A BILL

FOR

AN ACT TO AMEND THE DEEP OFFSHORE AND INLAND BASIN PRODUCTION
SHARING CONTRACT ACT CAP. D3 LFN 2004 AND FOR OTHER MATTERS
CONNECTED THERETO

Sponsored by Senator Bassey Albert Akpan
Co-Sponsored by Senator Ifeanyi Ubah

ENACTED by the National Assembly of the Federal Republic of
Nigeria as follows:

1. The Deep Offshore and Inland Basin Production Sharing
   Contract Act CAP D3 LFN 2004 (in this Act referred to as "the Principal
   Act") is amended as set out in this Act.

2. The Principal Act is amended in section 5 by inserting a new sub
   section (3) as follows:

   (3) Royalty by Price:

   "The royalty based on price shall be identical for the various water depths
   including frontier acreages for crude oil and condensates and natural
   gas. The royalty rates shall be based on every dollar (US$ 1) increase and
   shall be determined separately for crude oil and condensates, and for natural
   gas as follows:

   (a) From US$ 0 and up to US$35 per barrel: ............0 percent;

   (b) Above US$ 36 and up to US$70 per barrel: ........2 per cent per
       dollar increase;

   (c) Above US$70 and up to US$100 per barrel: .... 8 per cent plus
       0.2 per cent per dollar increase;

   (d) Above US$100 and up to US$190 per barrel: .... 20 per cent
       plus 0.1 per cent per dollar increase;

   (e) Above US$190: ...........................................25 per cent."
The royalty rates based on price for natural gas shall be:

(f) 0% for a price from US$0 per million Btu and up to and including US$2 per million Btu;

(g) over US$2 per million Btu and up to and including US$6 per million Btu the royalty rate shall increase by 0.3% for every US$0.10 per million Btu increase in over US$2 per million Btu;

(h) over US$6 per million Btu and up to and including US$10 per million Btu the royalty rate shall be 12% plus 0.2% increase for every US$0.10 per million Btu increase over US$6 per million Btu;

(i) over US$10 per million Btu and up to and including US$15 per million Btu the royalty rate shall be 20% plus 0.1% increase for every US$0.10 per million Btu; and

(j) over US$15 per million Btu the rate shall be 25%.

3. The Principal Act is amended by inserting a new section 17 as follows:

17. In accordance with the provisions of section 16 (2) of this Act, the Minister shall cause the Corporation to call for a review of product sharing contracts after every five years.

4. The Principal Act is amended by introducing a new section 18 as follows:

18. Notwithstanding any provision of any enactment, any person who fails to carry out any obligation pursuant to section 17 imposed by this Act commits an offense punishable under this Act and shall be liable upon conviction, to imprisonment for a term not less than 1 year or an option of fine of N50,000,000.

5. This Bill may be cited as the Deep Offshore and Inland Basin Production Sharing Contract Act CAP. D3 LFN 2004 (Amendment) Bill, 2019.
EXPLANATORY MEMORANDUM
