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PROEM

The establishment of the Nigerian Content Development and Monitoring Board (NCDMB) in 2010 by the Nigerian Oil and Gas Industry Content Development Act, 2010 (the 'Act') was an initiative designed to drive local content development in Nigeria by the imposition of standards on capacity building, technology transfer and training in the Oil and gas industry.

The overall objective of the following ministerial regulations is to provide pragmatic strategies for the implementation and enforcement of the respective enabling sections of the Act.

Nigerian Oil and Gas Research and Development Regulation, 2021
This Regulation provides requirements and targets for growth of Research and Development in the Nigerian oil and gas industry.

**THE NIGERIAN OIL AND GAS INDUSTRY CONTENT DEVELOPMENT
ACT (2010 No. 2)**

**NIGERIAN OIL AND GAS RESEARCH AND DEVELOPMENT
REGULATIONS, 2021**



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S. I. No. 34 of 2021

**THE NIGERIAN OIL AND GAS INDUSTRY CONTENT DEVELOPMENT
ACT (2010 No. 2)**

**NIGERIAN OIL AND GAS RESEARCH AND DEVELOPMENT
REGULATIONS, 2021**

[26th Day of February, 2021]

Commence-
ment.

In exercise of the powers conferred on me by Section 36 of the Nigerian Oil and Gas Industry Content Development Act and all other powers enabling me in that behalf, I, the Honourable Minister of State for Petroleum Resources hereby make the following Regulations—

PART I PRELIMINARY AND GENERAL

1. These Regulations may be cited as the Nigerian Oil and Gas Research and Development Regulations, 2021.

Short Title.

2. The objectives of these Regulations are to—

Objectives of
the
Regulation.

(a) Set requirements and targets for the growth of Research and Development in the Nigerian oil and gas industry ;

(b) stimulate utilisation of Nigerian facilities and intellectual resources in finding research solutions to industry problems within the Nigerian oil and gas sector ;

(c) provide for the monitoring, supervision, co-ordination and regulation of Research and Development within the Nigerian oil and gas sector ; and

(d) Make provisions on funding of Research and Development activities.

3. For the purposes of these Regulations and the *annexes* thereto; except as otherwise stated—

Interpretation.

“*Act*” means the Nigerian Oil and Gas Industry Content Development Act, 2010.

“*Board*” means the Nigerian Content Development and Monitoring Board established under the Act.

“*Minister*” means the Minister of State for Petroleum Resources.

“*Operator*” means the Nigeria National Petroleum Company (NNPC), its subsidiaries and Joint Venture Partners, and any Nigerian, Foreign or International Oil and Gas Company operating in the Nigerian Oil and Gas Industry under any petroleum arrangement.

“*Research and Development*” (R&D) means any activity (study, investigation, analysis) designed to solve a technology problem, add to a body of knowledge, lead to process improvement or result in a new technology Development and geared towards enhancement of Nigerian content in the oil and gas industry in Nigeria.

Application
of these
Regulation.

4. These Regulations shall apply to Operators, service providers and other entities involved in any project, operation, activity or transaction in the Nigerian oil and gas industry.

PART II—POWERS OF THE BOARD

Power of the
Board to
Regulate
Research.

5. The Board shall supervise, coordinate, administer and monitor Operators, to ensure compliance with their Research and Development obligations under the Act, these Regulations and any Guidelines issued thereto by the Board.

Duties of
the Board.

6. The Board shall conduct benchmark studies, evaluate researches and investigations, and organise symposia that may further the attainment of the goal of developing local content in the Nigerian oil and gas industry.

Supervision
of Research
Clusters and
Centres of
Excellence.

7. The Board shall supervise and monitor the effective implementation of Research Clusters and Centres of Excellence (CoE).

Power to
impose
sanctions.

8. The Board shall impose such sanctions and penalties as are stipulated in these or other relevant Regulations for the violation of these regulations.

**PART III—OPERATOR RESEARCH AND DEVELOPMENT PROGRAMMES,
PLANNING AND REPORTING**

A : RESEARCH AND DEVELOPMENT

Duty to
carry out
Research and
Development
activities.

9. For every project for which a Nigerian Content plan is submitted, an Operator shall carry out a programme to the satisfaction of the Board, for the promotion of education, attachments, training, research and development in Nigeria in relation to its work programme and activities.

Programmes
and Budget
for Research
and
Development.

10. For every project for which a Nigerian Content Plan is submitted to the Board pursuant to section 7 of the Act, an Operator shall within six (6) months of the submission of the Nigerian Content Plan, submit to the Board, a Research and Development Plan which shall provide its programme and budget for the promotion of Research and Development in Nigeria in relation to its work programme and activities.

Outline of
Research
and
Development
Plan.

