

PETROLEUM (DRILLING AND PRODUCTION) REGULATIONS

[L.N. 69 of 1969.]

ARRANGEMENT OF REGULATIONS

PART I

Preliminary and general

REGULATION

1. Form of applications, etc.
2. Areas.
3. Withdrawal of applications.
4. Applications for assignment.
5. Publication.
6. Samples and specimens.
7. Samples and specimens: control of export.
8. Registration.
9. Appointment of manager.

PART II

Oil exploration licences

10. Form.
11. Powers.
12. Commencement of exploration.
13. Reports.

PART III

Oil prospecting licences and oil mining leases

Form, rights and powers

14. Form.
 15. Rights and powers.
 16. Reservations and exclusions.
-

Restrictions

REGULATION

17. Entry on land.
18. Compliance with planning laws.
19. Roads.
20. Cultivation.
21. Protected and productive trees.
22. Venerated objects.
23. Fishing rights.
24. Safety of navigation.
25. Prevention of pollution.

PART IV

Obligations of lessees and licensees

Recruitment and training of Nigerians

26. Training programmes: approval, etc.
27. Scholarship schemes: approval.
28. Variations.
29. Reports.

Exploration and drilling

30. Commencement of exploration.
31. Permit to conduct seismic data survey.
32. Commencement of drilling.
33. Boreholes and wells.
34. Wells and fields.
35. Drilling rigs.

Field development

36. Abandonment, etc.
37. Maintenance of apparatus and conduct of operations.
38. Field development programme.
39. Production of crude oil and natural gas.
40. Confinement of petroleum.
41. Drainage of waste oil, etc.
42. Pressure decline: study and report.
43. Utilisation of natural gas: feasibility study.
44. Power to give certain directions.
45. Compliance with safety regulations and instructions.
46. Termination.
47. Boundary marks.
48. Joint development schemes.

PART V

Reports, accounts and records

REGULATION

49. Records of boreholes and wells.
50. Discovery reports.
51. Samples.
52. Measurement and weighing of crude oil and natural gas.
53. Accounts and particulars.
54. Progress reports.
55. Records, etc.; miscellaneous provisions.
56. Power to enter relevant area for examination and checking.
57. Records, etc., to be supplied at expense of licensee or lessee.

58. Information to be confidential.

PART VI

Fees, rents and royalties

- 59. Fees.
- 60. Rents.
- 61. Royalties.
- 62. Royalties for onshore and shallow offshore production sharing contracts.

PART VII

Supplemental

- 63. Interpretation.
- 64. Short title.

SCHEDULE

A. Form of Application

B. Form of Oil Exploration Licence

C. Form of Oil Prospecting Licence

D. Form of Oil Mining Lease

E. Form of Application for Drilling Rig Licence

F. Form of Drilling Rig Licence

PETROLEUM (DRILLING AND PRODUCTION) REGULATIONS

[L.N. 69 of 1969.]

under section 9

[27th November, 1969]

[Commencement.]

PART I

Preliminary and general

1. Form of applications, etc.

(1) Every application for an oil exploration licence, oil prospecting licence or oil mining lease shall be made to the Minister in writing on the appropriate form as set out in the Schedule to these Regulations.

(2) Every application shall be accompanied by-

- (a) the prescribed fee as set out in Part VI of these Regulations (the fee in question not being refundable in any circumstances);
- (b) ten copies of a map on a scale or scales specified by the Director of Petroleum Resources upon which is delineated in red the boundaries of the area in respect of which the application is made;
- (c) an adequate survey description of the boundaries of that area (at least one boundary corner being tied, in the case of an application for an oil mining lease, to an official survey control beacon, or an existing survey mark itself previously tied to an official survey grid) or, where the area has been blocked out or delineated and described by or on behalf of the Minister, a reference to the particulars of identification used by him or on his behalf;
- (d) evidence of the financial status and technical competence of the applicant;
- (e) details of the work which the applicant is prepared to undertake or a programme for carrying out any minimum working obligations imposed;
- (f) details of the annual expenditure which the applicant is prepared to make on each area applied for;
- (g) the date on which he is prepared to begin operations after the grant of the oil exploration licence, oil prospecting licence or oil mining lease to which the application relates;
- (h) details of a specific scheme for the recruitment and training of Nigerians;
- (i) evidence of the applicant's ability to market any petroleum produced;
- (j) annual reports in respect of the applicant's oil exploration and production activities in the preceding three years; and
- (k) any other information which the Minister may call for by notice in the *Federal Gazette* or otherwise.

(3) The applicant shall furnish such further evidence relating to the matters mentioned in paragraph (2) of this regulation as the Director of Petroleum Resources may require.

2. Areas

(1) The boundaries of the area applied for-

- (a) shall be straight lines in North to South and East to West directions and, where so required by the Director of Petroleum Resources, shall be coincident with all or part of any existing licence or lease boundaries or international or inter-State boundaries or with grid lines designated by him; or
- (b) where the boundaries of the area have been already delineated by or on behalf of the Minister, shall correspond to those boundaries.

(2) The area applied for shall be a compact unit not exceeding in area-

- (a) in the case of an oil exploration licence, 5,000 square miles;
- (b) in the case of an oil prospecting licence, 1,000 square miles;
- (c) in the case of an oil mining lease, 500 square miles.

(3) All oil mining leases deriving from an oil prospecting licence shall be in compact blocks or units; and, where more than one block or unit is so derived, each block or unit shall be the subject of a separate and distinct lease.

(4) Where there is provision for the relinquishment or surrender of part of the relevant area of a licence or lease, the relinquishment or surrender shall be such that the retained part is a compact unit as provided in paragraphs (2) and (3) of this regulation; and the licensee or lessee shall obtain the prior agreement of the Director of Petroleum Resources as to the shape and area of the retained part before an application for the relinquishment or surrender is made to the Minister.

3. Withdrawal of applications

An applicant may withdraw his application by notifying the Minister of his intention in writing, and the Minister shall accept the withdrawal if the prescribed fee is paid:

Provided that the Minister may for good reasons waive the fee.

4. Applications for assignment

(a) An application for the assignment of an oil prospecting licence or oil mining lease (or of an interest in the same) shall be made to the Minister in writing and accompanied by the prescribed fee; and the applicant shall furnish in respect of the assignee all such information as is required to be furnished in the case of an applicant for a new licence or lease.

(b) Application for the assignment or takeover of an oil prospecting licence or oil mining lease (or of an interest in the same) shall be made to the Minister in writing and accompanied by the prescribed fees at the discretion of the Minister; and the applicant shall furnish in respect of the assignment, or takeover, all such information as is required to be furnished in the case of an applicant for a new licence or lease.

[S.I. 3 of 1996.]

5. Publication

All grants and renewals of oil prospecting licences and oil mining leases and all surrenders, determinations or assignments thereof shall be published in the Federal *Gazette* with the name of the licensee or lessee and the situation of the relevant area.

6. Samples and specimens

(1) The holder of an oil exploration licence may remove for examination and analysis samples and specimens of rock and petroleum found by him in the course of his operations.

