

# Nigeria's 2025 Petroleum Licensing Round

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LEGAL PERSPECTIVES ON MOMENTUM, MARKET DYNAMICS, AND STRATEGIC POSITIONING



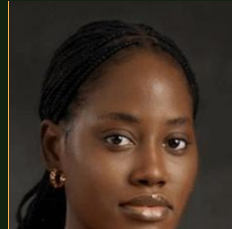
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## OVERVIEW

Nigeria's ongoing 2025 Petroleum Licensing Round represents the most ambitious upstream acreage release under the Petroleum Industry Act, 2021 (PIA). Fifty blocks are on offer - nearly double the combined total of the two preceding PIA-era rounds - across the Niger Delta, deep offshore, and four frontier basins, against an explicit Nigerian Upstream Petroleum Regulatory Commission (the 'NUPRC' or the 'Commission') investment target of USD 10 billion.

This update considers the Round's significance within Nigeria's post-PIA licensing trajectory, the economic and structural features of the bid framework, published regulatory commentary, and the practical implications for investors, financiers and other key stakeholders.

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## I. WHY THIS ROUND MATTERS

The 2025 Round is the largest upstream licensing exercise conducted under the PIA. Fifty blocks are on offer across the Niger Delta, the deep offshore, and - for the first time under the PIA - four frontier basins: Anambra, Benue, Chad and Benin. The NUPRC has set an explicit investment target of USD 10 billion, structuring the Round around discovered-but-undeveloped fields, fallow assets and gas-rich prospects, consistent with Nigeria's energy transition and domestic industrialisation priorities.

The 2022/23 Mini Bid Round had established that a clean, rules-based post-PIA process was achievable. The 2024 Round had also demonstrated it could attract credible competition, be conducted digitally, and be externally verified as free of procedural compromise. The 2025 Round is where that framework gets tested at real scale.

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## II. PUBLISHED REGULATORY COMMENTARY

The Commission has been active in its investor communications on the Round, including at regulatory events and international fora. The positions summarised below reflect the Commission's published statements and public commentary and are not presented as independent verification by the authors.

### **On the level of interest**

At the Offshore Technology Conference 2026 in Houston, the NUPRC CEO indicated that close to 300 local and international companies had applied to compete for the 50 blocks on offer - roughly six applicants per block - which the Commission presented as evidence of renewed investor confidence under the PIA.

### **On the pace of reform**

At SAIPEC 2026 in Lagos, the NUPRC CEO described the pace of market opening under the current reform cycle as unusually rapid and stated that consistent access and incentives were already drawing capital into Nigeria, with more than three major financial investment decisions having been taken in the preceding two years.

Relevant upstream measures include Executive Order No. 10 of 2021 (on the local content framework and compliance), Executive Order No. 9 of 2023 (on petroleum revenues and fiscal transparency), and subsequent administrative measures issued under the Tinubu administration on deepwater fiscal terms and upstream investment conditions. The characterisations in this section reflect the Commission's published positions and investor communications rather than independent assessments by the authors.

### **On production metrics**

The Commission has reported that crude production averages 1.71 million BOPD with a recorded peak of 1.83 million BOPD, with active rig count standing at over 60, of which at least 40 are operational. The Commission's stated production target is an additional one million barrels per day of capacity, and the 2025 Round is presented as a key mechanism for achieving this. These figures are as published by the NUPRC and have not been independently verified by the authors.

### **On process and the incoming CEO**

The new CEO, who assumed office in December 2025, has emphasised the continuity of the Commission's commitment to transparency and digitalisation while signalling a stronger emphasis on NUPRC's role as a business enabler - describing the Commission as operating on a 'regulation as a service' model that reduces execution risk for credible investors while maintaining standards.

### **On dormant licences**

Separately, and in parallel with the 2025 Round, the Commission declared in March 2026 that the relinquishment provisions under the PIA - commonly referred to as the 'Drill or Drop' regime - will be actively enforced. Assets held without active exploration or development activity will be subject to mandatory relinquishment, reinforcing that the Round represents a commitment to work, not an opportunity to warehouse acreage.

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## **III. PUBLISHED COMMENTARY AND INDEPENDENT MARKET ASSESSMENT**

Media coverage has been broadly positive, focused on three themes: the scale of investor interest, the pace of regulatory reform under the PIA, and the implications for Nigeria's production targets.

