

## AN APPRAISAL OF THE LEGAL ROLES OF THE PRINCIPAL REGULATORY INSTITUTIONS IN THE PETROLEUM INDUSTRY OF NIGERIA UNDER THE PETROLEUM INDUSTRY ACT 2021

By

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### Abstract

*The authors examined the functions of the regulatory institutions in the Nigerian oil industry as provided for by the Petroleum Industry Act 2021. The Act established a comprehensive reform with the objective of enhancing effectiveness, transparency and accountability in the oil sector. The authors also analysed the functions and responsibilities of the key regulatory bodies, focusing on the roles of these institutions in the petroleum industry, comprising of; The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) respectively, as well as the outstanding functions they perform. The trajectory adopted was the examination of how these institutions are taxed in relation with various aspects of the petroleum industry such as licensing, compliance enforcement order, revenue generation and environmental management. It was found that the Petroleum Industry Act 2021 has the prospect of streamlining regulatory processes, attracting investment and promoting sustainable development. Ultimately, this analysis provided an in-depth understanding of the regulatory terrain established by the Petroleum Industry Act, furnishing insight as to its effectiveness and identifying areas requiring further legislative concentration.*

**Keywords:** Legislation, NMDPRA, NUPRC, Petroleum Industry Act, and Regulatory Institutions

### 1.0 Introduction

Prior to the enactment of the inventive Petroleum Industry Act 2021, the legislation governing the Petroleum Industry in Nigeria was the Petroleum Act 1969, promulgated by the defunct Federal Military Government as the Petroleum Decree 1969.<sup>1</sup> The Petroleum Act 1996<sup>2</sup> and the petroleum Act 1998<sup>3</sup> have alongside with sixty-seven other principal legislation and thirty subsidiary legislations governed the nation's petroleum industry for over four decades.<sup>4</sup>

After several years of working and overhauling the legislative framework of the oil and gas industry in Nigeria, the Nigerian government made significant change to combat the issue of petroleum governance in the petroleum industry.<sup>5</sup> The need for the effective and efficient administering, controlling and management of the downstream, midstream and upstream sector of the industry propelled the

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<sup>1</sup>Decree No 51 of 1969, Petroleum Act, Cap P10 LFN 2004.

<sup>2</sup>Decree No 23 of 1996.

<sup>3</sup>Decree No 22 of 1998.

<sup>4</sup>N Ayoola-Daniels, Nigerian Laws, Cases on Oil and Gas Law (Petgas Global Consulting Limited, 2008)1-2.

<sup>5</sup>O Izu-Emmanuel, The Roles of the Nigerian Upstream Petroleum Regulatory Commission in the Petroleum Industry Under the Petroleum Industry Act [2023] 3 (1), *Achievers University Law Journal* <https://www.aulawjournal.com>, 109.

unbundling of the activities of the department of petroleum resources into two regulatory institutions namely: the Nigerian Upstream Petroleum Regulatory Commission and the Nigerian Midstream and Downstream Regulatory Authority. These regulatory bodies will help facilitate the efficient and effective management, control and administration of the Petroleum Industry business and the services rendered to the public.

The focus of this article shall be based on the Roles in the key Regulatory Institutions in the Petroleum Industry of Nigeria under the Petroleum Industry Act 2021.

## 2.0 Key Conceptual Framework

### Petroleum

Omorogbe<sup>6</sup> defined petroleum as a compound, composed of hydrogen and carbon called hydrocarbon. It can exist in gaseous, liquid, or solid form. When it is found as solid, it is either in coal, tar sand or bitumen, in liquid form it is referred to as crude oil and hydrocarbon in gaseous form is known as natural gas.

Section 318 of the Act<sup>7</sup> defines petroleum as hydrocarbons and associated substances as they exist in its natural state in strata and include oil, natural gas condensate and mixtures of any of them but does not include bitumen and coal.

## 3.0 Legal Framework

### The Petroleum Industry Act, 2021

The petroleum Industry Act 2021 provides for the establishment of a legal, fiscal and regulatory framework in the petroleum industry of Nigeria and for other related matters. The Act seeks to harmonize and replace all extant legislations governing oil and gas industry. The main objectives of the Act are the vesting of the property and sovereign ownership of petroleum within Nigeria in the federal government of Nigeria and the right of the federal government to participate in the granting of licences or leases under the Act on the terms and condition negotiated by the Minister of Petroleum Resources to the applicant of the licences or leases for the exploitation and exploration of the oil discovered.

