

A BILL

FOR

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE NATIONAL GAS
RESOURCES DEVELOPMENT AGENCY AND FOR RELATED MATTERS

Sponsored by Hon. Frederick Yeitiemone Agbedi

[] Commencement

BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria as follows:

1 . PART I - ESTABLISHMENT OF THE NATIONAL GAS RESOURCES

2 DEVELOPMENT AGENCY

3 1.-(1) There is hereby established a body to be known as the Establishment of
4 National Gas Resources Development Agency (in this Act referred to as the National Gas
5 "The Agency") which shall be a body corporate with perpetual succession Resources
6 and a common seal and may sue and be sued in its corporate name. Development
Agency

(2) The supplementary provisions in the schedule to this Act shall have effect with respect to the proceedings of the agency or its committees and other matters.

10 2. There shall be established for the agency a governing board (in
11 this Act referred to as "The Board") which shall consist of a chairman, who
12 shall be appointed by the President, and the following others members, that
13 is:

Governing Board
of the Agency

14 (a) One representative each of the following federal ministries and
15 agencies who shall not be below the rank of a director:

16 (i) Petroleum Resources:

17 (ii) Science and Technology;

18 (iii) Environment:

19 (iv) Budget and National Planning;

20 (v) Niger Delta Affairs;

21 (vi) Nigerian Institute of Geo-Sciences And Mining:

- 1 (vii) Nigerian Institute of Oceanography and Marine Research;
2 (viii) Nigerian Academy of Science.
3 (b) one person to represent Nigerian Association of Gas Engineers;
4 (c) two persons to represent the universities, one of whom shall
5 represent the universities of technology;
6 (d) two persons to be appointed on individual merit on a nationwide
7 basis, who shall have wide experience of service in the public or private sector;
8 and
9 (e) the Director-General of the Agency but shall not have the right to
10 vote at the meetings of the Board.

Tenure of Office

- 11 3.-(1) A member of the Board other than an ex-officio shall hold office
12 for a term of four years and no more
13 (2) Members of the Board shall be paid allowances as may be
14 determined by the Board in consultation with the National Salaries, Wages and
15 Income Commission.

Resignation by
a member of the
Board

- 16 4. A member may resign his appointment by a notice in writing,
17 addressed to the President.

Cessation of
membership

- 18 5. A member ceases to hold office if he:
19 (a) becomes of unsound mind;
20 (b) is withdrawn by the body he represents;
21 (c) is convicted of felony or any offence involving dishonesty;
22 (d) is guilty of misconduct in relation to his duties.

Removal from
office of a
member

- 23 6. Notwithstanding the provisions of section 3 of this Act, the
24 president may remove a member from the Board if any circumstance arises
25 which would require the removal of the member from the Board.

Functions of the
Agency

- 26 7. The functions of the Board shall be to:
27 (i) collate and harness all existing gas resources development
28 schemes in the country and develop a holistic and strategic national gas
29 resources development and management policy for upstream exploration,
30 stock piling and utilization of gas resources for national development;

1 (ii) enter into joint licensing, leasing and allocation of crude and
2 gas wells in relation to the crude oil and natural gas wells with the Upstream
3 Petroleum Inspectorate;

4 (iii) to undertake such pro-active seismic evaluation of the stock of
5 gas in various reservoirs in the format of combined crude oil/gas or gas alone
6 wells across the country using both seismic and satellite investigation
7 models and keeping stock of reserves prior to the commercial licensing or
8 purchase by investors or government of the Federation;

9 (iv) develop a bridging institutional framework to ensure a
10 profitable blend of mutual national commercial interest and the safety and
11 well-being of host communities;

12 (v) working to entrench in the national industry such acceptable
13 global best practices of application of cutting edge technologies in
14 identifying and warehousing all retrievable natural gas reservoirs of various
15 commercially marketable gas deposits and monitor their commercial
16 development in such manner that serves the best national interests and
17 acceptable standards of business investment in the industry;

18 (vi) introduce an investor friendly but transparent regime of the
19 upstream gas sector regulation protocols and rules that shall open the gas
20 industry to the best global operators at all times;

21 (vii) carry out enquires, tests, audits or investigate and take such
22 steps as may be necessary to monitor the activities of the holders of leases,
23 licenses, permits and other authorizations to secure and enforce compliance
24 with the terms and conditions thereof;

25 (vii) issue permits and any other authorizations necessary for
26 seismic and drilling activities, designing and construction of all facilities for
27 upstream gas operations and for purely scientific research purposes;

28 (ix) manage and administer all upstream petroleum data for all
29 acreages;

30 (x) undertake the management of the bilateral and multilateral

1 organization participation of the country in the activities of gas exporting
2 countries with the approval of the Minister.;

3 (xi) conduct, with the approval of the minister, bid rounds for the
4 award of gas prospecting licenses and gas mining leases pursuant to this Act;

5 (xii) undertake, with the approval of the minister, the revocation and
6 re-allotment of allocated gas acreages and preservation of identified or
7 potential gas resource reservoirs.

