EXAMINATION OF THE CHALLENGES AFFECTING INVESTMENT AND REVENUE IN NIGERIA UPSTREAM PETROLEUM INDUSTRY: LEGAL PERSPECTIVE*

Abstract
This article is focused on the legal perspective of the Challenges Affecting Investment and Revenue in Nigeria Upstream Petroleum Industry. One of the lucrative businesses in Nigeria is investment in the oil and gas industry. It is a robust business that brings about revenue and earnings from investment for both government and private individuals. In order to sustain the business particularly at the upstream petroleum sub-sector, the government of Nigeria put in place regulatory frameworks to control and manage its petroleum business. The objectives of this article are to identify the legal challenges affecting the investment and revenue in the Nigeria upstream petroleum commission as well as highlighting their achievements and areas they may need to improve. This article therefore seeks to expose the adequacies and inadequacies affecting revenue and investment in the upstream petroleum sub-sector. The article adopted doctrinal methodology, where primary and secondary sources were adopted. The article found out that the regulatory framework in the revenue and investment of the Nigeria Upstream Petroleum Regulatory Commission has not been effective and adequate enough to handle and harmonise investment in the upstream petroleum sector. This article recommended that there is need to urgently amend the Petroleum Industry Act 2021 to accommodate Petroleum Upstream Technology Infrastructure Fund as part of the responsibilities of the Nigerian Upstream Petroleum Regulatory Commission. The article further recommended for transparency, accountability and effective management of the legislation/regulations by the Commission and other institutions to attract more sustainable investments in the upstream petroleum sector.

Keywords: Examination, Investment, Revenue, Petroleum, Upstream and Industry

1. Introduction

Revenue generation[1] is one of the objectives of the Nigerian Upstream Petroleum Regulatory Commission under the PIA 2021. Section 6(c) provides that the NUPRC should "ensure that upstream petroleum operations are carried out in a manner to minimise waste and achieve optimal government revenues". This in essence sets the NUPRC as a revenue generating agency for the federal government even though some aspects of its operations are highlighted for collection by FIRS.[2] All production of petroleum including production tests is be subject to royalties on a non-discriminatory basis with respect to all licensee and lessees and shall be paid into the Federation Account and verified by the NUPRC and for royalty purposes condensates is treated as crude oil and natural gas liquids shall be treated as natural gas.[3]Paragraph 8(1) of the 7th Schedule PIA provides that royalties applicable to crude oil and condensates is to be based on the fiscal oil price determined for the field at the measurement points under applicable regulations or guidelines as determined by the NUPRC on the basis of information supplied by the lessees and from non-confidential independent publications. The NUPRC has powers under the aforementioned paragraph of the 7th Schedule to make such adjustments for quality and transport costs as appropriate to prices of comparable crude oils and condensates sold in the international market for which appropriate information is available and with the objective to approximate as reasonably as the average fair market value of the month of the crude oil and condensates for such month for such field.[4] The Royalty regime for upstream petroleum operations in Nigeria are the Petroleum Industry Act 2021 and the Petroleum Royalty Regulations, 2022. However, despite the provision of Petroleum Industrial Act on Revenue and Investment in the Petroleum subsector there are some legal challenges affecting revenue and investment particularly in the operation of the Nigeria Upstream Petroleum Commission.

2. Challenges Affecting Investment and Revenue in Nigeria Upstream Petroleum Industry

Security Challenges

Nigeria's upstream petroleum industry is confronted with considerable security issues, including pipeline vandalism, crude oil theft, and unrest within local communities, all of which lead to production interruptions and economic setbacks.[5] Although the immediate effects of these security challenges on oil production may not be apparent, they impose a heavier burden on the government and companies, which are now compelled to allocate more resources for the protection of personnel and oil infrastructure. There has been growing concern due to a surge in kidnappings and assaults on workers within the oil sector. Nigeria possesses the potential to produce approximately 2.2 to 2.3 million barrels per day (b/d) of crude and condensate; however, production averaged only about 1.62 million b/d during the first seven months of 2021.[6] Additionally, key oil infrastructure in the country has repeatedly suffered from sabotage. The senior oil workers' union, PENGASSAN, has highlighted that the rising frequency of attacks by bandits and other criminal activities, including ransom kidnappings in the oil-rich regions of Port Harcourt and Warri, has further hindered foreign direct investment in Nigeria's economy. The security

