

 <p>DEPARTMENT OF PETROLEUM RESOURCESPetroleum Regulatory Agency Of Nigeria</p> <p>DPR</p>	<p>Applicable to all Oil & Gas Operators</p>
<p>GUIDELINES AND PROCEDURES FOR OBTAINING DPR APPROVAL FOR TRANSFER OF LICENCE, RIGHTS OR INTERESTS IN THE DOWNSTREAM SECTOR OF THE NIGERIAN OIL AND GAS INDUSTRY</p>	<p>Code: DPR Guide 0039 - 2020</p> <p>Effective Date: 1st September 2020</p>

**GUIDELINES AND PROCEDURES FOR OBTAINING
DPR APPROVAL FOR TRANSFER OF LICENCE, RIGHTS
OR INTERESTS IN THE DOWNSTREAM SECTOR OF
THE NIGERIAN OIL AND GAS INDUSTRY**

ISSUED BY

DEPARTMENT OF PETROLEUM RESOURCES

2020

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1. INTRODUCTION

1.1 Purpose

The purpose of these Guidelines is to establish the procedure for obtaining DPR approval for transfer of licence, rights or interest therein in the oil and gas Downstream Sector. These Guidelines is pursuant to Petroleum Act, 1969 and Amendments and the relevant Regulations made thereunder.

1.2 Scope

These guidelines shall apply to all facilities in the Downstream Sector such as depots, filling stations, lube blending plants, Liquefied Petroleum Gas refilling plants, refineries, petrochemical plants, oil and gas processing plants, pipelines, tank farms and any other facility licensed by the DPR to carry out any business or activities in the Downstream sector.

1.3 Definition of Terms

- i. **“Acquisition”** means a corporate transaction where one company purchases all or a substantial interest, portion, shares or facility of another company, such that the acquired company becomes a subsidiary or division of the acquiring company.
- ii. **“Applicant:** refers to a company applying for transfer of licence in the Downstream Sector arising from an Acquisition, Mergers, Takeover or a Lease.
- iii. **“Change of Name”** Means a substitution of one name for another by a Company arising from a corporate restructuring or rebranding without involving a Merger, Acquisition, Takeover or change in control and management of the company.
- iv. **Downstream Facilities** covered in this document include the depots, filling stations, lube blending plants, Liquefied Petroleum Gas refilling plants, refineries,

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- petrochemical plants, oil and gas processing plants, pipelines and any other facility licensed by the Department to carry out any business or activities in the Downstream sector.
- v. **“Downstream Sector”** means, for the purposes of these Guidelines, all oil and gas activities from the flow stations to retail outlets.
 - vi. **“Independent marketer”** means any Private Limited Liability Company (Ltd) engaged in oil and gas activities in the Downstream sector.
 - vii. **“Lease”** means a corporate transaction where one company transfer its title or rights in a land or a licenced oil and gas facility to another company for a term of years.
 - viii. **“Licensee”** means any company licensed by DPR to operate a downstream facility.
 - ix. **“Marketers”** means major marketers (PLC) and Independent Marketers (LTD).
 - x. **“Major Marketers”** means any Public Limited Liability Company (PLC) engaged in oil and gas activities in the Downstream sector.
 - xi. **“Merger”** means the fusion of two or more companies into one new legal entity.
 - xii. **“Parties:** refers to the companies involved in a Merger, Acquisition, Lease or a Takeover arrangement.
 - xiii. **“Takeover”** means a transfer or purchase of 30% to 50% of the shares of a publicly listed company by an individual or company and which gives the acquirer control over management and affairs of the company.
 - xiv. **“Transfer of Licence:** refers to change in ownership or control of a licence to operate a downstream facility or an interest or rights therein either through Merger, Acquisition, Takeover, Lease, Lien, Assignment, Mortgage, shares divestment or similar transaction. An application for a takeover of a downstream facility will be treated as an application for a transfer of licence over the downstream facility.