(2) The Director of Petroleum Resources shall be given particulars of all such samples and specimens and provided, if he so requests, with representative samples and specimens not exceeding one half of the samples and specimens removed.

7. Samples and specimens: control of export

The holder of an oil exploration licence, oil prospecting licence or oil mining lease may not export samples or specimens abroad except with the written permission of the Director of Petroleum Resources and subject to such conditions as he may prescribe.

8. Registration

If the law of the State in which the relevant area is situated provides for an oil exploration licence, oil prospecting licence or oil mining lease to be registrable, the licensee or lessee shall register the licence or lease accordingly at his own expense and supply one copy of the registered licence or lease to the Director of Petroleum Resources.

9. Appointment of manager

The holder of an oil exploration licence, oil prospecting licence or oil mining lease shall-

- (a) appoint a manager resident in Nigeria to supervise the operations under the licence or lease; and
- (b) notify the name and address of the manager (and changes therein) to the Director of Petroleum Resources, and any notices required to be served on the licensee or lessee shall be sufficiently served if delivered or posted to the manager at the address notified.

PART II

Oil exploration licences

10. Form

Oil exploration licences shall be in the appropriate form in the Schedule to these Regulations.

11. Powers

Subject to the rights of the owners and occupiers of the relevant area, the licensee of an oil exploration licence may, with the approval of the Director of Petroleum Resources, bring and erect upon the relevant area temporary structures, machinery and other things necessary for his operations, and may dismantle and remove the same.

12. Commencement of exploration

(1) As soon as possible (but not more than three months) after the grant of an oil exploration licence, the licensee shall commence to examine the relevant area by geological and geophysical methods, and shall continue the examination during the subsistence of the licence.

(2) Work under paragraph (1) of this regulation shall be supervised continuously by a qualified petroleum geologist and shall be carried out to the satisfaction of the Director of Petroleum Resources.

13. Reports

(1) The licensee of an oil exploration licence shall report without delay to the Director of Petroleum the discovery of any hydrocarbons or other economic minerals in the relevant area.

(2) In addition to reports and information required to be submitted under Part V of these Regulations, the licensee of an oil exploration licence shall within two months of the expiration of the licence forward to the Director of Petroleum Resources a report in triplicate on the work done and the conclusions reached on the relevant area, the report in question being accompanied by all necessary data, maps, plans and sections.

PART III

Oil prospecting licences and oil mining leases

Form, rights and powers

14. Form

Licences and leases shall be in the appropriate form in the Schedule to these Regulations.

15. Rights and powers

(1) The rights and powers conferred on licensees and lessees under the Act shall include the right, subject to all the applicable laws and the approval in writing of the Director of Petroleum Resources and of other appropriate government agencies and to such conditions as they may impose-

- (a) to cut down and clear timber and undergrowth;
- (b) to make roads;
- (c) to appropriate and use water found in the relevant area and to collect and impound the same, but so that in the exercise of this right, the licensee or lessee shall not deprive any lands, villages, houses or watering places for cattle of a reasonable supply thereof or interfere with any rights of water enjoyed by any person under the Land Use Act or any other enactment;

[Cap. L5.]

to construct, bring, maintain, alter, operate, dismantle or remove-

- (i) industrial buildings and installations, including drilling platforms, engines, power plants, trowlines, storage tanks, loading terminals, harbours, jetties, piers, moles, landing places and derricks;
- (d)

- (ii) means of communication, including telephone lines and wireless stations;
 - (iii) facilities for shipping and aircraft;
 - (iv) living accommodation and amenities for the employees and workmen of the licensee or lessee; and
 - (v) other buildings, installations, works, chattels and effects;
- (e) to dredge;
- (f) to search for, dig and get free of charge gravel, sand, clay and stone not subject to any licence or lease within unoccupied State land, on condition that-
- (i) any such gravel, sand, clay or stone shall not be sold; and
 - (ii) upon termination or prior cessation or completion of work in the relevant area, all excavations shall be filled in or levelled out and left by the licensee or lessee as far as may be reasonably practicable and to the satisfaction of the Director of Petroleum Resources in their original condition and, if so required by the Director of Petroleum Resources, fenced or otherwise safeguarded.

(2) The licensee or lessee may exercise any of his rights or powers through agents or independent contractors, but shall be responsible for all the actions of the agents and contractors in question.

16. Reservations and exclusions

(1) The Minister or any person authorised by him shall have the right to enter the relevant area to search for, dig, work and get any substance other than petroleum, and generally for any purposes other than those for which a licence or lease has been granted.

(2) The Governor of a State shall retain the power, in respect of such parts of the relevant area as are State land situated within the State, to exercise all rights conferred by law upon him.

(3) The powers conferred by this regulation shall not be exercised in such a way as to hinder or interfere with or to allow any person or body to hinder or interfere with the rights and powers of the licensee or lessee, and no exercise of any right under paragraph (1) of this regulation shall be permitted or effective if and so far as the exercise would affect or abrogate any of the rights of the licensee or lessee conferred by section 112 of the Minerals and Mining Act.

[Cap. MI2.]

Restrictions

17. Entry on land

(1) The licensee or lessee is not authorised to enter upon or occupy, or to exercise any of the rights and powers conferred by his licence or lease in relation to-

- (a) any area held to be sacred (the question whether any area is held to be sacred being decided, if necessary, by the State authority, whose decision shall be final); or

- (b) any of the following parts of the relevant area unless and until permission in writing to do so has been obtained by the licensee or lessee from the Minister (which permission shall be subject to such conditions as the Minister may see fit to impose), that is to say-
- (i) any part set apart for or used or appropriated or dedicated to public purposes;
 - (ii) any part occupied for the purposes of the government of the Federation or a State;
 - (iii) any part situate within a township, town, village, market, burial ground or cemetery;
 - (iv) any part which is the site of or is within fifty yards of any building, installation, reservoir, dam, public road or tramway or which is appropriated for or situate within fifty yards of any railway;
 - (v) any part actually under cultivation; or
- (c) any part consisting of private land (other than private land coming within sub-paragraph (b) of this paragraph) unless and until permission in writing to do so has been obtained by the licensee or lessee from the Minister, who may grant permission if the licensee or lessee has-
- (i) given previous notice in writing to the Minister specifying by name or other sufficient designation and by quantity the land proposed to be occupied and the purpose for which the land is required; and
 - (ii) paid or tendered to the persons in lawful occupation of and to the owner or owners of the land fair and adequate compensation therefor.

(2) In the event of any dispute under sub-paragraph (c) (ii) of paragraph (1) of this regulation as to who is in lawful occupation or the owner of any land, or as to the amount of any compensation payable, the licensee or lessee shall deposit with the State authority such sum as shall appear to that authority to be reasonable satisfaction in full or in part of whatever compensation the licensee or lessee may be found liable to pay, without prejudice to the right of the licensee or lessee to recover any amount paid in excess of the said compensation.

(3) In this regulation "**private land**" means any land in respect of which a person is entitled to exercise a right of occupancy under the Land Use Act.

