



How to obtain a Marginal Field License: For small-scale oil and gas production in Nigeria (Official 2026 Guide)

Description

Before You Begin: What You Need to Know

- **You cannot obtain a *new* Marginal Field license under the PIA.** Section 94(9) of the PIA 2021 says *no new marginal fields shall be declared*. Existing marginal fields continue and must convert under timelines set by the Act.
- **Small-scale upstream entrants should now target PPLs (Petroleum Prospecting Licenses)** awarded through NUPRC licensing rounds, governed by the **Petroleum Licensing Round Regulations, 2022**.
- For background and benchmarking, the **official DPR/NUPRC 2020 Marginal Fields Guidelines** set out the legacy end-to-end process (announcement → pre-qualification → data → bids → award → farm-out), including a **6-month indicative timeline** and an **official fee schedule** (registration, bid processing, data, CPR/FSR, and signature bonus).
- **All NUPRC fees and permits are handled through official portals** such as the Central Electronic Licensing & Permit System (ELPS) and the TSA/Remita payment links on the NUPRC website.

Part A — Understanding the legal landscape (Why “marginal fields” changed)

What the PIA 2021 did

The PIA re-set Nigeria’s upstream licensing architecture. For marginal fields specifically:

- **Producing marginal fields** may continue under their original royalty rates and farm-out agreements, but **must convert to a Petroleum Mining Lease (PML)** under the Act within 18 months from the effective date.
- **Marginal discoveries declared before 1 January 2021 but not producing** must **convert to a Petroleum Prospecting License (PPL)** and benefit from terms for new acreage.
- Where the discovery has been transferred to Government, **NUPRC may re-offer it in a bid round** under section 74.
- **Critically: “No new marginal fields shall be declared.”** (PIA s.94(9)).

Implication: If you are a small-scale upstream investor **today**, the compliant route is to participate in **NUPRC licensing rounds for PPLs/PMLs**, not to expect a new “marginal field license” declaration.

Part B — Your compliant path *now*: Obtaining small-scale access via PPL (under NUPRC rounds)

What governs today’s awards

- **Petroleum Licensing Round Regulations, 2022** lay out the standard, transparent, competitive bid process for PPLs/PMLs (pre-qualification criteria, data access, submissions, evaluation, award). NUPRC issues round-specific guidelines each time.
- NUPRC publishes bid round information, links to registration/data rooms, and payments through **official portals** (ELPS/BR portals, TSA/Remita).

Typical high-level steps to pursue a PPL (NUPRC licensing round)

The exact steps are in the round's official guidelines, but they track this sequence:

1. **Round announcement** on NUPRC website (round page + guidelines + timeline).
2. **Registration & pre-qualification** (legal, financial, technical criteria, HSE frameworks).
3. **Data access** (data prying, leasing, reports) via NUPRC-designated channels.
4. **Submission of technical & commercial bids** in the format prescribed.
5. **Evaluation, winner selection & award** (NUPRC runs a transparent, competitive process).
6. **Payment of the signature bonus** and other applicable statutory payments through TSA/Remita.
7. **Post-award obligations** (FDP approvals, host communities framework, environmental compliance), per the PIA and relevant NUPRC regulations/guidelines.

Where a round specifically re-offers previously declared marginal assets, the round guidelines will say so. Otherwise, plan for a standard PPL round under the 2022 Regulations.

Part C — The (legacy) marginal field process you still need to know (for context, compliance on existing fields, and benchmarking)

While new declarations are no longer made, **NUPRC's 2020 "Guidelines for the Award and Operations of Marginal Fields in Nigeria"** remain the official reference on how marginal fields were bid, awarded and operated. They also help you anticipate what NUPRC expects around capability, funding, and post-award performance.

Official definition (legacy)

A marginal field was any discovered field left unattended for **≥10 years** (or designated by the President), typically with features such as high-viscosity crude, high gas/low oil, or abandoned production.

Official objectives

- Grow production and reserves, reduce costs, promote indigenous participation/technology transfer, and optimise use of existing facilities.

High-level award steps (legacy)

- Announcement → Portal launch & requirements → EoI/Registration → **Pre-qualification** → Data prying/leasing & reports → **Technical & commercial bids** → Evaluation → **Announcement of winners**. The **overall process was targeted at ~6 months** from announcement to signing the farm-out with the OML leaseholder.

Pre-qualification: what you had to show (and what NUPRC still cares about)

- **Evidence of company existence** (dossier, staffing, org chart, management systems/HSE, training policy, business controls, post-award strategy, **financial capability**).
- **Technical & managerial capacity** to develop a marginal field expeditiously and efficiently.
- **Nature of company:** indigenous company **wholly or substantially Nigerian** and **registered principally for E&P**; federal character representation considered.
- **Eligibility:** Indigenous E&P companies duly registered in Nigeria; indebted companies or those not operating assets “in a business-like manner” could be disqualified.

The official fee framework (legacy 2020 round)

Below is the **exact fee schedule** published in the Guidelines’ Appendix (fees are *per field* unless noted).

