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## Introduction

The Nigerian Upstream Petroleum Regulatory Commission (the “**Commission**”) has issued the Nigeria Upstream Decommissioning and Abandonment Regulations, 2026 (the “**2026 Regulations**”), repealing the Nigerian Upstream Petroleum Decommissioning and Abandonment Regulations, 2023 (the “**2023 Regulations**”), with effect from 9 March 2026.

While the 2023 Regulations established the foundational framework for Decommissioning and Abandonment (“**D&A**”) obligations in Nigeria's upstream petroleum sector pursuant to the Petroleum Industry Act, 2021 (“**PIA**” or the “**Act**”), the 2026 Regulations largely retain this structure but introduce targeted refinements aimed at addressing implementation challenges, funding constraints, and lifecycle compliance gaps. These provisions reflect regulatory experience gained since the issuance of the 2023 Regulations and are intended to improve clarity, flexibility, and enforceability.

# NIGERIA UPSTREAM PETROLEUM DECOMMISSIONING AND ABANDONMENT REGULATIONS 2026



## Scope and Applicability

The 2026 Regulations retain the same broad scope as the 2023 Regulations. They continue to apply to the D&A of all wells, installations, structures, and upstream petroleum facilities used in upstream petroleum operations under licences and leases preserved under section 311(2) of the PIA, as well as licences and leases granted under the Act.

The key difference is not in the assets covered, but in how the regime now applies to them. While the 2023 Regulations applied a largely uniform framework across all assets and licence types, the 2026 Regulations introduces a more structured and asset-specific approach by linking compliance obligations to the type of title held, the stage of petroleum operations, and the category of infrastructure being decommissioned. This makes the regime more targeted in application, while preserving its original scope.

## Key Provisions of the 2026 Regulations

### 1. Submission of Decommissioning and Abandonment Plan

The 2026 Regulations provide that a licensee or lessee engaged in upstream petroleum operations should submit a D&A Plan upon the commencement of the 2026 Regulations, and licensees and lessees with an existing D&A Plan in their Field Development Plan should submit an updated D&A Plan.<sup>1</sup>

Under the 2026 Regulations, licensees and lessees either submitting their D&A Plan or an updated D&A plan must in the case of a Petroleum Prospecting Licence (PPL) holder, now submit a D&A Plan alongside its application for approval of a Work Programme, while a Petroleum Mining Lease (PML) holder must submit one at the Field Development Plan (“FDP”) submission stage. Where a licensee or lessee already has an approved D&A Plan embedded in an existing FDP, it must submit an updated D&A Plan within six (6) months of the commencement of the 2026 Regulations.<sup>2</sup> D&A is no longer an end-of-life consideration but must be planned from the beginning of a project.

### 2. Suspension and shut-in of Wells

The 2026 Regulations introduce two notable changes to the framework governing well suspension and shut-in. First, unlike the 2023 Regulations, which was silent on the shut-in of producing wells, the 2026 Regulations expressly address this by providing that no well will be shut-in for operational reasons for a period exceeding 1 year, except with the express approval of the Commission.<sup>3</sup>

Also, the maximum suspension period has been extended from three years under the 2023 Regulations to four years under the 2026 Regulations, with the possibility of further extension. The 2023 Regulations

also provided that the period of suspension may be extended, provided the application for extension is made not later than three months to the termination of the initial three-year period. The 2026 Regulations do not provide for the period of time within which to make the application for extension.<sup>4</sup>

It is, however, noteworthy that Regulation 5(10) of the 2026 Regulations contains what appears to be an internal inconsistency. Regulation 5(10) of the 2026 Regulations provides that where a licensee or lessee fails to make an extension application, or where the Commission declines to approve an extension, the licensee shall, unless otherwise directed by the Commission, complete the abandonment of the well within one month of the expiration of “the three-year period”.<sup>5</sup> This contradicts the provision in Regulation 5(9)(b), which provides that the suspension period is for a maximum period of 4 years. The retention of the three-year reference in Regulation 5(10) appears to be a drafting oversight on the part of the regulator and may require clarification or correction in due course.