[Cap. L5.]

18. Compliance with planning laws

The licensee or lessee shall comply with any law relating to town or country planning or regulating the construction, alteration, repair or demolition of buildings.

19. Roads

The licensee or lessee shall not hinder or prevent any person from having access to or using at his own risk any road constructed in accordance with these Regulations:

Provided that-

- (a) where any person uses such a road in such a manner as to do appreciable damage thereto or to increase substantially the cost of upkeep thereof, the licensee

or lessee may call upon that person to contribute to the cost of upkeep of the road, and if that person fails to contribute such an amount as the licensee or lessee may reasonably require towards the cost of upkeep of the road, the licensee or lessee may with the consent of the Minister prevent that person from having access to or using the road;

- (b) where any person uses such a road in such a manner as materially to interfere with the free use and enjoyment of the road by the licensee or lessee, the licensee or lessee may call upon that person to limit his use of the road so as to end the interference, and if that person does not so limit his use of the road, the licensee or lessee may with the consent of the Minister prevent that person from having access to or using the road.

20. Cultivation

The lessee shall not, except with the consent of the Minister, cultivate or use the relevant area in any manner save for the purpose of his licence or lease and the rights thereby granted.

21. Protected and productive trees

(1) The licensee or lessee shall not cut or take any protected tree except with the consent of the State authority and on payment of the appropriate fees and royalties.

(2) If the licensee or lessee cuts down or takes any other productive tree, he shall pay fair and adequate compensation to the owner thereof:

Provided that in the event of any dispute or uncertainty as to the owner of any productive tree, or as to the amount of compensation payable, the licensee or lessee shall deposit with the State authority such sum as shall appear to that authority to be reasonable satisfaction in full or in part of whatever compensation the licensee or lessee may be found liable to pay to the owner, without prejudice to the right of the licensee or lessee to recover any amount paid in excess of the said compensation.

(3) In this regulation-

"**other productive tree**" means a tree having commercial value which is not a protected tree;

"**protected tree**" means a tree protected by law, and includes all trees in a forest reserve.

22. Venerated objects

Except with the permission of the State authority, given on such terms as he may direct, a licensee or lessee shall not injure or destroy any thing which is an object of veneration, and if any question arises as to whether any thing is an object of veneration, that question shall be decided by that authority, whose decision shall be final.

23. Fishing rights

If the licensee or lessee exercises the rights conferred by his licence or lease in such a manner as unreasonably to interfere with the exercise of any fishing rights, he shall pay

adequate compensation there for to any person injured by the exercise of those first-mentioned rights.

24. Safety of navigation

Any works or installations erected by the licensee or lessee for off-shore operations shall be of such a nature and shall be so constructed, placed, marked, buoyed, equipped and maintained as to leave at all times and in any conditions safe and convenient channels for shipping in the relevant area; and, without prejudice to the generality of the foregoing, he shall install such audible or visual navigational aids as may be approved or required by the Federal Government or any other authority having jurisdiction and shall maintain the same in a manner satisfactory to the said Government or authority.

25. Prevention of pollution

The licensee or lessee shall adopt all practicable precautions, including the provision of up-to-date equipment approved by the Director of Petroleum Resources, to prevent the pollution of inland waters, rivers, watercourses, the territorial waters of Nigeria or the high seas by oil, mud or other fluids or substances which might contaminate the water, banks or shoreline or which might cause harm or destruction to fresh water or marine life, and where any such pollution occurs or has occurred, shall take prompt steps to control and, if possible, end it.

PART IV

Obligations of lessees and licensees

Recruitment and training of Nigerians

26. Training programmes: approval, etc.

(1) The licensee of an oil prospecting licence shall within twelve months of the grant of his licence, and the lessee of an oil mining lease shall on the grant of his lease, submit for the Minister's approval, a detailed programme for the recruitment and training of Nigerians.

(2) The programme shall provide for the training of Nigerians in all phases of petroleum operations whether the phases are handled directly by the lessee or through agents and contractors.

27. Scholarship schemes: approval

Any scholarship schemes prepared, and any scholarships proposed to be awarded, by the licensee or lessee (whether or not related to the operations of the licensee or lessee or to the oil industry generally) shall be submitted for the approval of the Minister.

28. Variations

Once a programme under regulation 26 of these Regulations or a scholarship scheme under regulation 27 of these Regulations has been approved by the Minister, it may not be varied without his permission.

29. Reports

A report on the execution of the programme mentioned in regulation 26 of these Regulations and the progress of Nigerianisation shall be submitted by the licensee or lessee at or about the end of June and December in every calendar year.

Exploration and drilling

30. Commencement of exploration

Every licensee or lessee-

- (a) shall explore the relevant area, using geological, geophysical and any other acceptable methods of examination for the purpose of arriving at the petroleum-producing prospects, until the area has been adequately explored for that purpose, giving in this respect due regard to the reasonable wishes of the Minister; and
- (b) shall, within six months of the date of the grant of the licence or lease, commence (in so far as he has not already begun to do so) seismic investigations which shall continue until the relevant area has been fully investigated.

31. Permit to conduct seismic data survey

(1) No person shall carry out seismic data survey in any concession area unless the person has been issued a permit by the Director of Petroleum Resources.

[S.I. 3 of 1996.]

(2) The permit shall be obtained in respect of each concession.

[S.I. 3 of 1996.]

(3) An application for a permit shall be made in writing to the Director of Petroleum Resources at least one month prior to the commencement of the survey and accompanied by a fee of ₦5,000.00.

[S.I. 3 of 1996.]

(4) An application under paragraph (3) of this regulation shall state among other things-

- (a) the objectives of the proposed acquisition and the location of the prospecting licence or oil mining lease;
- (b) the density and quality of previous vintages if any, on the said areas of the concession;
- (c) the justification for the magnitude of subsurface coverage being applied for;
- (d) the terrain and duration of the survey;
- (e) the name of the geophysical party and location;
- (f) the base map of the area;
- (g) the equipment type and specification;
- (h) the copy of a similar letter of intent issued by the hydrographer of the Nigerian Navy, in the case of marine operation;
- (i) the estimated cost per kilometre;

- (j) any other relevant information.
[S.1. 3 of 1996.]

32. Commencement of drilling

Not later than eighteen months from the date of the grant of an oil prospecting licence, the licensee shall begin drilling operations with a modern oil well drilling outfit and shall drill on the average one well each year (commencing from the second year) in the relevant area to penetrate through all the prospective zones:

Provided that an aggregate of three wells drilled through all the prospective zones in the relevant area shall be sufficient to satisfy the minimum drilling obligations for application for conversion of the licence to a lease.

33. Boreholes and wells

(1) No borehole or well shall be commenced, or re-entered after work has been stopped for six months, without the written approval of the Director of Petroleum Resources and the payment of a fee of ₦5,000:

Provided however that any approval granted under this regulation shall be revaluated if work does not commence within six months of the grant of the approval on the payment of a fee of ₦2,500.

[S.1. 3 of 1996.]

