

OVERVIEW OF THE 2025 NIGERIA LICENSING ROUND – KEY CLARIFICATIONS FROM NUPRC STAKEHOLDER SESSIONS

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1.0 Introduction

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) recently conducted stakeholder sessions to provide granular detail on the 2025 bid round. These clarifications aim to ensure transparency and assist prospective investors in navigating the legal and commercial requirements of the Petroleum Industry Act (PIA), with a strategic focus on rapid commercialization and gas development.

Detailed Asset Breakdown for the 2025 Bid Round

The NUPRC has officially placed 50 oil and gas blocks on the offer list. These assets are categorized by their geological terrain and basin location to cater to a range of technical expertise—from indigenous onshore operators to major international deepwater firms.

1. Portfolio by Terrain

- i. Onshore Assets (15 Blocks)** - These are land-based blocks primarily aimed at boosting immediate production and domestic gas supply.
- ii. Shallow Water/Swamp (19 Blocks)** - Located in the continental shelf and transitional swamp zones of the Niger Delta, these offer a balance between accessibility and high yield.
- iii. Frontier Basins (15 Blocks)** - These represent "high-risk, high-reward" exploration opportunities in less-developed regions, intended to expand Nigeria's proven reserve base beyond the Niger Delta.
- iv. Deep Offshore (1 Block)** - A single high-capacity deepwater acreage is included, requiring significant technical and financial backing.

2. Geographic Distribution & Basins

The 2025 round moves beyond the traditional Niger Delta focus to include several inland and frontier sedimentary basins:

- Niger Delta Basin: Houses the majority of the offer (35 blocks), consisting of 16 onshore, 18 shallow-water, and 1 deep-offshore acreage.
- Dahomey (Benin) Basin: 3 onshore blocks available for exploration.
- Anambra Basin: 4 onshore blocks (Frontier).
- Benue Trough: 4 onshore blocks (Frontier).
- Chad Basin: 4 onshore blocks (Frontier).

3. Specific Block Designations

While the full technical data rooms contain the granular coordinates, the NUPRC has designated the following preliminary PPL (Petroleum Prospecting License) identifiers for the 50 blocks:

- PPL Series 2A29 through 2A62: Covering 34 of the primary available acreages.
- Specific Identifiers: PPL 2010, PPL 307, PPL 308, PPL 309, PPL 900, PPL 901, PPL 902, PPL 903, PPL 700, PPL 701, PPL 702, PPL 703, PPL 800, PPL 801, PPL 802, and PPL 803.

4. Strategic Focus - "Fallow" and Gas Assets

A significant portion of these blocks are discovered but undeveloped fields. The NUPRC's strategy for this cycle is to move away from purely speculative exploration and focus on:

- **Rapid Commercialization** - Bringing "fallow" assets—fields where oil or gas was found years ago but never produced—into the active national stream

- **The "Decade of Gas"** - Prioritizing blocks with high gas-to-oil ratios to support Nigeria's energy transition and domestic industrialization goals.
- **Cluster Development** - To make smaller or more difficult blocks commercially viable, the NUPRC is encouraging "Cluster Models" where multiple nearby blocks share pipelines and processing facilities to reduce overhead costs.

5. **Structure of the Bidding Process**

- **Registration and Fees:** Participation begins with a formal Expression of Interest (EOI). Each block application requires a non-refundable fee of \$10,000. (Ten Thousand US Dollars).
- **Data Access:** To evaluate the assets, a mandatory data leasing fee of \$25,000 (Twenty Five Thousand US Dollars) is required. Optional "data prying" (preliminary viewing) is available for an additional \$10,000 (Ten Thousand US Dollars) per block/session.
- **Phased Approach:** The round follows a strict sequence: Registration/Pre-qualification, Data Purchase, Technical Bid Submission, Evaluation, and finally, the Commercial Bid Conference.

6. **Financial Commitments and Security**

- **Signature Bonus** - These bonuses are set between \$3,000,000 (Three Million US Dollars) and \$7,000,000 (Seven Million US Dollars) depending on the block. The highest compliant offer generally scores best, but the NUPRC emphasizes that the overall quality of the work program is also vital.
- **Bid Guarantees** - Applicants must provide a guarantee amounting to 5% of their proposed signature bonus.

