

*Extraordinary*



# Federal Republic of Nigeria Official Gazette

---

**No. 109**

**Lagos - 16th June, 2023**

**Vol. 110**

---

*Government Notice No. 73*

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

<i>S. I. No.</i>	<i>Short Title</i>	<i>Page</i>
35	Midstream and Downstream Decommissioning and Abandonement Regulations, 2023	B829-844

---

Printed and Published by The Federal Government Printer, Lagos, Nigeria  
FGP 101/62023/350

Annual Subscription from 1st January, 2023 is Local : ₦50,000.00 Overseas : ₦65,000.00 [Surface Mail] ₦80,000.00 [Second Class Air Mail]. Present issue ₦3,000 per copy. Subscribers who wish to obtain *Gazette* after 1st January should apply to the Federal Government Printer, Lagos for amended Subscriptions.

**B 828**

**PETROLEUM INDUSTRY ACT, NO. 6, 2021**  
**MIDSTREAM AND DOWNSTREAM DECOMMISSIONING AND**  
**ABANDONMENT REGULATIONS, 2023**



ARRANGEMENT OF REGULATIONS

*Regulations :*

PART I — OBJECTIVES AND APPLICATION

1. Objectives
2. Application

PART II — REQUIREMENTS FOR A DECOMMISSIONING AND ABANDONMENT PLAN

3. Decommissioning and Abandonment Plan
4. Pre-existing Plan
5. Duty to submit a Plan by existing licensee
6. Duty to submit a Plan by new licensee

PART III — REQUIREMENT FOR ESTABLISHMENT OF ANNUAL CONTRIBUTION TO A  
DECOMMISSIONING FUND IN THE DECOMMISSIONING PLAN

7. Annual contribution to the Fund
8. Timeline for review of annual contribution

PART IV — APPLICATION AND APPROVAL FOR PLAN AND PROGRAMME

9. Decommissioning and abandonment philosophy
10. Approval of a Plan
11. Provision to update a Plan
12. Application for decommissioning and abandonment programme
13. Approval of an application for a Programme
14. Rejection of an application for a Programme
15. Requirement for public consultation
16. Report of the public consultations
17. Execution of a Programme
18. Changes to the approved Programme
19. Post-completion of Programme
20. Mandatory decommissioning and abandonment

PART V — ENFORCEMENT AND RECOVERY

21. Enforcement by the Authority
22. Restrictions on the disposal of revoked assets

PART VI — ASSET DATABASE

23. Database of installations, structure and assets

PART VII — ESTABLISHMENT AND ADMINISTRATION OF A DECOMMISSIONING  
AND ABANDONMENT FUND

24. Establishing a Decommissioning and Abandonment Fund
25. Contributions to the Fund
26. Utilisation of the Fund
27. Power of the Authority to utilise the Fund
28. Statement of accounts
29. Decommissioning and abandonment liabilities in case of assignment

PART VIII — MISCELLANEOUS PROVISIONS

30. Penalties
31. Exclusions
32. Authority to issue guidelines
33. Interpretation
34. Citation

S. I. No. 35 of 2023

**PETROLEUM INDUSTRY ACT, NO. 6, 2021**  
**MIDSTREAM AND DOWNSTREAM DECOMMISSIONING AND**  
**ABANDONMENT REGULATIONS, 2023**

[10th Day of May, 2023]

Commence-  
ment

**In exercise of the powers conferred on it by sections 33 (y) of the Petroleum Industry Act, No. 6, 2021 (“Act”) and all other powers enabling it in that behalf, the Nigerian Midstream and Downstream Petroleum Regulatory Authority (“Authority”) makes these Regulations —**

## PART I — OBJECTIVES AND APPLICATION

**1.** The objectives of these Regulations are to —

Objectives

(a) set out the general rules for the establishment of Decommissioning and Abandonment Fund (Fund) for midstream and downstream petroleum operations ;

(b) regulate the decommissioning and abandonment activities of facilities in the Nigerian midstream and downstream petroleum industry ;

(c) provide requirements for administration of the Fund ; and

(d) provide sanctions and penalties for failure to comply with these Regulations.