***By Magdalyne DURA,** Professor and Dean, Faculty of Law, Bingham University, Karu, Nasarawa State, and
***Olu Komolafe GBENGA, PhD Candidate**, Faculty of Law, Bingham University, Karu, Nasarawa State

[1] s.6(c)PIA 2021.
[2] s.259 PIA.
[3] para.6, 7th Schd. PIA
[4] para.8(1), 7th Schd. PIA
[5] M. A. Enumah, '*Analysis of Risk and Risk Management Strategies in Nigeria's Oil and Gas Industry*' International Journal of Innovative Scientific & Engineering Technologies Research (2025) (13)(1)32-38.
[6] Business Day, '*Kidnapping at Sea for Ransom Drops as Oil Prices Rebound-UNODC*" (Business Day, 19 Oct. 2023) < https://channel16.dryadglobal.com/kidnapping-at-sea-for-ransom-drops-as-oil-prices-rebound> accessed 12 April 2025.

challenges affecting Nigeria's oil sector have persisted over time. In 2016, militants in the Niger Delta intensified their assaults on oil fields and terminals, causing production to plummet to 1.4 million b/d. The federal government, under former President Muhammadu Buhari, was compelled to continue the presidential amnesty program for militants to foster stability in the Niger Delta.[7] This program, initially launched in 2009, had previously mitigated activities that resulted in significant damage. The security issues plaguing Nigeria's upstream petroleum sector, such as oil theft and pipeline vandalism, serve as substantial deterrents to investment. These challenges escalate operational expenses, diminish production levels, and create an unpredictable business climate, rendering the sector less appealing for companies considering exploration and production investments. Pipelines used for transporting oil and gas are generally regarded as secure methods of energy conveyance; however, they are not immune to failures. In developed nations, such failures are typically linked to factors such as impact damage from heavy machinery, corrosion, or defects in the manufacturing of pipeline materials.[8] Conversely, in developing countries, theft and sabotage have emerged as significant and growing contributors to pipeline failures. In Nigeria, the rate of fatalities resulting from pipeline failures varies between 0.04 and 0.38 per kilometre per year,[9] depending on the specific region. Furthermore, the operator of the pipeline system discussed in this article incurs an average annual loss of approximately $100 million due to these failures, excluding additional expenses related to compensation, fines, environmental remediation, and legal proceedings.[10]

Failure frequency refers to the probability of a pipeline failure occurring and is quantified in terms of 1000 kilometre-years. Various potential threats can lead to pipeline failures, which may be categorized as time-dependent (such as internal or external corrosion and material fatigue) or time-independent (including ground movement, interference from third parties, and operational errors). A high-pressure pipeline may fail either as a leak or a rupture; leaks are characterized by fluid escaping through a stable defect, while ruptures involve fluid loss through an unstable defect that expands during the failure, typically resulting in an opening comparable to two ends of a pipe. Although many incidents of fire caused by mechanical failures are not well-documented, one case was linked to a sudden rupture.[11] While third-party damage is not a predominant cause of failures,[12] sources of fire related to such damage often stem from sparks generated by overhead electrical cables, bush burning for hunting, and construction activities.