(2) As soon as the site of any borehole or well has been decided, the licensee or lessee shall notify the Director of Petroleum Resources and the ports authority (where appropriate) in writing of the proposed site in accordance with the following provisions-

- (a) in the case of an exploration hole or any hole penetrating any previously undrilled structure, strata or pool, the notification to the Director of Petroleum Resources shall contain-
- (i) the name or proposed name of the field followed by the figure I;
 - (ii) the preliminary co-ordinates and elevation of the proposed location;
 - (iii) a seismic map or plan of the structure or structures to be investigated and the estimated date of spudding (which shall not be less than 21 days from the date of the notification); and
 - (iv) all such other information, including information as to the drilling, casing, testing, cementation and completion programmes proposed by the licensee or lessee, as the Director of Petroleum Resources may by notice in writing require from time to time;
- (b) in the case of a development or appraisal hole or a hole penetrating only previously drilled structures, strata or pools, the seismic maps or plans of which have already been submitted to the Director of Petroleum Resources, the notification shall contain the approved name of the field and its number which shall represent the chronological sequence in which the well is to be drilled relative to the exploration well (which shall always bear the figure I) together with-
- (i) its preliminary co-ordinates and elevation;

- (ii) its estimated date of spudding (which shall not be less than 21 days from the date of the notification); and
- (iii) all such other information (including information as to the drilling, casing, cementation, testing and completion programmes) as the Director of Petroleum Resources may by notice in writing require from time to time.

(3) Where the Director of Petroleum Resources is satisfied with the programme, he shall upon a fee of ₦ 50,000 being paid by the licensee or lessee, give his written approval to the drilling of the well together with such observation and comments as he may wish to make.

[S.1. 3 of 1996.]

(4) If he is not satisfied with the programme, the Director of Petroleum Resources may withhold his permission, but he shall convey to the licensee or lessee the reasons for his refusal.

34. Wells and fields

(1) Every well shall be identified by a unique designation for which the licensee or lessee shall obtain the prior approval in writing of the Director of Petroleum Resources.

(2) The designation of a well shall in general consist of the name of the field in which the well is to be drilled, followed by the serial number which indicates the chronological order in the drilling sequence for the field.

(3) All fields shall bear names in a Nigerian vernacular language which shall in general refer to any geographical, topographical or other general features in the vicinity of the field, and may be chosen from the names of the flora and fauna or any parts thereof of the country, or from any local numerals:

Provided that, as an alternative to the foregoing provision of this paragraph, fields may be designated by the short title by which the licensee or lessee is commonly identified followed by an alphabetical representation consisting of not more than two letters.

(4) No field may be named after an individual without the specific permission in writing of the Minister, and in any case no field shall be named after a living person or after a non-Nigerian.

(5) The designation of a well may not be altered simply because a part of the hole was deviated or whipstocked or because the well was re-drilled to a lower target:

Provided that-

- (a) where an original hole was plugged back and abandoned but another hole was drilled directionally to another target area, the new directional hole shall have a unique number if the new bottom is at least 100 yards from the bottom of the original hole;
- (b) other prefixes, suffixes or any other additional letters or characters may with the prior approval of the Director of Petroleum Resources (who shall first be satisfied of the necessity for the addition) be appended to the designation of any well.

(6) The licensee or lessee shall not change the designation, status or classification of a well or field without the approval in writing of the Director of Petroleum Resources.

(7) In this regulation "**field**" includes an existing field and a proposed field.

35. Drilling rigs

(1) No person shall operate a drilling rig without a valid licence granted by the Minister or any other public officer in the Ministry authorised in that behalf, in writing, by the Minister.

[S.1. 2 of 1990.]

(2) The following provisions shall apply in respect of a licence granted under this regulation-

- (a) the licence shall expire on the 31st December next following the date on which it was granted, but may be renewed upon application in writing made at least two months before the expiry;
- (b) the licence may be withdrawn or suspended for a stated period if the rig is operated in contravention of any enactment, or if the owners or operators thereof do not comply with instructions issued by the Director of Petroleum Resources;
- (c) the licence shall not be transferable;
- (d) a copy of the current licence shall be displayed on the rig and the original shall be available for inspection at all times on the rig.

(3) Applications for a licence to be granted under this regulation, and any licences so granted, shall be in the appropriate form in the Schedule to these Regulations.

Field Development

36. Abandonment, etc.

(1) No borehole or existing well shall be re-drilled, plugged or abandoned, and no cemented casing or other permanent form of casing shall be withdrawn from any borehole or existing well which it is proposed to abandon, without the written permission of the Director of Petroleum Resources.

(2) Every borehole or existing well which the licensee or lessee intends to abandon shall, unless the Director of Petroleum Resources otherwise permits in writing, be securely plugged by the licensee or lessee so as to prevent ingress and egress of water into and from any portion or portions of the strata bored through and shall be dealt with in strict accordance with an abandonment programme approved or agreed to by the Director of Petroleum Resources.

(3) Except in an emergency, the Director of Petroleum Resources may in any case direct that no borehole or well may be plugged, or no works be executed, save in the presence of an officer of the Minister of Mines, Power and Steel designated by him.

37. Maintenance of apparatus and conduct of operations

The licensee or lessee shall maintain all apparatus and appliances in use in his operations, and all boreholes and wells capable of producing petroleum, in good repair and

condition, and shall carry out all his operations in a proper and workmanlike manner in accordance with these and other relevant regulations and methods and practices accepted by the Director of Petroleum Resources as good oilfield practice; and without prejudice to the generality of the foregoing he shall, in accordance with those practices, take all steps practicable-

- (a) to control the flow and to prevent the escape or avoidable waste of petroleum discovered in or obtained from the relevant area;
- (b) to prevent damage to adjoining petroleum-bearing strata;
- (c) except for the purpose of secondary recovery as authorised by the Director of Petroleum Resources, to prevent the entrance of water through boreholes and wells to petroleum-bearing strata;
- (d) to prevent the escape of petroleum into any water, well, spring, stream, river, lake, reservoir, estuary or harbour; and
- (e) to cause as little damage as possible to the surface of the relevant area and to the trees, crops, buildings, structures and other property thereon.

38. Field development programme

All fields, structures, reservoirs and other oil traps shall be developed and produced in strict accordance with a field development programme, which shall be submitted for the prior approval of the Director of Petroleum Resources and shall give details of the estimated size of the pool, the known physical parameters of the pools, reservoirs or structures at the time of drawing up the programme, the intended drilling pattern (if any), the production or drainage pattern, and the anticipated drive mechanism:

Provided that no such field development programmes shall be required to be submitted during the initial phase when the extent of a field structure, reservoir or pool is being appraised and wells are being drilled-

- (a) not closer than 880 yards, where the wells are likely to produce from the same pool; or
- (b) not closer than 440 yards, where the wells will not at anyone time produce from the same pool except in conformity with the subsequently approved field development programme.