**2.—(1)** These Regulations shall apply to the —

Application

(a) establishment and administration of the Fund ; and

(b) decommissioning and abandonment of facilities used in midstream and downstream petroleum operations in Nigeria.

(2) A facility undertaking midstream petroleum operations shall contribute to the Fund.

(3) The Authority may by notice designate a downstream facility which shall contribute to the Fund.

## PART II — REQUIREMENTS FOR A DECOMMISSIONING AND ABANDONMENT PLAN

**3.** Midstream and downstream petroleum decommissioning and abandonment operations shall be conducted in accordance with a Decommissioning and Abandonment Plan (“Plan”) approved by the Authority in compliance with these Regulations and the Act.

Decommi-  
ssioning and  
Abandonment  
Plan

**4.** The requirement for a Plan shall apply to midstream and downstream petroleum operations whether or not a Plan was previously approved by any approving authority before the commencement of the Act.

Pre-existing  
Plan

**B 832**

Duty to submit a Plan by existing licensee

**5.** A licensee of an existing midstream or downstream petroleum facility shall, within 120 days of the commencement of these Regulations, submit to the Authority a Plan made in accordance with these Regulations.

Duty to submit a Plan by new licensee

**6.** A person intending to construct a midstream or downstream petroleum facility shall, as part of its application, submit to the Authority a Plan in accordance with these Regulations.

**PART III — REQUIREMENT FOR ESTABLISHMENT OF ANNUAL CONTRIBUTIONS TO A DECOMMISSIONING FUND IN THE DECOMMISSIONING PLAN**

Annual contribution to Fund

**7.** A Plan shall state the annual amount to be contributed to the respective Fund set up by the licensee in respect of any midstream and downstream petroleum operations that these Regulations apply.

Timeline for review of annual contribution

**8.** The annual contribution provided for in a Plan shall, subject to the approval or directives of the Authority, be reviewed every five years as required during the period of the licence or until the cessation of petroleum operations to which the Plan relates.

**PART IV — APPLICATION AND APPROVAL FOR PLAN AND PROGRAMME**

Decommissioning and abandonment philosophy

**9.** A Plan shall contain a decommissioning and abandonment philosophy that reflects economic, social and environmental sustainability.

Approval of a Plan

**10.—(1)** The Authority shall approve a Plan under regulation 5 which meets the requirements of regulation 9.

(2) A Plan submitted under regulation 6 which meets the requirements of regulation 9, shall be deemed approved by the Authority on the grant of licence to construct the facility to which the Plan relates.

(3) A Plan approved by the Authority shall, from the effective date of the grant of approval, govern any decommissioning and abandonment programme (“Programme”) or activity relating to the petroleum operations to which the Plan relates.

Provision to update a Plan

**11.—(1)** A licensee may, prior to the commencement of the execution of the Programme, propose and submit to the Authority an update to the approved Plan.

(2) The Authority shall review and approve the proposed update where it meets the requirements of regulation 9.

Application for a Programme

**12.—(1)** A licensee shall prior to the implementation of the Programme, obtain the approval of the Authority to decommission and abandon any midstream and downstream facility.

(2) A licensee shall make an application to the Authority for the approval to decommission and abandon any midstream or downstream petroleum facility or infrastructure on land at least 24 months before the date of the Programme.

(3) An application under subregulation (2) shall be accompanied by a Programme in a Form prescribed by the Authority which shall comprise of —

(a) the location of the facility intended to be decommissioned and abandoned ;

(b) the part of the facility intended to be decommissioned and abandoned, including a single installation or pipeline ;

(c) an executive summary, outlining the background to the decommissioning and abandonment proposals and highlighting the essential features of the proposed method of decommissioning and abandonment, the chosen decommissioning and abandonment options, key execution decisions, key risk management considerations and details on schedule ;

(d) background information, supported by diagrams, schematics and relevant photographs including —

(i) location and main infrastructure map of all land areas relevant to the Programme,

(ii) the relative location, geographical information system, type, and status of any other adjacent facilities (such as high-tension power lines, pipelines, midstream installations and facilities) which would have to be taken into consideration,

(iii) information about any commercial activity in the area, and

(iv) any other background information relevant to consideration of the Programme ;

(e) description of items to be decommissioned and abandoned, inclusive of diagrams, covering —