Infrastructure Issues

In Nigeria's upstream petroleum sector, infrastructural deficiencies pose significant barriers to attracting investment. Key issues include insufficient pipeline capacity, security threats such as pipeline vandalism and oil theft, and a lack of dependable infrastructure for exploration and production activities. These challenges elevate operational expenses, diminish efficiency, and render Nigeria less competitive relative to other oil-producing nations.[13] The sector is further affected by deteriorating infrastructure, rampant crude theft, and inadequate facilities for exploration and production, all of which adversely influence oil production, transportation, and overall sector performance.[14] Moreover, Nigeria's road and rail systems suffer from insufficient investment, poor upkeep, and limited expansion, which obstruct the movement of essential equipment, personnel, and products within the oil and gas industry, thereby escalating costs and operational risks. Despite possessing substantial gas reserves, the country grapples with persistent power shortages. This energy deficit not only hampers domestic consumption but also restricts the availability of reliable energy sources for oil and gas operations, forcing reliance on expensive alternatives like diesel generators.[15]The inefficiency of port infrastructure leads to delays and congestion in the importation of critical equipment and materials for oil and gas projects, further extending project timelines and increasing operational costs. Nigeria's refining capacity is inadequate to meet domestic demand, resulting in a heavy dependence on imported petroleum products. This reliance drains foreign exchange reserves and disrupts supply chains, ultimately compromising the stability of oil and gas operations.[16]

Corruption and Mismanagement

Corruption represents a grave offense that jeopardizes both social and economic progress, thereby weakening the foundational structures of contemporary society. It obstructs development and exacerbates poverty by redirecting essential domestic and foreign investments away from areas where they are critically needed.[17] In the 2020 Corruption Perception Index, Nigeria was

[7] C. P. Bosah, '*Federalism and ethnic militias in Nigeria: A study of the Niger Delta Region*' Arabian Journal o f Business and Management Review (Nigeria Chapter) (2022) (8)(1)1-7.
[8] C. Chen, C. Li, G. Reniers and F. Yang, '*Safety and security of oil and gas pipeline transportation: A systematic analysis of research trends and future needs using WoS*' Journal of Cleaner Production (2020) (2)279.
[9] M. Hussain, T. Zhang, R. Dwight and I. Jamil, '*Energy pipeline degradation condition assessment using predictive analytics-challenges, issues and future directions*' Journal of Pipeline Science and Engineering (2024) (4)(3)
[10] ibid
[11] D. Zaman, M. K. Tiwari, A.K. Gupta and D. Sen, '*A review of leakage detection strategies for pressurised pipeline in steady-state*' (2019) (2)109
[12] ibid
[13] S. Opuala-Charles, '*Infrastructural Protection, Security and Prevention of Oil Theft in the Niger Delta*' International Journal of Social Sciences and Management Review (2025) (8)(2)
[14] J. Ogbonna and O.O. Udofia, '*Pipeline Vandalism in Nigeria: Recommended Best Practice of Checking the Menace*' (2012)
[15] Bill Energy, '*Nigeria's infrastructure deficit and challenges*' (Bill Energy, 2024) < https://billenergyservices.com/nigerias-infrastructure-deficit-and-challenges/> accessed 13 April 2025.
[16] ibid
[17] T. S. Ezeudu, '*The impact of political corruption on socio-economic development in Nigeria*' Journal of Public Administration and Government (2023) (5)(2)161-176.

