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Client Alert

Nigeria 2025 Upstream Licensing Round: *Updates from the Commercial Bid Conference*

Introduction

On Tuesday, 21 July 2026, we attended the Commercial Bid Conference for the Nigeria 2025 Upstream Licensing Round ("Conference") held by Nigerian Upstream Petroleum Regulatory Commission ("NUPRC" or the "Commission").

The Conference represents a significant milestone in the bid and licensing process, where commercial bids submitted by technically qualified applicants were opened, evaluated and ranked in accordance with the Commission's prescribed evaluation framework.

During the Conference, the Commission announced the Preferred and Reserve Bidders[1] for the available blocks; explained the commercial scoring methodology applied across different asset categories; and outlined the regulatory requirements that must be satisfied before Petroleum Prospecting Licences ("PPLs") may be issued.

Successful bidders must still satisfy applicable post-award conditions, including payment obligations, provision of required guarantees and execution of relevant contractual documentation.

Participation Overview

The Commission reported the following participation statistics for the 2025 Licensing Round:

- **50 upstream blocks** were offered across frontier, onshore, shallow water and deep offshore.
- **37 blocks** attracted commercial bids, while **13 blocks** received no bids and will revert to the Commission's licensing inventory.
- **143 companies** submitted **200 bids.**

[1] Reserve Bidders are the bidders ranked immediately after a preferred bidder, being the next four highest-scoring Bidders in descending order of weighted aggregate score, who may, in that order of priority, be invited to assume the status of preferred bidder where the originally declared preferred bidder fails to satisfy the conditions for the award of a Block.

The participation figures continue to demonstrate an upward trajectory of meaningful engagement with Nigeria's upstream licensing process from Major International Oil Companies, International Independents and Nigerian Major and Emerging energy companies.

Commercial Bid Evaluation Framework

The Commission confirmed that the determination of preferred bidders followed a six-stage evaluation process comprising:

1. Technical evaluation;
2. Commercial bid opening and decryption;
3. Aggregation of weighted technical and commercial scores;
4. Tie-breaking (where applicable);
5. Identification of Preferred and Reserve Bidders; and
6. Recommendation for award and completion of the applicable approval process, subject to satisfaction of post-award conditions.

Only technically qualified bidders progressed to the commercial evaluation stage.

Commercial bids accounted for **40%** of the overall score. Although the scoring matrix varied across Frontier Basin Assets, Deep Offshore Assets and Assets with Discoveries, the Commission consistently evaluated bids based on:

- proposed signature bonus;
- geophysical acquisition and interpretation commitments (where applicable);
- exploration and appraisal drilling commitments; and
- proposed rate of work programme execution.

The evaluation framework places significant emphasis on measurable work commitments alongside financial consideration. Accordingly, bidders were required to demonstrate not only the capacity to meet the financial obligations associated with the award process, but also credible technical and operational capability to execute the proposed work programmes.

Preferred and Reserve Bidders

Following the completion of the weighted evaluation, the Commission announced a preferred bidder for each successful block together with up to 4 Reserve Bidders.

Where a preferred bidder fails to satisfy the applicable conditions or forfeits its preferred status, the Commission may proceed to the next-ranked Reserve Bidder without recommencing the licensing process.

Tie-Breaking Procedure

Where two or more bidders obtained identical weighted aggregate scores during the commercial evaluation, the Commission immediately invoked its prescribed tie-breaking procedure. The affected bidders were invited to submit sealed tie-break offers.

The tie-break was limited exclusively to an additional signature bonus, with all previously submitted technical and work programme commitments remaining unchanged. Where the successful tie-break bid resulted in an increased signature bonus, the preferred bidder is required to submit a revised bid guarantee equal to 5% of the revised signature bonus within 10 business days of the Conference, failing which its preferred status may be invalidated, and the Commission may invite the next-ranked Reserve Bidder.

Bid Guarantees

The Commission reiterated that compliance with the prescribed bid guarantee requirements remains fundamental to bid validity.
Among other requirements, each bid guarantee must[2]:

- be issued by an eligible Nigerian or international financial institution (or an acceptable parent company guarantee);
- equal 5% of the proposed signature bonus; and
- remain valid for 120 calendar days from the date of the Conference.

Non-compliance constitutes grounds for disqualification.

Preferred Bidder Status Is Not a Licence Award

A key clarification from the NUPRC was that the announcement of preferred bidders does not constitute the grant of petroleum rights.

Before a PPL can be issued, each preferred bidder must satisfy the applicable post-award conditions, including:

i. payment of the signature bonus;
ii. payment of the first year's rent;
iii. provision of any required guarantees; and
iv. execution of the relevant licence documentation.

The Commission further confirmed that any preferred bidder that fails to satisfy these conditions within 90 days[3] of receiving its offer risks forfeiting its preferred status. In such circumstances, the relevant Reserve Bidder may be invited to proceed with the award process in accordance with its ranking.

Emphasis on "Drill-or-Drop"

The Commission also reaffirmed its commitment to enforcing the work programme obligations prescribed under the Petroleum Industry Act 2021 ("PIA").

Successful licensees are expected to commence operations promptly upon licence issuance and execute the work programmes underpinning their bids. The Commission reiterated that acreage will not be permitted to remain dormant and that failure to fulfil statutory work obligations may result in regulatory consequences, including possible revocation of licences.

Participants should therefore ensure that technical planning, financing arrangements and operational structures are aligned with the commitments submitted during the bidding process.

Looking Ahead

The Commission disclosed that Presidential approval has been obtained to commence preparations for a 2026 Upstream Licensing Round.

[2] Section 17.7 of the Nigeria 2025 Licensing Round Guidelines
[3] Section 19.3 (f) of the Nigeria 2025 Licensing Round Guidelines

Although no further details were stated, the announcement provides an opportunity for interested investors, including unsuccessful participants in the 2025 Licensing Round to prepare for future licensing opportunities.

Conclusion

The Conference marks a significant milestone in the implementation of the Nigeria 2025 Upstream Licensing Round and provides further insight into the Commission's transparent approach to competitive acreage allocation under the PIA.

For Preferred Bidders, the focus now shifts from bid competitiveness to successful completion of the post-award process.

If you require any further clarification, do not hesitate to contact us.