

PETROLEUM ACT (AMENDMENT) BILL, 2016

ARRANGEMENT OF CLAUSES

Clause:

1. Amendment of Cap. P10 LFN, 2004
2. Amendment of section 3
3. Citation

A BILL

FOR

AN ACT TO AMEND THE PETROLEUM ACT, CAP. P10 LAWS OF THE
FEDERATION OF NIGERIA, 2004, TO PROVIDE FOR THE REQUIREMENTS FOR
ESTABLISHMENT AND OPERATION OF PETROLEUM REFINERIES; AND FOR
RELATED MATTERS

Sponsored by Senator Athan Nneji Achonu

Co-Sponsors:

Senator Samuel Anyanwu

Senator Albert Bassey

Senator Peter Nwaboshi

Senator Mathew Urhoghide

Senator Tijjani Yahaya Kaura

Senator Olaka Nwogu

[] Commencement

ENACTED by the National assembly of the Federal Republic of
Nigeria as follows-

- 1 **1.** The Petroleum Act, Cap. P10 Laws of the Federation of Nigeria,
2 2004, in this Bill referred to as "the Principal Act" is amended as set out in
3 this Bill.
- 4 **2.** Section 3 of the Principal Act is amended by replacing
5 subsection (2) with the following provision:
6 "(2)" Licences granted under this section shall be in the prescribed
7 form and shall be subject to the prescribed terms and conditions as contained
8 in subsection "(6)", in addition to such terms and conditions as may be
9 decided or imposed by the Minister from time to time.
- 10 **3.** By renumbering subsections (3) and (4) as subsections (8) and
11 (9) respectively.
- 12 **4.** By inserting the new subsections ("3") - ("7") as follows:

1 “(3)” In order to accelerate the rapid development of domestic
2 refining capacity, the approval of marginal field operations shall be conditional
3 upon the acquisition of a refinery license in accordance with the terms and
4 conditions set forth in subsection “(6)”.

5 “(4)” In the exercise of the power under the First Schedule (para. 17)
6 in respect of marginal field licenses, the President shall give first consideration
7 to investors who have met the foregoing conditions and obtained a license for
8 the establishment and operation of petroleum refineries.

9 “(5)” As part of the incentives for the accelerated development of
10 indigenous refining capacity, the Federal Government shall guarantee the off-
11 take of 100% of premium motor spirit produced by licensed refineries in
12 Nigeria, according to the terms of a product purchase agreement executed
13 between the government and the licence holder upon the grant of the licence.

14 “(6)” An application by an investor for a license to set up and operate a
15 refinery in Nigeria shall be accompanied by the following:

16 (a) Evidence of incorporation as a legal entity under the laws of the
17 Federal Republic of Nigeria;

18 (b) Evidence of acquisition of land in the appropriate location for the
19 refinery;

20 (c) A detailed business plan which shall include the following:

21 (i) Environmental Impact Assessment (EIA) report on the proposed
22 site of the refinery;

23 (ii) Evidence of international or local bank guarantee from a
24 (recognised) financial institution, guaranteeing the financial capability of the
25 applicant to build, manage and operate a refinery;

26 (iii) Technical details relating to type and viability of technology to be
27 employed by the applicant;

28 (iv) Feasibility plan for generating excess electric power capacity to
29 be supplied to at least five factories within the vicinity of the refinery using the
30 embedded power generation/distribution model;

1 (v) Any other requirements as may be determined by the Minister
2 from time to time.

3 "(7)" The development of refineries shall be done in collaboration
4 with project Development Agency (PRODA), to encourage transfer of
5 technology."

6 **5.** This Bill may be cited as the Petroleum Act (Amendment) Bill, Short title
7 2016.

EXPLANATORY MEMORANDUM

This Bill seeks to amend the Petroleum Act, Cap. P10 Laws of the Federation of Nigeria, 2004, to provide for the development of the oil and gas sector by setting out requirements for building of modular refineries; and for related matters.