(i) support structure for fixed installations at the time of removal (type, size, arrangement and weights),

(ii) land based loading facilities relevant to the Programme, and

(iii) any other installed items ;

(f) removal and disposal methods stating —

(i) the removal and disposal option, describing the removal method and the disposal route, recognising any potential trans-frontier shipment of wastes, considering that installations and structure on land, except for buried transportation pipelines and gathering lines, shall be completely removed and the environment restored to its original condition,

(ii) an indication of how the principles of the waste hierarchy will be met as well as complying with waste regulations, the extent to which the installation or any part of it, including the topsides and the materials

contained within it, will be re-used, recycled, or scrapped,

(iii) details of any cleaning or removal of waste materials, including cleaning methods, cleaning agents and disposal of residues,

(iv) a clear outline of how the disposal of any radioactive material, including Low Specific Activity (LSA), and Naturally Occurring Radioactive Material (NORM), will be addressed,

(v) water level (clearance) above any remaining waste of concern, and

(vi) predicted degradation, movement, and stability of any remains ;

(g) an environmental evaluation study report, supporting the chosen decommissioning and abandonment option ;

(h) a comparative assessment of alternative decommissioning and abandonment options, or otherwise disposal options, which shall analyse the impacts of considered listed options against the following criteria —

(i) safety,

(ii) environmental,

(iii) technical, including risks of major project failure,

(iv) societal,

(v) economic, and

(vi) security,

based on qualitative and quantitative assessment and clearly indicating the rationale for the chosen decommissioning and abandonment option or otherwise disposal options ;

(i) report of any required interested party consultations in compliance with this or any other regulation ;

(j) letters of support from named partners where applicable, demonstrating their agreement with the proposed decommissioning and abandonment approach ;

(k) estimate of the cost of the proposed measures, which shall include details of the category of expenditures (based on best estimate, global benchmark with similar project and the indication of potential deviations in the estimate that may account for any difference in the final outcome at implementation) ;

(l) schedule, indicating details of the decommissioning and abandonment time scale for the proposed option, including a schedule showing the dates at which the various stages of the decommissioning and abandonment are expected to start and finish ;

(m) details of the arrangements by which the licensee will keep the Authority informed of the progress of decommissioning and abandonment ; and

(n) a description of the post-decommissioning and abandonment monitoring and maintenance phase, including steps to be taken to ensure

maintenance and safety, where any installation, structure or pipeline remained disused and in position or are to be partly removed.

(4) In respect of the decommissioning and abandonment of any installations, structures, utilities, processing plants, pipelines, or other facilities or infrastructure relating to a licence for midstream petroleum operations offshore, the licensee shall make an application to the Authority for approval to decommission and abandon, 24 months prior to the proposed start date of the Programme.

(5) An application under subregulation (4), shall be accompanied by a Programme in a Form prescribed by the Authority in addition to the requirement in regulation 9 which shall comprise of —

(a) description of items to be decommissioned and abandoned, inclusive of diagrams, covering —

(i) support structure for offshore fixed and floating installations at the time of removal (type, size, arrangement and weights),

(ii) topsides for offshore fixed and floating installations (type, size, configuration, equipment and weights),

(iii) for pipelines, flow lines and umbilicals – lengths, diameters, type of construction, the extent of burial, trenching and details of any concrete mattresses, frond mattresses, grout bags, rock-dump or other materials used to cover the lines,

(iv) details of subsea facilities that form part of the pipelines, such as production line end manifold, umbilical termination assembly, riser anchor bases as it relates to midstream and downstream operations,

(v) information about the stability of the pipelines including details of any spanning or exposure (met-ocean data, survey data and history to support information given in this section should be included as an annex to the programme, live pipeline survey information may be relevant), and

(vi) details of interaction between any part of the pipelines and other uses of the sea (in particular fishing activity, marine traffic, marker buoy positioning both historical and where relevant to estimate future activity) ; and

(b) where there is a related equipment that is not covered by the Programme, details shall be provided for such equipment and explanation provided of why it is not part of the Programme ;

(c) proposals for identification and removal of seabed debris following decommissioning and abandonment works ;

