**[GENERAL ADMINISTRATION OF THE PETROLEUM INDUSTRY](https://www.legal500.com/developments/thought-leadership/general-administration-of-the-petroleum-industry/)**

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**Objectives**

**The exploitation of oil, gas, or minerals is usually treated as a sovereign, national policy and administration issue. However, in other to foster the development of a competitive economic region and integration into the Global Economy, it is necessary to adopt international best practices and standards that are directly related to the oil and gas industry. Nigeria as a foremost member of the Extractive Industries Transparency Initiative (EITI), (“an initiative formulated to promote the open and accountable management of oil, gas and mineral resources”) has set these administrative frameworks to serve as the building blocks to underpin the implementation of the industry’s legal framework using international best practices.**

The PIB provides for the General Administration of the petroleum industry, both the upstream and the downstream sector. It is commonplace that effective administration is key to ensuring the success of the Bill. Its set objective under the General Administration includes to promote exploration and exploitation of petroleum resources, ensure the effective, efficient, and sustainable development of petroleum operations, and to encourage and facilitate local and foreign investment. In addition, it is set to promote transparency and accountability, promote the processing of petroleum within Nigeria and the development of the fuel and chemical industry and other related value-added products and activities, and promote the liberalization of the downstream petroleum industry. It also seeks to establish an orderly, fair, and competitive commercial environment and ensure the maintenance of industry established health and safety standards in conducting petroleum operations.

The objective to promote the processing of petroleum within Nigeria and the development of fuel and chemical industry was not contained in the Petroleum Industry Administrative Bill of 2018. This addition is very commendable having in mind that the objective is geared towards ensuring energy security, increasing local production of oil, thus, making Nigeria a hub of petroleum products and supplies, and changing the dynamics of petroleum supply which would ultimately, confer more benefit to the Nigerian people. Although, there are arguments against continued investment towards oil and gas exploration despite a degraded biodiversity in the Niger Delta, the Minister for State has however upheld the argument that the neglect of oil and gas exploration in the pursuit of immediate energy transition may not confer the required benefit to the Nigerian state, additionally, the PIB has put in measures protecting the environment, including ensuring a focus towards a significant and commercial gas discovery, in line with industry best practice. It should be noted however, that an unrealistic approach to fulfilling this objective may be an attempt to establish more government owned refineries considering the huge losses and mismanagement of funds recorded by NNPC in the management of existing refineries.

**Administration of Upstream Operations**

Part II of the General Administration under the PIB makes provisions for the administration of upstream petroleum operations. It provides for the administration of acreage, the national grid system, licences and leases, petroleum exploration and prospecting licences, bidding and award processes, unitization, model contracts and the Commission’s power to contract with a licensee or lease, relinquishment and renewals of licences, conversion of a licence and also incorporates provisions of the marginal field regulations. furthermore, it provides for the revocation of licences and leases, fees payable by licences and leases, protection of area held sacred and containing venerated objects, environmental management, gas flaring and other incidental matters.

The Bill vests in the Federal Government of Nigeria title to any data relating to upstream petroleum operations. The data on acreages shall be managed by the Commission, a technical regulatory objective of the Commission. It also provides for the reclassification of a frontier basin to general onshore by the Minister upon the recommendation of the Commission, where a significant petroleum discovery is made. It further provides that the onshore fiscal terms shall apply to a licence or lease renewed over a re-classified frontier basin, provided that the fiscal terms shall not be applied to licences and leases existing at the moment of reclassification.

**National Grid System and Acreage Management**

Additionally, Section 69 of the Bill provides for the adoption of a National Grid System (“Grid System”) for acreage management by the Commission after consultation with the Surveyor-General of the Federation. The Grid System shall establish a system for numbering parcels, allow for sub-division and aggregation of the parcels, the provision also specifies that the basic unit of a grid shall be a parcel of one square kilometer. The new grid system shall not apply to areas already granted prior to its establishments and shall be used in the administration of upstream petroleum operations including, for the definition of a licence and lease area, relinquishments, bid procedures, well identification, petroleum conservation and other regulatory and acreage management procedures. An acreage management system properly established and utilised may confer on the Commission benefits in terms of good governance and also enable them to make better decisions on matters relating to natural resource management, management of information/data relating to energy and natural resource, it could also provide a huge boost to the revenue generation drive of the Commission.

