



How to obtain an Oil/Petroleum Prospecting License (OPL) in Nigeria

Description

An **Oil Prospecting License (OPL)** in Nigeria (now termed a **Petroleum Prospecting License** under the Petroleum Industry Act 2021) grants exclusive rights to explore for petroleum in a specified area for an initial three-year term (renewable for up to two more years) over areas not exceeding 2,590 km². The Nigerian Upstream Petroleum Regulatory Commission (NUPRC), formerly the Department of Petroleum Resources (DPR), issues OPLs under the Petroleum (Drilling & Production) Regulations, 2019 and the Petroleum Industry Act 2021. Applicants must be companies incorporated in Nigeria, submit a work programme, parent-company and work commitment guarantees, maps, proof of financial capability, pay an application fee of US\$ 10,000 plus a processing fee of US\$ 10,000, and annual rent of US\$ 100 per mi². The end-to-end application; from bid round participation or ministerial grant through technical/financial evaluation to ministerial approval, takes roughly 30–90 days.

Overview of the Oil Prospecting License (OPL)

The Oil Prospecting License (OPL) is one of two principal upstream licenses in Nigeria (the other being the Oil Mining Lease, OML). Under the old Petroleum Act of 1969, OPLs were granted for prospecting; following the Petroleum Industry Act (PIA) 2021, they are now called Petroleum Prospecting Licenses (PPL) but maintain the same rights and obligations.

- **Purpose:** Grants exclusive rights of surface and subsurface exploration for petroleum within a defined area.
- **Area limit:** Up to 2,590 km² (1,000 mi²) per license.
- **Initial term:** 3 years, renewable once for 2 years (onshore); deep-offshore terms may differ under PIA.
- **Renewal:** Application for tenure extension must be made at least four months before expiry .

Legal and Regulatory Framework

1. Statutory Authority:

- Petroleum (Drilling & Production) (Amendment) Regulations, 2019 issued by DPR (now NUPRC).
- Petroleum Industry Act (PIA), 2021, which restructured DPR into the Nigerian Upstream Petroleum Regulatory Commission (NUPRC).

2. Governing Sections:

- Sections 92–94 (conversion and grant) and Section 303 (renewal) of the Petroleum Act (as amended).

3. Issuing Body:

- Applications are processed and recommended by NUPRC; final grant is by the Minister of Petroleum Resources.

Key Features of an OPL

Feature	Detail
Exclusive exploration right	Yes
Initial duration	3 years (renewable for 2 years)
Maximum area	2,590 km ² (1,000 mi ²)
Renewal notice	4 months before expiry
Conversion option	May convert to OML subject to discovery/commercial quantity
Annual rent	US\$ 100 per mi ²

Requirements for Application

Applications must be made via the NUPRC's Electronic Licensing & Permit System (ELPS) and include the following **mandatory** documents:

Document / Item	Description
Certificate of Incorporation	CAC-issued certificate; company must be Nigerian-incorporated
Memorandum & Articles of Association, CAC Forms CAC 7, CAC 2, FORM 1.1 or Status Report as applicable	To determine company's business objectives and corporate structure of the company
Parent Company Guarantee (if applicable)	Guarantee by parent for performance and obligations
Work Commitment Guarantee	Bank guarantee covering minimum work obligations
Proof of Financial Capability	Audited statements or bank references evidencing funds for proposed work programme
Map & Survey Description	Hard-copy/digital map at Commission-specified scale delineating blocks, parcels and retention areas

Document / Item	Description
Application & Processing Fees	Payment evidence for US\$ 10,000 application + US\$ 10,000 processing fee
First-Year Rent Payment	US\$ 100 per mi ² evidence of payment for first year's rent

Note: No hard-copy visits are required; all submissions are electronic via ELPS.

Step-by-Step Application Process

1. Company Preparation & Registration

- Incorporate with CAC; obtain Certificate of Incorporation, Memorandum & Articles and Status Report
- Register with FIRS for Tax Clearance Certificate (TCC), NSITF, PENCOM, NCDMB, NIPRC as needed.

2. Choose/Identify Acreage

- Participate in NUPRC licensing round or apply directly to Minister for frontier areas.

3. ELPS Portal Registration

- Create company account on NUPRC ELPS portal (<https://elps.nuprc.gov.ng/>).

4. Document Upload & Payment

- Upload corporate docs, work programme, guarantees, maps.

- Pay US\$ 10,000 application fee and US\$ 10,000 processing fee into CBN Account.
- Pay first-year rent (US\$ 100 / mi²).

5. Technical & Financial Evaluation

- NUPRC reviews within 30 days and forwards recommendation to Minister.

6. Ministerial Approval & License Issuance

- Minister mandates NUPRC/DPR to issue OPL via office memo.
- Applicant receives provisional slip; final OPL collected upon SMS/phone notification.

7. Post-Issuance Compliance

- Commence work programme; file periodic reports with NUPRC.
- Pay annual rent and any signature bonus installments.

8. Renewal / Conversion

- Apply 4 months before expiry for renewal; conversion to OML subject to discovery/commercial quantity and new fees.

Cost Breakdown

Item	Amount (US\$)	Account / Remarks
Application for OPL	10,000.00	CBN Acct: 400225220; JP Morgan Chase, NY (US)

Item	Amount (US\$)	Account / Remarks
Processing Fee	10,000.00	Same as above
First-Year Rent (per mi ²)	100.00	CBN Concession Rentals 802906917
Extension of Tenure (OPL)	25% of Signature Bonus	CBN Acct: as above
Conversion to OML	1,000,000.00	CBN Acct: as above
Assignment/Sublet on OPL	5,000.00	CBN Acct: as above
Annual Rent thereafter (per sq km)	150.00	CBN Concession Rentals 802906917

Renewal & Conversion

- **Renewal:** File application 4 months pre-expiry; must show rent payment, work commitment guarantee, parent guarantee.
- **Conversion to OML:** Eligible upon commercial discovery (10,000 bbl/day onshore; 25,000 bbl/day offshore); fee US\$ 1 million.

Common Misconceptions

Misconception	Reality
OPL = Production License	OPL only permits prospecting/exploration, not production; OML is required for commercial production.
Unlimited area & time	Strict cap at 2,590 km ² and 3 years initial term.
Automatic conversion to OML	Conversion requires separate application, discovery thresholds, and US\$ 1 million fee.
Can apply without Nigerian incorporation	Only Nigerian-incorporated companies may hold OPL
No financial guarantees needed	Work commitment and parent guarantees are mandatory.

Frequently Asked Questions

1. **What is the duration of an Oil Prospecting License in Nigeria?**

The initial term is 3 years, renewable once for up to 2 years (onshore). Offshore terms may vary under the PIA.

2. **What is the maximum area covered by an OPL?**

An OPL covers up to 2,590 km² (1,000 mi²) per license.

3. **Can a foreign company obtain an OPL directly?**

No; only companies incorporated in Nigeria may apply. Foreign investors must register via NIPC and incorporate locally.

4. **How long does it take to get an OPL?**

NUPRC evaluation and Ministerial recommendation take approximately 30–90 days from complete submission.

5. **What is the difference between an OPL and an OML?**

OPL authorises exploration/prospecting only; OML (Oil Mining Lease) is required for commercial production after discovery thresholds are met

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