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PETROLEUM INDUSTRY ACT, NO. 6, 2021
GAS FLARING, VENTING AND METHANE EMISSIONS
(PREVENTION OF WASTE AND POLLUTION) REGULATIONS, 2023



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S. I. No. 47 of 2023

PETROLEUM INDUSTRY ACT, NO. 6, 2021**GAS FLARING, VENTING AND METHANE EMISSIONS
(PREVENTION OF WASTE AND POLLUTION) REGULATIONS, 2023**

[24th Day of May, 2023]

Commence-
ment

In exercise of the powers conferred on it by sections 7(e), 10(f), 104-108 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 objectives of these Regulations are to —**

Objectives

(a) reduce environmental and social impact associated with gas flaring and venting of natural gas and fugitive methane emissions into the atmosphere ;

(b) preserve and protect the environment ;

(c) prevent waste of natural resources ;

(d) enhance energy transition in Nigeria ;

(e) create social and economic benefits from gas flaring and venting ; and

(f) set out the procedure for the Commission to exercise its rights to take gas at flare point in accordance with the Act and all other applicable laws.

2. These Regulations shall apply to regulate gas flaring, venting and methane emission by a licensee, lessee and producer of gas in the upstream petroleum operations.

Application

PART II — RIGHTS OF THE COMMISSION

3.—(1) The Commission, may at a flare point, take gas free of charge and without payment of royalty as prescribed in the Act, these Regulations or any applicable law, Guidelines and directives as may be issued by the Commission from time to time.

Right of the
Commission
to take
natural gas
at flare point

(2) Subject to section 108 of the Act, a licensee and producer of gas shall, within six months from the commencement of these Regulations, submit a Flare Elimination and Monetisation Plan (FEMP) to the Commission for approval.

(3) The FEMP referred to in subregulation (2) of this regulation, shall not include a flare site which the Commission has exercised its rights pursuant to any Federal Government gas commercialisation programme before the commencement of these Regulations.

- (4) FEMP shall —
 - (a) formulate a methodology for the elimination and monetisation of gas flaring from a licence or lease area ;
 - (b) include in the methodology in paragraph (a) of this subregulation, the concept for the implementation of the methodology ; and
 - (c) include in the implementation plan, the timeline for the execution of the concept in paragraph (b) of this subregulation.
- (5) Where FEMP is approved by the Commission, a licensee or lessee shall enter into a Milestone Development Agreement with the Commission for the implementation of the FEMP.
- (6) FEMP shall be backed by a milestone bond in favour of the Commission.
- (7) Subject to section 104(1) of the Act, a licensee or lessee and producer of gas that flares gas, vents or waste gas, produced without authorisation of the Commission, commits an offence under the Act and is liable to a fine prescribed under these Regulations.
- (8) The Commission may pursuant to these Regulations, exercise its rights to take gas at flare point for the purpose of conducting a competitive bidding exercise for the award of permit to Access Disposed Gas.
- (9) Where the Commission intends to exercise its right to take gas at flare point, it shall first issue a notice of such intention to the licensee or lessee and producer of gas that is affected by the decision.
- (10) Upon receipt of a notice to take gas at flare point from the Commission, a licensee, lessee and producer of gas shall be precluded from submitting any proposals to the Commission for the commercialisation of the gas at flare volumes to which the notice of intention to take relates.
- (11) A licensee, lessee and producer of gas that the Commission has notified about taking its gas at flare point, shall not be excluded from participating in any bid process of the Commission for the commercialisation of the gas pursuant to this regulation, provided that the licensee, lessee and producer of gas is allowed to participate in the bid process through a third-party entity or subsidiary.
- (12) A licensee, lessee and producer of gas shall not do anything in connection with its operations that may affect the volume of gas to be taken at the flare site on which the Commission is exercising its rights.
- (13) The natural gas taken by the Commission and granted to a third-party pursuant to a permit to access natural gas shall count as part of the licensee's or lessee's domestic gas delivery obligation.

(14) Flare sites on which the Commission is exercising its right pursuant to these Regulations may be subject of financing by potential permit holders through carbon financing arrangements.

4.—(1) The Commission may request from a licensee or lessee, Gas Data as defined in these Regulations.