The Act in Part I listed several objectives that will help create a conducive business environment for petroleum operation, making enactments relating to the exploration and exploitation of petroleum resources, creation of efficient and effective regulatory agencies, among others.<sup>8</sup>The nation's drive towards good governance and accountability as provided for in section 3 of the Act<sup>9</sup> which provides that the management and allocation of petroleum resources and their derivatives in Nigeria shall be conducted in accordance with the principles of good governance, transparency and the sustainable development of the Nigerian petroleum industry.

The overriding consideration in the management of petroleum resources shall be to the maximum benefit of the Nigerian state.

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<sup>6</sup>Y Omorogbe, *Oil and Gas Law in Nigeria* (Malthouse Press Limited, 2001)1.

<sup>7</sup>Petroleum Industry Act 2021 Cap P10 LFN 2004.

<sup>8</sup> Izu-Emmanuel (n5) 110.

<sup>9</sup> PIA 2021(n6)

The Act therefore shall seek to provide:<sup>10</sup>

1. An orderly, fair and competitive system;
2. Clear and effective legal and institutional frameworks for organizing petroleum operation;
3. A fiscal regime that offers fair returns on investment while optimizing the benefits of all Nigerians.

This legislation established the key regulatory institutions which are the Nigerian Upstream Petroleum Regulatory Commission<sup>11</sup> and Nigerian Midstream and Downstream Petroleum Regulatory Authority<sup>12</sup> respectively.

On its part, Section 4 of the Act<sup>13</sup> provides that the Nigerian Upstream Petroleum Regulatory Commission shall be a body corporate with perpetual succession and a common seal.<sup>14</sup> Section 4 (2) provides that;<sup>15</sup>

The Commission shall have the power to acquire, hold and dispose of property, sue and be sued in its own name.

Consequently, section 4(3) provides that:

The commission shall be responsible for the technical and commercial regulation of upstream petroleum operations.<sup>16</sup>

In the same vein, the Act made provision for the establishment of the Nigerian Midstream and Downstream Petroleum Regulatory Authority which shall be a body corporate with perpetual succession and a common seal.<sup>17</sup>

However, the Act in section 29(2) provides that;

The Authority shall have the power to acquire, hold and dispose of property, sue and be sued in its own.<sup>18</sup>

Furthermore, the Act in section 29(3) provides that:

The authority shall be responsible for the technical and commercial regulation of midstream and downstream petroleum operations in the petroleum industry.<sup>19</sup>

#### **4.0 Institutional Framework**

##### **Nigerian Upstream Petroleum Regulatory Commission (NUPRC)**

The Nigeria Upstream Petroleum Regulatory Commission is vested with the assets and liabilities relating to the functions formerly performed in the upstream petroleum sector by the Department of

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<sup>10</sup> *Ibid* s.2

<sup>11</sup> PIA 2021, s.4(1)

<sup>12</sup> *Ibid* s.29(1)

<sup>13</sup> PIA, 2021, (n11)

<sup>14</sup> *Ibid*

<sup>15</sup> *Ibid*

<sup>16</sup> *Ibid*

<sup>17</sup> *Ibid* s.29(1)

<sup>18</sup> *Ibid*.

<sup>19</sup> PIA 2021(n6)

Petroleum Resources. The power of approval with respect to activities in the upstream sector of the petroleum industry in Nigeria has been transferred to a new body known as the Nigerian Upstream Petroleum Regulatory Commission (NUPRC). By virtue of section 4(3) of the Act;<sup>20</sup> the commission shall be responsible for the technical and commercial regulation of upstream petroleum operations.