**Licences**

The Bill established the Petroleum Exploration Licence (“PEL”), the Petroleum Prospecting Licence (“PPL”) and Petroleum Mining Lease (“PML”), a slight departure from the licences and leases model under the Petroleum Act (“PA”), it also provides that licences and leases may only be issued to companies incorporated in Nigeria under the Corporate Affairs Commission (CAC). A PEL shall be issuable on a non-exclusive basis for a period of 3 years, and upon the fulfillment of prescribed conditions may be renewable for an additional period of 3 years, it may be issued over an area with existing holders of PPL and PML provided that the holders are not under any obligation to obtain the results of survey conducted by the holder of the PEL.

In a bid to encourage exploration of frontier acreages, the Bill provides that a Licensee of a frontier acreage may upon evaluation of the exploration work, be granted one or more PPL prior to the termination of the issued licence containing the fiscal provisions stipulated in Chapter Four of the Bill. Data obtained by the holder of a PEL shall belong solely to the Commission, however, a licensee may grant to a third party a right to use the data for a fee, provided that the holder obtains a written approval from the Commission and any agreed portion of the fee due is remitted to the Commission.  The activities carried on by the holder of a PEL shall be monitored and administered by the Commission.

A PPL granted for onshore and shallow water acreages shall be for a duration not exceeding 6 years, it shall be granted for an initial exploration period of 3 years with an optional extension period of 3 years. However, where the PPL is to be issued over a deep offshore and frontier acreages, it shall be for a duration not exceeding 10years, comprising of an initial exploration period of 5 years with an optional extension period of 5 years. A key update to the PPL is the inclusion of the Force Majeure Clause, it is however critical that parties spend time at the negotiation stage of a contract considering events that could arise which may make it impossible for them to undertake their contractual obligations, and to ensure that those events are stated to be force majeure events, this is because a poorly drafted force majeure clause can be significant and costly. Also, the Minister is precluded from exercising a right of claim against a defaulting holder except as provided for in the licence where failure to fulfill any term or condition of the licence arises from Force Majeure event. It also states that the Force Majeure period shall be added to the period fixed for the fulfillment of the applicable term or condition and shall not exceed 3 years.

Unlike the Petroleum (Drilling and Production) Regulation which provides that the area of a OPL shall not be more than 1000 square miles, the Bill changes the measurement parameters from a square mile to square kilometres. It also makes a distinction in the sizes of land that may be awarded in the case of an onshore or shallow water acreage, deep offshore acreages, and a frontier acreage. This seems to be an advantage to the government in terms of revenue that my accrue from the reduced area sizes.

**Bidding and Award of Licences and Leases**

A fair, transparent, and competitive bidding process is essential in the desired industrial revolution of the oil and gas sector. The Bill sets out the responsibility of the Commission in publishing periodically a licensing round plan for the purpose of the bidding process. It also provides licensing guidelines, model licences and leases, including clauses to be included. The licensing guideline shall include the term of licence or lease acreages and minimum work obligations, bidding requirements and pre-qualification criteria, bid parameters, list of documents required, criteria for the evaluation of technical competence and legal status of interested parties, details, and cost for the acquisition of relevant data and studies. On the other hand, a Model licence and lease shall include the description of the acreage, term of licence or lease, minimum work programme and minimum level of investment, details of guarantees to be provided by licensee regarding the performance of its obligation, details on relinquishment, decommissioning and abandonment, rules for dispute resolution, sanctions in the event of failure to comply by licence terms and other clause as may be deemed necessary.

