

PETROLEUM INDUSTRY GOVERNANCE BILL, 2016.

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A BILL

FOR

AN ACT TO PROVIDE FOR THE GOVERNANCE AND INSTITUTIONAL
FRAMEWORK FOR THE PETROLEUM INDUSTRY AND FOR OTHER RELATED
MATTERS

Sponsor: Senator Omotayo D. Alasoadura

Co-sponsors:

- | | |
|-------------------------|----------------------------|
| Sen. Barau Jibrin | Sen. Bassey Albert Akpan |
| Sen. Gershon Bassey | Sen. Abubakar A. Gumel |
| Sen. Francis Alimikhena | Sen. Stella Odua |
| Sen. Sam O. Egwu | Sen. Mohammed Hassan |
| Sen. Olusola Adeyeye | Sen. Baba-Kaka Garbai |
| Sen. David Umaru | Sen. Philip Gyunka |
| Sen. Abubakar Ahmadu | Sen. Rilwan Adesoji |
| Sen. Ibrahim Umar Kurfi | Sen. Danjuma Laah |
| Sen. Hope Uzodimma | Sen. Joshua Dariye |
| Sen. Emmanuel Paulker | Sen. Ibrahim Danbaba |
| Sen. Biodun C. Olujimi | Sen. Philip Aduda Tanimu |
| Sen. Ahmad I. Lawan | Sen. Ogolar Foster |
| Sen. Godfrey Utazi | Sen. Buhari Abdulfatai |
| Sen. Abdullahi Adamu | Sen. Danladi Sani Abubakar |

[] Commencement

ENACTED by the National Assembly of the Federal Republic of
Nigeria as follows:

PART I - OBJECTIVES

- | | | |
|----|---|------------|
| 1 | 1. The objectives of this Act shall be to- | Objectives |
| 2 | (a) create efficient and effective governing institutions with clear | |
| 3 | and separate roles for the petroleum industry; | |
| 4 | (b) establish a framework for the creation of commercially | |
| 5 | oriented and profit driven petroleum entities that ensures value addition and | |
| 6 | internationalization of the petroleum industry; | |
| 7 | (c) promote transparency and accountability in the administration | |
| 8 | of the petroleum resources of Nigeria; and | |
| 9 | (d) foster a conducive business environment for petroleum | |
| 10 | industry operations. | |

1 PART 2 – THE MINISTER

Functions and
powers of the
Minister

- 2 2. -(1) The Minister shall-
- 3 (a) be responsible for the determination, formulation and monitoring
- 4 of Government policy for the petroleum industry;
- 5 (b) exercise general supervision over the affairs and operations of the
- 6 petroleum industry subject to the provisions of this Act;
- 7 (c) report developments in the petroleum industry to the Federal
- 8 Executive Council;
- 9 (d) advise the Government on all matters pertaining to the petroleum
- 10 industry;
- 11 (e) promote the development of local content in the Nigerian
- 12 petroleum industry;
- 13 (f) represent Nigeria at international organizations that are primarily
- 14 concerned with the petroleum industry;
- 15 (g) negotiate and execute international petroleum treaties and
- 16 agreements with other sovereign countries, international organizations and
- 17 other similar bodies on behalf of the Government;
- 18 (h) upon the recommendation of the Commission, grant, amend,
- 19 renew, extend or revoke any licence or lease required for petroleum exploration
- 20 or production pursuant to the provisions of this Act or any other enactment; and
- 21 (i) do all such other things as are incidental to and necessary for the
- 22 performance of the functions of the Minister under this Act.

23 (2) The Minister may in writing delegate to any other person or

24 institution any power or function conferred on him by or under this Act.

Rights of
pre-emption

25 3.-(1) In the event of a state of national emergency as specified in the

26 Constitution of the Federal Republic of Nigeria, 1999, the Minister shall have

27 the right of pre-emption of all petroleum and petroleum products obtained,

28 marketed or otherwise dealt with under any license or lease granted under this

29 Act or any other enactment.

30 (2) The provisions of the First Schedule to this Act shall have effect in

1 relation to the rights referred to in subsection (1) of this section.

2 (3) Any person, who fails or neglects to comply with a requisition
3 made by or on behalf of the Minister under paragraphs 1, 2 or 7 of the First
4 Schedule to this Act, or fails to conform or to obey a direction issued by the
5 Minister under paragraph 8 of the First Schedule to this Act, commits an
6 offence and is liable on conviction to a fine not above N10, 000,000.00 or to
7 imprisonment for a period not exceeding six months or both.

8 (4) Any person who obstructs or interferes with the Minister, his
9 servants or agents in the exercise of the powers conferred on the Minister
10 under paragraph 8 of the First Schedule to this Act, shall be guilty of an
11 offence and on conviction shall be liable to a fine not above N5,000,000.00
12 or to imprisonment for a period not exceeding six months or to both.

13 (5) The Minister may by regulation increase the financial penalties
14 imposed under subsections 3 and 4 of this section.

15 PART 3 – NIGERIA PETROLEUM REGULATORY COMMISSION

16 4.-(1) There is established under this Act the Nigeria Petroleum
17 Regulatory Commission ("the Commission") as a body corporate with
18 perpetual succession and a common seal and which may sue or be sued in its
19 corporate name.

Establishment
of the Nigeria
Petroleum
Regulatory
Commission

20 (2) The Commission shall have power to -

21 (a) enter into contracts and incur obligations;

22 (b) acquire, hold, mortgage, purchase and deal with property,
23 whether movable or immovable, real or personal; and

24 (c) do all such things as are necessary for or incidental to the
25 carrying out of its functions and duties under this Act.

26 (3) From the date of the commencement of this Act, without further
27 assurance, the Commission shall be vested with all assets, funds, resources
28 and other movable and immovable properties which immediately before the
29 commencement of this Act were held by the Petroleum Inspectorate, the
30 Department of Petroleum Resources and the Petroleum Products Pricing

1 Regulatory Agency.

2 (4) As from the date of commencement of this Act-

3 (a) the rights, interests, obligations and liabilities of the Petroleum
4 Inspectorate, Department of Petroleum Resources and the Petroleum Products
5 Regulating Agency existing immediately before the Effective Date under any
6 contract or instrument or at law or in equity shall by virtue of this Act be
7 assigned to and vested in the Commission;

8 (b) any such contract or instrument covered by subsection 4(a) of this
9 section shall be of the same force and effect against or in favour of the
10 Commission and shall be enforceable as fully and effectively as if instead of the
11 Petroleum Inspectorate, Department of Petroleum Resources or the Petroleum
12 Products Pricing Regulatory Agency, the Commission had been named therein
13 or had been a party thereto; and

14 (c) the Commission shall be subject to all the obligations and
15 liabilities to which the Petroleum Inspectorate, Department of Petroleum
16 Resources and the Petroleum Products Pricing Regulatory Agency were
17 subject immediately before the Effective Date and all other persons shall as
18 from the Effective Date have the same rights, powers and remedies against the
19 Commission as they had against the Petroleum Inspectorate, Department of
20 Petroleum Resources and the Petroleum Products Pricing Regulatory Agency
21 immediately before the Effective Date.

22 (5) The Commission shall be structured into departments as its Board
23 may, from time to time, deem appropriate for the effective discharge of its
24 functions under this Act.

25 **5. The Commission shall -**

26 (a) promote the healthy, safe and efficient conduct of all petroleum
27 operations in an environmentally friendly and sustainable manner;

28 (b) promote the efficient, safe, effective and sustainable
29 infrastructural development of the petroleum industry;

30 (c) ensure compliance with all applicable laws and regulations

1 governing the petroleum industry;

2 (d) determine and ensure the implementation and maintenance of
3 technical standards, codes and specifications applicable to the petroleum
4 industry in line with global best practice;

5 (e) subject to the provisions of this Act, execute Government
6 policies for the petroleum industry assigned to it by the Minister;

7 (f) promote an enabling environment for investments in the
8 petroleum industry;

9 (g) ensure that regulations are fair and balanced for all classes of
10 lessees, licensees, permit holders, consumers and other stakeholders;

11 (h) in consultation with the Ministry of Environment, ensure strict
12 implementation of environmental policies, laws and regulations as pertains
13 to oil and gas operations; and

14 (i) implement such other objectives as are consistent with the
15 provisions of this Act.

16 6.-(1) The Commission shall -

Functions of the
Commission

17 (a) administer and enforce policies, laws and regulations relating to
18 all aspects of petroleum operations which are assigned to it under the
19 provisions of this Act or any regulations made in pursuance of this Act or
20 under any other enactment;

21 (b) monitor and enforce compliance with the terms and conditions
22 of all leases, licences, permits and authorisations issued in respect of any
23 petroleum operations:

24 (c) define and enforce approved standards for design, construction,
25 fabrication, operation and maintenance for all plants, installations and
26 facilities utilized or to be utilized in petroleum operations;

27 (d) in consultation with the Ministry of Environment, ensure
28 adherence to applicable national and international environmental and other
29 technical standards by all persons involved in petroleum operations;

30 (e) establish, monitor, regulate and enforce health and safety

- 1 measures relating to all aspects of petroleum operations;
- 2 (f) keep public registers of all leases, licences, permits and other
3 authorizations issued by the Commission or the Minister and any renewals,
4 amendments, extensions, suspensions and revocations thereof;
- 5 (g) monitor the activities of the holders of leases, licences, permits
6 and other authorizations issued by the Commission or the Minister to secure
7 and enforce compliance with the terms and conditions thereof and carry out
8 enquiries, tests, audits, investigations and any other undertakings deemed
9 necessary for performance of this responsibility;
- 10 (h) publish reports and statistics on the petroleum industry;
- 11 (i) develop and publish methodologies for tariffs and pricing relating
12 to third party access to petroleum facilities from time to time by regulation;
- 13 (j) establish the framework for the validation and certification of
14 national hydrocarbon reserves; and
- 15 (k) advise the Minister on fiscal and other issues pertaining to the
16 petroleum industry.
- 17 (l) undertake evaluation of national reserves and reservoir
18 management studies;
- 19 (m) conduct regular audits of the activities of operators engaged in
20 petroleum operations and oil service companies in order to ensure compliance
21 with Nigerian laws and requirements for petroleum operations;
- 22 (n) maintain a petroleum industry data bank comprising all data
23 acquired by or given to the Commission in the exercise of its statutory
24 functions;
- 25 (o) supervise and ensure accurate calibration and certification of
26 equipment used for fiscal measures for upstream petroleum operations;
- 27 (p) issue licences or permits and any other authorisations necessary
28 for all activities connected with, but not limited to the following:
- 29 (i) Seismic,
30 (ii) Drilling,

- 1 (iii) Design, fabrication, construction, commissioning and
2 decommissioning of all facilities for upstream petroleum operations, and
3 (iv) Maximum efficiency rate test and other well test/production
4 related activities;
- 5 (q) manage and administer all unallocated acreage of crude oil and
6 natural gas and all upstream petroleum data;
- 7 (r) conduct bid rounds or other processes for the award of any
8 licence or lease required for petroleum exploration or production;
- 9 (s) make recommendations to the Minister for the issuance,
10 modification, amendment, extension, suspension, review, cancellation and
11 reissuance, revocation and / or termination of upstream licences made in
12 compliance with applicable laws and regulations;
- 13 (t) approve all field development programmes;
- 14 (u) allocate petroleum production quotas;
- 15 (v) develop benchmarks and cost management strategies for
16 petroleum operations performance monitoring;
- 17 (w) compute, assess and ensure payment of royalties, rentals, fees,
18 and other charges for upstream petroleum operations; and
- 19 (x) issue clean certificates of inspection at the oil terminals to
20 exporters of crude oil upon satisfaction that the requirements as to quality
21 and quantity have been complied with.
- 22 (y) regulate and co-ordinate the activities of the industry in a non-
23 discriminatory and transparent manner;
- 24 (z) establish the methodology for determining appropriate tariffs
25 for gas processing, gas transportation / transmission and transportation of
26 crude oil and bulk storage of oil and gas;
- 27 (aa) develop cost benchmarks for key elements of midstream &
28 downstream petroleum operations;
- 29 (bb) regulate bulk storage, transportation and transmission of

- 1 crude oil and gas and set rules for the common carrier systems for crude oil and
2 gas;
- 3 (cc) promote the principles of sustainable infrastructural
4 development;
- 5 (dd) promote competition and private sector participation;
- 6 (ee) ensure that all economic and strategic demands for gas in the
7 domestic economy are met;
- 8 (ff) monitor and enforce the actual application of tariffs and pricing
9 frameworks;
- 10 (gg) monitor market behaviour including the development and
11 maintenance of competitive markets;
- 12 (hh) arrest situations of abuse of dominant power and restrictive
13 business practices;
- 14 (ii) inspect the metering of pumps and all other facilities and ensure
15 their compliance with safety standards as prescribed by the Commission;
- 16 (jj) grant, issue and renew licences, permits and authorisations
17 including but not limited to licences, permits or authorisations for downstream
18 gas, petroleum products, storage depots, retail outlets, transportation and
19 distribution facilities and the design, fabrication, construction, commissioning
20 and decommissioning of all facilities including those for gas and
21 petrochemicals and prescribe requirements to be satisfied by applicants for
22 these purposes;
- 23 (kk) modify, amend, extend, suspend, review, cancel and reissue,
24 revoke and/or terminate licences, permits and authorisations;
- 25 (II) establish methodology for calculating the fair market value of
26 petroleum products;
- 27 (mm) regulate and set rules for petroleum products distribution,
28 petroleum product pipelines, retail outlets and storage depots;
- 29 (nn) ensure security of petroleum products supply, market
30 development and the development of competition;