The objectives and functions of the commission are limited to upstream petroleum operations.<sup>21</sup> The commission's objectives shall include;<sup>22</sup>

- a. To regulate upstream petroleum operations including technical, operational and commercial activities;
- b. To ensure compliance with all applicable laws and regulations governing upstream petroleum operations;
- c. To ensure that upstream petroleum operations are carried out in a manner to minimize waste and achieve optimal government revenue;
- d. To promote healthy, safe, efficient and effective conduct of upstream petroleum operations in an environmentally acceptable and sustainable manner;
- e. To ensure efficient, safe effective and sustainable infrastructural development of upstream petroleum operations;
- f. To determine, administer and ensure the implementation and maintenance of technical standards, codes, practices and specifications applicable to upstream petroleum operations pursuant to good international petroleum industry practices;
- g. To implement government policies for upstream petroleum operations as directed by the minister of petroleum and in accordance with this Act;
- h. To promote an enabling environment for investment in upstream petroleum operations;
- i. To ensure strict implementations of environmental policies, laws and regulations of upstream petroleum operations;
- j. To ensure the implementation of national policies for upstream petroleum; and
- k. To implement such other policies and objectives as are consistent with the provisions of the Act.

Accordingly, the functions of the commission are divided into two; they are technical regulatory and commercial functions. Section 7 of the Act,<sup>23</sup> provides for the technical regulatory functions of the commission which includes the following;

- a. To enforce, administer and implement laws, regulations and policies relating to the upstream petroleum operations;
- b. Ensure compliance with applicable national and international petroleum industry policies, standards and practices for upstream petroleum operations among others.

The commercial regulatory functions of the commission shall be scheduled with the responsibility to;

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<sup>20</sup> PIA 2021 (n 6)

<sup>21</sup> *Ibid* s.5

<sup>22</sup> *Ibid* s.6

<sup>23</sup> PIA 2021 (n 6).

- a. Review and approve the commercial aspects of field development plans and other related upstream petroleum operations;
- b. Supervise costs and cost control in upstream petroleum operations;
- c. Review and approve commercial aspects of work programmes and field development plans for all licensees, lessee or permit holders in upstream petroleum operations, including the NNPC and NNPC Limited among others.

The commission is empowered under section 10 of the Act,<sup>24</sup> to enforce the provisions of any regulation made with respect to upstream operations, regulations, policies or guidelines, with respect to the upstream operations; enactments which relates to the upstream petroleum industry made prior to the coming into force of this Act and any regulations made pursuant to powers given under them. The commission shall also have the powers to require that lessees, licensees and permit holders publish specified and non-proprietary information relating to petroleum operations; impose on an upstream petroleum exploration licence or any petroleum mining lease to which this Act applies, special terms and conditions not inconsistent with this Act at the grant or renewal of the licence or lease, to renew licences and leases subject to the provision of this Act and do such things as are necessary and expedient for the effective and full discharge of any of its functions under the Act.

#### **Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA)**

Section 29 of the Act<sup>25</sup> establishes the Nigerian Midstream and Downstream Petroleum Regulatory Authority. The authority shall be responsible for the technical and commercial regulation of the midstream and downstream petroleum operations in the petroleum industry. The objectives and functions of the Authority are limited to midstream and downstream petroleum operations.

The Nigerian Midstream and Downstream Petroleum Regulatory Authority is vested with the assets and liabilities relating to the midstream and downstream petroleum sector, and functions formerly vested in the department of petroleum resources. Its functions include to administer and enforce policies, laws and regulations relating to all aspects of the downstream petroleum operations and to issue and administer licences in the downstream sector.

The Act provides in section 31 that the authority shall carry out the following objectives, which includes;<sup>26</sup> to regulate midstream and downstream petroleum operations, including technical, operational and commercial activities, ensure efficient, safe, effective and sustainable development of the midstream and downstream petroleum operation; promote healthy, safe, efficient and effective conduct of midstream and downstream petroleum operations in an environmentally acceptable and sustainable manner; promote a competitive market for midstream and downstream petroleum operations; promote the supply and distribution of natural gas and petroleum products in the midstream and downstream petroleum operations and the security of natural gas for the domestic gas market and few others.

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<sup>24</sup> PIA 2021(n6).

<sup>25</sup> PIA 2021(n6).

<sup>26</sup> PIA 2021 (n6).

