

*Extraordinary*



# National Assembly Journal

**No. 01**

**Abuja - 5th October, 2019**

**Vol. 16**

## CONTENTS

### INDEX TO LEGISLATIVE INSTRUMENTS

<i>Bill No.</i>	<i>Long Title</i>	<i>Page</i>
SB. 21	A Bill for an Act to Amend the Deep Offshore and Inland Basin Production Sharing Contract Act Cap. D3 LFN, 2004 and for Other Matters Connected Thereto ....	C 1 - 3

Printed and Published by the National Assembly Press, Abuja, Nigeria

**NASSP 01/510/2019/900**

Subscribers who wish to obtain the Journal after 1st January should apply to the Clerk, National Assembly, Abuja for amended Subscriptions.

# A BILL

## FOR

AN ACT TO AMEND THE DEEP OFFSHORE AND INLAND BASIN PRODUCTION  
SHARING CONTRACT ACT CAP. D3 LFN 2004 AND FOR OTHER MATTERS  
CONNECTED THERETO

Sponsored by Senator Bassey Albert Akpan

Co-Sponsored by Senator Ifeanyi Ubah

[ ] Commencement

ENACTED by the National Assembly of the Federal Republic of  
Nigeria as follows:

- |  |   |
|--|---|
| <p>1                1. The Deep Offshore and Inland Basin Production Sharing</p> <p>2                Contract Act CAP D3 LFN 2004 (in this Act referred to as "the Principal</p> <p>3                Act" is amended as set out in this Act.</p>   | <p>Amendment of<br/>the Deep Offshore<br/>and Inland Basin<br/>Production Sharing<br/>Contract Act</p>              |
| <p>4                2. The Principal Act is amended in section 5 by inserting a new sub</p> <p>5                section (3) as follows-</p>  | <p>Amendment of<br/>Section 5</p>   |
| <p>6                (3) Royalty by Price:</p> <p>7                "The royalty based on price shall be identical for the various water depths</p> <p>8                including frontier acreages for crude oil and condensates and natural</p> <p>9                gas. The royalty rate shall be based on every dollar (US\$ 1) increase and</p> <p>10              shall be determined separately for crude oil and condensates, and for natural</p> <p>11              gas as follows:</p> | <p>Royalty payable<br/>in respect of Deep<br/>Offshore and<br/>Inland Basin<br/>Production Sharing<br/>Contract</p> |
| <p>12              (a) From US\$ 0 and up to US\$35 per barrel: ..... 0 percent;</p>   |   |
| <p>13              (b) Above US\$ 36 and up to US\$70 per barrel: ..... 2 per cent per</p> <p>14              dollar increase;</p>   |   |
| <p>15              (c) Above US\$70 and up to US\$ 100 per barrel: ..... 8 per cent plus</p> <p>16              0.2 per cent per dollar increase;</p>  |   |
| <p>17              (d) Above US\$ 100 and up to US\$ 190 per barrel: .... 20 per cent</p> <p>18              plus 0.1 per cent per dollar increase;</p>  |   |
| <p>19              (e) Above US\$ 190: ..... 25 per cent.</p>  |   |

	1	The royalty rates based on price for natural gas shall be:
	2	(f) 0% for a price from US\$0 per million Btu and up to and including
	3	US\$2 per million Btu;
	4	(g) over US \$ 2 per million Btu and up to and including US \$ 6 per
	5	million Btu the royalty rate shall increase by 0.3% for every US \$ 0.10 per
	6	million Btu increase in over US \$ 2 per million Btu;
	7	(h) over US \$ 6 per million Btu and up to and including US \$ 10 per
	8	million Btu the royalty rate shall be 12% plus 0.2% increase for every US \$
	9	0.10 per million Btu increase over US \$ 6 per million Btu;
	10	(i) over US \$ 10 per million Btu and up to and including US \$ 15 per
	11	million Btu the royalty rate shall be 20% plus 0.1% increase for every US \$
	12	0.10 per million Btu increase in price over US \$ 10 per million Btu; and
	13	(j) over US \$ 15 per million Btu the rate shall be 25%."
Insertion of a new section 17	14	<b>3.</b> The Principal Act is amended by inserting a new section 17 as
	15	follows-
Periodic Review after every 5 years	16	17. In accordance with the provisions of section 16 (2) of this Act, the
	17	Minister shall cause the Corporation to call for a review of product sharing
	18	contracts after every five years.
Introduction of a new section 18	19	<b>4.</b> The Principal Act is amended by introducing a new section 18 as
	20	follows-
Offences and Penalty	21	18. Notwithstanding any provision of any enactment, any person
	22	who fails to carry out any obligation pursuant to section 17 imposed by this Act
	23	commits an offense punishable under this Act and shall be liable upon
	24	conviction, to imprisonment for a term not less than 1 year or an option of fine
	25	of N50,000,000.
Citation	26	<b>5.</b> This Bill may be cited as the Deep Offshore and Inland Basin
	27	Production Sharing Contract Act CAP. D3 LFN 2004 (Amendment) Bill, 2019.

EXPLANATORY MEMORANDUM

This Bill seeks to amend the Deep Offshore and Inland Basin Production Sharing Contract Act Cap. D3 LFN 2004, to make provisions for periodic review of royalty payable in respect of Deep Offshore and Inland Basin Production Sharing Contracts as well as offences and penalty for non-compliance.