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- xv. **Transferee:** refers to the company to whom the downstream facility has been transferred.

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2. PROCEDURES FOR OBTAINING DPR'S APPROVAL FOR THE TRANSFER OF A LICENCE OVER DOWNSTREAM FACILITY

Any Downstream Operator or Licensee intending to engage in a Takeover, Merger or Acquisition that may result to a transfer of licence over all or any of its Downstream Facilities with any company shall:

- i. Provide prior notification to the DPR.
- ii. Apply for the transfer of license.
- iii. Pay the applicable processing fee which include:
 - a. Application fees
 - b. Processing fees
 - c. Approval (Transaction) fees
- iv. Submit the requisite document specific for the facility.
- v. Comply with the process specified by DPR for Transfer of Licences as applicable.

2.1 Prior Notification

The company is required to notify the DPR and obtain a no-objection certificate to its intention to engage with any company on the Takeover, Merger or Acquisition that may result to a transfer of licence over all or any of its Downstream Facilities. The letter written to the DPR for the notification shall state the reason for the proposed Transfer of Licence including the possible technical and economic value that such transfer would bring to the operation.

2.2 Applications for Transfer of Licence

Upon the completion of the transaction, the applicant shall proceed to apply for the DPR's approval to transfer the licence. The application shall be supported by applicable documents listed in Sections 4 of these guidelines. The DPR conducts the following as part of the process in the Transfer of licence:

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- i. The DPR shall conduct a due diligence on the transaction to determine whether the documents are genuine and to ascertain if the transferee possesses the technical competence, experience and financial capability to operate the facility or facilities.
- ii. Where the transfer of licence involves refineries, depots, tank farms, jetties, lube blending plants, gas plants, petrochemical plants, waste recycling plant or any other facility as deem fit by the DPR, the applicants may be invited to make presentation as to the technical and financial capability and experience of the transferee to operate such facility.
- iii. If the Transferee or the parent company of the Transferee or its Affiliates is a foreign company, the DPR shall conduct due diligence and visit the office(s) or business location (s) or site(s) of the Transferee or the applicant's parent company.
- iv. Where the DPR is satisfied that the applicant possesses the requisite technical competence, and financial capability to operate the facility, the DPR shall cancel the licence of the previous licensee and reissue it in the name of the Transferee.

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3. FEES

The applicant shall be required to pay all fees applicable to the type of facility indicated for the Transfer of License.

3.1 Application Fees

The application fees are listed in table 3.1

Table 3.1 - Application fees

S/No	Facility	Fees
i.	Petrol Station/LPG Refilling plant	₦ 20,000.00
ii.	Depots	₦ 150,000.00
iii.	Lube Oil Blending Plants/Waste Recycling Plant	₦ 250,000.00
iv.	Modular refinery/plant	US\$1,000 (1,000 bpd up to 30,000 bpd).
v.	Modular refinery/plant	US\$100,000 (30,000 bpd and above)
vi.	Conventional refinery/plants	US\$100,000.00
vii.	Pipeline/pipeline network	US\$50,000.00
viii.	Gas Processing Plants	₦ 250,000.00

3.2 Processing Fees:

The processing fees are listed in table 3.2.

Table 3.2 - Processing fees

S/No	Facility	Fees
i.	Petrol Station/LPG Refilling plant	₦ 20, 000.00
ii.	Depots	₦ 500,000.00
iii.	Lube Oil Blending Plants/Waste Recycling Plant	₦ 250,000.00
iv.	Modular refinery/plant	₦ 500,000.00
v.	Conventional refinery/plants	₦ 500,000.00
vi.	Pipeline/pipeline network	US\$10,000.00
vii.	Gas Processing Plants	₦ 250, 000.00

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3.3 Approval (Transaction) Fees

The applicant shall be required to pay five percent (5%) of transaction purse as Approval fees or the applicable fees listed in table 3.3, whichever is higher. Transaction purse is the cost of transfer of the downstream facility (asset).