By virtue of section 32 of the Act,<sup>27</sup> the authority is charged with the following functions which are; to regulate and monitor technical and commercial functions of the midstream and downstream petroleum operations in Nigeria; to regulate commercial midstream and downstream petroleum operations including:

- a. Petroleum liquids operations
- b. Domestic natural gas operations
- c. Export natural gas operations to grant, issue, modify, extend, renew, review, suspend, cancel, re-issue or terminate licences, permits and authorizations for midstream and downstream petroleum operations; monitor and enforce compliance with the terms and conditions of licences, permits and authorizations issued by the authority; among others.

The authority shall make regulations in section 33 of the Act,<sup>28</sup> in relation to the processing, refining, transmission, distribution, supply, safety and storage of petroleum and petroleum products as well as other midstream and downstream petroleum operations; establish those midstream and downstream petroleum operations to be subject to a licence or permit from the authority; establish the application criteria and procedure for licences and permits for midstream and downstream petroleum operations; establish the procedure for review and approval of licence and permit applications for midstream and downstream petroleum operations; establish the duration and conditions for licences and permits for the midstream and downstream petroleum operations among others.

### **5.0 The Roles of the key Regulatory Institutions in the Petroleum Industry in Nigeria under the Petroleum Industry Act 2021.**

The key regulatory institutions which are the NUPRC and the NMDPRA shall be responsible for the contractual activities in the upstream, midstream and downstream petroleum sector of the industry.<sup>29</sup> The regulatory institutions shall be involved in activities relating to upstream sector which are the issuance of licences and leases, assignment of leases, approval of farm out arrangements and on the other hand, the midstream and downstream sector which are the grant of pipeline permits, regulation of domestic base price, ensuring good quality of petroleum marketed, among other things.

Basically, the role of the Nigerian upstream petroleum regulatory commission is divided into two: these are technical, regulatory and commercial functions. Section 7 of the Act<sup>30</sup> Provides for the technical regulatory functions of the commission which includes to:

- i. Enforce, administer and implement laws, regulations and policies relating to upstream petroleum operations ensure;
- ii. Compliance with applicable national and international petroleum industry policies, standards and practices for upstream petroleum operations.
- iii. Establish, monitor, regulate and enforce health, safety and environmental measures and standards relating to upstream petroleum operations in the:
  - a. Management of petroleum reserves and installations, and

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<sup>27</sup>PIA 2021(n6).

<sup>28</sup> *Ibid.*

<sup>29</sup> Y Oke, *Nigerian Energy Resources: Law and Practice* (Princeton & Associates Publishing Co. Ltd, 2019) 286.

<sup>30</sup> PIA 2021(n6).



- b. Exploration, development and production activities within the onshore, offshore and exclusive economic zone of Nigeria,
- iv. Administer, monitor and enforce compliance with the terms and conditions of leases and licences granted and permits and authorizations issued to a company in respect of upstream petroleum operations;
- v. Set, define and enforce approved standards and regulations for design, construction, fabrication, operation and maintenance of plants, installations and facilities used in upstream petroleum operations for the following:
  - a. Crude oil and natural gas evaluation and management,
  - b. Upstream natural gas gathering,
  - c. Natural gas treatment, and
  - d. The elimination of natural gas flaring and venting,
- vi. Keep public register of:
  - a. Licences and leases granted by the minister and permit and other authorizations issued by the commission
  - b. Beneficial ownership and
  - c. Award, renewal, assignment, amendment, suspension and revocation thereof;
- vii. Carry out enquiries, test audits or investigation and take other steps to monitor the activities of licensees, lessees or permit holders;
- viii. Establish and enforce standards relating to upstream petroleum operations;
- ix. Undertake evaluation of national reserves and develop policies for prudent reservoir management practices;
- x. Maintain a Nigerian petroleum industry data bank comprising of materials, information and data acquired by, or submitted to the commission in the exercise of its statutory and regulatory functions;
- xi. Require lessees, licensees and permit holders to furnish and publish specified information relating to upstream petroleum operations in this Act.
- xii. Supervise and ensure accurate calibration and certification of equipments used for metering upstream petroleum operations and issue certificates of quality and quantity for petroleum produced;
- xiii. Publish reports and statistics on upstream petroleum operations to promote the growth of the petroleum industry;
- xiv. Advise the minister on fiscal, operational, technical and other matters to enhance the upstream petroleum operations;
- xv. Issue permits and other authorizations as may be necessary for technical activities, including:
  - a. Seismic operations
  - b. Drilling operations and
  - c. Design, construction and operations of facilities for upstream petroleum operations;
- xvi. Establish special laboratories to provide data storage and testing quality assurance and certification for upstream petroleum operations;
- xvii. Perform technical evaluation and assessment regarding submission made to the commission by licensees, lessees or permit holders involving in upstream petroleum operations;

