

Extraordinary



Federal Republic of Nigeria

Official Gazette

No. 84

Lagos - 5th May, 2025

Vol. 112

Government Notice No. 19

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

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Printed and Published by The Federal Government Printer, Lagos, Nigeria
FGP 18/52025/350

Annual Subscription from 1st January, 2025 is Local : ₦100,000.00 Overseas : ₦131,000.00 [Surface Mail] ₦150,000.00 [Second Class Air Mail]. Present issue ₦3,500 per copy. Subscribers who wish to obtain *Gazette* after 1st January should apply to the Federal Government Printer, Lagos for amended Subscriptions.

PETROLEUM INDUSTRY ACT, No.6, 2021
NIGERIAN UPSTREAM PETROLEUM (COMMERCIAL)
REGULATIONS, 2025



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S. I. No. 7 of 2025

PETROLEUM INDUSTRY ACT, No.6, 2021**NIGERIAN UPSTREAM PETROLEUM (COMMERCIAL)
REGULATIONS, 2025**

[5th Day of May, 2025]

Commence-
ment

In exercise of the powers conferred on it by section 8 of the Petroleum Industry Act, No. 6, 2021 ("the Act") and all other powers enabling it in that behalf, the Nigerian Upstream Petroleum Regulatory Commission ("the Commission") makes the following Regulations —

PART I — OBJECTIVE AND APPLICATION

1. The objective of these Regulations is to provide a framework for the regulation of commercial activities in upstream petroleum operations.

Objective

2. These Regulations shall apply to licences and leases —

Application

(a) granted under the Act in relation to the approval of commercial aspects of field development plan, annual work programme and status report; and

(b) preserved under the Act in relation to the approval of commercial aspects of field development plans, annual work programme and status report in accordance with sections 6(a), 7(c)(ii), 7(d) and 8(a) of the Act.

**PART II — FIELD DEVELOPMENT PLAN AND PHASE
DEVELOPMENT PLAN**

3.—(1) An application for approval of a Field Development Plan ("FDP"), Phase Development Plan ("PDP"), or any amendment to an FDP or PDP pursuant to a licence or lease granted or preserved under the Act, shall be accompanied by the —

Field
Development
Plan and
Phase
Development
Plan

(a) scope of the FDP and work breakdown structure;

(b) FDP work activities, deliverables, and milestones schedule;

(c) Projected annual hydrocarbon production and price estimates for the following, as may be applicable —

(i) crude oil (fiscal price as may be determined by the Commission),

(ii) field condensates,

(iii) associated gas,

(iv) non-associated gas,

(v) plant condensates,

(vi) other natural gas liquid (NGL),

(vii) domestic gas supply,

(viii) export gas supply; and

(d) annual cost estimation at Class 3 project gate of -10% lower case, base case, and +20% upper case estimate, which shall consist of —

- (i) acquisition costs,
- (ii) estimated oil and gas royalties at forecasted average annual fiscal prices,
- (iii) estimated direct production costs, including treatment, processing and transportation,
- (iv) estimated operating costs, including general costs, sales costs and administrative costs, environmental remedial funds contributions, HCDDTF, security, regulatory and other statutory levies,
- (v) estimated decommissioning and abandonment costs,
- (vi) estimated finance cost including interest expenses,
- (vii) estimated depreciation and amortisation,
- (viii) estimated capital costs consisting of development and facility costs, and
- (ix) commercial evaluation showing that the forecasted project expenditure based on the planned costs shall allow for maximum economic recovery from the project, based on the economic indicators specified in these Regulations.

