



UDO UDOMA &
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The Petroleum Industry Act (Amendment) Bill, 2025: Status, Reform Themes, and Stakeholder Implications



Folake Elias-
Adebawale



Anjolaoluwa
Shittu



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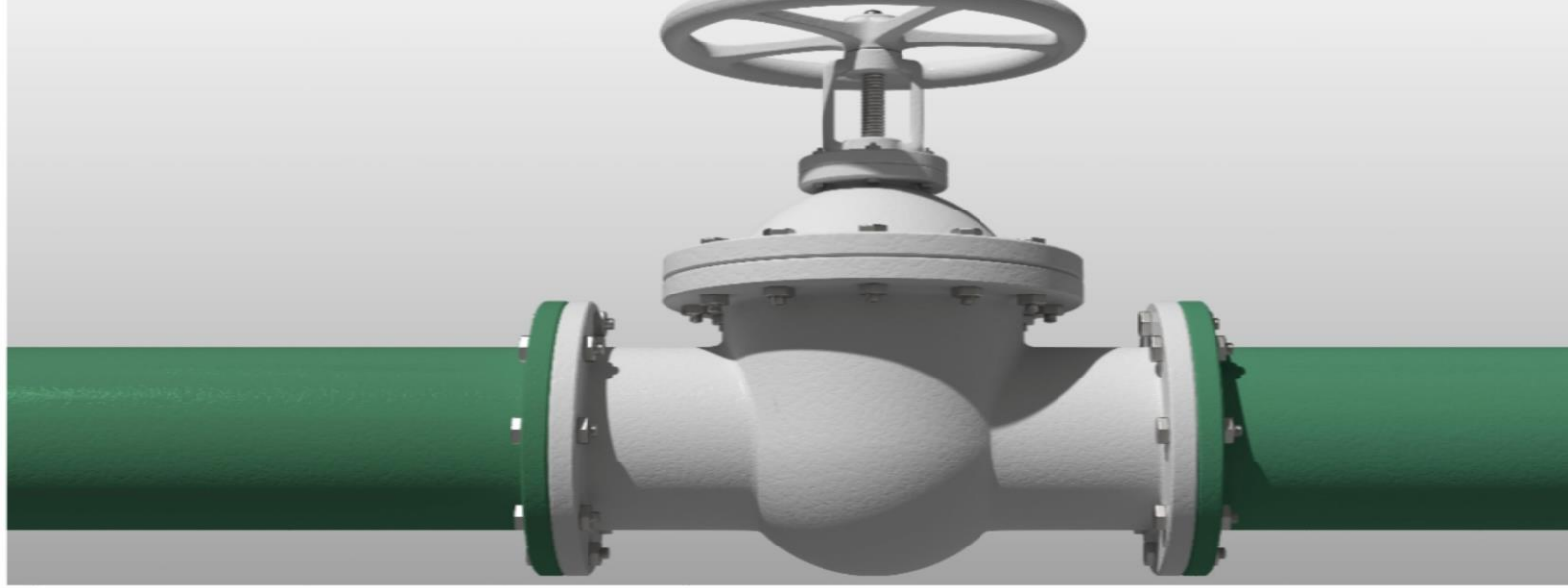


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Overview and Status

With its enactment four years ago, the Petroleum Industry Act 2021 (“PIA”) introduced comprehensive reforms to Nigeria’s oil and gas sector, establishing a modern governance framework anchored by three key institutions: the Nigerian Upstream Petroleum Regulatory Commission (NUPRC); the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA); and NNPC Limited (NNPCL), constituted to operate as a commercially driven national oil company.

The Nigerian House of Representatives’ Order Paper for Tuesday, 22 July 2025 lists the Petroleum Industry Act (Amendment) Bill, 2025 (the Bill), sponsored by Hon. Olusesi Oluwaseun Whingan and 17 others, for First Reading, signalling the initiation of legislative consideration of the Bill. The Senate’s Order Paper for Wednesday, 8 October 2025 lists the Petroleum Industry Act (Amendment) Bill, 2025 (SB.905), sponsored by Senator Olamilekan Adeola Solomon (Ogun West), for First Reading, indicating it has begun its Senate stage.

