



**NIGERIAN UPSTREAM  
PETROLEUM REGULATORY  
COMMISSION**

**Applicable to all Oil & Gas Operators**

**GUIDELINES ON CLASSIFICATION OF INTEGRATED UPSTREAM AND  
MIDSTREAM PETROLEUM OPERATIONS**

**Code: Version 1**

**Revision Date:**

## **GUIDELINES ON CLASSIFICATION OF INTEGRATED UPSTREAM AND MIDSTREAM PETROLEUM OPERATIONS**

***ISSUED BY***

**NIGERIAN UPSTREAM PETROLEUM REGULATORY COMMISSION**

**2023**



## Contents

<b>1</b>	<b>INTRODUCTION.....</b>	<b>1</b>
1.1	Purpose & Scope.....	1
1.2	Definition of Terms.....	1
1.2.1	Oil and Gas Production Facility.....	1
1.2.2	Integrated Facility.....	1
<b>2</b>	<b>PROCEDURE FOR CONSIDERATION AND APPROVAL OF UPSTREAM INTEGRATED OPERATIONS .....</b>	<b>2</b>
2.1	Criteria for Upstream Integrated Operations.....	2
2.2	Application for Consideration as Integrated Operations.....	3
2.2.1	Development of Integrated Facilities.....	3
2.2.2	Operation of Integrated Facilities.....	4
<b>3</b>	<b>ADMINISTRATION OF UPSTREAM INTEGRATED OPERATIONS .....</b>	<b>5</b>
<b>4</b>	<b>GLOSSARY .....</b>	<b>6</b>



## **1 INTRODUCTION**

### **1.1 Purpose & Scope**

The purpose of this document is to describe the criteria for classification of integrated upstream petroleum operations which consist of upstream and midstream petroleum operations.

These Guidelines are made pursuant to Sections 8(d), 79(2), 79(3) and 318 of the Petroleum Industry Act, 2021. It provides the requirements for the development, operation, and administration of a facility or group of facilities considered as being integrated.

These Guidelines are applicable to all facilities that are components to upstream operations including but not limited to FPSOs, FSOs, Land Terminal Facility, Production Platforms, Flow station, Drilling/wellhead Platforms, Early Production Facility (EPF), Produced Gas Flare Elimination Facility, etc.

### **1.2 Definition of Terms**

#### **1.2.1 Oil and Gas Production Facility**

Refers to the facilities used for the production, stabilization, treatment, storage and export of oil and gas from within or in connection with a field. It includes facilities used for:

- i. Oil and Gas Production, Handling and Treatment
- ii. Materials Handling and other Operational Support Services
- iii. Living Quarters (accommodation marine vessels, etc.)
- iv. A combination of any of the functions in (i-iii) that includes flow stations, fixed and floating production platforms, FPSO, FSO, Well Head Platform (WHP), Well Injection Platform (WIP), EPFs, etc.

#### **1.2.2 Integrated Facility**

This refers to the combination of facilities interlinked by operations and/or shared utilities, component(s) of which may include midstream facility(ies). The facilities may be covered by a single Field Development Plan.



## **2 PROCEDURE FOR CONSIDERATION AND APPROVAL OF UPSTREAM INTEGRATED OPERATIONS**

### **2.1 Criteria for Upstream Integrated Operations**

A production operation shall be considered as integrated if it satisfies one or more of the following:

- i. If it is configured as a Floating Production, Storage and Offloading (FPSO) facility.
- ii. If due to design configuration, logistics, economic or environmental reasons, only two phase (liquid and gas) separation is conducted at flow stations while the remaining partially processed production stream (consisting of oil, produced water, and/or other impurities) from various flow stations, are centrally separated at a storage and/or export terminal, which serves as the production measurement point.
- iii. If the component facilities (which may include a midstream facility) are covered by a single approved Field Development Plan.
- iv. If the operations philosophy is designed for allocation measurement to be conducted at flow station(s) while the associated terminal serves as the fiscal measurement point.
- v. If it is a configuration that involves extracting lean gas from Natural Gas for sales, internal utilisation or re-injection to reservoirs, while the residual natural gas is sold separately or converted to NGLs, and/or a part (or all) of the produced condensate from the operation is blended with produced crude oil prior to production measurement.
- vi. If it involves a gas plant with Natural Gas feed from:
  - a. production stream directly from Non-Associated Gas (NAG) wells; or
  - b. NAG wells and flow station that separates Associated Gas from crude oil and/or there is joint use of measurement apparatus for both production, evacuation, injection or lifting measurements.



- vii. If in the case of v and vi above, the value of the produced natural gas for Royalty purposes is determined based on the Fiscalization at the gas plant or mass balance of measurements of all stages of the operations including the point of sales or custody transfer.
- viii. If the facilities are linked by pipelines/gathering lines and/or share the use of storage tanks.
- ix. If there is joint use of utilities such as controls and instrumentations, fuel gas, power, fibre cable link, firewater, etc, used exclusively for the upstream and midstream petroleum operations.