- xviii. Keep records of data and report obtained from upstream petroleum operations as may be required under any Act or regulation and give directive to any person, company or entity in that regard;
- xix. Manage and administer data regarding unallocated acreage;
- xx. Conduct bidding rounds for the award of petroleum prospecting licences and petroleum mining leases pursuant to this Act and applicable regulations;
- xxi. Approve field development plans and commercial terms for upstream petroleum operations;
- xxii. Perform such other functions as may be necessary to give effect to the provisions of this Act.

The commercial role of the commission is provided for in Section 8 of the Act<sup>31</sup> which shall include to:

- i. Review and approve the commercial aspects of field development plans and other related upstream petroleum operations;
- ii. Supervise the costs and control in upstream petroleum operations;
- iii. Review and approve commercial aspects of work programmes and field development plans for all licensees, lessees or permit holders in upstream petroleum operations including the NNPC and NNPC limited;
- iv. Develop cost studies and benchmarks for the evaluation of upstream petroleum operations taking into account petroleum industry specific issues which include field size reservoir depth, location of operations technology applied, production methods and petroleum quality;
- v. Implement cut backs of crude oil or condensate production ordered by the minister; and
- vi. Make arrangements with NNPC Limited regarding any functions under the Act.<sup>32</sup>
- vii. Further role of the commission shall be in respect to the frontier basins which shall include;<sup>33</sup>
  - a. To promote the exploration of the frontier basins of Nigeria;
  - b. To develop exploration strategies and portfolio management for the exploration of unassigned frontier basins in Nigeria;
  - c. To identify opportunities and increase information about the petroleum resources base within frontier basins in Nigeria;
  - d. To undertake studies, analyze and evaluate unassigned frontier basins in Nigeria.

Where the data acquired and interpreted under a petroleum exploration licence is, in the judgement of the commission one requiring the testing and drilling of identifiable prospects and leads and no commercial entity has publicly expressed an intention of testing or drilling such prospects, the commission in this instance may engage the services of a competent person to drill or test such prospect and leads on a service fee basis.<sup>34</sup>

The commission shall have the power to:<sup>35</sup>

- a. Enforce the provisions of any;
  - i. Regulation made with respect to upstream petroleum operations;

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<sup>31</sup> PIA 2021(n6).

<sup>32</sup> *Ibid* s.64.

<sup>33</sup> PIA 2021, s.9.

<sup>34</sup> L Atsegbua, *Oil and Gas Law in Nigeria: Theory and Practice* (4<sup>th</sup>edn: Four Pillar Publishers, 2021) 55.

<sup>35</sup> PIA 2021, s.10.



- ii. Regulations, policies or guidelines previously administered by the department of petroleum resources or the petroleum inspectorate with respect to upstream petroleum operations, and
- iii. Enactment with respect to the upstream petroleum industry made prior to the coming into force of this Act and any regulations made pursuant to powers given under them;
- b. Seal up any premises, pursuant to section 217 of the Act,<sup>36</sup> including any faculty or plant engaged in upstream petroleum operations, where there has been a contravention of this Act or any regulations made under this Act.
- c. Set standards to promote the adoption of new technologies for upstream petroleum operations.
- d. Require issues, licenses, and permit holders to publish specified and non-proprietary information relating to upstream petroleum operations;
- e. Issue guidelines in accordance with the provisions of the Act or any other regulations in respect of upstream petroleum operations;
- f. Recommend to the minister the revocation or suspension of licences and leases in accordance with this Act and Prove the renewal of leases;
- g. Impose on a petroleum prospecting licence, petroleum exploration licence or any petroleum mining lease to which this Act applies special terms and conditions not inconsistent with this at the grant or renewal of the licence or lease;
- h. Renew licences and leases subject to the provisions of this Act and
- i. Do such things that are necessary and expedient for the effective and full discharge of any of its functions under this Act.