### **Scale of participation**

The near-300 applicant figure has been widely covered across Nigerian and regional energy media including BusinessDay, Punch, Premium Times and Arise TV. The consensus framing is

that this level of competition reflects a structural shift in investor sentiment rather than a cyclical uptick.

### **Nigeria within the African energy landscape**

Africa is projected to attract between USD 48 billion and USD 50 billion of the approximately USD 520 billion in estimated global energy investment for 2026 - over 8% of the total, up from below 4% in previous years. Nigeria is cited alongside Namibia and Mozambique as a primary driver of this improvement.

### **Finance Minister's endorsement**

The Finance Minister's commendation of NUPRC following Nigeria's daily production reaching 1.84 million barrels per day in April 2026 was reported as a notable institutional signal - an acknowledgment at senior government level that upstream sector momentum is part of the broader economic recovery narrative.

### **Indigenous sector commentary**

Business and energy media have noted the growing depth of Nigeria's domestic private capital base. The emergence of strong indigenous players as competitive winners in the 2024 Round across both onshore and deep offshore blocks is cited as evidence that the sector's character is genuinely changing from prior cycles.

### **Further developments to watch**

Coverage has also noted the continued focus on onshore security improvements, the steady progress of post-award implementation from the 2024 Round, and the development of domestic financing infrastructure - with the Africa Energy Bank, headquartered in Nigeria, cited as a significant and timely initiative for the sector.

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## **IV. LEGAL AND REGULATORY CONSIDERATIONS**

### **The current-round window has narrowed - but is not closed**

Pre-qualification closed on 27 February 2026. Investors not already pre-qualified cannot participate in the 2025 Round. For those pre-qualified, two live opportunities remain: consortium formation and the data access and bid preparation window, which runs until 17 July 2026.

### **Consortium formation is a live market**

Pre-qualified applicants may form or restructure consortia before the commercial bid submission deadline. With approximately 300 applicants competing for 50 blocks, the market for consortium arrangement is active between now and July 2026. A power of attorney, a consortium agreement and NUPRC approval are required.

### **Block selection is a strategic decision**

The two-bid cap per applicant means investors must make a genuine prioritised choice among the available blocks - driven by terrain alignment, the concessionary versus PSC election (which has material implications for the Nigerian National Petroleum Company Limited's (the 'NNPCL') participation rights), and a realistic assessment of the work programme that can be credibly executed within the PPL term.

### **The scoring system rewards work programme credibility**

The commercial scoring matrix - weighting technical score, signature bonus, bid guarantee, work programme financial commitment and performance security - means the winning bid is not simply

the highest financial offer. A credible, technically grounded work programme can outcompete a higher-bonus bidder.

### Compliance documentation must be audit-ready

The Commission's verification infrastructure is thorough, and all supporting documentation submitted at pre-qualification and bid stage must accurately and consistently reflect the operational history of the bidder or its parent. Getting the documentation right is an important part of bid preparation.

### The 'Drill or Drop' signal is a substantive advisory point

The 2025 Round is structured for investors who intend to work assets. Advisers should flag the strict relinquishment provisions explicitly to stakeholders considering bids primarily as portfolio options or who hold existing upstream assets with limited active programmes.

## V. KEY NUMBERS

The headline figures below provide a snapshot of the scale, economics and procedural thresholds that define the 2025 Petroleum Licensing Round.

<b>Blocks on offer</b>	50	<b>NUPRC investment target</b>	USD 10 billion
<b>Applicants competing</b>	~300 (local & international)	<b>Bid cap per applicant</b>	2 blocks
<b>Registration fee</b>	USD 10,000	<b>Bid fee per bid</b>	USD 25,000
<b>Data access (per session)</b>	USD 10,000	<b>Signature bonus range</b>	USD 3m-7m per block
<b>Bid guarantee</b>	5% of proposed bonus	<b>Work programme security</b>	Min. 5% of WP commitment
<b>Financial capacity (offshore)</b>	USD 100m	<b>Financial capacity (onshore/SW)</b>	USD 40m
<b>Average production</b>	1.71m BOPD	<b>Recorded peak production</b>	1.83m BOPD

## VI. KEY MILESTONES

The key procedural milestones for the 2025 Petroleum Licensing Round, as published by the NUPRC, are set out in the table that follows.