Gas flare,
vent gas and
methane
emissions
data

(2) The licensee or lessee requested by the Commission to furnish gas data shall comply within 30 days of having received the notice and the Commission may at the request of the licensee or lessee, extend the time within which the data shall be submitted.

(3) Gas Data submitted pursuant to this regulation shall be in the form and manner prescribed by the Commission as stated in the notice under these Regulations and any applicable Guidelines issued by the Commission.

(4) A licensee, lessee, producer of gas and permit holder shall keep and maintain a record of daily Fugitive Methane Emissions Data (FMED) from the licence area, lease area or permit area in the form and manner prescribed in the Guidelines for the management of FMED issued by the Commission.

(5) The Commission may pursuant to subregulation (1) of this regulation, request a licensee, lessee, producer of gas, and permit holder to include FMED in any submission of Gas Data to the Commission.

PART III — PERMITS

5.—(1) The Commission shall on application made by a person or corporate entity, issue a Data Access Permit to access data in the possession of the Commission in respect of disposed gas from a gas flare site.

Data access
permit

(2) Access to Gas Data pursuant to a Data Access Permit issued by the Commission shall be on a non-exclusive basis.

(3) An application for a Data Access Permit shall be made in the manner prescribed by the Commission from time to time.

(4) A Data Access Permit issued pursuant to the provisions of these Regulations shall authorise the holder to access Gas Data held by the Commission in respect of flare site specified in the Data Access Permit.

(5) A Data Access Permit shall be valid —

- (a) for the period stated in the Data Access Permit ; or
- (b) to a flare site for which a Permit Holder holds a Permit, until the expiration of a Permit to Access Disposed Gas.

(6) The Commission may in relation to a bid process under these Regulations, issue a Guideline or directives to authorise a Data Access Permit

Holder to enter a flare site under the possession and control of a licensee or lessee to assess the flare site and its related facilities, provided that the —

(a) producer is given not less than seven days prior notice of such assessment visit by the Commission ; and

(b) the assessment is conducted by a holder of Data Access Permit, in compliance with applicable industry safety standards and regulations.

Permit to
access flare
gas

6.—(1) A Permit to Access Flare Gas shall be granted on such terms and conditions as may be specified by the Commission on an exclusive basis, for —

(a) one or more flare sites as shall be designated in the Permit ; and

(b) the commercialisation or utilisation of Disposed Gas.

(2) A permit to flare gas may be granted to a foreign company not incorporated in Nigeria.

(3) Notwithstanding the provisions of subregulation (2) of this regulation, a foreign company that participates in a bid exercise and is successful for a grant of flare gas permit, shall be required to incorporate such company in accordance with Companies and Allied Matters Act, No. 3, 2020.

(4) The duration of a Permit to Access Flare Gas shall be for the period specified in the Permit.

(5) The Commission shall have the right to any route, right of way or easement within any licence or lease area for the purpose of these Regulations.

(6) The rights of a Permit to Access Flare Gas shall include right to any part way-leaves, easements or other rights reserved under subregulation (5) of this regulation.

Revocation
of Data
Access
Permit

7.—(1) A Data Access Permit may be revoked, where the holder —

(a) fails to comply with the terms and conditions of a Data Access Permit ; or

(b) provides inaccurate information in connection with the issuance of the Data Access Permit or withholds significant information in connection with the issuance of the Data Access Permit.

(2) The revocation of the Data Access Permit, surrender of rights, or lapse of rights shall not release its holder from any obligation arising from these Regulations, a Flare Gas bid process, other processes established in these Regulations or any agreement in connection with it.

Exempted
flare sites

8.—(1) A flare site exempted prior to the commencement of these Regulations by the Commission. shall be subject to the provisions of this regulation.

(2) A licensee, lessee and producer of gas who is holding a valid exemption letter in respect of a flare site shall enter into a Milestone Development Agreement with the Commission upon the commencement of these Regulations.

(3) The Milestone Development Agreement shall be executed within three months period of the effective date of these Regulations.

(4) The Milestone Development Agreement shall be backed by a milestone bond in favour of the Commission.

9. The Commission shall pursuant to section 7(e)(iv) of the Act, be responsible to a Permit Holder for the —

(a) grant of approvals pursuant to applicable Guidelines for the establishment, construction and operation of facilities related to the Permit ; and

(b) regulatory supervision of activities for the duration of the Permit.