S/No	Description	Amount
1	Registration fee	₦500,000.00
2	Application fee	₦2,000,000.00 per field
3	Bid Processing fee	₦3,000,000.00 per field
4	Data Prying fee	US\$15,000.00 per field
5	Data Leasing fee	US\$25,000.00 per field
6	Competent Persons Report (CPR)	US\$50,000.00 per field
7	Field Specific Report (FSR)	US\$25,000.00 per field

Payment channels (as officially stated in the Guidelines):

- Registration, Application and Processing fees → **Treasury Single Account (TSA)**.

- Data-related fees (prying, leasing, CPR, FSR) → **NDR account**.
- **Signature Bonuses** → **Federation Account**.

On today's NUPRC website you will find **TSA/Remita** payment instructions/links on the homepage and ELPS portal. Always use official channels published by NUPRC.

Post-award: farm-out, operations and compliance (legacy)

- **Farm-out agreement** with the OML leaseholder; NUPRC (formerly DPR) supervised, with detailed clauses on indemnity, decommissioning/abandonment security, straddled reservoirs, and operatorship standards.
- **Timeframes**: If after **60 months** of consent to the farm-out the farmee shows verified progress versus plan, renewal may be granted; if not, relinquishment applies.
- **Safety, environment & gas**: FDPs must embed safety provisions; **EIA and related studies** are mandatory from commencement; the farmee is responsible for gas utilisation.

These compliance expectations (safety, environment, timely development, decommissioning security) persist in spirit under the PIA regime for PPL/PML assets.

Part D — Step-by-step: How a small-scale operator can pursue an asset now (PPL route)

This is the **PIA-compliant pathway** for “marginal-scale” participation, based entirely on official NUPRC/PIA sources.

1) Track NUPRC licensing round announcements

NUPRC publishes round pages and guidelines (with calendars, data access, and bid rules). Bookmark: **NUPRC “Gazetted Regulations”** and **Guidelines** pages.

2) Register on official portals

- **ELPS** (NUPRC Central Electronic Licensing & Permit System).
- Round-specific **bid round portals** and NUPRC TS A/Remita payment links, when announced.

3) Prepare to meet pre-qualification criteria

Use the legacy marginal field pre-qualification as a capability checklist: company dossier, Nigerian ownership and E&P focus, experienced team, HSE systems, and demonstrable **funding capacity**.

4) Access the data

Follow the round guideline for **data prying/leasing** and acquisition of official reports. (In past processes the NDR handled payments for data-related items.)

5) Build compliant technical and commercial submissions

Your technical case should mirror the level of detail expected in the 2020 Guidelines (robust FDP concept, facilities, drilling plan, gas handling, safety, environment), while your commercial bid reflects the round’s rules under the 2022 Regulations.

6) Submit, undergo evaluation, and—if successful—pay required government take

Winners complete **signature bonus** and other statutory payments through NUPRC’s official TSA/Remita channels.

7) Post-award approvals and compliance

- **Field Development Plan** approval process and **host communities** compliance (PIA).
- Ongoing **safety/environment** obligations (EIA, emissions guidance, etc.) per NUPRC guidelines/regulations.

Part E — Frequently Asked Questions (based on common queries, answered with official rules)

1) Can I apply for a new Marginal Field license right now?

No. The PIA states: **“No new marginal fields shall be declared.”** New small-scale entry is via NUPRC licensing rounds for PPLs; producing/legacy marginal fields must convert per PIA timelines.

2) What happened to the “marginal field” category under the PIA?

- Producing marginal fields continue under their farm-out terms but must **convert to a PML** within 18 months of the PIA’s effective date.
- Non-producing marginal discoveries (declared before 1 Jan 2021) must **convert to PPLs**.
- No new declarations will be made.

3) If I am a small, indigenous E&P, do I still have a path?

Yes, via **PPL licensing rounds**. NUPRC’s **2022 Licensing Round Regulations** ensure a fair, transparent, competitive bid process; round guidelines specify the pre-qualification and bid requirements.

4) Where do I find official fees and payment channels?

For legacy marginal rounds, see the **official fee table** (registration, bid processing, data, CPR/FSR) and note where each fee is paid (TSA vs NDR vs Federation Account for signature bonus). For current PPL rounds, the **round guidelines** and **NUPRC portals**

(ELPS/TSA) carry the live instructions.

5) What documents/track record help me pre-qualify?

The legacy guidelines required evidence of existence, management systems (including **HSE**), **financial capability**, technical/managerial capacity, and the company's **Nigerian ownership and E&P focus**—a useful blueprint for PPL pre-qualification.

6) How long does a bid process take?

The 2020 marginal field guideline targeted **~6 months** from announcement to farm-out signing. Modern PPL rounds follow their own published calendars under the 2022 Regulations; always follow the round's timetable.

7) What if a legacy marginal field was left fallow?

Under PIA s.94, if a field development plan is not presented within the specified period, **relinquishment** applies and the field vests in Government to be administered by NUPRC (and can be re-offered in a bid).