These timelines govern the qualification, bidding, evaluation and award stages under the Petroleum Licensing Regulations 2022 and the Licensing Rounds Guidelines 2025.

<b>1 DEC 2025</b>	Round launched; portal and data room opened.
<b>14 JAN 2026</b>	Pre-bid conference held in Lagos.
<b>27 FEB 2026</b>	Pre-qualification registration closed (~300 applications received).
<b>16 MAR 2026</b>	Pre-qualified applicants notified; process confirmed on schedule.
<b>MAR - JUL 2026</b>	Data access, bid preparation and submission window. Consortium restructuring permitted throughout.
<b>JUL 2026</b>	Commercial Bid Conference; winning bids announced publicly.
<b>+14 DAYS</b>	Offer letters issued; conditions precedent activated.
<b>+60 DAYS</b>	Signature bonus payable in full.
<b>16 OCT 2026</b>	Ministerial approval and contracting target.

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## VII. LEGAL, REGULATORY AND POLICY CONTEXT

The 2025 Round does not exist in isolation. It sits within a broader mix of legal, economic and policy developments - domestic, continental and global - that will shape both the terms on which capital enters Nigeria's upstream sector and the environment in which that capital is deployed.

### Fiscal and legal architecture under the PIA

The PIA represents a fundamental reordering of the legal and fiscal relationship between the Nigerian State and upstream investors. The shift from a regime of discretionary negotiation to a codified, rules-based framework introduces both certainty and constraint. The statutory rights of NNPC to acquire up to 60% participating interest under the concessionary model, and to act as concessionaire under the PSC structure, have significant implications for project economics, governance and the allocation of development risk.

The host community development levy - set at 3% of operating expenditure under the PIA - adds a further cost element that does not appear in pre-PIA project models. Stakeholders modelling investment returns should build these provisions into their analysis from the outset rather than treating them as variables to be negotiated post-award.

### Exchange rate and monetary policy considerations

Nigeria's sustained programme of naira liberalisation and the unification of exchange rate windows have materially altered the dollar-naira conversion calculus for upstream operators. Signature bonuses, rents and certain levies are denominated in US dollars; operating expenditures are substantially naira-denominated. The spread between dollar revenue and naira cost creates both opportunity and exposure depending on the direction of monetary policy.

Investors should assess their hedging options carefully, having regard to the CBN's current policy trajectory and the availability of forward foreign exchange facilities through Nigerian and international banking counterparts.

## **Energy transition and ESG financing constraints**

The global capital reallocation toward energy transition-aligned assets is exerting measurable pressure on the availability and cost of financing for upstream fossil fuel projects. Several major development finance institutions have adopted policies restricting upstream oil and gas lending; European export credit agencies have imposed increasingly stringent climate-alignment conditions. The practical implication for the 2025 Round is that the universe of available project finance lenders is narrowing, and the documentation requirements - including transition plans, flaring commitments and emissions reporting - are growing more demanding.

Nigeria's commitment to eliminating routine gas flaring, enshrined in the PIA and reinforced by the Gas Flare Commercialisation Programme, is relevant to lender due diligence and should be addressed expressly in financing structures. The nascent Africa Energy Bank, headquartered in Abuja, is designed in part to fill the gap left by withdrawing international lenders, but its capitalisation and lending capacity remain at an early stage.

## **Continental and regional developments**

Nigeria's upstream Round is competing for the same institutional and private capital as a range of significant African upstream projects. The Namibia Orange Basin development - anchored by TotalEnergies' Graff-1 and Shell's Jonker-1 discoveries - represents one of the most commercially significant deepwater plays to emerge anywhere in the world in the past decade, and is drawing substantial international operator attention. Mozambique's LNG programme, while subject to security disruption, continues to attract long-term financing. Senegal and Mauritania's cross-border Sangomar and Greater Tortue Ahmeyim projects are in production and early development respectively.