- 1 (oo) develop market rules for trading in wholesale gas supplies to
2 downstream gas distributors;
- 3 (pp) establish customer protection measures;
- 4 (qq) undertake consultation with customers, licensees and other
5 industry participants, where necessary, for purpose of:
- 6 (i) promoting and protecting the interests of consumers; and
7 (ii) promoting the principles of sustainable resource and
8 infrastructural development through the efficient supply and use of
9 downstream gas and other petroleum products;
- 10 (rr) regulate and ensure the supply, distribution, marketing and
11 retail of petroleum products;
- 12 (ss) administer and monitor the national operating and strategic
13 stocks as set by the Minister;
- 14 (tt) monitor and enforce the actual application of petroleum
15 product pricing formulae or framework for petroleum products;
- 16 (uu) enforce consumer rights in relation to petroleum products and
17 services;
- 18 (vv) establish appropriate dispute settlement mechanisms relating
19 to the commercial rights and obligations of operators and customers
20 pursuant to the provisions of this Act or any other enactment or; regulation,
21 provided that operators and customers shall reserve the right to resolve
22 disputes in accordance with the terms of their contracts or approach a court
23 with jurisdiction in the matter;
- 24 (ww) inspect the metering of pumps and any other facilities at
25 downstream retail outlets to ensure compliance with safety standards:
- 26 (xx) establish, monitor and regulate health, environmental and
27 safety measures relating to the management of downstream assets,
28 including but not limited to refineries, petrochemical plants, lube plants,
29 petroleum depots & pipelines and downstream gas plants;
- 30 (yy) monitor and ensure the quality and process of conversion or

1 blending of whatever material by whatever method to fuels, bio-fuels or other
2 petroleum derivatives for automotive use in Nigeria;

3 (zz) Monitor and ensure the quality of petroleum products sold in
4 Nigeria.

5 (2) In addition to the functions specified above, the Commission
6 shall:

7 (a) develop open access rules applicable to crude oil and petroleum
8 products and natural gas transportation pipelines, strategic depots, loading
9 facilities, transportation, transmission and bulk storage facilities;

10 (b) notwithstanding the provisions of any other law or regulations,
11 exclusively supervise and ensure accurate calibration and certification of
12 equipment used for fiscal measures in the industry;

13 (c) undertake by itself or through qualified expertise such other
14 activities as are necessary or expedient for giving full effect to the provisions of
15 this Act; and

16 (d) do such other things as are necessary and expedient for the
17 effective and full discharge of any of its functions under this Act.

18 (3) The Commission shall, in addition to its other functions:

19 (a) promote the exploration of the frontier basins of Nigeria;

20 (b) develop exploration strategies and portfolio management for the
21 exploration of unassigned frontier acreages in Nigeria;

22 (c) identify opportunities and increase information about the
23 petroleum resources base within all frontier acreages in Nigeria; and

24 (d) undertake studies, analyse and evaluate all unassigned frontier
25 acreages in Nigeria;

26 (4) Collaboration and Consultation with other Agencies:

27 (a) In performing its functions as provided in this section, the
28 Commission shall, where applicable, collaborate with other relevant
29 Government agencies.

30 (b) Notwithstanding the provisions of any other law or regulation, no

1 Government agency shall exercise any powers and functions in relation to
2 the petroleum industry in conflict with the powers and functions of the
3 Commission.

4 (c) All Government agencies exercising any lawful powers and
5 functions in relation to the petroleum industry shall consult with the
6 Commission in the issuance of any regulations, guidelines and in the
7 issuance of enforcement orders or directives which may impact the
8 petroleum industry.

9 (5) Responsibility for the Environment:

10 (a) Without prejudice to the overall responsibility of the Federal
11 Ministry of Environment, the Commission shall have responsibility over all
12 aspects of health, safety and environmental matters in respect of the
13 petroleum industry.

14 (b) The Commission shall at all times ensure that any regulation or
15 directive in respect of the petroleum industry, made in pursuance of
16 subsection (5)(a) of this section, shall not conflict with any regulation or
17 directive issued by the Federal Ministry of the Environment.

18 (c) For the avoidance of doubt the Commission shall, in
19 consultation with the Federal Ministry of Environment, make regulations
20 and issue directives specifically relating to environmental aspects of the
21 petroleum industry.

22 (d) In exercising the functions in subsections (5)(a) to (c), the
23 Commission may in conjunction with the Federal Ministry of Environment
24 establish a joint committee to facilitate collaboration in this regard.

25 7. In carrying out its functions under this Act, the Commission
26 shall have power to -

Powers of the
Commission

27 (a) modify, extend, renew, suspend and revoke any licence or
28 permit issued by it pursuant to the provisions of this Act;

29 (b) in accordance with the provisions of this Act, designate
30 facilities in the petroleum industry as third party access facilities, determine

1 tariff methodology and pricing framework applicable to same, monitor and
2 enforce the application of such tariff and pricing framework and mediate
3 disputes in respect of third party access as may be determined by any regulation
4 made pursuant to this Act;

5 (c) request and obtain any information or any document concerning
6 licensed activities in the petroleum industry from any licensee, lessee or permit
7 holder;

8 (d) where it considers it to be in the public interest:

9 (i) publish information relating to petroleum operations provided by
10 lessees, licensees and permit holders; and

11 (ii) require lessees, licensees and permit holders to publish particular
12 information relating to petroleum operations subject to the provisions of
13 Regulation 7(5) of the National Data Repository Regulation 2007;

14 (e) enforce relevant lease, licence or permit conditions and the
15 specific requirements of this Act or any other enactment or regulation;

16 (f) issue penalties and fines in accordance with the provisions of this
17 Act or any other enactment or regulation;

18 (g) enforce the provisions of any enactments or regulations applicable
19 to petroleum operations made prior to the commencement of this Act or any
20 other enactment or regulation;

21 (h) institute legal proceedings against any lessee, licensee or permit
22 holder for failure to comply with lease, licence or permit conditions or other
23 requirements of this Act or any other enactment or regulation;

24 (i) make and enforce regulations and prescribe fees in line with the
25 provisions of this Act or any other enactment or regulation; and

26 (j) issue guidelines in line with the provisions of this Act or any other
27 enactment or regulation.

Regulations

28 8.-(1) The Commission may subject to the provisions of subsections
29 (2) and (3) of this section, make regulations necessary to give proper effect to
30 the provisions of this Act.

1 (2) The Commission shall prior to making any regulation under
2 this Act, conduct a public hearing in the manner specified in subsection (4)
3 of this section on the subject matter of the proposed regulation.

4 (3) The Commission shall, in making any regulation, take into
5 consideration the findings of the public hearing conducted in pursuance of
6 subsection (2) of this section.

7 (4) Before holding a public hearing in pursuance of subsection (2)
8 of this section, the Commission shall publish in at least two national
9 newspapers and its website, notice of:

10 (a) the fact that it is holding the public hearing;

11 (b) invitation to members of the public to participate in the public
12 hearing;

13 (c) the venue and period during which the public hearing is to be
14 held;

15 (d) the nature of the matter to which the public hearing relates;

16 (e) the matters that the Commission would like the submissions to
17 deal with;

18 (f) the form in which members of the public are to make
19 submissions to the Commission on the subject matter of the public hearing;

20 (g) the period of public notice for the commencement of the public
21 hearing, which shall not be less than twenty-one days; and

22 (h) the address or addresses to which the submissions may be sent.

23 (5) Notwithstanding the provision of subsection (2) of this section,
24 the Commission may, due to the exigency of the circumstances, make any
25 regulation without conducting a public hearing, where it deems it necessary
26 to do so.

27 (6) Any regulation made pursuant to sub-section (5) of this section
28 shall be valid for not longer than six months with effect from its
29 commencement date, unless it is confirmed after a public hearing.

Decisions and
orders made by
the Commission

1 9.-(1) The Commission shall ensure that any decision or order made
2 by the Commission:

3 (a) contains the basis for the decision or order;

4 (b) are properly recorded in writing; and

5 (c) are accessible to the public at reasonable times and places.

6 (2) The Commission shall issue written reasons in respect of any
7 decisions or orders affecting the existing rights of any person, if the affected
8 person requests such written reasons.

9 (3) The Commission may issue written reasons in respect of any other
10 decision or order as the Commission deems necessary.

11 (4) Every recommendation, declaration, decision or order of the
12 Commission, if purporting to be signed by a person describing himself as the
13 Chief Executive Commissioner of the Commission or by a person describing
14 himself as a Commissioner acting in the capacity of the Chief Executive
15 Commissioner, shall unless the contrary is shown, be deemed to be made by the
16 Commission and to have been so signed and may be proved by the production
17 of a copy thereof purporting to have been so signed.

18 (5) The Commission may make interim orders pending the final
19 disposition of a matter before it.

Commission to
give notice to
interested parties

20 10.-(1) The Commission may hold a hearing on any matter, which
21 under this Act or any other enactment is required or permitted to be conducted
22 or on which it is required or permitted to take any action and the Commission
23 shall hold public hearing on matters which the
24 Commission determines to be of significant interest to the general public.

25 (2) Where the Commission is required to or otherwise decides to hold
26 a hearing, all persons having an interest in such matter shall, as far as
27 reasonably practicable, be notified of the questions at issue and given
28 opportunities to make representations, if they so wish.

29 (3) The Commission shall take into consideration the findings of any
30 public hearing conducted in pursuance of subsection (1) of this section.

1 **11.** When any matter arises which entails the consideration of any
2 professional or technical question, the Commission may consult such
3 persons as may be qualified to advise thereon.

Engagement of
Expertise support

4 **12.**-(1) If any question of law arises from an order or decision of the
5 Commission, the Commission may, on its own initiative or at the request of
6 any person directly affected by such order, reserve that question for the
7 decision of the Federal High Court.

Question of law
may be referred
to the Federal
High Court

8 (2) Where a question has been reserved under subsection (1) of this
9 section, the Commission shall state the question in the form of a special case
10 and file it with the Registrar of the Federal High Court.

11 **13.**-(1) There shall be established for the Commission a governing
12 Board (in this Act referred to as the "Board") which shall, be responsible for
13 the policy and general administration of the Commission.

Governing Board
of the Commission

14 (2) The Board shall consist of the following members:

15 (a) a non-executive Chairman;

16 (b) one non-executive Commissioner;

17 (c) the Chief Executive Commissioner;

18 (d) three other Executive Commissioners;

19 (e) a representative of the Ministry of Petroleum Resources who
20 shall not be below the rank of director;

21 (f) a representative of the Ministry of Finance who shall not be
22 below the rank of director;

23 (g) a representative of the Ministry of Environment who shall not
24 be below the rank of director;

25 (3) The appointment to the Board in respect of persons appointed
26 pursuant to subsections 2(a) to (d) of this section shall be made by the
27 President subject to confirmation of the Senate.

28 (4) The board members shall be persons of high integrity and
29 substantial relevant experience;

30 (5) In appointing the Chairman and the non-executive

1 Commissioner, the President shall have due regard to a fair representation of
2 technical, legal and commercial experience.

3 (6) The persons appointed in paragraphs (a) and (b) of subsection (2)
4 of this section shall hold office for a term of four years in the first instance,
5 which term may be renewed for another term of four years only on such terms
6 and conditions as may be specified in their letters of appointment.

7 (7) Appointment to the Board in respect of persons appointed
8 pursuant to subsection 2 (a) and (b) of this section shall be in a non-executive
9 and part- time basis.

10 (8) For the avoidance of doubt, the non-executive commissioners
11 shall not participate in the day to day operations of the Commission;

12 (9) The proceedings of the Board and other ancillary matters shall be
13 in accordance with the provisions of the Second Schedule to this Act.

14 (10) Subject to subsection (5) of this section, the Board shall have the
15 power to make standing orders for the regulation of its proceedings and
16 meetings and acts of the Board shall be deemed to be acts of the Commission.

17 (11) The conflict of interest provisions contained in the Third
18 Schedule to this Act shall apply to all members of the Board.

Functions of the
Governing Board

19 **14. -(1)** The Board shall:

20 (a) be responsible for the general direction and supervision of the
21 Commission;

22 (b) oversee the operations of the Commission;

23 (c) provide general guidelines for the carrying out of the functions of
24 the Commission;

25 (d) review and approve the business, strategic and operating plans of
26 the Commission;

27 (e) consider and approve the budget of the Commission and monitor
28 its performance;

29 (f) approve the audited and management accounts of the Commission

1 and undertake consideration of the management letter from the external
2 auditors;

3 (g) determine the terms and conditions of service of employees of
4 the Commission;

5 (h) stipulate remuneration, allowances, benefits and pensions of
6 staff and employees of the Commission in consultation with the National
7 Salaries, Incomes and Wages Commission;

8 (i) structure the Commission into such number of departments as it
9 deems fit for the effective discharge of the functions of the Commission; and

10 (j) carry out such other functions and undertake such other
11 activities which in the opinion of the Board are necessary to ensure the
12 efficient and effective administration of the Commission in accordance with
13 the provisions of this Act or as may be delegated to the Commission by the
14 Minister.