Together, these listings confirm that the Bill has been formally placed before both chambers of the National Assembly for review. It is therefore at the preliminary stages of legislative scrutiny, pending Second Readings, committee referrals, and public hearings. As of October 2025, no Gazetted version of the Bill has been published, and detailed consultations are expected to continue into late 2025.

This legislative process follows local and international reporting and public commentary during the second half of 2025 attributing the Bill’s provenance to the Executive, and outlining its objectives as reportedly articulated by the Attorney-General of the Federation in a formal letter to key government agencies (AGF Letter). The reforms, as reported, would portend a significant recalibration of fiscal oversight, governance, and institutional structures under the existing PIA framework.

In this commentary, **Folake Elias-Adebowale and Anjolaoluwa Shittu of Udo Udoma & Belo-Osagie's Oil and Gas Team** consider the Bill's anticipated policy direction and the potential market implications for governance, regulation, and investment across the Nigerian petroleum industry value chain.

Objectives

The stated objectives of the reforms comprising the Bill include the closing of fiscal gaps, streamline inter-agency coordination, strengthening oversight, improving government take, and re-balancing institutional authority across the Nigerian petroleum industry.

Remarks attributed to the AGF Letter state that the reforms seek to address “statutory leakages and opaque deductions” that have reportedly reduced remittances to the Federation Account, while enhancing transparency and accountability in petroleum-sector revenue management.

Reform Themes

The Bill would introduce substantive structural and governance changes to Nigeria's petroleum industry framework. The reforms are directed toward fiscal consolidation, stronger institutional oversight, and clearer delineation between regulatory and commercial functions. In outline, the proposals would shift certain commercial and governance powers from NNPC Limited (NNPCL) to regulatory and fiscal-oversight institutions - notably the

NUPRC and the Ministry of Finance Incorporated (MOFI) - and consolidate state ownership of NNPCL through MOFI. Collectively, these measures aim to reinforce regulatory control of upstream operations while enhancing sectoral efficiency and competitiveness.



Structural Shift: Regulator as Concessionaire

A core feature of the Bill is the proposal to transfer government representation in upstream petroleum contracts - including production-sharing, profit-sharing, and risk-service arrangements - from NNPC to the NUPRC.

This would position the NUPRC as the government's concessionaire or counterparty under model contracts, effectively expanding its remit from pure regulation to a multifaceted role directly combining regulatory, fiscal, and commercial representation.

The government's expressed perspective is that this structural realignment is intended to improve fiscal discipline, transparency, and oversight by placing contract administration and revenue accountability within a single, streamlined, institutional framework.

Proponents contend that it would eliminate duplicated reporting lines between NNPC and NUPRC, close opportunities for the referenced "statutory leakages," and strengthen federal revenue capture. Collectively, these measures aim to reinforce regulatory control of upstream operations while enhancing sectoral efficiency and competitiveness.

Critics, however, caution that the reform could readily blur the institutional boundary between the regulator's enforcement role and its new commercial

mandate. They note that the Bill would effectively formalise an overlap that the PIA 2021 was specifically designed to eliminate by creating NNPC as a commercially independent entity. In their view, the proposed amendment risks re-introducing a structural duality in which the regulator functions both as rule-maker and as contracting party.

Industry observers have also flagged that this could also strain NUPRC's ability to act with independence in licensing, compliance, dispute resolution and enforcement decisions affecting contracts to which it would itself be a party.

Arguably, however, alignment between regulator and State-owned company has historically, in practice, always existed under successive regimes, regardless of which State or State-owned institution or agency exercised specific functions and powers.

If the Bill's proposals are adopted, the emphasis will need to be on entrenching clear governance protocols, robust legal ring-fencing, and effective transparency safeguards to preserve regulatory objectivity and maintain investor confidence in Nigeria's petroleum governance framework.