39. Production of crude oil and natural gas

The licensee or lessee shall use approved methods and practices acceptable to the Director of Petroleum Resources for the production of crude oil or natural gas from any pool or reservoir, and shall in particular take all necessary steps-

- (a) to obtain the initial physical characteristics of the reservoir fluids and reservoir parameters (such as temperatures, pressures, gas oil ratios, bubble point pressures, porosities, viscosities, relative permeabilities in relation to fluid saturations, fluid gravities and the like), the detailed data and results and analyses of which shall be submitted to the Director of Petroleum Resources prior to, or as soon as possible after, the commencement of production from any such pool or reservoir;

- (b) to obtain periodical information on the data required to be obtained by paragraph (a) of this regulation, at intervals approved by the Director of Petroleum Resources;
- (c) to cause every pool in each well to produce within the limits of its maximum efficient potential or rate as may be determined from time to time by the licensee or lessee, and to submit the results of his determinations to the Director of Petroleum Resources half-yearly.

40. Confinement of petroleum

The licensee or lessee shall use approved methods and practices acceptable to the Director of Petroleum Resources for confining the petroleum obtained from the relevant area in tanks, gasholders, pipes, pipelines or other receptacles constructed for that purpose; and, except as a temporary measure (for which the prior consent of the Director of Petroleum Resources has been obtained)-

- (a) during an emergency; or
- (b) for test purposes in a remote area,

no petroleum shall be placed or kept in an earthen reservoir.

41. Drainage of waste oil, etc.

The licensee or lessee shall drain all waste oil, brine and sludge or refuse from all storage vessels, boreholes and wells into proper receptacles constructed in compliance with safety regulations made under the Act or any other applicable regulations, and shall dispose thereof in a manner approved by the Director of Petroleum Resources or as provided by any other applicable regulations.

42. Pressure decline: study and report

(1) Prior to or upon the attainment of a 10 per cent decline in the initial reservoir pressure of a pool or reservoir (determined by the consideration of the average current reservoir pressure weighted as appropriate), the licensee or lessee shall commence or cause to be commenced a study to determine the economic practicability of instituting a secondary recovery or pressure maintenance project and its recommended timing.

(2) A full report of the result of the study shall be submitted to the Director of Petroleum Resources as soon as possible (and in any case not more than six months) after the attainment of the pressure decline mentioned in paragraph (1) of this regulation.

43. Utilisation of natural gas: feasibility study

Not later than five years after the commencement of production from the relevant area, the licensee or lessee shall submit to the Minister any feasibility study, programme or proposals that he may have for the utilisation of any natural gas, whether associated with oil or not, which has been discovered in the relevant area.

44. Power to give certain directions

The Director of Petroleum Resources may give such directions as may in his opinion be necessary, from time to time, to ensure the proper exploitation of petroleum and to

encourage good conservation practices in any licensed or leased lands; and the licensee or lessee shall comply with any such directions which affect him.

45. Compliance with safety regulations and instructions

The licensee or lessee shall comply with all existing safety regulations and all such instructions as may, from time to time, be given in writing by the Director of Petroleum Resources for securing the health and safety of persons engaged on or in connection with operations under his licence or lease.

46. Termination

(1) The licensee or lessee shall within two months (or such further period as the Minister may approve) after the termination of his licence or lease-

- (a) deliver up to the Minister, in good order, repair and condition and fit for further working, all productive boreholes or wells (unless the Director of Petroleum Resources requires the licensee or lessee in writing to plug them as he may direct or as provided by these Regulations) together with all casings and other appurtenances to the boreholes and wells which are below the Christmas tree and cannot be moved without causing injury to the said boreholes or wells;
- (b) fill up and fence all holes (other than boreholes and wells) and excavations that he has made in the relevant area to such an extent as the Director of Petroleum Resources may reasonably require; and
[L.N. 26 of 1973.]
- (c) to the like extent take reasonable steps to restore as far as possible to their original condition the surface of the relevant area and all buildings and structures thereon which have been damaged in the course of his operations.

(2) Within two months (or such further period as the Director of Petroleum Resources may approve) after the termination of his licence or lease, the licensee or lessee shall, if so required by the Director of Petroleum Resources, plug every borehole which the Director of Petroleum Resources may indicate in the manner specified by the Director of Petroleum Resources.

(3) On the termination of his licence or lease the licensee or lessee shall, subject to the rights of the owners of the surface or other persons having a legal interest in the relevant area or any part of it, remove all buildings, installations, works, chattels and effects erected or brought by the licensee or lessee upon the relevant area for or in connection with his operations:

Provided that, subject as aforesaid, the Minister may specify any such buildings, installations, works, chattels or effects, and shall then be entitled to take the same at a price bearing a reasonable relationship to the written down value thereof.

(4) Where a licence or lease is surrendered as regards a part of the relevant area, it shall be deemed for the purposes of this regulation to have terminated as regards that part of the relevant area.

47. Boundary marks

(1) The licensee or lessee shall, if so required by the Director of Petroleum Resources, at his own expense forthwith erect and at all times maintain and keep in repair substantial boundary marks of brick, stone or concrete not less than one foot high at every angle or corner of the boundary line of the relevant area.

(2) The boundary marks shall be related by survey to at least two readily identifiable points in such a manner that the boundaries of the relevant area can be accurately traced on the ground.

(3) The licensee or lessee shall ensure that the relevant area as demarcated on the ground conforms to the relevant area as delineated on the plan attached to his licence or lease.

48. Joint development schemes

(1) If at any time during the term of a licence or lease-

- (a) the Minister, after consultation with the licensee or lessee (referred to in this regulation as "the grantee"), is satisfied that the relevant area or any part thereof forms part of a single geological petroleum reservoir (referred to in this regulation as "the oilfield") in respect of other parts of which any other licence or lease is in force, and that the field is susceptible of being developed as a unit in accordance with good oilfield practice; and
- (b) the Minister considers that it is in the interests of Nigeria, the grantee and the licensees or lessees of any other part of the oilfield (those licensees or lessees being referred to in this regulation as "the other parties") in order to secure the maximum ultimate recovery of petroleum that the oilfield should be worked and developed as a unit in co-operation by all those who hold a lease or licence over any part thereof,

paragraphs (2), (3) and (4) of this regulation shall apply.

(2) The grantee shall, upon being so required by the Minister by a notice in writing specifying the other parties, co-operate with the other parties in the preparation of a scheme (referred to in this regulation as "the development scheme") for the working and development of the oilfield as a unit by the grantee and the other parties in co-operation, and shall jointly with the other parties submit the development scheme for the approval of the Minister.

(3) The said notice shall contain a description, by reference to a map, of the area in respect of which the Minister requires the development scheme to be submitted for his approval, and shall state the period within which the development scheme is required to be so submitted.

(4) If the development scheme is not submitted to the Minister within the period limited in that behalf by the said notice, or if the development scheme on being submitted in pursuance of paragraph (3) of this regulation is not approved by the Minister, the Minister shall himself prepare the development scheme in a manner which in his opinion is fair and equitable to the grantee and the other parties.

- (5) When the development scheme has been-
- (a) submitted under paragraph (3) or this regulation and duly approved; or
 - (b) prepared by the Minister under paragraph (4) of this regulation,

the grantee and the other parties shall perform and observe all the terms and conditions thereof.

