



**NIGERIAN UPSTREAM PETROLEUM REVOCATION OF LICENCES AND
LEASES REGULATIONS, 2023**

PETROLEUM INDUSTRY ACT, NO. 6, 2021
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REGULATIONS, 2023

[.] 2023

In exercise of the powers conferred on it by sections 10(f) and 10(g) of the Petroleum Industry Act, 2021 (the “**Act**”) and of all other powers enabling it on that behalf, the Nigerian Upstream Petroleum Regulatory Commission (“**Commission**”) makes the following Regulations —

PART I
Objectives and Application

1. Objectives

(1) The Objectives of these Regulations are to:

- (a) Establish the procedure for the revocation of a r license or lease either in part or whole in accordance with the Act and any other laws preserved by the Act; and
- (b) set out the procedure for handling post-revocation matters.

2. Application

These regulations shall apply to licences and leases granted and preserved pursuant to the Act.

PART II
Revocation Procedure

3. Procedure for Revocation of a licence and lease

(1) The Minister may revoke a licence or lease either in part or in whole based on any of the grounds provided for under Section 96 of the Act or paragraph 24 to 30 of the First Schedule to the Petroleum Act upon the recommendation of the Commission accompanied with:

- (a) a Copy of the default notice served on the licensee or lessee; and
- (b) evidence that the licensee or lessee has failed to remedy the default upon which the notice was served within the time given to the licensee or lessee.

(2) Notwithstanding the provisions of sub-regulation 2 of this regulation, the Minister may revoke a licence or lease either partially or in whole where in his opinion the licence or lease should be revoked based on the compliance performance assessment contained in the Annual Report of Upstream Petroleum Operations presented to the Minister pursuant to the Upstream Petroleum Code of Conduct and Compliance Regulations 2023.

4. Force majeure

- (1) The Commission may not make a recommendation to the minister for revocation where a force majeure event has resulted in the continuous cessation of regular production from a licence or lease for a period of 180 days.
- (2) A licensee or lessee shall-
 - (a) notify the Commission in writing within 48 hours of the event of force majeure;
 - (b) within 30 days of the cessation of regular production submit a detailed report to the Commission on the-
 - (i) nature of the Force Majeure Event;
 - (ii) envisaged timeline for the Force Majeure Event; and
 - (iii) remedial steps proposed by the licensee or lessee to restore regular operations.
- (3) Sub-regulation 1 of this regulation shall not apply where the licensee or lessee fails to provide:
 - (a) a written notification to the Commission within 48 hours of the event of force majeure;
 - (b) a detailed report to the Commission within 30 days of the cessation of regular production.

5. Failure to Furnish any Report or Data on Operations

- (1) Pursuant to section 96(1)(e) of the Act, a Lessee or Licensee shall submit annual work and status reports in the format issued by the Commission on or before March 31 of the subsequent year or at any other time, as may be directed by the Commission.
- (2) Failure to submit the annual work status and report in line with sub-regulation 1 of this regulation shall be a ground for revocation.

6. Particulars of the Statutory Notice of Default Pursuant Section 97 of the Act

- (1) The following notices of default may be issued by the Commission pursuant to these regulations:
 - (a) Notice of Potential Incidence of Non-Compliance informing a licensee or lessee that an incident likely to give rise to a ground for the revocation of the licence or lease is likely to or is about to occur.
 - (b) Notice of Incidence of Non-Compliance informing a licensee or lessee that an incidence amounting to a ground for the revocation of the licence or lease has occurred and
 - (c) Notice of Non-Compliance informing a licensee or lessee of its non-compliance based on the occurrence of the incident of non-compliance.
- (2) A statutory notice shall provide:
 - (a) a description of the licensee or lessee;
 - (b) a description of the affected asset (as applicable);

- (c) the specific grounds for notice and description of the nature of default or non-compliance;
 - (d) the specific timeline for remediation which shall not be less than 60 days; and
 - (e) the specific remedy required to be taken by the Lessee or the Licensee within the remedial period to remedy the default or non-compliance,
- (3) A licensee or lessee who is in receipt of any statutory notice shall be required to submit to the Commission within 7 days of the receipt of any such notice acknowledging receipt and giving details of any proposed actions which, it intends to take to either stop the non-compliance from happening or to remedy the non-compliance.
- (4) The remedial period for all Statutory Notices under this sub-regulation except a Notice of Potential Incidence of Non-Compliance shall not exceed 120 days from receipt of the Commission's notice unless otherwise determined by the Commission.
- (5) In addition to sub-regulation 4 of this regulation, the remedial period for a notice of Potential Incidence of Non-Compliance shall not exceed 90 days unless otherwise determined by the Commission.
- (6) The Commission may also send the Statutory Notices to the legal representative of the licensee or lessee.