15 (2) In carrying out their functions all members of the board shall
16 have a duty to exercise independent judgment.

17 **15.-(1)** The Minister may issue general policy directions to the
18 Commission on matters concerning the petroleum industry and the
19 Commission shall implement such directions provided that the directions
20 are not in conflict with the provisions of this Act.

General policy
directions

21 (2) The Minister shall cause a copy of any directions given to the
22 Commission in pursuance of subsection 1 of this section to be published in
23 the Gazette.

24 (3) The Commission shall, subject to subsection (1) of this section,
25 be independent in the performance of its functions, duties and the exercise of
26 its powers.

27 **16.-(1)** Members of the Board shall be paid from the funds of the
28 Commission such remuneration and allowances as the Commission may
29 from time to time determine, having regard to the recommendation of the
30 National Salaries, Incomes and Wages Commission.

Remuneration and
allowances of
members of the
board

1 (2) While making recommendations, the National Salaries, Incomes
2 and Wages Commission shall have due regard to the following principles:

3 (a) the specialised nature of work to be performed by the
4 Commission;

5 (b) the need to ensure the financial self-sufficiency of the
6 Commission; and

7 (c) the salaries paid in the private sector to individuals with equivalent
8 responsibilities, expertise and skills.

Disqualification
and cessation of
appointment

9 17.-(1) A member of the Board may be suspended or removed from
10 office by the President if the member:

11 (a) is found to have been unqualified for appointment as a member of
12 the Board pursuant to the provisions of section 22 of this Act or is in a breach of
13 the conflict of interest provision set out in the Third Schedule to this Act after
14 his appointment;

15 (b) if he ceases to be an employee of the ministry which he represents
16 on the Board;

17 (c) has demonstrated inability to effectively perform the duties of the
18 office;

19 (d) has been absent from three consecutive meetings of the Board
20 without the consent of the Chairman or when the Chairman is involved without
21 the consent of the President except good reason is shown for such absence;

22 (e) is guilty of serious misconduct;

23 (2) Prior to the suspension or removal of a Commissioner under
24 subsection (1) of this section, the President shall inform the Commissioner by
25 written notice, as soon as practicable, of his intention to suspend or remove the
26 Commissioner from office and the reasons therefore.

27 (3) The affected Commissioner under subsection (1) of this section
28 shall be given a reasonable opportunity to make written submissions to the
29 President within a time period specified in the notice and such time period shall
not be less than 14 days from the date of the notice.

1 (4) The affected Commissioner may, within the time period
2 specified in the notice, submit a written submission and the President shall
3 consider the submission in making his final decision on the Commissioner's
4 suspension or removal from office.

5 18. A non-executive member of the Board may resign his
6 appointment by giving two months' written notice addressed to the
7 President.

Resignation of
a non-executive
member of the
board

8 19. -(1) A vacancy on the Board shall occur if a member of the
9 Board-

Vacancy on the
board

10 (a) dies;

11 (b) is removed from office in accordance with section 17 of this
12 Act;

13 (c) resigns from office; or

14 (d) completes his tenure of office.

15 (2) A vacancy on the Board shall be filled by the appointment of
16 another person by the President in accordance with section 13 of this Act.

17 (3) if a member of the Board dies, resigns or otherwise vacates his
18 office before the expiry of the term for which he has been appointed, there
19 shall be appointed a fit and proper person in the manner prescribed by
20 section 13 of this Act to take his place on the Board.

21 20. -(1) There shall be for the Commission a Chief Executive
22 Commissioner who shall be the chief executive and accounting officer of the
23 Commission responsible for the day-to-day running of the affairs of the
24 Commission.

The Chief
Executive
Commissioner
and Executive
Commissioners

25 (2) There shall be for the Commission three Executive
26 Commissioners who shall be specifically assigned with the responsibility
27 for leading the regulation of upstream, midstream and downstream
28 activities in the sector.

29 (3) The persons to be appointed Chief Executive Commissioner
30 and Executive Commissioners shall have extensive technical or

1 professional knowledge of the petroleum industry with a minimum of fifteen
2 years' experience with relevant cognate experience at management level.

Appointment,
tenure,
remuneration and
conditions of
service of the
Chief Executive
Commissioner and
the Executive
Commissioners

3 **21.**-(1) The Chief Executive Commissioner and Executive
4 Commissioners shall be appointed by the President subject to confirmation by
5 the Senate on such terms and conditions as may be set out in their respective
6 letters of appointment.

7 (2) The Chief Executive Commissioner shall be appointed in the first
8 instance for a term of five years and shall be eligible for re-appointment for
9 another term of five years.

10 (3) The Executive Commissioners shall be appointed in the first
11 instance for a term of four years and shall be eligible for re-appointment for
12 another term of four years.

Disqualification
from appointment

13 **22.** A person shall not be appointed as a Commissioner if he or she:

14 (a) has a financial interest in any business connected, either directly or
15 indirectly with the Nigerian petroleum industry, or is engaged in any activity
16 (whether for remuneration or otherwise) connected with the petroleum
17 industry, provided that such person may be appointed if he or she declares their
18 interest and makes the appropriate arrangements that ensures the avoidance of
19 a conflict of interest, or is a relative of a person who has such an interest or is
20 engaged in such an activity, unless the President is satisfied that the interest or
21 activity is in effect passive and will not interfere with the person's impartial
22 discharge of his duties as a Commissioner or unless the financial interest is
23 terminated prior to the appointment taking effect, or

24 (b) has, in terms of the laws in force in any country:

25 (i) been adjudged or declared bankrupt or insolvent and has not been
26 rehabilitated or discharged, or

27 (ii) made an assignment to or arrangement or composition with his
28 creditors which has not been rescinded or set aside;

29 (iii) been declared to be of unsound mind;

30 (iv) been convicted of any criminal offence by a court of competent

1 jurisdiction except for traffic offences or contempt proceedings arising in
2 connection with the execution or intended execution of any power or duty
3 conferred under this Act; or

4 (v) been disqualified or suspended from practising his profession
5 by the order of a competent authority made in respect of him personally.

6 23.-(1) The Board may appoint for the Commission such number Other staff, etc.
7 of persons as employees of the Commission as it may deem necessary.

8 (2) The employment of the Commission's staff shall be subject to
9 such terms and conditions as may from time to time be stipulated by the
10 Board and contained in the respective employment contracts.

11 (3) The Board shall determine and review from time to time, the
12 remuneration and allowances payable to the Commission's staff, having
13 regard to the recommendation of the National Salaries, Incomes and Wages
14 Commission.

15 (4) While making recommendations, the National Salaries,
16 Incomes and Wages Commission shall have due regard to the following
17 principles:

18 (a) the specialised nature of work to be performed by the
19 Commission;

20 (b) the salaries paid in the private sector to individuals with
21 equivalent responsibilities, expertise and skills.

22 (5) The Board shall make staff regulations generally relating to the
23 conditions of service of its employees and, in particular, but without
24 prejudice to the generality of the foregoing, such regulations may provide
25 for-

26 (a) the appointment, promotion, dismissal and discipline of
27 employees;

28 (b) appeals by the employees against dismissal or other
29 disciplinary measures; and

30 (c) the grant of pensions, gratuities and other retirement

1 allowances to the employees;

2 (6) Staff of the Commission shall be public officers as defined in the
3 Constitution of the Federal Republic of Nigeria, 1999.

4 (7) For the purpose of this section, appointment shall include
5 secondment, transfer and contract appointments.

Pensions

6 24.-(1) Employment in the Commission shall be subject to the
7 provisions of the Pensions Reform Act and officers and employees of the
8 Commission shall be entitled to pension and other retirement benefits as
9 prescribed under the Pensions Reform Act.

10 (2) Nothing in subsection (1) of this section shall prohibit the
11 Commission from appointing a person to any office on terms that preclude the
12 grant of a pension or other retirement benefits in respect of that office.

13 (3) Subject to the Pensions Reform Act, and notwithstanding the
14 provisions of this section, the Commission shall continue to fulfill all
15 obligations in respect of pensions schemes to which the Department of
16 Petroleum Resources and the Petroleum Products Price Regulatory Agency
17 were obliged in respect of its employees, prior to the transfer of assets and
18 liabilities to the Commission.

Financial
provisions

19 25.-(1) The Commission shall not later than 30th September or such
20 other date to be determined by the Ministry responsible for Budgets in each
21 financial year, prepare and present for appropriation to the National Assembly
22 through the Federal Ministry responsible for Budgets, a statement of estimated
23 income and expenditure for the following financial year.

24 (2) Notwithstanding the provisions of subsection (1) of this section,
25 the Commission may also, in any financial year, submit to the National
26 Assembly through the Federal Ministry responsible for Budgets,
27 supplementary or adjusted statements of estimated income and expenditure for
28 appropriation.

29 (3) The financial year of the Commission shall be a period of twelve
30 calendar months commencing on the 1st of January in each year.

1 26.-(1) The Commission shall establish and maintain a fund ('the Fund') from which all expenditures incurred by the Commission shall be defrayed. Funding

2
3
4 (2) The Fund shall comprise monies derived from the following sources:

5
6 (a) Such moneys which shall be a percentage of the revenue generated by the Commission for the Government of the Federation as may be determined and appropriated to the Commission from time to time by the National Assembly;

7
8
9
10 (b) fees charged for services rendered to holders of licences, permits or other authorizations;

11
12 (c) penalties and fines levied by the Commission;

13 (d) income derived from publications produced by the Commission and from reviews of environmental impact assessment reports and environmental evaluation reports and other related activities;

14
15
16 (e) fees for services rendered to non-petroleum producing companies and service companies and for other services performed generally;

17
18
19 (f) fees charged for sale of data acquired by the Commission; and

20 (g) grants, loans, grants-in-aid or grants of land from communities for facilities for use by the Communities.

21
22 (3) The Commission shall apply the proceeds of the Fund established pursuant to subsection (1) of this section:

23
24 (a) to meet the administrative and operating costs of the Commission;

25
26 (b) to provide for the payment of salaries, wages, fees or other remuneration or allowances, pensions and other retirement benefits payable to staff or employees of the Commission;

27
28
29 (c) for the maintenance of property acquired by or vested in the Commission;

30

1 (d) for purposes of investment, as prescribed by the Trustee
2 Investments Act, or any other relevant legislation subject to the approval of the
3 Minister responsible for Budgets; and

4 (e) generally, in connection with the carrying out of any of its
5 functions under this Act.

6 (4) The Commission shall ensure that all monies accruing from
7 upstream leases, bonuses, lease renewal fees, assignment fees and concession
8 rentals charged under this Act or any subsidiary legislation or regulation made
9 pursuant to this Act are paid into the Federation Account. The Commission
10 shall also ensure that all other monies accruing from its activities including but
11 not limited to fines and penalties are paid into the Consolidated Revenue Fund.

12 (5) For any particular year, if monies accruing to the Fund from
13 appropriation established pursuant to subsection (2) of this section, have not
14 been fully applied for the purposes provided for in subsection (3) of this
15 section, such monies shall be paid into the Consolidated Revenue Fund.

Power to accept
grants

16 **27.**-(1) The Commission may accept grants of money or other
17 property upon such terms and conditions as may be specified by the person or
18 organisation making the gift provided, such gifts are not:

19 (a) inconsistent with the objectives and functions of the Commission
20 under this Act.

21 (b) accepted from persons or organizations regulated by the
22 Commission.

23 (2) Nothing in subsection (1) of this section or in this Act shall be
24 construed to allow any member of the Board or staff of the Commission to
25 accept grants for their personal use.

Accounts and
audit

26 **28.** The Commission shall keep proper accounts of its income and
27 expenditure in respect of each financial year and shall cause its accounts to be
28 audited within six months after the end of each year by auditors appointed by
29 the Commission from a list and in accordance with the guidelines supplied by
30 the Auditor-General of the Federation.