PART V

Reports, accounts and records

49. Records of boreholes and wells

The licensee or lessee shall keep a record of all boreholes and wells in a form from time to time approved by the Director of Petroleum Resources, and the records shall contain particulars in respect of each borehole or well, as the case may be, of--

- (a) the strata and subsoil through which the borehole or well was drilled and the final depth;
- (b) the elevation of the land or depth of the sea where the borehole was drilled;
- (c) the casing inserted in the borehole or well and any alterations thereto;
- (d) any petroleum, water, mineral deposits or mine workings encountered;
- (e) the results of any analyses, by or on behalf of the licensee or lessee, of any such petroleum, water, mineral deposits or mine workings, or of any other data required to be obtained by or under this regulation;
- (f) logs of all types taken in the well (in every case including a minimum of one resistivity log suite and porosity log suite);
- (g) results of all borehole surveys and tests (including production tests and pressure tests taken or required to be taken on the well); and
- (h) such other matters as the Director of Petroleum Resources may from time to time require.

50. Discovery reports

The licensee or lessee shall forthwith report to the Director of Petroleum Resources, the discovery of petroleum or petroleum-bearing strata.

51. Samples

(1) The licensee or lessee shall correctly label and preserve for reference for a period of two years-

- (a) any characteristic samples which he takes, or is required by the Director of Petroleum Resources to take, of the strata or water encountered in any borehole or well; and
- (b) samples of petroleum or other fluids found in the relevant area.

(2) The Director of Petroleum Resources and the Director of Geological Survey and their authorised representatives shall have access to the samples at all times, and shall be

entitled to require that representative specimens not exceeding one half of any sample be delivered to them and to retain any specimen so delivered.

52. Measurement and weighing of crude oil and natural gas

(1) The licensee or lessee shall, with volume and gravity correction to 60⁰F and by a method or methods approved by the Director of Petroleum Resources in writing, measure or weigh-

- (a) all crude oil won and saved and casing-head petroleum spirit recovered from the relevant area; and
- (b) all natural gas sold.

(2) The Director of Petroleum Resources or an officer authorised by him shall have the right to be present whenever any such measurement or weighing takes place.

(3) The Director of Petroleum Resources or any officer authorised by him shall at all times be present when an equipment or appliance for measuring or weighing crude oil or gas is being calibrated, re-calibrated, tested, compared, measured or weighed against a standard approved by the Director of Petroleum Resources; and any such calibration shall be in accordance with accepted methods and procedures previously agreed to by the Director of Petroleum Resources.

(4) If any measuring or weighing appliance is at any time found to be false or unjust or inaccurate to the extent of more than one per cent-

- (a) the appliance shall be deemed to have existed in that condition during the period of three months prior to the discovery unless the licensee or lessee can prove to the reasonable satisfaction of the Director of Petroleum Resources that such an error could not have possibly occurred over that period or the period that has elapsed since the last occasion upon which the appliance was examined or tested, whichever is less; and
- (b) the royalties payable in respect of the period during which the appliance is deemed to have so existed shall be adjusted accordingly.

(5) The licensee or lessee shall not repair, maintain, or make any alterations in the measuring or weighing equipment or appliances or in the method or methods of measurement or weighing approved by the Director of Petroleum Resources without first informing the Director of Petroleum Resources or his representative; and in every case any such repairs, maintenance or alterations shall be carried out in the presence of the Director of Petroleum Resources or his representative.

(6) The Director of Petroleum Resources or his representative shall have the right to specify the frequency at which all measuring and weighing instruments shall be calibrated or tested, and notwithstanding any such specification, may test or demonstrate the accuracy of any appliance or equipment at any time, with or without previous notice to the licensee or lessee.

53. Accounts and particulars

The licensee or lessee shall in respect of the relevant area, in a form from time to time approved by the Director of Petroleum Resources, keep full and accurate accounts of--

- (a) the quantity of crude oil and casing-head spirit won and saved or recovered therefrom;

- (b) the method and result of physical tests made on crude oil;
- (c) the quantity of crude oil and casing-head spirit sold locally or exported and the particulars of the sale and export;
- (d) the quantity of crude oil otherwise disposed of and the manner of its disposal;
- (e) the quantity of natural gas sold and the price at which it has been sold;
- (f) the quantity of crude oil and casing-head spirit used for drilling or pumping to storage or re-injected into a formation;
- (g) the quantity of natural gas used for drilling, for production or as fuel, or re-injected into a formation; and
- (h) such further particulars and statistics relating to the operations as the Director of Petroleum Resources may from time to time require,

and shall within one month after the last day of each quarter deliver to the Director of Petroleum Resources an abstract in a form from time to time approved by the Director of Petroleum Resources of the accounts for the quarter ended on that last day, together with a statement in the like form of all royalties payable in respect of the said quarter.

54. Progress reports

(1) The licensee or lessee shall furnish within 21 days after the end of each month to the Director of Petroleum Resources and Director of Geological Survey, in a form from time to time approved by the Director of Petroleum Resources, a report of the progress of his operations containing particulars of the contents of the record required to be kept under these Regulations, and in addition a statement of the areas in which the licensee or lessee has carried out any geological or geophysical work and an account of the work in question.

(2) The licensee or lessee shall within one month after the end of each quarter furnish to the Director of Petroleum Resources and the Director of Geological Survey a report in a form from time to time approved by the Director of Petroleum Resources of the operations conducted in the relevant area during each quarter, and a forecast of activities in the ensuing quarter, together with a plan upon a scale approved by the Director of Petroleum Resources showing the situation of all boreholes or wells.

(3) The licensee or lessee shall within two months of the end of each calendar year, or any such extended time as the Director of Petroleum Resources may allow, furnish a report containing such information regarding the progress of work in the relevant area in that year as the Director of Petroleum Resources may from time to time specify.

55. Records, etc.; miscellaneous provisions

(1) The licensee or lessee shall keep accurate geological and subsurface plans, maps, charts, sections and other appropriate geological records (including an estimate, revised to include information obtained up to the end of each calendar year, of the probable reserves and the recoverable amount of petroleum reasonably believed to be present as at the date of estimation or revision in the relevant area), and an extract therefrom or copy thereof shall form part of the annual report required to be furnished by regulation 53 (3) of these Regulations in so far as the information to which it relates has not already been furnished.

(2) The information required to be included in the annual report by paragraph (1) of this regulation may be submitted as a separate volume of the annual report.

(3) The licensee or lessee shall furnish to the Director of Petroleum Resources and the Director of Geological Survey such other maps, plans and information as to the progress of operations in the relevant area as they may from time to time require, including reports on geological and geophysical surveys carried out in the relevant area.

(4) The licensee or lessee shall submit to the Director of Petroleum Resources copies of every log or borehole survey carried out in any well or borehole as soon as practicable and in any case not more than one month (or such further period as the Director of Petroleum Resources may allow), after running the log or carrying out the survey.

[L.N. 26 of 1973.]