In addition, the commission shall carry out the following special powers which include to:<sup>37</sup>

- a. Inquire, inspect, examine or investigate any business or activity relating, to upstream petroleum operation under this Act, where it believes that illegal upstream petroleum operations are going on;
- b. Conduct surveillance on crude oil and natural gas installations, premises and vessels where it believes that illegal upstream petroleum operations are going on;
- c. Enter any upstream wells life, plant, facility or place;
  - a) At which crude oil or natural gas is produced, handled or treated or
  - b) That is used in connection with any upstream well life plants, facility or place where crude oil or natural gas is produced or treated;
- d. Enter at any reasonable time premises containing any records or property required to be maintained pursuant to this Act or related to the administration of upstream petroleum operations under this Act for the purpose of inspecting those records or that property;
- e. Require any person or his agent, representative, partner, director, officer or employee engaged in upstream petroleum operations to:
  - i. Answer any question that may be relevant to the inquiry, inspections, examination or investigation and;

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<sup>36</sup> *Ibid.*

<sup>37</sup> PIA 2021, s.26(1).

- ii. Provide any required information contained in a computer hardware or software or any other data storage processing or retrieval device or system used in connection with the business or activities relating to upstream operations under this Act;
- iii. Take any sample or carry out any test or examination as it may consider necessary in the performance of its functions;
- f. Use any machinery, equipment, appliance or thing as it may consider necessary in the performance of its functions;
- g. Remove for examination and copy anything that may be relevant to the inquiry, inspection, examination or investigation, including removing any computer hardware or software or any other data storage processing or retrieval device or system;
- h. Perform other functions as may be conferred on it under any law or regulation.

Then, the Nigerian midstream and downstream petroleum regulatory authority shall be responsibility for the technical and commercial regulation of midstream and downstream petroleum operations in the petroleum industry in Nigeria.<sup>38</sup>

The Act in Section 32 provides that the functions of the authority shall be to:<sup>39</sup>

- a. Regulate and monitor technical and commercial midstream and downstream petroleum operations in Nigeria;
- b. Regulate commercial midstream and downstream petroleum operations, including –
  - (i) Petroleum liquids operations,
  - (ii) Domestic natural gas operations, and
  - (iii) Export natural gas operations;
- c) Determine appropriate tariff methodology for:
  - (i) Processing of natural gas,
  - (ii) Transportation and transmission of natural gas,
  - (iii) Transportation of crude oil, and
  - (iv) Bulk storage of crude oil and natural gas;
- (d) Setting cost benchmarks for midstream and downstream petroleum operations;
- (e) Provide pricing and tariff frameworks for natural gas in midstream and downstream gas operations and petroleum products based on the fair market value of the applicable petroleum products;
- (f) Advise the Government, government agencies and other stakeholders on commercial matters relating to tariff and pricing frameworks;
- (g) Develop open access rules applicable to petroleum liquids and natural gas transportation pipelines, terminal facilities and bulk storage facilities;
- (h) Regulate the bulk storage, distribution, marketing and transportation pipelines of petroleum products;
- (i) Grant, issue, modify, extend, renew, review, suspend, cancel, reissue or terminate licences, permits and authorisations for midstream and downstream petroleum operations;

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<sup>38</sup> PIA 2021, s.29.

