

A New Conversion Regime:

Key Changes Introduced by the Conversion and Renewal (Licences and Leases) Regulations, 2026 to the Upstream Petroleum Transition Framework

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INTRODUCTION

The Nigerian Upstream Petroleum Regulatory Commission ("NUPRC") is charged with administering the conversion and renewal of licences and leases in Nigeria's upstream petroleum sector pursuant to the powers conferred on it under the Petroleum Industry Act, 2021 (the "Act")¹. The Commission gave regulatory effect to the conversion and renewal process through the Conversion and Renewal (Licences and Leases) Regulations, 2022 (the "2022 Regulations"). However, on 27th February 2026, the Commission revoked the 2022 Regulations and replaced them with the Conversion and Renewal (Licences and Leases) Regulations, 2026 (the "2026 Regulations")¹.

This article reviews the material changes introduced by the 2026 Regulations, how each change departs from the 2022 framework, and the implications for operators in Nigeria's upstream petroleum sector.

NOTABLE CHANGES INTRODUCED BY THE 2026 REGULATION

1. Expanded Scope for the Conversion and Renewal of Prospecting licences and leases

The 2022 Regulations applied to six categories of conversion and renewal of leases and licenses¹ while the 2026 Regulations added two new ones² as seen in the table below, bringing the total to eight.

S/N	2022 Regulation	2026 Regulations	Status
1.	Conversion of existing Oil Prospecting Licences to Petroleum Prospecting Licence or Petroleum Mining Lease pursuant to sections 92, 93 and 94 of the Act.	Unchanged	Retained
2.	Conversion and renewal of Oil Mining Lease into constituent Petroleum Prospecting Licence and Petroleum Mining Lease pursuant to section 93(1) of the Act.	Unchanged	Retained
3.	-	Conversion or renewal of Oil Prospecting Licence to either or both Petroleum Prospecting Licence or Petroleum Mining Lease at or following their	New

¹ Section 2 (1) (a-f) of the 2022 Regulation

² Section 2(1)(a)–(h), 2026 Regulation

		termination or expiration pursuant to section 303(1) of the Act. ³	
4.	Conversion of existing marginal field licences to Petroleum Prospecting Licence or Petroleum Mining Lease pursuant to section 94(1) and (2) of the Act.	Unchanged	Retained
5.	Conversion of commercial discoveries made within a Petroleum Prospecting Licence to a Petroleum Mining Lease pursuant to section 79 of the Act.	Unchanged	Retained
6.	-	Grant of a Petroleum Mining Lease for commercial discoveries to a licensee of a Petroleum Prospecting Licence pursuant to section 81(1) of the Act. ⁴	New
7.	Extension of the duration of a Petroleum Prospecting Licence for the optional extension period pursuant to section 77(1) and (2) of the Act.	Unchanged	Retained
8.	Renewal of Petroleum Mining Licence for successive terms pursuant to sections 86(6) and 87 of the Act.	Unchanged	Retained

For operators, this means that an expired Oil Prospecting Licence is no longer a dead end and there is now a clear regulatory route to convert it. It also means that Petroleum Prospecting Licence holders who have made commercial discoveries have an express procedural basis to apply for a Petroleum Mining Lease without ambiguity about whether the Regulations cover their situation.

³ Section 2(1)(c), 2026 Regulation

⁴ Section 2(1)(f), 2026 Regulation

2. Reallocation of Application Responsibility Under Product Sharing Contract (PSC) Arrangements

The 2022 Regulations required that applications for conversion or renewal of any licence or lease be made by the operator on behalf of all licensees or lessees, but carved out an exception for production sharing contracts ("PSCs")⁵. Thus, where NNPC Limited held the underlying licence or lease as concessionaire under a PSC, the obligation to make the application fell on NNPC Limited, not the operator.

The 2026 Regulations remove this exception entirely⁶. In all cases, without exception, the application must now be made by the operator of the relevant licence or lease on behalf of all licensees or lessees. This means that under PSC arrangements, the operator is now the applicant, not NNPC Limited.

3. Revised Disclosure Requirements for Conversion Applications

The 2022 Regulations required every applicant to state the type of model contract relating to the licence or lease as part of the mandatory information to be provided with an application⁷. The 2026 Regulations soften this requirement, making it applicable only where relevant to the application⁸.

As regards the identification of parties, the 2022 Regulations required only the name of the applicant to be stated⁹. The 2026 Regulations expand this to require the names of all licensees, lessees and contractors, as applicable¹⁰, ensuring that the Commission has full visibility of every party with an interest in the licence or lease at the point of application.

4. Oil Mining Lease to Petroleum Mining Lease: Conversion Now Restricted till Expiration of Term

The 2022 Regulations provided two pathways for the conversion of an Oil Mining Lease (OML) to a Petroleum Mining Lease (PML)¹¹. A subsisting OML could either be voluntarily converted to a PML before the expiration of its term or renewed as a PML upon expiration.

The 2026 Regulations collapse these two pathways into one¹². Now, an OML may only be renewed as a PML at the expiration of its term, in accordance with sections 92 and 93 of the Act. The option of voluntary mid-term conversion has been removed, and OML holders who had planned to convert before expiration of their lease must now wait until their term runs out.

⁵ Section 3(1) of the 2022 Regulation

⁶ Section 3(1) of the 2026 Regulation

⁷ Section 3(3)(c) of the 2022 Regulation

⁸ Section 3(3)(c) of the 2026 Regulation

⁹ Section 3(3)(d) of the 2022 Regulation

¹⁰ Section 3(3)(d) of the 2026 Regulation

¹¹ Section 5(1) of the 2022 Regulation

¹² Section 5(1) of the 2026 Regulation

CONCLUSION

The 2026 Regulations make consequential adjustments to the conversion and renewal framework established under the 2022 Regulations, expanding the categories of licences and leases to which the Regulations apply, reallocating application responsibility under PSC arrangements exclusively to operators, revising disclosure requirements for conversion applications, and removing the option previously available to OML holders to convert to a PML before the expiration of their term. Operators in the Nigerian Upstream Petroleum Sector are advised to assess the impact of these changes on their existing arrangements and align their processes accordingly before initiating any application before the Commission.

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