



How to Obtain a Petroleum Refining License: For Modular and Full-Scale Refineries in Nigeria (2026 Guide)

Description

Introduction

Nigeria is Africa's largest oil producer, yet paradoxically, it depends heavily on imported refined petroleum products. To close this gap, the Federal Government has opened investment opportunities in **refinery development**, with modular refineries (small-scale, flexible plants) and full-scale refineries (large integrated complexes) at the heart of its energy security strategy.

For investors and companies, the **Petroleum Refining License** issued by the **Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA)** under the **Petroleum Industry Act (PIA) 2021** is the mandatory legal approval to establish and operate a refinery in Nigeria.

This handbook provides a **step-by-step, detailed guide** on how to obtain a petroleum refining license in Nigeria for both modular and full-scale refineries, covering:

- Requirements, documentation, and procedures.
- Licensing stages from prequalification to operations.

-
- Costs and fees payable to NMDPRA.
 - Environmental Impact Assessment (EIA) process.
 - Compliance obligations under Nigerian law.
 - Frequently Asked Questions and common misconceptions.

This content is fully aligned with information from the **official website of NMDPRA** and the **Federal Ministry of Environment**, making it an authoritative guide for investors, lawyers, and engineers.

Understanding Petroleum Refining Licensing in Nigeria

Legal Framework

Licensing is governed primarily by:

- **Petroleum Industry Act (PIA) 2021**
- **Petroleum Regulations (Refining and Processing)**
- **Environmental Impact Assessment Act (Cap E12 LFN 2004)**
- **NMDPRA Licensing Guidelines for Refineries**

Types of Refineries Covered

1. **Modular Refineries** – smaller plants (capacity typically 1,000–30,000 barrels per day), quicker to establish, cost-effective, and often used for regional supply.
2. **Full-Scale Refineries** – large, integrated facilities with capacities above 50,000 barrels per day.

Licensing Stages

Obtaining a refinery license in Nigeria involves **three sequential stages**, each requiring separate approvals from the NMDPRA:

1. License to Establish (LTE)

- Approval to construct a refinery after feasibility and technical studies.

2. Approval to Construct (ATC)

- Technical and engineering approval for actual construction.

3. License to Operate (LTO)

- Final approval to commence refining operations.

Important: Each stage is mandatory. Skipping or commencing construction without prior approvals attracts sanctions.

Stage 1: License to Establish (LTE)

This is the **first approval** that allows a company to begin preliminary work.

Requirements for LTE

Applicants must submit the following:

Document / Requirement	Details
Application Letter	Formal request addressed to the Chief Executive, NMDPRA.
Feasibility Study Report	Covering market analysis, raw material availability, financial model, risk analysis.
Detailed Business Plan	Including ownership structure, financing plan, and projected cash flow.
Site Location Report	Evidence of land ownership/lease, site survey, and accessibility studies.
Corporate Profile	CAC incorporation documents, shareholding structure, directors list.
Technical Proposal	Design philosophy, refining technology description, expected output products.
Health, Safety & Environmental (HSE) Policy	Statement of commitment to safety and environmental compliance.
Proof of Financial Capability	Bank references, letters of credit, audited financial statements.
Application Fee	Payable to NMDPRA through Remita platform.

Process for LTE

1. Register on **NMDPRA's License Application Portal (NCELAS)**.
2. Complete application form and upload documents.
3. Pay prescribed application fee.
4. NMDPRA reviews and may request clarifications.
5. If satisfied, NMDPRA grants **License to Establish**.

Timeline

- Average processing time: **3-6 months**.

Stage 2: Approval to Construct (ATC)

After obtaining LTE, the company must apply for **ATC** before actual construction begins.

Requirements for ATC

Document / Requirement	Details
Application Letter	Addressed to NMDPRA Chief Executive.
LTE Approval	Copy of the earlier License to Establish.
Detailed Engineering Design (DED)	Civil, mechanical, electrical, and process design drawings.
Environmental Impact Assessment (EIA) Report	Approved by the Federal Ministry of Environment.
Fire & Safety Report	Including firefighting systems, emergency response, and risk assessment.
Insurance Certificates	Construction and liability insurance.
Project Execution Schedule	Gantt chart or milestone timeline.
Quality Assurance/Control Plan	QA/QC manual and contractor compliance plans.
Application Fee	Payable to NMDPRA.