8) Is a farm-out still relevant?

For existing marginal fields under prior farm-outs, yes—until conversion. The PIA regime otherwise centres on PPL/PML, with bid-based awards, not new marginal farm-out declarations.

9) Where do I verify permits or interact with NUPRC online?

Use **ELPS** for licensing/permit workflows, and the **NUPRC homepage** for TSA/Remita payments and links to current rounds/guidelines.

Part F — Common misconceptions (and the official position)

Misconception 1: “NUPRC still declares new marginal fields every year.”

Official position: Not under the PIA. *No new marginal fields shall be declared.* Opportunities are via PPL licensing rounds.

Misconception 2: “A marginal field license is faster or easier than a PPL.”

Official position: The legacy guidelines did target ~6 months, but awards were competitive and required full technical/financial proof. Today, PPL rounds are likewise competitive and governed by the **2022 Licensing Round Regulations**.

Misconception 3: “Any company can bid, regardless of ownership or competence.”

Official position: Legacy marginal field rules emphasised **indigenous ownership**, E&P focus, HSE systems, and financial/technical capacity. Modern PPL rounds publish explicit pre-qualification criteria.

Misconception 4: “Fees can be paid to intermediaries.”

Official position: Fees and signature bonuses are paid through **official government accounts/portals** (TSA/Remita; NDR for data; Federation Account for signature bonus). Use only the channels NUPRC publishes.

Part G — Actionable checklist for small-scale entrants (PIA-compliant)

1. **Monitor** the NUPRC website for round announcements, gazetted regulations and guidelines.
2. **Register** on ELPS and any live bid round portal linked by NUPRC.
3. **Assemble your pre-qualification pack:** corporate dossier, E&P-focused objects, HSE systems, Nigerian ownership, resumes of key technical staff, and **proof of financing**. (Legacy marginal field criteria offer a ready template.)
4. **Plan for data costs & signature bonus** (amounts and timing per the round guideline). Use **TSA/Remita** links on the NUPRC site only.
5. **Draft a bankable FDP concept:** drilling schedule, facilities tie-in, gas handling/monetisation, emissions management, safety, environment, and host communities development framework, as required by PIA-era rules/guidelines.
6. **Submit on time**, track evaluation announcements, and upon success **pay the signature bonus** and complete all post-award filings through the official portals.

Part H — Legacy (2020) Marginal Field Award: full process & costs (for reference)

This section preserves the official DPR/NUPRC marginal field procedure as published in June 2020. Use it for context and to benchmark your internal readiness (the PIA now channels new entrants through PPL licensing rounds).

Official process map (summarised)

- **Announcement** of the bid round
- **Online portal launch** with specific requirements
- **Eol/Registration**
- **Pre-qualification** (legal, financial, technical, HSE)
- **Data prying/leasing; Competent Person's Report (CPR) & Field-Specific Report (FSR)**
- **Technical & commercial bids**
- **Evaluation & awards**, then **Signature Bonus payment** and **farm-out agreement** with OML holder
- **Target timeline: ~6 months** to farm-out signing.

Fees and payment instructions (verbatim framework)

- **Registration/Application/Processing → TSA**

- **Data prying/leasing/CPR/FSR → NDR account**
- **Signature bonus → Federation Account**
(See table above for amounts.)

Post-award compliance

- **Indemnities & decommissioning** (security/performance bond or escrow)
- **Straddled reservoirs** management
- **Operator requirements** (must hold an interest; changes approved by HMPR at the time)
- **60-month** progress/review/renewal logic
- **EIA & environment, safety in FDP, gas utilization obligations**
- **DPR/NUPRC supervision** throughout operations.

Part I — On conversions, relinquishment and re-offers under the PIA

- If a marginal field (pre-2021 declaration) is **not producing**, it **converts to PPL** and benefits from new-acreage terms; producing ones convert to **PML** within 18 months.
- Where holders fail to present an FDP within the specified time, **relinquishment** applies and **NUPRC administers** the field; such assets can be re-offered under bid rounds.

Sources (official only)

- **PIA 2021 — Section 94 (marginal fields)**, incl. conversion rules and s.94(9) (“No new marginal fields shall be declared”).
- **NUPRC/DPR (2020) Guidelines for the Award and Operations of Marginal Fields in Nigeria** — process, criteria, 6-month timeline, and **official fee schedule** (appendix).
- **NUPRC Petroleum Licensing Round Regulations, 2022** — current framework for awarding PPLs/PMLs via competitive bid rounds.
- **NUPRC official portals & payments** — ELPS/OGISP and TSA/Remita links on the NUPRC website.

Bottom line

If your goal is **small-scale upstream production in Nigeria** in 2026, the **PIA-compliant route is to compete in NUPRC’s PPL licensing rounds**, not to wait for a new “marginal field license” declaration (which the law no longer allows). Build your team, funding, HSE systems and FDP concept to meet **NUPRC’s published round criteria**, use **only** the **official** portals and payment channels, and anchor your plan on the **PIA and NUPRC’s 2022 Regulations**.

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