## **2.2 Application for Consideration as Integrated Operations**

### **2.2.1 Development of Integrated Facilities**

A licensee/Operator wishing to develop a facility or group of facilities within or in connection with its field or lease, and which operation meets the criteria stated in **section 2.1** shall take note of the following:

- i. The Engineering milestone approval process shall be covered by the ***Guidelines for the Design, Construction and Operation of Oil and Gas Production Facilities in Nigeria.***
- ii. The Operator shall apply in writing to the Commission Chief Executive, with highlights of the proposed concept which establishes alignment with the criteria (**section 2.1**). This may include PFDs, P&IDs, etc. showing interconnection between the components (facilities) and proposed production measurement point. This shall constitute part of the requirements for Concept Design Approval pursuant to the ***Guidelines for the Design, Construction and Operation of Oil and Gas Production Facilities in Nigeria.***
- iii. The development of an Integrated facility shall be administered as one (1) development project irrespective of the number of components (facilities) provided that the development is interdependent and carried out concurrently.
- iv. The fees payable for milestone Engineering approvals for the integrated facility development shall be equivalent to what is applicable for a single



facility development project except for License to Operate (LTO). The fees for LTO shall be made per components (facilities) making up the integrated facility.

Upon the receipt of an application made under **section 2.2.1(ii)**, the Commission shall review and determine that the criteria have been met, and if satisfactory, progress with its administration as integrated facility development.

### **2.2.2 Operation of Integrated Facilities**

The Commission may determine that a group of facilities should be operated in an integrated manner, or a licensee/Operator may request that a group of facilities within or in connection with its field or lease to be operated as an integrated operation. For any of the cases, the following shall apply:

- i. Where the Commission makes a determination, either based on a field development plan or existing operational configuration, that a group of facilities qualify under these guidelines as integrated upstream facilities, the Commission shall in writing, designate such operations as integrated upstream petroleum operations.
- ii. Where the operator is making application for its operations to be considered as Integrated, the application shall be in writing to the Commission Chief Executive, and accompanied with justification which establishes alignment with the criteria (**section 2.1**). This may include PFDs, P&IDs, etc. showing interconnection between the components (facilities) and production measurement point.
- iii. Where a licensee under a petroleum prospecting License declares a commercial discovery whose development requires construction of facilities for midstream petroleum operations in a manner integrated with the upstream petroleum operations, the licensee may submit the development plan as a single integrated project to the Commission for consideration and approval.



- iv. In any of the cases (i), (ii) and (iii) of this sub-regulation, the criteria stated in **section 2.1** shall be met.
- v. The Commission shall, following the designation of a facility or group of facilities as integrated, administer operational requirements (including licensing, inspections, issuance of permits/authorizations, etc.) on the individual components (facilities) of the integrated operations/facility or jointly as applicable, in line with the established regulatory instrument (Regulations, Guidelines, Requirements, etc.) governing such operations.
- vi. Any fees payable for integrated operations or any of its components (facilities) shall be as provided for under the fees and Rents Regulations of the Commission.

Upon determination by the Commission or if an application made under **section 2.2.2(ii)** is determined to be satisfactory, the Commission shall progress with its administration as integrated upstream operations.

### **3 ADMINISTRATION OF UPSTREAM INTEGRATED OPERATIONS**

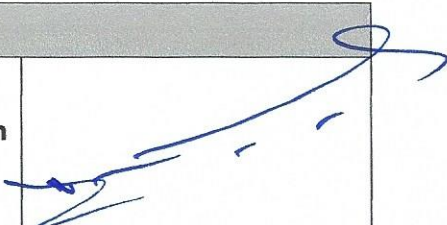
The Commission shall provide regulatory oversight over all upstream integrated operations determined and/or approved by the Commission. This will include the issuance of all Licenses, Permits, Consents, Approvals, and Authorizations arising from development and operations activities of integrated operations, as well as the administration of all applicable statutory fees.



#### 4 GLOSSARY

Abbreviations, terms, and references used in this document are explained hereunder:

<b>CDA</b>	Concept Design Approval
<b>FDP</b>	Field Development Plan
<b>FEED</b>	Front End Engineering Design
<b>FPSO</b>	Floating Production Storage and Offloading
<b>FSO</b>	Floating Storage and Offloading
<b>LNG</b>	Liquefied Natural Gas
<b>LPG</b>	Liquefied Petroleum Gas
<b>LTO</b>	License to Operate
<b>NAG</b>	Non-Associated Gas
<b>NUPRC</b>	Nigerian Upstream Petroleum Regulatory Commission
<b>P&amp;ID</b>	Piping and Instrumentation Diagram
<b>PFD</b>	Process Flow Diagrams

Approved by	
<b>Engr. Gbenga Komolafe</b> <i>FNSE</i> , (Commission Chief Executive, Nigerian Upstream Petroleum Regulatory Commission)	
Date	6/12/23