations made pursuant to the Act.

Royalty on
oil
prospecting
licences and
oil mining
leases

4.—(1) Subject to the provisions of these Regulations, production of petroleum, including production tests, shall be subject to royalties pursuant to section 306 of the Act and these Regulations.

Payment
of royalty.

(2) Royalties shall be —

- (a) levied on a non-discriminatory basis with respect to all Petroleum Prospecting Licences (PPLs) and Petroleum Mining Leases (PMLs) ; and
 (b) paid into the Federation Account and verified by the Commission.

(3) Pursuant to paragraph 1(4)(b) of the Second Schedule to the Act, where —

- (a) two or more entities are holders of a PPL or PML, each participating entity shall pay the royalties on its participating interest ; and
 (b) an incorporated joint venture is created, the incorporated entity shall pay the royalties on behalf of all shareholders.

5.—(1) The production subject to royalty from a field shall consist of the following—

Production
subject to
royalty.

- (a) for crude oil, the chargeable volume of crude oil ;

B 3196

(b) for natural gas, the chargeable volume of natural gas, including any natural gas liquids contained in the raw gas produced in the field ;

(c) for condensates, the chargeable volume of condensates ; and

(d) for natural gas liquids produced separately in the field; the chargeable volume of natural gas liquids.

(2) Plant condensates shall be dealt with pursuant to the provisions of regulations 33 (5) and (34) (3) of these Regulations.

(3) Where the production of a field is derived from more than one PML derived from different PPLs, and the field extends beyond the boundaries of the PMLs, the production of the field for royalty purposes shall be based on the sum of the productions determined in all PMLs for such field.

(4) Where a field extends beyond the boundaries of different PPLs and more than one PML is derived from the PPLs, the determination of royalty shall be based on the sum of the production from the PMLs covering such field.

(5) Chargeable volumes shall —

(a) be determined at standard temperatures and pressures as may be prescribed from time to time by the Commission ;

(b) be measured with petroleum measurement meters located at the measurement point unless approved otherwise by the Commission pursuant to these Regulations ; and

(c) pursuant to the outcome of an audit, include production that is lost prior to the measurement point as a result of —

(i) unauthorized flaring,

(ii) production practices contrary to good international petroleum industry practices, or

(iii) gross negligence or wilful misconduct of the licensee or lessee.

(6) Production of petroleum that cannot be measured at a measurement point, such as test production, shall be subject to royalty based on such measurement or calculation procedures as the Commission may determine pursuant to these regulations.

(7) Crude oil, condensates and separately produced natural gas liquids shall be measured in barrels, natural gas shall be measured in standard cubic feet and MMBtu, and where so justified, the Commission may approve reporting of production of natural gas liquids in metric tons.

(8) Production subject to royalty shall be determined monthly and be reported pursuant to regulation 37 of these Regulations.

6.—(1) Any gas produced and used for purposes specified under paragraph 7(5) of the Seventh Schedule to the Act shall not be subject to royalty.

Production not subject to royalty.

(2) A by-product of petroleum, including helium or sulphur, shall not be subject to royalty under the Act.

7.—(1) Subject to regulation 8 of these Regulations, a lessee shall not engage in production of petroleum from a PML without the installation of petroleum measurement meters approved by the Commission.

Petroleum measurement meters.

(2) Where production capacity in a PML exceeds the capacity of the petroleum measurement meters, the lessee shall upgrade the capacity of such meters or install new meters of appropriate capacity, and where meters of the appropriate capacity have not been installed the lessee shall not produce petroleum in excess of the capacity of the installed meters.

(3) The lessee shall measure the following through separate petroleum measurement meters —

- (a) crude oil, whether or not spiked with condensates ;
- (b) natural gas, including the natural gas liquids in the raw gas from the field ;
- (c) condensates, where condensate is produced as a separate stream from crude oil ; and
- (d) natural gas liquids, where natural gas liquids are produced as a separate stream from natural gas.

(4) The Commission shall prescribe the specifications of petroleum measurement meters.

(5) Subject to production conditions in a PML, the Commission may approve more than one petroleum measurement meter for crude oil, condensates, natural gas or natural gas liquids, provided that for royalty purposes, the production for each stream shall be the total production from all petroleum measurement meters for such stream.

(6) Where petroleum is being produced from more than one PML derived from the same PPL, the chargeable volumes shall be determined separately for each PML.

(7) Unless otherwise approved by the Commission, a licence or lease may be revoked for failure to install an approved meter and production of petroleum without being measured with such meter.

(8) A person who produces petroleum in excess of the capacity of an approved meter is liable to —

- (a) an administrative penalty of US \$ 100,000 in the first instance and US \$5,000 for each day the production continues ; and

B 3198

(b) revocation of licence or lease where such default continues for one year after the date of imposition of the US\$100,000 penalty by the Commission.

Other points of measurement.

8.—(1) the Commission may approve other points of measurement of petroleum, where it is not practicable or economical to establish petroleum measurement meters at the measurement point in a PML.

(2) The conditions under which the Commission may approve other points of measurement of petroleum under sub-regulation (1) of this regulation include, where —

(a) a PML is entirely carried out by subsea production installations connected to production facilities in another PML ;

(b) a PML based on a unitization agreement is produced partly or completely through wells in another PML ; and

(c) an individual well in a PML is directly connected with gathering lines to the production facilities in another PML.

(3) Where there is no petroleum measurement meter at a possible measurement point in the field at the commencement of the Act, or where logistical conditions make the installation of a petroleum measurement meter at a possible measurement point impractical as provided for under sub-regulations (1) and (2) of this regulation, or uneconomic in the opinion of the Commission, the lessee shall request and the Commission may approve the establishment of a deemed measurement point in the confines of the field, where otherwise the production would have been measured, and may approve the measurement at other points pursuant to sub-regulation (1) of this regulation, downstream of such deemed measurement point.