ranked 149th out of 180 nations, reflecting the severity of its corruption issues.[18] The country's economy, heavily reliant on crude oil, suffers from deep-rooted and widespread corruption, which has significantly impeded its economic advancement. This corruption has led to a notable decline in the revenue generated from oil for the Federal Government of Nigeria. Additionally, the global drop in crude oil prices has intensified both corruption and the misappropriation of oil revenues. Despite the existence of numerous anti-corruption laws and regulations, corruption remains prevalent, particularly as these laws are generally not tailored to address the specific challenges of the upstream sector. Consequently, corruption persists as the most formidable obstacle within the upstream petroleum industry. Addressing corruption in this sector is crucial for fostering the nation's socio-economic development and reducing poverty.[19] Corruption and mismanagement within Nigeria's upstream petroleum sector pose considerable obstacles, resulting in economic detriment, environmental degradation, and social instability. Prominent challenges include oil theft, illegal activities such as bunkering, inadequate enforcement of anti-corruption regulations, and rent-seeking behaviours exhibited by various individuals and groups.[20] These factors significantly hinder the oil industry's capacity to foster economic growth and development, adversely affecting the nation's overall prosperity. The phenomenon of corruption in the oil sector is not a recent development; numerous instances have been documented. For example, the Pius Okigbo Panel uncovered an estimated $12.2 billion misappropriated during the oil windfalls of 1991 under General Ibrahim Babangida's administration, a sum that remains unrecovered. This amount could have been allocated for infrastructural enhancements in Nigeria.[21] Additionally, in 1998 and 1999, Chevron Nigeria Limited faced allegations of tax evasion and fraudulent practices. The Halliburton bribery scandal is notorious for the alleged payment of $180 million in bribes aimed at securing a contract for the development of the Bonny Island Liquefied Natural Gas project between 1995 and 2004.[22]Halliburton's subsidiary, Kellogg, Brown and Root (KBR), faced accusations of violating the Foreign Corrupt Practices Act. As a result, the U.S. government imposed a penalty of $579 million on Halliburton, and its Chief Executive Officer received a seven-year prison sentence.[23]

Allegations of corruption and the misappropriation of oil revenues have been directed at government officials, who are said to have colluded with major upstream petroleum companies. These firms reportedly provided substantial payments to government executives in exchange for illicit oil contracts, resulting in significant losses in oil revenue due to the lack of thorough due diligence processes for evaluating such contracts. In 2014, the former Governor of the Central Bank of Nigeria claimed that $20 billion had been misappropriated from oil revenues, asserting that this amount was not deposited into the Federal Government's accounts. Several Nigerian politicians and their associates were implicated in the Halliburton scandal when a U.S. oil service company admitted to paying approximately $180 million in bribes to high-ranking Nigerian officials to secure four contracts valued at over $6 billion for the construction of Liquefied Natural Gas (LNG) facilities in Nigeria.[24]Bureaucratic obstacles and accusations of corruption impede investment in the oil and gas industry, thereby delaying essential infrastructure development initiatives and obstructing sector expansion. The significant infrastructure shortfall in Nigeria presents a serious challenge to the sustainable advancement of its oil and gas sector. Tackling this shortfall necessitates a comprehensive strategy that includes enhanced investment, regulatory changes, and better governance. By emphasizing infrastructure development and creating a favourable business climate, Nigeria can fully harness its oil and gas resources, thereby stimulate economic growth and enhance the quality of life for its population

Environmental Concerns

The oil sector in Nigeria continues to generate greenhouse gas emissions that present significant sustainability challenges. To achieve a balance between economic growth and environmental stewardship, it is essential to enhance regulatory frameworks and invest in clean energy projects. The consequences of oil spills and gas flaring have severely impacted the environment, resulting in land degradation, water contamination, and health risks for local communities.[25] Tackling these challenges necessitates considerable investment in both infrastructure and the enforcement of regulations. There has been a progressive decline in environmental quality, characterized by water pollution, destruction of aquaculture, and degradation of vegetation and agricultural land due to petroleum activities, with insufficient and ineffective measures taken by the government and oil companies to mitigate the environmental issues linked to the industry. Upstream petroleum operations in Nigeria encounter considerable environmental difficulties, including pollution from oil spills, gas flaring, and the discharge of harmful substances during drilling and exploration. These operations also contribute to deforestation, loss of mangroves, and the contamination of

