

GOOGLE NEWS QUERY: NUPRC · NIGERIA

Nigeria orders 22 licence holders to produce within 18 months

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Nigeria's upstream regulator, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), has issued a formal directive ordering 22 licence holders to commence oil production within 18 months or face consequences for their acreage. The directive signals a hardening of regulatory posture under the Petroleum Industry Act framework, as Abuja moves to convert dormant licences into active production and tax-generating assets.

The NUPRC has not publicly detailed which 22 licence holders received the ultimatum, nor has it specified the exact fields or blocks involved. What is clear is that the regulator is treating inactivity as a breach of the obligations that accompany licence ownership. Nigeria has long struggled with blocks that have been awarded but left undeveloped, tying up prospective acreage that could otherwise be drilled and brought onstream. This directive represents a concrete enforcement step rather than a policy statement.

For the broader Nigerian upstream sector, the move carries significant implications. If even a portion of the 22 licence holders respond by accelerating field development plans, the resulting activity could trigger a wave of procurement across drilling, well services, subsurface studies, and facilities construction. Nigeria remains one of Africa's largest hydrocarbon producers, and fresh development campaigns on previously stalled assets could add meaningful barrels to a national output that has struggled in recent years to meet OPEC quota levels.

The 18-month window is short by industry standards. Mobilising a drilling campaign from a standing start typically requires rig contracting, well engineering, regulatory approvals, and supply-chain logistics that can each consume several months individually. Licence holders that lack the capital or technical capacity to respond may seek farm-in partners or sell down equity stakes to better-capitalised operators, creating deal flow in Nigeria's upstream market over the coming year.

At this stage, the NUPRC directive is a regulatory instruction, not a signed development contract or sanctioned project. The real commercial activity — rig awards, EPCI contracts, well-services tenders — will only materialise once individual licence holders commit to development programmes. The 18-month clock, however, creates urgency that could compress normal decision timelines and accelerate procurement cycles faster than the industry might otherwise expect.

Why this matters to partners and clients of Saga

Norwegian service companies should monitor which of the 22 licence holders publicly commit to development programmes over the next three to six months, as these announcements will signal where drilling and well-services procurement is likely to follow. Relationship-building with Nigerian operators and their technical teams now — before tenders open — is the appropriate action at this stage. Outreach to procurement functions should be held until individual field development plans are confirmed and tenders or EOIs are issued.

PARTNER ANGLES

- **Drilling:** A wave of stalled licence holders mobilising simultaneously could tighten Nigerian rig demand; early rig availability discussions with affected operators are worth initiating now.
- **Well Services:** Compressed 18-month timelines favour well-services providers already established in-country with local inventory and qualified personnel ready to deploy quickly.
- **Subsea/FPSO:** If dormant offshore blocks are among the 22, FPSO and subsea suppliers should track which licence holders operate shallow or deepwater acreage and position for future FEED engagement.

- **Pipeline:** New field tie-ins and production infrastructure for previously undeveloped blocks may require pipeline and flow-assurance engineering services as development plans crystallise.
- **Service:** Farm-in activity triggered by undercapitalised licence holders seeking partners could bring new international operators into Nigeria, expanding the customer base for Norwegian service firms.

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Saga Advisory

General: info@saga-advisory.com · saga-advisory.com

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