The scale and quality of Nigeria's acreage offering in the 2025 Round may be assessed against this competitive backdrop. Nigeria's comparative advantages - established infrastructure, basin analogue data, proximity to domestic gas markets and the scale of the NUPRC's regulatory programme - remain compelling, but the international investor community has credible alternatives and may price Nigerian-specific risk accordingly.

## **Domestic policy and regulatory developments**

A number of domestic regulatory and policy developments are running concurrently with the 2025 Round and may influence its outcomes. The NCDMB's enforcement of local content obligations under the Nigerian Oil and Gas Industry Content Development Act 2010 - including minimum thresholds for in-country fabrication, procurement and employment - adds regulatory compliance obligations that must be built into operator planning. The Port Harcourt Refinery's partial recommissioning alters the domestic refined product landscape and may affect the economics of associated gas utilisation. The Supreme Court's ongoing jurisprudence on resource control, derivation and intergovernmental fiscal relations - while not directly bearing on the licensing framework - is relevant to the long-term political economy of upstream investment in the Niger Delta states.

The 2027 general election cycle may also be material: the Round's implementation phase, the early operational period of any awarded licences, and the supporting reforms to gas pricing and downstream infrastructure all run through the political timeline. Institutional continuity at NUPRC and stability in the policy direction across electoral cycles will be important factors in stakeholder

confidence. These are matters stakeholders with long-dated production commitments should monitor as part of their ongoing country risk assessment.

### **Security conditions**

Security conditions in the Niger Delta continue to require active management. The significant reduction in oil theft and pipeline vandalism recorded over the 2023-2025 period reflects both improved community engagement and the operational effectiveness of the Community Watch Programme.

For onshore and shallow water blocks in the 2025 Round, security conditions remain a material variable in production cost modelling and insurance underwriting. Stakeholders are advised to undertake specific security due diligence on any onshore assets under consideration and to engage with relevant government agencies and community stakeholders as part of their pre-bid assessment.

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## **VIII. CONCLUSION**

Nigeria's 2025 Petroleum Licensing Round reflects the momentum in the sector, the market dynamics shaping current interest, and the strategic choices now facing participants. The procedural integrity demonstrated through the 2022/23 Mini Bid Round and the 2024 Round, the rationalised fiscal terms under the PIA, the transparency of the pre-qualification process, and the strong level of competition for the 50 blocks together indicate that international and domestic capital is engaging seriously with the Nigerian upstream sector.

Translating that engagement into sustained capital deployment will, however, depend on factors beyond the Round itself. The legal, regulatory and policy considerations set out in Section VII - exchange rate and monetary policy stability, ESG-aligned financing capacity, the competitive pressure from Namibia and other emerging African basins, local content discipline, host community arrangements, and security continuity in the Niger Delta - may materially shape what the Round delivers in practice. The implementation phase will run through Nigeria's 2027 election cycle, which places a premium on institutional continuity at the NUPRC and policy stability across administrations.

The task for regulators and the Executive now is to sustain the reform trajectory through that cycle, complete the supporting agenda on gas pricing and downstream infrastructure, and support the Africa Energy Bank's development as a credible regional financier capable of complementing increasingly constrained international project finance.

For pre-qualified stakeholders, the immediate priorities are data access, work programme structuring and consortium decisions before July 2026. For those preparing for the next cycle, the time to engage is now. The opportunity presented by the 2025 Round is clear, but realising it will require continued discipline from regulators, government and market participants alike.

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### **DISCLAIMER**

This update has been provided by Folake Elias-Adebawale, Noble Chinwendu, Ibrahim Isah and Ifunanya Chinwuba of the Oil & Gas team at Udo Udoma & Belo-Osagie (UUBO). It is intended for information purposes only and shall not be construed as legal, financial, or investment advice on any subject matter in any circumstances. It does not and shall not be construed as creating any relationship, including a client/attorney relationship, between readers and our firm or any author or serve as legal advice. The opinions expressed in this publication are the opinions of the individual authors and may not reflect the opinions of the firm or of any individual attorney. You should contact your legal advisers to obtain advice with respect to any particular issue or problem. For more information about UUBO's oil and gas and other practice group offerings, please visit our website at [www.uubo.org](http://www.uubo.org) or email us at [ogteam@uubo.org](mailto:ogteam@uubo.org) or at [uubo@uubo.org](mailto:uubo@uubo.org).