[18] I.S. Muhammad, S. Abdul Wasiu and M.A. Gado, '*Corruption and its impact on socio-economic development in selected countries in Africa*' (2023) (16)(2)23-46.
[19] ibid
[20] S. Rose-Ackerman, *Corruption and government: Causes, consequences and reform* (Cambridge: Cambridge University Press, 1999).
[21] O. J. Olujobi, '*Nigeria's upstream petroleum industry anti-corruption legal framework: the necessity for overhauling and enrichment*' Journal of Money Laundering Control (2023) (26)(7)
[22] A. L. Lucinda, '*The united nations convention against corruption: the globalization of anti-corruption standards*', Conference of the International Bar Association International Chamber of Commerce Organization for Economic Cooperation and Development' (2020) <www.steptoe.com/assets/attachments/2599.pdf> accessed 12 April 2025.
[23] United States Department of Justice, '*Kellogg Brown & Root LLC Pleads Guilty to Foreign Bribery Charges and Agrees to Pay 402 Million Dollars Criminal Fine*' (U.S. Department of Justice, 2009) < https://www.justice.gov/archives/opa/pr/kellogg-brown-root-llc-pleads-guilty-foreign-bribery-charges-and-agrees-pay-402-million> accessed 13 April 2025.
[24] L. A. Bakare and S.S. Gbadamosi, '*Building strong institutions for achieving sustainable development goal 16 in Nigeria: the case of Economic and Financial Crimes Commission*' Zamfara Journal of Politics and Development (2023) (4)(1)
[25] A. J. Audu and A. U. Umana, '*The role of environmental compliance in oil and gas production: A critical assessment of pollution control strategies in the Nigerian petrochemical industry*' International Journal of Scientific Research Updates (2024) (8)(2)36-47.

both water and soil.[26] Accidents inevitably occur during the production, refining, and distribution of petroleum products, despite the implementation of safety measures. These incidents can stem from unintentional discharges, intentional acts of vandalism, inadequate maintenance, or human error. The exploration and production phases generate various types of waste, including atmospheric emissions, drill cuttings, drilling fluids, deck drainage, and well treatment fluids, alongside accidental oil spills. The Niger Delta region, in particular, has faced numerous environmental challenges as a result, which extend to the broader country.[27] These oil-related environmental issues encompass water and air pollution, land degradation, and deforestation. Another challenge facing the NUPRC is the effective translation of the commendable provisions of the EIA Act into a practical framework for environmental management.[28] This challenge is significant, as Nigeria, similar to many developing nations, possesses exemplary legislation on various matters that often falters during implementation. The Act's principle of proactively integrating development programs with environmental considerations to promote sustainable projects is frequently disregarded. The main culprits in this regard are the different tiers of government, federal, state, and local that routinely approve projects listed for mandatory article without conducting any prior Impact Assessment. Consequently, many EIA reports end up being mere formalities designed to appease stakeholders and mitigate opposition from affected communities. Even when impact assessments are conducted, the procedures outlined in the Act and its Guidelines are often neglected, particularly concerning community consultations. This neglect can lead to underlying causes of community unrest. In some cases, the government may grant waivers for social reasons, further undermining the effectiveness of the EIA Act.[29]

3. Way Forward in Addressing the Challenges Affecting Investment and Revenue in Nigeria Upstream Petroleum Industry

Energy Transition

The energy transition within Nigeria's upstream petroleum sector encounters several obstacles, including inadequate infrastructure, policy instability, financing issues, and technological limitations. These factors impede the movement towards sustainable energy alternatives and require a comprehensive strategy for a successful transition. Recent reports indicate that global investments in clean energy have now reached approximately double that of fossil fuel investments.[30] The surge in funding for clean energy technologies and infrastructure has propelled total energy investments to exceed USD 3 trillion for the first time in 2024.[31] Nevertheless, organizations such as OPEC and the IEA, along with various energy forecasts, suggest that fossil fuels will continue to play a dominant role in the global energy landscape. Projections indicate that oil and gas will remain central to the energy mix in the medium to long term, driven by factors such as population growth, urbanization, and economic development in emerging markets. Forecasts from BP and ExxonMobil support the views of OPEC and the IEA, predicting that oil and gas will still represent over half of the global energy supply by 2050, while also highlighting the ongoing significance of natural gas as a transitional fuel, particularly in Nigeria, where energy accessibility and affordability are critical concerns.[32] This underscores the persistent relevance of oil and gas, even amid calls for a more rapid transition to renewable energy sources. In light of these forecasts, Nigeria must strategically leverage its abundant resources to satisfy both domestic and international energy needs. Consequently, these projections emphasize the urgent need for more frequent licensing rounds in Nigeria, which would facilitate the following: the expansion of the nation's oil and gas reserves through proactive development, increased production exploration, enhanced gas utilization across the value chain, improved energy security and economic growth, attraction of investments, job creation, technology transfer, and the optimization of value from petroleum assets to ensure sustainable development.[33]

