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## TEMPLARS Transcripts: Energy & Natural Resources Digest

### Oil and Gas

#### Nigeria

#### ❖ **NMDPRA Issues First Wholesale Gas Supply Licence Under the PIA.**

The Nigerian Midstream and Downstream Petroleum Regulatory Authority (“**NMDPRA**”) recently issued the very first wholesale gas supply licence, to Ohuru Trading Limited, to supply 500 million standard cubic feet of gas per day. The issuance of this licence is in accordance with Section 142 of the Petroleum Industry Act, 2021 (“**PIA**”), which provides the framework for licences to regulate commercial operations within the gas value chain.

The Chief Executive Officer of the NMDPRA stated “The commercial licenses as provided for in the PIA in general and the Wholesale Gas Supply Licence in particular are significant in many respects as they underscore the focus and priority attention placed on commercial activities in the oil and gas space.”

He said the company was being presented with a third-party gas supply licence to purchase natural gas directly from any lease or third party.

“This will enable them to sell and deliver wholesale gas to wholesale customers and natural gas distributors at any location in Nigeria.”

Mariah Lucciano-Gabriel, the Chief Commercial Officer at Ohuru Trading Limited, explained the significance of this licence, stating that it enables their firm to aggregate gas from multiple sources and supply predominantly to the domestic market, including the power sector and the fertilizer industry. The licence legitimizes their capacity to trade up to 500 million standard cubic feet of gas per day, with the ability to engage with individual oil mining leases and third parties.

## ❖ **NUPRC Grants First Petroleum Exploration Licence Under the PIA.**

The Nigerian Upstream Petroleum Regulatory Commission (“**NUPRC**”) has in compliance with Section 71 (1) – (10) of the PIA, issued its inaugural Petroleum Exploration Licence (“**PEL**”). The licence was granted to TGS-PetroData Offshore Services Limited, marking a significant milestone as the first of its kind to be issued under the PIA.

The PEL pertains to a geophysical survey project encompassing an extensive area of approximately 56,000 square kilometres, focusing on the acquisition of 3D seismic and gravity data. This non-exclusive dataset is believed to play a pivotal role in facilitating investments within the oil and gas sector by providing essential geological information.

The geophysical survey project aims to offer multi-client survey data for exploration companies and is proposed to support the non-exclusive conduct of petroleum exploration operations within the licenced area. It is anticipated that this initiative will contribute to a more stable and data-rich environment for auctioning reserves, fostering development, and attracting revenue.

The project also aligns with broader goals, as the new 3D seismic and gravity data will enhance the understanding of Nigeria's regional petroleum system, particularly in ultra-deep waters and frontier basins. This data is expected to be instrumental in future deep-water licensing rounds, which will attract foreign direct investment into the oil and gas sector. As a result, it offers opportunities for increasing oil and gas reserves, promoting Nigerian content development, and providing employment for local professionals, further bolstering Nigeria's position in the international energy sector.

## ❖ **NUPRC Invites Industry Stakeholders to Consultation Forums for Regulations on Oilfield Operations, Contract Administration and Lease Revocation.**

The NUPRC in line with the provisions of the PIA, which requires the NUPRC to consult with stakeholders prior to finalizing regulations or amendments to regulations, recently invited industry stakeholders to its phase four consultation forum.

The consultation forum is scheduled to be held in two segments. The first segment took place in October and focused on the following draft regulations:

- a. upstream revocation of licences and lease regulations;
- b. upstream petroleum assignment of interest regulations;
- c. upstream commercial operations regulations; and
- d. upstream petroleum development contract administration regulations.

The second segment is scheduled to hold on the 8<sup>th</sup> – 10<sup>th</sup> of December 2023, and would focus on the following draft regulations:

- a. upstream petroleum code of conduct and compliance regulations;
- b. upstream petroleum (administrative harmonisation) regulations; and
- c. amendment to the upstream petroleum host communities development regulations, 2022.

## ❖ **Policy Directives on the Delineation of Regulatory Oversight between the NUPRC and NMDPRA.**

The NUPRC has been made the sole regulator of the technical and commercial upstream petroleum operations and facilities, further to the directive issued by President Bola Ahmed Tinubu and released in the official gazette of the Federal Republic of Nigeria on 5 August 2023. The regulatory functions of the NUPRC under the directive includes licensing, administration and monitoring of petroleum facilities that are operationally linked from extraction including crude oil terminals and the gate of the natural gas processing plant.

Separately, the NMDPRA has been made the sole regulator of the technical and commercial petroleum operations and facilities from the exit of the crude export terminal and entry gate of the natural gas processing plant.

Additionally, the NUPRC and the NMDPRA are to ensure that there is no duplication of regulatory responsibilities occurs across any activity and also refrain from overlapping regulatory functions in relation to activities leading up to and including export terminal operations.

## ❖ **P-CNGi Launches Pilot Phase of CNG Buses.**

Nigeria launched the pilot phase of Compressed Natural Gas (CNG) buses on Friday, accompanied by the announcement of a Value Added Tax (VAT) waiver on CNG purchased vehicles. The Chief Executive Officer of the Presidential CNG Initiative (P-CNGi), revealed that the initiative handed over converted buses to the State House in Abuja.

Under the guidance of the Presidential Compressed Natural Gas (CNG) Initiative Steering Committee, seven CNG conversion centers have been established across the country, P-CNGi's President emphasized that the conversion of these buses to CNG represents not just a technical achievement but also a declaration of intent to embrace cleaner and more economical energy solutions. The initiative, a joint effort between the government and the private sector, aims to roll out more conversion centers in the coming weeks, starting in Lagos, to enable 55,000 conversions within the next six months under a palliative program.

Furthermore, P-CNGi's President highlighted a pivotal policy change: the waiver of VAT on CNG purchases.

## Ghana

### ❖ **Ghana Considers Selling More Oil and Gas Exploration Blocks.**

Ghana intends to boost its oil and gas production by selling more exploration rights to avoid leaving valuable fossil fuels in the ground and to generate revenue to fund its energy transition. Andrew Kofi Egyapa Mercer, the Deputy Energy Minister, indicated in an interview with *Reuters* during the Singapore International Energy Week, that Ghana is marketing oil and gas blocks including new acreages and fields

relinquished by ExxonMobil. Currently, Ghana produces 160,000-170,000 barrels per day (bpd) of crude oil and about 325 million standard cubic feet per day (scfd) of natural gas. The country however wants to increase clean energy in its power generation mix and export more electricity to neighbouring countries. According to the Deputy Minister, the sale of more oil and gas exploration blocks is ensure that the country's existing assets are not stranded, and the proceeds of such sale will be used to fund the country's energy transition plans or a significant part of it.

## **POWER**

### **❖ NERC Issues Licences to 17 Independent Electricity Distribution Network Operators.**

The Nigerian Electricity Regulatory Commission ("**NERC**"), in the 2022 Market Competition Report released on 3 October 2023, announced that it had issued licences to 17 Independent Electricity Distribution Network Operators, 11 of which are currently operational. The 11 operators include:

- a. Gateway Electricity Limited.
- b. Energy Company of Nigeria Plc.
- c. PIPP LVI Disco Limited.
- d. Bodituv Nigeria Limited.
- e. Uruga Power Distribution Company.
- f. Ariaria Independent Energy Distribution Network Ltd.
- g. Ladol Integrated Logistics Free Zone Enterprise.
- h. Babcock Consulting Limited.
- i. Constant Independent Electric Power Distribution Company Ltd.
- j. Alausa Distribution Limited.
- k. Notore Industrial City Limited.