1	29.-(1) The Commission shall submit to the Minister, a mid-year	Mid-year and
2	report of its operations and finances not later than 31st August of each year	annual reports
3	and an annual report of its operations, performance and audited financial	
4	report of the preceding year not later than 31st May of the following year.	
5	(2) A summary of the annual report and audited financial report of	
6	the Commission shall be published on the website of the Commission for	
7	public notice not later than 31st of July of each year.	
8	30. The provisions of any enactment relating to the taxation of	Exemption from
9	companies or trust funds shall not apply to the Commission.	income tax
10	31.-(1) Subject to the provisions of this Act, the provisions of the	Limitation of suits
11	Public Officers Protection Act shall apply in relation to any suit instituted	against the
12	against the Commission, any member of the board, an officer or employee of	Commission, etc
13	the Commission.	
14	(2) No suit shall lie against the Commission, any member of the	
15	board, or any other officer or employee of the Commission for any act done	
16	in pursuance or execution of this Act or any other law or enactment, or of any	
17	public duty or authority in respect of any alleged neglect or default in the	
18	execution of this Act or any other law or enactment, duty or authority, or be	
19	instituted in any court unless it is commenced:	
20	(a) within twelve months next after the act, neglect or default	
21	complained of; or	
22	(b) in the case of a continuation of damage or injury, within 6	
23	months next after the ceasing thereof.	
24	(3) No suit shall be commenced against the Commission, any	
25	member of the board, or any official or employee of the Commission before	
26	the expiration of a period of one month after written notice of the intention to	
27	commence the suit shall have been served on the Commission by the	
28	intending plaintiff or his agent.	
29	(4) The notice referred to in subsection (3) of this section shall	
30	clearly and explicitly state the cause of action, the particulars of the claim,	

1 the name and address of the intending plaintiff and the relief which he claims.

Service of court
process on the
Commission

2 32. A notice, summons or other document required or authorised to
3 be served on the Commission under the provisions of this Act or any other law
4 or enactment may be served by delivering it to the office of the Chief Executive
5 Commissioner of the Commission or any of its Commissioners.

Restriction on
execution against
the Commission's
property

6 33.-(1) In any action or suit against the Commission, no execution or
7 attachment of its physical property shall be issued. Any judgment against the
8 Commission may be enforced through garnishee proceedings provided that not
9 less than three months' notice of the intention to commence the garnishee
10 proceedings shall have been given to the Commission.

11 (2) Any sum of money which may by the judgment of any court be
12 awarded against the Commission shall, subject to any direction given by the
13 court where no notice of appeal against the judgment has been given, be paid
14 from the Fund of the Commission.

Special
Investigation Unit

15 34.-(1) For the effective conduct of its functions, the Commission
16 shall have a Special Investigation Unit.

17 (2) The Special Investigation Unit or an officer authorized on its
18 behalf shall have powers, with respect to matters under the authority of the
19 Commission in this Act, to:

20 (a) investigate acts which may constitute offences under this Act or
21 any other law relating to petroleum operations;

22 (b) collaborate with other Government agencies and persons in
23 relation to the detection or prosecution of offences under this Act or any other
24 law relating to petroleum operations;

25 (c) keep surveillance on oil and gas installations, premises and vessels
26 where it has reason to believe that illegal petroleum operations are going on;
27 and

28 (d) in conjunction with the Nigerian Police and other relevant law
29 enforcement agencies arrest with a warrant obtained from a judicial officer, any
30 person reasonably believed to have committed an offence under this Act.

1 **35.-(1)** Every member of the Board and every employee of the
2 Commission shall be indemnified out of the assets of the Inspectorate
3 against any liability incurred in defending any proceeding against the
4 Commission, whether civil or criminal, if such proceedings are brought
5 against the person in the person's capacity as a member of the Board or
6 employee.

Indemnity of board
members and
employees

7 **(2)** Notwithstanding the provisions of subsection (1) of this
8 section, the Commission shall not indemnify any member of the Board or
9 employee of the Commission for any liability incurred as a result of the
10 wilful negligence of the member or employee, as the case may be, or
11 conduct or acts which such person knew or ought to have known to be
12 unlawful.

13 **PART 3 - ESTABLISHMENT OF COMMERCIAL ENTITIES**

14 **36.-(1)**The Ministry of Petroleum Incorporated is hereby
15 established as a corporation sole.

Establishment of
the Ministry of
Petroleum
Incorporated
("MOPI")

16 **(2)** The Ministry of Petroleum Incorporated may sue and be sued in
17 its said name and shall have perpetual succession and a corporate seal which
18 may from time to time be broken, changed, altered and made anew as the
19 Ministry of Petroleum Incorporated seems fit, and, until a seal is provided
20 under this section, a stamp bearing the inscription "Federal Ministry of
21 Petroleum" may be used as the corporate seal.

22 **(3)** The Ministry of Petroleum Incorporated shall hold on behalf of
23 the Government shares in the successor commercial entities incorporated
24 pursuant to the provisions of this Act.

25 **(4)** The Ministry of Petroleum Incorporated shall have powers to
26 do all such other things as are incidental to and necessary for the
27 performance of its functions under this Act.

28 **(5)** All deeds and other instruments requiring the seal of the
29 corporation shall be sealed, with the seal of the Ministry of Petroleum
30 Incorporated in the presence of the Permanent Secretary and signed by the

1 Permanent Secretary, and such signing shall be sufficient evidence that the said
2 seal was duly and properly affixed and that the same is the lawful seal of the
3 Ministry of Petroleum Incorporated.

4 (6) Any other document requiring the signature of the Ministry of
5 Petroleum Incorporated shall be signed by the Permanent Secretary.

6 (7) The Minister may, by order, vest in any other authority or company
7 any property, movable or immovable, for the time being vested in the Ministry
8 of Petroleum Incorporated and, upon the coming into operation of any such
9 order, the property to which such order relates shall, without any conveyance,
10 assignment or transfer whatever, vest in such company or authority for the like
11 title, estate or interest and on the like tenure and for the like purposes as the
12 same was vested or held immediately before the coming into operation of the
13 order.

14 PART 4 - NIGERIA PETROLEUM ASSETS MANAGEMENT COMPANY

Incorporation of
the Nigeria
Petroleum Assets
Management
Company and
the National
Petroleum
Company

15 37.-(1) The Minister shall, within six months after the Effective Date,
16 take such steps as are necessary under the Companies and Allied Matters Act to
17 incorporate two entities -the first may be called the Nigeria Petroleum Assets
18 Management Company, or such other name as may be available and the other
19 may be called the National Petroleum Company, or such other name as may be
20 available, as companies limited by shares, which shall be vested with certain
21 assets and liabilities of the Nigerian National Petroleum Corporation
22 ("NNPC").

23 (2) Upon incorporation and the transfer of assets pursuant to this Act:

24 (a) the Nigeria Petroleum Assets Management Company (hereinafter
25 called the "Management Company" in this Act) shall be responsible for the
26 management of the assets detailed in the Fourth Schedule to this Act;

27 (b) the National Petroleum Company shall operate the assets
28 transferred to it as a fully commercial entity.

29 (3) The Minister may, in addition to the incorporation of the entities
30 above, incorporate other entities, as may be necessary to assume and manage

1 some of the liabilities of the NNPC.

2 (4) The provisions of this Section 37(4) shall apply to any other
3 successor entities created by the Minister pursuant to Section 37(3) above;

4 (a) The initial shares or other ownership interest of such other
5 entities shall be held in the ratio of 51% by the Ministry of Petroleum
6 Incorporated and 49% by the Bureau of Public Enterprises on behalf of the
7 Government;

8 (b) The entities shall be governed and managed on the basis of the
9 provisions of the Companies and Allied Matters Act and the Securities and
10 Exchange Commission's Codes of Corporate Governance;

11 (c) The annual reports and annual accounts submitted to the annual
12 general meeting shall be published on the entity's website and at least 3
13 widely circulating National Newspapers;

14 (d) The Minister shall cause the Articles of Association of such
15 other entities to provide for the composition and appointment of the Board
16 of the entity on terms similar to the composition and appointment of the
17 Board of the Management Company with such modifications as may be
18 necessary or desirable.

19 (5) The Minister shall ascertain outstanding liabilities, including
20 the amounts of cash call arrears and shall within 12 months of the Effective
21 Date layout a plan for the settlement of the liabilities.

22 (6) The Minister shall put in place a clear plan and timeline for
23 transitioning into the new entities to prevent disruption of industry
24 operations.

25 38.-(1) At the time of its incorporation, the initial shares of the
26 Management Company shall be held in the ratio of 51% by the Ministry of
27 Petroleum Incorporated and 49% by the Bureau of Public Enterprises on
28 behalf of the Government.

Shareholding of
the Nigeria
Petroleum Assets
Management
Company

29 (2) The Minister shall cause an order to be published in the Gazette

1 stating the date on which the assets of the Management Company are
2 transferred.

Business or objects
of the Management
Company

3 **39. The Minister shall ensure that the Memorandum of Association of**
4 **the Management Company includes the following objects:**

5 (a) to hold and manage certain petroleum assets on behalf of the
6 government of the Federation;

7 (b) to ensure maximum value (in terms of return on investments) for
8 the government of the Federation through prudent management of the assets;

9 (c) to negotiate and enter into new exploration and production
10 agreements with other petroleum companies as may be required by the
11 government of the Federation;

12 (d) to monitor the revenue and cost elements of the operation and the
13 production output of its petroleum contracts and undertake the sale of crude oil
14 or other petroleum derivatives produced from the assets.

Engagement of
technical support

15 **40. In carrying out its business or objects, the Management Company**
16 **shall have the power to enter into any arms-length arrangement with the**
17 **National Petroleum Company incorporated pursuant to the provisions of this**
18 **Act, or any other reputable petroleum company or service company to provide**
19 **the Management Company with technical support and expertise in relation to**
20 **the performance of its functions including the marketing and sale of the**
21 **Management Company's share of petroleum received in kind, pursuant to the**
22 **provisions of its petroleum contracts.**

Transfer of
employees, assets
and liabilities

23 **41.-(1) The Minister shall, within twelve months of incorporation of**
24 **the Management Company, by an order as provided in subsection (2) of section**
25 **38, require the NNPC to transfer some employees, assets, liabilities, rights and**
26 **obligations of the NNPC to the Management Company, as specified in the**
27 **order.**

28 (2) A transfer order shall be binding on the NNPC, the Management
29 Company and all other persons.

30 (3) Subsection (2) of this section applies despite any general or

1 special Act or any rule of law, including an Act or rule of law that requires
2 notice or registration of transfers.

3 (4) A transfer order may specify and describe employees, assets,
4 liabilities, rights or obligations to be transferred:

5 (a) by reference to specific employees, assets, liabilities, rights or
6 obligations;

7 (b) by reference to any class of employees, assets, liabilities, rights
8 or obligations; or

9 (c) partly in accordance with subsection (4)(a) of this section and
10 partly in accordance with subsection (4)(b) of this section.

11 (5) With effect from the date specified in the relevant transfer
12 order, all bonds, loans, financing agreements, alternative financing
13 agreements, joint operating agreements, Production Sharing Contracts,
14 participation agreements, hypothecations, securities, deeds, contracts,
15 instruments, documents and working arrangements subsisting prior to the
16 transfer date and relating to the assets to be transferred pursuant to this
17 section and to which the NNPC was a party shall, on and after the Effective
18 date, be as fully effective and enforceable against or in favour of the
19 Management Company as if, instead of the NNPC, the Management
20 Company had been named therein.

21 (6) A transfer order may:

22 (a) specify the date that the transfer takes effect and any interest in
23 property that is transferred by the order shall vest in the Management
24 Company on that date:

25 (b) provide that the transfer shall be deemed to have taken effect on
26 a date earlier than the date the transfer order is made, but the Effective Date
27 shall not be earlier than the day on which the Management Company was
28 incorporated;

29 (c) provide that the transfer specified in the order and other
30 transactions associated with the transfers shall be deemed to have occurred

- 1 in a sequence and at times specified in the order;
- 2 (d) require the NNPC or the Management Company:
- 3 (i) to enter into any written agreement or execute any instrument
- 4 specified in the order; and
- 5 (ii) to register in accordance with the order any agreement or
- 6 instrument entered into or executed under subsection 6(d)(i) of this section;
- 7 (e) provide that any liability or obligation that is transferred by the
- 8 order may be enforced against the NNPC or any relevant successor, the
- 9 Management Company, or both of them; and that any right that is transferred
- 10 by the order may be enforced against the NNPC, the Management Company or
- 11 both of them; or
- 12 (f) impose conditions on the exercise of powers by the Management
- 13 Company that are related to employees, assets, liabilities, rights or obligations
- 14 transferred by the transfer order.
- 15 (7) A transfer order may contain provisions dealing with other matters
- 16 not specifically referred to in this Part that the Minister considers necessary or
- 17 advisable in connection with a transfer.
- 18 (8) The Government may thereafter vest in the Management
- 19 Company any further assets as the Government may from time to time deem fit.
- 20 (9) The Minister may by order require the NNPC to transfer certain
- 21 employees, assets, liabilities, rights and obligations to any other successor
- 22 entity incorporated by the Minister pursuant to subsection (3) of Section 37 of
- 23 this Act. Such transfer order shall be binding on the NNPC, such successor
- 24 entities and all other persons.
- 25 **42.-(1)** A statement, in a registered document to which the
- 26 Management Company is a party, that land described in the document was
- 27 transferred to it from the NNPC by or pursuant to a transfer order, or any other
- 28 statement in the document relating to the transfer order, shall be deemed to be
- 29 conclusive evidence of the facts stated.
- 30 (2) Nothing in subsection (1) of this section shall create for any person

1 an interest in land that the NNPC did not have.

