

NUPRC Gas Flaring Regulations 2023

The objective of this regulation is to reduce environmental/social impacts of flaring/venting/methane emissions, prevent resource waste, enhance energy transition, and create economic benefits. Applies to all upstream petroleum licensees, lessees, and gas producers.

Permits

- 🔥 **Data Access Permit:** Issued by the Commission — non-exclusive access to flare site gas data. Valid for the period stated or until the Permit to access Flare Gas expires.
- 🔥 **Permit to Access Flare Gas:** Issued by the Commission — Exclusive rights for specific flare sites. Allows the utilisation or commercialisation of disposed gas. Foreign companies can apply, but must incorporate in Nigeria if successful.
- 🔥 **FEMP (Flare Elimination & Monetisation Plan):** Licensees/producers must submit within 6 months of the regulations' commencement. Must include methodology, implementation concept, and timeline. backed by a milestone bond. Leads to Milestone Development Agreement.
- 🔥 **Exempted Flare Sites:** Holders of prior exemptions must enter Milestone Development Agreement within 3 months of the effective date, backed by a bond.
- 🔥 **Prohibition:** No flaring from a site once the permit holder commences utilisation/commercialisation (as evidenced by Commission approval & commissioning).
- 🔥 **Assignment:** Requires Commission prior consent; transferee must meet technical/financial thresholds.
- 🔥 **Revocation Grounds (Data Access or Flare Gas Permit):** Non-compliance, inaccurate info, non-payment, insolvency, bond failure, or terminated Gas Supply Agreement. The Commission can grant access to flare sites with a minimum of 7 days' notice.

Offences & Penalties

- 🔥 Flaring and venting waste gas without authorisations: USD\$3.50 per 1,000 standard cubic feet (28.317 standard cubic metres)
- 🔥 Failure to submit accurate gas data within the prescribed time and format: USD\$10,000 or equivalent
- 🔥 Ongoing Contravention after notice: Additional USD \$1,000 fine per day.
- 🔥 Access/Agreement/Logging Failures by producers: USD 10,000.
- 🔥 Failure to prepare, submit a log, records, or reports required by the Commission: USD\$10,000 or the Naira equivalent.
- 🔥 The penalties do not apply when the gas flaring, venting, and wastage of gas was caused by an act of war, storm, flood, or other natural phenomenon, which is beyond the control of a licensee or lessee, or producer of gas.

Download the full regulation at

<https://fixouresources.org/about/legalframework>

Fees

The commission charges application fees to permit access to gas; these charges are:

- 🔥 Data prying fee
- 🔥 Data leasing fee
- 🔥 Award fee for Permit to Access Flare Gas
- 🔥 Handling fee (to producer via Connection Agreement)
- 🔥 Guarantee fee (Deliver or Pay Agreement, if applicable)
- 🔥 Other fees as prescribed.
- 🔥 Permitted flaring allowed only within thresholds set by the Commission (reviewed biannually)
- 🔥 **Flaring Fees:** Charged for permitted flaring as per applicable regulations (threshold-based).

Reporting Of Gas Data

- 🔥 **Producers and permit holders must submit:**
 - Daily records of natural gas produced, consumed, delivered, flared, vented, and wasted.
 - Monthly report within 21 days after the end of each month
 - Annual report not later than 31st March of the following year
- 🔥 **Natural Gas Production Data, which are:**
 - Weighted average Gas Ratio per facility in a license
 - Gas consumed for own use
 - Gas delivered to offtake commitments
 - Gas flared
 - Gas wasted (deliberate venting, incomplete combustion, fugitive emissions)
 - Associated Gas Utilisation Factor.
 - **Producers:** Gas data per flare site + list of sites without Connection Agreements.
 - **Permit Holders:** Volumes utilised, flared, vented.
- 🔥 **Commission Annual Publication (by June 30)**
 - Total flare/vent volumes as % of natural gas produced
 - Associated gas produced
 - Own-use consumption
 - Comparative performance/ranking by utilisation factor
 - Permit holder performance (biennial: utilised vs flared vs vented)
 - Flare penalties & volumes due.