(5) The licensee or lessee shall submit to the Director of Petroleum Resources all seismograms and copies of all other geophysical records obtained on the relevant area:

Provided that-

- (a) the Director of Petroleum Resources may direct the licensee or lessee to keep the records in his custody; and
- (b) any such records so kept shall be made available to the Director of Petroleum Resources on demand.

(6) The results of all seismic surveys, including the relevant seismic map, shall be submitted to the Director of Petroleum Resources.

(7) The licensee or lessee shall submit to the Director of Federal Surveys the negatives of any aerial photographs taken by the licensee or lessee in the course of his operations; and the said Director shall be entitled to retain the negatives and to make use as he thinks fit of any topographical information obtained from them.

(8) Negatives surrendered to the Director of Federal Surveys under paragraph (7) of this regulation by the licensee or lessee shall, at all reasonable times and on notice duly given to the Director be made available for inspection by the licensee or lessee at the office of the Director.

(9) The licensee or lessee shall within three months of the termination of his licence or lease render a report to the Director of Geological Surveys and Director of Petroleum Resources-

- (a) giving an account of the geology of the relevant area;
- (b) including an account of the stratigraphic and structural conditions, together with geological, structural and other subsurface maps, plans and sections on suitably scaled maps and charts; and
- (c) including a summary of all immovable items, equipment, appliances, structures and the like in the relevant area.

(10) No information required by these Regulations to be furnished in relation to work done or progress of operations in the relevant area shall be withheld on the grounds that the information is confidential or interpretational.

56. Power to enter relevant area for examination and checking

Any person or persons authorised by the Director of Petroleum Resources shall be entitled at all reasonable times to enter into and upon any part of the relevant area (or any other location, premises, structure or business place occupied by the licensee or lessee for the purpose of carrying out or facilitating the carrying out of his operations in the relevant area)—

- (a) to examine or check anything which the licensee or lessee is authorised by the Act and these Regulations to perform, install, construct or take possession of; or
- (b) to inspect and make abstracts or copies of any logs, records, maps, accounts or other documents which the licensee or lessee is required to make or keep in accordance with the Act and these Regulations.

57. Records, etc., to be supplied at expense of licensee or lessee

All records, reports, plans, maps, charts, accounts and information which are required to be furnished under the Act or these Regulations shall be supplied at the expense of the licensee or lessee.

58. Information to be confidential

Any information supplied by the licensee or lessee shall (except as otherwise provided by these Regulations) be treated by all public officers and other authorities entitled to the information as confidential:

Provided that the Minister and the Director of Petroleum Resources shall be entitled at any time to make use of any such information for the purpose of preparing or causing to be prepared aggregated returns and general reports on the extent of oil operations in Nigeria and for the purposes of any arbitration or litigation between the Minister and the licensee or lessee.

PART VI

Fees, rents and royalties

59. Fees

The following fees shall be payable—

(a)	on an application for oil prospecting licence	US\$10,000;
(b)	for a processing fee	US\$10,000;
(c)	on an application for an oil mining lease	US\$500,000;
(d)	on an application for a renewal of an oil mining lease	US\$1,000,00;
(e)	on an application to withdraw any of the applications specified in paragraphs (a), (b), (c) and (d) of this regulation	₦20,000;
(f)	on an application to assign or sublet on contract an oil prospecting licence or an oil mining lease	₦500,000;
(g)	on an application to terminate or effect a partial surrender of an oil prospecting licence or an oil mining lease	₦50,000;

(h)	on an application for a licence to operate a drilling rig	₦20,000;
(i)	for a licence to operate a drilling rig	₦100,000;
(j)	for a permit to export samples for analysis	₦10,000;
(k)	for renewal of a permit to export samples for analysis	₦5,000.

[S.I. 3 of 2001.]

60. Rents

(1) A rent of ₦500 shall be payable for each calendar year for which an oil exploration licence is in force; and, where the licence is in force for only a part of a calendar year, that part shall be regarded as a calendar year for the purposes of this paragraph.

(2) The annual rent payable on an oil prospecting licence or an oil mining lease shall be—

- (a) on an oil prospecting licence, for each square mile or part thereof US\$10;
- (b) on an oil mining lease—
 - (i) for each square kilometer or part thereof of a producing oil mining lease for the first ten years US\$20;
 - (ii) thereafter for each square kilometer or part thereof until expiration of the lease and on renewal US\$15.

[S.I. 3 of 2001.]

61. Royalties

(1) The licensee or lessee shall pay to the Minister not more than one month after the end of every quarter (including the quarter in which his licence or lease becomes effective), or otherwise as the Minister may direct—

- (a) a royalty at a rate *per centum* of the chargeable value (calculated in accordance with paragraph (3) of this regulation) of the crude oil and casing-head petroleum spirit, produced from the relevant area in the relevant period as follows—
 - (i) in onshore areas 20 per cent
 - (ii) in areas up to 100 metres water depth 18.5 per cent
 - (iii) in areas up to 200 metres water depth 16.5 per cent
 - (iv) in areas from 201 to 500 metres water depth 12.5 per cent
 - (v) in areas from 501 to 800 metres water depth 8 per cent
 - (vi) in areas from 802 to 1000 metre water depth 4 per cent
 - (vii) in areas beyond 1000 metres water depth 0 per cent

[S.I. 8 of 1995.]

- (b) royalty at a rate *per centum* of the price received by a licensee or lessee in the relevant area and sold, but does not include any flare or waste gas appropriated by the Government of the Federation for its own use or for any purpose approved by it, as follows—
 - (i) onshore areas 7 per cent

by the Director of Petroleum Resources at which the oil or spirit is delivered to the refinery) for oil and spirit of the gravity and quality in question, being a price which-

- (a) is from time to time established by the Minister as its price for Nigerian crude oil or Nigerian casing-head petroleum spirit, as the case may be, of that gravity and quality; and

[S.1. 8 of 1995.]

- (b) bears a fair and reasonable relationship-
 - (i) to the established posted prices of Nigerian crude oil or Nigerian casing-head petroleum spirit of comparable quality and gravity; or
 - (ii) where there are no such established posted prices, to the posted prices at main international trading export centres for crude oil or casing-head petroleum spirit of comparable quality and gravity,

due regard being had in either case to freight differentials and all other relevant factors.

62. Royalties for onshore and shallow offshore production sharing contracts

The following royalties for onshore and shallow offshore Production Sharing Contracts shall be applicable-

- (a) Onshore-
 - (i) for production below 2 thousand barrels of oil per day..... 5.0%
 - (ii) for production between 2 and 5 thousand barrels of oil per day..... 7.5%
 - (iii) for production between 5 and 10 thousand barrels of oil per day..... 15.0%
 - (iv) for production above 10 thousand barrels of oil per day..... 20%
- (b) Offshore up to water depth of 100 metres-
 - (i) for production below 5 thousand barrels of oil per day..... 2.5%
 - (ii) for production between 5 and 10 thousand barrels of oil per day..... 7.5%
 - (iii) for production between 10 and 15 thousand barrels of oil per day..... 12.5%
 - (iv) for production above 15 thousand barrels of oil per day..... 18.5%
- (c) Offshore between water depth of 100 and 200 meters -
 - (i) for production below 5 thousand barrels of oil per day..... 1.5%
 - (ii) for production between 5 and 10 thousand barrels of oil per day..... 3.0%
 - (iii) for production between 10 and 15 thousand barrels of oil per day..... 5.0%
 - (iv) for production between 15 and 25 thousand barrels of oil per day..... 10.0%
 - (v) for production above 25 thousand barrels of oil per day 16.67%

[S.1. 6 of 2003.]