Table 3.3– Approval Fees

S/No	Facility	Fees
i.	Petrol Station/LPG Refilling plant	₦ 200, 000.00
ii.	Depots	₦ 1,000,000.00
iii.	Lube Oil Blending Plants/Waste Recycling Plant	₦ 3,000,000.00
iv.	Modular refinery/plant	₦ 2,500,000.00
v.	Conventional refinery/plants	US\$50,000.00
vi.	Pipeline/pipeline network	US\$50,000.00
vii.	Gas Processing Plants	₦ 3,000,000.00

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4. DOCUMENTS TO BE SUBMITTED FOR AN APPLICATION TO TRANSFER OF LICENCE

The company shall submit the required documents listed in Section 4.1 and the requisite documents listed in 4.2 for transfer of license for Petrol Stations/Gas Filling Plants, 4.3 for transfer of license for Depot, 4.4 for transfer of license for Lube Blending/Waste Oil Recycling Plants, 4.5 for transfer of license for Refinery, Petrochemicals and Gas Processing Plants and 4.6 for transfer of license for Pipeline or Pipeline Network Licence .

4.1 Documents for Transfer of License: Downstream Facilities – General Requirements

The following documents shall be attached to the application alongside documents listed in Section 4.2 - 4.6 as applicable to the type of facility.

- i. Certified true copy of Certificate of Incorporation, forms CAC2 and CAC7.
- ii. Certified true copy of Memorandum & Article of Association.
- iii. Certified true copy of Board Resolutions from the two companies signed by at least half of the Directors.
- iv. A written notification of appointment of a qualified manager and competent persons for the facility.
- v. Organogram
- vi. Original copy of Current Tax Clearance Certificate.
- vii. Original copy of Current Fire Service report and certificate signed by the Chief Federal/State Fire Officer or any officer designated by him in that behalf.
- viii. Original and copy of police report.
- ix. Release letter from previous company.
- x. Previous Licenses, License to Operate, Approval to Construct Permit to Operate where applicable on the previous company's name.
- xi. Evidence of payment of all applicable fees.
- xii. Evidence of transfer of property upon which the facility being transferred is built:

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- a. For transfers involving outright purchase of land, the transferee shall submit:
 1. Stamped Deed of Assignment duly endorsed by the Court;
 2. Receipt of purchase (if it is an outright purchase); and
 3. Letter from the Land Registry stating that the interest in the land has passed to the applicant/transferee.
- b. For transfers involving lease from the owner of the land to the applicant/transferee, the transferee shall submit:
 1. Stamped Deed of Lease duly endorsed by the court;
 2. Release letter on the letter headed paper of the company that was taken over/the owner of the property.
- c. For transfers involving third party lease or sublease, the transferee shall submit:
 1. Stamped Deed of Sub-lease duly endorsed by the court for the unexpired term of years from the sublessor (lessee in the earlier Lease Agreement) to the sublessee;
 2. Release letter on the letter headed paper of the company that was taken over/sublessor (lessee) to the sublessee for the unexpired term of years; and
 3. Release letter on the letter headed paper of the company or original owner of the land or the Lessor approving or consenting to the sub-lease/transfer from the sublessor(lessee) to the sublessee for the unexpired term of years.
- xiii. Evidence of the following documents, where applicable:
 - a. Securities and Exchange Commission (SEC) approval, where it is a Public Limited Company (PLC);
 - b. Federal Competition and Consumer Protection Commission (FCCPC) approval;
 - c. The technical and financial track records of the Transferee company;

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- d. Judgment Order, the court judgment, testamentary disposition, the letters of administration of estate or letter of probate; and
 - e. Any other relevant document.
- xiv. Any other relevant documents, in accordance to rules governing the takeover in the jurisdiction, as may be requested by the DPR.