The bidding process shall be done electronically and open to the public, conducted in the presence of the Nigerian Extractive Industry Transparency Initiative (NEITI), Ministry of Finance, and the Ministry of Petroleum Resources and shall comply with the provisions of (Sections 71(5), 74, 81(1) and 93(2). The Minister may upon the recommendation of the Commission, grant to the winner of a bid who has complied with the requirements, a PPL or a PML and where the Minister fails to inform the Commission of his decision within 90days, the licence or lease shall be deemed granted by the Commission. A PEL granted with respect to a frontier acreage may include a provision permitting the licensee to be granted, based on the result of the exploration work, one or more PPL prior to the termination of the licence. Additionally, the Commission maintains its sole right to all raw and interpreted data obtained in the course of petroleum exploration by a licensee. The licensee is however entitled to grant the use of the data obtained to a third party for a fee upon a written authorization by the Commission, provided that the Licensee remits to the Commission an agreed portion of the fee received.

**Work Commitment, Commercial Discovery, and Significant Gas Discovery**

A licensee shall commit to drill at least one exploration well to the minimum depth specified in the licence for each period, except for frontier acreages, where the work program during the initial exploration period may only consist of geophysical work.  A licensee shall inform the Commission of a discovery meriting appraisal or a discovery of no interest to him within 90 days, and within 180 days submit a commitment to an appraisal programme of not more than 2 years with a scope and nature permitting the licensee to declare a commercial discovery where the result of the appraisal is positive. The commitment by a licensee shall be supported by a bank guarantee, letter of credit or performance bond issued for the amount determined by the Commission by a bank acceptable to it.

The appraisal program shall be acted upon by the Commission within 60 days of receipt from the Licensee, and where the Commission fails to act on it within the given number of days, the appraisal shall be deemed approved. Where a licensee upon the completion of an appraisal program declares a significant gas discovery, the Licensee shall be allowed to retain the area of the significant gas discovery for a period not more than 10years. Where no commercial gas discovery is made at the end of the retention period, the Licensee shall immediately relinquish the licensed area and the PPL issued. The PIB is a major drive in the development of the gas era in Nigeria, including the Government’s domestic gas utilization agenda.  Despite the demands for the development of alternative energy resources, the Minister of State for Petroleum Resources has expressed his delight at the recent discovery of 206 trillion cubic feet(“tcf”) reserve during the search for crude oil, this in his opinion continues to bring Nigeria closer to becoming a gas nation with the requirement of having a gas reserve of 600tcf. The Nigerian government have also committed to an aggressive implementation of the nation-wide gas infrastructure blue-print, constructing critically integrated gas pipeline system across the nation.

**Commercial Discovery and Field Development Plan**

A holder of a PPL shall within two years of the declaration of a commercial discovery, submit to the Commission a field development plan for commercial discovery together with a commitment to carry out the work plan described in the field development plan. The Commission shall evaluate the technical and commercial terms of the field development plan and shall only approve the field development plan where the holder meets the stipulated requirements including maintaining the technical standards based on international petroleum industry practices, health and safety and environmental standards, providing an approved Nigerian content plan in line with the Nigerian Oil and Gas Industry Content Development Act 2010, decommissioning and abandonment plan and a decommissioning and abandonment fund in compliance with sections 232 and 233 of the Bill. Additionally, the development plan must provide for the elimination of routine natural gas flaring, must not be such that would conflict with domestic gas delivery, include training for Nigerians, scholarship schemes and continuous professional development, and complies with the obligations to host communities and includes a plan to construct any required infrastructure and the development of the field.

Upon the establishment and receipt of approval for an appraisal or the declaration of a commercial discovery, a PPL holder shall, where required, be extended until the grant of the PML or a decline in approval of the appraisal area or commercial discovery. The Commission shall give its final decision to approve or disapprove a Field development plan within 180 days after the submission of the Field development plan in compliance with the requirements of section 78(2), and where the Commission fails to respond to the field development plan within 180 days, the plan shall be deemed approved. There shall be no modification to the submitted plan unless an amended field development plan is submitted and approved.