8 PART II - STAFF OF THE AGENCY

Appointment of
the Director-General

9 8.-(1) There shall be appointed by the President on the
10 recommendation of the minister, a Director-General to the agency, who shall
11 have appropriate qualification and experience in mining or petroleum
12 technology.

13 (2) The Director-General shall be the Chief Executive of the agency
14 and shall be responsible for the execution of the policy of the agency and the
15 day-to-day running of the affairs of the agency.

16 (3) The Director-General shall hold office in the first instance for a
17 period of four years and shall be eligible for re-appointment for one further
18 term of two years and no more.

Removal of the
Director-General

19 9.-(1) Notwithstanding the provisions of subsection 3 of section 8 of
20 this Act, the Director-General may be removed from office by the President if
21 he deems it necessary for the attainment of the objectives of the agency.

22 (2) A person appointed as the Director-General after such removal in
23 subsection (1) shall serve the unexpired period of the term of his predecessor-
24 in-office.

Appointment of
other staff

25 10.-(1) The Agency may, from time to time, appoint such other staff as
26 it may deem necessary to assist the Director-General in the performance of the
27 functions of the agency.

28 (2) The remuneration and tenure of office of the other employees of
29 the agency shall be determined by the agency after consultation with the
30 minister.

(3) Notwithstanding the provisions of sub-section (1) of this section, employees of the agency may be appointed by the agency by way of transfer or secondment from the public service of the Federation.

11.-(1) It is hereby declared that service in the agency shall be pensionable under the Pensions Act and accordingly, employees of the agency shall, in respect of their services in the agency, be entitled to pensions, gratuities, and other retirement benefits as are prescribed thereunder.

Application of
Pensions Act

(2) Notwithstanding the provisions of subsection (1) of this section, nothing in this Act shall prevent the appointment of a person to any office on terms which preclude the grant of pension and gratuity in respect of that office.

(3) For the purposes of the application of the Pensions Act, any power exercisable thereunder by the Minister or authority of the Federal Government (not being the power to make regulations under Section 23 thereof) is hereby vested in and shall be exercisable by the Agency and not by any other person or authority.

(4) Subject to subsection (2) of this section, the Pensions Act shall in its application by virtue of subsection (3) of this section to any office, have effect as if the office were in the civil service of the federation within the meaning of the Constitution of the Federal Republic Of Nigeria 1999.

PART III - FINANCIAL PROVISIONS

12.-(1) The Agency shall establish a fund from which shall be defrayed all expenditure incurred by the Agency for the purpose of this Act.

Fund of the
Agency

(2) There shall be paid and credited to the fund established in pursuance of sub section (1) of this section, such payments as may be made to the Agency by the Federal Ministry of Petroleum Resources for the running expense of the Agency and all other payments or monies, from time to time accruing to the Agency.

Expenditure of
the Agency

1 **13.** The agency may, from time to time, apply the proceeds of the fund
2 established in pursuance of the section 12 of this Act:

3 (a) to the cost of administration of the agency;

4 (b) to payment of salaries, fees, or other remunerations or allowances
5 and pensions, superannuation, allowances and gratuities payable to members
6 or employees of the agency, so however that no payment of any kind under this
7 paragraph shall be made to any person who is in receipt of emoluments from
8 the Government of the Federation or of a state;

9 (c) for the maintenance of any property vested in the agency; and

10 (d) for and in connection with any of its functions under this Act.

Annual estimates
and accounts

11 **14.**-(1) The board shall submit to the minister not later than 30th
12 September in each year, an estimate of its expenditure and income during the
13 next succeeding year.

14 (2) The board shall keep proper accounts in respect of each year (and
15 proper records in relation thereto) and shall cause the account to be audited by
16 an auditor appointed from the list in accordance with the guidelines supplied by
17 the Auditor-General of the Federation.

Annual Reports

18 **15.** The board shall prepare and submit to the President through the
19 Minister, not later than 30th June in each year, a report in such form as he may
20 direct on the activities of the Agency, on or during the immediate preceding
21 year, and shall include in such report a copy of the audited accounts of the
22 Agency for that year and the Auditor-General's report thereon.

Power of Minister
to give directives

23 **16.** Subject to the provisions of this Act, the minister may give to the
24 agency directives of a general character or relating generally to matters of
25 policy with regards to the exercise by the Agency of its functions and it shall be
26 the duty of the Agency to comply with such directives.

27 **PART IV - ENVIRONMENTAL MANAGEMENT AND LOCAL CONTENT**

Environmental
quality
management

28 **17.**-(1) Every licensee or lessee engaged in upstream gas operations
29 shall within one year of the commencement of this Act, or within six months
30 after having been granted the licence or lease, submit an environmental

management plan to the agency for approval.

(2) The licensee's or lessee's environmental management plan shall contain:

Content of
environmental
management plan

(a) environmental management policy, objectives and targets, and

(b) commitment to comply with relevant laws, regulations, guidelines and standards.