2 43. Subject to subsection (6) (e) of section 41 of this Act, the
3 transfer of liability or obligation under this section without any further
4 assurance other than this section releases the NNPC from any further
5 liability or obligation in respect of the assets or liabilities.

Release from
liability or
obligation

6 44.-(1) Subject to subsection (6) (e) of Section 41 of this Act, the
7 Management Company shall without further assurance be entitled to
8 enforce or defend all obligations for or against the NNPC in respect of the
9 portion of interests transferred pursuant to section 41(1) as if the
10 Management Company were the original party to such obligations.

Enforcement or
continuation of
any cause of action
or proceedings

11 (2) Any pending action or proceedings in relation to the transferred
12 assets, brought by or against the NNPC immediately before the initial
13 transfer date may be enforced or continued, as the case may be, on and after
14 that date by or against the Management Company in the same way as if this
15 Act had not been enacted.

16 45.-(1) Notwithstanding the provisions of Section 43:

Transfer not
deemed to constitute
a breach of contract

17 (a) no action or other proceeding shall be commenced against the
18 Management Company in respect of any employee, asset, liability, right or
19 obligation if, had there been no transfer, the time for commencing the action
20 or other proceeding would have expired; and

21 (b) the transfer of employees, assets and liabilities to the
22 Management Company by or pursuant to a transfer order shall not be
23 deemed to-

24 (i) constitute a breach, termination, repudiation or frustration of
25 any contract, including a contract of employment or insurance;

26 (ii) constitute a breach of any Act, regulation or by-law;

27 (iii) constitute an event of default or force majeure;

28 (iv) give rise to a breach, termination, repudiation or frustration of
29 any licence, permit or other right;

30 (v) give rise to any right to terminate or repudiate a contract,

1 licence, permit or other right; or

2 (vi) give rise to any estoppel.

3 (2) Subsection (1)(b) of this section shall not apply to such contracts as
4 may be prescribed by any regulation made for that purpose.

5 (3) Subject to subsection (2) of this section, nothing in this Act and
6 nothing done as a result of a transfer by or pursuant to a transfer order, shall
7 create any new cause of action in favour of:

8 (i) a holder of a debt instrument issued by the NNPC before the
9 transfer date; or

10 (ii) a party to a contract with the NNPC that was entered into before
11 the transfer date.

Guarantee or
surety

12 46. Any guarantee or surety which was given or made by the
13 Government or any other person in respect of any debt or obligation of the
14 NNPC and which was effective immediately before the transfer of the principal
15 debt or obligation to the Management Company, shall remain fully effective
16 against the guarantor or surety on and after the transfer date in relation to the
17 repayment of the debt or the performance of the obligation, as the case may be,
18 by the Management Company.

Dividend policy

19 47.-(1) The dividend policy of the Management Company shall be as
20 determined by the Board of Directors in accordance with the provisions of the
21 Companies and Allied Matters Act and shall be approved by the shareholders.

22 (2) All dividends accruable in respect of the shares held on behalf of
23 the Government shall be paid directly into the Federation Account.

Funding

24 48.-(1) Not later than 6 months from the date of incorporation of the
25 Management Company, the Minister, after consultation with the Minister
26 responsible for Budgets, shall present a request for the appropriation of funds
27 for the initial capitalisation of the Management Company.

28 (2) The Management Company shall pay from its revenue, reasonable
29 operational expenses which shall be detailed in each annual budget and
30 operating plan (and annual reports made by the Management Company as set

1 out in section 58(d) of this Act) to be approved by the shareholders and
 2 which shall at all times be in line with international best practices for
 3 efficiency and creation of value for the Shareholders and the Government.
 4 The surplus funds after deducting such reasonable operational expenses
 5 shall be paid as dividends to the Federation Account in accordance with the
 6 dividend policy established pursuant to section

7 **49.** The NNPC shall provide the Management Company with all
 8 records or copies of records, that are in its custody or control and that relate
 9 to an officer, employee, asset, liability, right or obligation that is transferred
 10 by or pursuant to a transfer order, including personal information.

Provision of records etc. to the Management Company

11 **50.** The Minister may, at any time within one year after making a
 12 transfer order, make a further order amending the transfer order in any way
 13 that the Minister considers necessary or advisable, including such order or
 14 orders as may be necessary to rectify the transfer of any of the employees,
 15 assets, liabilities, rights and obligations pursuant to a verification or an audit
 16 of the employees, assets and liabilities of the Management Company as at
 17 the date of the relevant transfer order, and this Part applies with necessary
 18 modifications to the amendment.

Further order amending a transfer order

19 **51.** Prior to the vesting of assets and liabilities of the NNPC in the
 20 Management Company, the Minister may give the Board of Directors of the
 21 NNPC directions in writing to ensure the proper transfer of the assets and
 22 liabilities of the NNPC to the Management Company, and the Board of
 23 Directors shall, without delay, comply with such directions.

Directions to the NNPC on matters related to transition

24 **52.-(1)** Any employee of the NNPC transferred to the Management
 25 Company pursuant to section 41 or 50 of this Act shall be transferred to the
 26 service of Management Company on terms not less favourable than those
 27 enjoyed by him immediately prior to the transfer.

Transfer of employees to the Management Company and conditions of service of transferred employees

28 (2) The service rendered by an employee transferred pursuant to
 29 section 41 or 50 of this Act to the NNPC shall be deemed to be service with
 30 the Management Company for the purpose of determining employment-

1 related-entitlements as specified by the relevant laws of employment in
2 Nigeria.

3 (3) Until such time as conditions of service are drawn up by the
4 Management Company-

5 (a) the terms and conditions of service applicable to employees of the
6 NNPC shall continue to apply to every person transferred to the Management
7 Company as if every such person were still in the service of the NNPC;

8 (b) an employee may be permitted to continue to contribute towards a
9 pension he was contributing to when he was in the employment of the NNPC;
10 and

11 (c) the Management Company shall continue to contribute towards a
12 pension scheme to which the NNPC was contributing in respect of employees
13 in the employ of the NNPC prior to the date of transfer.

Exemption from
Stamp Duty &
other charges

14 53.-(1) Stamp duty shall not be chargeable under the Stamp Duties
15 Act in respect of any transfer made or transaction entered into pursuant to this
16 Part on which, except for the exemption granted under this section, stamp duty
17 would have been payable and in particular, and without derogation from the
18 foregoing, no stamp duty shall be chargeable:

19 (a) during the incorporation of the Management Company, and any
20 successor company created pursuant to section 37(3) or any subsequent
21 increase to their authorised share capital, prior to the transfer of an interest to
22 one or more private investors;

23 (b) in respect of any security issued in compliance with a transfer
24 order issued under section 41(6);

25 (c) where any convertible securities were issued in compliance with a
26 transfer order issued under section 41(6), in respect of the exercise of the
27 conversion rights attached to any such security; or

28 (d) in respect of any other transfer of rights and assets pursuant to this
29 Part.

30 (2) The Corporate Affairs Commission shall not charge any fees with

1 respect to the incorporation of any company pursuant to this Part or any
2 subsequent increase to their authorised share capital, prior to the transfer of
3 an interest to one or more private investors.

4 (3) Capital gains tax shall not be chargeable under the Capital
5 Gains Tax Act, in respect of any transfer made or transaction entered into
6 pursuant to this Part on which, except for the exemption granted under this
7 section, capital gains tax would have been payable.

8 54.-(1) Oil pipelines and other installations transferred to the
9 Management Company shall not be regarded as hereditaments or tenements
10 to be valued for rating purposes.

Certain exemption
from rates

11 (2) For the purpose of this section, the expression "oil pipelines and
12 other installations" include but not limited to floating production, storage
13 and offloading vessels, oil rigs, refineries, processing plants, power
14 generating plants, pumping stations, tank farms and similar installations but
15 shall not include office or residential buildings.

16 (3) Except as provided in subsection (1) of this section, nothing in
17 this Act shall be deemed to exempt the Management Company from liability
18 for any tax, duty, rate, levy or other charge whatsoever, whether general or
19 local; provided that the Management Company shall not be liable to pay any
20 such tax, duty, rate, levy or charge unless every company involved in similar
21 activities as the Management Company is also liable for such payment.

22 55.-(1) The Management Company shall be subject to the Code of
23 Corporate Governance of the Securities and Exchange Commission.

Composition and
appointment of
the board

24 (2) The Minister shall cause the Articles of Association of the
25 Management Company to provide for the composition of the Board as
26 follows:

27 (a) a non-executive Chairman;

28 (b) the Managing Director of the Management Company who shall
29 possess relevant experience with at least 10 years' experience at a senior
30 management position in petroleum exploration and production company;

1 (c) 3 other Executive Directors of the Management Company who
2 shall possess relevant petroleum exploration and production experience with at
3 least 10 years' experience at a senior management position;

4 (d) Three non-Executive Directors provided that one of the non-
5 Executive Directors shall be a person with at least 10 years' experience in a
6 senior management position in an exploration & production company;

7 (e) A representative of the Ministry of Petroleum Resources who shall
8 not be below the rank of director.

9 (3) Notwithstanding the provisions of the Companies and Allied
10 Matters Act or any other enactment, the power of the shareholders to appoint or
11 remove directors, shall be subject to subsections (4) and (5) of this section and
12 the approval of the President.

13 (4) For the purpose of making appointments to the Board of Directors,
14 the shareholders shall constitute an independent committee ("the Board
15 Nomination Committee") of five persons with proven qualifications and tested
16 industry experience one of which shall include a representative of the Ministry
17 of Petroleum Resources who shall not be below the rank of director, to identify
18 and recommend highly qualified candidates for such positions in a competitive
19 and transparent manner.

20 (5) the two other non-Executive Directors to be appointed pursuant to
21 subsection (2) (d) of this section, shall not be appointed to the Board unless
22 such a person is a holder of a university degree or its equivalent in engineering,
23 geological sciences, economics, law, finance or related subjects and possesses
24 at least 10 years' relevant experience.

Terms of office
of members of
the board

25 **56.** The Minister shall cause the Articles of Association of the
26 Company to include the following:

27 (1) An Executive member of the Board shall cease to be a Director of
28 the Management Company if he ceases to be an employee of the company for
29 any reason or if otherwise removed in accordance with the provisions of the
30 Companies and Allied Matters Act.

1 (2) The non-executive members of the Board may serve for an
2 initial term of 4 years.

3 (3) Upon the expiration of the initial term of any of the non-
4 executive members of the Board appointed, such member may be eligible
5 for appointment for another term of 4 years and no more.

6 57. Upon incorporation of the Management Company in
7 pursuance of the provisions of this Act, the Management Company shall be
8 organized and managed on the basis of the provisions of this Act and its
9 Memorandum and Articles of Association.

Management and
governance of the
Management
Company

10 58. The Minister shall cause the Articles of Association to provide
11 that the Board of Directors of the Management Company shall submit the
12 following matters to the annual general meeting-

Matters reserved
for the Shareholders

13 (a) plans for the coming year, as well as outlook for the
14 intermediate term and significant changes in any of these;

15 (b) main features of the budget for the coming year;

16 (c) principles relating to engagement of managers; and

17 (d) Annual Report and annual accounts in respect of the
18 participating interests of the State.

19 59. The Board of Directors shall cause the annual reports and
20 annual accounts submitted to the annual general meeting pursuant to section
21 58 (d) of this Act to be published on its website and at least 3 widely
22 circulating National Newspapers.

Publication of
annual report and
annual accounts
of the Management
Company

23 60.-(1) Land vested in the Management Company shall not be
24 liable to be acquired compulsorily under any enactment or law; and
25 notwithstanding anything in any other enactment or law, no mining
26 operations shall be carried on, in or under any land vested in the
27 Management Company or any land over which the Management Company
28 is entitled to rights of support for the benefit of lands so vested except with
29 the prior consent in writing of the Minister.

Protection of land
belonging to the
Management
Company

30 (2) For the purpose of this section, "land" includes any land under

1 water beyond the territorial waters of Nigeria to which Nigeria is for the time
2 being entitled to any exclusive rights.

3 PART 5 - NATIONAL PETROLEUM COMPANY

Shareholding of
the National
Petroleum
Company

4 61. At the time of its incorporation, the initial shares of the National
5 Petroleum Company shall be held in the ratio of 51% by the Ministry of
6 Petroleum Incorporated, 49% by the Bureau for Public Enterprises on behalf of
7 the Government.

Exemption from
certain laws

8 62. The National Petroleum Company shall not be subject to the
9 provisions of the Fiscal Responsibility Act 2007 and the Public Procurement
10 Act 2007.

Initial funding
of the National
Petroleum
Company

11 63. Not later than 6 months from the date of incorporation of the
12 National Petroleum Company, the Minister, after consultation with the
13 Minister responsible for Budgets, shall present a request for the appropriation
14 of funds for the initial capitalisation of the National Petroleum Company.

Assessment and
offset of liabilities
of the National
Petroleum
Company

15 64. The Board of Directors of the National Petroleum Company may,
16 with the approval of its shareholders, utilize any appropriate mechanism,
17 including sale of assets and interests, to offset any liabilities of the National
18 Petroleum Company, meet any of its future obligations or to achieve its
19 strategic objectives.