(4) Where the Commission has approved a deemed measurement point pursuant to sub-regulations (1) and (2) of this regulation, the procedures for determining the chargeable volumes at the deemed measurement point in the field shall be based on methodologies proposed by the lessee and approved by the Commission.

Production from more than one PML.

9. —(1) Where the Commission approves other points of measurement pursuant to regulation 8 of these Regulations, petroleum may be measured and allocated at common petroleum measurement meters for more than one PML where all production is measured, based on procedures approved by the Commission.

(2) Where petroleum is produced in a field that straddles two or more PMLs as a result of a unitization agreement among lessees, the unitization agreement shall set out the allocation of production among the lessees and each lessee shall have the obligation to pay royalty with respect to the

production allocated to such lessee, unless the unitization agreement provides for another methodology approved by the Commission.

10.—(1) Where the production of crude oil or condensates requires natural gas as energy source for production or for improved recovery through injection of gas in the reservoirs and insufficient natural gas is being produced in the PML for such purposes, the lessee may purchase the required natural gas or transfer natural gas from another PML for this purpose.

Gas deliveries.

(2) Any amounts of natural gas delivered pursuant to sub-regulation (1) of this regulation shall be measured at a gas delivery meter at a location and of specifications approved by the Commission.

PART III—DETERMINATION OF ROYALTY RATES AND ROYALTIES IN KIND

11. The applicable royalty rates for crude oil, condensates, natural gas and natural gas liquids shall be the rates specified in the Seventh Schedule to the Act.

Applicable royalty rates.

12.—(1) Royalties based on production shall be by sliding scale methodology for crude oil and condensates pursuant to paragraphs 10(3) and (4) of the Seventh Schedule to the Act, where a —

Royalty based on production.

(a) field produces crude oil only, the sliding scale shall apply to the total production of crude oil only ;

(b) field produces both crude oil and condensates, the sliding scale shall be applied to the total production of crude oil plus condensates ; and

(c) non-associated gas field produces only condensates, the scale shall apply to the condensates only.

(2) The production in barrels of oil per day shall be determined by taking the total production for the applicable month and dividing this amount with the number of days during which oil was produced in such month, and the result shall be rounded to entire barrels.

13.—(1) Pursuant to paragraphs 10(2) and (3) of the Seventh Schedule to the Act, a sliding scale shall apply to the prescribed royalty rates for deep offshore production as follows —

Application of sliding scales for the determination of royalty.

(a) for production less than or equal to 50,000bopd, the rate shall be 5% ; and

(b) for production greater than 50,000bopd, the rate shall be a weighted average rate of 5% of 50,000bopd plus 7.5% of the incremental daily production above 50,000bopd divided by the total production per day.

(2) Pursuant to paragraphs 10(2) and (4) of the Seventh Schedule to the Act, a sliding scale shall apply to the prescribed royalty rates for onshore and shallow water production as follows —

B 3200

(a) for production less than or equal to 5,000bopd, the rate shall be 5% ;

(b) for production greater than 5,000bopd but less than 10,000bopd, the rate shall be a weighted average rate of 5% of 5,000bopd plus 7.5% of the incremental daily production above 5,000bopd divided by the total production per day ;

(c) for onshore areas where production is greater than 10,000bopd, the rate shall be a weighted average rate of 5% of 5,000bopd plus 7.5% of 5,000bopd plus 15% of the incremental daily production above 10,000bopd divided by the total production per day ; and

(d) for shallow waters where production is greater than 10,000bopd, the rate shall be a weighted average rate of 5% of 5,000bopd plus 7.5% of 5,000bopd plus 12.5% of the incremental daily production above 10,000bopd divided by the total production per day.

(3) For frontier basin, the sliding scale shall not apply and the applicable rate shall be 7.5%.

Application of royalty rates for production from different terrain.

14.—(1) Where a field produces crude oil, condensates, or both, partly in onshore and partly in shallow water, or partly in shallow water and partly in deep offshore the weighted average royalty shall be determined pursuant to this regulation and the lessee or lessees shall provide the required information on the volumes being produced in the respective terrain.

(2) The production from a particular terrain shall be determined on the basis of the well location producing from such terrain for each producing reservoir.

(3) The well location shall be the vertical projection to the surface of the intersection of the well with the top of the producing reservoir.

(4) The production from a particular terrain shall be determined on a monthly basis in accordance with the measurement methodologies approved by the Commission.

(5) The weighted average royalty rate calculation for a field partially in onshore and partially in shallow water shall be as follows —

(a) determine the royalty rate as if the entire field is onshore ;

(b) determine the royalty rate as if the entire field is in shallow water ;

(c) multiply the share of the production related to onshore with the royalty rate under paragraph (a) of this sub-regulation ;

(d) multiply the share of the production related to shallow water with the royalty rate under paragraph (b) of this sub-regulation ; and

(e) the weighted average royalty rate shall be the total of paragraph (c) and (d) of this sub-regulation.

(6) The weighted average royalty rate calculation for a field partially in shallow water and partially in deep offshore shall be as follows —

- (a) determine the royalty rate as if the entire field is in shallow water ;
- (b) determine the royalty rate as if the entire field is in deep offshore ;
- (c) multiply the share of the production related to shallow water with the royalty rate under sub-regulation (5) (a) of this regulation ;
- (d) multiply the share of the production related to deep offshore with the royalty rate under paragraph (b) of this sub-regulation ; and
- (e) the weighted average royalty rate shall be the total of paragraph (c) and (d) of this sub-regulation.

15.—(1) The price benchmark for royalty by price shall be as specified in the Schedule to these Regulations.

Application of royalties based on price.

(2) The royalty by price shall be based on the fiscal oil price for crude oil or for condensates.

(3) Pursuant to paragraph 11(1) of the Seventh Schedule to the Act, a royalty by price rate shall apply as follows —

- (a) for fiscal oil price less than or equal to the benchmark price pursuant to paragraph 11(1)(a) of the Seventh Schedule to the Act, the royalty by price rate shall be 0% ; and
- (b) for fiscal oil price between the benchmark prices pursuant to paragraph 11(1)(a) and (c) of the Seventh Schedule to the Act shall be based on linear interpolation
- (c) for fiscal oil price greater than or equal to the benchmark price pursuant to paragraph 11(1)(c) of the Seventh Schedule to the Act, the royalty by price rate shall be 10%.