10. A Permit Holder, shall in accordance with extant laws, Regulations, Guidelines and directives issued by the Commission or by any other authority, —

(a) execute a Milestone Agreement with the Commission;

(b) execute a Gas Sales Connection Agreement with the Commission ;

(c) execute an Agreement with the licensee or lessee ;

(d) submit a Decommissioning and Abandonment Plan ;

(e) establish a Decommissioning and Abandonment Fund ;

(f) make contribution to the Decommissioning and Abandonment Fund in accordance with applicable Regulations, Guidelines and Directives issued by the Commission ;

(g) carry out the Decommissioning or abandonment of the facilities at the end of the life of operation in line with the approved Decommissioning and Abandonment Plan ; and

(h) make contribution to Environmental Remediation Fund.

11.—(1) The Commission may revoke a Permit to flare gas where the —

(a) Permit Holder fails to comply with any of the terms and conditions of the Permit ;

(b) Permit Holder fails to make payments required under these Regulations, any applicable Guidelines issued by the Commission or the Permit ;

(c) Permit Holder provided inaccurate information in connection with the issuance of the Permit ;

(d) Permit Holder fails to renew any bonds posted pursuant to its Permit within 30 days of its expiry or invalidation for any reason ;

(e) Permit Holder becomes insolvent ; or

Obligations
of the
Commission
to a Permit
Holder to
Access Flare
Gas

Obligations
of a Permit
Holder to
Access Flare
Gas

Revocation
of Permit to
Access Flare
Gas

(f) Gas Supply Agreement to be signed between the Commission or entity appointed by it and the Permit Holder terminated in accordance with its terms.

(2) The revocation of a Permit to Access Flare Gas, surrender of rights, or lapse of rights for other reasons shall not release the Permit Holder from any obligations arising from these Regulations including obligation relating to the decommissioning and abandonment of facilities pursuant to the Permit.

Conditions
for
permitting
gas flare

12.—(1) A licensee, lessee and producer of gas may flare gas under the circumstances provided in sections 104 and 107 of the Act.

(2) Except in the case of emergency, gas flaring shall be allowed under the following terms and conditions —

- (a) the gas flaring is within the threshold approved by the Commission ; and
- (b) payment of a flaring fee.

(3) The Commission shall on bi-annual basis establish gas flaring threshold for licensees, lessees and facilities for which gas is flared starting from the 1st of January of each year.

(4) The Commission shall determine gas flaring threshold based on the information submitted by a licensee, lessee and producer of gas.

(5) A licensee, lessee and producer of gas who fails to submit information pursuant to subregulation (4) of this regulation in the form and manner prescribed by the Commission and within the time prescribed, contravenes the provisions of this regulation.

(6) A licensee, lessee and producer of gas who contravenes the provisions of this regulation shall in addition to any penalty imposed under these Regulations for such contravention, be liable to an administrative fine for gas flaring under these Regulations.

Assignment
of interest
in Permit to
Access
Flare Gas

13.—(1) A holder of an interest in a Permit to Access Flare Gas shall not transfer, sell, assign or mortgage all or part of any of such interest in the Permit to any other party without the prior consent of the Commission.

(2) A transferee of an interest in a Permit to Access Flare Gas shall meet the following qualifications —

(a) in the case of a transferee that is going to undertake operations pursuant to the Permit, such prospective transferee shall satisfy the minimum technical and financial requirements required to become a qualified applicant as may be prescribed by the Commission ; or

(b) in the case of a transferee that is only making financial investments, such prospective transferee shall satisfy the minimum threshold of financial investment as may be set by the Commission at the time of considering the application for consent.

(3) An application for an assignment pursuant to these Regulations shall be accompanied with necessary counterpart approvals from the licensee, lessee and producer of gas under any applicable agreements between the licensee, lessee and producer of gas and the Permit Holder.

14.—(1) Gas shall not be flared from a gas flare site at the commencement of gas commercialisation or utilisation operation by a permit holder.

(2) Commencement of operation under this regulation shall be evidenced by the grant of approval to operate, and the date of commissioning by the Commission.

(3) Where gas is flared after the commencement of operation, the permit holder shall be liable for the gas volumes flared, unless the permit holder provides evidence that the gas being flared is by the licensee, lessee or producer of gas from whom gas supplied to the facility is received.

