A BILL

FOR

An Act To Provide For The Construction and Licensing Of Local Refineries and For Related Matters, 2018

Sponsored by Hon. Hassan Omale

	[]	Commencement			
	BE IT ENACTED by the National Assembly of the Federal				
	Republic of Nigeria as follows:				
1	1. This Act seeks to create a regulatory framework for the	Objectives of the Act			
2	construction and sensing of petroleum refineries and to create an enabling	ine / tel			
3	environment for their operations.				
4	2(1) Subject to this Act, no person shall operate a petroleum	Establishment of Petroleum			
5	refinery in Nigeria unless he is authorized to do so under an operating	Refinery			
6	license granted by the Minister under this Act.				
7	(2) A person who contravenes subsection (1) commits an offence				
8	and is liable on conviction to:				
9	(a) if an individual, to a fine not exceeding the initial fee for the				
10	license or imprisonment not exceeding ten years or both; and				
11	(b), if a body corporate, to a fine not exceeding twice the amount of				
12	the initial fee for the license.				
13	3. An application for a license under section 2 shall be made to the	Application for license			
14	Minister in a manner prescribed by regulations made by the Minister in				
15	pursuance to this Act.				
16	4(1) The Minister shall before granting a license for which an	Requirements for granting			
17	application has been made under section 3, require:	operational license			
18 .	(a) any person or corporate body desiring to operate a refinery for				
19	the purpose of refining crude produced in Nigeria shall acquire land on				
20	which the refinery is to be constructed and submit a detailed construction				
21	and operation plan to the Minister;				

	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
<i>Siconso</i>	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.
Fransfer or Lease of license under	21	7(1) A licensee shall not without the approval in writing of the
his Act	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

28

29

30

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 ai 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	Inspection and		
13	upon surrender of the construction license to the Minister, the Minister shall	issuance of product purchase		
14	inspect the completed refinery within sixty days of completion and if			
15	satisfied, shall issue .a Local Product Purchase Number to the refinery.			
16	9(1) All the Local Product Purchase Numbers shall be serially	Use of product		
17	numbered according to the elates of the completion of the construction of the to lift crude and			
18	refineries, 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			

the right to sell crude stock to another licensee provided that such crude is

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

not sold for purposes of export outside the shores of Nigeria.

	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.
		The state of the s

EXPLANATORY MEMORANDUM

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