

1 (b) Any plan submitted to the Minister shall include an irrevocable
2 bond for five Million dollars to be forfeited to the federation at the expiration of
3 the timeline specified in the construction plan or at the end of three years from
4 the date of the grant of a construction license whichever is later:

5 Provided always that the irrevocable bond is still operational on or
6 before the forfeiture date.

Grant of License

7 5. The Minister if satisfied that the Local refining Capacity has not
8 exceeded Nigeria crude production shall within three months of receipt of the
9 construction plan, issue a construction license to the applicant under this Act
10 for the construction of a refinery at the location specified in the plan.

Duration of
License

11 6.-(1)A license to construct a refinery granted by the Minister under
12 this Act shall be valid for a period not exceeding three years during which
13 period the licensee shall execute to the satisfaction of the Minister and the
14 license may be renewed on the same terms for another period of three years on
15 payment of a fresh bond of five million dollars to the Federation Account where
16 the licensee fails to complete the Construction of the refinery during the initial
17 three years granted by the Minister.

18 (2) The licensee of a construction license granted under this Act shall
19 on completion of the refinery within the timeline specified in the bond or in the
20 construction license surrender the license and recover the bond.

Transfer or Lease
of license under
this Act

21 7.-(1) A licensee shall not without the approval in writing of the
22 Minister:

23 (a) transfer or lease his license or his or her works or any interest
24 therein in whole or in part;

25 (b) enter into any agreement for:

26 (i) the amalgamation of his works with those of any other person or
27 corporation; or

28 (ii) the operation of his or her works by any other person or
29 corporation;

30 (c) mortgage or otherwise create a charge upon the works or any

1 interest therein.

2 (2) A licensee may apply to the minister, in the prescribed form and
3 manner, for the transfer of a license and shall fulfill any other legal
4 obligations under any existing laws.

5 (3) The Minister shall: satisfy himself of the legal and technical
6 capacity, competence and financial strength of the 'person to whom the
7 license is to be transferred to.

8 (4) subject to subsections (2) and (3) the Minister shall not
9 unreasonably withhold consent to an application to transfer a license unless
10 he or she has reason to believe that the public interest or safety is likely to be
11 prejudiced by the transfer.

12 8. On completion of the construction works by the licensee and
13 upon surrender of the construction license to the Minister, the Minister shall
14 inspect the completed refinery within sixty days of completion and if
15 satisfied, shall issue a Local Product Purchase Number to the refinery.

Inspection and
issuance of
product purchase
number

16 9.-(1) All the Local Product Purchase Numbers shall be serially
17 numbered according to the dates of the completion of the construction of the
18 refineries,

Use of product
purchase number
to lift crude and
matters connected
therewith

19 (2) A licensee with Local Product Purchase Numbers shall be given
20 the first priority in the sale of crude oil produced in Nigeria to the limits of
21 their refining capacity before the export of crude oil outside Nigeria by the
22 relevant agencies.

23 (3) No licensee with a Local Product Purchase Number granted
24 under this Act shall be allowed to export or sell to any third party for export,
25 crude oil allocated to the Licensee in pursuance to the provisions of this
26 Act.

27 (4) A licensee with Local Product Purchase Number may reserve
28 the right to sell crude stock to another licensee provided that such crude is
29 not sold for purposes of export outside the shores of Nigeria.

30 (5) In the event of decline in the local production of crude stock in

1 Nigeria, licensees with Local Product Purchase Number shall have priority to
2 be allocated crude oil in the order in which their licenses were issue by the
3 Minister.

4 (6) Any licensee who contravenes subsection (2) and (3) commits an
5 offence and is liable on conviction to imprisonment for a term not less than five
6 years or for a fine not less than the value of the crude stock exported or sought to
7 be exported.

Repeal section

8 10. The provisions of this Act repeals Petroleum Refining regulations
9 1974 and where any other law or enactment is inconsistent with the provisions
10 of this Act, the provisions of this Act shall prevail and that other law shall to the
11 extent of such inconsistency be void.

Interpretation

12 11. In this Bill unless the context otherwise states:
13 "Minister" means Minister in charge of Federal Ministry of Petroleum
14 Resources;
15 "Licensee" means a person who holds a license granted under this Act;
16 "License" means a license issued under this Act;

Short title

17 12. This Bill may be cited as the Local Refineries (Licensing) Bill,
18 2018.

EXPLANATORY MEMORANDUM

This Bill seeks to promote construction and licensing of Local Refineries and to create a Enabling environment for their operation.