(3) The environmental management plan shall describe the manner in which the licensee or lessee intends to:

(i) modify, remedy, control or stop any action, activity or process which causes pollution or environmental degradation;

(ii) contain or remedy the cause of pollution or degradation and migration of pollutants; and

(iii) comply with any prescribed waste management standards or practices

18.-(1) As a condition for the grant of the licence or lease and prior to the approval of the environmental management plan by the agency, every licensee or lessee shall pay the prescribed financial contribution to an environmental remediation fund established by the agency, subject to audit by the lessee in accordance with guidelines as may be issued by the agency from time to time, for the rehabilitation or management of negative environmental impacts with respect to the licence or lease.

Financial
contribution for
remediation of
environmental
damage

(2) In determining the amount of the financial contribution, the agency shall take into consideration the size of the operations and a reasonable level of environmental risk that may be determined to exist.

(3) If the licensee or lessee fails to rehabilitate or manage, or is unable to undertake such rehabilitation or to manage any negative impacts on the environment, the agency may, upon notice in writing to such licensee or lessee, use all or part of fund contemplated in sub-section (1) of this section to rehabilitate or manage the negative environmental impact in question.

Financial reimbursement of host communities	1	19. A licensee or lessee engaged in gas production in any area shall
	2	annually remit not less than one percent (1 %) of the earnings realized to the
	3	host community for development purposes.
Re-investment of investors' earnings	4	20. A foreign investor engaged in upstream gas operations shall re-
	5	invest not less than thirty percent (30%) of its earnings annually in the country.
Interpretation	6	21. In this Act, unless the context otherwise requires:
	7	"agency" means the National Gas Resources Development Agency;
	8	"board" means the Governing Board established for the Agency by Section 2 of
	9	this Act;
	10	"function" includes power and duty;
	11	"minister" means the Federal Minister in charge of Petroleum Resources;
	12	"president" means the President of the Federal Republic of Nigeria;
Short Title	13	22. This Bill may be cited as the National Gas Resources
	14	Development Agency Bill, 2016.
	15	SCHEDULE
	16	[Section 1(2).]
	17	SUPPLEMENTARY PROVISIONS RELATING TO THE PROCEEDINGS
	18	OF THE BOARD
	19	1. Subject to this Act and section 27 of the Interpretation Act (which
	20	provides for decisions of a statutory body to be taken by a majority of its
	21	members and for the chairman to have a second or casting vote), the Board may
	22	make standing orders regulating the proceedings of the Board or any
	23	committee thereof.
	24	2. Every meeting of the board shall be presided over by the chairman
	25	or if the chairman is unable to attend a particular meeting, the members present
	26	at the meeting shall elect one of their numbers to preside at the meeting.
	27	3. The quorum at a meeting of the Board shall consist the chairman
	28	(or, in an appropriate case, the person presiding at the meeting pursuant to
	29	paragraph 2 of this schedule) and six other members.
	30	4. Where upon any special occasion, the Board desires to obtain the

1 advice of any person on any particular matter, the Board may co-opt that
2 person to be member for as many meetings as may be necessary, and that
3 person, while co-opted, shall have all the rights and privileges of a member,
4 except that he shall not be entitled to vote or count towards a quorum.

5 5.-(1) Subject to its standing orders, the board may appoint such
6 number of standing and ad-hoc committees as it thinks fit, to consider and
7 report on any matter with which the Board is concerned.

8 (2) Every committee appointed under the provisions of sub-
9 paragraph (1) of this paragraph shall be presided over by a member of the
10 board and shall be made up of such number of persons, not necessarily
11 members of the board, as the board may determine in each case.

12 6. The decision of a committee shall be of no effect until confirmed
13 by the Board.

14 7. The fixing of the seal of the agency shall be authenticated by the
15 signature of the Chairman or of the Director-General of the agency

16 8. Any contract or instrument which, if made by a person not being
17 a body corporate, would not be required to be under seal, may be made or
18 executed on behalf of the agency by the Director-General or by any other
19 person generally or specifically authorized to act for that purpose by the
20 agency.

21 9. Any document purporting to be a contract, instrument or other
22 document signed or sealed on behalf of the agency shall be received in
23 evidence and, unless the contrary is proved, be presumed without further
24 proof, to have been so signed or sealed.

25 10. The validity of any proceedings of the Board or a committee
26 thereof shall not be adversely affected:

27 (a) by any vacancy in the membership of the Board or committee;

28 (b) by any defect in the appointment of a member of the Board or
29 committee; or

1 (c) by reason that a person not entitled to do so took part in the
2 proceedings.

3 11. Any member of the Board or a committee thereof, who has a
4 personal interest in any contract or arrangement entered into or proposal to be
5 considered by the Board or committee, shall forthwith disclose his interest to
6 the Board or committee and shall not vote on any question relating to the
7 contract or arrangement.

EXPLANATORY MEMORANDUM

This bill seeks to establish the National Gas Resources Development Agency
to enhance the production and utilization of gas in Nigeria.