16.—(1) The following procedure shall apply in relation to royalty for marketable natural gas in-country ;

Determination of royalty for natural gas utilized in-country.

- (a) the applicable rate shall be 2.5% pursuant to paragraph 10(6) of the Seventh Schedule to the Act ; and
- (b) the rate referred to in paragraph (a) shall apply to marketable natural gas produced and utilized in-country, where the lessee provides information to the Commission on —
 - (i) the volume of gas delivered in-country ;
 - (ii) the volume of gas destined for export ;
 - (iii) destination certificates based on the related purchase and sales agreements or other relevant information ;
 - (iv) respective destination certificates where the lessee sells natural gas to a supplier or wholesale customer.

B 3202

(2) A natural gas used in Nigeria as fuel for gas conditioning, gas processing or for pipeline transportation shall be considered in-country use, regardless of whether the natural gas that is being conditioned, processed, or transported is being used in-country or exported.

(3) Where natural gas, either as raw gas or marketable natural gas, is directly sold by different holders of the same licence or lease or different shareholders of an incorporated joint venture, the operator or incorporated entity, as the case may be, shall determine the total applicable production volumes for natural gas used in-country and exported and volumes of separately produced natural gas liquids for purposes of payment of royalty.

(4) The royalty rate of natural gas liquids produced separately, shall be 5% regardless of whether the natural gas liquids are used in-country or exported.

(5) The royalty based on production of natural gas for export shall be at a rate of 5% of the chargeable volumes

Application
of royalty in
kind or cash.

17.—(1) Subject to the provisions of sub-regulations (2) and (3) of this regulation, the Commission shall, on behalf of the Federation, receive all or part of royalty in kind or in cash pursuant to paragraph 9(1) of the Seventh Schedule to the Act.

(2) Pursuant to section 64 (c) of the Act, where NNPC Limited is the concessionaire under a production sharing contract, profit sharing contracts or risk service contracts, the Commission may request NNPC Limited to lift and sell all royalty oil on behalf of the Commission for an agreed commercial fee and pay the proceeds into the Federation Account as may be specified by the Commission, who shall be responsible for accounting for the royalties paid.

(3) Pursuant to section 64 (e) of the Act, where NNPC Limited is the concessionaire of production sharing contract, it shall take all natural gas produced in kind and pay the applicable royalty in cash to the Federation Account as may be specified by the Commission.

(4) Except as provided undersub-regulations (2) and (3) of this regulation, where the Commission elect to take royalty in kind, it shall give 60 days prior notice in writing to the lessee or licensee specifying the —

(a) amounts or share of the royalty that the Commission elects to take in kind ; and

(b) period during which the royalty in kind shall be taken.

(5) Any royalty with respect to natural gas, that the Commission elect to take in kind shall not affect the minimum delivery or pay obligations or similar minimum volume obligations for natural gas under purchase and sales contracts or other contracts already entered into by the lessee.

(6) An amount of the royalty not taken in kind shall be paid in cash and the value of the royalty in kind in order to calculate the remaining royalty in cash shall be based on the same valuation as applicable to the royalty in cash.

(7) Where the Commission specified the royalty in kind in amounts under sub-regulation (4)(a) of this regulation and at any time the total value of the royalty payable for a month is different from the amount specified, the royalty in kind shall be adjusted to correspond with the value of the royalty payable.

(8) Where royalty is taken in kind, it shall be taken at the measurement point, unless the lessee or Concessionaire and the Commission agree to take it at another location.

(9) NNPC Limited shall —

(a) be responsible for all agreed costs related to transportation, conditioning, processing, storage, and other associated costs downstream of the measurement point related to the royalty in kind and such costs shall be reconciled and reimbursed by the Commission ; and

(b) make arrangements for the sale or disposal of the royalty in kind.

(10) Where the Commission agree to take the royalty in kind at a point downstream of the measurement point, the Commission shall be responsible for the payment in cash to the lessee of a reasonable fee determined on a commercial basis for handling, transportation, conditioning, processing, storage or other applicable activities downstream of the measurement point.

(11) Where an applicable transportation tariffs exist for certain midstream and downstream activities, such transportation tariffs shall be used for determining the applicable fee.

18.—(1) The average BTU production content of the total natural gas produced in a particular month shall be determined by dividing the total heating value that is measured by the approved gas calorimeter in that month, by the total volume of the gas produced in a particular month.

Determination of average BTU content of gas and Royalty Gas Deliveries.

(2) Except as may be approved by the Commission, where royalty gas is supplied in kind and transported from the lease by pipeline, the royalty gas shall be delivered to Government on a daily basis in constant proportion, as determined from time to time, to the total gas production that passes the petroleum measurement meter by applying the applicable royalty rate or where the royalty in kind is specified in an amount, on the basis of a constant daily amount.

19.—(1) Royalty oil and royalty condensates in kind shall be delivered in accordance with the lifting provisions agreed between the lessee or Concessionaire and Commission, as the case may be.

Delivery of royalty oil and condensate in kind.

B 3204

(2) The cost of storage prior to lifting by truck, rail car or vessel prior to the measurement point shall be borne by the lessee.

(3) Where royalty oil and royalty condensates in kind are transported from the PML by pipeline, it shall be delivered to Government on a daily basis in constant proportion to the total production that passes the petroleum measurement meter, as determined from time to time by the Commission, by applying the applicable royalty rate or where the royalty in kind is a specified amount, on the basis of a constant daily amount.

(4) Where various types of crude oil or condensate are produced from a PML at different measurement points, the Government shall be entitled to its royalty oil or condensate in kind from any of the different types, in proportion to the volumes that are being produced from each measurement point.

PART IV—GENERAL PROVISIONS RELATING TO VALUATION

Valuation for royalty purposes.