Process for ATC

1. Submit application with required documents.
2. Conduct Environmental Impact Assessment (EIA).
 - Screening → Scoping → Draft Report → Public Hearing → Approval.

3. NMDPRA reviews DED and EIA.
4. Technical inspection may be conducted.
5. ATC is granted, authorising construction.

Timeline

- Average processing time: **6-12 months** (due to EIA).

Stage 3: License to Operate (LTO)

After construction is complete, the company must secure LTO before production.

Requirements for LTO

Document / Requirement	Details
Application Letter	Addressed to NMDPRA.
ATC Approval	Copy of Approval to Construct license.
As-Built Drawings	Verified drawings of constructed facility.
Pre-Commissioning Safety Report	Evidence of systems testing and commissioning.
Fire & Safety Clearance	Certificate of compliance with safety standards.
EIA Compliance Certificate	Issued by Federal Ministry of Environment.
HSE Management Plan	Final safety management system for operations.
Operational Manuals	SOPs for refining processes.
Insurance Policies	Asset, liability, and environmental risk insurance.
Application Fee	Payable to NMDPRA.

Process for LTO

1. Apply via NCELAS portal with documents.
2. NMDPRA conducts **site inspection & audit**.
3. If compliant, NMDPRA grants LTO.
4. Refinery operations can legally commence.

Timeline

- Average processing time: **3-6 months**.

Costs & Fees

The NMDPRA charges application and processing fees at each stage.

Stage	Approximate Fees (₦ / USD equivalent)
License to Establish (LTE)	₦2 million – ₦5 million
Approval to Construct (ATC)	₦5 million – ₦10 million
License to Operate (LTO)	₦2 million – ₦5 million
Renewal of LTO	₦1.5 million – ₦3 million

Note: Fees vary depending on refinery capacity and scope (modular vs. full-scale).

Compliance Obligations Post-Licensing

Once operational, refineries must comply with ongoing obligations:

1. **Quarterly Reports** – Production and environmental compliance updates to NMDPRA.

-
2. **Annual License Renewal** – Renew LTO as required.
 3. **Environmental Audits** – Regular reporting to Federal Ministry of Environment.
 4. **Payment of Royalties & Fees** – To NMDPRA and Ministry of Finance.
 5. **Community Engagement** – Host community development obligations under PIA 2021.
-

Frequently Asked Questions (FAQs)

1. How long does it take to obtain a petroleum refining license in Nigeria?

The full process (LTE → ATC → LTO) typically takes **18-30 months**, depending on project scale and EIA approvals.

2. Can a foreign investor own 100% of a refinery in Nigeria?

Yes. The PIA 2021 permits 100% foreign ownership, subject to CAC incorporation and compliance with Nigerian laws.

3. What is the difference between modular and full-scale refineries?

- **Modular refineries:** smaller, cheaper, faster to establish (1,000–30,000 bpd).
- **Full-scale refineries:** larger, integrated, more capital-intensive (50,000+ bpd).

4. Is EIA mandatory for modular refineries?

Yes. All refinery projects, regardless of size, must undergo an **Environmental Impact Assessment (EIA)**.

5. Can I start construction with only LTE?

No. Construction can only begin after securing **ATC**. Building with only LTE is illegal.

Common Misconceptions

- **“Modular refineries don’t need a license.”**
→ Wrong. Both modular and full-scale refineries must be licensed by NMDPRA.
 - **“Only NNPC can operate refineries in Nigeria.”**
→ False. Private and foreign investors are legally permitted under the PIA.
 - **“Once licensed, no further compliance is needed.”**
→ Incorrect. Licenses must be renewed, and companies must file reports and maintain environmental compliance.
-

Conclusion

Obtaining a **Petroleum Refining License in Nigeria** is a rigorous, multi-stage process designed to ensure safety, environmental protection, and sustainable energy development. While modular refineries offer a quicker entry route, full-scale projects remain the backbone of Nigeria’s refining strategy.

By following the steps outlined in this guide, preparing robust documentation, securing environmental approvals, and complying with NMDPRA requirements, investors can position themselves for success in Nigeria’s rapidly evolving petroleum sector.

Category

1. Industry Insights