### 3. Narrowing of Well Decommissioning Application Requirements

Under Regulation 5(13)(i) of the 2023 Regulations, an application to decommission, suspend, or abandon a well was required to include a report of interested party consultations conducted in compliance with the Regulations or any other applicable law. The 2026 Regulations remove this requirement entirely. Operators are therefore no longer expressly required, at the well decommissioning application stage, to submit a consultation report as part of the prescribed decommissioning programme content.

<sup>1</sup> Regulations 3(1) of the 2026 Regulations

<sup>2</sup> Ibid. Regulation 3(1) and 3(5) (a-c)

<sup>3</sup> Ibid. Regulation 5(9)(a)

<sup>4</sup> Ibid. Regulation 5(9)(b)

<sup>5</sup> Ibid. Regulation (5)(10)

#### 4. Clarification of the Commencement of Decommissioning and Abandonment

Under the 2023 Regulations, the commencement of D&A was broadly tied to the submission of an application for approval to D&A, accompanied by a decommissioning programme. The 2026 Regulations clarify and expand this position by providing that execution of a D&A programme under an approved D&A Plan must commence through the formal application procedures set out in Regulations 5(11), 6 and 11 of the 2026 Regulations.<sup>6</sup>

In the case of onshore installations, structures, utilities, plants, or pipelines and onshore oil fields, the application for approval must be submitted to the Commission at least 12 months prior to the proposed commencement date.<sup>7</sup> For offshore installations and fields, the application must be made at least 60 months prior to the proposed commencement date<sup>8</sup> reflecting the greater technical, operational, and environmental complexities associated with offshore decommissioning.

The Commission retains a 120-day window to communicate its decision on an application, and a rejected application gives the licensee or lessee 180 days to resubmit an amended application.<sup>9</sup>

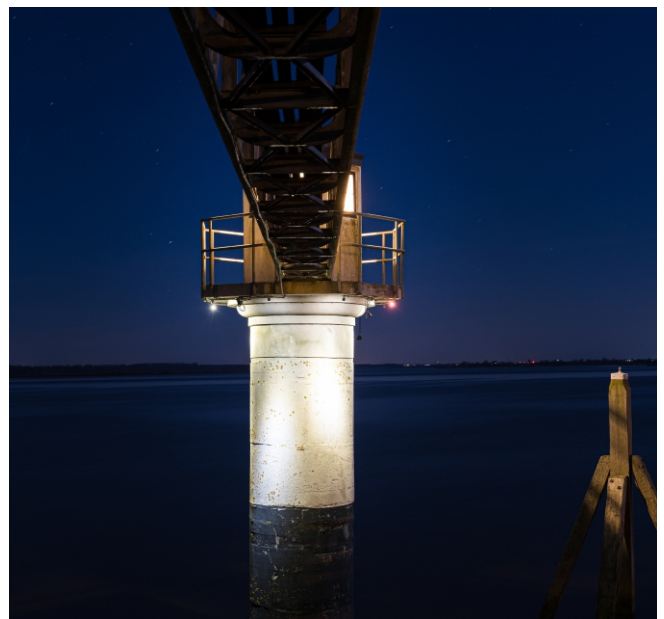
#### 5. Post-Decommissioning Obligations Have Been Extended<sup>10</sup>

The 2023 Regulations contained a drafting error in Regulation 15(1)(c), incorrectly linking post-completion monitoring surveys to a non-existent provision (“(1)(a)(i)”), creating uncertainty as to scope, though it likely intended to refer to (b)(i). The 2026 Regulations correct this defect by properly referencing (b)(i) and (b)(ii).

Substantively, the 2026 framework clarifies and expands operator's obligation to submit post-completion monitoring surveys covering both decommissioned site/well monitoring and residual installations/pipelines.