(2) An approval of the commercial aspect of a plan under sub-regulation (1) of this regulation, shall be based on —

- (a) the estimated cost authorised within the class 3 project gates of an optimal -10% base case, and pessimistic +20% ;
- (b) a determination that the forecasted project revenue and expenditure based on hydrocarbon sales price outlook and planned costs shall allow for maximum economic recovery from the project, in accordance with the economic indicators specified in these Regulations;
- (c) a determination that the plan as projected indicates a favourable and positive return on investment taking into consideration the opportunity cost of the investment;
- (d) benchmarks against similar projects and international best practice;
- (e) investment appraisal of the plan to determine feasibility based on a positive Economic Value Added (EVA); and
- (f) any other requirement as provided under the Act or any other law or Regulation.

(3) The Commission shall appraise the profitability of the plan using the following indicators —

- (a) Net Present Value (NPV);
- (b) Internal Rate of Return (IRR);
- (c) Break-even Analysis;

- (d) Return on Investment (ROI); and
- (e) Economic Sensitivity Analysis.

4.—(1) An application for approval of milestone engineering design, fabrication, construction and any other activity relevant to the execution of a plan under regulation 3 of these Regulations shall be accompanied by a summary report on the status of the project as may be prescribed by the Commission.

(2) Any cost overrun during the execution of an approved FDP that exceeds the pessimistic project gates shall require prior approval of the Commission pursuant to an application for amendment of the plan based on the updated cost estimates.

Execution of
Field
Development
Plans and
Treatment
of Cost
Overrun

PART III —ANNUAL WORK PROGRAMME AND STATUS REPORT

5.—(1) A holder of a licence or lease granted or preserved under the Act, shall submit to the Commission for approval an annual work programme and Status Report on the license or lease area each year.

(2) An application for the approval of annual work programme and Status Report shall be in a form and manner prescribed by the Commission and shall be accompanied by the payment of an application fee.

(3) The application fee shall be as prescribed in the applicable Regulations issued by the Commission.

(4) Where there are joint licensees or lessees, the operator shall submit the annual work programme and Status Report in sub-regulation (1) of this regulation on behalf of the non-operating licensees and lessees.

(5) The application for the approval of an annual work programme and Status Report shall be submitted between 15th October and 16th November in each year.

(6) An approved annual work programme and Status Report shall have effect from the 1st of January to 31st December of the applicable year.

(7) An activity shall not be carried out in relation to any license or lease in any given year unless such activity is contained in an annual work programme and status report approved by the Commission.

(8) The provision of sub-regulation (7) of this regulation shall not apply in the case of an emergency relating to health and safety, provided that the licensee or lessee notifies the Commission within 48 hours of the commencement of such activity.

(9) The Commission shall upon receipt of a notification in sub-regulation (8) of this regulation, require the licensee or lessee to provide the details and cost implication of such emergency activity by applying for an amendment of the approved work programme in line with regulation 8 (1) of these Regulations.

Application
for approval
of annual
work
programme
and status
report

(10) Any expenditure incurred by a licensee or lessee for upstream petroleum operations not captured in an approved annual work programme and status report, except as provided under sub-regulation (9) of this regulation, shall not be deemed as eligible expenditure for upstream development operations under a licence or lease.

Content of
an
application
for Annual
Work
Programme
and Status
Report

6.—(1) An application for approval of an annual work programme and status report shall contain —

(a) a list of activities to be carried out by the licensee or lessee with respect to the license area or lease area during the year, including activities relating to host community development, recruitment of Nigerians and manpower development;

(b) the planned commencement dates and durations of the listed activities referred to in paragraph (a) of this sub-regulation;

(c) work breakdown plan for the implementation of the listed activities under paragraph (a) of this sub-regulation;

(d) the cost estimate for each of the listed activities;

(e) a list of regulatory approvals, permits, and authorisations required to carry out any of the listed activities from the Commission or other relevant government agencies; and

(f) status report on the performance of the preceding year in a format prescribed by the Commission.

(2) An application for annual work programme and status report shall be accompanied with —

(a) concession situation;

(b) evidence of payment of statutory fees, rents and royalties;

(c) statement of reserves situation or reservoir studies, where applicable;

(d) statement of production status and forecast, where applicable;

(e) any injunction or court order stopping the conduct of operations under a licence or lease;

(f) organisational structure and statement of staff disposition; and

(g) five-year strategic plan for the development of the licence or lease area.

