

# PIA 2021

## A new dawn for the Nigerian petroleum industry

After more than a decade of various attempts, the Nigerian oil and gas industry (the “**Industry**”) will finally have a new look following the enactment of the Petroleum Industry Act 2021 (the “**PIA**”).

For many years, the Federal Government of Nigeria (the “**FGN**”) sought to overhaul the Industry by introducing a new legal, regulatory and fiscal regime. The first major attempt was in 2008 when the first Petroleum Industry Bill (the “**PIB**”) was introduced. Since 2008, there have been other unsuccessful attempts at reforming the Industry through reworked drafts of the PIB in 2012 and 2018.

In 2020, the FGN reintroduced the PIB 2020 to the National Assembly and after months of deliberations, both arms of the National Assembly passed the PIB 2020 in July 2021 and the President signed the PIB 2020 (now the PIA) into law in August 2021. Based on the gazetted copy of the PIA, the PIA regime commenced on 16 August 2021.

The PIA comprises 5 (five) chapters that cover the following issues:

### a. Chapter 1 – Governance and Institutions:

Deals with the creation of efficient and effective institutions and entities with clear and separate roles for the Industry such as the Nigerian Upstream Petroleum Regulatory Commission (the “**Commission**”) for upstream matters,

the Nigerian Midstream and Downstream Petroleum Regulatory Authority (the “**Authority**”) to regulate midstream and downstream operations and the Nigerian National Petroleum Company Limited - a limited liability company – a commercial entity to succeed the current Nigerian National Petroleum Corporation. Chapter 1 also sets out the powers of the Minister of Petroleum Resources (the “**Minister**”), which are significantly reduced vis-à-vis the regulatory framework pursuant to the Petroleum Act that confers significant powers on the office of the Minister.

### b. Chapter 2 – Administration:

Focuses on transparent and efficient administration/management of the upstream, midstream and downstream sectors of the Industry. While the Commission will regulate the upstream sector, the midstream and downstream sectors are within the regulatory ambit of the Authority.

### c. Chapter 3 – Host Community Development:

Deals with the provision of social and economic benefits to host communities. The aim is to support the development of host communities.

#### **d. Chapter 4 – Petroleum Industry Fiscal Framework:**

Aimed at encouraging investment in the Industry, balancing rewards with risks and enhancing revenues to the FGN. Chapter 4 of the PIA completely overhauls the existing fiscal regime.

#### **e. Chapter 5 – Miscellaneous Provisions:**

Contains provisions such as those dealing with legal proceedings, amendments, repeals, savings, transfer of assets & liabilities, transfer of employees & condition of service and interpretations.

It is indeed a new dawn for the Industry and Dentons ACAS-Law will walk through this new dawn with our clients and potential investors seeking to take advantage of the new look Industry. Please look out for our subsequent publications where we will be providing more detailed analyses of the PIA and its impact on the Industry.



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