20. The value of —

(a) crude oil for royalty purposes shall be based on the fiscal oil price determined at the measurement point ;

(b) natural gas for royalty purposes shall be based on the fiscal gas price determined at the measurement point ;

(c) condensates for royalty purposes shall be based on the fiscal oil or condensate price determined at the measurement point for such condensates ; and

(d) natural gas liquids, where separately produced in the field, for royalty purposes shall be based on the fiscal gas price for such natural gas liquids.

Monthly determination.

21.—(1) The Commission shall determine the fiscal oil prices applicable to crude oil, condensates, natural gas and natural gas liquids at the measurement points for each PML during the first 10 days following the month in which production took place from such PML, based on information available during such month in accordance with these Regulations.

(2) The Commission shall obtain information under this regulation from renowned price reporting agencies and the lessee from time to time.

(3) A determination by the Commission of fiscal oil prices and fiscal gas prices shall be public information and shall be published on the website of the Commission.

(4) Where a lessee is of the view that a fiscal oil price or fiscal gas price determined by the Commission does not reflect the fair market value in a reasonable manner, the lessee may make such representations to the Commission as the lessee deems justified and appeal to the Commission to make such adjustments as may be required.

(5) Notwithstanding the provisions of sub-regulation (4) of this regulation, the lessee shall apply the fiscal price established by the Commission and make the payment due, pending the determination of the appeal.

(6) Where the appeal is successful, any overpayment by the lessee shall be applied as a credit in favour of the lessee to offset future royalty obligations.

(7) Where the Commission determines that the existing contract sales price of a lessee at a measurement point reflects a fair market value in accordance with the provisions of this regulation, the Commission may adopt such price as the fiscal oil price or fiscal gas price, where applicable.

22. The Commission may make occasional determinations of a fiscal oil price and fiscal gas price, where it is required for the valuation of test production or for other occasional purposes, including lack of complete information by the lessee, based on such procedures that the Commission may determine pursuant to the Act and these Regulations.

Fiscal price determination for test production.

PART V—VALUATION RELATING TO CRUDE OIL, CONDENSATES AND SEPARATELY PRODUCED NATURAL GAS LIQUIDS

23.—(1) The monthly fiscal prices for crude oil, condensates and separately produced natural gas liquids, shall be determined by the Commission on the basis of information from non-confidential independent publications making such adjustments for quality and transport costs as appropriate to prices of comparable crude oils, condensates or natural gas liquids sold in the international market, as determined by the Commission and as provided under regulation 24 of these Regulations, for which appropriate information is available.

Information required for fiscal prices.

(2) The objective of the Commission under sub-regulation (1) of this regulation is to approximate as reasonably possible the average fair market value of crude oil, condensates or natural gas liquids, as may be applicable, for such month at the measurement point.

(3) The lessee shall propose to the Commission for consideration, the comparable crude oils, condensates and natural gas liquids sold in the international market as well as the related adjustments, upon —

- (a) presentation of a field development plan ;
- (b) the conclusion of a conversion contract ; and
- (c) renewal of a lease.

(4) The lessee may propose the matters specified under sub-regulation (3) of this regulation at such other times as deemed appropriate by the Commission, but not more than once in a month.

B 3206

Determination
of the fiscal
prices.

24.—(1) The fiscal prices for crude oil, condensates and separately produced natural gas liquids shall be determined on an export parity basis, adjusted for applicable quality differentials and transport costs as may be approved by the Commission.

(2) Where no export parity values are available at the export point, the Commission may estimate the values by determining the prices of available comparable crude oil, condensate and natural gas liquid in Nigeria.

(3) Quality differentials shall be determined by taking into account the assay of the crude oil, condensates and natural gas liquids to be produced.

(4) For any month in which production takes place, the price for each comparable crude oil, comparable condensate and comparable natural gas liquids shall be based on the fiscal price methodology prescribed by the Commission.

(5) Notwithstanding the provisions of this regulations, the Commission may make determination of a fiscal oil price and fiscal gas price in accordance with the provision of regulation 21(7) of these Regulations.

Test
marketing.

25.—(1) In determining the value of a new type of crude oil, condensate, or natural gas liquids, the Commission may mandate the lessee to carry out test marketing of the new stream in accordance with guidelines as the Commission may prescribe.

(2) The lessee may carry out test marketing on its own initiative, and report the results to the Commission.

Adjustments
to value.

26. The Commission may, at the request of the lessee or on its own initiative, adjust the quality differentials, transport differentials or other adjustments, where such adjustments are required in order to approximate the precise fair market value of the crude oil, condensates, or natural gas liquids.

Change of
reference
crude.

27. The Commission shall change to other comparable crude oils, comparable condensates, and comparable natural gas liquids where the the current reference crude is no longer representative of the market conditions or there is no adequate information provided in independent publications.

Blending.

28.—(1) Where crude oils, condensates or natural gas liquids are blended with other crude oils, condensates, or natural gas liquids, subsequent to being flowed through two or more petroleum measurement meters belonging to the same lessee or different lessees, the value of the blended crude oils, condensates or natural gas liquids shall be applicable at the measurement points, adjusted for transport costs within Nigeria.

(2) Notwithstanding the provisions of sub-regulation (1) of this regulation, crude oils, condensates or natural gas liquids shall be measured by a lessee to determine the value, volume and quality before blending.

29.—(1) Where crude oils, condensates or separately produced natural gas liquids are being sold in Nigeria for local refining or use, the fiscal oil price and fiscal gas price at the measurement point shall be determined as if the crude oils, condensates, or natural gas liquids were sold from the measurement points for exports.

Local sales.

(2) The value pursuant to sub-regulation (1) of this regulation shall be based on calculations in accordance with the procedures set out in regulations 23 and 24 of these Regulations, and where crude oil, condensates or separately produced natural gas liquids are partly exported and partly used in Nigeria, the price for the domestic production shall be the fiscal price.