**Unitisation**

In other to appropriately address and limit the effect of competitive drilling, occurring where a single petroleum reservoir spans across two fields covered under different petroleum licenses or production sharing contracts which are held by different oil companies or individuals, the Bill has put in place a unitisation mechanism to ensure the optimum recovery of petroleum from a petroleum reservoir. Section 80 provides that a licensee or lessee shall promptly notify the Commission of any petroleum reservoir which extends beyond the boundaries of its licence or lease. Where such reservoir extends to a petroleum reservoir covered by another licence or lease, the Commission shall upon receipt of a notification direct that the applicable licensee or lessee enter into a voluntary unitisation agreement to develop the petroleum reservoir as a unit, within a period not less two years and in the event that the applicable licensees and lessees are unable to reach an agreement within the time limit given by the Commission, the Commission may impose fair and equitable terms and conditions of a unit agreement to the licensees or lessee. On the other hand, where such reservoir extends beyond the boundaries of the licence or lease into an adjacent area which is not covered by a licence or lease, the Commission may extend the boundaries of the licence or lease to include the entire petroleum reservoir provided that the licensee or lessee submits to the Commission a field development plan which includes the additional adjacent area or go ahead to conduct a bid round for the adjacent area in accordance with the licensing round guidelines and the provisions of Bill. The Commission may grant an extension of term where a petroleum reservoir unitised is able to continue in production after the expiration of one or more licences or leases.

**Petroleum Mining Lease**

A PML shall be granted to the holder of a PPL who has satisfied the conditions imposed on the licence and received approval for the applicable field development plan from the Commission. The PML shall be granted for each commercial discovery of crude oil or natural gas, and it shall not consist of an area that is less than one parcel, or where a parcel has been subdivided, less than one subdivision of such parcel.

A PML shall only be granted upon a Lessee’s commitment to develop and produce the commercial discovery of crude or natural gas or restart/ continue petroleum production in the area to which the lease relates. The grant of a PML gives the lessee the exclusive right to carry out upstream petroleum operations on the applicable lease area, and the Commission shall during the term of the lease, monitor the lessee’s operation, verify the implementation of the work commitments and development plan, and ensure that upstream operations are carried out within the prescribed standards.

**General Provisions on Licences and Leases: Confidentiality Clauses, Transparency and Accountability Standards**

The Bill in line with the 2019 EITI Standard which requires implementing countries are to disclose any contracts and licenses that are granted, entered into or amended after January 1, 2021, has provided expressly that payments made by licensees and lessees to the government, including contracts entered into, and the data obtained in the course of conducting petroleum operations be published. The standards have been developed by EITI to drive the needed reform in the oil sector, anti – corruption agenda, transparency in beneficial ownership by participating interest holders amongst others. Additionally, the Nigerian Government as a member of EITI have pledged its commitment to implementing an Open Contracting Data Standard, [[1]](https://www.legal500.com/developments/thought-leadership/general-administration-of-the-petroleum-industry/" \l "_ftn1)including establishing a publicly accessible registry of the licensed owners of all companies operating in Nigeria. It is expected that the application of transparency and accountability standards as recommended by EITI would aid in the elimination of corruption in the oil and gas sector, reduce deepening issues of underassessment, underpayment, and under-remittance/non-remittance of revenues due to the Government, thus generating better revenue to the Government and improving the standard of what they are able to deliver to improve the lives of citizens.

Accordingly, Section 83 of the Bill requires holders of a PPL to submit to the Commission and the Accountant General of the Federation summary details of royalties, fees, taxes, profit oil shares and other payments made to the Government within 6 months after each calendar year to the Commission. The details submitted shall be published on the website of the Commission and shall not be treated as confidential. It is intended that access to information in the oil and gas sector, revenue and production, including contracts, licenses, permits, and revenue streams will be enhanced by this provision. Additionally, licensees and lessees are required to submit the text of existing contracts, licence or lease and any amendments which would be published on the website of the Commission, within one year after the effective date of the licence or lease, the contract shall not be held to be confidential. The contract document shall be provided by a contractor of NNPC within one year of the effective date of the lease, failure of which shall attract a penalty administrative penalty of US$10,000 for every day the default subsists.