PART VII

Supplemental

63. Interpretation

(1) In these Regulations, unless the context otherwise requires -

"casing-head petroleum spirit" means any liquid hydrocarbons which-

- (a) have been obtained from natural gas by natural separation or by any chemical or physical process; and
- (b) have not been refined or otherwise treated;

"Minister" means the Minister charged with responsibility for matters relating to petroleum resources and "Ministry" shall be construed accordingly;

[S.I. 2 of 1990]

"Nigerian" means a citizen of Nigeria and "non-Nigerian" and "Nigerianisation" shall be construed accordingly;

"quarter" means quarter of a calendar year;

"relevant area", in relation to an oil exploration licence, oil prospecting licence or oil mining lease, means the area affected by the licence or lease;

"State authority" means the Governor of a State or such other authority in the State as may be designated by the Governor;

"State land" means State land within the meaning of the Land Use Act;

[Cap. L5.]

"termination", in relation to an oil prospecting licence or an oil mining lease, means expiration by effluxion of time or otherwise or any other form of determination (including termination by the licensee or lessee and, in relation to any part of the relevant area in respect of which a lessee surrenders his lease, that surrender).

(2) In Parts III, IV and V of these Regulations and in regulation 60 thereof, **"licence or lease"** and **"the licensee or lessee"** means respectively, unless the context otherwise requires, an oil prospecting licence or an oil mining lease and the holder of such a licence or lease.

(3) Any reference in these Regulations (however expressed) to an oil exploration licence, an oil prospecting licence or an oil mining lease includes, unless the context otherwise requires, a reference to any extension or renewal of the licence or lease.

64. Short title

These Regulations may be cited as the Petroleum (Drilling and Production) Regulations.

SCHEDULE

Form of application

FORM A

[Regulations 1, 10, 14 and 35.]

Application for an oil exploration/prospecting licence/oil mining lease

Description of the premises above referred to—

- 1. Name of applicant
- 2. Address
- 3. Nationality*
- 4. Occupation
- 5. Principal place of business in Nigeria
- 6. Directors:

<i>Names</i>	<i>Addresses</i>	<i>Nationality</i>
.....
.....
.....
.....

- 7. Type of licence applied for
- 8. Period for which licence is required
- 9. Area applied for in sq. miles
- 10. Capital available to the applicant for operations under the licence

I declare that all the foregoing particulars are correct.

Date

Signature of Applicant or his Attorney

* Particulars of documents attached to the application should be listed below or at the back of this page.

FORM B

Oil Exploration Licence No.

This licence is hereby granted from the date hereof to

(Name of Company)

(Registered address)

to explore for petroleum by surface geological and geophysical methods in the areas described in the schedule hereto and delineated in red in the plan attached.

FORM B—(continued)

- 2. The licence is granted subject to the Petroleum Act and the regulations thereunder now in force or which may come into force during the continuance of this licence.
- 3. The licence confers no exclusive rights, nor rights with respect to the grant of oil prospecting licences or oil mining leases.
- 4. Within thirty days after the expiry of this licence a report on the work done shall be submitted in triplicate to the Director of Petroleum Resources, and a copy sent to the Director of Geological Survey. The report shall be accompanied by all necessary maps and data. Rock samples, where applicable, shall be sent to the Director of Geological Survey.
- 5. The discovery of any mineral deposits shall be reported without delay to the Director of Petroleum Resources.
- 6. This licence shall expire on the 31st day of December, 20

DATED this day of 20

Minister of Mines, Power and Steel

Witness to signature

Signed on behalf of the company by

Attorney

Witness to signature

FORM C

Oil Exploration Licence No.

This licence is hereby granted for a term of years commencing on the day of 20 to of (name of company) of (address of company) to prospect for petroleum in, upon and under the lands described in the schedule hereto and delineated in red in the plan attached.

2. The licence is granted subject to the Petroleum Act and the regulations thereunder now in force or which may come into force during the continuance of this licence *[and also subject to the special terms and conditions in the Annex attached hereto].

3. In witness hereof the Minister of Mines, Power and Steel has hereunto set his hand and seal this day of 20

Minister of Petroleum Resources

FORM C—(continued)

Witnessed by: (Occupation)
..... (Address)
and the attorney of the company has on their behalf hereunto set his hand and seal this
day of 20

.....
Attorney

Witnessed by: (Name)
..... (Occupation)
..... (Address)

* Delete if inapplicable.

FORM D

Oil Mining Lease No.
This Oil Mining Lease is granted to
..... (name of company)
of (address of company)
for a term of years commencing on the day of
20 to search for, win, work, carry away and dispose of all petroleum in, under or
throughout the lands described in the schedule hereto and delineated in red in the plan attached.

The lease is granted subject to the Petroleum Act and the regulations thereunder now in force or
which may come into force during the continuance of this lease *[and also subject to the special
terms and conditions in the Annex attached hereto].

In witness hereof the Minister of Petroleum Resources has hereunto set his hand and seal this
day of 20

.....
Minister of Mines, Power and Steel

Witnessed by: (Occupation)
..... (Address)
and the Attorney of the company has on their behalf hereunto set his hand and seal this
day of 20

.....
Attorney

Witnessed by: (Name)
..... (Occupation)

FORM D—(continued)

..... (Address)

* Delete if inapplicable.

FORM E

Application for a licence to operate a drilling rig

1. Name of Company
2. Registered Address in Nigeria
3. Subsidiary or Affiliate of
4. Nationality of Parent Company or Affiliate
5. Directors:

<i>Names</i>	<i>Addresses</i>	<i>Nationality</i>
.....
.....
.....
.....
6. Name of Drilling Rig
7. Type of Drilling Rig
8. Year of Manufacture
9. Specifications
-
-
10. Other complementary equipment, tenders, etc.
-
11. Company/Companies to which rig will be contracted
-
12. Present location of Rig
13. Date of arrival in Nigeria
14. Probable duration of operation in Nigeria
15. Date of last overhaul
16. Estimated date of next overhaul
17. Place and date of last safety inspection
-

FORM E—(continued)

18. Name of Inspecting Authority

I declare that all the foregoing particulars are correct.

Date

Signature of applicant or his Attorney

FORM F

Licence to operate a drilling rig

Licence No.

This licence is hereby granted to

..... (name of company)

of (address of company)

to operate the drilling rig of which particulars are given below:

Name of Rig

Type of Rig

2. This licence expires on the 31st day of December 20 Fee paid: ₦500.

DATED this day of 20