



THE SENATE
FEDERAL REPUBLIC OF NIGERIA

PETROLEUM INDUSTRY AND GOVERNANCE BILL, 2019

(HARMONISED)

A BILL

FOR

AN ACT TO PROVIDE FOR THE GOVERNANCE AND INSTITUTIONAL FRAMEWORK
FOR THE NIGERIA PETROLEUM INDUSTRY AND CREATES CLEAR SEPARATION
BETWEEN THE POLICY, REGULATORY AND COMMERCIAL INSTITUTIONS; AND
FOR RELATED MATTERS.

ADOPTED BY THE SENATE ON WEDNESDAY, 6TH JUNE, 2018

FURTHER ADOPTED BY THE SENATE ON WEDNESDAY, 17TH APRIL, 2019

PETROLEUM INDUSTRY AND GOVERNANCE BILL, 2019

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PETROLEUM INDUSTRY AND GOVERNANCE BILL, 2019

A BILL

FOR

**AN ACT TO PROVIDE FOR THE GOVERNANCE AND INSTITUTIONAL
FRAMEWORK FOR THE NIGERIA PETROLEUM INDUSTRY AND CREATES CLEAR
SEPARATION BETWEEN THE POLICY, REGULATORY AND COMMERCIAL
INSTITUTIONS; AND FOR RELATED MATTERS.**

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Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria—

PART I — OBJECTIVES OF THE BILL

Objectives of the Bill.

1. The objectives of this Bill are to -

- (a) create efficient and effective governing institutions with clear and separate roles for the petroleum industry;
- (b) establish a framework for the creation of commercially oriented and profit driven petroleum entities to ensure value addition and internationalisation of the petroleum industry;
- (c) promote transparency and accountability in the administration in petroleum resources of Nigeria; and
- (d) foster a conducive business environment for petroleum industry operations.

PART II — FUNCTIONS AND POWERS OF THE MINISTER

Functions and powers of the Minister.

2. (1) The Minister shall —

- (a) be responsible for the determination, formulation and monitoring of Government policy for the petroleum industry;
- (b) exercise general supervision over the affairs and operations of the petroleum industry subject to the provisions of this Bill;
- (c) advise the Government on all matters pertaining to the petroleum industry;
- (d) promote the development of local content in the Nigerian petroleum industry;
- (e) represent Nigeria at international organisations that are

primarily concerned with the petroleum industry;

(f) negotiate and execute international petroleum treaties and agreements with other countries, international organisations and other similar bodies on behalf of the Government; and

(g) do other things as are incidental to and necessary for the performance of the functions of the Minister under this Bill.

(2) The Minister, may in writing, delegate to any senior officer of the Ministry or institution, any power or function conferred on him under this Bill.

3. (1) In the event of a national emergency as specified in the Constitution of the Federal Republic of Nigeria, 1999, the Minister shall have the right of pre-emption of all petroleum and petroleum products obtained, marketed or otherwise dealt with under any licence or lease granted under this Bill or any other enactment.

Rights of pre-emption.
Section 305, 1999
Constitution.

(2) The provisions of the First Schedule shall have effect in relation to the rights referred to in subsection (1).

First Schedule.

(3) A person who fails or neglects to –

(a) comply with a requisition made by or on behalf of the Minister under paragraph 1, 2 or 7 of the First Schedule, and

First Schedule.

(b) conform to or obey a direction issued by the Minister under paragraph 8 of the First Schedule,

First Schedule.

commits an offence and is liable on conviction to forfeiture of the petroleum product and facilities subject of the offence and to imprisonment for a term not exceeding 10 years.

(4) A person who obstructs or interferes with the Minister, his servants or agents in the exercise of the powers conferred on the Minister under paragraph 8 of the First Schedule, commits an offence and is liable on conviction to forfeiture of the petroleum products and facilities subject of the offence and to imprisonment for a term not exceeding 10 years.

PART III — NIGERIA PETROLEUM REGULATORY COMMISSION

4. (1) There is established the Nigeria Petroleum Regulatory Commission (in this Bill referred to as "the Commission").

Establishment of
Nigeria Petroleum
Regulatory
Commission.

(2) The Commission —

(a) is a body corporate with perpetual succession and a common seal;

(b) may sue and be sued in its corporate name;

(c) enter into contracts and create obligations; and

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

(3) From the effective date, the Commission shall be vested with all assets, funds, resources and other movable and immovable property which, immediately before the effective date, were held by the Petroleum Inspectorate, the Department of Petroleum Resources and the Petroleum Products Pricing Regulatory Agency.

(4) From the commencement of this Bill —

(a) the rights, interests, obligations and liabilities of the Petroleum Inspectorate, Department of Petroleum Resources and Petroleum Products Pricing Regulatory Agency existing immediately before the effective date under any contract, instrument or law or in equity shall, by virtue of this Bill, be assigned to, and vested in, the Commission;

(b) any contract or instrument covered by subsection (4) (a) is of the same force and effect against or in favour of the Commission and shall be enforceable as fully and effectively as if the Commission had been named therein or had been a party thereto; and

(c) the Commission shall be subject to all the obligations and liabilities to which the Petroleum Inspectorate, Department of Petroleum Resources and Petroleum Products Pricing Regulatory Agency were subject immediately before the effective date and all other persons shall, from the effective date, have the same rights, powers and remedies against the Commission as they had against the Petroleum Inspectorate, Department of Petroleum Resources and Petroleum Products Pricing Regulatory Agency immediately before the effective date.

(5) The Commission shall be structured into Departments as its Board may deem appropriate for the effective performance of its functions under this Bill.

(6) The Headquarters of the Commission shall be in Abuja.

5. The Commission shall —

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

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

Objectives of the
Commission.

- (c) ensure compliance with all applicable laws and regulations governing the petroleum industry;
- (d) determine and ensure the implementation and maintenance of technical standards, codes and specifications applicable to the petroleum industry in line with global best practices;
- (e) subject to the provisions of this Bill, execute Government policies for the petroleum industry assigned to it by the Minister;
- (f) promote an enabling environment for investments in the petroleum industry;
- (g) ensure that regulations are fair and balanced for all classes of lessees, licensees, permit holders, consumers and other stakeholders;
- (h) ensure strict implementation of environmental policies, laws, regulations and standards as pertains to oil and gas operations; and
- (i) implement such other objectives as are consistent with the provisions of this Bill.

6. (1) The Commission shall —

Functions of the
Commission.

- (a) administer and enforce policies, laws and regulations relating to all aspects of petroleum operations which are assigned to it under the provisions of this Bill or any regulation made under this Bill or any other enactment;
- (b) monitor and enforce compliance with the terms and conditions of all leases, licences, permits and authorisations issued in respect of any petroleum operation;
- (c) define and enforce approved standards for design, construction, fabrication, operation and maintenance for all plants, installations and facilities utilised or to be utilised in petroleum operations;
- (d) in consultation with the Ministry of Environment or any other agency in charge of environmental issues, ensure adherence to applicable national and international environmental and other technical standards by all persons involved in petroleum operations;
- (e) establish, monitor, regulate and enforce health and safety measures relating to all aspects of petroleum operations;

- (f) keep public registers of all leases, licences, permits and other authorisations issued by the Commission or Minister and all renewals, amendments, extensions, suspensions and revocations;
- (g) monitor the activities of the holders of leases, licences, permits and other authorisations issued by the Commission or Minister to secure and enforce compliance with the terms and conditions and carry out enquiries, tests, audits, investigations and any other undertaking deemed necessary for the performance of its functions;
- (h) publish reports and statistics on the petroleum industry;
- (i) develop and publish methodologies for tariffs and pricing relating to third party access to petroleum facilities by regulation;
- (j) establish the framework for the validation and certification of national hydrocarbon reserves;
- (k) advise the Minister on fiscal and other issues pertaining to the petroleum industry;
- (l) undertake evaluation of national reserves and reservoir management studies;
- (m) conduct regular audit of the activities of operators engaged in petroleum operations and oil service companies in order to ensure compliance with Nigerian laws and requirements for petroleum operations;
- (n) maintain a petroleum industry data bank comprising all data acquired by or given to the Commission in the performance of its functions;
- (o) supervise and ensure accurate calibration and certification of equipment used for fiscal measures for upstream and downstream petroleum operations;
- (p) issue licences or permits and any other authorisation necessary for all activities connected with -
 - (i) seismic,
 - (ii) drilling,
 - (iii) design, fabrication, construction, commissioning and decommissioning of all facilities for upstream and downstream petroleum operations, and

- (iv) maximum efficiency rate test and other well test and production related activities.
- (q) manage and administer all unallocated acreage of crude oil and natural gas and all upstream petroleum data;
- (r) conduct bid rounds or other processes for the award of any licence or lease required for petroleum exploration or production;
- (s) issue, modify, amend, extend, suspend, review, cancel and reissue, revoke or terminate upstream licences made in compliance with applicable laws and regulations;
- (t) approve all field development programmes;
- (u) allocate petroleum production quotas in a non-discriminatory manner;
- (v) develop benchmarks and cost management strategies for petroleum operations, performance monitoring;
- (w) compute, assess and ensure payment of royalties, rentals, fees, and other charges for upstream petroleum operations;
- (x) issue clean certificates of inspection at the oil terminals to exporters of crude oil upon satisfaction that the requirements as to quality and quantity have been complied with;
- (y) regulate and co-ordinate the activities of the industry in a non-discriminatory and transparent manner; and
- (z) establish the methodology for determining appropriate tariffs for gas processing, gas transportation, transmission and transportation of crude oil and bulk storage of oil and gas.