11. The Research and Development Plan shall be in line with the provisions of Schedule 1 to these regulations.

Update of
Research
and
Development
Plan.

12. The Operator shall update its approved Research and Development Plan every six- months from the date the Board approves the Plan.

- | | |
|---|--|
| 13. The scope of Research and Development to be undertaken by Operators shall include— | Scope of Research and Development. |
| (a) Engineering studies (including reservoir management production facilities and drilling); | |
| (b) Geological and geophysical studies ; | |
| (c) Safety and environmental studies ; and | |
| (d) Local materials substitution studies. | |
| 14. The Board shall evaluate and approve Research and Development Plans submitted by an Operator; and shall in the exercise of this power consider the specific needs and knowledge gaps as indicated by the Operator. | Evaluation and approval of research and development plan. |
| 15. The Board may in its discretion withhold its approval of a Research and Development Plan proposed by an operator where the plan contains inaccurate information regarding the nature and objectives of the Research to be carried out; or the Operator has outstanding obligations to the Board from a prior Research and Development undertaking; or for such other reasons that may be contrary to the Act. | Power of the Board to Withhold Approval of Research and Development Plan |
| 16. An Operator whose Research and Development Plan is disapproved under Regulation 15 above shall submit a revised Plan and perform any outstanding obligations within 14 days of notification of the disapproval. | Revised Research and Development Plan. |
| 17. The Board may order the suspension of the implementation of a Research and Development Plan where there is a deviation from the Research and Development Plan and the deviation is not rectified by the Operator within 14 days of notification by the Board. | Suspension of a Research and Development Plan. |
| 18. An Operator shall cease/suspend all activities related to its Research and Development Plan, following the notification by the Board of its order of suspension of the Operator's research project. | Cessation of Research and Development Activities. |
| 19. An Operator shall be entitled to submit a written representation to the Board within fourteen (14) days of the suspension of its R and D Plan stating the reasons for such deviation and its effect or otherwise on its Research and Development Plan. | Written Representations to the Board. |
| 20. The Board shall reverse an order of suspension of an Operator's Research activities once the Operator has rectified the deviation from the Research and Development plan in a manner satisfactory to the Board or where the Board is satisfied with the Operator's written representation in line with Regulation 19. | Reversal of an Order of Suspension by the Board. |

Written progress reports to the Board.

Extension of time to file a Research and Development Plan.

Programmes and Expenditure for Research and Development.

Procedure for the Promotion of Research and Development.

Technological Breakthrough in the Course of Research.

Award of Recognition for Technological Breakthrough

Protection of Intellectual Property.

21. On the first working day of each quarter, an Operator shall submit a written progress report on its Research and Development activities to the Board.

22.—(1) Where an Operator is unable to comply with the timeline stipulated by these regulations for the submission of its Research and Development Plan or quarterly report, such Operator shall not later than seven days prior to the submission due date, file a request for an extension of time with the Board.

(2) The Board shall examine the request for an extension of time on its merit and shall notify the applicant of the outcome within seven days of the Board's receipt of the request.

(3) Where a request for extension of time for submission of an R and D Plan or quarterly report has been granted, the Board shall specify the period of extension so granted.

(4) An application for extension of time for the submission of an R and D Plan or quarterly report shall not be considered or granted more than once by the Board in each year.

23. An Operator shall, in compliance with its Research and Development Plan, carry out programmes and make expenditure, for the promotion of Research and Development in relation to its activities.

24. An Operator shall endeavour to adopt reasonable procedures to promote and facilitate Research conducted in accordance with these Regulations.

25. An Operator who makes technological breakthrough in the course of Research in the oil and gas industry in Nigeria shall carry the Board along as practicably as possible in the Development of such breakthrough into viable products.

26. The Board shall grant an Award of Recognition to an Operator who makes technological breakthrough in the course of its Research.

27. The Intellectual Property inherent in the results and findings of the Research and Development activities of an Operator shall be vested in the Operator subject to the relevant laws such as the Trademarks Act and the Patents and Designs Act.

28. An Operator may enter into a partnership agreement, for the purpose of carrying out a Research project, with another Operator, an academic institution or an international organisation founded for the purposes of carrying out scientific Research provided that the provisions of these Regulations and the Act are adhered to.

Partnership
for Research
and
Development.

29. Following the successful completion of a Research and Development Plan by an Operator, the Operator shall take steps to implement the result/findings from its Research as part of its operations/processes.

Implementation
of Research
findings.

B. EDUCATION, ATTACHMENTS AND TRAINING

30. An operator shall carry out a programme and make expenditure, to the satisfaction of the Board, for the promotion of education, attachments, training, Research and Development in Nigeria in relation to its work programme and activities as provided for in the Regulations on Training made pursuant to the Act.