<sup>39</sup> *Ibid.*

- (j) Monitor and enforce compliance with the terms and conditions of licences, permits and authorisations issued by the Authority;
- (k) Keep public registers of –
  - (i) Licences, permits and other authorisations issued by the Authority, and
  - (ii) Renewals, assignments, amendments, suspensions or revocations thereof;
- (l) Set, define and enforce approved standards and regulations for design, construction, fabrication, operation and maintenance of plants, installations and facilities used or to be used in midstream and downstream petroleum operations;
- (m) Carry out enquiries, tests, audits or investigations and take other steps to monitor the midstream and downstream petroleum operations;
- (n) Ensure security of supply, development of the markets and competition in the markets for natural gas and petroleum products;
- (o) Ensure third party access to facilities under gas processing licences, transportation pipelines and transportation networks and midstream bulk storage facilities, where such facilities are operated for the own account of the owner;
- (p) Develop rules for trading in wholesale gas supplies to gas distributors;
- (q) Establish customer protection measures in accordance with the provisions of this Act;
- (r) Publish decisions, directions or determinations of the Authority that have implications for customers and industry participants, together with the reasons for such decisions, directions or determinations which, in the opinion of the Authority, should be published;
- (s) Promote the interests of customers with regard to midstream and downstream petroleum operations;
- (t) Promote the principles of economic development of infrastructure with regard to midstream and downstream petroleum operations;
- (u) Promote competition and private sector participation in midstream and downstream petroleum operations;
- (v) Determine the domestic gas demand requirement and the crude oil required for the domestic crude oil supply obligation and ensure that economic and strategic domestic demands are met;
- (w) regulate the supply, distribution, marketing and retail of petroleum products;
- (x) Administer and monitor strategic stocks of petroleum products;
- (y) Monitor the application of petroleum product prices, pricing formulae and frameworks;
- (z) Monitor market behaviour with respect to midstream and downstream petroleum operations, viz;
  - (a) Identify, investigate and prevent abuse of dominant positions and restrictive business practice with regard to midstream and downstream petroleum operations;
  - (b) Establish, monitor, regulate and enforce technical, health, environmental and safety measures relating to midstream and downstream petroleum operations;
  - (c) Develop, specify and monitor technical and safety standards for wholesale marketing, processing plant, retail marketing and bunkering of petroleum products;
  - (d) Ensure the accuracy of metering pumps and related measurement facilities in midstream and downstream petroleum operations;

- (e) Define and enforce approved standards and guidelines for the design, procurement, construction, operation and maintenance of plants, installations and facilities in the midstream and downstream petroleum operations;
- (f) Establish laboratories to provide data storage and testing, quality assurance and certificate of crude oil, natural gas and petroleum products and regulate the activities of third-party laboratories used in midstream and downstream petroleum operations;
- (g) Keep and classify records, data and reports as may be prescribed in regulations or guidelines;
- (h) Ensure the promotion of safety and development of midstream and downstream petroleum operations;
- (i) Issue certificates of quality and quantity to exporters of crude oil, LNG and petroleum products;
- (j) Implement and enforce compliance with laws, regulations and policies relating to midstream and downstream petroleum operations;
- (k) Establish parameters and codes of conduct for operators in the midstream and downstream petroleum operations;
- (l) Monitor the financial viability of operators with respect to midstream and downstream petroleum operations;
- (m) Develop, maintain and publish a database of midstream and downstream petroleum operations;
- (n) Monitor and ensure that the quality of petroleum products sold in Nigeria conform to defined specifications;
- (o) Establish, monitor and ensure compliance with the standards for the processing of petroleum products in Nigeria;
- (p) Request information and documents relating to licensed activities, including pricing information and macro-economic data from any licensee or permit holder in midstream and downstream petroleum operations;
- (q) Publish or direct licensees, lessees and permit holders to publish, in the interest of the public, information relating to midstream and downstream petroleum operations in accordance with applicable law or regulation;
- (r) Determine the domestic base price and the prices applicable to wholesale customers of the strategic sectors and gas distributors; and
- (s) Perform such other functions as may be necessary to give effect to the provisions of this Act;
- (t) Ensure and monitor performance parameters of industry players and the quality of service provided by servicing companies in the midstream and downstream petroleum industry; and
- (u) Conduct services relating to the economy and efficiency and effectiveness of the midstream and downstream petroleum industry.

## **6.0 Conclusion**

The Petroleum Industry Act (PIA) 2021, is a landmark legislation aimed at revamping the regulatory framework of the Nigerian petroleum industry. It plays a crucial role in restructuring the principal

regulatory institutions in order to increase efficiency, transparency, and accountability in the petroleum sector. The primary regulatory bodies under the PIA, which includes the NUPRC and the NMDPRA, are charged with numerous tasks.