(3) Where transport and other costs are already deducted in the determination of the value at the measurement point pursuant to sub-regulations (1) and (2) of this regulation, any transport, handling, storage or other costs between the measurement point and the entry to the refinery shall not be deductible as well for determining the value.

PART VI — VALUATION IN RELATION TO NATURAL GAS

30.—(1) The composition of natural gas shall be determined at the measurement point.

Composition and type of natural gas.

(2) The procedure for the determination of the composition of natural gas shall be as prescribed by the Commission from time to time, and shall include as a minimum —

- (a) Btu content of the gas ;
- (b) the composition of the natural gas including methane, ethane, propane, butanes, pentanes, pentanes plus, natural gas liquids and plant condensates ;
- (c) a reasonable estimate of the amounts and Btu content of marketable gas, ethane, propane, butanes, natural gas liquids and plant condensates as may be derived by processing in the gas conditioning plant or gas processing plants to which the raw gas is being delivered for conditioning or processing or both ;
- (d) the composition of impurities in the gas, including carbon dioxide, nitrogen oxides, hydrogen sulfide and inert gases ; and
- (e) the composition of water and any other substances contained in the gas.

(3) The same methodology shall be applied by the Commission for determining the price for marketable natural gas between associated natural gas and non-associated natural gas at the measurement point or exit of the gas conditioning plant or gas processing plant.

B 3208

Fiscal price of natural gas sold at the measurement point.

31.—(1) Where raw gas or marketable natural gas is sold at the measurement point to the unregulated market pursuant to the Act and its regulations, and the price reflects the arm's length price for such natural gas, the fiscal gas price shall be the respective free market price at the measurement point, irrespective of whether the natural gas has been conditioned in a gas conditioning plant prior to the measurement point.

(2) Where in the opinion of the Commission the price does not reflect the arm's length price, the Commission may make such adjustments to the price as the Commission deems necessary in order to determine the fiscal gas price.

(3) Where the natural gas is sold to the regulated domestic market at a measurement point and the natural gas has the characteristics and quality of marketable natural gas, the measurement point shall be the marketable gas delivery point and the fiscal gas price shall be the domestic base price irrespective of whether the natural gas has been conditioned or processed prior to the measurement point.

(4) Where raw gas is sold to a licensee of a gas conditioning plant or gas processing plant, the fiscal gas price shall be determined on the basis of regulation 32(6) of these Regulations in case of a gas conditioning plant and in case of a gas processing plant, the net back value pursuant to paragraph 8(3) of the Seventh Schedule to the Act and regulation 34(2) of these Regulations.

(5) The valuation of any natural gas liquids produced separately at the measurement point shall be dealt with pursuant to the provisions of Part V of these Regulations.

Fiscal price of natural gas sold at the exit of a gas conditioning plant downstream of the measurement point.

32.—(1) Where raw gas or marketable natural gas is sold at the exit of the gas conditioning plant to the unregulated market pursuant to the Act and its regulations, and the price reflects the arm's length price for such natural gas, the price of the gas shall be the free market price at the exit of the gas conditioning plant and the fiscal gas price shall be determined pursuant to sub-regulation (6) of this regulation based on the applicable gross revenues received for the raw gas or marketable natural gas.

(2) Where in the opinion of the Commission or the Authority the gross revenue does not reflect the arm's length price, the Commission may make such adjustments to the applicable gross revenues as the Commission deems necessary.

(3) Where the natural gas is sold to the regulated domestic market at the exit of the gas conditioning plant and the natural gas has the characteristics and quality of marketable natural gas, the exit of the gas conditioning plant

shall be the marketable gas delivery point and the price of such marketable natural gas shall be the domestic base price, and the fiscal gas price shall be determined pursuant to sub-regulation (6) of this regulation based on the related applicable gross revenues.

(4) Where raw gas is sold at the exit of the gas conditioning or processing plant, to a licensee of gas processing plant, the applicable gross revenues shall be determined on the basis of the net back value pursuant to paragraph 8(3) of the Seventh Schedule to the Act, and regulation 34(3) of these Regulations and the fiscal gas price shall be determined pursuant to sub-regulation (6) of this regulation based on the applicable gross revenues determined on this basis.

(5) Where natural gas liquids or plant condensates are produced separately at the exit of the gas conditioning plant, the value shall be determined pursuant to the provisions of Part V of these Regulations, provided the transport differential in Nigeria shall be from the exit of the gas conditioning plant to the export point.

(6) The fiscal gas price for the raw gas at the measurement point shall be determined by deducting from the applicable gross revenues, pursuant to sub-regulations (1), (2), (3) or (4) and sub-regulation (5), the total gas conditioning costs attributable to the raw gas of the lessee in the gas conditioning plant and the total raw gas transportation cost from the measurement point to the inlet of the gas conditioning plant and dividing the result by the raw gas production at the measurement point.

33.—(1) Where marketable natural gas is sold at the exit of the gas processing plant to the unregulated market pursuant to the Act and its regulations, and the price reflects the arm's length price for such natural gas, the price of the gas shall be the free market price at the exit of the gas conditioning plant and the applicable gross revenues from marketable natural gas shall be based on such price and where the price does not reflect the arm's length price in the opinion of the Commission or the Authority, the Commission may make such adjustments to the applicable gross revenues as deemed necessary.

Fiscal price of natural gas sold at the exit of a gas processing plant downstream of the measurement point.

(2) Where marketable natural gas is sold at the exit of the gas processing plant to the regulated domestic market pursuant to the Act and its regulations, the exit at the gas processing plant shall be the marketable gas delivery point, and the price for the marketable natural gas shall be the domestic base price, and the applicable gross revenues from marketable natural gas shall be based on this price.

(3) The gross revenues from natural gas liquids and plant condensates at the exit of the gas processing plant shall be determined pursuant to the provisions of regulation 35 of these Regulations.

B 3210

Fiscal gas price based on the netback value.