Retention of
revenue and
dividend policy

20 65.-(1) Notwithstanding the provision of any other law to the
21 contrary, the National Petroleum Company shall be entitled to retain its
22 revenue from its operations and shall be entitled to defray from such revenue all
23 its expenses including its cash call obligations in respect of its joint venture
24 assets and its petroleum operations and its obligations to lenders and
25 financiers.

26 (2) The dividend policy of the National Petroleum Company shall be
27 as determined by the Board of Directors in accordance with the provisions of
28 the Companies and Allied Matters Act and shall be approved by the
29 shareholders.

30 (3) All dividends accruable in respect of the shares held on behalf of

1 the Government shall be paid into the Federation Account.

2 **66.-(1)** Notwithstanding the provisions of section 61 of this Act,
3 the Government shall within 5 years from the date of incorporation of the
4 National Petroleum Company, divest, in a transparent manner, not less than
5 10% of the shares of the National Petroleum Company and within 10 years
6 from the date of incorporation divest not less than an additional 30% of the
7 shares of the National Petroleum Company to the public in a transparent
8 manner.

Divestment of
shares of the
National Petroleum
Company

9 (2) Divestment of shares under subsection (1) above may include
10 the sale or transfer of shares to institutional or strategic investors.

11 **67.-(1)** The Minister shall, within twelve months of incorporation
12 of the National Petroleum Company, by an order, require the NNPC to
13 transfer employees, assets, liabilities, rights and obligations of the NNPC
14 (including assets and liabilities held by the NNPC on behalf of the
15 Government) to the National Petroleum Company, as specified in the order.

Transfer of
employees, assets
and liabilities

16 (2) A transfer order shall be binding on the NNPC, the National
17 Petroleum Company and all other persons.

18 (3) Subsection (2) of this section applies despite any general or
19 special Act or any rule of law, including an Act or rule of law that requires
20 notice or registration of transfers.

21 (4) A transfer order may specify and describe, employees, assets,
22 liabilities, rights or obligations to be transferred:

23 (a) by reference to specific employees, assets, liabilities, rights or
24 obligations;

25 (b) by reference to any class of employees, assets, liabilities, rights
26 or obligations; or

27 (c) partly in accordance with subsection (4)(a) of this section and
28 partly in accordance with subsection (4)(b) of this section.

29 (5) With effect from the date specified in the relevant transfer
30 order, all bonds, loans, financing agreements, alternative financing

1 agreements, joint operating agreements, participation agreements,
2 hypothecations, securities, deeds, contracts, instruments, documents and
3 working arrangements subsisting prior to the transfer date and relating to the
4 assets to be transferred pursuant to this section and to which the NNPC was a
5 party shall, on and after the Effective Date, be as fully effective and enforceable
6 against or in favour of the National Petroleum Company as if, instead of the
7 NNPC, the National Petroleum Company had been named therein.

8 (6) A transfer order may:

9 (a) specify the date that the transfer takes effect and any interest in
10 property that is transferred by the order shall vest in the National Petroleum
11 Company on that date;

12 (b) provide that the transfer shall be deemed to have taken effect on a
13 date earlier than the date the transfer order is made, but the Effective Date shall
14 not be earlier than the day on which the National Petroleum Company was
15 incorporated;

16 (c) provide that the transfer specified in the order and other
17 transactions associated with the transfers shall be deemed to have occurred in a
18 sequence and at times specified in the order;

19 (d) require the NNPC or the National Petroleum Company:

20 (i) to enter into any written agreement or execute any instrument
21 specified in the order; and

22 (ii) to register in accordance with the order any agreement or
23 instrument entered into or executed under subsection 6(d)(i) of this section;

24 (e) provide that any liability or obligation that is transferred by the
25 order may be enforced against the NNPC, the National Petroleum Company, or
26 both of them; and that any right that is transferred by the order may be enforced
27 against the NNPC, the National Petroleum Company, or both of them; or

28 (f) impose conditions on the exercise of powers by the National
29 Petroleum Company that are related to employees, assets, liabilities, rights or
30 obligations transferred by the transfer order.

1 (7) A transfer order may contain provisions dealing with other
2 matters not specifically referred to in this Part that the Minister considers
3 necessary or advisable in connection with a transfer.

4 (8) The Government may thereafter vest in the National Petroleum
5 Company any further
6 upstream assets as the Government may from time to time deem fit.

7 68.-(1) A statement, in a registered document to which the National
8 Petroleum Company is a party, that land described in the document was
9 transferred to it from the NNPC by or pursuant to a transfer order, or any
10 other statement in the document relating to the transfer order, shall be
11 deemed to be conclusive evidence of the facts stated. Conclusive
evidence

12 (2) Nothing in subsection (1) of this section shall create for any
13 person, an interest in land that the NNPC did not have.

14 69. Subject to subsection 67(6)(e) 0, the transfer of liability or
15 obligation under this section without any further assurance other than this
16 section releases the NNPC from any further liability or obligation in respect
17 of the assets or liabilities. Release from
liability or
obligation

18 70.-(1) Subject to subsection 67 (6)(e) of this Act, the National
19 Petroleum Company shall without further assurance be entitled to enforce or
20 defend all obligations for or against the NNPC in respect of the portion of
21 interests transferred in accordance with section 67 as if the National
22 Petroleum Company were the original party to such obligations. Enforcement or
continuation of
any cause of action
or proceedings

23 (2) Any pending action or proceeding in relation to the transferred
24 assets, brought by or against the NNPC immediately before the initial
25 transfer date may be enforced or continued, as the case may be, on and after
26 that date by or against the National Petroleum Company in the same way as
27 if this Act had not been enacted.

28 71.-(1) Notwithstanding the provisions of section 69:

29 (a) no action or other proceeding shall be commenced against the
30 National Petroleum Company in respect of any employee, asset, liability, Transfer not deemed
to constitute a
breach of contract

1 right or obligation if, had there been no transfer, the time for commencing the
2 action or other proceeding would have expired; and

3 (b) the transfer of assets and liabilities to the National Petroleum
4 Company by or pursuant to a transfer order, shall not be deemed to -

5 (i) constitute a breach, termination, repudiation or frustration of any
6 contract, including a contract of employment or insurance;

7 (ii) constitute a breach of any Act, regulation or by-law;

8 (iii) constitute an event of default or force majeure;

9 (iv) give rise to a breach, termination, repudiation or frustration of any
10 licence, permit or other right;

11 (v) give rise to any right to terminate or repudiate a contract, licence,
12 permit or other right; or (vi) give rise to any estoppel.

13 (2) Subsection (1b) of this section shall not apply to such contracts as
14 may be prescribed by any regulation made for that purpose.

15 (3) Subject to subsection (2) of this section, nothing in this Act and
16 nothing done by or pursuant to a transfer order, shall create any new cause of
17 action in favour of a -

18 (i) holder of a debt instrument issued by the NNPC before the transfer
19 date; or

20 (ii) party to a contract with the NNPC that was entered into before the
21 transfer date.

Guarantee or
surety

22 72. Any guarantee or surety which was given or made by the
23 Government or any other person in respect of any debt or obligation of the
24 NNPC and which was effective immediately before the transfer of the principal
25 debt or obligation to the National Petroleum Company, shall remain fully
26 effective against the guarantor or surety on and after the transfer date in relation
27 to the repayment of the debt or the performance of the obligation, as the case
28 may be, by the National Petroleum Company.

Provision of
Records etc. to the
National Petroleum
Company

29 73. The NNPC shall provide the National Petroleum Company with
30 all records or copies of records, that are in its custody or control and that relate

1 to an officer, employee, asset, liability, right or obligation that is transferred
2 by or pursuant to a transfer order, including personal information.

3 74. The Minister may, at any time within one year after making a
4 transfer order, make a further order amending the transfer order in any way
5 that the Minister considers necessary or advisable, including such order or
6 orders as may be necessary to rectify the transfer of any of the employees,
7 assets, liabilities, rights and obligations pursuant to a verification or an audit
8 of the employees, assets and liabilities of the National Petroleum Company
9 as at the date of the relevant transfer order, and this Part applies with
10 necessary modifications to the amendment.

Further order
amending a
transfer order

11 75. Prior to the vesting of assets and liabilities of the NNPC in the
12 National Petroleum Company, the Minister may give the Board of Directors
13 of the NNPC directions in writing to ensure the proper transfer of the assets
14 and liabilities of the NNPC to the National Petroleum Company, and the
15 Board of Directors shall, without delay, comply with such directions.

Directions to the
NNPC on matters
related to transition

16 76.-(1) Any employee of the NNPC transferred to the National
17 Petroleum Company pursuant to sections 67 and 74 of this Act shall be
18 transferred to the service of National Petroleum Company, on terms not less
19 favourable than those enjoyed by him immediately prior to the transfer.

Transfer of
employees to the
National Petroleum
Company

20 (2) The service rendered by an employee transferred pursuant to
21 sections 67 and 74 of this Act shall be deemed to be service with the National
22 Petroleum Company for the purpose of determining employment-related-
23 entitlements as specified by the relevant laws of employment in Nigeria.

24 (3) Until such time as conditions of service are drawn up by the
25 National Petroleum Company-

26 (a) the terms and conditions of service applicable to employees of
27 the NNPC shall continue to apply to every person transferred to the National
28 Petroleum Company as if every such person were still in the service of the
29 NNPC;

30 (b) an employee may be permitted to continue to contribute

1 towards a pension he was contributing to when he was in the employment of the
2 NNPC; and

3 (c) the National Petroleum Company shall continue to contribute
4 towards a pension scheme to which the NNPC was contributing in respect of
5 employees in the employ of the NNPC; prior to the date of transfer.

Delisting of assets

6 77. The assets of the subsidiaries of the NNPC listed under the Public
7 Enterprises Privatisation and Commercialisation Act shall be de-listed from
8 the Effective Date of this Act and the power of attorney earlier assigned to the
9 Bureau of Public Enterprises shall stand vacated.

Exemption from
Stamp Duty &
other charges

10 78.-(1) Stamp duty shall not be chargeable under the Stamp Duties
11 Act in respect of any transfer made or transaction entered into pursuant to this
12 Part on which, except for the exemption granted under this section, stamp duty
13 would have been payable and in particular, and without derogation from the
14 foregoing, no stamp duty shall be chargeable:

15 (a) during the incorporation of the National Petroleum Company, or
16 any subsequent increase to its authorised share capital, prior to the transfer of a
17 n interest to one or more private investors;

18 (b) in respect of any security issued in compliance with a transfer
19 order issued under section 67(6);

20 (c) where any convertible securities were issued in compliance with a
21 transfer order issued under section 67(6), in respect of the exercise of the
22 conversion rights attached to any such security; or

23 (d) in respect of any other transfer of rights and assets pursuant to this
24 Part.

25 (2) The Corporate Affairs Commission shall not charge any fees with
26 respect to the incorporation of any company pursuant to this Part or any
27 subsequent increase to their authorised share capital, prior to the transfer of an
28 interest to one or more private investors.

29 (3) Capital gains tax shall not be chargeable under the Capital Gains
30 Tax Act, in respect of any transfer made or transaction entered into pursuant to

1 this Part on which, except for the exemption granted under this section,
2 capital gains tax would have been payable.

3 79.-(1) The National Petroleum Company shall be subject to the
4 Code of Corporate Governance issued by the Securities and Exchange
5 Commission.

Composition and
Appointment of
the Board

6 (2) The Minister shall cause the Articles of Association of the
7 National Petroleum Company to provide for the composition of the Board as
8 follows:

9 (a) a non-executive Chairman;

10 (b) the Managing Director of the National Petroleum Company
11 shall be a person with at least 10 years' experience in a senior management
12 position in petroleum exploration and production company;

13 (c) 3 other Executive Directors of the National Petroleum
14 Company shall be persons with at least 10 years' experience in a senior
15 management position in petroleum exploration and production company;

16 (d) Three non-Executive Directors provided that one of the non-
17 Executive Directors shall be a person with at least 10 years' experience in
18 senior management position in a petroleum company;

19 (e) A representative of the Ministry of Petroleum Resources who
20 shall not be below the rank of director.

21 (3) Notwithstanding the provisions of the Companies and Allied
22 Matters Act or any other enactment, the power of the shareholders to appoint
23 or remove directors, shall be subject to subsections (4) and (5) of this section
24 and the approval of the President.

25 (4) For the purpose of making appointments to the Board of
26 Directors, the shareholders shall constitute an independent committee ("the
27 Board Nomination Committee") of five persons with proven qualifications
28 and tested industry experience one of which shall include a representative of
29 the Ministry of Petroleum Resources who shall not be below the rank of
30 director, to identify and recommend highly qualified candidates for such

1 positions in a transparent manner.

2 (5) The two other non-Executive Directors to be appointed pursuant
3 to subsection (2) (d) of this section, shall not be appointed to the Board unless
4 such a person is a holder of a university degree or its equivalent in engineering,
5 geological sciences, economics, law, finance or related subject and possesses
6 at least 10 years' relevant experience at a senior management level.