(d) for the removal and disposal methods, details of any materials and remains on the seabed after decommissioning and abandonment ;

(e) proposals covering the post-decommissioning and abandonment phase —

(i) seabed sampling surveys to monitor levels of hydrocarbons, heavy metals and other contaminants in sediments and biota, and

(ii) inspection and maintenance where any installation, structure or pipeline remained disused and in position or are to be partly removed, and where any installation, structure or pipeline is partly removed, the licensee shall remain liable for any residual liability arising from the installation, structure or pipeline not removed and appropriately marked ; and

(f) analysis indicating that the proposal complies with the standards prescribed by the international maritime organisation on offshore petroleum installations and structure.

Approval of  
an  
application  
for a  
Programme

**13.—**(1) The Authority shall approve an application for a Programme within 120 days of submission :

Provided that —

(a) the Programme is in accordance with the approved Plan ;

(b) the Programme addresses considerations and recommendations raised by the Authority and the public consultations in the light of individual circumstances ;

(c) where applicable, the potential for reuse of a transportation pipeline together with other existing facility in connection with further hydrocarbon developments is considered before decommissioning and abandonment ;

(d) all feasible decommissioning and abandonment options have been considered and a satisfactory comparative assessment made ;

(e) any removal or partial removal of an installation, structure or transportation pipeline is performed in a manner that guarantees sustainable environmental development ;

(f) any recommendation to leave an installation, structure or gathering line in place is made with regard to its likely deterioration and to the present, possible and future effects on the environment and in the case of offshore installations and structure, consistent with the applicable international petroleum industry best practices ; and

(g) relevant environmental, technical, and commercial regulations or standards are complied with.

(2) The Authority shall notify the licensee of its decision in writing where it declines an approval for the Programme and state the reasons for the refusal.

(3) Where the Authority fails to notify the licensee of its decision on the application within 120 days from the date of submission of the application as prescribed in these Regulation, the application shall be deemed approved.

**14.—(1)** The Authority shall reject an application for a Programme where it does not meet the necessary requirements and may give the licensee an opportunity to amend the application within 60 days of the rejection.

Rejection of an application for a Programme

(2) Where the licensee fails to submit an amended or modified application within the time specified or submits an amended or modified application which is not in compliance with approved Plan, the Authority shall refuse to approve the application and notify the licensee of its decision in writing.

(3) Where the Authority refuses an approval under subregulation (2), the Authority shall have such Programme carried out by a third party to be financed from the Fund under section 233 (3) of the Act.

**15.—(1)** A licensee shall, prior to the submission of an application for a Programme, conduct public consultations with stakeholders, including communities affected by the activities, public authorities and bodies and other interested parties with respect to the planned Programme.

Requirement for public consultation

(2) A licensee shall, in carrying out the consultations under these Regulations —

(a) announce its Programme by placing a public notice in one national newspaper and one local newspaper with wide coverage and on its publicly accessible website for 21 days prior to conducting public consultations with stakeholders ;

(b) indicate by notice where copies of the Programme can be viewed, to whom presentations should be submitted, and the dates and place of public consultations ;

(c) provide the Authority with necessary information to enable the Authority to indicate on its website that the Programme has been issued for consultation alongside a link to the consultation programme ;

(d) choose the mode of consultation appropriate for effective and inclusive engagement with stakeholders, taking into account the nature and location of the project and the key issues to be consulted on ;

(e) ensure that appropriate information and risks are disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format, well in advance of the proposed consultations ;

(f) hold meetings with relevant stakeholders, communities likely to be affected and the public to explain the impact and proposed mitigation measures, and to receive their oral or written views ;

(g) ensure that the venues of and time for the meetings are convenient to the relevant stakeholders and communities likely to be affected by the project and the public ; and

(h) ensure that the comments received during consultations are recorded, made publicly available and considered.

## **B 838**

Report of the public consultations

**16.** A licensee shall submit to the Authority the report of public consultation with the stakeholders including the necessary measures to be taken by the licensee as a result of the consultation.

Execution of a Programme

**17.—**(1) A licensee shall commence execution of the Programme on the Authority's approval of an application for a Programme.