Careful legal structuring and governance safeguards will therefore be essential to preserve regulatory neutrality and investor confidence should this particular reform be ultimately adopted.



MOFI Reconfiguration as Sole Shareholder of NNPC: Fiscal, Governance and Policy Implications

Under the PIA 2021, MOFI and the Ministry of Petroleum Incorporated (MOPI) jointly hold NNPC's equity in equal proportions (50%:50%) on behalf of the Federation. The Bill proposes to vest all NNPC shares solely in MOFI, thereby removing MOPI as co-owner. This would align NNPC's ownership structure with the Government's stated fiscal-policy objectives and centralise accountability for dividends and remittances, a measure expected to enhance transparency and financial oversight.

At the same time, this concentration of ownership could, conceivably, blur the boundary between policy-making and corporate governance. By placing NNPC wholly under MOFI's fiscal supervision, MOFI would gain authority to direct the company's strategy and financial operations while excluding MOPI from governance participation.

In practical terms, industry observers caution that this may curtail NNPC's board independence and operational autonomy, potentially weakening the commercial orientation that the PIA 2021 originally sought to entrench.

There are concerns that such consolidation of control could reduce NNPC's competitiveness and diverge from one of the PIA's fundamental objectives of establishing it as a commercially driven, profit-oriented, and independently governed State oil company.



At a minimum, if actualised, this proposed governance realignment may shape investor, lender, and other industry stakeholder perceptions of NNPCL's operational independence, governance and risk management frameworks, and long-term commercial positioning, for instance, within joint venture and financing structures and arrangements.

➔ Joint NUPRC and NMDPRA Oversight of Integrated Operations

The Bill also proposes amendments to the PIA to provide for joint oversight by NUPRC and NMDPRA over integrated upstream–midstream petroleum projects and operations. Rather than maintaining NUPRC's current exclusive authority over such projects, the reforms in this regard, if adopted, would require the two regulators to coordinate through a joint project team or formalised cooperation framework, reflecting a shared governance approach.

These reforms are presumably directed at reducing the incidence of inter-agency “turf wars”, eliminating regulatory duplication, clarifying oversight jurisdictions where projects span the upstream licence and downstream processing or export value chain. Reports of institutional overlap and jurisdictional misalignment between NUPRC and NMDPRA have persisted since the PIA's enactment, including a high-profile public dispute between both regulators and a major refinery investor that required Ministerial intervention in July 2024.

If it is effectively designed and implemented, the Bill's proposed coordination framework could streamline regulatory approvals, improve project delivery timelines, and strengthen regulatory predictability across the petroleum value chain.

Outstanding Policy and Implementation Considerations

The Bill represents the most significant prospective revision to Nigeria's petroleum framework since the enactment of the PIA 2021. While its stated objectives centre on efficiency, fiscal discipline, and administrative streamlining, it also raises policy and governance questions concerning institutional independence, regulatory clarity, and operational autonomy. Several aspects will require further elaboration to ensure that these objectives are achieved in a transparent, investor-friendly, and commercially balanced manner.

The fiscal mechanisms for implementation will need clearer definition - particularly regarding cost recovery, profit-oil allocation, and the treatment of existing contracts under revised fiscal terms. It remains to be seen whether current production-sharing and joint-operating agreements will be 'grandfathered' or converted into new frameworks, and how stabilisation or indemnity protections will be maintained to preserve contractual certainty.

Equally important will be how NUPRC manages potential conflicts arising from its concurrent regulatory and commercial roles, and whether governance protocols introduced to safeguard transparency and objectivity can function effectively in practice.

Transitional arrangements, implementation guidelines, and oversight mechanisms for deductions and remittances will also need to be carefully designed to ensure sustainable transparency and predictability.

Considerations of this nature will ultimately determine whether, and how successfully, the reforms proposed by the Bill deliver on their objectives of fiscal discipline and efficiency while maintaining investor and stakeholder confidence in Nigeria's petroleum industry.



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