4.2 Specific Requirements for Petrol Stations/Gas Filling Plants

In addition to documents listed in Section 4.1, other required documents for Petrol/Gas Filling Plants include:

- i. Original copy of approved building plan.
- ii. Photocopies of Non-Destructive Test Pressure test certificate/report & Leak detection test certificate/report (where applicable).
- iii. Environmental Evaluation Studies Report by the company handing over the facility/applicant for any facility above 180,000 litres combined capacity.
- iv. Evidence of valid Minimum Industry Safety Training for Downstream Operations (MISTDO) for staff.
- v. Detailed report on Facility inspections (FI) of the office premises and or site location.
- vi. Tank burial approval, where applicable.
- vii. Facility's photographs taken from different angles showing the followings:
 - a. Facility's name;
 - b. Fire extinguishers & a sand bucket on each dispensing pump island or other safety equipment as directed by the DPR;
 - c. Price bill-board measuring 51" by 30" with fonts size 6" by 3";
 - d. Clearly demarcated drive IN/OUT Ways;
 - e. "NO SMOKING" signs conspicuously displayed throughout the station.

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4.3 Specific Requirements for Depots

In addition to documents listed in Section 4.1, other required documents for Depot facility include:

- i. Approved building/layout plan indicating:
 - a. General layout of the depot;
 - b. Details of tanks and adjoining installations;
 - c. Electrical and pump islands drawings;
 - d. Structural drawings.
- ii. Environmental Evaluation Studies Report by the company handing over the facility/applicant.
- iii. Evidence of Environmental Compliance Monitoring (ECM) report submitted to the Department for the last one year.
- iv. Evidence of valid Minimum Industry Safety Training for Downstream Operations (MISTDO) for staff.
- v. Letter of Accreditation of In-House laboratory from the Department.
- vi. Piping and Instrumentation Drawing.
- vii. Integrity tests (hydro-test, vacuum box test, tank calibration and meter proving) witnessed by DPR Inspectors.
- viii. Evidence of trained workers (Management Structure showing detailed designations to run the depot).
- ix. Duly completed Application Form online for Petroleum Storage/Sale licence along with appropriate fees of made online to an account provided by the DPR
- x. Detailed report on Facility inspections (FI) of the site.
- xi. Large size photographs of the Depot showing:
 - a. Inlet Driveway;
 - b. Outlet Driveway;

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- c. Centre to infrastructures;
- d. Generator House (if it does not appear in any of the above); and
- e. Fire extinguishers, sand buckets and other fire-fighting equipment as directed by the DPR.
- f. Truck Holding Bay: A reinforced concrete cement to at least hold fifty trucks at a time.

4.4 Specific Requirements for Lube Blending/Waste Oil Recycling Plants

In addition to documents listed in Section 4.1, other required documents for Lube Blending/Waste Oil Recycling Plants required include:

- i. Evidence of facility As-Built Documentation which must include:
 - a. Piping and Instrumentation Diagram (P&ID) of the blending plant, utilities and offsites facilities;
 - b. Process flow diagrams of the plant;
 - c. Plot plan/general layout of the plant;
 - d. Approved building/layout plan indicating:
 - e. Details of tanks and adjoining installations;
 - f. Electrical and pump islands drawings; and
 - g. Structural drawings.
- ii. A copy of the product trial blend approval in line with NIS specifications earlier granted.
- iii. Integrity Tests Reports and Calibration Certificates of Base Oils Storage or any petroleum product storage tanks, or any applicable measuring instruments as witnessed by DPR representative Letter of Accreditation of in-house Laboratory from the Department.