A very good benefit of this law is that, although a register of OPL, OML, including licenses issued on marginal field has previously been included in the Department of Petroleum Resources (DPR) oil and gas industry annual report, contracts have not been easily accessible, available online, or up to date, and this has undermined the capacity to ensure compliance with disclosure regulations[[2]](https://www.legal500.com/developments/thought-leadership/general-administration-of-the-petroleum-industry/" \l "_ftn2). It may be important that the Bill specifically specifies what needs to be disclosed, the format in which it should be disclosed as this would provide clarity where necessary for enforcement. The Bill further provides for the submission of geological, geophysical, geochemical or other technical data obtained during upstream petroleum operation to the National Data Repository of the Commission. The data shall not be confidential except for a period of confidentiality of exploration data, which shall not exceed 5 years or the period until relinquishment of the area whichever is lower.

The Commission may not grant a licence or lease unless the appropriate model contract is attached to the licence or lease and the licensee or lessee is the contractor. Model contracts and clauses have been said to increase transparency and reduce the burden of confidentiality in the oil and gas industry. The Organisation for Economic Co-operation and Development (“OECD”) [[3]](https://www.legal500.com/developments/thought-leadership/general-administration-of-the-petroleum-industry/" \l "_ftn3) have recommended guiding principles in the development of contracts for upstream petroleum operations, in its report on “Policy Dialogue on Natural-Resource based Development”, it considered majorly the need to promote long term sustainable development by ensuring that contracts are modeled in a manner that would structure the Government’s relationship with investors in an integrated manner, while attracting and sustaining investment. It also suggests that well considered contracts creates a balance between the legitimate interests of host governments, investors, and communities, with due account taken, where relevant, of the specific rights of affected indigenous peoples recognised under applicable international and/or national law.

The Bill expressly permits licensees and lessees to enter into contracts with third parties for the exploration, prospecting, production or development of crude oil or natural gas or both, the 3rd party contracts is directed to be made pursuant to the provisions of a model license or lease by the Commission. The model licence or lease may contain additional contractual provisions on production sharing contract, profit sharing contract, a risk service contract, a concession agreement. This does not however confer on a licensee or lessee the right to assign their interest/give control to a third party except in accordance with the provisions of the Bill.

**Duration, Renewals, Revocation and Relinquishment of Licences and Leases**

Section 87 of the Bill provides that the duration of a PML shall be 20 years including the period for development. The development period shall be as stated in the field development plan under section 79(2), and where the period is not stipulated, the development period shall be 5 years for onshore lease and 7years for a lease in shallow water or deep offshore or a lease in a frontier acreage.  A PML may be revoked for failure to carry out regular commercial production within the development period and upon revocation, the area revoked shall vest in the Government and shall be controlled and administered by the Commission including being subject to a new bidding process.

A PML may also be revoked where a Lessee ceases to produce in paying quantities for a period not less than 180 days, except for reasons of *force majeure*or other reasons acceptable to the Commission, however where the lessee intends to suspend production for more than 180 days then they shall submit to the Commission a specific shut-in-plan and a commitment to restart the production in accordance with the shut-in-plan. Section 95 of the Bill provides other reasons that may necessitate the revocation of a PML including failure to fulfil the terms and conditions of the applicable licence or lease or the approved field development plan or failure to pay to Government, as they become due, rents, royalties, taxes or other payments or production shares as stipulated in the Bill and non-compliance with stipulated host communities’ obligations. Revocation shall be made by the Minister pursuant to the recommendation of the Commission. The Commission shall comply with notice of default requirements as stated in Section 97 of the Bill.

Where a PML producing in paying quantities is revoked, the Minister shall within 30 days of its revocation, on the recommendation of the Commission appoint an interim operator to ensure petroleum operations continue. The operator shall serve for a period to be determined by the Commission and the related contract shall be on a service fee basis. The Commission may during the tenure of the interim operator conduct a bidding process for the grant of one or more PML in respect of the areas and zones subject to the revocation.