(2) The Commission shall –

- (a) develop cost benchmarks for key elements of midstream and downstream petroleum operations;
- (b) regulate bulk storage, transportation and transmission of crude oil and gas and set rules for the common carrier systems for crude oil and gas;
- (c) promote the principles of sustainable infrastructural development;
- (d) promote competition and private sector participation;

- (e) ensure that all economic and strategic demands for gas in the domestic economy are met;
- (f) monitor and enforce the actual application of tariffs and pricing frameworks;
- (g) monitor market behaviour including the development and maintenance of competitive markets;
- (h) arrest situations of abuse of dominant power and restrictive business practices;
- (i) provide the standard for metering, inspect the metering of pumps and all other facilities and ensure their compliance with safety standards as prescribed by the Commission;
- (j) grant, issue and renew licences, permits and authorisations including licences, permits or authorisations for downstream gas, petroleum products, storage depots, retail outlets, transportation and distribution facilities for the petroleum industry and the design, fabrication, construction, commissioning and decommissioning of all facilities and prescribe requirements to be satisfied by applicants for these purposes;
- (k) modify, amend, extend, suspend, review, cancel, reissue, revoke or terminate licences, permits and authorisations issued by it under the provisions of this Bill;
- (l) establish framework for calculating the fair market value of petroleum products;
- (m) regulate and set rules for petroleum products distribution, petroleum product pipelines, retail outlets, trucking of petroleum products and storage depots;
- (n) ensure security of petroleum products supply, market development and the development of competition;
- (o) develop market rules for trading in wholesale gas supplies to downstream gas distributors;
- (p) establish customer protection measures;
- (q) undertake consultation with customers, licensees and other industry participants, where necessary, for the purpose of -
 - (i) promoting and protecting the interests of consumers, and

- (ii) promoting the principles of sustainable resource and infrastructural development through the efficient supply and use of downstream gas and other petroleum products;
 - (r) regulate and ensure the supply, distribution, marketing and retail of petroleum products;
 - (s) administer and monitor the national operating and strategic stocks as set by the Minister;
 - (t) monitor and enforce the actual application of petroleum product pricing formula or framework for petroleum products;
 - (u) enforce consumer rights in relation to petroleum products and services;
 - (v) establish appropriate dispute settlement mechanisms relating to the commercial rights and obligations of operators and customers pursuant to the provisions of this Bill or any other enactment or regulation, but operators and customers reserve the right to resolve disputes in accordance with the terms of their contracts or approach a court with jurisdiction in the matter;
 - (w) inspect the metering of pumps and any other facility at downstream retail outlets to ensure compliance with safety, measurement and technical standards;
 - (x) establish, monitor and regulate health, environmental and safety measures relating to the management of downstream assets, including refineries, petrochemical plants, lube plants, petroleum depots and pipelines and downstream gas plants;
 - (y) monitor and ensure the quality and process of conversion or blending of whatever material by whatever method to fuels, bio-fuels or other petroleum derivatives for automotive use in Nigeria; and
 - (z) monitor and ensure the quality of petroleum products sold in Nigeria.
- (3) In addition to the functions specified under subsections (1) and (2), the Commission shall —
- (a) develop open access rules applicable to crude oil, petroleum products and natural gas transportation pipelines, strategic depots, loading facilities, transportation, transmission and bulk storage facilities;
 - (b) notwithstanding the provisions of any other law or regulations,

exclusively supervise and ensure accurate calibration and certification of equipment used for fiscal measure in the industry;

(c) undertake, by itself or through qualified expertise, other activities as are necessary or expedient for giving full effect to the provisions of this Bill; and

(d) do other things as are necessary and expedient for the effective and full performance of any of its functions under this Bill.

(4) The Commission shall, in addition to its other functions —

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

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

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

(d) undertake studies, analyse and evaluate all unassigned frontier acreages in Nigeria.

(5) The Commission shall, where applicable, collaborate with other relevant Government agencies.

(6) In performing its functions as provided in this section -

(a) notwithstanding the provisions of any other law or regulation, no Government agency shall exercise any power and perform any function in relation to the petroleum industry in conflict with the powers and functions of the Commission; and

(b) all Government agencies exercising any lawful power and performing any function in relation to the petroleum industry shall consult with the Commission's regulations, guidelines and enforcement orders or directives which may impact the petroleum industry.

(7) The Commission shall have responsibility over all aspects of health, safety and environmental matters in respect of the petroleum industry.

(8) The Commission shall at all times ensure that any regulation or directive in respect of the petroleum industry made under subsection (6) (a), shall not conflict with any regulation or directive issued by the Federal Ministry of Environment.

(9) The Commission shall, in consultation with the Federal Ministry of

Environment, make regulations and issue directives specifically relating to environmental aspects of the petroleum industry.

(10) In performing its functions under subsection (5), the Commission may, in conjunction with the Federal Ministry of Environment, establish a joint committee to facilitate collaboration.

7. In carrying out its functions under this Bill, the Commission may —

Powers of the
Commission.

- (a) modify, extend, renew, suspend and revoke any licence or permit issued by it under the provisions of this Bill;
- (b) designate facilities in the petroleum industry as third party access facilities, determine tariff methodology and pricing framework applicable to same, monitor and enforce the application of such tariff and pricing framework and mediate disputes in respect of third party access as may be determined by any regulation made under this Bill;
- (c) request and obtain any information or any document concerning licensed activities in the petroleum industry from any licensee, lessee or permit holder;
- (d) where it considers it to be in the public interest -
 - (i) publish information relating to petroleum operations provided by lessees, licensees and permit holders, and
 - (ii) require lessees, licensees and permit holders to publish particular information relating to petroleum operations subject to the provisions of Regulation 7 (5) of the National Data Repository Regulation 2007;
- (e) enforce relevant lease, licence or permit conditions and the specific requirements of this Bill or any other enactment or regulation;
- (f) issue penalties and fines in accordance with the provisions of this Bill or any other enactment or regulation;
- (g) enforce the provisions of any enactment or regulation applicable to petroleum operations made prior to the effective date or any other enactment or regulation;
- (h) institute legal proceedings against any lessee, licensee or permit holder for failure to comply with lease, licence or permit conditions or other requirements of this Bill or any other enactment or regulation;
- (i) make and enforce regulations and prescribe fees in line with the

Regulation No. SI 14,
2007.

provisions of this Bill or any other enactment or regulation; and

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

8. (1) The Commission may, subject to the provisions of subsections (2) and (3), make Regulations. regulations necessary to give effect to the provisions of this Bill.

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

(3) The Commission shall, in making any regulation, take into consideration the findings of the public hearing conducted under subsection (2).

(4) Before holding a public hearing under subsection (2), the Commission shall publish, in at least two national newspapers and its website, notice of -

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

(b) invitation to major stakeholders and members of the public to participate in the public hearing;

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

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

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

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

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

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

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

(6) A regulation made pursuant to subsection (5) is valid for not longer than six months with effect from its commencement date, unless it is confirmed after a public hearing.

(7) For the purpose of this section, a public hearing may take the form of an electronic consultation after the consultation.

(8) The Commission shall issue a summary of the views expressed and how it has addressed them in the proposed regulations.

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

Decisions and orders made by the Commission.

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

(b) is properly recorded in writing; and

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

(2) The Commission shall issue written reasons in respect of any decision or order affecting the existing rights of any person, if the affected person requests such written reasons.

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

(4) Every recommendation, declaration, decision or order of the Commission, if purporting to be signed by the Chief Executive Commissioner of the Commission or a Commissioner acting in the capacity of the Chief Executive Commissioner, shall unless the contrary is shown, be deemed to be made by the Commission and to have been so signed and may be proved by the production of a copy purporting to have been so signed.

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

10. (1) The Commission may hold a public hearing on –

Commission to give notice to interested parties.

(a) any matter which, under this Bill or any other enactment, is required or permitted to be conducted or on which it is required or permitted to take any action; and

(b) matters which the Commission determines to be of significant interest to the general public.

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

(3) The Commission shall take into consideration the findings of any public hearing conducted under subsection (1).

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

Engagement of expertise support.

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

Question of law may be referred to the Federal High Court.

