

# **DEEP WATER BLOCK ALLOCATIONS TO COMPANIES (BACK-IN-RIGHTS) REGULATIONS S. I 7 2003**

PETROLEUM ACT  
(CAP. 350 LFN)

Commencement: 5th July 2003

In exercise of the powers conferred upon me by section 9 (1) (a) and (b) of the Petroleum Act and of all other powers enabling me in that behalf, I, OLUSEGUN OBASANJO, President of the Federal Republic of Nigeria/Minister of Petroleum Resources, hereby make the following Regulations -

(1) The provision of these Regulations shall apply to all oil prospecting licences and oil mining leases issued for -

- a) deep water blocks allocated before the commencement of these Regulations; and
- b) all such other deep water blocks as may be allocated from time to time, with the exception of oil prospecting licences or oil mining leases

issued to the Nigerian National Petroleum Corporation (in these regulations referred to as "the Corporation"). .

(2) For the avoidance of doubt, the provisions of sub-paragraph (1) of this paragraph shall not be applicable to oil prospecting licences of oil mining leases for deep water blocks in which the Federal Government already has 100 percent interest through the Corporation.

(3) All oil prospecting licences issued before the commencement of these Regulations and falling within the meaning of sub-paragraph (1) of this paragraph, shall be deemed modified by the provisions of these Regulations.

2.-(1) Where an allocation of a deep water block referred to in paragraph I of these Regulations includes a reservation by the Federal

Government of the right to a participating interest in an oil mining lease derived from ,an oil prospecting licence, the conditions specified in these Regulations shall apply.

(2) The Federal Government shall exercise its rights to participate in such oil mining lease by acquiring five-sixths of the allottee's interest in the relevant oil prospecting licence and oil mining lease (rounded up to the nearest whole percentage point of total interest in the deep water block) under such terms and conditions as may be determined, from time to time, by the Federal Government: "

Provided that the terms and conditions of the agreement(s) that governs the acquired Federal Government participating interest in the oil prospecting licence and oil mining lease shall not be less favourable to the Federal Government than those in effect at the commencement of these Regulations, that is, the prevailing fiscal terms as well as those terms and conditions applicable to the Corporation in the Federal Government's model form production sharing contract. in effect at the commencement of these Regulations or those applicable to the Corporation in the Federal Government's model form production sharing contracts operational at the time of the allocation of the deep water block, whichever is the later.

(3) Where the terms and conditions are less favourable to the Federal Government such terms shall be modified to such extent as to bring them into conformity with the existing terms and conditions applicable to the Corporation in such model form production sharing contract in effect at the commencement of these Regulations or those applicable to the Corporation in the Federal Government's model form production sharing contracts

operational at the time of the allocation of the deep water block. whichever is the later. only in so far as such terms and conditions are applicable, to the Federal Government owned, interest in the deep water block.

(4) Where the company does not have a production sharing arrangement in place on the deep water block and each party funds its interest share directly, the Federal Government shall acquire five-sixths of the Nigerian ownership interest in the oil mining lease (rounded up ,to the nearest whole percentage point of total interest in the deep water block), as a funding participant to the extent of its interest in the deep water block.

3. In these Regulations -

"Corporation" means the Nigerian National Petroleum Corporation;

"deep water blocks" means those concessions for the exploration and! or exploitation of petroleum in which all or part are in waters deeper than 200 metres;

"Minister" means the Minister of Petroleum Resources.

4. These Regulations may be cited as the Deep Water Block Allocations to Companies (Back-in-Rights) Regulations 2003.

MADE at Abuja this 5th day of July 2003

OLUSEGUN OBASANJO,

President of the Federal Republic of Nigeria/Minister of Petroleum Resources