(4) The applicable gross revenues for the purpose of the determination of the applicable fiscal gas prices shall be the total gross revenues determined pursuant to sub-regulation (1) or (2) of this regulation plus the gross revenues as determined pursuant to sub-regulation (3) of this regulation and the fiscal gas price shall be determined pursuant to regulation 34 of these Regulations.

34.—(1) Where a producer sells its natural gas at the exit of a gas processing plant, the fiscal gas price shall be determined by deducting from the applicable gross revenues pursuant to regulation 33 (4) of these Regulations, the total gas processing costs attributable to the producer as well as the total raw gas transportation costs from the measurement point to the inlet of the gas processing plant and dividing the result by the total production of raw gas at the measurement point.

(2) The fiscal gas price applicable to raw gas pursuant to regulation 31 (4) of these Regulations, shall be based on the composition of the gas pursuant to regulation 30 of these Regulations, and the proposed estimate of the lessee or licensee of a PPL of the applicable gross revenues from the gas processing plant, less the gas processing cost attributable to the lessee or licensee of a PPL and less the raw gas transport costs from the measurement point to the gas processing plant and the result divided by the total production of raw gas at the measurement point.

(3) The applicable gross revenues pursuant to regulation 32 (4) of these Regulations, shall be based on the composition of the gas pursuant to regulation 30 of these Regulations, and the proposed estimates of the lessee or licensee of a PPL of the applicable gross revenues from the gas processing plant, less the gas processing cost attributable to the lessee or licensee of a PPL and less the raw gas transport costs from the gas conditioning plant to the gas processing plant.

(4) The values proposed by the lessee pursuant to sub-regulations (2) and (3) of this regulation shall be reviewed by the Commission, and where the Commission disagrees with the value proposed by the lessee, the Commission may determine the values acceptable to the Commission for the purposes of determining the fiscal gas price.

(5) Where raw gas or marketable natural gas are sold to the export market on a basis that is not arm's length or at another location than the measurement point or exit of the gas conditioning plant or gas processing plant, the fiscal gas price shall be determined on the basis of a procedure determined by the Commission in consultation with the Authority.

35.—(1) For the purposes of the value of natural gas liquids and gas condensates at the exit of a gas processing plant pursuant to regulation 33(3) of these Regulations, a lessee shall provide the following information —

Value determination.

(a) where ethane is sold as a separate product from the plant, the production and value of such ethane ;

(b) the production and value of propane and butane or separately propane and butane ;

(c) the production and value of pentanes plus and other heavy natural gas liquids ; and

(d) the production and value of plant condensates.

(2) The value of propane and butane or separately propane and butane shall be determined based on a procedure prescribe by the Commission and the procedure shall reflect the fair market value.

(3) The value of pentanes plus, other heavy natural gas liquids and plant condensates shall be determined on free market conditions and based on arm's length sales.

36.—(1) A lessee and licensee shall provide the following information to the Commission on a confidential basis about the sale of marketable natural gas or raw gas —

Information to be provided to the Commission.

(a) the copies of gas purchase and sales contracts or other contracts or other arrangements for the deliveries of natural gas ;

(b) a summary of the gas sales volumes and prices agreed to ;

(c) the Btu content and chemical composition of the natural gas ; and

(d) the location where the natural gas is to be delivered.

(2) Where the location referred to in sub-regulation (1)(d) of this regulation is different from the marketable natural gas delivery point, the lessee shall provide a calculation as to what the value of the marketable natural gas is at the marketable natural gas delivery point.

(3) The information required under sub-regulations (1) and (2) of this regulation shall be —

(a) provided to the Commission within 14 days after concluding the gas purchase and sales contract or in the absence of such contract after the first delivery of the natural gas ; and

(b) updated at least once a year on or prior to the anniversary of the date the information was first due to be supplied.

(4) Where wholesale gas is being supplied to more than one supplier or wholesale customer, the value of the wholesale gas at the marketable natural gas delivery point shall be determined for each supplier or customer.

B 3212

(5) Where the Authority is of the view that the value of the marketable natural gas reported does not represent fair market value, the Authority shall inform the Commission of the fair market value and the Commission shall adjust the calculations of the fiscal gas price accordingly.

PART VII — ADMINISTRATIVE PROVISIONS

Royalty
statements
and
assessments.

37.—(1) A lessee shall file with the Commission, a royalty statement for the PML for each month, starting from the month in which regular production commences and ending the month in which production ceases permanently for the PML.

(2) The royalty statement shall be filed on or before the 15th of each month following the month of production and where all or part of the royalty is paid in cash such royalty statement shall be accompanied by the evidence of payment and the receipts obtained from the Commission.

(3) A royalty statement shall contain the following information about the previous month —

(a) the respective total volumes of crude oil, condensates, natural gas and natural gas liquids produced and where different types of petroleum are being produced the total volumes of each type ;

(b) the fiscal prices for crude oil, condensates, natural gas and separately produced natural gas liquids ;

(c) any allocation of production pursuant to regulation 9 of these regulations ;

(d) the royalty percentage determined for crude oil, condensates, natural gas liquids and for natural gas ;

(e) the calculation of the royalty and payment of royalty in kind and in cash for crude oil, condensates, natural gas liquids and natural gas ; and

(f) such other information as may be required from time to time by the Commission.

(4) The information required to be provided in a royalty statement shall be in the form prescribed by the Commission.

(5) The royalty statement shall include a certificate by an officer or other person employed by the lessee who has the requisite authority to make the certificate, stating that the person signing the certificate has examined the royalty statement, including accompanying schedules and statements, and that the information given in the royalty statement is, to the best of the knowledge of such person, correct and complete.

(6) The information of the total royalty paid in kind and cash for crude oil, condensates, separately produced natural gas liquids and natural gas shall be non-confidential and shall be made available each month on the website of the Commission to the general public.

(7) The Commission shall examine a royalty statement and make an assessment of the royalty paid for each month with due dispatch following the receipt of a royalty statement for the month.