Also, where two or more persons are the holders of a PPL or PML and the grounds set for revocation in section 96 does not apply to all the holders of the licence or lease, the Minister may revoke the participating or shareholders interest of the holder(s) to which the grounds apply, and revocation shall not apply to other holders of the licence or lease. The holder(s) to whom the ground of revocation applies shall be referred to as defaulting holder while the others shall be referred to as non-defaulting holder(s). Upon revocation, the rights of the defaulting holder(s) shall cease, and the non-defaulting holder(s) shall take such measures as provided for under the joint operating agreement or shareholder agreement to redistribute the revoked participating or shareholder interest to the non-defaulting holder(s) or third parties. Redistribution/assignment of the defaulting holder(s) interest to third parties shall be done in line with the provisions for assignment of interest under the Bill, also, replacement of an operator shall require the approval of the Commission.  Additionally, a non-defaulting holder(s) shall take responsibility for payment of rents, royalties, taxes due to the Government and failure to comply with this obligation may result in the revocation of the licence or lease pursuant to section 96 of the Bill.

Furthermore, the Bill provides for voluntary and compulsory relinquishment of parcels under the PPL. The compulsory relinquishment is to the effect that prior to the expiration of the initial exploration period of 3 years or of the optional extension period of 3 years in the case of a PPL issued on onshore/ shallow waters and 5 years or of the optional extension period of 5 years for offshore and frontier acreages, every area that does not fall part of an appraisal area, retention area, or lease area based on parcels or sub-parcels shall be relinquished. Accordingly, 10 years after the commencement of a PML, the lessee shall relinquish all parcels which do not fall within the boundary of a producing field under the Bill, and any formation deeper than the deepest producing formation shall be relinquished, and the deep rights shall vest in the Government.

On the other hand, a licensee may voluntarily relinquish parcels or sub-parcels under section 69 of the Bill provided that such licensee has complied with all obligations of the licence, and the shape of a relinquished block shall be approved by the Commission to maintain acreage of shape that is viable for award in future licensing round. Also, upon the expiration of any significant gas discovery retention period in respect of a PPL, every area relating to the significant gas discovery shall be relinquished unless the licensee has declared a commercial discovery in such significant gas discovery retention area. Section 88 further provides that any relinquished area shall be vested in the Government and administered by the Commission and any rents paid in respect of an area or zone relinquished pursuant to this section shall not be refundable. A voluntary relinquishment under the section shall be without prejudice to any obligation or liability imposed by or incurred under the applicable licence or lease. Notwithstanding, every appraisal or retention area shall be retained as provided for in the Bill and the PPL covering it shall be extended until the related PML has been granted or denied.

Additionally, a licensee or lessee may surrender part or the whole of the licensed or leased area upon giving prior notice to the Commission, provided that the licensee or lessee has complied with obligations imposed by the licence/lease. Any rent or fee paid prior to a surrender shall not be refundable and the licence or lease surrendered shall be without prejudice to any obligation or liability imposed by or incurred under the applicable licence or lease.

**Right of Way for Upstream Operations**

Section 90 and 91 provides that the holder of an OPL or OML is entitled to a right of way upon the grant of an approval by the Commission for the laying, operation, maintenance of gathering lines, telephone lines, power lines and other similar lines through or across the areas the holder may require. Where the right reserved/granted affects the health, safety or environment of a person, the person so affected may object in writing to the Commission and the Commission may reconsider in the light of the objection. A licensee or lessee shall be entitled to enter and remain on the land subject to the license or lease and shall do all such things that are not prohibited by applicable law or under the licence or lease, including applicable laws on town or country planning, laws regulating the construction, alteration, repair or demolition of building.