(2) A licensee shall keep the Authority informed of the progress of the execution of the Programme, including providing regular reports and updates envisaged under the approved Programme in the form prescribed by the Authority.

(3) The Authority may request meetings with a licensee at which progress could be reviewed.

Changes to the approved Programme

**18.—**(1) A licensee shall, where a change to the approved Programme is contemplated and prior to implementation, submit such change for review and approval by the Authority.

(2) The Authority shall approve reviews which include the change in scope, methodology or technology, contractor and timeframe to the Programme.

Post-completion of the Programme

**19.—**(1) A licensee shall, on execution of the approved Programme, notify the Authority in writing of the completion.

(2) A licensee shall on the completion of the Programme submit to the Authority a written report stating the measures established by the licensee for the monitoring, maintenance and management of any remains of a facility that may still exist under the scope and duration of the monitoring requirements of the Programme approved by the Authority.

(3) A licensee shall submit the results of all post completion monitoring surveys to the Authority not later than 90 days after the completion of the survey.

(4) On completion of the last intended survey as provided by the licensee in its statement of measures under subregulations (2) and (3), any further work shall depend on the results of the monitoring surveys and shall be agreed with the Authority.

Mandatory decommissioning and abandonment

**20.** The Authority may, irrespective of the timing proposed under the approved Plan, at any time and by written notice, require a licensee to commence decommissioning and abandonment of any midstream and downstream facility where such decommissioning and abandonment may be required under international petroleum industry best practices.

## PART V— ENFORCEMENT AND RECOVERY

**21.** The Authority shall enforce compliance to the provisions of these Regulations in the following manner —

(a) where a licence has expired, is surrendered, or terminated and no decommissioning and abandonment has been executed by the licensee, or where there is an unfulfilled decommissioning and abandonment obligation, the Authority shall require the former licensee to execute the decommissioning and abandonment in accordance with the previously approved Plan ; and

(b) where a licence has been assigned or transferred by the licensee prior to the execution of any decommissioning and abandonment obligation provided for in a Plan, the obligation to execute the Plan relating to the licence shall be enforced against the transferee of the licence.

Enforcement by the Authority

**22.—(1)** The Authority, where it revokes a licence, may —

(a) impose restrictions on the disposal of the facility ; or

(b) direct in writing that the licensee refrain from conducting as pecific Programme regarding the facility.

Restrictions  
on the  
disposal of  
revoked  
asset

(2) The former licensee under subregulation (1) shall, deliver the facility, in the present condition, to the third party designated by the Authority, and the licensee shall be relieved of any future obligation relating to decommissioning and abandonment of such facility and any remaining amount in the Fund shall be transferred to the Authority for the purpose of future decommissioning and abandonment of the facility.

(3) The Authority shall, notwithstanding the provision of subregulation(2), take necessary action to recover from the former licensee any shortfall in contribution to the Fund where there is no designated third party and the licensee’s contribution is not sufficient to cover the cost of the Programme.

## PART VI—ASSET DATABASE

**23.—(1)** The Authority shall keep and maintain a database of midstream and downstream petroleum facilities or infrastructure onshore, swamp and offshore in Nigeria.

Database of  
installations,  
structure  
and asset

(2) The database shall —

(a) include a list of all installations, structures and pipelines used in the operations and their status ;

(b) be a public document and be published on the website of the Authority ; and

(c) be subject to annual review and update by the Authority.

(3) A licensee shall submit to the Authority in the prescribed format and within the specified time information relating to its midstream and downstream petroleum operations installations, structures, utilities, plants, pipelines, processing or other facilities for maintenance, review and update of the database.

(4) The Authority may issue annual publications of the database to the public.

PART VII — ESTABLISHMENT AND ADMINISTRATION OF A DECOMMISSIONING AND ABANDONMENT FUND

Establishing  
a Decommissioning and  
Abandonment  
Fund

**24.**—(1) There shall be established for each licence (where a facility requires decommissioning and abandonment) a Decommissioning and Abandonment Fund (“Fund”), not later than 120 days from the date of commencement of operations in the case of a new licence, or one year from the effective date of these Regulations for existing licenses in midstream and downstream petroleum operations.