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

13. (1) There is established for the Commission a Governing Board (in this Bill referred to as "the Board").

Establishment of Governing Board and its membership.

(2) The Board shall consist of -

(a) a non-executive Chairman;

(b) two non-executive Commissioners;

(c) the Chief Executive Commissioner;

(d) four other Executive Commissioners;

(e) a representative of the Federal Ministry of -

(i) Petroleum Resources who is not below the rank of a Director,

(ii) Finance who is not below the rank of a Director; and

(iii) Environment who is not below the rank of a Director.

(3) The appointment to the Board in respect of persons appointed under subsection (2) (a) - (d) shall be made by the President subject to confirmation of the Senate.

(4) The members of the Board shall be persons of high integrity and relevant experience and their appointment or replacement shall be in accordance with the principles of Federal Character;

(5) The Commissioners shall be persons chosen for their expertise, experience or professional qualifications in -

(a) planning, development, production, gathering, processing, transportation, distribution or supply of petroleum, petroleum products and gas;

(b) generation, transmission or distribution of electricity or other forms of power; or

(c) law, regulation, accountancy, economics, finance, engineering

or geo-sciences particularly where such qualifications have been developed in connection with activities related to the petroleum industry:

provided that a person shall not be appointed as a Commissioner unless he has graduated from a tertiary institution and possessed a university degree and a minimum of 15 years post-qualification experience.

- (6) The persons appointed under subsection (2) (a) and (b) shall hold office for a term of four years in the first instance and may be renewed for another term of four years only on such terms and conditions as may be specified in their letters of appointment.
- (7) Appointment to the Board in respect of persons appointed under subsection (2) (a) and (b) shall be on a non-executive and part-time basis.
- (8) The non-executive Commissioners appointed under subsection (2) (a) and (b) and nominated under subsection (2) (e) (i) - (iii) shall not participate in the day-to-day operations of the Commission.
- (9) The proceedings of the Board and other ancillary matters shall be in accordance with the provisions of the Second Schedule. Second Schedule.
- (10) Subject to subsection (5), the Board may make standing orders for the regulation of its proceedings and meetings.
- (11) The conflict of interest provisions contained in the Third Schedule applies to all members of the Board. Third Schedule.
14. (1) The Board shall - Functions of the Board.
- (a) be responsible for the policy and general administration of the Commission and the general direction and supervision of the Commission;
 - (b) oversee the operations of the Commission;
 - (c) provide general guidelines for the carrying out of the functions of the Commission;
 - (d) review and approve the business, strategic and operating plans of the Commission;
 - (e) consider and approve the budget of the Commission prior to the submission to the National Assembly for appropriation and monitor its performance;
 - (f) approve the management accounts and audited accounts of the Commission and undertake consideration of the management

letter from the external auditors;

- (g) determine the terms and conditions of service of employees of the Commission;
- (h) stipulate remuneration, allowances, benefits and pensions of staff and employees of the Commission in consultation with the National Salaries, Incomes and Wages Commission;

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

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

(2) In performing their functions, all members of the Board shall exercise independent judgement.

15. (1) The Minister may issue general policy directions to the Commission on matters concerning the petroleum industry and the Commission shall implement such directions if the directions are not in conflict with the provisions of this Bill.

General policy directions.

(2) The Minister shall cause a copy of any direction given to the Commission under subsection (1) to be published in the Federal Government Gazette.

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

16. (1) Members of the Board shall be paid from the funds of the Commission such remuneration and allowances as the Commission may determine, in consultation with the National Salaries, Incomes and Wages Commission.

Remuneration and allowances of members of the Board.

(2) The National Salaries, Incomes and Wages Commission while making recommendations, shall have due regard to the -

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

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

(c) remuneration and allowances paid in the private sector to individuals with equivalent responsibilities, expertise and skills.

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

Disqualification and cessation of office.

(a) is found to have been unqualified for appointment as a member of the Board under the provisions of section 22, or becomes so unqualified subsequent to his appointment, or is in a breach of the conflict of interest provision set out in the Third Schedule after his appointment;

Third Schedule.

(b) ceases to be an employee of the Ministry which he represents on the Board;

(c) has demonstrated inability to effectively perform the functions of the office;

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

(e) is guilty of serious misconduct.

(2) The suspension of a Commissioner under subsection (1) shall not exceed 90 days.

(3) The removal of a Commissioner under subsection (1) shall be subject to the approval of the Senate.

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

Resignation of a non-executive member of the Board.

19. (1) A vacancy on the Board occurs if a member of the Board —

Vacancy on the Board.

(a) dies;

(b) is removed from office in accordance with section 17;

(c) resigns from office;

(d) completes his tenure of office; or

(e) is incapacitated.

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

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

The Chief Executive Commissioner and Executive Commissioners.

(2) There shall be for the Commission four Executive Commissioners.

(3) The persons appointed as Chief Executive Commissioner and Executive Commissioners shall have extensive technical or professional knowledge of the

petroleum industry with a minimum of 15 years experience with relevant cognate experience at management level.

21. (1) The Chief Executive Commissioner and Executive Commissioners shall be appointed by the President subject to confirmation by the Senate on such terms and conditions as may be set out in their respective letters of appointment.
- (2) The Chief Executive Commissioner shall be appointed in the first instance for a term of five years and may be eligible for re-appointment for another term of five years and no more.
- (3) The Executive Commissioners shall be appointed in the first instance for a term of four years and may be eligible for re-appointment for another term of four years, and no more.
- (4) Not later than three months prior to the expiration of the tenure of the Chief Executive Commissioner or any of the Executive Commissioners, the President shall appoint or re-appoint such Chief Executive Commissioner or Executive Commissioners in accordance with the provisions of section 13.

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

22. A person shall not be appointed as a Commissioner if the person -

Disqualification from appointment.

- (a) has a financial interest in any business connected, either directly or indirectly, with the Nigerian petroleum industry, or is engaged in any activity, whether for remuneration or otherwise connected with the petroleum industry, provided that such person may be appointed if the person declares his interest and makes the appropriate arrangements that ensures the avoidance of a conflict of interest, or is a relative of a person who has such interest or is engaged in such activity, unless the President is satisfied that his interest or activity is in effect passive and will not interfere with the person's impartial discharge of his duties as a Commissioner or unless the financial interest is terminated prior to the appointment taking effect; or
- (b) has, under the laws in force in any country -
- (i) been adjudged or declared bankrupt or insolvent and has not been rehabilitated or discharged,
- (ii) made an assignment to arrangement or composition with his creditors which has not been rescinded or set aside,
- (iii) been declared to be of unsound mind,
- (iv) been convicted of any criminal offence by a court of competent jurisdiction except for traffic offences or contempt proceedings arising in connection with the execution or intended execution of any power or duty

conferred under this Bill, or

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

23. (1) The Board may appoint for the Commission such number of persons as employees of the Commission as it may deem necessary. Staff of the Commission. the

(2) The employment of staff of the Commission shall be subject to such terms and conditions as may be stipulated by the Board and contained in the respective employment contracts.

(3) The Board shall determine and review the remuneration and allowances payable to the staff of Commission, having regard to the recommendation of the National Salaries, Incomes and Wages Commission.

(4) The National Salaries, Incomes and Wages Commission, while making recommendations, shall have due regard to the -

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

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

(5) The Board shall make staff regulations generally relating to the conditions of service of its employees and, in particular, such regulations may provide for -

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

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

(c) the grant of pensions, gratuities and other retirement allowances to the employees.

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

Section 318, 1999
Constitution.

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

24. (1) Employment in the Commission shall be subject to the provisions of the Pensions Reform Act and employees of the Commission are entitled to pension and other retirement benefits as prescribed under the Pensions Reform Act. Pensions.
Act No. 14, 2014.

(2) Nothing in subsection (1) shall prohibit the Commission from appointing a person to any office on terms that preclude the grant of a pension or other

retirement benefits in respect of that office.

- (3) Subject to the Pensions Reform Act and notwithstanding the provisions of this section, the Commission shall continue to fulfil all obligations in respect of pensions schemes to which the Department of Petroleum Resources and Petroleum Products Pricing Regulatory Agency were obliged in respect of its employees, prior to the transfer of assets and liabilities to the Commission.

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

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

(3) The financial year of the Commission shall be a period of 12 calendar months commencing on the 1st of January in each year.

26. (1) The Commission shall establish and maintain a fund (in this Bill referred to as "the Fund") from which all expenditures incurred by the Commission shall be defrayed. Funding.

(2) The Fund shall comprise —

- (a) such money as may be determined and appropriated to the Commission by the National Assembly for its personnel cost;
- (b) fees charged for services rendered to holders of licences, permits or other authorisations;
- (c) income derived from publications produced by the Commission and from reviews and other related activities;
- (d) fees for services rendered to non-petroleum producing companies and service companies and for other services performed generally;
- (e) grants, loans, grants-in-aid or grants of land from communities for facilities for use by the communities; and
- (f) such money, which shall be 5% of the revenue generated by the Commission for the Government of the Federation, as may be determined and appropriated to the Commission by the National Assembly.

