Petroleum & Energy Law

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Magnus Ejelonu[1] **Damilola Akinsanya**[2]

Regulatory Guidelines Governing the 2025 Nigeria Petroleum Licensing Round

1. Introduction

1.1 The 2025 petroleum licensing round announced by the Nigerian Upstream Petroleum Regulatory Commission ("the NUPRC" or "the Commission") is the third of such licensing rounds since the enactment of the *Petroleum Industry Act*, 2021 ("the PIA"). It follows the licensing round announced in May 2024 and the mini-round of 2022 which offered 7 deep offshore blocks but was postponed and integrated into the 2024 licensing round. Unlike the 2024 licensing round which offered 19 blocks for public bidding (12 marginal field blocks and 7 deep offshore blocks), this round offered 50 oil blocks comprising 15 onshore blocks, 20 offshore (19 in shallow waters and one deep offshore block), and 15 frontier basin assets.

1.2 This article analyses the bidding requirements of the 2025 petroleum licensing round vis-à-vis the laws governing the conduct of petroleum licensing rounds in Nigeria, namely the *Petroleum Industry Act*, 2021 ("the PIA"), the *Petroleum Licensing Round Regulations*, 2022, and the Nigeria *2025 Licensing Round Guidelines*.

2. The commencement of the bidding process for the grant of new licences

2.1 For the purpose of granting new Petroleum Prospecting Licences ("PPL") or Petroleum Mining Lease ("PML"), the PIA prescribes that such grants shall be by an open and competitive bidding process which shall be conducted by the NUPRC.[3] The licensing

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1 **Magnus Ejelonu**, Associate Partner, S. P. A. Ajibade & Co., Ibadan Office, Nigeria.
2 **Damilola Akinsaya**, Associate, S. P. A. Ajibade & Co., Ibadan Office, Nigeria.
3 Section 74(1), *Petroleum Industry Act*, 2021.

round is broadly divided into two (2) stages, namely the qualification stage and the bid stage and the bidding process commences with the announcement and advertisement of the licensing round on NUPRC's website.[4] The announcement of the licensing round is then advertised and published in at least two (2) international financial newspapers and two (2) national newspapers with wide coverage.[5] This is followed by the registration and submission of pre-qualification documents after the licensing round portal must have been launched.[6] An applicant must satisfy the Commission that it possesses the financial, technical, and legal criteria for it to qualify for participation in the bid.[7]

2.2 The applicant must also demonstrate that its application and its proposed work programme has paid due consideration to health, safety, and environmental performance criteria contained in the Guidelines.[8]

3. The financial, technical, and legal criteria in the pre-qualification stage

3.1 To pass the financial requirement for pre-qualification, such applicant shall show proof of available funds that can finance petroleum operations. This proof can be satisfied by showing a minimum of $100 million either in average annual turnover, as cash in bank, or a bank guarantee.[9] In the case of newly incorporated companies, a guarantee to the tune of $100 million by the parent company suffices but where the bid is for onshore and shallow water blocks, a parent guarantee of $40 million. It is also worth noting that for the purpose of the pre-qualification, an applicant funded by a third party can submit its application provided that it submits a duly executed agreement evidencing the financing arrangement between it and the third party.[10]

3.2 Apart from the financial criteria, for pre-qualification, an applicant must satisfy the NUPRC that it possesses the technical capabilities required to carry out the technical operations and activities that will be subsumed under the PPL. A single applicant or the Operator member in the case of a consortium must provide evidence of a minimum of 3 years of oil exploration expertise. This includes experience in geological and geophysical capabilities, drilling and well engineering, production engineering and technology and

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4 Regulation 12, *Petroleum Licensing Round Regulations*, 2022.

5 Section 74(5), *Petroleum Industry Act*, 2021 and Regulation 6(a), *Petroleum Licensing Round Regulations*, 2022

6 In the exercise of its function as stated in section 74(6), the NUPRC issued the *Petroleum Licensing Round Regulations* in 2022 and issues licensing round guidelines for each licensing round. See, the Nigeria *2024 Licensing Round Guidelines* and the Nigeria *2025 Licensing Round Guidelines*.

7 Paragraph 12.1 of the Nigeria *2025 Licensing Round Guidelines*.

8 Paragraph 12.1(a), 12.5, & paragraph 12.6 of the Nigeria *2025 Licensing Round Guidelines*.

9 Paragraph 12.2 of the Nigeria *2025 Licensing Round Guidelines*. In the case of consortiums, the aggregate net worth or average annual turnover shall be taken into consideration in calculating whether or not they satisfy the pre-qualification financial criteria.