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- iv. Evidence of valid Minimum Industry Safety Training for Downstream Operations (MISTDO) for staff.
- v. Emergency response plan (ERP).
- vi. A set of plant operating manuals.
- vii. Environmental Evaluation Studies Report by the previous company/applicant.
- viii. Evidence of environmental compliance monitoring (ECM) report submitted to the Department for the last one year.
- ix. Deed of Lease or deed of Assignment with stamp duty (original & duplicate) and endorsed by the State or Federal High Court.
- x. Evidence of trained workers (Management Structure showing detail designations to run the plant no later than two years as at the date of application.
- xi. Evidence of availability of the following operational requirements:
 - a. Approved operating manuals and maintenance manuals;
 - b. Complete equipment reports on all critical equipment;
 - c. Availability of adequate operating spare parts, chemicals, and other operating consumable materials;
 - d. Availability of sufficient trained manpower;
 - e. Management Structure showing detailed designations to run the plant; and
 - f. Functional and effective firefighting organization.
- xii. Detailed report on Facility inspections (FI) of the office premises and or site location.

4.5 Specific Requirements for Refinery, Petrochemicals and Gas Processing Plants

In addition to documents listed in Section 4.1, other required documents for Refinery, Petrochemicals and Gas Processing Plants include:

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- i. Evidence of retrieval, from previous operator/owner, As-Built Engineering Diagrams and documentations, which must include:
 - a. Piping and Instrumentation Diagram (P&ID) of the refinery/process units, utilities and offsite facilities;
 - b. Process flow diagrams of the refinery/process plant;
 - c. Plot plan / General facilities layout of the refinery/process plant;
 - d. Electrical single line diagram of the refinery/process plant; and
 - e. Structural drawings.
- ii. Evidence of securing or maintaining the following:
 - a. Technical services agreement retention or renewal with refinery/plant process units' licensors and royalty's payment;
 - b. Retrieval of all Facility Licences/approvals from previous operator;
 - c. statutory instruments or documents such as C of O of refinery/plant site;
 - d. Service agreement with contractors and vendors on refinery/plant operations and maintenance;
 - e. Transitional operations arrangement and staffing; and
 - f. Capitalization and Working capital available for refinery/plant operations.
- iii. Confirmation of availability of the following operational requirements:
 - a. Approved operating manuals, maintenance manuals, mechanical catalogues, subject to appropriate modifications;
 - b. Complete equipment reports on all critical equipment such as pressure vessels, fired heaters, boilers, rotating equipment and storage tanks;
 - c. Completion of all fiscalization equipment and systems to approved standards;
 - d. Availability of adequate spare parts, chemicals, catalysts, lubes, greases and other operating consumable materials in the warehouse appropriately codified and organized;

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- e. Approved operating and maintenance organization and availability of trained manpower in sufficient strength;
 - f. Functional and effective fire prevention and fighting organization already in existence; and
 - g. Functional and effective Safety enforcement Organization and Policies already in existence.
- iv. Refinery/Process plant Emergency Response Plan (ERP).
 - v. Environmental Evaluation Studies Report by the previous company/applicant.
 - vi. Evidence of Minimum Industry Safety Training for Downstream Operations (MISTDO) for staff.
 - vii. Evidence of approved Safety Case.
 - viii. Due diligence and Integrity Assessment Report.

4.6 Specific Requirements for Pipelines or Pipeline Network Licence

In addition to documents listed in Section 4.1, other required documents for Pipelines or Pipeline Network Licence include:

- i. Reports of the following prior to acquisition:
 - a. Re-survey of pipeline(s) through the entire length or network;
 - b. Mothballing of any oil or gas pipeline that is not in use by filling with inert gas or nitrogen (mothballing methodology to be used to be determined by the company with the approval of the DPR); and
 - c. Pressure testing of previously mothballed oil and gas pipelines planned to be put to use (Evidence of a holistic Integrity Assessment Report).
- ii. Evidence of retrieval, from previous operator, As-Built documentation of native files and copies of the following:

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- a. Piping and Instrumentation Diagram (P&ID) of the pipeline or pipeline network and ancillary systems;
 - b. copies of structural drawings;
 - c. copies topographical map of the pipeline drawn on Scale, showing the locations of the points at which other pipelines are crossed and indicating the operators of the pipelines being crossed;
 - d. a survey description in accordance with the Nigeria National Grid, of the total route of the pipeline, indicating the width of the right of way with the coordinates of the various points of intersection;
 - e. route of the pipeline with sections and quarter sections shown as rightly confirmed from the previous operator; and
 - f. plan and profile of the pipeline showing the manner in which any highway, railroad, water way or other pipeline lying along the route was crossed.
- iii. Evidence of securing or maintaining the following:
- a. all issued permits and licence, and other safety & environmental approvals;
 - b. the mechanical integrity report so far carried out on the pipeline(s) or pipeline network; and
 - c. maintenance records of pipeline or pipeline network, with all inspection reports.
- iv. Evidence of retrieving narratives and schematics of pipeline showing attributes such as:
- a. the location/attributes of each point at which there is a change in any of:
 1. outside or nominal diameter of the pipeline;
 2. wall thickness of the line pipe material;
 3. type and Grade of line pipe;
 4. designed maximum operating pressure; or
 5. direction of fluid flow along the pipeline.

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- b. The relative position of any existing pipeline or pipeline in an adjacent right of way within 100 meters.
- c. The regional topography of the area along the pipeline route within a distance of 100 meters on both sides should be indicated including any watercourses to be crossed.
- d. A hydraulic profile of the pipeline indicating the position of any pumping or booster stations.
- e. ancillary facilities along the pipeline or at its terminal ends such as compressor stations, manifolds, meter banks etc.
- v. Confirmation of availability of the following operational requirements:
 - a. Approved operating manuals, maintenance manuals, mechanical catalogues, subject to appropriate modifications.
 - b. Complete equipment reports on all critical equipment such as pressure safety valves and other safety critical elements.
- vi. Duly completed application for validation of the pipeline licences in the new operator's name and evidence of payment of the prescribed Statutory Operating License fee made payable via the DPR online payment portal.
- vii. Evidence of payment annual fee for the preceding years for the pipeline or pipeline network.
- viii. Environmental Impact Assessment/Evaluation Studies Report/Approvals obtained by the former company/applicant for pipelines of 20km and above in length.
- ix. Copy of the current/last Oil or Gas Pipeline Licence, in the previous company's name with the relevant attachments (topography map, shedule1&2), where applicable.
- x. Copy of the final integrity report of the pipeline of the 20th year of operation, where applicable.

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5. OTHER REQUIREMENTS - INSPECTION REPORT BY DPR

In addition to the requirements listed in Section 4, for the purposes of determining the status and level of compliance prior to the lease/takeover of any downstream facility, there must be a comprehensive report of the facility by DPR officials. This report should be focused on asserting the following:


- i. Adherence to the Annual maintenance schedule submitted by the Company and agreed upon by DPR.
- ii. Record of NPT (non-productive time) either due to facility maintenance or safety concerns.
- iii. Integrity of the Facility (to be assessed during an inspection).
- iv. Extent of exposure to any potential community or environmental issues.
- v. Existing gap in statutory application and service fees (if any).
- vi. Status and update of statutory requirement (in terms of requisite documents, regulatory consent and approval).
- vii. Update, history and documentation of facility mothballing (if applicable).
- viii. Modifications with respect to facility technological configuration (e.g. number of processing trains, processing technology); Operating capacity, Feed Source; Design throughput, Design Life and Product.
- ix. Technical Audit of the facility (to include but not limited to evidence and or sighting of calibration/revalidation of Pressure vessels, fire and detectors gauges etc, authentication of calibration/revalidation of Custody Transfer Meter before or during inspection).
- x. Technical and financial capability of the company to handle the facility based on verifiable information

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6. GLOSSARY

Abbreviations, terms and references used in this document are explained hereunder:

CAC	Corporate Affairs Commission
BPD	Barrels per day
DPR	Department of Petroleum Resources

Approved by		
<p>Engr. Sarki Auwalu, MNSE (Director/CEO, Department of Petroleum Resources)</p>		
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