(3) Without prejudice to subsections (1), (2) and (3), the Commission may impose a special levy on licensees or lessees for the implementation of any project that is of

common benefit and value to the oil and gas industry.

(4) The Commission shall apply the proceeds of the Fund —

- (a) to meet the administrative and operating costs of the Commission;
- (b) to provide for the payment of salaries, wages, fees, other remuneration or allowances, pensions and other retirement benefits payable to staff or employees of the Commission;
- (c) for the acquisition and maintenance of property acquired by or vested in the Commission;
- (d) for the purposes of investment, as prescribed by the Trustee Investments Act, or any other relevant legislation subject to the approval of the Minister responsible for finance; and
- (e) generally, in connection with performance of any of its functions under this Bill.

Cap. T24, LFN, 2004.

(6) The Commission shall ensure that all money accruing from upstream leases, bonuses, lease renewal fees, assignment fees and concession rentals charged under this Bill or any other enactment, or subsidiary legislation made under such legislation are paid into the Federation Account.

(7) For any particular year, if money accruing to the Fund from appropriation, have not been fully applied for the purposes provided for in subsection (2) (f), such money shall be paid into the Consolidated Revenue Fund.

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

Power to accept grants.

- (a) inconsistent with the objectives and functions of the Commission under this Bill; and
- (b) accepted from persons or organisations regulated by the Commission.

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

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

Accounts and audit.

29. (1) The Commission shall submit to the Minister a mid-year report of its operations

Mid-year and annual reports.

and finances not later than 31st August of the following year and an annual report of its operations, performance and audited financial account of the preceding year not later than 31st March of the following year.

- (2) A summary of the annual report and audited financial account of the Commission for the preceding year shall be published on the website of the Commission for public notice not later than 31st of March of the following year and submitted to the National Assembly.

30. The provisions of any enactment relating to the taxation of companies or trust funds shall not apply to the Commission.

Exemption from income tax.

31. (1) The provisions of the Public Officers Protection Act shall apply in relation to any suit instituted against the Commission, a member of the Board, an officer or employee of the Commission.

Limitation of suit against the Commission.
Cap. P41, LFN, 2004.

(2) A suit shall not lie against the Commission, a member of the Board, or any other officer or employee of the Commission for any act done in pursuance or execution of this Bill or any other law or enactment, or of any public duty or authority in respect of any alleged neglect or default in the execution of this Bill or any other law or enactment, duty or authority, or be instituted in any court unless it is commenced —

(a) within 12 months next after the act, neglect or default complained of; or

(b) in the case of a continuation of damage or injury, within six months next after the damage or injury ceases.

(3) No suit shall be commenced against the Commission, a member of the Board or any official or employee of the Commission before the expiration of a period of one month after written notice of the intention to commence the suit shall have been served on the Commission by the intending plaintiff or his agent.

(4) The notice referred to in subsection (3) shall clearly state the —

(a) cause of action;

(b) particulars of the claim;

(c) name and address of the intending plaintiff; and

(d) relief which the plaintiff claims.

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

Service of court process on the Commission.

33. (1) In any action or suit against the Commission, execution or attachment of its physical property shall not be issued.

Restriction on execution against the Commission's property.

(2) Any judgment against the Commission may be enforced through garnishee proceedings provided that at least three months' notice of the intention to commence the garnishee proceedings shall have been given to the Commission.

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

34. (1) For the effective performance of its functions, the Commission shall have a Special Investigation Unit.

Special Investigation Unit.

(2) The Special Investigation Unit or an officer authorised on its behalf shall have powers, with respect to matters under the authority of the Commission in this Bill, to -

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

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

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

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

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

Indemnity of Board members and employees.

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

PART IV — ESTABLISHMENT OF COMMERCIAL ENTITIES

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

36. (1) There is established the Ministry of Petroleum Incorporated as a corporation sole.

- (2) The Ministry of Petroleum Incorporated may sue and be sued in its corporate name and shall have perpetual succession and a corporate seal which may be changed as the Ministry of Petroleum Incorporated deems fit, and, until a seal is provided under this section, a stamp bearing the inscription "Federal Ministry of Petroleum" may be used as the corporate seal.
- (3) ~~The Ministry of Petroleum Incorporated shall hold, on behalf of the Government,~~ shares in the successor commercial entities incorporated under the provisions of this Bill.
- (4) The Ministry of Petroleum Incorporated may do all such other things as are incidental to and necessary for the performance of its functions under this Bill.
- (5) All deeds and other instruments requiring the seal of the corporation shall be sealed, with the seal of the Ministry of Petroleum Incorporated in the presence of the Permanent Secretary and signed by the Permanent Secretary, and such signing shall be sufficient evidence that the said seal was duly and properly affixed and that the same is the lawful seal of the Ministry of Petroleum Incorporated.
- (6) Any other document requiring the signature of the Ministry of Petroleum Incorporated shall be signed by the Permanent Secretary.
- (7) The Minister may, by order, vest in any other authority or company any property, movable or immovable, for the time being vested in the Ministry of Petroleum Incorporated and, upon the coming into operation of any such order, the property to which such order relates shall, without any conveyance, assignment or transfer, vest in such company or authority for the like title, estate or interest and on the like tenure and for the like purposes as the same was vested or held immediately before the coming into operation of the order.

PART V — NIGERIA PETROLEUM ASSETS MANAGEMENT COMPANY

37. (1) The Minister shall, within six months after the effective date, take such steps as are necessary under the Companies and Allied Matters Act to incorporate two entities —

- (a) the Nigeria Petroleum Assets Management Company, or such other name as may be available; and
- (b) the National Petroleum Company or such other name as may be available,

as companies limited by shares, which shall be vested with certain assets and liabilities of the Nigerian National Petroleum Corporation ("NNPC").

(2) Upon incorporation and the transfer of assets under this Bill, the -

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

Cap. C20, LFN, 2004.

(a) Nigeria Petroleum Assets Management Company (in this Bill referred to as the "Management Company") is responsible for the management of assets currently held by the NNPC under the Production Sharing Contract and back-in right assets; and

(b) National Petroleum Company is responsible for the management of all other assets held by NNPC except the Production Sharing Contract assets currently held by the NNPC.

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

38. (1) At the time of its incorporation, the initial shares of the National Petroleum Company shall be held in the ratio of 20% by the Bureau for Public Enterprises, 40% by the Ministry of Finance Incorporated and 40% by the Ministry of Petroleum Incorporated on behalf of the Government.

Shareholding of the Management Company.

(2) The Minister shall cause an order to be published in the Federal Government Gazette stating the date on which the assets of the Management Company are transferred.

39. The Minister shall ensure that the Memorandum of Association of the Management Company clearly states that the Management Company shall -

Business or objects of the Management Company.

(a) hold and manage certain petroleum assets on behalf of the Government of the Federation;

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

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

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

40. In carrying out its business or objects, the Management Company may enter into any arms-length arrangement with the National Petroleum Company incorporated under the provisions of this Bill, or any other reputable petroleum company or service company to provide the Management Company with technical support and expertise in relation to the performance of its functions, including the marketing and sale of the Management Company's share of petroleum received in kind, under the provisions of its petroleum contracts.

Engagement of technical support.

41. (1) The Minister shall, within 12 months of incorporation of the Management Company, by an order as provided in section 38 (2), require the NNPC to transfer some employees, assets, liabilities, rights and obligations of the NNPC to the Management Company, as specified in the order.

(2) A transfer order is binding on the NNPC, the Management Company and all other persons.

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

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

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

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

(c) partly in accordance with subsections (4) (a) and (5).

(5) With effect from the date specified in the relevant transfer order, all bonds, loans, financing agreements, alternative financing agreements, Production Sharing Contracts, hypothecations, securities, deeds, contracts, instruments, documents and such other working arrangements subsisting prior to the transfer date and relating to the assets to be transferred under this section and to which the NNPC was a party shall, on and after the effective date, be as fully effective and enforceable against or in favour of the Management Company as if, instead of the NNPC, the Management Company had been named.

(6) A transfer order may -

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

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

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

(d) require the NNPC or the Management Company to -

(i) enter into any written agreement or execute any instrument specified in the order, and

(ii) register, in accordance with the order, any agreement or instrument entered into or executed under subparagraph (i);

(e) provide that any liability or obligation that is transferred by the order may be enforced against the NNPC or any relevant successor, the Management Company, or both of them, and that any right that is transferred by the order may be enforced against the NNPC, the Management Company or both of them; or

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

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

(8) The Government may vest in the Management Company any further asset as the Government may deem fit:

(9) The Minister may by order require the NNPC to transfer certain employees, assets, liabilities, rights and obligations to any successor entity incorporated by the Minister under section 37 (3) of this Bill and such transfer order is binding on the NNPC, such successor entities and all other persons.