- **Work Security** - A performance bond or security equivalent to 1% of the proposed work program value is required to ensure commitment to the development of the asset.

7. Eligibility and Consortium Rules

- **Corporate Identity** - All participating entities must be incorporated by February 27, 2026. While foreign companies are welcome, the PIA dictates that licenses are only granted to Nigerian-incorporated firms. Successful foreign bidders must therefore form a local subsidiary.
- **Operator Requirements** - In a consortium, a designated operator must hold at least a 30% participating interest. All partners must sign a joint agreement and disclose their ultimate beneficial owners.

8. Contractual Frameworks

- **Contract Models** - Winners can choose between a Concession Agreement or a Production Sharing Contract (PSC).
- In Concessions, the Federal Government maintains a "back-in" right of up to 60%.
- In PSCs, NNPC Ltd acts as the primary concessionaire while the bidder serves as the contractor.
- **Acreage Focus** - The 2025 round focuses on 50 blocks, including gas-rich assets and "fallow" fields (discovered but undeveloped) to accelerate national production.

9. *Grounds for Disqualification*

During the recent NUPRC pre-bid conferences and webinars, the Commission emphasized a "discipline-first" approach, outlining specific grounds that would lead to the automatic or potential disqualification of an applicant. The following are the primary reasons for disqualification;

- **Breaching the "Two-Block" Limit**

a. **Strict Application Limit** - No entity, whether applying alone or as part of a group, is permitted to submit bids for more than two (2) blocks in total across all terrains

b. **Aggregation Rule** - This limit includes indirect participation. If a company has management involvement or equity in multiple Special Purpose Vehicles (SPVs) or consortia, all those applications are aggregated. If the total exceeds two, the applicant faces instant disqualification.

- Non-Compliance with Financial Thresholds

a. **Signature Bonus Bounds** - Bids must fall within the NUPRC-prescribed range of US3 million to US7 million. Any offer submitted below this floor is deemed non-compliant and will not be evaluated.

b. **Payment Failures** - Failure to pay the mandatory non-refundable application fee \$10,000 (Ten Thousand US Dollars or the required data leasing fee \$25,000 (Twenty-Five Thousand US Dollars) within the stipulated timeframe will end an applicant's participation.

- **Legacy Debts and Outstanding Obligations**

a. **Government Debtors** - Any company (or member of a consortium) that is currently indebted to the Federal Government of Nigeria is ineligible.

b. **Undischarged Obligations** - Current license or lease holders who have failed to fulfil fiscal or operational obligations from previous rounds are barred from bidding.

- **Poor Operational Track Record**

a. **Lack of "Business-like" Operation** - The NUPRC explicitly stated that applicants who were awarded assets in the past but failed to operate them "vigorously and in a business-like manner" will be disqualified.

b. **Historical Infractions** - Companies with a history of significant environmental infractions, pipeline security lapses, or severe community-relation failures face exclusion.

- **Insolvency and Legal Status**

a. **Financial Distress** - An applicant will be disqualified if they are found to be insolvent or if they threaten to suspend payments to creditors during the process.

b. **International Sanctions** - Entities under international sanctions or those unable to provide clear proof of lawful funding sources will not be cleared.

- **Procedural & Confidentiality Breaches**

a. **Confidentiality** - Any breach of the terms of the Confidentiality Agreement signed during the pre-qualification phase results in immediate removal from the round.

b. **Misleading Information** - Providing incomplete, inaccurate, or intentionally misleading data during the pre-qualification stage is a ground for disqualification at any point in the cycle.

10. Key Deadlines

- **Pre-qualification Deadline** - Ends February 27, 2026 (with some documents accepted through mid-March).

- **Bid Submission Phase** - Expected to run from March 17 to July 17, 2026.
- **Final Awards** - The NUPRC aims to conclude the entire cycle by October 16, 2026.

DISCLAIMER: *This summary is for informational purposes only and does not constitute legal or financial advice. Prospective bidders should consult the official NUPRC Guidelines and the Petroleum Industry Act 2021 for definitive requirements.*