**Conversion of Existing Licences, and Relinquishments Upon Conversion**

Section 92 of the Bill provides that a holder of an existing Oil Prospecting Licence (“OPL”) or Oil Mining Lease (“OML”) may voluntarily enter into a contract converting their interest into a PPL or a PML, being Licensing models applicable under the new Bill.  The licensee/lessee under a conversion contract shall benefit from the applicable fiscal incentives where the licensee or lessee complies with the provisions of the Bill. The Bill provides certain implications for a conversion, including, the termination of all outstanding arbitration and court cases related to the existing an OPL/OML, it makes null and void stability clauses included, and incentives provided to associated gas and non-associated operators under sections 11 and 12 of the Petroleum profit Tax Act shall not to apply. The conversion contract shall be concluded at a date (“Conversion Date”) stipulated to be 18 months from the effective date of the Bill or the expiration of the OML or date of the conversion of the OPL to an OML whichever is earlier.  Where a holder of an existing OPL or OML does not enter into a conversion contract prior to the Conversion Date, the terms and conditions of applicable to the OPL or OML prior to the effective date of the Bill shall continue to apply to the OPL or OML.

The holder of an OML, including an OML subject to a production sharing contract, shall at the renewal date applicable to an OML or at the conversion date, designate each area and zone of the OML as provided for in section 93 (1) (a) – (e). The area selected shall not be more than 40% of the OML area and areas/zones not selected shall be relinquished by the holder. The date for relinquishment shall be the renewal date or the conversion date.

**Assignments, Mergers, Transfers and Acquisition**

Section 95 of the Bill makes provisions for the assignment, novation or transfer of a person’s interest in a licence or lease upon the approval of an application made in a prescribed form by the holder to the Commission. The consent of the Minister shall be granted upon the recommendation of the Commission. Notwithstanding, a licensee or lessee may by way of security, wholly or partly assign, pledge, mortgage, charge or hypothecate its interest under the applicable licence, lease or grant a security interest in respect of the interest, provided that the consent of the Commission shall be deemed obtained within 60 days of receipt of the application.  The Commission shall make regulation prescribing the amount to be paid for a transaction involving a transfer of interest and the amount shall be based on a percentage of the value of the transaction and shall not the taxable. The details of the transaction shall be fully disclosed to the Federal Inland Revenue Service (“FIRS”) by the parties to the transaction and published in the gazette by the Commission.

**Fees**

Section 100 of the Bill provides that the owner of a PEL, PPL or PML shall pay to the Government royalties, fees, rents and production or profit shares in the amount and time as prescribed by the Bill and regulations made by the Commission. An unpaid fee for a period of 30 days after becoming due shall be considered as a debt to the Commission with interest accruing at a daily rate to be provided for in a regulation issued by the Commission. Also, the Commission after the 30-day period of the unpaid debt, shall have the right to enter the land, seize, distrain and sell belongings of the licensee or lessee in order to recover the debts. The cost incurred in the recovery shall be included in the outstanding debt to be recovered and there shall be no applicable waiver/discount to all monies payable to the Government.

**Damage to Protected and Venerated Objects**

The Bill provides protection to areas held sacred, areas set apart or dedicated to public purposes, burial grounds, or cemetery. Any question as to whether an area is sacred shall be decided by the customary court and the right to enter or use any of the areas stated in section 100 shall be pursuant to obtaining a written approval from the Commission**.**

Footnotes

[[1]](https://www.legal500.com/developments/thought-leadership/general-administration-of-the-petroleum-industry/" \l "_ftnref1) Extractive Industries Transparency Initiative. <https://eiti.org/nigeria> Accessed August 5, 2021.

[[2]](https://www.legal500.com/developments/thought-leadership/general-administration-of-the-petroleum-industry/" \l "_ftnref2) Open Government Partnership; Open Contracting and Licensing in Extractives (NG0018). <https://www.opengovpartnership.org/members/nigeria/commitments/NG0018/> Accessed August 3, 2021.

[[3]](https://www.legal500.com/developments/thought-leadership/general-administration-of-the-petroleum-industry/" \l "_ftnref3) OECD. Policy Dialogue on Natural-Resource based Development, Guiding Principles for Durable Extractive Contracts. <https://www.oecd.org/dev/Guiding_Principles_for_durable_extractive_contracts.pdf>. Accessed August 4, 2021.