42. (1) A statement, in a registered document to which the Management Company is a party, that land described in the document was transferred to it from the NNPC by or pursuant to a transfer order, or any other statement in the document relating to the transfer order, is deemed to be conclusive evidence of the facts stated.

Conclusive evidence.

(2) Nothing in subsection (1) shall create for any person an interest in land that the NNPC did not have.

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

Release from liability or obligation.

44. (1) Subject to section 41 (6) (e), the Management Company is entitled to enforce or defend all obligations for or against the NNPC in respect of the portion of interests transferred under section 41 (1) as if the Management Company were the original party to such obligations.

Enforcement or continuation of cause of action or proceedings.

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

45. (1) Notwithstanding any provision in this Bill -

Transfer not deemed to constitute a breach of

contract.

- (a) an action or other proceeding shall not commence against the Management Company in respect of any employee, asset, liability, right or obligation if, had there been no transfer, the time for commencing the action or other proceeding would have expired; and
- (b) the transfer of employees, assets and liabilities to the Management Company by or pursuant to a transfer order does not —
 - (i) constitute a breach, termination, repudiation or frustration of any contract, including a contract of employment or insurance,
 - (ii) constitute a breach of any Act, regulation or by-law,
 - (iii) constitute an event of default or force majeure,
 - (iv) give rise to a breach, termination, repudiation or frustration of any licence, permit or other right,
 - (v) give rise to any right to terminate or repudiate a contract, licence, permit or other right, or
 - (vi) give rise to any estoppel.

(2) Subsection (1) (b) does not apply to such contracts as may be prescribed by any regulation made for that purpose.

(3) Subject to subsection (2), nothing in this Bill and nothing done as a result of a transfer by or pursuant to a transfer order shall create any new cause of action in favour of -

- (a) a holder of a debt instrument issued by the NNPC before the transfer date; or
- (b) a party to a contract with the NNPC that was entered into before the transfer date.

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

Guarantee or surety.

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

Dividend policy.

Cap. C20, LFN, 2004.

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

48. (1) The Minister shall, not later than six months from the date of incorporation of the Management Company, after consultation with the Ministers responsible for finance and budget, present a request for the appropriation of funds for the initial capitalisation of the Management Company. Funding.

(2) The Management Company shall pay from its revenue, reasonable operational expenses which shall be detailed in each annual budget and operating plan and annual reports made by the Management Company as set out in section 98 (d) to be approved by the shareholders and which shall at all times be in line with international best practices for efficiency and creation of value for the shareholders and Government.

(3) The surplus funds after deducting such reasonable operational expenses shall be paid as dividends to the Federation Account in accordance with the dividend policy established under section 47.

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

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

51. The Minister may, prior to the vesting of assets and liabilities of the NNPC in the Management Company, give the Board of Directors of the NNPC directions in writing to ensure the proper transfer of the assets and liabilities of the NNPC to the Management Company, and the Board of Directors shall, without delay, comply with such directions. Directions to the NNPC on matters related to transition.

52. (1) Any employee of the NNPC transferred to the Management Company under section 41 or 50 shall be transferred to the service of Management Company on terms not less favourable than those enjoyed by him immediately prior to the transfer. Transfer of employees to the Management Company and conditions of service of transferred employees.

(2) The service rendered by an employee transferred under section 41 or 50 of this Bill to the NNPC is deemed to be service with the Management Company for the purpose of determining employment-related-entitlements as specified by the relevant laws of employment in Nigeria.

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

Company —

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

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

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

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

Exemption from stamp duty and other charges.

Cap. S8, LFN, 2004.

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

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

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

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

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

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

Cap. C1, LFN, 2004.

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

Certain exemption from rates.

purposes.

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

(3) Except as provided in subsection (1), nothing in this Bill is deemed to exempt the Management Company from liability for any tax, duty, rate, levy or other charge, whether general or local but the Management Company is not liable to pay any such tax, duty, rate, levy or charge unless every company involved in similar activities as the Management Company is also liable for such payment.

55. (1) The Management Company is subject to the Code of Corporate Governance of the Securities and Exchange Commission.

Disqualification and
cessation of
appointment.

(2) The Minister shall cause the Articles of Association of the Management Company to provide for the composition of the Board —

(a) a non-executive Chairman who may be the Minister;

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

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

(d) four Non-Executive Directors who shall be persons with at least 20 years cognate professional or management experience; and

(e) a representative of the Ministry of Petroleum Resources who shall not be below the rank of a Director.

Cap. C20, LFN, 2004.

(3) Notwithstanding the provisions of the Companies and Allied Matters Act or any other enactment, the power of the shareholders to appoint or remove directors is subject to subsections (4) and (5) and the approval of the President.

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

56. The Minister shall cause the Articles of Association of the Company to include -

Terms of office of members of the Board.

(a) an Executive member of the Board who shall cease to be a Director of the Management Company if he ceases to be an employee of the company for any reason or removed in accordance with the provisions of the Companies and Allied Matters Act;

Cap. C20, LFN, 2004.

(b) a condition that the non-executive members of the Board who may serve for an initial term of four years; and

(c) upon the expiration of the initial term of any of the non-executive members of the Board appointed, such member may be eligible for re-appointment for another term of four years and no more.

57. Upon incorporation of the Management Company under this Bill, the Management Company shall be organised and managed on the basis of the provisions of this Bill and its Memorandum and Articles of Association.

Management and governance of the Management Company.

58. The Minister shall cause the Articles of Association to provide that the Board of Directors of the Management Company shall submit to the annual general meeting

Matters reserved for the shareholders.

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

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

(c) principles relating to engagement of managers; and

(d) annual report and annual accounts in respect of the interest of the State.

59. The Board of Directors shall cause the annual reports and accounts submitted to the annual general meeting under section 58 (d) to be published on its website and at least three widely circulating National Newspapers.

Publication of annual report and accounts of the Management Company.

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

Protection of land belonging to the Management Company.

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

PART VI — NATIONAL PETROLEUM COMPANY

61. At the time of its incorporation, the initial shares of the National Petroleum Company shall be held on behalf of the Government in the ratio of —

Shareholding of the National Petroleum Company.

(a) 20% by the Bureau for Public Enterprises;

(b) 40% by the Ministry of Finance Incorporated; and

(c) 40% by the Ministry of Petroleum Incorporated.

62. The National Petroleum Company is not subject to the provisions of the Fiscal Responsibility Act 2007 and the Public Procurement Act, 2007.

Exemption from certain laws.

Act. No. 31, 2007.

Act. No. 14, 2007.

63. The Minister shall, not later than six months from the date of incorporation of the National Petroleum Company, after consultation with the Ministers responsible for finance and budget, present a request for the appropriation of funds for the initial capitalisation of the National Petroleum Company.

Initial funding of the National Petroleum Company.

64. The Board of Directors of the National Petroleum Company may, with the approval of its shareholders, utilise any appropriate mechanism, including sale of assets and interests, to offset any liability of the National Petroleum Company, meet any of its future obligations or to achieve its strategic objectives.

Assessment and offset of liabilities of the National Petroleum Company.

65. (1) Notwithstanding the provision of any other law to the contrary, the National Petroleum Company is entitled to —

Retention of revenue and dividend policy.

(a) retain its revenue from its operations; and

(b) defray from such revenue all its expenses including its —

(i) cash call obligations in respect of its joint venture assets,

(ii) petroleum operations, and

(iii) obligations to lenders and financiers.

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

Cap. C20, LFN, 2004.

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

66. (1) The shareholders shall, within five years from the date of incorporation of the National Petroleum Company, divest, in a transparent manner, at least 10% of the shares of the National Petroleum Company and within 10 years from the date of incorporation divest at least an additional 30% of the shares of the National Petroleum Company to the public.

Divestment of shares of the National Petroleum Company and its subsidiaries.

(2) The Board of the National Petroleum Company may divest its shares in any of its subsidiary companies in order to achieve its strategic objectives as set out by its shareholders.

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

Transfer of employees, assets and liabilities.

(2) A transfer order is binding on the NNPC, the National Petroleum Company and all other persons.

(3) Subsection (2) applies despite any general or special Act or any rule of law that requires notice or registration of transfers.

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

(a) by reference to -

(i) specific employees, assets, liabilities, rights or obligations,
or

(ii) any class of employees, assets, liabilities, rights or obligations; or

(b) partly in accordance with paragraph (a) (i) and partly in accordance with paragraph (a) (ii)

(5) With effect from the date specified in the relevant transfer order, all bonds, loans, financing agreements, alternative financing agreements, joint operating agreements, participation agreements, hypothecations, securities, deeds, contracts, instruments, documents and working arrangements subsisting prior to the transfer date and relating to the assets to be transferred pursuant to this section and to which the NNPC was a party shall, on and after the Effective Date, be as fully effective and enforceable against or in favour of the National

Petroleum Company as if, instead of the NNPC, the National Petroleum Company had been named in it.