10 Paragraph 12.2(iv) (g), *2025 Nigeria Licensing Round Guidelines*.

reservoir evaluation and management in deep offshore, onshore and shallow water operations.[11]

3.3 Alongside the financial and technical criteria, an applicant company must submit its certificate of incorporation, Memorandum and Articles of Association, including particulars of its shareholders and directors, and the Company's organisational chart. It must also obtain and submit a Letter of Good Standing from the Corporate Affairs Commission, and a tax clearance certificate for the last three years. An applicant in the licensing round may be an individual company or a consortium. A consortium has been defined as a group of companies that join or associate in an enterprise.[12] However, for the purpose of the bid, the Consortium must however appoint a lead member of the consortium to whom the consortium shall grant a power of representation to act on their behalf in the bid. The authorised representative or the lead firm shall be the consortium's point of contact with the NUPRC for all matters relating to the bid process.[13] There are two main eligibility criteria for participating in the licensing round. A foreign company which is not incorporated in Nigeria is eligible to participate in the round but if qualified for an award, it must be duly incorporated in Nigeria before it can be awarded a PPL and or OML.[14] As for domestic companies, a Nigerian company will only be eligible to participate in the licensing round if it had been incorporated on or before 20th February 2026.[15]

4. The Pre-bid conference and data prying

4.1 Once pre-qualification documents are submitted, there will be a pre-bid conference which may coincide with the licensing round roadshow. The purpose of the pre-bid conference is to provide applicants with an opportunity to ask questions concerning the licensing round process and requirements.[16] Thereafter, the pre-qualification documents submitted by the prospective bidders are evaluated and the pre-qualified applicants are announced. This is then followed by data prying or leasing and or purchase of relevant reports. For the purpose of the data prying stage, the NUPRC is required to open a data room (physical or virtual, or a hybrid) which shall be accessible by bid participants.[17]

4.2 From the standpoint of investors, the data prying stage is very significant. This stage is similar to a controlled due-diligence window where prospective bidders are invited to

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11 Paragraph 12.3.

12 Garner, B. A., *Black's Law Dictionary*, Abridged Tenth Ed. West Publishing Company (Thomson Reuters, 2015).

13 Paragraph 6.4 of the Nigeria *2025 Licensing Round Guidelines*.

14 Paragraph 6.2.

15 Paragraph 6.1.

16 The pre-bid conference formerly scheduled to hold on 17th December 2025 has been postponed to 14th January 2026.

17 Regulation 6(c), *Petroleum Licensing Round Regulations*, 2022.

access the data before committing their huge investments into the oil blocks on offer. While it is not a full disclosure, it gives prospective bidders the benefit of having operational information about the blocks on offer, allowing them to validate the information contained in the licensing round advertisement with the block information in the data room to make investment judgment upon a subsurface evaluation of risks. It should be noted that while the NUPRC also makes certain geological, geophysical and or operational information available through the physical and or virtual data room,[18] it is not the sole custodian of such data, and applicants can purchase pertinent data from relevant multiclient company.[19] Thus, the NUPRC facilitates access to the data. The legal implication of the data prying stage is that the NUPRC is essentially opening its books for investors' scrutiny to eliminate or prevent future claims of misrepresentation.[20] Given the nature of the data that will be disclosed at the data prying stage, bid applicants are required to execute a Confidentiality Agreement and are forbidden from disclosing any of the information accessed at the data room to third parties.[21] Bid applicants may however, disclose the data to their financiers, solicitors or technical advisors, all of which often influence the prospective bidder's decision to bid or not.

5. Technical and commercial bids

5.1 Thereafter, letters of invitation are issued and sent to prospective bidders to participate in the technical bid. Upon receipt of this invitation, the technical bids are submitted and evaluated, and the results are communicated to successful bidders. After the technical bid stage, the commercial bid conference is held and winning bids are announced. The bid therefore ends with ministerial approval and the awards of contracts scheduled to take place on 20th July 2026.

5.2 Successful bidders of the licensing round will be awarded a renewable Petroleum Prospecting Licence (PPL) which confers the awardees with the exclusive right to drill exploration and appraisal wells, grants the awardee the non-exclusive right to carry out petroleum exploration operations within the area covered by the licence. The model contracts for the PPL or PML for the bid round are published by the Commission simultaneously with the issuance of the licensing round guidelines.[22] Winning bidders

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18 The NUPRC in line with section 7(j) & (r) of the *Petroleum Industry Act*, 2021 maintains a Nigerian petroleum industry data bank.

