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TEMPLARS ThoughtLab

Nigeria’s 2025 Petroleum Regulations: *Commercial Impact for Operators*

Introduction

In early 2026, the Nigerian Midstream and Downstream Petroleum Regulatory Authority (the “Authority”) issued the Midstream and Downstream Petroleum Operations Regulations, 2025 (the “Regulations”), introducing a consolidated regulatory framework for the Nigeria’s midstream and downstream operations sectors.

As a result, multiple regulatory instruments have been consolidated into a single framework thereby strengthening regulatory coherence as part of the ongoing implementation of the PIA.

From a commercial perspective, this new framework is expected to **enhance regulatory predictability** and **streamline compliance processes**, both of which are critical to investment planning and long-term project financing. For investors, developers and operators of pipelines, processing facilities, refineries, storage infrastructure, and petroleum product distribution networks, the Regulations help clarify regulatory expectations and oversight across the lifecycle of these midstream and downstream assets.

As highlighted above, an important point to note is that several previous regulations issued by the Authority have been revoked including the:¹

- i. Midstream and Downstream Petroleum Operations Regulations, No. 8, 2023;
- ii. Petroleum Measurement Regulations, No. 4, 2023;
- iii. Petroleum (Transportation and Shipment) Regulations, No. 3, 2023;
- iv. Assignment or Transfer of Licence and Permit Regulations, No. 6, 2023;
- v. Midstream and Downstream Penalties and Enforcement Mechanisms Regulations, No. 14, 2023;

¹ Regulation 156 of the Regulations.

- vi. Midstream Gas Flare Regulations, No. 20, 2023;
- vii. Petroleum Refining Regulations, No. 45, 1974; and
- viii. Petroleum Regulations, No. 71, 1967.

In addition, the provisions of any other regulations previously administered by the defunct Department of Petroleum Resources in respect of midstream and downstream petroleum operations are revoked. While these regulations are now revoked, the new framework does not disrupt existing operations, rather it preserves the validity of actions taken under the previous regime.

A. Licensing and Authorisations

To allow the Authority to make commercial linkages and evaluate operational synergies, applicants for licenses or approvals are now required to disclose any affiliation with entities that hold existing licences, permits, or approvals from the Authority.²

B. Payment of Wholesale Levy

The Regulations confirms the provision of the Midstream and Downstream Petroleum Fees Regulations, 2024 which amended the Midstream and Downstream Petroleum Operations Regulations, 2023 (the "**2023 Regulations**") on the remittance procedure of the consolidated **1% wholesale levy**.³

Under the 2023 Regulations, the Authority was required to issue a debit note to the wholesale customer for payment of the wholesale levy following the issuance of a certificate of quantity or the reconciliation of products sold in Nigeria.⁴ The Regulations now expressly provide that the wholesale levy is required to be collected from the wholesale customers by the suppliers and remitted to the Authority by the suppliers no later than the 21st day following the month of the sale, or as may be directed by the Authority.⁵

C. Midstream and Downstream Gas Operations⁶

The Regulations expand the scope of regulated gas facilities by expressly including petrochemical and fertiliser plants linked to gas processing, the designation of gas import and export points, and the introduction of hydrocarbons into midstream gas facilities. It also now expressly regulates carbon capture, storage and utilisation (CCUS) activities, bringing energy transition-related gas operations within the licensing regime. Virtual transportation of gas and gas derivatives are also refined to require registration of the mode of transportation, rather than mere recognition of the activity.

The Regulations further refine market access, storage, and technology-related activities. Open access and third-party access operations are now expressly regulated, and LPG and CNG activities are more clearly segmented between bulk cylinder exchange and retailing.

D. Midstream and Downstream Petroleum Liquids Operations⁷

The Regulations expand the scope of regulated petroleum liquids facilities beyond the 2023 Regulations. New inclusions include the express regulation of petrochemical and fertiliser plants, and depots for the storage of petroleum products, as well as the designation of petroleum liquids import and export points. The Regulations also introduce licensing requirements for the introduction of hydrocarbons into midstream petroleum facilities.

² Regulation 3(5) of the Regulations.

³ The wholesale levy comprises: (i) the Authority Fund, being 0.5% of the wholesale price of petroleum products sold in Nigeria; and (ii) the Midstream and Downstream Gas Infrastructure Fund, being 0.5% of the wholesale price of petroleum products and natural gas sold in Nigeria.

⁴ Regulation 13 (3) of the 2023 Regulations.

⁵ Regulation 7 of the Regulations.

⁶ Regulation 8 of the Regulations.

⁷ Regulation 9 of the Regulations.

In terms of market and supply chain activities, the Regulations broaden regulatory oversight by expressly capturing distribution, marketing, retail trading of petroleum products, wholesale petroleum liquids trading and settlement operations, and open access and third-party access operations. Virtual transportation of petroleum liquids is also strengthened by the introduction of a requirement for registration of the mode of transportation.