Approval of
annual work
programme
and status
report

7.—(1) The Commission shall approve an annual work program and status report before 1st January of the applicable year where —

(a) it is commercially and economically viable;

(b) it is operationally feasible and environmentally sustainable in line with regulations issued by the Commission;

(c) it meets occupational safety and industrial health requirements in line with Regulations issued by the Commission;

(d) the licensee or lessee is up to date in the payment of applicable statutory fee, including the annual data submission fee; and

(e) licensee or lessee has fulfilled the obligation to provide beneficial ownership information to the Commission.

(2) The Commission shall determine the commercial and economic viability of an Annual work programme by considering the cost estimates associated with the activities contained in the work programme to ensure that the —

(a) cost conforms with benchmarked costs established by the Commission;

(b) estimated cost of the activities in the work programme ensures optimal government take and acceptable economic returns taking into consideration the opportunity cost of the investment; and

(c) estimated cost of the activities is authorised within the class 3 project gates of an optimal -10%, base case, and pessimistic +20% estimates, where any cost above the pessimistic project gates shall be classified as a new plan and subject to an application for an approval.

8.—(1) An approved annual work programme and status report may be modified —

(a) by the licensee or lessee before or after the commencement; or

(b) on the directive of the Commission to the licensee or lessee.

(2) Where the modification of an approved Annual Work Programme and Status Report is at the instance of the licensee or lessee, the licensee or lessee shall make an application to the Commission, accompanied with evidence of payment of applicable fee, and justification for the proposed modification.

(3) An application for modification shall be submitted at least 30 days prior to the implementation date of the activities in the proposed modification.

(4) Where the modification is at the instance of the Commission, the licensee or lessee may modify the approved work programme and status report to effect the directed changes or make a proposal on how to accommodate the changes in a manner acceptable by the Commission, within 30 days of the notice without payment of any fee.

(5) The Commission shall in any of the cases under this regulation, promptly approve or disapprove the application for modification and notify the licensee or lessee, and the modified annual work programme and status report shall replace the approved annual work programme and status report.

Modification
of an
approved
annual work
programme
and status
report

(6) The application under sub-regulation (2) of this regulation shall be deemed approved, where the Commission fails to communicate its approval or disapproval in writing within 30 days of its receipt of the application.

Disapproval
of an
application
for annual
work
programme
and status
report

9.—(1) The Commission may disapprove an application for Annual Work Programme and Status Report before the start date, where the application fails to meet any of the conditions prescribed under these Regulations for approval of an Annual Work Programme and Status Report.

(2) Where the Commission disapproves an application, it shall notify the licensee or lessee in writing of the disapproval and give reason for the disapproval and may require the licensee or lessee to submit a new application within a specified period as may be determined by the Commission.

(3) Where an application is disapproved pursuant to sub-regulation (2) of this regulation, the licensee or lessee shall be required to pay fees for the new application.

Work
programme
reporting
obligations

10.—(1) A licensee and lessee shall provide half-yearly report on the implementation status of the approved Annual Work Programme to the Commission.

(2) The report in sub-regulation (1) of this regulation shall contain —

(a) detailed information on the —

(i) execution of the Annual Work Programme, including any challenges encountered and how they were addressed, and

(ii) licensee or lessee's compliance with other laws relating to operations under the license or lease and the Work Programme obligations under the license or lease;

(b) details of any change or modification in the execution of the Annual Work Programme;

(c) details of any significant event or incident that occurred during the reporting period, including accidents, spills, or other environmental or safety incidents and actions taken by the licensee or lessee to manage, mitigate, remedy, or contain the consequences of the event or accident;

(d) information on research and development activities carried out during the reporting period;

(e) information on any Nigerian content development initiatives carried out during the reporting period; and

(f) any other information as may be required by the Commission.