(6) A transfer order may -

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

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

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

(d) require the NNPC or the National Petroleum Company to -

(i) enter into any written agreement or execute any instrument specified in the order, and

(ii) register in accordance with the order any agreement or instrument entered into or executed under subparagraph (i);

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

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

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

(8) The Government may vest in the National Petroleum Company any further upstream assets as the Government may deem fit.

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

Conclusive evidence.

(2) Nothing in subsection (1) shall create for any person an interest in land that the NNPC does not have.

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

Release from liability or obligation.

70. (1) Subject to section 67 (6) (e), National Petroleum Company is entitled to enforce or defend all obligations for or against the NNPC in respect of the portion of interests transferred in accordance with **the provisions of this Bill** as if the National Petroleum Company were the original party to such obligations.

Enforcement or continuation of cause of action or proceedings.

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

71. (1) Notwithstanding any provision in this Bill-

Transfer not deemed to constitute a breach of contract.

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

(b) the transfer of assets and liabilities to the National Petroleum Company by or under a transfer order, is not deemed to —

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

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

(iii) constitute an event of default or force majeure,

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

(v) give rise to any right to terminate or repudiate a contract, licence, permit or other right, or

(vi) give rise to any estoppel.

(2) Subsection (1) (b) does not apply to such contracts as may be prescribed by any regulation made for that purpose.

(3) Subject to subsection (2), nothing in this Bill and nothing done by or under a transfer order shall create any new cause of action in favour of a -

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

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

72. Any guarantee or surety, which was given or made by the Government or any other person in respect of any debt or obligation of the NNPC and which was effective immediately before the transfer of the principal debt or obligation to the National Petroleum Company, shall remain fully effective against the guarantor or surety on and after the transfer date in relation to the repayment of the debt or performance of the obligation, as the case may be, by the National Petroleum Company. Guarantee or surety.
73. The NNPC shall provide the National Petroleum Company with all records, or copies of records, that are in its custody or control and that relate to an officer, employee, asset, liability, right or obligation that is transferred by or pursuant to a transfer order, including personal information. Provision of records to the National Petroleum Company.
74. The Minister may, at any time within one year after making a transfer order, make a further order amending the transfer order in any way that the Minister considers necessary or advisable, including such order or orders as may be necessary to rectify the transfer of any of the employees, assets, liabilities, rights and obligations pursuant to a verification or an audit of the employees, assets and liabilities of the National Petroleum Company as at the date of the relevant transfer order, and this Part applies with necessary modifications to the amendment. Further order amending a transfer order.
75. Prior to the vesting of assets and liabilities of the NNPC in the National Petroleum Company, the Minister may give the Board of Directors of the NNPC directions in writing to ensure the proper transfer of the assets and liabilities of the NNPC to the National Petroleum Company, and the Board of Directors shall, without delay, comply with such directions. Directions to the NNPC on matters related to transition.
76. (1) Any employee of the NNPC transferred to the National Petroleum Company pursuant to sections 57 and 74 shall be transferred to the service of National Petroleum Company, on terms not less favourable than those enjoyed by him immediately prior to the transfer. Transfer of employees to the National Petroleum Company.
- (2) The service rendered by an employee transferred pursuant to sections 57 and 74 is deemed to be service with the National Petroleum Company for the purpose of determining employment-related-entitlements as specified by the relevant laws of employment in Nigeria.
- (3) Until such time as conditions of service are drawn up by the National Petroleum Company —
- (a) the terms and conditions of service applicable to employees of the NNPC shall continue to apply to every person transferred to the National Petroleum Company as if every such person were still in the service of the NNPC;
- (b) an employee may be permitted to continue to contribute towards a pension he was contributing to when he was in the employment of the NNPC; and

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

77. The assets or shares of the subsidiaries of the NNPC listed under the Public Enterprises Privatisation and Commercialisation Act shall be de-listed from the effective date of this Bill and the power of attorney earlier assigned to the Bureau of Public Enterprises shall stand vacated.

Delisting of assets.
Cap. P38, LFN, 2004.

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

Exemption from stamp duty and other charges.
Cap. S8, LFN, 2004.

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

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

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

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

(2) The Corporate Affairs Commission shall not charge any fee with respect to the incorporation of any company under this Part or any subsequent increase to its authorised share capital, prior to the transfer of an interest to one or more private investors.

Cap. C1, LFN, 2004.

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

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

Composition and appointment of the Board.

(2) The Minister shall cause the Articles of Association of the National Petroleum Company to provide for the composition of the Board -

(a) a non-executive chairman;

(b) the Managing Director of the National Petroleum Company shall be a person with at least 10 years' experience in a senior management position in the petroleum industry;

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

(d) four non-executive directors provided that one of the non-Executive Directors shall be a person with at least 20 years cognate professional or management experience; and

(e) a representative of the Ministry of Petroleum Resources who shall not be below the rank of a Director.

(3) Notwithstanding the provisions of the Companies and Allied Matters Act or any other enactment, the power of the shareholders to appoint or remove the initial Directors shall be subject to subsections (4) and (5) and the approval of the President.

Cap. C20, LFN, 2004.

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

(5) The provisions of subsections (2) - (4) shall cease to have effect upon the divestment by the Government of 10% of its shares in the company to the public.

80. (1) Upon incorporation of the National Petroleum Company under this Bill, the National Petroleum Company shall be organised and managed on the basis of the provisions of this Bill, the Companies and Allied Matters Act and its Memorandum and Articles of Association, Code of Corporate Governance of the Nigerian Stock Exchange and applicable rules of any other stock exchange where its shares are listed.

Management and governance of the National Petroleum Company.

(2) In addition to the Companies and Allied Matters Act as well as the respective Memorandum and Articles of Association, each subsidiary company of the National Petroleum Company shall be governed in accordance with the Code of Corporate Governance of the Nigerian Securities and Exchange Commission.

Cap. C20, LFN, 2004.

81. The Minister shall cause the Articles of Association of the National Petroleum Company to state that –

Terms of office of members of the Board.

(a) an Executive member of the Board shall cease to be a Director of the National Petroleum Company if he ceases to be an

employee of the company for any reason or if otherwise removed in accordance with the provisions of the Companies and Allied Matters Act;

(b) the non-executive members of the Board may serve for an initial term of four years;

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

82. The Minister shall cause the Articles of Association of the National Petroleum Company to provide that the Board of Directors shall submit to the annual general meeting, plans for the coming year, as well as outlook for the intermediate term and significant changes in any of these -

Matters reserved for the shareholders.

(a) main features of the budget for the coming year;

(b) principles relating to engagement of managers; and

(c) annual report and annual accounts in respect of the participating interests of the State.

83. The Board of Directors shall cause the annual reports and annual accounts submitted to the annual general meeting under section 82 (c) to be published on its website and at least three widely circulating National Newspapers.

Publication of annual report and annual accounts of the National Petroleum Company.

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

Certain exemption from rates.

(2) For the purposes of this section, the expression, "oil pipelines and other installations" includes oil rigs, refineries, power generating plants, pumping stations, tank farms and similar installations but does not include office or residential buildings.

(3) Except as provided in subsection (1), nothing in this Bill is deemed to exempt the National Petroleum Company from liability for any tax, duty, rate, levy or other charge, but the National Petroleum Company shall not be liable to pay any such tax, duty, rate, levy or charge unless every company involved in similar activities as the National Petroleum Company is also liable for such payment.

85. (1) Land vested in the National Petroleum Company shall not be acquired compulsorily under any enactment or law.

Protection of National Petroleum Company's land.

(2) Notwithstanding anything in any other enactment or law, no mining operations shall be carried on in or under any land vested in the National Petroleum Company or any land over which the National Petroleum Company is entitled to

rights of support for the benefit of lands so vested except with the prior consent in writing of the Minister.

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

86. (1) The Minister shall, within six months after the effective date, take such steps as are necessary under the Companies and Allied Matters Act to incorporate a company called the Nigeria Petroleum Liability Management Company, or such other name as may be available, as a company limited by shares, which shall be vested with certain liabilities of the Nigerian National Petroleum Corporation and the pensions liabilities of the Department of Petroleum Resources.

Incorporation of the
Nigeria Petroleum
Liability Management
Company.

(2) Upon incorporation and the transfer of liabilities under this Bill, the Nigeria Petroleum Liability Management Company (in this Bill referred to as "the Liability Management Company") shall assume and be responsible for the management of the liabilities of the Nigerian National Petroleum Corporation ("NNPC") and the pensions liabilities of the Department of Petroleum Resources transferred to it under the provisions of this Bill.

(3) The initial shares or other ownership interest of the Liability Management Company shall be held by the National Petroleum Company, the National Asset Management Company and the Nigeria Petroleum Regulatory Commission in the ratio of their respective liabilities.