15.—(1) A producer of gas shall maintain a daily log of gas flaring and venting of natural gas from its licence, lease or facility area and submit the logs to the Commission within 21 days following the end of each month.

(2) The log shall quantify and compute the total flare gas and vent volumes from the applicable area on a monthly basis.

(3) A permit holder shall maintain a daily log of each occurrence of the flaring and venting of natural gas within its facilities, which shall be submitted to the Commission within 21 days following the end of each month.

(4) Each log shall be based on the data retrieved from metering equipment installed by the Permit Holder and the producer of gas in their respective facilities and shall include the date, time, duration, rates, volumes, and gas source or type, such as sour inlet gas or acid gas, for each flaring.

(5) A permit holder and producer of gas shall, in the case of venting, provide an inventory based on the corresponding Guidelines.

(6) The inventory shall be compiled to account for methane emissions discharged to the atmosphere from a facility in a licence or lease area.

(7) The format of all logs shall be in conformity to the Metering and Data Collection Standards issued by the Commission.

(8) A producer of gas and permit holder shall keep copies of logs in safe custody for not less than three years.

PART IV — FEES

16. The Commission shall prescribe fees for an application for a Permit to Access Gas relating to the award process for the Permit and such fees shall include —

Prohibition of gas flaring from a flare site upon commencement of gas utilization or commercialisation operation by permit holder

Requirement to maintain flare gas and vent gas logs

Applicable fee for a Permit to Access Gas

- (a) data prying fee ;
- (b) data leasing fee ;
- (c) award fee for grant of Permit to Access Flare Gas ;
- (d) handling fee payable to a producer of gas pursuant to a Connection Agreement ;
- (e) guarantee fee payable to the producer of gas pursuant to a Deliver or Pay Agreement, as may be applicable ; and
- (f) such other fees as may be prescribed by the Commission.

Fees for permitted gas flaring

17. The Commission shall charge fees for permitted flaring of gas as prescribed in the applicable Regulations.

PART V — REPORTING OF GAS DATA

Natural gas production logs

18.—(1) A licensee, lessee and producer of gas shall keep and maintain a daily record of natural gas produced from a licence or lease area.

(2) A licensee, lessee and producer of gas shall submit a daily record of natural gas data including, —

- (a) calculated weighted average gas oil ratio per facility in a licence or lease area -
- (b) natural gas consumed by a licensee, lessee and producer of gas for own use ;
- (c) natural gas delivered to existing offtake commitments ;
- (d) natural gas flared ;
- (e) natural gas wasted by —
 - (i) deliberate venting,
 - (ii) incomplete combustion, and
 - (iii) fugitive emissions ; and
- (f) associated gas utilisation factor.

(3) A licensee, lessee and producer of gas shall submit monthly report of natural gas produced, utilised and disposed of from a licence or lease area within 21 days to the end of each month to the Commission.

(4) The format of all logs shall be in conformity with the metering and gas data, with respect to each flare site in the format prescribed by the Commission and in a Guideline issued by the Commission.

(5) The report shall include —

- (a) a list identifying all flare sites for which the producer of gas has not yet executed a Connection Agreement in relation to such sites ; and
- (b) the format and manner of logs, shall be in conformity to the Metering and Data Collection Standards issued by the Commission and in a corresponding Guideline issued by the Commission.

(6) Data Collection Standards issued by the Commission in the corresponding Guidelines.

19.—(1) A licensee, lessee and producer of gas shall submit an annual report to the Commission, not later than March 31st for the previous year. Annual report

(2) The annual report referred to in subregulation (1) of this regulation shall include —

(a) gas data with respect to each flare site in the format prescribed by the Commission and as prescribed in the corresponding Guidelines ; and

(b) a list identifying all flare sites for which the producer of gas has not yet executed a Connection Agreement in relation to such sites.

(3) A permit holder shall prepare and submit an annual report to the Commission, not later than March 31st for the previous year.

(4) The annual report referred to in subregulation (3) of this regulation shall include —

(a) information relating to the volume of disposed gas utilised at the Flare Site ;

(b) the volume of disposed gas flared by the permit holder ; and

(c) the volume of disposed gas vented by the permit holder.