19 Paragraph 7.5 & 7.6 of the Nigeria *2025 Licensing Round Guidelines*.

20 It is for this reason that the NUPRC in paragraph 7.7 of the Guidelines contains a disclaimer that it gives no warranty, representation, or undertaking regarding the accuracy, completeness, timeliness, quality or reliability of any of the data or information provided. However, see Paragraph 18 of the Nigeria *2025 Licensing Round Guidelines* which stipulates that where the NUPRC discovers any misrepresentation, inaccuracy, incomplete disclosure, or falsification in any document or information submitted by a prospective bidder, the NUPRC reserves the right to invalidate such bid.

21 Regulation 7(h), *Petroleum Licensing Round Regulations*, 2022.

22 Section 75 of the *Petroleum Industry Act*, 2021.

reserve the option of electing whether to have the PPLs awarded to them as either a production sharing contract (PSC) or a concession.[23] If the winning bidder opts for a PSC, NNPC shall be vested as the concessionaire on behalf of the Federation.[24]

6. How the NUPRC ensures the integrity of the licensing round

6.1 Even after satisfying the pre-qualification requirements, the Commission reserves the right to exclude a pre-qualified applicant from participating in the bid process where such applicant has previously presented false information or forged documents, or where such applicant engages in bid rigging by presenting more than one bid for the same block or where the bidder, its agents, officers, employees or advisers has engaged in corrupt or fraudulent practice in the bid process.[25] Importantly, the Commission may also exclude a pre-qualified applicant company which has the same shareholders as another company participating in the bid process for the same block. An applicant who is indebted or whose promoters or shareholders are indebted to the Federal Government of Nigeria may equally be excluded from the bid process.[26] Also, an applicant who has an oil and gas asset not operated continuously and in a business-like manner may be excluded from participating in the bid round.[27] An applicant who breaches the confidentiality agreement relating to the access to the data room during the data prying stage may be excluded by the NUPRC from submitting bids.[28]

6.2 Notably, the 2025 Licensing Round Guidelines provides that each applicant in the licensing round is permitted to submit bids in respect of not more than two (2) blocks offered under the Licensing Round.[29] This provision imposes a restriction on the amount of oil assets that a single applicant may bid for and marks an amendment of the 2024 Guidelines which provided that there shall be no restriction on the number of blocks for which a bidder may submit a technical bid.[30] The restriction imposed by the 2025 Guidelines seeks to promote competitive bidding, increase participation, and prevent anti-competitive or corrupt practices. In addition, and to ensure the integrity of the bidding process, both the Petroleum Licensing Round Regulations, 2022 and the Nigeria 2025 Licensing Round Guidelines forbid prospective bidders from engaging in bid manipulation especially through the submission of multiple bids for the same block by the same individual bidder, consortium, or its affiliates. Any such duplicate submission shall be

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23 Paragraph 26.4(b), Nigeria *2025 Licensing Round Guidelines*.
24 Section 64(b), *Petroleum Industry Act*, 2021.
25 Paragraph 27, Nigeria *2025 Licensing Round Guidelines*.
26 Regulation 11(j) & (l), *Petroleum Licensing Round Regulations*, 2022.
27 Regulation 11(k).
28 Regulation 11(f).
29 Paragraph 17.5 of the Nigeria *2025 Licensing Round Guidelines*.
30 See paragraph 19.1(f) of the Nigeria *2024 Licensing Round Guidelines*.

rejected by the Commission.[31] Notably, the Guidelines stipulate that the Commission reserves the right to accept, reject, or annul any pre-qualification application or bid without any liability or obligation for such acceptance, annulment, or rejection.[32]

7. Conclusion

7.1 It must be noted that oil and gas investments often take years to yield significant returns and the success of this licensing round will not be measured by the signature bonuses and fees generated. Rather, the regulator must take it several notches higher by ensuring that winning bids translate to commercial discoveries and sustainable development of the awarded blocks. For prospective bidders, the round demands careful preparation, rigorous due diligence, and strict compliance with the governing laws. For the NUPRC, this licensing round represents a test on the resolve of the regulator to instil discipline in the industry while currying enormous investments in the oil and gas exploration and production sector.

For further information on this article and the area of law,
please contact **Magnus Ejelonu** and **Damilola Akinsanya**
at S. P. A. Ajibade & Co., Lagos by
Telephone (+234.1.270.3009; +234.1.460.5091),
Fax (+234 1 4605092)
Mobile (+234 815 088 2840 and +234 803 747 6651) or
(+2348065483590 and+2349088071704)
Email: mejelonu@spaajibade.com and dakinsanya@spaajibade.com
www.spaajibade.com

[31] Paragraph 17.5(b) of the *2025 Nigeria Licensing Round Guidelines*.
[32] Paragraph 15.1.