Duty of an
operator on
education,
attachment
and training.

C. FUNDING OF RESEARCH AND DEVELOPMENT

31. An Operator shall fund Research and Development activities to the satisfaction of the Board upon consideration of the individual project undertaken by an Operator and the funding needs of every individual project. This is without prejudice to the right of the Board to support the funding of Research and Development activities in line with the Regulations on the Nigerian Content Development Fund.

Funding of
Research and
Development
Projects.

D. COMMUNICATION AND PUBLICATIONS

32. The appropriate channel for communication between the Board and an Operator shall be in writing through electronic mail or hand delivered letters.

Communication
between the
Board and an
Operator.

33. An Operator shall notify the Board of any publication in print, broadcast or social media on Research in the oil and gas industry in Nigeria.

Notification
on
Publications.

34. The Board shall submit quarterly reports in the course of the performance of its duties under these Regulations to the Minister or any other person as may be directed by the Minister.

Quarterly
Reports to
the Minister.

35. An Operator shall publish the findings of its Research and Development activities in the journal of the Board.

Publication
of Research.

PART IV—PENALTIES

36.—(a) An Operator who performs an act contrary to the provisions of these Regulations or who by omission contravenes the provisions of these Regulations is in breach thereof and is liable to such fines, sanctions or penalties determined under the Nigerian Oil and Gas Industry Enforcement and Compliance Regulation 2021 or as may be determined by the Board from time to time.

Penalties for
breach of
regulation.

(b) The enforcement of this Regulation shall be without prejudice to the provision of Section 68 of the Act.

PART V—COMMON INDUSTRY RESEARCH AND DEVELOPMENT RESEARCH
CLUSTERS AND CENTERS OF EXCELLENCE

Objective of
common
Industry
Research.

37. The major objective of Common Industry Research shall be the Linking of the academia/research entities to the oil and gas industry for Nigerian Content Development of human and material resources.

Responsibilities
of the
Research
Centres of
Excellence.

38. The Board shall establish Research Clusters and Centres of Excellence and they shall—

(a) domicile Research and Development activities and promote innovation using local materials and technology ;

(b) promote the “Common industry” Research and Development activity ;

(c) identify patentable Research findings and innovations for possible Development and commercialization ;

(d) coordinate and communicate local content driven R & D findings via publications such as the NOGIC Quarterly Review (NQR) ;

(e) generate and maintain a database of oil and gas Developments in Nigeria, thereby identifying and evaluating gaps and resource requirements for oil and gas facilities ; and

(f) Do all other things necessary to give effect to their establishment Penalties for breach of regulation.

Public
Notice for
expressions
of interest.

39. The Board shall periodically call for Expressions of Interest by Operators to participate in Common Industry Research. Provided that such Expressions of Interest shall include—

(a) Purpose and expected outcome from the Research and Development initiative ;

(b) The nature and objectives of the Research and Development projects to be implemented under the plan ; and

(c) Research Scope (basic or advanced).

PART VI—POWER OF THE BOARD TO ISSUE GUIDELINES

Power of the
Board to
make
guidelines.

40. The Board shall have the power to issue guidelines from time to time as may be necessary to ensure practical implementation and attainment of set objectives of these Regulations.

SCHEDULE I

RESEARCH AND DEVELOPMENT PLAN

The Research and Development plan submitted by an Operator shall contain a full description of the following particulars—

- (a) A revolving 3-5year plan for oil and gas related Research and Development initiatives to be undertaken in Nigeria ;
- (b) Purpose and expected outcome from the Research and Development initiative ;
- (c) The nature and objectives of the Research and Development projects to be implemented under the plan ;
- (d) Research Scope (basic or advanced) ;
- (e) Planned Expenditure ;
- (f) The Research methodology to be used, including the requirements and equipment to be deployed in carrying out the Research and confirmation that same aligns with internationally accepted standard ;
- (g) The precise geographical areas in which the Research is to be conducted ;
- (h) Estimated duration of the Research ;
- (i) The name of a sponsoring institution where applicable, its director, and the officer in charge of the Research ;
- (j) Environmental impact analysis of the Research ;
- (k) The extent to which it is considered that the Board should be able to participate or to be represented in the project ;
- (l) Provisions for public calls for proposals for Research and Development initiatives associated with the Operator's activities ;
- (m) A breakdown of how the plan shall be executed and key officers in the Operator's employ charged with the duty of implementing the plan ;
- (n) Research methodology and requirement ;
- (o) The training plan for Nigerian personnel to be engaged by the Operator for its Research and Development activities ; and
- (p) Implementation plan for the Research and Development.

MADE this 26th day of February, 2021.

TIMIPRE SYLVA

Minister of State for Petroleum Resources