Annual work
programme
performance
evaluation

11.—(1) The Commission shall carry out periodic evaluation of the implementation of the approved annual work programme.

(2) The approved annual work programme shall form part of the evaluation metrics of licensees or lessees for the purpose of the annual upstream petroleum operations performance and compliance assessment pursuant to applicable Regulations issued by the Commission.

(3) The Commission may in carrying out performance evaluation in respect of an approved work programme in any given year, undertake work programme implementation monitoring visits to the licensee or lessee and field inspections of their area of operation.

(4) For the purpose of sub-regulation (3) of this regulation, the Commission shall give to the licensee or lessee, at least 48 hours' notice in writing, of its intention to carry out the visit and provide a list of places, equipment, operations and books that shall be inspected during the visit.

(5) The Commission shall, at the end of any inspection, notify the licensee or lessee in writing of its observations, findings and opinions with respect to the implementation of the approved work programme and may issue any advice, opinion or directives, as may be necessary to achieve the optimal implementation of the work programme.

(6) The Commission shall conduct yearly assessment of licensees and lessees, based on their performance in the implementation of the annual work programme on a licence or lease basis, which shall form part of the criteria for ranking under applicable Regulation.

12.—(1) The Commission may engage the licensee or lessee on a regular basis to discuss the implementation of their annual work programme, including any issue or challenge that may arise.

Technical
engagements

(2) The engagement may take the form of meetings, workshops, or other events as may be determined by the Commission.

(3) The Commission may use the information gathered through the engagement to evaluate the licensee or lessee's performance and direct the licensee or lessee to modify the annual work programme in accordance with regulation 8(5) of these Regulations.

13.—(1) A licensee or lessee who intends to discontinue the implementation of an approved annual work programme at any time during the year shall submit a notice of intention to discontinue the approved annual work programme to the Commission.

Notice of
intention to
discontinue
the
implementa-
tion of an
approved
annual work
programme

(2) The notice in sub-regulation (1) of this regulation shall —

(a) be in writing and be submitted at least 30 days prior to the intended date of discontinuance; and

(b) include the reasons for the discontinuance and any other relevant information on the status of the licensee or lessee's operations.

(3) The Commission shall acknowledge receipt of the notice within 14 days and may approve the discontinuation of the approved Annual Work Programme where it is satisfied with the reasons stated in the notice and thereafter require the licensee or lessee to submit a new application in line with these Regulations.

(4) Where the licensee or lessee fails to make a new application under sub-regulation (3) of this regulation within the time specified by the Commission, the —

(a) failure may be considered as an intention to surrender the licence or lease; and

(b) Commission may direct the licensee or lessee to surrender the licence or lease in accordance with the Act or any other law.

Oversight
procedure
and
requirements

14.—(1) The Commission may require from a licensee or lessee the commercial details of any commercial agreements between the licensee or lessee and any third party relating to upstream petroleum operations.

(2) The information under sub-regulation (1) of this regulation shall be in a format prescribed by the Commission.

(3) The commercial information under this regulation may be the basis of any recommendations by the Commission to the licensee or lessee on optimisation of costs in the implementation of such agreements.

Collaboration
between
licensees and
lessees

15. The Commission shall encourage licensees and lessees to collaborate with each other in the implementation of FDP or an annual work programme to promote Government's policy goals of maximising the economic recovery of hydrocarbons, infrastructural development and protection of the environment.

PART IV — MISCELLANEOUS

Breach of
Regulations

16. Where the Commission determines that a licensee or lessee is in breach of any of the provisions of these Regulations with respect to the Work Programme, it may —

(a) issue a written warning to the licensee or lessee detailing the breach and the steps to be taken to remedy the breach; or

(b) impose an administrative penalty on the licensee or lessee as prescribed in regulation 17 of these Regulations.