(8) Where the Commission is of the view that there are discrepancies or errors in the royalty statement compared to the analysis of the Commission, the Commission shall inform the lessee or licensee within 90 days of the submission of the related royalty statement with requirement to pay any additional amount prior to the 15th day of the month succeeding the notification by the Commission.

(9) Where the Commission pursuant to sub-regulations (7) and (8) of this regulation establishes that the lessee has made an overpayment of royalty, it shall notify the lessee, and such overpayment shall be considered a credit and utilized by the lessee to offset subsequent royalty payment.

(10) Where the lessee notifies the Commission of an overpayment of royalty, the Commission shall review such claim and if it establishes that an overpayment has been made, the provisions of sub-regulation (9) of this regulation shall apply.

(11) A licensee or lessee required to pay royalties on test production or other occasional production shall make such royalty statements as prescribed by the Commission.

38.—(1) Where royalties are paid in kind and delivered on a continuous basis, during the initial days of a month, the royalty in kind for crude oil, condensates, natural gas liquids and natural gas shall continue to be paid based on the determination for the previous month, until the amount payable for the previous month is determined in the royalty statement and at such time the amounts of royalty in kind payable shall be adjusted to reflect the royalty payment requirement for the previous month.

Royalty amounts taken in kind.

(2) Where, as a result of temporary shutdown or other similar reasons, the total volume of crude oil, condensates, natural gas liquids or natural gas in the current month is insufficient to pay the royalty in kind stipulated in amounts, the royalty in kind for such month shall be lowered to reflect the applicable royalty rate.

39.—(1) A lessee shall provide to the Commission, estimates of the amount of the royalty payable for crude oil, condensates, natural gas liquids and natural gas for the following 12 months on or before 31st of December of the preceding year, which shall be updated quarterly.

Estimates.

B 3214

(2) An estimated lifting schedule for crude oil, condensates, natural gas liquids and for natural gas shall be submitted to the Commission for the following 12 months prior to the 15th day of each month on a continuous basis pursuant to regulation 19 of these Regulations.

(3) A lessee shall provide prior to the 28th day of February to the Commission estimates of the amount of royalty payable for crude oil, condensates, natural gas liquids and natural gas on a calendar year basis for a rolling five years following the year in which production occurs.

(4) The Commission may, at any time, require revised estimates for one or more months or calendar years for which estimates have been prepared by the lessee where the Commission believes that the estimates made may be materially inaccurate and in this case the Commission shall provide the lessee with the reasons why the Commission believes estimates may be inaccurate.

(5) The Commission shall keep a record of the information in sub-regulations (1) to (4) of this regulation updated at all times in a shared database with relevant government agencies.

Books and records.

40.—(1) A lessee shall keep all books, records, accounts, documents, and other information of its operations relating to production and valuation under these Regulations and —

(a) establish a management information system as prescribed by the Commission ; and

(b) allow access to such information by an authorized persons of the Commission.

(2) A lessee shall keep the required hard copies of the information for a period of at least six years unless a longer period is required by the Commission.

(3) All financial books and records shall be in accordance with the provisions of International Accounting Standards and International Financial Reporting Standards and shall be in English language.

Audits.

41.—(1) A lessee or licensee shall, for the purpose of an audit or examination by any authorized person —

(a) make books, records, accounts, documents and other information of the lessee or licensee available at all reasonable time to the authorized person and provide the authorized person with copies of the documents requested ;

(b) make available, copies of any contracts that have been entered into or amended during the period to an authorized person ;

(c) make available, copies of any joint operating agreement or agreements between operator, lessee and other parties to any authorized person ; and

(d) give reasonable assistance to an authorized person to carry out the audit or examination and provide access to all relevant sites and answer orally or in writing, all questions relating to the audit or examination.

(2) The lessee or licensee shall —

(a) make available transportation to and from the sites of the petroleum measurement meters, gas delivery meters and other measurement equipment or facilities ;

(b) provide for adequate lodging at such sites of a standard not less than afforded to personnel of the lessee where such lodging is available ; and

(c) permit an authorized person to take such samples and other information as required by the Commission for verifying the volumes and value of crude oil, condensates, natural gas liquids and natural gas.

(3) Subject to the provisions of sub-regulation (4) of this regulation, the Commission shall be entitled to commence an audit of information related to the volume and value of crude oil, condensates, natural gas liquids and natural gas at any time related to payments in kind or in cash for one or more months.

(4) Except as provided in sub-regulation (6) of this regulation, the Commission shall give at least 30 days' notice to a lessee of the intention to conduct an audit or examination.

(5) The audit or examination shall be conducted in a prompt and timely manner and once commenced shall be diligently pursued and unless otherwise determined by the Commission, shall be concluded within 180 days.

(6) The Commission shall not be required to give any notice of an audit where the Commission has reasonable cause to believe that the lessee or licensee has made any misrepresentation or has committed any fraud in filing a royalty statement for any month or in supplying information required under these Regulations.

(7) The Commission shall, within 180 days from the conclusion of an audit, provide a written report to the lessee or licensee of any questions or exceptions arising from the audit.

(8) The lessee or licensee shall reply to the questions and exceptions referred to in sub-regulation (7) of this regulation in writing within 60 days from the date of receipt of the written report.

(9) The Commission and the lessee or licensee shall make reasonable efforts to resolve the questions and exceptions referred to

B 3216

in sub-regulation (8) of this regulation within 90 days following the date of receipt of the reply of the lessee or licensee, and where the question or exception has been resolved, the adjustments permitted by the Commission shall be rectified promptly.

Refunds. **42.** Where the audit results in the obligation on the part of Government to provide a refund, such refund shall be considered a credit and utilized by the lessee to offset future royalty obligations under these Regulations.

Penalty. **43.** The penalties provided for in paragraph 12 of the Seventh Schedule to the Act shall apply to late payment or non-payment of royalties.

Interest. **44.** Where a lessee or licensee fails to pay all or any portion of the royalty due pursuant to these regulations, the payment of interest provisions under paragraph 12 of the Seventh Schedule to the Act shall apply.