20. The Commission shall prepare and publish an annual report of the previous year, on its website not later than June 30th, describing — Publication of annual report

(a) flaring and venting by producer of gas, including the total volume of disposed gas disaggregated into flare gas and vented gas as a percentage of natural gas produced for the preceding year ;

(b) associated gas produced in association with crude oil ;

(c) natural gas consumed by the producer of gas for own use ;

(d) the result of comparative analysis of the performance of each licensee, lessee or producer of gas in flare reduction ;

(e) a ranking of Producers of gas by the Associated Gas Utilisation Factor ;

(f) the volume of Disposed Gas received by the Permit Holder disaggregated into utilised, flared and vented ;

(g) the result of comparative analysis by the Commission of the total volume of disposed gas received by a permit holder in a biennial period indicating the quantity utilised, the quantity flared and the quantity vented ; and

(h) the flare penalties and volumes due in relation to the flaring and venting of natural gas produced in association with crude oil by each Producer.

PART VI — OFFENCES AND PENALTIES

Offences and
Penalties

21.—(1) A licensee, lessee and producer of gas that flares, vents or waste gas without authorisation of the Commission shall pay an administrative fine of USD\$3.50 per 1000 standard cubic feet (28.317 standard cubic metres) of gas to the Commission.

(2) The licensee, lessee or producer of gas who fails to submit —

- (a) gas data ;
- (b) gas data within the prescribed time ;
- (c) accurate data ; or
- (d) data in the form and manner prescribed,

is liable to an administrative a fine of USD\$10,000 or the Naira equivalent.

(3) A licensee, lessee and producer of gas under subregulation (1) of this regulation shall be notified in writing by the Commission of the contravention and liable to pay an administrative fine of USD\$1000 or the Naira equivalent and payment of fine under subregulation (1) of this regulation shall be treated in the same manner as a non-recoverable cost.

(4) A licensee, lessee, or producer of gas who —

- (a) fails to submit gas data ;
- (b) submits gas data out of time; or
- (c) fails to submit Gas Data in the form and manner prescribed,

contravenes these Regulations and is liable to an administrative fine of USD\$10,000 or the Naira equivalent.

(5) A licensee, lessee and producer of gas under subregulation (1) of this regulation shall be notified in writing by the Commission of its contravention and is liable to pay an administrative fine of USD\$1000 or the Naira equivalent for each day the contravention continues after the notification.

(6) A licensee, lessee and producer of gas who fails to —

- (a) grant access to a permit holder to access flare site pursuant to these Regulations ;
- (b) enter into Connection Agreement with a Permit Holder ; and
- (c) prepare, maintain or submit logs, records or reports pursuant to these Regulations,

contravenes the provisions of these Regulations and is liable to an administrative fine of USD\$10,000 or the Naira equivalent at the prevailing Central Bank Nigeria rate.

(7) A permit holder who fails to —

- (a) prepare maintain or submits log, records or reports required by the Commission pursuant to these Regulations;

(b) install metering equipment in its facilities in accordance with the requirements of these Regulations ; and

(c) supply accurate or complete Gas Data, logs or records, in accordance with these Regulations,

contravenes the provisions of these Regulations and is liable to an administrative fine of USD\$10,000 or the Naira equivalent.

22. The penalties under regulation 21(6) and (7) shall not apply where the gas flaring, venting and wastage of gas was caused by an act of war, community disturbance, insurrection, storm, flood, earthquake or other natural phenomenon, which is beyond the control of a licensee or lessee, or producer of gas. Force majeure

PART V — MISCELLANEOUS PROVISIONS

23.—(1) A permit holder shall be responsible for the provision and installation of the metering equipment used for measuring disposed gas pursuant to the Permit and the producer of gas shall be responsible for the maintenance of such meters. Metering and safety standards

(2) The metering equipment used for measuring disposed gas shall be manufactured, operated, calibrated and inspected in conformity with metering and data collection requirements set by the Commission.

(3) The flare and vent metering systems shall prior to installation and commissioning be approved by the Commission and such installation and calibration shall be witnessed by an authorised officer of the Commission.

(4) A producer of gas and permit holder shall comply with environmental, operational safety regulation, standards and guidelines developed by the Commission in connection with disposed gas, including —

- (a) required burn technologies and practices for flaring;
- (b) guidelines on the location of flaring stacks ;
- (c) limits on smoke, heat, and noise generation ; and
- (d) health and safety standards in relation to the occupational safety and health of persons working on a flare site.

