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CONVERSION AND RENEWAL (LICENCES AND LEASES) AMENDMENT REGULATIONS 2026

INTRODUCTION

The Nigerian Upstream Petroleum Regulatory Commission (the “**Commission**”) has issued the Conversion and Renewal (Licences and Leases) Amendment Regulations, 2026 (the “**Regulations**”),

effective 27 February 2026. The Regulations repeal and replace the Conversion and Renewal (Licences and Leases) Regulations, 2022 (the “**2022 Regulations**”).

While the 2026 Regulations largely retain the framework established under the 2022 Regulations, they introduce notable amendments, which are highlighted in this Newsletter.

SCOPE AND APPLICABILITY

The Regulations govern applications for the conversion and/or renewal of upstream licences and leases, including: (i) the conversion of existing Oil Prospecting Licences (OPLs) to Petroleum Prospecting Licences (PPLs) or Petroleum Mining Leases (PMLs); (ii) the conversion or renewal of Oil Mining Leases (OMLs) to PPLs and PMLs; (iii) the conversion or renewal of OPLs; (iv) the conversion of marginal field licences to PPLs or PMLs; (v) the conversion of commercial discoveries made within a PPL to a PML; (vi) the grant of a PML in respect of commercial discoveries; (vii) the extension of the duration of a PPL for its optional extension period; and (viii) the renewal of PMLs for successive terms.¹

KEY AMENDMENTS TO THE REGULATIONS

1. Expanded Scope of Application

Regulation 2 introduces notable amendments to the scope of the Regulations, extending their applicability beyond the 2022 framework. In Particular, the Regulations now apply to: (i) the conversion or renewal of OPLs to PPLs and/or PMLs at or after their expiration or termination pursuant to section 303(1) of the Petroleum Industry Act, 2021 (“**PIA**”);² and (ii) the grant of a PML for commercial discoveries to a holder of a PPL pursuant to section 81(1) of the PIA.³

Notably, the Regulations clarify that references to a “licensee of a petroleum prospecting licence” under section 81(1) of the PIA now include holders of OPLs. This represents a shift from the position under the 2022 Regulations, which excluded OPLs and OMLs referenced in

¹ Regulations 2 of Conversion and Renewal (Licences and Leases) Amendment Regulations 2026

² Section 303(1) of the PIA provides that OPL and OML holders who do not convert to the PIA regime will continue to operate under the Petroleum Act until their licences or leases expire. However, limited provisions of the PIA will still apply to certain indigenous sole-risk arrangements where the government has exercised its back-in rights. It further provides that any renewal of an OML must be done under the PIA, regardless of the previous regulatory framework.

³ Section 81(1) of the PIA provides that a PML is granted to a holder of a PPL for each commercial discovery of crude oil or natural gas. This is subject to the licensee meeting all conditions attached to the licence under the PIA and obtaining approval of the relevant field development plan from the Commission.

sections 92(6)⁴ and 311(2)⁵ of the PIA that had not been converted to the PIA regime.

2. Removal of Specific Provision of the Nigerian National Petroleum Corporation Limited as Applicant

Under the 2022 Regulations, in Production Sharing Contracts (PSCs) where the Nigerian National Petroleum Corporation Limited (“NNPC Limited”) held the underlying licence or lease, it was expressly designated as the party responsible for submitting applications to the Commission for the conversion or renewal of such licence or lease.⁶ This express provision has been omitted in the 2026 Regulations.

3. Additional Documentation Requirement

The Regulations expand the documentary requirements for applications relating to the conversion or renewal of licences and leases. Applicants are required to submit applications in the form prescribed by the Commission, including specified general information and all supporting documentation required under the Regulations or as may be requested by the Commission.

Notably, the Regulations now require disclosure of the names of all licensees, lessees, or contractors, as applicable, as part of the general information to be provided, an obligation not expressly provided for under the 2022 Regulations.⁷

4. Removal of Transitional Provisions

The 2022 Regulations established a transitional framework to facilitate the voluntary conversion of OPLs and OMLs to PPLs and PMLs under the PIA, including specific application requirements.