7. Steps for Revocation of a Licence or Lease.

- (1) Upon receipt of any of the Statutory Notices of Default, the licensee or lessee-
- (a) shall undertake the remedial steps required within the specified period stated in regulation 6(3) and (4) of these Regulations; or
 - (b) may respond to the notice by making a representation to the Commission on why the revocation process should terminate.
- (2) Where the licensee or lessee chooses to make a representation, it shall make its representation within 10 days from the date of receipt of the Commission's Statutory Notice of Default.
- (3) Upon receipt of the representation under sub-regulation 2 of this regulation, the Commission:
- (a) shall take into cognizance the representations made by the licensee or lessee in reaching its final decision;
 - (b) shall notify the licensee or lessee whether the representation is satisfactory and terminate the revocation process; or
 - (c) if not satisfied, may instruct the licensee or lessee to take the required remedial steps within the specified timeline in accordance with the Act and these Regulations.
- (4) Where the licensee or lessee is unable to complete the remedial steps within the specified timeline:
- (a) the licensee or lessee shall inform the Commission in writing not less than five days before the expiration of the timeline of its inability to complete the remedial action within that period; and

- (b) the Commission may grant an extension of the timeline where the licensee or lessee provides acceptable justification to the Commission.
- (5) The Commission may request additional information from the licensee or lessee where the justification provided under sub-regulation 4(b) of this regulation is not satisfactory.
- (6) Where the Commission requests for additional information under sub-regulation 5 of this regulation, the licensee or lessee shall provide such information to the Commission within seven days of receipt of the Commission's request.
- (7) Where the Commission is satisfied with the additional information provided by the licensee or lessee under sub-regulation 6 of this regulation, the Commission shall extend the time within which the remedial steps shall be completed by the licensee or lessee.
- (8) The Commission shall terminate a process of revocation where the Commission is satisfied with the implementation of a remedy by a licensee or lessee.

8. Revocation of a licence or lease

- (1) Upon revocation of a licence or lease either in part or in whole by the Minister, the Commission shall:
 - (a) send a written notice of the revocation to the last known address of the licensee or lessee or its legal representative in Nigeria; or
 - (b) publish a notice of the revocation in the Federal Government Gazette

PART III Post Revocation

9. Appointment of an Interim Operator following the revocation of a licence or lease

- (1) In accordance with the terms of section 98(1) of the Act, the Commission shall stipulate the technical requirements for the appointment of an interim operator upon the revocation of a producing Petroleum Mining Lease (PML) by the Minister provided that:
 - (a) where the defaulting holder was the operator, and there are other lessees, the Minister shall appointment an operator who meets the technical requirements from among the non-defaulting holders.
 - (b) where the revocation applies to all the holders or where the non-defaulting holders notify the Commission that they are unable to continue production, the Commission in consultation with the non-defaulting holders, shall select a third-party interim operator for recommendation to the Minister.
 - (c) In all cases, the Commission shall ensure that all contracts required to confer legal responsibility on the interim operator to undertake petroleum operations as operator under the lease are duly executed by all relevant parties.

10. Obligations of the interim operator

- (1) The interim operator shall disclose any existing relationship with the holder of the revoked lease.
- (2) Any interim operator appointed under regulation 9 of these Regulation, shall, -
 - (a) undertake all petroleum operations and activities subject to the PML in
 - (b) accordance with the Act and any other subsidiary regulations; and
 - (c) apply any proceeds from the operations due to the defaulting lessee to -
 - (i) the fulfilment of any payments or contributions to any statutory Funds including decommissioning and abandonment Fund;
 - (ii) Payment of any cash calls on the revoked portion of the lease
 - (iii) Payment of Royalties on the revoked portion of the lease
 - (iv) Transfer of any balance to the Federation Account through an account established by the Commission for that specific purpose.
- (3) In addition to sub-regulation 2 of this regulation, where the interim operator is a third party to a wholly revoked lease, the Interim Operator shall enter into an Interim Petroleum Operations Service Agreement with the Commission for the operation of the lease on a fee service basis.
- (4) An interim operator appointed pursuant to the Act and these regulations shall-
 - (a) continue to act in that capacity for a period of 3 years, renewable for a further term of 3 years; or
 - (b) cease to be the interim operator if the lease is reassigned to a new lessee whether or not the term of its appointment has expired.