24. The provisions of the Gas Flare (Prevention and Control) Regulations, 2018 is revoked. Revocation

25. In these Regulations — Interpretation

“Associated Gas Utilisation Factor” means the volume of Associated Gas utilised as a function of the total Associated Gas production volumes ;

“Connection Agreement” means an agreement conforming substantially to the template issued by the Commission which is required to be entered into by and between a Producer and a Permit Holder in respect of the connection of the respective facilities of the Producer and the Permit Holder ;

"Data Access Permit" means a permit granted by the Commission to a Qualified Applicant on a non-exclusive basis, which authorises the Qualified Applicant to access data from the Commission in respect of any Flare Site specified in the Data Access Permit ;

"Deliver or Pay Agreement" means an agreement conforming substantially to the template issued by the Commission that the Producer may sign with the Permit Holder under which it guarantees to supply an agreed volume of Disposed Gas within a specified Flare Gas volume and composition range to the Permit Holder ;

"Disposed Gas" means any natural gas produced by a Producer diverted to a Flare Site or facility with the intent to be flared or vented, including any such natural gas from a Greenfield Project ;

"Exemption" means any approval granted to a licensee or lessee excluding any flare site in its license or lease area from the Flare Gas Commercialisation Policy of the Federal Government ;

"Fine" means a punitive charge imposed on the Producer corresponding to a violation as per Section 104(1)(c) of the Act and regulation 20 of these Regulations ;

"Flare Gas" means any natural gas produced and diverted toward a Flare Site by the Producer with the intent that the natural gas will be flared, including any such natural gas from a Greenfield Project ;

"Flare Site" means a location where natural gas is flared, commencing at a flare header and going to the point of the flare within an Oil Mining Lease, Petroleum Mining Lease area, Petroleum Prospective Licence area or within an oil terminal or refinery, provided that a Producer may consolidate operations for more than one production area into one or more Flare Sites ;

"Flaring Penalty" means an expenditure incurred by a Producer as per section 104(4), 105(1), 264(c) and 302(12)(b) of the Act and regulation 21(1) and (2) of these Regulations and charged over all Disposed Gas volumes reported by the Producer as per these Regulations and corresponding Guidelines ;

"Gas Data" means the dynamic pressure, volume and temperature (PVT) data, and other logs and records generated in the course of day-to-day production activities, submitted to the Commission in accordance to regulations 4, 14 and 15 of these Regulations, which shall include —

- (a) gas volumes,
- (b) oil volumes,
- (c) flow rates,
- (d) gas oil ratio,
- (e) flow pressure and temperature,
- (f) data in relation to a Flare Site, including field name; Producer(s); field operator; Flare Site location; terrain; coordinates; Oil Mining Lease

number details; available infrastructure; and geophysical maps, models, interpretations, and reports relating to the above data,

(g) historical Disposed Gas data per field or facility, separated into Routine Flaring and Non-Routine Flaring and Flare Gas and Vent Gas,

(h) historical Flare Gas data per flare stack, separated into Routine Flaring and Non-Routine Flaring,

(i) historical oil production data per field or facility,

(j) historical gas production data per field or facility,

(k) historical gas utilisation data per field or facility,

(l) historical water production per field or facility,

(m) forecast oil production scenarios per field or facility,

(n) forecast gas production scenarios per field or facility,

(o) forecast water production scenarios per field or facility,

(p) oil reserve data per field,

(q) oil reserve data aggregated for each flaring facility,

(r) gas reserve data per field,

(s) gas reserve data aggregated for each flaring facility,

(t) Flare gas composition by stack,

(u) Vent Gas composition, and

(v) any other data that may be required by the Commission ;

"Gas Supply Agreement" means an agreement conforming substantially to the template issued by the Commission whereby Disposed Gas is sold by the Commission to the Permit Holder ;

"Gas Oil Ratio" (GOR) means the ratio of the volume of gas that comes out of solution to the volume of oil at standard conditions ;

"Greenfield Project" means any project to develop new oil or natural gas production from an Oil Mining Lease or Marginal Field as of the effective date of these Regulations ;

"Guidelines" means directives and procedures developed and administered by the Commission to the upstream petroleum operations by the powers given to the Commission in Section 10(a)(ii) of the Act, and may be amended from time to time by the Commission as required ;