7 (6) The provisions of subsection (2) to (5) of this section shall cease to
8 have effect upon the divestment by the Government of 30% of its shares in the
9 company on the Nigerian Stock Exchange. Accordingly, the provisions of the
10 Companies and Allied Matters Act, the Articles of Association of the National
11 Petroleum Company and any Shareholders Agreement by which the Company
12 is bound shall apply to the appointment of the directors and the composition of
13 the Board.

Management and
governance of the
National Petroleum
Company

14 **80.** Upon incorporation of the National Petroleum Company pursuant
15 to the provisions of this Act, the National Petroleum Company shall be
16 organized and managed on the basis of the provisions of this Act, the
17 Companies & Allied Matters Act and its Memorandum and Articles of
18 Association.

Terms of office
of members of
the board

19 **81.** The Minister shall cause the Articles of Association of the
20 Company to include the following;

21 (1) An Executive member of the Board shall cease to be a Director of
22 the National Petroleum Company if he ceases to be an employee of the
23 company for any reason or if otherwise removed in accordance with the
24 provisions of the Companies and Allied Matters Act.

25 (2) The non-executive members of the Board may serve for an initial
26 term of 4 years.

27 (3) Upon the expiration of the initial term of any of the non-executive
28 members of the Board appointed, such member may be eligible for
29 appointment for another term of 4 years and no more.

1 **82.** The Minister shall cause the Articles of Association to provide
 2 that the Board of Directors of the National Petroleum Company shall submit
 3 the following matters to the annual general meeting-

Matters reserved
for the Shareholders

4 (a) plans for the coming year, as well as outlook for the
 5 intermediate term and significant changes in any of these;

6 (b) main features of the budget for the coming year;

7 (c) principles relating to engagement of managers; and

8 (d) Annual Report and annual accounts in respect of the
 9 participating interests of the State.

10 **83.** The Board of Directors shall cause the Annual Reports and
 11 annual accounts submitted to the annual general meeting pursuant to section
 12 82(d) to be published on its website and at least 3 widely circulating
 13 National Newspapers.

Publication of
Annual Report
and annual accounts
of the National
Petroleum
Company

14 **84.-(1)** Oil pipelines and other installations belonging to the
 15 National Petroleum Company shall not be regarded as hereditaments or
 16 tenements to be valued for rating purposes.

Certain exemption
from rates

17 (2) For the purposes of this subsection, the expression "oil
 18 pipelines and other installations" include oil rigs, refineries, power
 19 generating plants, pumping stations, tank farms and similar installations but
 20 do not include office or residential buildings.

21 (3) Except as provided in subsection (1) of this section, nothing in
 22 this Act shall be deemed to exempt the National Petroleum Company from
 23 liability for any tax, duty, rate, levy or other charge whatsoever, provided
 24 that the National Petroleum Company shall not be liable to pay any such tax,
 25 duty, rate, levy or charge unless every company involved in similar activities
 26 as the National Petroleum Company is also liable for such payment.

27 **85.-(1)** Land vested in the National Petroleum Company shall not
 28 be liable to be acquired compulsorily under any enactment or law.

Protection of
National Petroleum
Company's land

29 (2) Notwithstanding anything in any other enactment or law, no
 30 mining operations shall be carried on, in or under any land vested in the

1 National Petroleum Company or any land over which the National Petroleum
2 Company is entitled to rights of support for the benefit of lands so vested except
3 with the prior consent in writing of the Minister.

4 (3) For the purpose of this section, "land" includes any land under
5 water beyond the territorial waters of Nigeria to which Nigeria is for the time
6 being entitled to any exclusive rights.

7 PART 7 - REPEALS, TRANSITIONAL AND SAVINGS PROVISIONS

8 86.-(1) The enactments specified in the Fifth Schedule to this Act are
9 hereby amended to the extent specified therein.

10 (2) For the avoidance of doubt, the relevant provisions of all existing
11 enactments or laws, including but not limited to the Petroleum Act, Oil
12 Pipelines Act, Hydrocarbon Oil Refineries
13 Act and the Companies and Allied Matters Act, shall be read with such
14 modifications as to bring them into conformity with the provisions of this Act.

15 (3) If the provisions of any other enactment or law, including but not
16 limited to the enactments specified in subsection (1) of this section, are
17 inconsistent with the provisions of this Act, the provisions of this Act shall
18 prevail and the provisions of that other enactment or law shall, to the extent of
19 that inconsistency, be void in relation to matters provided for in this Act.

20 (4) Any regulatory functions conferred on the Minister pursuant to the
21 Petroleum Act and the Oil Pipelines Act or on the chief executive of the
22 Inspectorate pursuant to the Nigerian National Petroleum Corporation Act,
23 shall be deemed to have been transferred to the Commission.

24 87.-(1) From the Effective Date Petroleum Products Pricing
25 Regulatory Agency (Establishment) Act, CAP P43, Laws of the Federation of
26 Nigeria, 2004 is repealed; and

27 (2) The Nigerian National Petroleum Corporation Act CAP N123,
28 Laws of the Federation of Nigeria, 2004, Nigerian National Petroleum
29 Corporation (Projects) Act CAPN124 Laws of the Federation of Nigeria, 2004
30 and Nigerian National Petroleum Corporation Amendment Act N123 shall be

Adaptation of
laws

Repeals

1 deemed to be repealed on the date that the Minister signifies by legal notice
2 in the Gazette that the assets and liabilities of the NNPC are fully vested in
3 successor entities.

4 88.-(1) Any licence, lease, certificate, authority or permit which
5 was issued by the Department of Petroleum Resources and which had effect
6 immediately before the commencement of this Act shall continue to have
7 effect, mutatis mutandis, for the remainder of its period of validity as if it had
8 been issued by the Commission.

Savings provisions

9 (2) The Minister shall set forward a clear transition plan within 30
10 days of the passage of the Act to prevent disruption of industry operations.

11 (3) Within three months from the Effective Date, the Minister on
12 the advice of the Commission or the NNPC, as the case may be, may make
13 any further transitional and savings provisions as are consistent with the
14 transitional and savings provisions in this Act.

15 89.-(1) Upon the vesting of assets and liabilities of the Department
16 of Petroleum Resources in the Commission, the Minister shall make an
17 order in writing in which he shall give directions to the management of the
18 Department of Petroleum Resources for the transfer of employees of the
19 Department of Petroleum Resources to the Commission and the
20 Management of the Department of Petroleum Resources shall, without
21 delay, comply with the directions in such order.

Transfer of staff,
etc/

22 (2) Upon the vesting of assets and liabilities of the Petroleum
23 Products Pricing Regulatory Agency in the Commission, the Minister shall
24 make an order in writing in which he shall give directions to the Board of the
25 Petroleum Products Pricing Regulatory Agency for the transfer of
26 employees of the Petroleum Products Pricing Regulatory Agency to the
27 Commission and the Board of Directors shall, without delay, comply with
28 the directions in such order.

29 (3) Any transfer of services by virtue of the provisions of
30 subsections (1) and (2) of this section shall be regarded as continuous for the

1 purposes of pension and gratuity.

Cessation of
employment

2 90.-(1) Every person whose service has been transferred to the
3 Commission from the Department of Petroleum Resources or from the
4 Petroleum Products Pricing Regulatory Agency, in pursuance of section 89 of
5 this Act, as the case may be, shall be deemed to be an employee of the
6 Commission with effect from the date of transfer and shall be deemed to have
7 ceased to be in the employment of the Department of Petroleum Resources or
8 the Petroleum Products Pricing Regulatory Agency forthwith.

9 (2) Every person whose service has been transferred from the NNPC
10 to the Management Company in pursuance of subsection (1) of section 41 of
11 this Act or to the National Petroleum Company in pursuance of subsection (1)
12 of section 67 of this Act, as the case may be, shall be deemed to be an employee
13 of the Management Company or the National Petroleum Company, as the case
14 may be, with effect from the date of transfer and shall be deemed to have ceased
15 to be in the employment of the NNPC forthwith.

Application of
subsisting contracts

16 91.-(1) The provisions of this section shall apply to-

17 (a) all contracts or other instruments subsisting before the Effective
18 Date entered into by the Petroleum Inspectorate and the Department of
19 Petroleum Resources in relation to its petroleum operations;

20 (b) all contracts or other instruments subsisting before the Effective
21 Date entered into by the Petroleum Products Pricing Regulatory Agency.

22 (2) By virtue of this Act there is vested in the Commission as from the
23 Effective Date and without further assurance all assets, funds, resources and
24 other moveable or immovable property which immediately before the
25 Effective Date were vested in the Petroleum Inspectorate or the Department of
26 Petroleum Resources.

27 (3) Any proceedings or cause of action pending or existing or which
28 could have been taken by or against the Department of Petroleum Resources
29 immediately before the Effective Date in respect of any such right, interest,
30 obligation or liability of the Petroleum Inspectorate or the Department of

1 Petroleum Resources may be commenced, continued or enforced or taken
2 by or against the Commission as if this Act had not been made.

3 (4) By virtue of this Act, there is vested in the Commission as from
4 the Effective Date and without further assurance and without further
5 assurance all assets, funds, resources and other moveable or immovable
6 property which immediately before the Effective Date were vested and held
7 by the Petroleum Products Pricing and Regulatory Authority.

8 (5) As from the Effective Date:

9 (a) the rights, interest, obligations and liabilities of the Petroleum
10 Products Pricing and Regulatory Authority existing immediately before the
11 Effective Date under any contract or instrument at law or in equity which
12 shall have been held on behalf of or have accrued to or have been incurred
13 for its own benefit or use, shall by virtue of this Act be assigned to and vested
14 in the Commission;

15 (b) any such contract or instrument as is mentioned in subsection
16 (5)(a) of this section, shall be of the same force and effect against or in favour
17 of the Commission and shall be enforceable as fully and effectively as if
18 instead of the Petroleum Products Pricing and
19 Regulatory Authority, the Commission had been named therein or had been
20 a party thereto; and

21 (c) any proceeding or cause of action pending or existing or which
22 could have been taken by or against the Petroleum Products Pricing and
23 Regulatory Authority immediately before the Effective Date in respect of
24 any such rights, interest, obligation or liability of the Petroleum Products
25 Pricing and Regulatory Authority, may be commenced, continued or
26 enforced or taken by or against the Commission as if this Act had not been
27 made.

28 (6) As from the Effective Date:

29 (a) the rights, interest, obligations and liabilities of the Department
30 of Petroleum Resources existing immediately before the Effective Date

1 under any contract or instrument at law or in equity which shall have been held
2 on behalf of or have accrued to or have been incurred for its own benefit or use,
3 shall by virtue of this Act be assigned to and vested in the Commission;

4 (b) any such contract or instrument as is mentioned in subsection
5 (6)(a) of this section, shall be of the same force and effect against or in favour of
6 the Commission and shall be enforceable as fully and effectively as if instead of
7 the Department of Petroleum Resources, the Commission had been named
8 therein or had been a party thereto; and

9 (c) Any proceeding or cause of action pending or existing or which
10 could have been taken by or against the Department of Petroleum Resources
11 immediately before the Effective Date in respect of any such right, interest,
12 obligation or liability of the Department of Petroleum Resources may be
13 commenced, continued or enforced or taken by or against the Commission as if
14 this Act had not been made.