Establishment of the Nigerian Upstream Petroleum Regulatory Commission

The Nigerian Upstream Petroleum Regulatory Commission is responsible for regulating and overseeing the upstream petroleum sector, including licensing, enforcing regulations, and ensuring compliance with national and international standards for exploration, development, and production activities.[34] The discharge of these responsibilities involves monitoring of operations at drilling sites, producing wells, production platforms and flow stations. Crude oil export terminals, refineries, storage depots, pump stations and retail outlets. The Nigerian Upstream Petroleum Regulatory Commission, formerly known as the Department of Petroleum Resources, plays a critical role in regulating and overseeing the upstream petroleum sector in Nigeria NUPRC serves as the primary regulatory authority responsible for overseeing activities in the upstream petroleum sector, including

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[26] B. O. Akagbue, T. O. Popoola, M. B. Aminu, J. A. Nenger and S. Babatunde, '*Negative Health and Environmental Effects of Oil Exploitation in Southern Ijaw, Bayelsa State Nigeria*' European Journal of Environment & Earth Sciences (2024) (5)(3).

[27] UNEP, Environmental assessment of Ogoniland. United Nations environment programme (2011)

[28] B. O. Akagbue, M. N. Ibrahim, O. F. Ofure, O. U. Ekugbe, C. T. Amaobichukwu, O. Kyrian, et al. '*Comprehensive assessment and remediation strategies for air pollution: current trends and future prospects; a case study in bompai industrial area, Kano State, Nigeria*' Commun Physical Sci. (2023) (10)(1)1-13.

[29] A. Ingelson and C. Nwapi, '*Environmental Impact Assessment Process for Oil, Gas and Mining Projects in Nigeria: A Critical Analysis Article*' Researchgate (2014) (10)(1)35-56.

[30] M. C. Ugwu and A. O. Adewusi, '*Navigating Legal and Policy Challenges in the Energy Transition: Case studies from the United States and Nigeria*' International Journal of Applied Research in Social Sciences (2024) (6)(4)506-517.

[31] I. P. Idoko, M. I. Onuh, D. H. Kimberly, C. E. Chijioke, E. U. Ifeanyi, and E. P. Abutu '*Renewable energy policies: A comparative analysis of Nigeria and the USA*' World Journal of Advanced Research and Reviews ((2024) (21)(01)888-913.

[32] A. Gungah, N. V. Emodi and M. O. Dioha, '*Improving Nigeria's renewable energy policy design: A case study approach*' Energy Policy ((2019) (130) 89-100.

[33] O. J. Olujobi, U. E. Okoria, E. S. Olarinde and A. D. Aina-Pelemo, '*Legal responses to energy security and sustainability in Nigeria's power sector amidst fossil fuel disruptions and low carbon energy transition*' Heliyon (2023) (9).

[34] ss.6,7&8, PIA

exploration, production, and development of oil and gas resources. Through licensing, monitoring, and enforcement of regulations, NUPRC ensures compliance with industry standards, safety protocols, and environmental regulations. NUPRC issues licenses, permits, and leases to companies involved in upstream petroleum operations, including oil exploration and production.[35] These licenses are granted following rigorous evaluation of technical capabilities, financial standing, and adherence to regulatory requirements, thus promoting transparency and accountability in the allocation of petroleum resources. NUPRC manages and allocates Nigeria's petroleum resources in a sustainable and equitable manner, balancing the interests of the government, industry stakeholders, and local communities. Through effective resource management practices, NUPRC seeks to optimize resource extraction, maximize revenue generation, and promote long-term socio-economic development. NUPRC enforces stringent environmental regulations and safety standards to minimize the impact of upstream petroleum activities on the environment, ecosystems, and communities.[36] By promoting best practices in environmental management, pollution control, and remediation, NUPRC mitigates environmental risks and promotes sustainable development in the oil sector. NUPRC is involved in the collection of royalties, taxes, and other fiscal revenues generated from upstream petroleum operations. By ensuring transparency, accountability, and efficiency in revenue collection, NUPRC contributes to the government's fiscal stability and the funding of critical national development programs.[37] Real-life examples of pipeline monitoring underscore the importance of these technologies in mitigating risks. In Nigeria, where pipeline vandalism is a significant issue, operators have turned to magnetic flux leakage and fibre optic technology to monitor for signs of tampering or wear.