(4) The Liability Management Company shall be governed and managed on the basis of the provisions of the Companies and Allied Matters Act and the Securities and Exchange Commission's Codes of Corporate Governance.

Cap. C20, LFN, 2004.

(5) The Minister shall cause the Articles of Association of the Liability Management Company to provide for the composition and appointment of the Board of the entity on terms similar to the composition and appointment of the Board of the Management Company with such modifications as may be necessary or desirable.

(6) The annual reports and annual accounts submitted to the annual general meeting shall be published on the website of the Liability Management Company and at least three widely circulating National Newspapers.

(7) The Liability Management Company shall ascertain outstanding liabilities of the NNPC within 12 months of the effective date and layout a clear plan and timeline for the settlement of such liabilities.

(8) The Minister shall, in consultation with the shareholders of the Liability Management company, take all necessary actions to provide the resources required by the Liability Management Company for settlement of the liabilities of the NNPC and the pension liabilities of the Department of Petroleum Resources in their respective ratios.

- (9) The Minister shall undertake the winding up of the Liability Management Company upon confirmation that the Liability Management Company has concluded the settlement of all outstanding liabilities.

PART VII — REPEALS, TRANSITIONAL AND SAVINGS PROVISIONS

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|--|---|
| 87. (1) The enactments specified in the Fourth Schedule to this Bill are amended to the extent specified in the Schedule. | Adaptation of laws.
Fourth Schedule. |
| (2) The relevant provisions of all existing enactments or laws, including the Petroleum Act, Oil Pipelines Act, Hydrocarbon Oil Refineries Act and the Companies and Allied Matters Act, to the extent that they deal with matters provided for in this Act, shall be read with such modifications as to bring them into conformity with the provisions of this Bill. | Cap. P10, LFN, 2004.
Cap. O7, LFN, 2004.
Cap. C20, LFN, 2004. |
| (3) If the provisions of any other enactment or law, including the enactments specified in subsection (1), are inconsistent with the provisions of this Bill, the provisions of this Bill shall prevail and the provisions of that other enactment or law shall, to the extent of that inconsistency, be void in relation to matters provided for in this Bill. | |
| (4) Any regulatory functions conferred on the Minister under the Petroleum Act and the Oil Pipelines Act or on the Chief Executive of the Inspectorate under the Nigerian National Petroleum Corporation Act, shall be deemed to have been transferred to the Commission. | Cap. P23, LFN, 2004. |
| 88. (1) From the effective date, the Petroleum Products Pricing Regulatory Agency (Establishment) Act and Petroleum Equalisation Fund (Management Board, Etc.) Act, are repealed. | Repeals.
Cap. P43, LFN, 2004.
Cap. P11, LFN, 2004. |
| (2) The Nigerian National Petroleum Corporation Act, Nigerian National Petroleum Corporation (Projects) Act and Nigerian National Petroleum Corporation Amendment Act, shall be repealed on the date that the Minister signifies by legal notice in the Federal Government Gazette that the assets and liabilities of the NNPC are fully vested in successor entities. | Cap. P123, LFN, 2004.
Cap. P124, LFN, 2004. |
| 89. (1) Any licence, lease, certificate, authority or permit which was issued by the Department of Petroleum Resources and which had effect immediately before the effective date shall continue to have effect, <i>mutatis mutandis</i> , for the remainder of its period of validity as if it had been issued by the Commission. | Savings provisions. |
| (2) The Minister shall set forward a clear transition plan within 30 days of the effective date to prevent disruption of industry operations. | |
| (3) Within three months from the effective date, the Minister on the advice of the Commission or the NNPC, may make any further transitional and savings provisions as are consistent with the transitional and savings provisions in this Bill. | |
| 90. (1) Upon the vesting of assets and liabilities of the Department of Petroleum | Transfer of staff. |

Resources and the Petroleum Products Pricing Regulatory Agency in the Commission, the Minister shall make an order in writing in which he shall give directions to the management of the Department of Petroleum Resources and the Board of Petroleum Products Pricing Regulatory Agency for the transfer of employees of each organisations respectively to the Commission, and the Management of the Department of Petroleum Resources and the Board of Petroleum Products Pricing Regulatory Agency shall, without delay, comply with the directions in such order.

(2) Any transfer of service under subsection (1) is regarded as continuous for the purposes of pension and gratuity.

91. (1) Every person whose service has been transferred to the Commission from the Department of Petroleum Resources and the Petroleum Products Pricing Regulatory Agency under section 90, is deemed to be an employee of the Commission with effect from the date of transfer and is deemed to have ceased to be in the employment of the Department of Petroleum Resources and the Petroleum Products Pricing Regulatory Agency. Cessation of employment.

(2) Every person whose service has been transferred from the NNPC to the Asset Management Company under section 41 (1) or to the National Petroleum Company under section 67 (1), is deemed to be an employee of the Management Company or the National Petroleum Company, respectively with effect from the date of transfer and is deemed to have ceased to be in the employment of the NNPC.

92. (1) The provisions of this section shall apply to all contracts or other instruments subsisting before the effective date entered into by the Petroleum Inspectorate, the Department of Petroleum Resources and the Petroleum Products Pricing Regulatory Agency. Application of subsisting contracts.

(2) There is vested in the Commission under this Bill, as from the effective date all assets, funds, resources and other moveable or immovable property which immediately before the effective date were vested in the Petroleum Inspectorate, the Department of Petroleum Resources and the Petroleum Products Pricing and Regulatory Agency.

(3) Any proceedings or cause of action pending or existing or which could have been taken by or against the Petroleum Inspectorate, Department of Petroleum Resources and the Petroleum Products Pricing and Regulatory Agency immediately before the effective date in respect of any such right, interest, obligation or liability of the Petroleum Inspectorate, the Department of Petroleum Resources and the Petroleum Products Pricing and Regulatory Agency may be commenced, continued or enforced or taken by or against the Commission as if this Bill had not been made.

(4) As from the effective date -

(a) the rights, interest, obligations and liabilities of the Petroleum Inspectorate, Department of Petroleum Resources and the

Petroleum Products Pricing and Regulatory Agency existing immediately before the effective date under any contract or instrument at law or in equity which shall have been held on behalf of or have accrued to or have been incurred for its own benefit or use, shall under this Bill, be assigned to, and vested in, the Commission;

(b) any contract or instrument mentioned in paragraph (a), is of the same force and effect against or in favour of the Commission and shall be enforceable as fully and effectively as if, instead of the Petroleum Inspectorate, Department of Petroleum Resources and the Petroleum Products Pricing and Regulatory Agency, respectively, the Commission had been named in it or had been a party to it; and

(c) any proceeding or cause of action pending or existing or which could have been taken by or against the Petroleum Inspectorate, the Department of Petroleum Resources and the Petroleum Products Pricing and Regulatory Agency respectively, immediately before the effective date in respect of any right, interest, obligation or liability of any of the organisations, may be commenced, continued or enforced or taken by or against the Commission as if this Bill had not been made.

93. In this Bill —

Interpretation.

"Agency" means the Petroleum Products Pricing Regulating Agency;

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

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

"budget" means estimates of the revenues and expenditure of the Federation for the next following financial year which the President shall cause to be prepared and laid before each House of the National Assembly at any time in each financial year under section 81 (1) of the Constitution of the Federal Republic of Nigeria 1999;

"Bureau of Public Enterprises" means the Bureau of Public Enterprises as provided for under the "Public Enterprises (Privatisation and Commercialisation) Act, Cap. P38, Laws of the Federation of Nigeria, 2004;

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

"company" means any entity incorporated under any law in force in Nigeria or elsewhere;

"Companies and Allied Matters Act" means the Companies and Allied Matters Act, Cap.