The NURC has the responsibility of oversight in the upstream petroleum operations, ensuring compliance with policies, as well as managing licenses and leases. It has the objective of establishing a conducive environment for exploration and production and attracting investment in order to increase national revenue. On its part, the NMDPRA regulates the midstream and downstream petroleum sector, in relation with refining, transportation, and distribution of petroleum products.

The appraisal of these regulatory roles reveals a concerted effort to streamline operations, mitigate bureaucratic inefficiencies, and promote investor confidence. The PIA's provisions for community engagement, environmental stewardship, and fiscal reforms underscore its holistic approach towards addressing long standing challenges in the industry. However, the success of these regulatory frameworks lies on their effective implementation, continuous capacity building, and adaptive governance to meet evolving industry dynamics.

As Nigeria's petroleum industry navigates this transformative period, it is imperative that stakeholders should collaborate in nurturing a regulatory culture that aligns with global best practices. The potential of the PIA to revolutionize the petroleum industry is dynamic, however, realizing this potential requires unwavering commitment to regulatory excellence and a shared vision for the sector's sustainable future. Thus, the PIA not only redefines the legal landscape but also sets the stage for Nigeria's petroleum industry to thrive in a globally competitive market.

## 7.0 Recommendations

Having set forth the roles of the Nigerian upstream, downstream and midstream petroleum regulatory bodies, the following recommendations are proffered:

### 1. **Enhancement of Transparency and Accountability**

To achieve this, there should be public disclosure of activities. Regulatory institutions should regularly publish detailed reports on their activities, decisions, and the basis for those decisions in order to foster transparency. There should also be the establishment of independent bodies to supervise the actions of regulatory institutions, ensuring they adhere strictly to legal and ethical standards.

### 2. **Reinforcement of Institutional Capability**

Training and development are essential. The country should invest in continuous professional development for regulatory staff to keep them up-to-date and enhance their expertise and effectiveness.

Modalities for adequate funding should be put in place. Regulatory institutions should be adequately funded. This will propel the institutions to carry out its mandate effectively without reliance on industry stakeholders.

### 3. **Improvement of Regulatory Harmonization**

There is need for inter-agency harmonization. This will establish a better coordination and communication between the NUPRC, Nigerian Midstream and Downstream Petroleum Regulatory Authority NMDPRA, and NNPC Limited to simplify regulatory processes. Additionally, there is need for a unified regulatory framework that spells out the roles and responsibilities of each institution to avoid overlaps and conflicts.

**4. Promotion of Stakeholders Engagement**

There should be inclusive policy-making. Engaging stakeholders in the industry, as well as oil companies, community representatives, and civil society organizations, in the policy-making process to ensure diverse views are taken into consideration is key. Also, there should be room for public consultations. Holding regular public consultations will help to get responses on regulatory practices in order to tackle the agitations of the community.

**5. Enhancement of Compliance and Enforcement levels**

There is need for working out the modality for a robust monitoring strategy in the system. This calls for the development and implementation of a robust monitoring mechanism in order to ensure compliance with regulatory standards and readily address resulting violations. Also, Enforcement of penalties for non-compliance should be stringent enough to deter violator and ensure adherence to regulations.

**6. Encouragement of International Best Practices.**

There is need for global Partnerships. This involves building partnerships with international regulatory bodies to exchange knowledge, expertise and best practices.

**7. Addressing Operational Challenges**

Streamlining regulatory processes to reduce administrative delays and improve the efficiency of regulatory institutions. Also, there is need for technological Integration whereby there will be a utilization of modern technology to enhance regulatory oversight, data collection, and analysis.

**8. Reviewing and Updating of Legal Frameworks**

There is need for periodic Review of the regulations in the industry. This calls for conducting periodic reviews of the PIA and related regulations in order to ensure that they remain relevant and effective in addressing emerging industry challenges. Additionally, stakeholder in the industry should be given the opportunity to make input in the review process. This will ensure that the legal framework is comprehensive/all-encompassing and balanced.

**9. Rendering Support to Sustainable Development Goals**

There is need to ensure that regulatory institutions enforce strict environmental standards to minimize the environmental impact of petroleum activities in the environment. Also, the need to promote corporate social responsibility initiatives that will greatly benefit host communities and facilitate sustainable development.