Notices. **45.** For the purposes of these Regulations, any notice from the —
(a) Commission to the lessee or licensee shall be to the address as provided by the lessee or licensee from time to time, or through electronic and print media ; and
(b) lessee or licensee to the Commission shall be the address on the website of the Commission.

Referral of disputes. **46.** All disputes arising from the implementation of these Regulations shall be dealt with in accordance with the provisions of the Act.

PART VIII — MISCELLANEOUS

Interpretations. **47.** In addition to the definitions contained in section 318 of the Act, the following definitions shall apply to these regulations —

“*Act*” means Petroleum Industry Act, No. 6, 2021 ;

“*arm’s length*” means the relationship that exists between two or more persons, where none of such persons exerts or is in a position to exert significant influence on any of the other persons having regard to all relevant factors ;

“*authorized person*” means a person authorized by the Commission, the Authority, the Service or the Minister to carry out an audit or any other inspection of the petroleum operations ;

“*bopd*” means barrels of oil per day ;

“*BTU*” or “*Btu*” means the British thermal unit ;

“*Dollar*” or “*\$*” or “*US \$*” or “*US Dollar*” means United States Dollar ;

“*domestic base price*” is the price for marketable natural gas determined pursuant to the Third Schedule to the Act ;

“*fair market value*” means the price at which crude oil, natural gas, condensates, natural gas liquids, petroleum products, commodities, assets, properties, equipment, materials or services of similar quality may be supplied on similar terms at similar times by unrelated and independent parties, under no compulsion to buy or sell and who are dealing on an arm’s length basis ;

“*free domestic market*” means the domestic market where purchase and sale of natural gas takes place on voluntary seller and voluntary buyer basis ;

“*gas conditioning*” means the treatment of raw gas through dehydration, nitrogen removal, hydrogen-sulphide removal, carbon-dioxide removal or other similar processes, but not including NGL removal or fractionation, with the purpose of producing marketable gas or raw gas suitable for transportation to a gas processing plant or for sale or delivery to the market ;

“*gas conditioning plant*” means a plant dedicated to gas conditioning ;

“*gas delivery meters*” are meters installed in the PML area, to measure natural gas or raw gas received from other fields or bought from third parties for the purpose of using such gas in the field operations or for re-injection ;

“*gas processing*” means the processing of raw gas for the purpose of producing marketable natural gas, natural gas liquids and plant condensates, including processes related to NGL removal and fractionation and includes plants for the extraction of ethane ;

“*gas processing plant*” means a plant dedicated to gas processing ;

“*gross negligence*” means gross negligence, wilful misconduct or wilful failure to act, where the negligence, misconduct or failure is a marked departure from normal and prudent applicable petroleum industry standards or practices, on the part of the senior management personnel of the lessee, the operator of the field, the field facilities, or a fully operational component of the field facilities, such as the platform facilities or a gas plant, or any management personnel in charge of the day-to-day operation of the PML, or fully operational component of the field facilities ;

“*joint operating agreement*” or “*JOA*” means a contract between two or more petroleum undivided interest holders in order to collaborate on a petroleum venture whereby the companies retain their own identity ;

“*month*” means a calendar month ;

“*MMBtu*” means one million British thermal units ;

“*notice*” means any notice, consent, request and other document authorized or required to be given pursuant to these Regulations and under the Act ;

B 3218

“*operator*” means a company with the characteristics to be appointed as operator pursuant to the provisions of a JOA by the members of the JOA to manage and conduct the petroleum operations in a safe and efficient manner on behalf of the JOA ;

“*person*” means natural or artificial person ;

“*petroleum measurement meter*” for a PML means a device used to measure chargeable volume of petroleum for the purpose of determining the royalty ;

“*plant condensate*” means condensate produced in any gas conditioning, treatment or gas processing facility downstream of the measurement point ;

“*PML*” means petroleum mining lease under the Act ;

“*PPL*” means petroleum prospecting licence under the Act ;

“*producer*” means a lessee of a PML, or a licensee of a PPL with test production ;

“*regulated domestic market*” means the domestic market of wholesale customers who elect to be customers of the domestic gas aggregator as well as to the extent of section 167(7) of the Act ;

“*royalty statement*” means the return to be filed with the Commission in relation to production during the previous month over which royalties shall be paid, justifying the amount of such royalties pursuant to the applicable regulations ;

“*transport tariff*” means a tariff determined for transporting petroleum, petroleum liquids or petroleum products as determined pursuant to the Act ;

“*unitization agreement*” means an agreement pursuant to section 80 of the Act ;

“*unregulated market*” means the Nigerian markets for raw gas and marketable natural gas for in-country use or exports other than the regulated domestic market pursuant to the Act and these Regulations ;

“*well*” means a hole drilled into the earth for the purpose of locating, evaluating, producing or enhancing the production of petroleum or injection of any fluid into a subterranean reservoir ;

“*year*” means a period of a year from any day during the year.

Citation.

48. These Regulations may be cited as the Petroleum Royalty Regulations, 2022.

SCHEDULE [regulation 15]

ROYALTY PRICE BENCHMARKS

The price benchmark used for royalty by price in paragraph 11(1)(a) and (c) of the Seventh Schedule to the Act, shall be adjusted by applying an adjustment figure of 2% per year, every 1st January, commencing 1st January 2022 in such a way as to achieve a 2% escalation of the previous year benchmark. The results shall be rounded to entire US \$ cents. As an example, the calculations are provided for the years up to and including 2025 below :

Royalty price benchmarks						
2021	2022	2023	2024	2025	2026	
11(1) (a)	50.00	51.00	52.02	53.06	54.12	55.20
11(1) (b)	100.00	102.00	104.00	106.00	108.00	110.00
11(1) (c)	150.00	153.00	156.06	159.18	162.36	165.61

MADE at Abuja this 18th day of November, 2022.

ENGR. GBENGA KOMOLAFE, FNSE
Commission Chief Executive
Nigerian Upstream Petroleum Regulatory Commission