C20, Laws of the Federation of Nigeria, 2004;

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

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

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

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

"effective date" means the commencement date on which this Bill comes into force;

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

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

"Fiscal Responsibility Act" means the Fiscal Responsibility Act No. 31, 2007;

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

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

"Government" means the Federal Government of Nigeria;

"Management Company" means the Nigerian Petroleum Assets Management Company incorporated under the provisions of section 37 of this Bill;

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

"Ministry" means the Ministry of Petroleum Resources;

"Ministry of Environment" means the Federal Ministry in charge of environmental matters;

"Ministry of Finance" means the Federal Ministry in charge of finance matters;

"Ministry of Finance Incorporated" means the corporation sole established by the Ministry of Finance Incorporated Act, Cap. M15, Laws of the Federation of Nigeria, 2004;

"Ministry of Petroleum Incorporated" means the corporation so established by this Bill;

"National Petroleum Company" means the National Petroleum Company incorporated

under this Bill;

"National Salaries, Incomes and Wages Commission" means the National Salaries, Incomes and Wages Commission established by section 1 of the National Salaries, Incomes and Wages Commission Act, Cap. N72, Laws of the Federation of Nigeria, 2004;

"National Strategic Reserve" means the reserve of petroleum products kept in certain storage depots and facilities by the Government or on behalf of the Government to provide for emergency;

"Nigerian National Petroleum Corporation" or the "NNPC" means the Nigerian National Petroleum Corporation established by section 1 of the Nigerian National Petroleum Corporation Act, Cap. N123, Laws of the Federation of Nigeria, 2004;

"Nigerian Police" means the Nigeria Police Force established under section 3 of the Police Act, Cap. P19, Laws of the Federation of Nigeria, 2004;

"Pensions Reforms Act" means the Pensions Reforms Act, 2014;

"Permanent Secretary" means the Permanent Secretary having supervision over the departments of government under the Minister;

"petroleum" means hydrocarbons and associated substances as exist in its natural state in strata, and includes crude oil, natural gas, condensate, and mixtures of any of them, but does not include coal, bitumen and tar sands;

"Petroleum Inspectorate" means the Petroleum Inspectorate established under section 10 of the Nigerian National Petroleum Corporation Act, Cap. N123, Laws of the Federation of Nigeria, 2004;

"petroleum operations" means upstream, midstream and downstream petroleum operations;

"Petroleum Pricing and Product Regulatory Agency" means the Petroleum Pricing and Product Regulatory Agency established under section 1 of the "Petroleum Pricing and Product Regulatory Agency (Establishment) Act, Cap. P43, Laws of the Federation of Nigeria, 2004;

"President" means President of the Federal Republic of Nigeria;

"public hearing" means an organised forum for the discussion of issues relating to a regulation or decision that is to be made by the Commission for the purpose of receiving public or stakeholders input;

"permit" means an official certificate of permission to undertake an activity issued by the Commission;

"Production Sharing Contract" means a contract between the NNPC and a contract or as defined in the Deep Offshore and Inland Basin Production Sharing Contract Acts (as

amended), Cap. D3, Laws of the Federation of Nigeria, 2004;

"Public Enterprises Privatisation and Commercialisation Act" means the Public Enterprises (Privatisation and Commercialisation) Act Cap P38, Laws of the Federation of Nigeria, 2004;

"Public Procurement Act" means Public Procurement Act No. 14, 2007;

"Regulations" mean rules or order having force of law issued by the competent authority in accordance with the provisions of this Bill or any other enactment;

"third party access" means the legal requirement for owners of certain infrastructure facilities to grant access to those facilities to parties other than their own customers, usually competitors in the provision of the relevant services, on terms stipulated in this Bill or regulations made under this Bill; and

"Trustee Investment Act" means the Trustee Investment Act, Cap. T22, Laws of the Federation of Nigeria, 2004.

94. This Bill may be cited as the Petroleum Industry Governance Bill, 2018.

Citation.

SCHEDULES

FIRST SCHEDULE

Section 3 (2)

RIGHT OF PRE-EMPTION

1. The Minister shall have the right to require the holder of any licence or lease granted under this Bill or any other enactment (referred to in this Schedule as "the licensee or lessee") to —

(a) provide for the Government, to the extent of any refinery or petroleum products storage capacity he may have in Nigeria, petroleum products complying with specification given by the Minister; or

(b) deliver to any person holding a licence to operate a refinery, such quantity and quality of crude oil as may be specified by the Minister to the extent that the licensee or lessee has crude oil of that quantity and quality.

2. The licensee or lessee shall use his best endeavours to increase so far as possible with his existing facilities, the supply of petroleum or petroleum products, or both, for the Government to the extent required by the Minister.

3. The licensee or lessee shall, with all reasonable expedition and so as to avoid

SUPPLEMENTARY PROVISIONS RELATING TO THE PROCEEDINGS
OF THE BOARD OF THE COMMISSION

1. Subject to this Act and the provisions of section 27 of the Interpretation Act, the Board shall have the power to regulate its proceedings and may make standing orders with respect to the holding of its meetings, and those of its committees, the notice to be given, the keeping of minutes of its proceedings, the custody and production for inspection of such minutes and such other matters as the Board may, from time to time, determine. Cap. 123, LFN, 2004.
2. (1) There shall be at least one ordinary meeting of the Board in every quarter of the year and subject to it, the Board shall meet whenever it is summoned by the Chairman and if the Chairman is requested to do so by notice given to him by not less than three other members, the Chairman shall summon a meeting of the Board to be held within fourteen days from the date on which the notice is given.
(2) Every meeting of the Board shall be presided over by the Chairman and if the Chairman is unable to attend a particular meeting, the members present at the meeting shall elect one of the non-executive commissioners to preside at the meeting.
3. The quorum at the meeting of the Board shall consist of the Chairman (or in an appropriate case, the person presiding at the meeting pursuant to paragraph 2 of this Schedule) and the majority of the other members, as appropriate.
4. The Board shall meet for the conduct of its business at such places within Nigeria and on such days as the Chairman may appoint.
5. A question put before the Board at a meeting shall be decided by consensus, and where this is not possible, by a majority of the votes of the members present and voting.
6. The Chairman shall, in the case of an equality of votes, have the casting vote in addition to his vote.
7. Where the Board desires to seek the advice of any person on a particular matter, the Board may co-opt a person as a member for such period it thinks fit, but a person who is a member by virtue of this paragraph shall not be entitled to vote at any meeting of the Board and shall not count towards the quorum.
8. The Board may constitute one or more committees for the purpose of carrying out any of its functions as the Board may determine and report on any matter with which the Board is concerned.
9. A committee appointed under this Schedule shall be presided over by a member of the Board and consist of such number of persons (not necessarily all members of the Board) as may be determined by the Board, and a person other than a member of the

Board shall hold office on the committee in accordance with the terms of his appointment.

10. A decision of a committee of the Board shall be of no effect until it is confirmed by the Board.
11. The fixing of the seal of the entity shall be authenticated by the signature of the Secretary or some other person authorised generally by the Board to act for that purpose.
12. A contract or an instrument which, if made or executed by any person not being a body corporate, would not be required to be under seal, may be made or executed on behalf of the entity by the Chief Executive Commissioner, or any person generally or specially authorised to act for that purpose by the Board.
13. A document purporting to be a contract, an instrument or other document signed or sealed on behalf of the entity shall be received in evidence and, unless the contrary is proved, be presumed without further proof to have been signed and sealed.
14. The validity of any proceedings of the Board or its committees shall not be affected by —
 - (a) any vacancy in the membership of the Board or its committees;
 - (b) reason that a person not entitled to do so took part in the proceedings; or
 - (c) any defect in the appointment of a member.
15. Any member of the Board and any person holding office on a committee of the Board, who has a personal interest in any contract or arrangement entered into or proposed to be considered by the Board or a committee shall -
 - (a) disclose his interest to the Board or committee; and
 - (b) not vote on any question relating to the contract or arrangement.

THIRD SCHEDULE

Section 13 (11)

CONFLICT OF INTEREST AND CORPORATE RESPONSIBILITY

- (1) In the discharge of their responsibilities, members of the Board shall act in utmost good faith, with care, skill and diligence.
- (2) Members of the Board have fiduciary obligation to the Commission, and shall not be involved in any decision where their interests conflict with the interest of the Commission
- (3) Members of the Board shall adhere to all the duties and obligations specified for

directors under the Company and Allied Matters Act.

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

FOURTH SCHEDULE

Section 127

Cap. Laws of the Federation of Nigeria 2004	Short Title or Citation	Amendments
H5	Hydrocarbon Oil Refineries Act	<p>1. Section 28 (1) is amended by substituting for the word, "Minister", in lines 1 and 2, the word, "Commission"</p> <p>2. Section 29 is amended by -</p> <p>(a) inserting, in alphabetical order, the interpretation of the word, "Commission" -</p> <p>"Commission" means the Nigeria Petroleum Regulatory Commission established under this Bill; and</p> <p>(b) deleting the interpretation of the word, "Minister".</p>
N123	Nigerian National Petroleum Corporation Act	Sections 10 and 11 are repealed.
O7	Oil Pipelines Act	<p>1. Section 3 is amended by substituting for the word, "Minister", in line 1 and wherever it appears in the Bill and any regulation made under the Bill, the word, "Commission".</p> <p>2. Substitute for section 31, a new section "31" -</p> <p>"31. The fees payable for applications, permits and licences or its variation under this Bill shall be prescribed by regulations issued under this Bill." Fees</p>
P10	Petroleum Act	<p>1. Section 2 (1) is amended by inserting after the word, "Act" in line 1, the words, "and the recommendation of the Commission".</p> <p>2. Sections 3, 4 and 5 (3) are amended by substituting for the word, "Minister", the word, "Commission".</p> <p>3. Sections 6, 8 and 9 are repealed.</p>

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.

ADOPTED BY THE SENATE ON WEDNESDAY, 6TH JUNE, 2018

FURTHER ADOPTED BY THE SENATE ON WEDNESDAY, 17TH APRIL, 2019