#### 6. Legacy Assets Are Now Captured

A significant gap in the 2023 Regulations was its failure to address existing fields already in development or production without an approved D&A Plan. The 2026 Regulations close this gap. Operators in this position must submit a D&A Plan within six months of the commencement of the 2026 Regulations and establish the required Decommissioning and Abandonment Fund (“D&A Fund” or the “Fund”) within 180 days of the plan approval.<sup>11</sup>



#### 7. Refinement of the D&A Fund Framework

The 2026 Regulations retain the requirement for every licensee and lessee to establish and maintain a D&A Fund, but significantly refine the timeline, custody, and access arrangements.

On timing, the previous 90-day post-production trigger has been replaced with a

<sup>6</sup> Ibid. Regulations 12(1)

<sup>7</sup> Ibid. Regulations 5(11) and 5(12)

<sup>8</sup> Ibid. Regulations 6

<sup>9</sup> Ibid. Regulations 12(2-4)

<sup>10</sup> Ibid. Regulations 15(1)(b)

<sup>11</sup> Ibid. Regulation 19(2)(c)

title-based timeline. PPL holders must now establish the Fund within 180 days of work programme approval, while PML holders have 180 days from the date of the PML grant, subject to the D&A Plan submitted at the FDP approval stage.<sup>12</sup> In all cases, a licensee or lessee must submit notice of the setting-up of the Fund not later than 14 days from the date of its establishment.<sup>13</sup>

On Fund custody, the Central Bank of Nigeria (CBN)-exclusive escrow model has been abolished. Under the 2023 Regulations, the D&A Fund was required to be held with the CBN, except for International Oil Companies (IOCs) in joint venture or production sharing contracts arrangements with Nigerian National Petroleum Company Limited (“NNPC Limited”), who were permitted to hold not more than 85% of their annual contribution to the Fund in a qualifying financial institution offshore.<sup>14</sup> Funds may now be held with any qualifying Nigerian financial institution that meets a national credit rating of A+ or its equivalent as published by Standard & Poor's, Fitch Ratings, Moody's Investors Service, Agusto & Co., or GCR Ratings. For offshore holdings, a minimum international credit rating of A+ from Standard & Poor's, Fitch, or Moody's is required<sup>15</sup>, aligning the regime more closely with commercial financing practice.

Under the 2026 Regulations, the default position is that 100% of the Fund must be held locally. However, the exception under the 2023 Regulations to IOCs to hold not more than 85% of their annual contribution to the Fund in a qualifying financial institution offshore is still applicable under the 2026 Regulations. Importantly, a new balancing rule introduced by the 2026 Regulations requires that Fund withdrawals be managed so that the amount held locally never exceeds 15% of the total Fund. The 15% threshold,

therefore, operates as both a floor and a ceiling for qualifying IOC-backed assets, creating a more controlled and predictable liquidity structure<sup>16</sup>

Where the credit rating of a financial institution holding any part of the Fund falls below the prescribed minimum threshold, the 2023 Regulations gave the licensee or lessee 30 days to apply to the Commission for approval of a replacement institution. The 2026 Regulations extend this window to 90 days, providing operators with greater time to identify and transition to a qualifying institution.<sup>17</sup> Pre-existing Funds set aside under any licence or lease prior to the commencement of the 2026 Regulations must be transferred to the D&A Fund established under the 2026 Regulations.<sup>18</sup>

The 2026 Regulations also introduce an additional obligation under Regulation 20, requiring licensees and lessees to make contributions to the D&A Fund prior to submitting the annual statement of accounts of the Fund to the Commission, as contemplated under section 233(9)(b) of the PIA.