"Handling Fee" means a fee to be paid by a Permit Holder to a Producer for operating and maintaining the interconnection assets that are transferred to the Producer by the Permit Holder and in accordance with the Connection Agreement ;

"Marginal Field" means an oil field within an Oil Mining Lease area awarded to an applicant in relation to a field identified as a marginal field by the President ;

"Metering and Data Collection Standards" means the associated gas and Flare Gas and Vent Gas metering and data collection accounting standards and requirements issued by the Commission in corresponding

Guidelines ;

“*Minister*” means the Minister of Petroleum Resources ;

“*Non-Routine Flaring*” is all flaring other than Routine Flaring which is typically intermittent and of short duration and either planned or unplanned, including—

(a) subject to prudent operations and prompt action on the side of the Producer, temporary (partial) failure of equipment that handles the gas during normal operations until their repair or replacement, e.g. failure of compressors, pipeline, instrumentation, controls,

(b) temporary failure of facilities that prevents receipt of Flare Gas,

(c) safety Flaring,

(d) initial plant or field start-up before the process reaches steady operating conditions,

(e) start-up following facility shutdowns,

(f) scheduled preventive maintenance and inspections subject to it being carried out in a prompt manner and following prudent industry standards,

(g) construction activities, such as tie-ins, abrupt change of operating conditions, plant design modifications,

(h) process upsets when process parameters fall outside the allowable operating or design limits and flaring is required to stabilize the process again,

(i) reservoir or well maintenance activities such as acidification, wire line interventions, and

(j) exploration, appraisal, or production-well testing or clean-up following drilling or well work-over ;

“*Oil Mining Lease*” means a lease granted by the Minister to a company incorporated in Nigeria, which allows such company to search for, win, work, carry away, and dispose of petroleum ;

“*Originating Qualified Applicant*” means an entity that is deemed qualified by the Commission following submission of its Unsolicited Proposal to utilize Disposed Gas for own use or for on-sale to third party off-takers and the qualification criteria are established by the Commission through the corresponding Guidelines ;

“*Permit Holder*” means a company that has been granted a permit to Access Disposed Gas by the Commission ;

“*Permit to Access Disposed Gas*” or “*Permit*” means a permit granted to a Permit Holder by the Commission to take Disposed Gas at a Flare Site on behalf of the Federal Government ;

“*Producer of gas*” means the licensee or lessee ;

"Producer's Approved Flare Out Project" means a natural gas flare elimination, monetization, or commercialisation project, as per section 108 of the Act, intended to be developed by a Producer, which is not already operating commercially, that meets the following criteria as validated and approved by the Commission —

- (a) received all required permits or licences necessary for its operation,
- (b) executed all material commercial agreements necessary for the implementation of the project,
- (c) achieved financial closing,
- (d) the Producer has provided a financial guarantee to the Commission to underpin its commitment to milestones for the implementation of the project ;

"Qualified Applicant" means a bidder or an entity presenting an unsolicited proposal who is deemed qualified following submission of its response to a request for qualifications in accordance with the tender documentation or other processes of these Regulations and corresponding Guidelines and who intends to utilise Disposed Gas for own use or for on-sale to third party offtakers ;

"Routine Flaring" means flaring of natural gas produced in association with crude oil during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilise it on site, or despatch it to a market and Routine Flaring does not include Safety Flaring, even when continuous ;

"Safety Flaring" means flaring undertaken to ensure safe operations at a facility ;

"Unsolicited Proposal" means a proposal presented by an Originating Qualified Applicant to the Commission for one or more Flare Sites in accordance with these Regulations and corresponding Guidelines issued by the Commission ;

"Unsolicited Proposal Process" means process by means of which an Originating Qualified Applicant can obtain a Permit to Access Disposed Gas ;

"Vented Gas" means natural gas that is released into the environment without being combusted ; and

"Venting" means Is the controlled or uncontrolled direct release of natural gas into the environment without combustion. This occurs at several points in the oil and gas development process (well completion; well maintenance; well operations; production facilities; gas handling facilities; pipeline maintenance ; tank maintenance ; etc.).

26. These Regulations may be cited as the Gas Flaring, Venting and Methane Emissions (Prevention of Waste and Pollution) Regulations, 2023.

MADE at Abuja this 24th day of May, 2023.

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