The Regulations further extend regulation to emerging and transitional activities by expressly including the production, distribution, storage, and utilisation of biofuels and other clean fuels.

E. Assignment, Transfer or Surrender of Licence or Permit⁸

Per the current regulatory framework, licensees or permit holders must obtain the Authority's prior written consent before assigning, transferring, or disposing any licence, permit, or related rights. Unauthorized transfers are void. Fundamentally, the Regulations reinstate the relevant provisions of the now repealed Assignment or Transfer of Licence and Permit Regulations, No. 6, 2023, and continues to apply to mergers, acquisitions, share sales, listings, intra-group transfers⁹, court orders, and other legal changes in ownership of a given licence or permit. Furthermore, the Regulations now makes it the Transferor's responsibility to apply for approval, not the Transferee as in the previous regime. The Authority's response timeframe for the "notice of intention to assign" (*being the first stage of any assignment process*) has also been revised from 21 working days to 30 calendar days. Other critical points to note are the Authority's approval being required for name changes, licence surrender, or cessation of operations.

F. Penalties Enforcement Mechanisms¹⁰

The Regulations introduce clearer and stricter offences for midstream and downstream operators. Penalties apply for unsafe operations, environmental harm, licence breaches, financial misconduct, unfair market practices, or unlicensed activities. Enforcement follows a structured process, including non-conformity notices, response opportunities, and corrective timelines.

For serious or persistent breaches, the Authority may order shutdowns, issue cease-and-desist orders, impose fines of up to 5% of annual turnover, revoke licences, seal premises, or seize assets. Where no specific penalty applies, administrative fines of up to USD 1 million may be imposed.

G. Other Notable Provisions

- i. **Separation of Licensed Activities:** As prescribed under the PIA, operators cannot combine upstream, midstream, and downstream activities without the Authority's approval. Existing operators must achieve full structural separation within **12 months** from the commencement of the Regulations (i.e. on or before 7 July 2026) and use a separate company for each stream of petroleum operations, unless the Authority grants an extension not exceeding **6 months**.¹¹
- ii. **Appointment of Compliance Officer:** Contrary to the 2023 Regulations, which vest the responsibility for appointing a compliance officer on the manager¹², it is now the responsibility of the licensee or permit holder to appoint a compliance officer in addition to the appointment of a manager. Notification of such appointments or any subsequent change is required to be made not later than 5 working days of such appointment or change.¹³

⁸ Part VIII of the Regulations.

⁹ Intra-group transfers may qualify for waiver of consent fees under the proposed amendment to the Midstream and Downstream Petroleum Fees Regulations, 2024. Further updates to be provided as they become available.

¹⁰ Part XVI of the Regulations.

¹¹ Part IX of the Regulations.

¹² Regulation 5(b) of the 2023 Regulations.

¹³ Regulation 4 of the Regulations.

- iii. **Code of Conduct:** Midstream and downstream operators must uphold strong governance, ethics, and compliance, including a review of the code of conduct every 5 years and hold at least one stakeholder forum annually. Board of directors of a given company undertaking midstream and downstream operations must have at least 1 petroleum-experienced director and make an appointment for a Chief Executive Officer. These appointments are subject to specific requirements, restrictions under the Regulations, as well as notification to the Authority.¹⁴
- iv. **Data Repository:** Midstream and downstream operators must submit operational, technical, financial, and performance data to the Midstream and Downstream Petroleum Data Repository.¹⁵
- v. **Customer Protection:** Operators must ensure transparency, structured engagement, and high service standards. Licensees must publish supply terms, tariffs, and prices, excluding negotiated tariffs and prices under the PIA, within 180 days from the commencement of these Regulations for existing operators and at start-up for new licensee.¹⁶
- vi. **Petroleum Liquids Trading and Settlement:** Petroleum liquids trading requires an Authority licence, meeting the Securities and Exchange Commission and Authority standards for governance, infrastructure, risk management, and transparency. Exchanges must maintain exit schemes to ensure orderly contract closure and protect market integrity.¹⁷

Key Takeaways for Midstream and Downstream Operators

- Existing licence and permit holders are required to align their operations, documentation, and internal processes with the Regulations within the stipulated transition periods.
- Operators should review existing licences, contracts, and compliance frameworks to identify gaps and implementation risks.
- Early engagement with the regulator and proactive compliance planning will be critical to mitigating regulatory and operational risks.
- There is an inclusion of a catch-all provision allowing the Authority to prescribe additional regulations for midstream and downstream gas and petroleum liquids operations.
- Note the repealed regulations to avoid being caught up with the previous regulatory framework which are no longer applicable for midstream and downstream operations.

We will continue to share timely updates on key developments within the sectors of the Nigerian Petroleum Industry.

¹⁴ Part X of the Regulations.

¹⁵ Part XII of the Regulations.

¹⁶ Part XIV of the Regulations.

¹⁷ Part XV of the Regulations.