Stricter Penalty Regime for Companies and Individuals

In the Petroleum Industry Act, penalties for petroleum-related offenses in Nigeria can range from fines and imprisonment to revocation of licenses, with fines for companies defaulting on obligations potentially reaching N10 million initially and N2 million per day for continued failure.[38] The fiscal provisions are contained in Chapter 4 and Schedules 5, 6 and 7 of the Petroleum Industry Act, 2021.[39] The Act outlines several upstream petroleum offenses, including failing to submit accounts and particulars for hydrocarbon tax assessment, breaching the code of conduct, and failing to comply with gas flaring and utilization plans. Other penalties include: Failure to Submit Accounts and Particulars for Hydrocarbon Tax Assessment: Section 277 makes it an offense for companies engaged in upstream operations to fail to submit their accounts and particulars for hydrocarbon tax assessment as required.[40] The PIA introduces a stricter penalty regime for such defaults, potentially including fines and imprisonment. Breaches of the code of conduct, if deemed to adversely affect petroleum operations, can lead to revocation proceedings against the license or lease. Failure to comply with the gas flaring plan can result in penalties, including the inability to make supplies to gas export operations or suspension of operations.[41] On the whole, stricter penalties regime should be invoked against companies and operators which do not comply with the NUPRC Regulations and the law.

Transparency Accountability and Decarbonisation

The Nigerian Upstream Petroleum Regulatory Commission should prioritize the enhancement of transparency, accountability, and decarbonisation efforts. This entails the implementation of the Advance Cargo Declaration Solution and the execution of engineering audits to improve transparency.[42] The NUPRC is evidently dedicated to fostering good governance and accountability, as stipulated in the Petroleum Industry Act of 2021. Additionally, the NUPRC is actively engaged in initiatives aimed at reducing methane emissions, investigating carbon capture technologies, and encouraging the utilization of domestic gas, all of which support Nigeria's decarbonization objectives and create a favourable investment climate within the sector. The Advance Cargo Declaration Solution, developed by P-Lyne Energy, aims to create a comprehensive framework for the declaration and monitoring of crude oil transportation and exports from Nigeria.[43] Its key goals include overseeing and accounting for the movement of crude oil domestically, preventing disruptions, theft, and under-declaration, and ensuring that only certified products are exported. This solution will also facilitate real-time tracking, reconciliation, and reporting of crude oil exports, thus enabling accurate revenue billing and generation. The Engineering Audit of Upstream Measurement Equipment and Facilities seeks to establish reliable baseline data for all measurement points, identify deficiencies in production and allocation measurement,[44] and implement targeted strategies to improve metering infrastructure. It addresses significant challenges such as outdated equipment, the absence of a comprehensive database, and the lack of real-time production measurement. These initiatives reflect the NUPRC's commitment to accountability within the sector.

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[35] E. Izu-Emmanuel, '*The roles of the Nigerian Upstream Petroleum Regulatory Commission in the petroleum industry under the Petroleum Industry Act*' Achievers University Law Journal (2023) (3)(1)108-119.

[36] ibid

[37] A. Olumide, '*Optimising revenue diversification and budgeting for sustainable economic development of Nigeria: Best practices and challenges*' (A paper presented at The Chartered Institute of Treasury Management, 2022).

