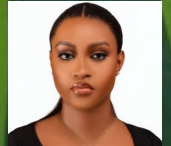


Meeting the 90-Day Deadline: A Practical Guide for Preferred Bidders Under the NUPRC Licensing Round

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Introduction

The conclusion of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) Upstream Licensing Round marks a significant regulatory milestone for Nigeria's oil and gas sector. While emerging as a preferred bidder across the awarded petroleum blocks represents a major commercial achievement, preferred bidder status does not confer immediate statutory title under the Petroleum Industry Act (PIA) 2021.

Upon receipt of formal offer letters, successful consortiums enter a mandatory 90-day post-award compliance window pursuant to the PIA and operationalised through the NUPRC Licensing Round Guidelines.

Preferred bidders are required to satisfy specific legal, financial and regulatory conditions precedent to secure final Ministerial Consent and convert provisional awards into binding Petroleum Prospecting Licences (PPLs).

Key Statutory Requirements Within the 90-Day Window

To ensure successful licence issuance, awarded entities must execute three core operational and legal workstreams in parallel:

1. Capital Remittance and Foreign Exchange Domiciliation

Under the NUPRC Licensing Round Guidelines and Section 74 of the PIA, preferred bidders are required to remit the full statutory signature bonus within 60 days of receiving their offer letter and complete first-year annual acreage rent payments within the 90-day window.

From a transaction perspective, capital inflows must align with Central Bank of Nigeria (CBN) foreign exchange domiciliation directives and NUPRC payment protocols. Cross-border capital, private equity commitments and debt facilities require appropriately structured escrow accounts and conditional release mechanisms to ensure regulatory compliance while protecting investor capital prior to licence execution.

2. Bank Guarantees and Work Programme Commitments

Under Sections 74 and 78 of the PIA 2021, licensees must back their Minimum Work Programme commitments, such as 3D seismic acquisition and exploratory drilling, with irrevocable performance bank guarantees issued by approved financial institutions.

Where entities utilise Reserve-Based Lending (RBL) or mezzanine debt to support work commitments, the underlying security packages, counter-indemnities and step-in rights must be structured to ensure compliance with statutory restrictions on the transfer or encumbrance of petroleum interests under Section 95 of the PIA.

3. Consortium Governance and Regulatory Documentation

For consortia comprising indigenous operators and foreign technical or equity partners, operationalising bid arrangements requires executing a binding, PIA-compliant Joint Operating Agreement (JOA).

Key contractual areas requiring immediate legal alignment include:

- **Operator Designation and Voting Thresholds:** Clear operational authority and decision-making governance.
- **Sole Risk and Cash-Call Default Mechanics:** Legal remedies to address non-funding scenarios without jeopardising block performance.
- **Regulatory Compliance Clearances:** Compilation of ultimate beneficial ownership (UBO) disclosures, tax clearance certificates and environmental compliance frameworks required for final Ministerial approval.

Regulatory Implications of Non-Compliance

Failure to meet these statutory requirements carries strict consequences under the current regulatory framework. Non-remittance of the signature bonus within the prescribed 90-day window results in the automatic forfeiture of preferred bidder status, allowing the regulator to immediately invite the designated reserve bidder.

Furthermore, omitting approved performance bank guarantees or delaying the execution of binding consortium governance documents prevents final licence execution and exposes operators to internal disputes or regulatory queries prior to commencing initial exploration work.

Conclusion

The post-award phase represents a critical bridge between successful bidding and asset operation. Given the NUPRC's strict approach to enforcement and acreage management, preferred bidders cannot treat the 90-day window as a mere procedural formality. Preferred consortiums that approach this period with structured financial arrangements, sound corporate governance and rigorous regulatory adherence will effectively mitigate transaction risk, protect investor capital and successfully secure operational title under Nigeria's modern petroleum framework.