11. Effect of Revocation of a licence or lease

- (1) A licence or lease that is revoked in part or whole may be re-awarded at any time by the Minister in accordance with the provisions of the Act.
- (2) Where a lease in production is revoked in part and the lease is due for renewal-
 - (a) the Commission may renew the lease in accordance with the Act; and
 - (b) the renewal shall be without prejudice to the right of the Minister to re-award the participating interest of the revoked portion.
- (3) Where a lease in production is revoked in part and the unrevoked part of the lease is due for renewal-
 - (a) the Commission may renew the unrevoked part in accordance with the Act; and
 - (b) the renewal shall be without prejudice to the right of the Minister to re-award the revoked part of the lease.
- (4) The licensee or lessee of a revoked licence or lease may take part in the bidding process for the grant of a new Lease or Licence over the same licence or lease area and such licence or lease may be awarded to him accordance with the provisions of the Act and other relevant regulations.

PART IV Miscellaneous

12. Definitions and Interpretation

In addition to the definitions contained in section 318 of the Act, in these Regulations, unless the context otherwise requires:

“Act” means the Petroleum Industry Act, 2021.

“Commission” means the Nigerian Upstream Petroleum Regulatory Commission established under the Act.

“Force Majeure Event” means delays or inability to perform any obligations under the Act or these Regulations (other than a payment obligation), due to any event beyond the reasonable control of a person, and the event may be, but is not limited to, any act, event, happening, or occurrence due to natural causes, and acts or perils of navigation, fire, hostilities, war (declared or undeclared), blockade, labour disturbances, strikes, riots, insurrection, civil commotion, quarantine restrictions, epidemics, storms, floods, earthquakes, accidents, blowouts or lightning and an event of force majeure shall not include changes in the laws of Nigeria or any political subdivision thereof or any acts or orders of Government, any minister, ministry, department, subdivision, agency, authority, council, committee, or other constituent element thereof, or any corporation owned or controlled by any of the foregoing, where operations are delayed, curtailed or prevented by force majeure, then the time for carrying out the obligation and duties thereby affected, and rights and obligations hereunder, shall be extended for a period equal to the period thus involved provided that such period shall not exceed three years in total after which each party can terminate the respective Lease or Licence.

“Good International Petroleum Industry Practices” means those uses and practices that are at the time in question generally acceptable in the international petroleum industry as being good, safe, economical, environmentally sound and efficient in petroleum operations and should reflect standards of service and technology that are either state-of-the-art or otherwise appropriate to the operations in question and should be applied using standards in all matters that are no less rigorous than those in use by petroleum companies in global operations.

“Interim Operator” means the interim operator subsequently appointed by the Commission upon the revocation of a producing PML in accordance with the provisions of the Act.

“Milestone Activities” include the submission of all required plans and reports, conducting geological surveys, drilling, completion of appraisal programme, payment of the applicable fees, commercial discovery, submission of field

development plan and work commitment and such other stages as may be set out in the Act and any subsidiary regulation.

“Notice of Incidence of Non-Compliance” means the specific Statutory Notice of Default issued by the Commission where the Commission is of the opinion that an action or inaction of the Lessee or Licensee has led to event of default or non-compliance.

“Notice of Non-Compliance” means the form of notice of default issued by the Commission to the Lessee or Licensee where the Commission is of the opinion that the Lessee or Licensee has taken actions or inactions which are grounds for revocation of the Lease or Licence.

“Notice of Potential Incidence of Non-Compliance” means the specific Statutory Notice of Default issued by the Commission to the Lessee or Licensee where the Commission is of the opinion that there is a likelihood of non-compliance.

“Remedial Action” means any action required by the Commission that is necessary to correct or address any actual, alleged or threatened non-compliance in relation to the provisions of the Act and these Regulations which include (but not limited to) investigation, feasibility study, monitoring, testing, sampling, removal, restoration, clean-up, remediation, closure, maintenance activities, site restoration, remedial response or remedial work, payment of (fees, royalties, taxes, or production shares) and submission of reports associated therewith.

“Statutory Notice of Default” means the different forms of notices of default to be issued by the Commission to a Lessee or Licensee, pursuant to section 97 of the Act.

13. Citation

These Regulations may be cited as the Nigerian Upstream Petroleum Revocation of Licence and Lease Regulations, 2023.

MADE at Abuja this.....day of.....2023

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

EXPLANATORY NOTE

(This note does not form part of these Regulations but intends to explain its purport)

These Regulations provide a legal and regulatory framework for the revocation of the Licences and leases by the Minister.

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