(2) The Fund shall be established by the licensee in respect of petroleum operations under the licence, for the purpose of fulfilling its obligations and liabilities with respect to decommissioning and abandonment under a Plan.

(3) A licensee shall notify the Authority in writing of the establishment of the Fund under subregulation (1) not later than 14 days from the date of establishment of the Fund.

(4) The Fund shall be in the form of an escrow account held by a financial institution that is not an affiliate of the licensee.

(5) The Authority shall be a party to the escrow agreement in respect of the escrow account in subregulation (4) and shall have access to the funds in the escrow account under the provisions of this regulation.

(6) The escrow account shall be kept free from any encumbrance from creditors, including a charge, pledge, guarantee or a letter of credit.

(7) The financial institution under subregulation (4) shall be a Tier 1 commercial bank licensed by the Central Bank of Nigeria and shall pass stress tests conducted by the Central Bank of Nigeria on a semi-annual basis for the entire life of the decommissioning and abandonment escrow, and where the financial institution fails to meet the stress test, the funds in the escrow account shall be transferred within three months to an escrow account in another financial institution that meets the stress test.

(8) The financial institution referred to in subregulation (7) shall be domiciled in Nigeria and the escrow account shall be interest-bearing with any accrued interest being part of the Fund.

(9) The revocation or cancellation of a licence shall terminate the licensee's interests, rights and access to the escrow account and the Authority shall have sole and exclusive access and control over the escrow account to the exclusion of any other person.

**25.—**(1) The Fund shall be funded by the licensee based on the annual contributions to be calculated in the manner provided in these Regulations and contained in the Plan. Contributions  
to the Fund

(2) The annual contribution provided for in the Plan shall be —

(a) in USD for a midstream facility and Naira equivalent for a downstream facility; and

(b) based on an estimate by the licensee of the applicable decommissioning and abandonment costs, projected forward on a nominal basis, and divided by the estimated life of the facilities and the reasonable cost estimate shall be approved by the Authority.

(3) The estimated life of the facilities referred to in subregulation (2) shall be based on the —

(a) estimated design life of facilities used for midstream and downstream petroleum operations; and

(b) period for which the safe operations of the facilities were designed, in case of facilities used for midstream and downstream petroleum operations.

(4) The estimates for costs required in these Regulations shall be made based on international petroleum industry best practice.

(5) The annual contribution shall be deposited to the Fund on or before 31st December of each calendar year.

(6) The estimated annual contribution under subregulation (2) shall be reviewed every five years following the first submission or as required during the period of the licence or until the cessation of petroleum operations to which the Plan relates.

(7) Contributions to the Fund shall be eligible for cost recovery and shall be tax deductible, provided that the cost of executing the Programme disbursed from the Fund shall not be eligible for cost recovery or deductible for tax purposes.

**26.—**(1) The Fund shall be exclusively used to pay for decommissioning and abandonment costs. Utilisation  
of the Fund

(2) A licensee shall have access to the Fund only on receipt of the written approval from the Authority under these Regulations to undertake the Programme and shall use such funds only for conducting approved Plan.

(3) Where there is an excess in the Fund after the decommissioning and abandonment has been carried out and approved by the Authority, the excess shall be considered for income tax purposes and the amount after the withholding of any tax shall be returned to the licensee.

(4) Where the Fund is not sufficient to cover the decommissioning and abandonment expenditure, the licensee shall cover such difference to fulfil the obligations in full.

Power of the Authority to utilise the Fund

**27.**—(1) The Authority shall access the Fund where a licensee fails to comply with the Plan or Programme to pay for the performance by a third party of such licensee’s obligations under section 232 of the Act.

(2) The Authority shall access the Fund only after it has provided a written notice to the respective licensee of the noncompliance and has been given a reasonable period to rectify the non-compliance.

(3) Where the Authority decides to apply the Fund under subregulation (1), the Authority shall be responsible to manage the Fund in accordance with the applicable laws, and the procurement of goods, works or services required to undertake the decommissioning and abandonment shall be subject to the laws and regulations applicable to public procurement.

Statements of accounts

**28.** A licensee shall furnish the Authority, not later than 90 days after the end of each calendar year, a statement of accounts with respect to its decommissioning and abandonment contributions into the Fund in the form prescribed by the Authority.