These provisions have been removed in the 2026 Regulations following the expiry of the voluntary conversion window under section 92(4)⁸ of the PIA.

5. Clarification on Renewals of OMLs

The Regulations expressly provide that an OML may only be renewed as a PML upon expiration of its term, in accordance with Sections 87(1) and 93⁹ of the PIA. This introduces greater clarity on the treatment of legacy OMLs under the current legal framework.¹⁰



⁴ Section 92(6) of the PIA provides that where a holder of an existing OPL or OML fails to execute a conversion contract before the conversion date, the terms of the Petroleum Act applicable before the PIA will continue to govern the licence or lease. However, this continuity is subject to specified provisions of the PIA (including sections 124(2), 125(6), 174(6), 303(1), and 311(2)(b)) which will still apply notwithstanding the failure to convert.

⁵ Section 311(2) of the PIA provides that all licences, leases, permits, certificates, and other authorisations granted under the repealed petroleum laws continue to remain valid after the commencement of the Act and are deemed to have been issued under the PIA. However, this validity is limited to the unexpired portion of their original term, and such instruments are subject to the provisions of the PIA only to the extent that those provisions do not conflict with the existing rights and obligations under the original grant.

⁶ Regulations 3 of the Conversion and Renewal (Licences and Leases) Regulations 2022

⁷ Regulations 3(3)(d) of the Conversion and Renewal (Licences and Leases) Amendment Regulations 2026

⁸ “A conversion contract shall be concluded at a date (“conversion date”) which is the earlier of; (a) 18 months from the effective date; and (b) the expiration date of the oil mining lease or date of conversion of the oil prospecting licence to an oil mining lease” Section 92(4) of the PIA

⁹ “A lessee of a Petroleum Mining Lease may, not less than 12 months before the expiration of the lease, apply in writing to the commission for a renewal, of leased area or any part of it” Section 87(1) of PIA.

Section 93 of the PIA provides the mechanism for converting existing OPLs and OMLs under the Petroleum Act into PPLs and PMLs under the PIA, allowing licence holders to opt into the new regime and become fully subject to its provisions. It introduces ring-fencing by requiring operators to retain only commercially viable assets while relinquishing undeveloped areas and ensures that fiscal obligations such as rents and royalties are governed under the PIA after conversion.

¹⁰ Regulation 5(7) of the Conversion and Renewal (Licences and Leases) Amendment Regulations 2026

6. Removal of Reference to Paragraph 35 of the First Schedule to the Petroleum Act

The 2022 Regulations provided that leases subject to renegotiated PSCs with NNPC Limited were to be renewed in accordance with the terms contemplated under paragraph 35 of the First Schedule to the Petroleum Act.

Under the 2026 Regulations, the reference to the terms set out in paragraph 35 of the First Schedule to the Petroleum Act has been removed. This effectively expunges the previously prescribed framework governing the renewal of such leases under renegotiated production sharing arrangements.

7. Fiscal Adjustments: Removal of References to the Petroleum Act

Under the 2022 Regulations, certain provisions relating to fees, rents, and royalties applicable to OPLs and OMLs were framed by reference to the Petroleum Act. Under the 2026 Regulations, all such references to the Petroleum Act have been replaced with references to the “Act,” defined as the Petroleum Industry Act, 2021.

The removal of Petroleum Act references introduces interpretative uncertainty that may impact fiscal predictability for legacy OPL and OML assets.

8. Revocation of the 2022 Regulations

The 2026 Regulations expressly revoke the Conversion and Renewal (Licences and Leases) Regulations, 2022. This eliminates any ambiguity regarding the applicable legal framework and confirms the 2026 Regulations as the governing instrument.¹¹



CONCLUSION

The 2026 Regulations represent a significant step in consolidating Nigeria's upstream regulatory framework under the PIA. By removing transitional provisions, expanding the scope, and refining procedural requirements, the Commission has reinforced a more structured and transparent licensing regime. Stakeholders should take proactive steps to ensure compliance and position themselves effectively within the evolving upstream landscape.

¹¹ Ibid. Regulations 26

PRACTICE KEY CONTACTS



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