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UPSTREAM PETROLEUM FEES AND RENTS (TEMPORARY) REGULATIONS, 2025

INTRODUCTION

On May 5, 2025, the Nigerian Upstream Petroleum Regulatory Commission (the "Commission") issued the Upstream Petroleum Fees and Rents (Temporary) Regulations, 2025 (the "Regulation") which is to serve as a temporary regulatory framework for the determination of

fees and rents in the upstream sector pending consultations with stakeholders. The Regulation sets interim measures to guide upstream petroleum fees and rents for a period of six months with an extension option of another six months, subject to the written approval of the Minister.¹

SCOPE AND APPLICABILITY

The Regulation applies to licenses and leases granted or preserved under the Petroleum Industry Act, 2021 and to any person applying for approval, permit or authorisation of activities in the upstream sector.²



KEY PROVISIONS

01 Prescription of fees and rents

Fees and rents payable under these Regulations are divided into two schedules. The First Schedule outlines fees and rents applicable to licences, leases, permits and approvals to be granted by the Commission. These relate to the application procedures, renewals, extensions, and rents on duration of licences and leases in upstream petroleum operations³ to be paid into the Federation Account, subject to verification by the Commission.⁴ The Second Schedule outlines fees related to service licences, permits, approvals, and authorisations by the Commission,⁵ to be paid into the Commission's Internal Generated Revenue (IGR) Accounts,⁶ as may be advised by the Commission.

⁽¹⁾ Regulation 2(2) of the Upstream Petroleum Fees and Rents (Temporary) Regulations, 2025

⁽²⁾ Ibid. Regulation 2(1)

⁽³⁾ Ibid. Regulation 3(1) & (2)

⁽⁴⁾ Ibid. Regulation 4(1)

⁽⁵⁾ Ibid. Regulation 3(2)

⁽⁶⁾ Ibid. Regulation 4(2)(a)

⁽⁷⁾ Ibid. Regulations 4(4)

Unless otherwise provided by any applicable guidelines or directives issued by the Commission, all fees and rents prescribed in the First and Second Schedules are to be paid in advance, without demand prior to the submission of the relevant application.⁷

05 Amendment after payment

The Regulations provide that where an amendment to an application is required after payment of the applicable fee, an additional 50% of the initial fee shall be payable if the amendment is made within the statutory period for the application and 10% of the initial fee shall be payable if the amendment request is submitted outside the statutory period.¹⁴

06 Non-refundability of fees and rents

Fees and rents paid are non-refundable except for erroneous overpayments. In such instances, the overpaid amount may either be used to offset subsequent fees or refunded in accordance with the due process of refunds set by the office of the Accountant-General of the Federation.¹⁵

07 Renewal bonus

The Regulations set the determination of the renewal bonus to be based on after-tax cash flow.¹⁶

Fees and Rents in the First Schedule

Application Fees

- i. For Petroleum Exploration License (PEL): \$10,500 and \$20,000 for renewal
- ii. For Petroleum Prospecting License (PPL) under Section 74(1) and 74(3): \$10,500 and \$5,000 as extension fee
- iii. For Petroleum Mining Lease (PML) under section 74(1) and 74(3): \$1,575,000 and \$2,100,000 for renewal
- iv. Termination or partial surrender of licence or lease fee: N625,000
- v. Conversion of Oil Prospecting Licence to Oil Mining Lease: \$2,100,000
- vi. For approval of Annual Work Programme (AWP) and Status Report: \$1,000

Other fees, premium and other rates are listed in the First Schedule of the Regulation. Note that these are payable into the Federation Account.

02 Adjustment of fees and rents

The Regulations authorise the Commission to review and adjust the fees and rents prescribed in the First and Second Schedules to reflect economic realities and administrative costs, subject to the approval of the Minister and consultation with industry stakeholders.⁸ Such adjustments are not to be subject to any fiscal stability provisions of any contract, except explicitly stated.⁹

03 Payment Liability

Fees and rents are payable by licensees or lessees; by an assignor in the case of an assignment; by an operator making a request or application on behalf of a joint venture under a Joint Operating Agreement; and by contractors, service providers or any other persons submitting a request or application to the Commission.¹⁰ Fees are payable per application,¹¹ while rents are payable on an annual basis.¹²

04 Tax Deductibility

Fees and rents paid under these Regulations are tax deductible for hydrocarbon tax incurred by the company for the period pursuant to a Petroleum Mining Lease (PML) or a Petroleum Prospecting Licence (PPL), any amount contributed to any fund, scheme or arrangement approved by the Commission pursuant to the establishment of Host Communities Development Trusts, Environmental Remediation Fund, Niger Delta Development Commission, other deductions of similar contributions and companies income tax.¹³

^[8] Ibid. Regulation 5(1)

^[9] Ibid. Regulation 5(2)

^[10] Ibid. Regulation 6(1)

^[11] Ibid. Regulation 3(3)(a). While the Regulation does not explicitly state that the fees are payable per application, this interpretation is based on the structure and content of the Schedules, which list fees applicable to each application type.

^[12] This suggests that the fees are intended to be paid per application submitted.

^[13] Ibid. Regulation 7(1)

^[14] Ibid. Regulation 5(4)

^[15] Ibid. Regulation 6(6)

^[16] Ibid. Regulations 6(4) & 8(3)

^[17] Ibid. Regulation 10(1)

Rents

Rent for PEL is set as \$1,000 plus \$0.10 per hectare, \$5,000 plus \$1 per hectare for PPL not related to frontier acreages during initial exploration period, \$10,000 plus \$2 per hectare for PPL not related to frontier acreages during the optional extension period, \$5,000 plus \$0.10 per hectare for PPL in the frontier acreage and \$100,000 plus \$10 per hectare for PML during initial and extension periods.

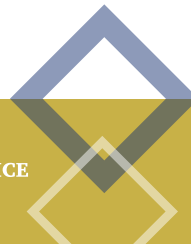
Fees in the Second Schedule

Fees payable for oil and gas industry permits, lease and license administration, seismic, exploration and discoveries, Field Development Plan (FDP) approval, well operation units, core, sample and data exports, drilling and wells development, facilities, pipelines and flowlines, measurement, terminal operation, unitisation, abandonment and decommissioning, approval of analytical laboratory and oil field chemical, radiation permit, HSE general, waste management facilities, approval of offshore safety training centres and permits relating to gas flaring, venting and methane emission etc are broadly listed under the Second Schedule of the regulation. These fees are payable into the Commission's Internally Generated Revenue (IGR) Accounts.



Conclusion

The fees and rents stipulated under these Regulations shall apply to all applicable upstream operations for the duration of their validity. Operators are therefore advised to familiarise themselves with the updated rates to ensure compliance with ongoing and future financial obligations under the regulatory framework.



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