Decommissioning and abandonment liabilities in case of assignment

**29.**—(1) An assignment or transfer of interest in a licence under the Act or Regulations, or a licence saved under section 311 (9) of the Act, shall include the assignment of obligations to make contributions to the Fund under this regulation :

Provided that in any case of such assignment or transfer, the assignor or transferor shall, where the funds accrued in the Fund is insufficient to cover any decommissioning and abandonment liabilities as at the date of the assignment, provide a security in the nature of a bank guarantee to the Authority or cash deposit to the Fund to cover the amount required for that part of the liabilities not provided for in the Fund.

(2) All parties to an assignment or transfer of the licence, whether assignors or assignees, transferors or transferees, shall be jointly and severally liable for the decommissioning and abandonment obligations with respect to a relevant licence.

## PART VIII — MISCELLANEOUS PROVISIONS

**30.**—(1) A licensee, who fails to submit a Plan with respect to a licence within the time prescribed in these Regulations shall be liable to an administrative penalty — Penalties

(a) for a midstream facility, USD100,000, or

(b) for downstream facility ₦2,500,000,

payable to the Authority.

(2) A licensee who fails to establish the Fund within the time prescribed in these Regulations shall be liable to an administrative penalty —

(a) for a midstream facility, USD100,000, or

(b) for downstream facility ₦2,500,000,

payable to the Authority.

(3) A licensee who fails to contribute to the Fund, in the manner prescribed in the approved Plan under these Regulations, three months after payment is due, shall be liable to an administrative penalty of one year contribution to the Authority in addition to the sum due and payable to the Fund for the period.

(4) A licensee who commences or carries any Programme without the approval of the Authority as provided for in these Regulations shall be liable to an administrative penalty —

(a) for a midstream facility, USD200,000, or

(b) for downstream facility ₦5,000,000,

payable to the Authority.

(5) The penalties under these Regulations may be payable in Naira at the prevailing exchange rate of the Central Bank of Nigeria as advised by the Authority.

(6) Where a failure to comply under subregulations (1) - (3) extends for a period more than one year, the Authority shall cancel the licence under section 32(i) of the Act.

**31.** The Authority —

Exclusions

(a) shall determine licensees who may be excluded from the application of these Regulations ; and

(b) may make guidelines for the decommissioning and abandonment of such facilities which have been non-operational for a period of five consecutive years.

**32.** The Authority may issue guidelines and directives for a Plan and for effective implementation of these Regulations. Authority to issue guidelines

**B 844**

Interpretation

**33.** In these Regulations —

“*abandonment*”, means the non-operation of a licenced midstream facility for a period not less than five years ;

“*Act*” means Petroleum Industry Act, No. 6, 2021 ;

“*assignor*” means a license or permit holder who assigns or transfers its licence or permit to another person known as the assignee ;

“*Authority*” means the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) ;

“*decommissioning and abandonment*” means the approved process of cessation of operations of crude oil, installations, plants and structures, including shutting down an installation operations and production, total or partial removal of installations and structures where applicable, chemicals and other such material handling, removal and disposal of debris and removed items, environmental restoration of the area after removal of installations, plants and structures ;

“*facility*” means a factory, plant, installation, structure, utility, pipeline, processing plant, petroleum products tank farm or other facilities, for production, manufacturing, transportation, distribution and storage of petroleum, petroleum liquids, natural gas, petrochemicals, industrial chemicals, precursors, and other derivatives from crude oil or natural gas ;

“*processing plant*” means a facility for the chemical conversion, upgrade, or treatment of crude oil, natural gas and intermediate hydrocarbons to other higher value products through the use of catalysts, additives, or other physical means of separation at defined compositions, temperatures and pressures ;

“*transferor*” means any licence or permit holder who relinquishes his ownership of a licence or permit to another person called a transferee ; and

“*USD*” means the United States Dollars.

Citation

**34.** These Regulations may be cited as the Midstream and Downstream Decommissioning and Abandonment Regulations, 2023.

Made at Abuja this 10th day of May, 2023.

ENGR. FAROUK AHMED  
*Authority Chief Executive*  
*Nigerian Midstream and Downstream*  
*Petroleum Regulatory Authority*