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EXECUTIVE ORDER 9 OF 2026:

Implications for Nigeria's Oil and Gas Sector

Introduction

On 13 February 2026, President Bola Ahmed Tinubu issued Executive Order 9 of 2026 ("Order"), titled "Presidential Executive Order to Safeguard Federation Oil and Gas Revenues and Provide Regulatory Clarity, 2026." The Order, which took immediate effect, represents one of the most significant fiscal interventions in Nigeria's oil and gas sector since the enactment of the Petroleum Industry Act ("PIA" or "Act"), 2021. While the Order seeks to address longstanding revenue losses and fiscal leakages that have weakened net oil revenue inflows to the Federation account, it raises critical questions regarding its potential impact on Nigeria's petroleum sector.

In this newsletter, we examine the key provisions of Executive Order 9 of 2026 and their implications for Nigeria's oil and gas industry.

Key Highlights of Executive Order 9 of 2026

- The Nigerian National Petroleum Company Limited ("NNPCL") is directed to suspend the collection and management of the 30% profit oil and gas previously allocated to the Frontier Exploration Fund ("FEF"), and these revenues derived from production sharing, profit sharing, and risk service contracts shall now be transferred to the Federation Account.[1]

- Suspension of payment of 30% management fee to NNPCL on profit oil and gas revenues. The company must now remit all such revenues received as concessionaire under production sharing, profit sharing, and risk service contracts to the Federation Account.[2]

- Payment of gas flaring penalty proceeds into the Midstream and Downstream Gas Infrastructure Fund ("MDGIF") is suspended. These revenues are to be paid directly to the Federation Account and any expenditure from the MDGIF must comply with public procurement laws.[3]

- The Order provides a clear definition of integrated operations, describing them as petroleum operations that are integrated such that they can demonstrate clear operational linkage between different stages, located in a single place or a continuum, and under common ownership and operatorship. However, the Order specifically excludes certain facilities from being classified as part of integrated operations, including Gas-to-Liquid (GTL) Plants, Liquefied Natural Gas (LNG) Plants, Refineries, and Gas Processing Plants.[4]

- A joint project team is established, comprising the Nigerian Upstream Petroleum Regulatory Commission ("NUPRC") and the Nigerian Midstream and Downstream Petroleum Regulatory Authority ("NMDPRA"), to oversee the technical regulation of integrated operations under the supervision of the Special Adviser to the President on Energy.[5] The Commission is designated as the primary interface with operators on behalf of the joint project team.[6]

- An inter-agency committee, chaired by the Minister of Finance, is constituted to coordinate the implementation of the Order, monitor compliance, and provide periodic updates and recommendations to the President.[7]

[1] Order 1(1) & (2) of the Executive Order
[2] Order 2(2) of the Executive Order
[3] Order 3 of the Executive Order
[4] Order 7 of the Executive Order
[5] Order 4(2) & (4) of the Executive Order
[6] Order 4(1) of the Executive Order
[7] Order 5 of the Executive Order

Implications for Nigeria's Oil and Gas Sector

There is no doubt that the Order reduces opportunities for revenue leakage and addresses structural inefficiencies that have eroded net inflows to the Federation Account. However, it poses significant implications for Nigeria's oil and gas sector.

By suspending NNPCL's 30% retention for FEF, which was established under the PIA to finance exploration and development in frontier acreages, the Order directly reduces the funds available for high-risk, capital-intensive projects in underexplored regions. This could slow or discourage investment in frontier basins, as investors often rely on a predictable and dedicated funding mechanism to support exploratory activities.

Additionally, the suspension of the 30% management fee payable to NNPCL while well intended, has some structural implications on the predictable statutory revenue stream of NNPCL, particularly as it is now effected through an executive action.

Another implication of the Order relates to the diversion of gas flaring penalties into general revenue. By redirecting these funds away from their designated purpose, the Order undermines the PIA's commitment to using such revenues for sector-specific objectives, including the development of gas infrastructure and environmental remediation.

This weakens financial incentives for compliance with gas flaring regulations and also limits the resources available for mitigating the environmental and social impacts of flaring on host communities.

Moreover, given that investors attach significant importance to stability in fiscal regimes, the suspension of statutory fiscal mechanisms through executive instruments raises concerns about the durability of the legal framework. Where provisions embedded in legislation can be altered outside the legislative process, it creates uncertainty as to the long-term reliability of the regime. This perception of instability may be priced into investment decisions, resulting in more stringent financing terms and slower capital deployment.

In practical terms, investors may adopt a more cautious approach to bidding for blocks, which could translate into fewer competitive bids, more conservative pricing, and a preference for lower-risk assets. This, in turn, may reduce overall participation levels, slow the pace of asset development, and ultimately dampen investment inflows into the sector.

Recommendations

In recognition of the reality that substantial Federation revenues are diverted outside the Federation Account while the Federation continues to experience a sustained decline in net oil revenue inflows, the Order is imperative to uphold the principles of transparency, efficiency, and accountability in the management of such resources.

However, it is pertinent for the PIA to be immediately amended in order to bring it in conformity with these ideals, as this approach ensures that any necessary changes are undertaken in a structured and coherent manner, thereby preserving the integrity of the PIA as originally enacted. The issues sought to be operationalised by the Order are not merely procedural or cosmetic; they address substantive aspects of the law with far-reaching implications for governance, fiscal responsibility, and sectoral development.

Conclusion

Executive Order 9 of 2026 represents an ambitious and unprecedented attempt to address longstanding fiscal leakages, strengthen revenue collection, and enhance governance in Nigeria's petroleum sector. However, it is not a one-size-fits-all solution.

The central issue extends beyond the prospect of increased short-term revenue to the Federation Account; it concerns whether the regulatory and fiscal framework of Nigeria's oil and gas sector will remain stable, predictable, and sustainable over the long term.

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