Interpretation

15 92. In this Act unless the context otherwise requires-

16 "Authorisation" means any authorisation issued by the Commission for any
17 activity in the petroleum industry;

18 "Board" means the governing board of any of the entities that is the subject
19 matter of the Part within which the word has been used, unless it is specifically
20 stated otherwise;

21 "Budget" means estimates of the revenues and expenditure of the Federation
22 for the next following financial year which the President shall cause to be
23 prepared and laid before each House of the National Assembly at any time in
24 each financial year pursuant to Section 81(1) of the Constitution of the Federal
25 Republic of Nigeria;

26 "Bureau of Public Enterprises" means the Bureau of Public Enterprises as
27 provided for under the "Public Enterprises (Privatisation and
28 Commercialisation) Act CAPP38, Laws of the Federation of Nigeria, 2004;

29 "Commission" means the "Nigeria Petroleum Regulatory Commission" as
30 provided for in Part 3 of this Act;

1 "Company" means any entity incorporated under any law in force in Nigeria
2 or elsewhere;

3 "Companies and Allied Matters Act" means the Companies and Allied
4 Matters Act CAPC20, Laws of the Federation of Nigeria, 2004;

5 "Consolidated Revenue Fund" means the Consolidated Revenue Fund
6 created by section 80 of the Constitution of the Federal Republic of Nigeria
7 1999;

8 "Constitution" means the Constitution of the Federal Republic of Nigeria
9 1999;

10 "Court" means Federal High Court established by section 249 of the
11 Constitution of the Federal Republic of Nigeria 1999;

12 "Department of Petroleum Resources" means the Department of Petroleum
13 Resources under the Ministry of Petroleum Resources;

14 "Effective Date" means the commencement date on which this Act comes
15 into force;

16 "Federal Executive Council" means the Federal Executive Council stated in
17 section 144(5) of the Constitution of the Federal Republic of Nigeria 1999;

18 "Federation Account" means the Federal Account stated in section 162 of
19 the Constitution of the Federal Republic of Nigeria 1999;

20 "Fiscal Responsibility Act" means the Fiscal Responsibility Act 2007;

21 "Frontier acreages" means any or all licences or leases located in an area
22 defined as frontier in a regulation issued by the Commission;

23 "Gazette" means the Official Gazette of the Government;

24 "Government" means the Federal Government of Nigeria;

25 "Management Company" means the Nigerian Petroleum Assets
26 Management Company to be incorporated further to the provisions of
27 section 37 of this Act;

28 "Minister" means the Minister in charge of petroleum resources and
29 overseeing the petroleum industry in Nigeria;

30 "Ministry" means the Ministry of Petroleum Resources;

- 1 "Ministry of Environment" means the federal ministry in charge of
2 environmental matters;
- 3 "Ministry of Finance" means the federal ministry in charge of finance matters;
- 4 "Ministry of Petroleum Incorporated" means the corporation sole to be
5 established by the proposed Ministry of Petroleum Incorporated Act;
- 6 "National Petroleum Company" means the National Petroleum Company to be
7 incorporated further to the provisions of section 37 of this Act;
- 8 "National Salaries, Incomes and Wages Commission" means the National
9 Salaries, Incomes and Wages Commission established by section 1 of the
10 National Salaries, Incomes and Wages Commission Act CAPN72, Laws of the
11 Federation of Nigeria, 2004;
- 12 "National strategic reserve" means the reserve of petroleum products kept in
13 certain storage depots and facilities by the Government or on behalf of the
14 Government to provide for emergency;
- 15 "Nigerian National Petroleum Corporation" or the "NNPC" means the
16 Nigerian National Petroleum Corporation established by section 1 of the
17 Nigerian National Petroleum Corporation Act CAP N123, Laws of the
18 Federation of Nigeria, 2004;
- 19 "Nigerian Police" means the Nigeria Police Force established under section 3
20 of the Police Act CAPP19, Laws of the Federation of Nigeria, 2004;
- 21 "Pensions Reforms Act" means the Pensions Reforms Act 2014;
- 22 "Permanent Secretary" means the Permanent Secretary having supervision
23 over the departments of government under the Minister;
- 24 "Petroleum" means hydrocarbons and associated substances as exist in its
25 natural state in strata, and includes crude oil, natural gas, condensate, and
26 mixtures of any of them, but does not include coal, bitumen and tar sands;
- 27 "Petroleum Inspectorate" means the Petroleum Inspectorate established under
28 section 10 of the Nigerian National Petroleum Corporation Act CAP N123,
29 Laws of the Federation of Nigeria, 2004;
- 30 "Petroleum operations" means upstream, midstream and downstream

- 1 petroleum operations;
- 2 "Petroleum Pricing and Product Regulatory Agency" means the Petroleum
3 Pricing and Product Regulatory Agency established under section 1 of the
4 "Petroleum Pricing and Product Regulatory Agency (Establishment) Act
5 CAPP43, Laws of the Federation of Nigeria, 2004;
- 6 "President" means President of the Federal Republic of Nigeria;
- 7 "Public hearing" means an organised forum for the discussion of issues
8 relating to a regulation or decision that is to be made by the Commission for
9 the purpose of receiving public or stakeholders input;
- 10 "Permit" means an official certificate of permission to undertake an activity
11 issued by the Commission;
- 12 "Production Sharing Contract" means a contract between the NNPC and a
13 contractor as defined in the Deep Offshore and Inland Basin Production
14 Sharing Contract Acts (as amended) CAP 03, Laws of the Federation of
15 Nigeria, 2004;
- 16 "Public Enterprises Privatisation and Commercialisation Act" means the
17 Public Enterprises (Privatisation and Commercialisation) Act CAP P38,
18 Laws of the Federation of Nigeria, 2004;
- 19 "Public Procurement Act" means Public Procurement Act 2007;
- 20 "Regulations" mean rules or order having force of law issued by the
21 competent authority in accordance with the provisions of this Act or any
22 other enactment;
- 23 "Third party access" means the legal requirement for owners of certain
24 infrastructure facilities to grant access to those facilities to parties other than
25 their own customers, usually competitors in the provision of the relevant
26 services, on terms stipulated in this Act or regulations made pursuant to this
27 Act;
- 28 "Trustee Investment Act" means the Trustee Investment Act CAP T22, Laws
29 of the Federation of Nigeria, 2004.

1 5. Any dispute which may arise as to whether a delay is due to
2 causes beyond the control of the licensee or lessee shall be settled by
3 agreement between the Minister and the licensee or lessee or, in default of
4 agreement, by arbitration.

5 6. The price to be paid for petroleum or petroleum products taken
6 by the Minister in exercise of the right of pre-emption shall be-

7 (a) the reasonable value at the point of delivery, less discount to be
8 agreed by both parties; or

9 (b) if no such agreement has been entered into prior to the exercise
10 of the right of pre-emption, a fair price at the port of delivery to be settled by
11 agreement between the Minister and the licensee or lessee or, in default of
12 agreement, by arbitration.

13 7. To assist in arriving at a fair price for the purposes of paragraph
14 6(b) of this Schedule, the licensee or lessee shall, if the Minister so requires-

15 (a) furnish for the confidential information of the Minister
16 particulars of quantities, descriptions and prices of petroleum or petroleum
17 products sold to other customers and of charters or contracts entered into for
18 their carriage; and

19 (b) exhibit original or authenticated copies of the relevant contracts
20 or charter-parties.

21 8. The Minister may take control of any works, plants or premises
22 of the licensee or lessee and if he does so, the licensee or lessee and his
23 servants or agents shall conform to and obey all directions issued by the
24 Minister or on his behalf.

25 9. Reasonable compensation shall be paid to the licensee or lessee
26 for any loss or damage caused to him by reason of the exercise by the
27 Minister of the powers conferred by paragraph 8 of this Schedule.

28 10. Any compensation payable under paragraph 9 of this Schedule
29 shall be settled by agreement between the Minister and the licensee or lessee
30 or, in default of agreement, by arbitration.

1 SECOND SCHEDULE

2 *Supplementary provisions relating to the proceedings of the*
3 *Board of the Commission*

4 1. Subject to this Act and the provisions of section 27 of the
5 Interpretation Act, the Board ('the Board') shall have the power to regulate its
6 proceedings and may make standing orders with respect to the holding of its
7 meetings, and those of its committees, the notice to be given, the keeping of
8 minutes of its proceedings, the custody and production for inspection of such
9 minutes and such other matters as the Board may, from time to time, determine.

10 2.-(a) There shall be at least one ordinary meeting of the Board in
11 every quarter of the year and subject thereto, the Board shall meet whenever it
12 is summoned by the Chairman and if the Chairman is requested to do so by
13 notice given to him by not less than three other members, the Chairman shall
14 summon a meeting of the Board to be held within fourteen days from the date
15 on which the notice is given;

16 (b) Every meeting of the Board shall be presided over by the
17 Chairman and if the Chairman is unable to attend a particular meeting, the
18 members present at the meeting shall elect one of the non-executive
19 commissioners to preside at the meeting.

20 3. The quorum at the meeting of the Board shall consist of the
21 Chairman (or in an appropriate case, the person presiding at the meeting
22 pursuant to paragraph 2 of this Schedule) and the majority of the other
23 members, as appropriate.

24 4. The Board shall meet for the conduct of its business at such places
25 within Nigeria and on such days as the Chairman may appoint.

26 5. A question put before the Board at a meeting shall be decided by
27 consensus, and where this is not possible, by a majority of the votes of the
28 members present and voting.

29 6. The Chairman shall, in the case of an equality of votes, have the
30 casting vote in addition to his deliberative vote.

1 7. Where the Board desires to seek the advice of any person on a
2 particular matter, the Board may co-opt a person as a member for such
3 period it thinks fit, but a person who is a member by virtue of this paragraph
4 shall not be entitled to vote at any meeting of the Board and shall not count
5 towards the quorum.

6 8. The Board may constitute one or more committees for the
7 purpose of carrying out any of its functions as the Board may determine and
8 report on any matter with which the Board is concerned.

9 9. A committee appointed under this Schedule shall be presided
10 over by a member of the Board and consist of such number of persons (not
11 necessarily all members of the Board) as may be determined by the Board,
12 and a person other than a member of the Board shall hold office on the
13 committee in accordance with the terms of his appointment.

14 10. A decision of a committee of the Board shall be of no effect
15 until it is confirmed by the Board.

16 11. The fixing of the seal of the entity shall be authenticated by the
17 signature of the Secretary or some other person authorized generally by the
18 Board to act for that purpose.

19 12. A contract or an instrument which, if made or executed by any
20 person not being a body corporate, would not be required to be under seal,
21 may be made or executed on behalf of the entity by the Director-General or
22 the Executive Secretary, as the case may be, or any person generally or
23 specially authorized to act for that purpose by the Board.

24 13. A document purporting to be a contract, an instrument or other
25 document signed or sealed on behalf of the entity shall be received in
26 evidence and, unless the contrary is proved, be presumed without further
27 proof to have been signed and sealed.

28 14. The validity of any proceedings of the Board or its committees
29 shall not be affected by-

30 (a) any vacancy in the membership of the Board or its committees;

1 (b) reason that a person not entitled to do so took part in the
2 proceedings; or

3 (c) any defect in the appointment of a member.

4 **15.** Any member of the Board and any person holding office on a
5 committee of the Board, who has a personal interest in any contract or
6 arrangement entered into or proposed to be considered by the Board or a
7 committee shall-

8 (a) forthwith disclose his interest to the Board or committee, as the
9 case may be; and

10 (b) not vote on any question relating to the contract or arrangement.

11 **THIRD SCHEDULE**

12 *Conflict of Interest and corporate responsibility*

13 (1) In the discharge of their responsibilities, members of the Board
14 shall act in utmost good faith, with care, skill and diligence.

15 (2) Members of the Board have fiduciary obligation to the
16 Commission, and shall not be involved in any decision where their interests
17 conflict with the interest of the Commission

18 (3) Members of the Board shall adhere to all the duties and obligations
19 specified for directors under the Company and Allied Matters Act.

20 (4) Members of the Board shall submit a written statement of
21 disclosure of interests and a statement of absence of conflicts with the
22 Commission's activities and operations annually to the Board.

23 **FOURTH SCHEDULE**

24 *Assets to be transferred to the Management Company*

- 25 1. OML123
- 26 2. OML 124
- 27 3. OPL 209
- 28 4. OPL 90
- 29 5. OPL 225
- 30 6. OPL 211

1	7.	OPL 125
2	8.	OPL 250
3	9.	OPL 213
4	10.	OPL 247
5	11.	OPL 244
6	12.	OPL 220
7	13.	OPL 318
8	14	OPL 221
9	15.	OPL 222
10	16.	OPL 324
11	17.	OPL 212
12	18.	OPL 219
13	19.	OPL 245
14	20.	OPL 322
15	21.	OPL 320
16	22.	OPL 217
17	23.	OPL 218
18	24.	OPL 242
19	25.	OPL 256
20	26.	OPL 214

FIFTH SCHEDULE

CAP Laws of the Federation of Nigeria 2004	Short title or citation	Amendments
H5	Hydrocarbon Oil Refineries Act	<p>Section 28(1) shall be amended by substituting all references to "Minister" with "Commission"</p> <p>Section 29 shall be amended by inserting the words "Commission" means the "Nigeria Petroleum Regulatory Commission" as established under the Petroleum Industry Governance Act"; and deletion of the definition of Minister</p>
N123	Nigerian National Petroleum Corporation Act	Sections 10 & 11 are hereby repealed.
07	Oil Pipelines Act	(1) All references to "Minister" under the Oil Pipelines Act Cap 07 of the Laws of the Federation of Nigerian 2004 and any regulations made pursuant thereto shall from the Effective Date be deemed to refer to the Commission and the Commission shall accordingly exercise all the powers and functions of the Minister under the Oil Pipelines Act and all regulations made thereto provided that the Commission shall not be entitled to

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		<p>delegate its powers to make regulations pursuant to the Oil Pipelines Act.</p> <p>(2) Section 31 of the Oil Pipelines Act CAP O7 of the Laws of the Federation of Nigeria is hereby amended by substituting it with the following new section "The fees payable for applications, permits and licences or its variation under this Act shall be prescribed by regulations issued pursuant to this Act."</p>
P10	Petroleum Act	<ol style="list-style-type: none"> 1. Section 2(1) shall be amended by including "and the recommendation of the Commission" immediately after the word "Act". 2. Section 3 shall be amended by substituting all references to "Minister" with "Commission". 3. Section 4 shall be amended by substituting all references to "Minister" with "Commission". 4. Section 5(3) shall be amended by substituting "Minister" with "Commission".
		<ol style="list-style-type: none"> 5. Section 6, 8 and 9 are hereby repealed.

EXPLANATORY MEMORANDUM

This Bill provides for the governance and institutional framework for the Nigeria Petroleum Industry and creates clear separation between the policy, regulatory and commercial institutions.