Sanctions
and
penalties

17. A licensee or lessee who —

(a) fails to submit an annual work programme and status report in accordance with these Regulations is liable to an administrative penalty of ₦10,000,000 and an additional ₦1,000,000 for every day that the breach continues;

(b) submits false or misleading information in a work programme, is liable to a fine of ₦10,000,000;

(c) fails to satisfy the reporting obligations with respect to work programme under these Regulations is liable to an administrative penalty of ₦10,000,000.00 and an additional ₦1,000,000 for every day that the breach continues;

(d) fails to participate in engagement as required by the Commission is liable to an administrative penalty of ₦10,000,000; or

(e) carries out any activity outside an approved work programme is liable to an administrative penalty of ₦100,000,000, in addition to any fees payable for modification and amendment to accommodate the activity.

18.—(1) A licensee or lessee may apply to the Commission for a review of its decision with respect to annual work programme and status report under these Regulations. Application
for review

(2) The application shall be made in writing to the Commission within 30 days of receipt of the decision of the Commission relating to the work programme.

(3) The Commission shall review the application, subject it to regulatory compliance scrutiny, and provide a written response of its decision within 30 days of the application.

(4) The decision of the Commission shall be final, without prejudice to any other right of the licensee or lessee.

19.—(1) Pursuant to these regulations, licensees and lessees shall submit the following reports to the Commission — Reports

(a) annual planned maintenance and integrity assessment report; and

(b) end of project report for each project.

(2) The reports referred to in sub-regulation (1) of this regulation shall be in a form prescribed by the Commission and shall include details of actual expenditures incurred.

(3) The Commission may request for explanations from a licensee or lessee for any significant differences between the approved cost estimates and the incurred cost during the execution of the work programme and cost estimate.

20. In addition to the definitions contained in section 318 of the Petroleum Industry Act, 2021, in these regulations, unless the context otherwise requires — Interpretation

“*Act*” means Petroleum Industry Act, 2021;

“*Commission*” means the Nigerian Upstream Petroleum Regulatory Commission (NUPRC);

“Costs” include Concept Engineering costs, FDP Subsurface Studies (pre- and post-FDP), Associated Gas Elimination and Monetisation, Unitisation Studies, FDP Approvals, Geotechnical Survey or Geophysical Survey, Permits, Front End Engineering Design (FEED), Detailed Engineering Design, Fabrication, Construction, Pre-commissioning, Commissioning, Life Extension, Modification and revamps, Drilling Costs, Well Completion and Hook-up Costs, Well Operations (intervention and workover, testing, diagnostics.) costs, Asset integrity and maintenance, Decommissioning and Abandonment costs;

“*Economic Value Added (EVA)*” means the assessment of the value created above the required return on invested capital and is calculated by subtracting the Weighted Average Cost of Capital (WACC) from the ROI. A positive EVA signifies that the project is expected to generate returns exceeding its cost of capital, thereby adding value.

“*HCDTF*” means Host Communities Development Trust Fund;

“*Maximum Economic Recovery*” means the recovery of economically recoverable petroleum in a manner that creates the maximum project value for investors and the State, through —

- (a) creating infrastructure in an optimal configuration,
- (b) achieving optimal levels of field performance,
- (c) creating cost effective production,
- (d) applying new and emerging technologies to their optimum effect, and
- (e) permitting decommissioning in the most effective way;

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

“*Licence or lease*” and “the licensee or lessee” means, unless the context otherwise requires, a petroleum prospecting license or a petroleum mining lease and the holder of such a license or lease, respectively; and

“*Return on Investment (ROI)*” means, the ratio of the Net Present Value (NPV) of a project to the NPV of its capital expenditures, expressed as a percentage, and measures the gain or loss generated relative to the amount of capital.

Citation

21. These Regulations may be cited as the Nigerian Upstream Petroleum (Commercial) Regulations, 2025.

MADE at Abuja this 5th day of May, 2025.

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