## 8. Revocation of 2023 Regulations

The 2026 Regulations expressly revoked the 2023 Regulations, and anything done under the 2023 Regulations will continue to have effect to the extent that it is not inconsistent with the 2026 Regulations.<sup>19</sup>

## 9. Correction of Drafting and Grammatical Errors

Beyond its substantive reforms, the 2026 Regulations correct several drafting and grammatical errors that appeared in the 2023 Regulations. While editorial in nature, such corrections are significant in the context of a regulatory instrument, where imprecision can generate

<sup>12</sup> Ibid. Regulations 19

<sup>13</sup> Ibid. Regulations 19(3)

<sup>14</sup> Regulations 19(4) of the 2023 Regulations

<sup>15</sup> Regulation 19(4) of the 2026 Regulations

<sup>16</sup> Ibid. Regulation 19(5)

<sup>17</sup> Ibid Regulation 19(7)

<sup>18</sup> Ibid. Regulations 19(13)

<sup>19</sup> Ibid. Regulations 25

interpretive ambiguity and compliance uncertainty.

First, the word "Abandonment" was consistently misspelt as "Abandonement" across the title, arrangement of regulations, and citation provision of the 2023 Regulations. The 2026 Regulations correct this throughout the instrument. It is notable, however, that the 2026 Regulations itself introduces a new typographical error in the same word: the full title of the instrument renders "Abandonment" as "Abadonment".

In addition, the 2023 Regulations cross-referenced "Regulation 15(2)(c)" for the content requirements of an offshore decommissioning programme — a provision that does not exist in the 2023 Regulations. The correct provision was Regulation 5(13). The 2026 Regulations correct this, with Regulation 6(3) now accurately referencing Regulation 5(11).

Further, the 2023 Regulations defined "Fund" by reference to "Regulation 33(1)" — a provision that does not exist in the 2023 Regulations, which ends at Regulation 26. The 2026 Regulations correct this by anchoring the definition directly to section 233(1) of the PIA, providing a more durable and accurate foundation for the term.

## Implications for Stakeholders

1. Operators must plan for decommissioning much earlier than before. The 2026 Regulations tie D&A Plan submission to key project approval milestones, specifically the PPL work programme and the FDP, rather than treating it as a standalone obligation. This means that from the outset of a project, operators must factor decommissioning costs and procedures into their planning, requiring greater technical and financial preparedness at earlier stages of the asset lifecycle.

2. Legacy assets are no longer exempt from D&A compliance. A critical gap in the 2023 Regulations was its silence on existing fields already in development or production without an approved D&A Plan. The 2026 Regulations close this gap by giving such operators six months to submit a D&A Plan and 180 days after its approval to establish the required Fund. This means operators without an approved D&A Plan must submit a D&A plan on or before 9 September 2026.
3. Operators with previously approved D&A Plan are also to submit an updated D&A Plan within 6 months of commencement of the 2026 Regulations which is on or before 9 September 2026.
4. The D&A Fund framework is now more flexible but more precisely governed. The shift away from CBN-exclusive custody to any qualifying Nigerian financial institution introduces commercial flexibility. With the CBN no longer the sole permissible custodian, qualifying Nigerian banks can now compete to hold and manage D&A escrow accounts across the upstream sector. These banks will, however, need to meet NUPRC's approval standards to participate.



5. The removal of the requirement for operators to submit evidence of stakeholder consultations as part of their well decommissioning application reduces the documentation burden and simplifies the approval process. However, this is a regression in the protection previously afforded to host communities and interested parties.



## Conclusion

The 2026 Regulations refine the 2023 Regulations in important respects. While the 2023 Regulations established the legal and financial foundation for decommissioning and abandonment in Nigeria's upstream petroleum sector, the 2026 Regulations make that framework more practical, more structured, and easier to implement.

The 2026 Regulations preserve the core framework introduced in 2023 but improve how it operates in practice. They align D&A obligations more closely with project approval milestones, expand the funding regime to capture legacy assets, introduce more flexible Fund custody arrangements, clarify responsibility and commencement triggers, and strengthen post-decommissioning oversight. At the same time, they simplify certain procedural requirements and reduce administrative rigidity without removing regulatory control.

Overall, the 2026 Regulations shift the regime from a rigid compliance model to a more operational and commercially workable system.

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