[38] O. Yanwi and S. C. Dike, '*Revocation of Licences in the Nigeria Petroleum Industry: A critical appraisal*' African Journal IEEL (2023) (7)

[39] Cap 4, Schd 5,6&7 PIA

[40] s.96(10(d), PIA.

[41] Korea National Oil Corporation v OPS Nig. Ltd (2018)2 NWLR (Pt.1604) 394.

[42] P. E. Energy and NUPRC Launch Engineering Audit Project to Enhance Transparency in Nigerian Oil and Gas Industry <https://syn-ep.com/pe-energy-and-nuprc-launch-engineering-audit-project-to-enhance-transparency-in-nigerian-oil-gas-industry/>accessed 15 April 2025.

[43] A. Alasa, O. Makinde and C. Caleb, '*NUPRC Issues the Upstream Petroleum Decarbonisation Template*' (2025) < https://www.aluko-oyebode.com/insights/upstream-petroleum-decarbonisation-template-nigeria/> accessed 15 April 2025.

[44] D. Olawin, '*Oil export: NUPRC begins real-time tracking to tackle losses*' (Punch, 13 January 2025) < https://punchng.com/oil-export-nuprc-begins-real-time-tracking-to-tackle-losses/> accessed 15 April 2025.

It is essential to prioritize transparency, accountability, and decarbonization initiatives in the governance of the oil and gas industry. In this regard, the Commission has reiterated its steadfast dedication to transparency, consistent with the principles of the Extractive Industry Transparency Initiative. Commercial bids, which should adhere to the parameters outlined and made available on the Bid Portal, must be conducted through an electronic bidding process.[45] These bidding activities should occur in the presence of representatives from the Nigerian Extractive Industry Transparency Initiative, the Federal Ministry of Finance, and the Federal Ministry of Petroleum Resources. Implementing these measures will enhance transparency and has the potential to attract increased investment in the upstream petroleum sector. With the reduction of signature bonuses and the recent Presidential Executive Orders aimed at promoting non-associated gas development, optimizing local content, and decreasing contracting costs and timelines, a conducive environment is being created that bolsters Nigeria's competitiveness in the global energy market and encourages investment in the upstream petroleum sector.[46] Environmental and social factors will remain a primary focus, ensuring that all exploration and production activities comply with global best practices while fostering a harmonious and peaceful relationship between oil and gas companies and their host communities.

4. Conclusion and Recommendations

A pivotal factor for investors in the petroleum industry is investment security. Similarly, certainty of returns on investment, uninterrupted flow of activities on the invested site and, certainty of legal framework and legislative protection of objects of investment enhances investor's confidence enabling government revenue generation from the petroleum upstream. This article recommends that there is need to urgently amend the Petroleum Industry Act 2021 to accommodate Petroleum Upstream Technology Infrastructure Fund as part of the responsibilities of the Nigerian Upstream Petroleum Regulatory Commission. The Fund, like its counterpart in the Midstream and Downstream Petroleum Sector, will be utilised by the NUPRC for the purposes of localising technologies for prospecting, exploration and production activities in the upstream petroleum sector. The federal government of Nigeria has to invest first into technologies in the upstream petroleum sector and then ask for aid from multinationals in areas it may have inadequate technology. This will ease technology transfer long anticipated from the sector. There should be more measures for sustained transparency, accountability and effective management of the legislation/regulations by the Commission and other institutions to attract more sustainable investments in the upstream petroleum sector.

[45] A. Arogbonlo, '*Strengthening Accountability in Nigeria's Extractive Industry*' (budgiT, 2024) < https://budgit.org/strengthening-accountability-in-nigerias-extractive-industry/> accessed 15 April 2025.

[46] Banwo-Ighodalo, '*Reforming the Nigerian Oil and Gas Sector-The 2024 Executive Order and Directives*' (Banwo-Ighodalo, 2024) < https://www.banwo-ighodalo.com/grey-matter/reforming-the-nigerian-oil-and-gas-sector-the-2024-executive-order-and-directives> accessed 15 April 2025.