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NIGERIA'S 2025 PETROLEUM LICENSING ROUND

Strategic Takeaways for Upstream Investors

Introduction

As part of ongoing efforts to advance the development of Nigeria's prospective petroleum basins, the Nigerian Upstream Petroleum Regulatory Commission ("NUPRC" or "Commission") launched the 2025 Petroleum Licensing Round ("Licensing Round"),[1] on December 1, 2025. This marks the third in a series of licensing rounds conducted since the enactment of the Petroleum Industry Act, 2021 ("PIA")[2], and covers 50 oil blocks comprising 15 onshore, 19 shallow-water, 15 frontier, and 1 deep offshore.

Following the launch of the Licensing Round and the vetting of applications, the NUPRC announced on 16 March 2026 that it had completed the prequalification stage and notified applicants who successfully met the requirements. With the technical and commercial bid stage now underway, it is imperative for pre-qualified bidders to carefully structure their participation, taking into account regulatory compliance, bid competitiveness, and long-term project viability.

This article explores the key legal and regulatory considerations relevant to structuring and submitting bids in the Licensing Round, as well as strategic takeaways for upstream investors.

Key Considerations for Pre-Qualified Bidders

The Licensing Round is currently governed by a "trinity" of statutory frameworks: the PIA,[3] the Petroleum Licensing Round Regulations 2022 ("Regulations"),[4] and the 2025 Licensing Round Guidelines ("Guidelines").[5] Together, they set out the rules, procedures, technical and commercial parameters to ensure a fair, transparent, and competitive process.[6]

With the pre-qualification stage now successfully completed, the process has fully transitioned into the bid stage, where the focus shifts from eligibility assessment to detailed technical and commercial evaluation of the available blocks. To succeed at this stage, bidders (whether participating as individual entities or consortia), must pay close attention to the following:

[1] https://www.nuprc.gov.ng/president-tinubu-approves-commencement-of-licensing-round-effective-december-1-2025/

[2] In December 2022, seven deep offshore blocks were put on offer, followed by an additional thirty-one blocks in May 2024.

[3] Section 7(t) & 73 of the Petroleum Industry Act, 2021

[4] Section 1 and 2 of the Petroleum Licensing Rounds Regulations 2022

[5] https://br2025.nuprc.gov.ng/media/ybkfipsk/nigeria-2025-lr-guidelines-upload-version-2-051225.pdf

[6] Bid Portal accessible at https://br2025.nuprc.gov.ng/

A. Confidentiality

Upon being shortlisted by the Commission, pre-qualified bidders will be required to execute a confidentiality agreement to safeguard all confidential or proprietary information disclosed, whether directly or indirectly, by the Commission or its representatives during the Licensing Round.[7]

B. Bid Parameters and Evaluation

The bid evaluation process comprises both technical and commercial stages. Technical evaluation is conducted based on the requirements prescribed by the Commission in the Licensing Round package.[8] It focuses on a bidder's work experience and proposed work plan for the exploration, development, and operation of the relevant block.[9] Only bidders that successfully pass the technical stage would proceed to the commercial bid conference, where bids are evaluated using weighted criteria in the Guidelines[10] that combine the technical bid outcome, the signature bonus, and proposed work programme commitments. The highest-scoring bid is declared the winner, while the next highest is designated as the reserve.[11]

C. Bid Submission

The Guidelines require pre-qualified bidders to submit a technical bid, commercial bid, and bid guarantee, each to be marked separately.[12] The commercial bid must be uploaded to the bid portal, and both the commercial bid and bid guarantee must be encrypted prior to submission.

Bidders are required to bring the decryption key to the commercial bid conference, scheduled for 16 July 2026, where it will be used to access the commercial bid and bid guarantee.[13] Furthermore, bidders must provide evidence of payment of the bid fee of US$25,000 per block and proof of data purchase.[14]

It is essential to note that pre-qualified bidders, whether participating individually or as a member of any consortium, are required to submit bids for a maximum of two (2) blocks.[15] All bids submitted shall remain valid and open for acceptance by the Commission until 12 June 2026, being the bid submission deadline communicated through the bid portal.[16]

[7] Paragraphs 2.2(b) and 13 of the Guidelines

[8] See the Technical Bid Evaluation Criteria to the Nigeria 2025 Licensing Round available on the bid portal at https://br2025.nuprc.gov.ng/media/bogkxulx/technical-evaluation-_18march_2026.pdf

[9] Paragraph 19.1 of the Guidelines

[10] See Schedule G of the Guidelines

[11] Paragraph 19.2 of the Guidelines

[12] Paragraph 17.2 of the Guidelines

[13] Paragraph 17.2(e) of the Guidelines

[14] Paragraph 17.2(f) & Schedule F of the Guidelines

[15] Paragraphs 2.2(b) and 17.5(a) of the Guidelines

[16] Paragraph 17.6(d) of the Guidelines

D. Bid Guarantee

Bidders are required to submit a bid guarantee constituting five percent (5%) of the prescribed signature bonus alongside their bids, in the form of an on-demand payment bond payable upon presentation in Nigeria.

The bid guarantee must be valid for 120 days following the commercial bid conference, or for such extended period as may be mutually agreed between the Commission and the bidder.[17] In addition, it must be issued by an international or Nigerian bank with a minimum "BBB" rating[18] and reflect the standard language specified in the Guidelines.[19] At the sole discretion of the Commission, a parent company of a bidder that meets the required rating may instead issue a parent company guarantee.

It should be noted that, unlike previous licensing rounds, the signature bonus is now fixed within a "Prescribed Range" of US$3 million to US$7 million per block.[20] Bids outside this range will be deemed non-compliant and will not be evaluated.

Compliant bids are ranked from highest to lowest, with the highest bid receiving the maximum score and other bids scored proportionately in line with the bid evaluation criteria.

Moreover, offering the maximum amount does not guarantee an award, as all bids are assessed strictly on their ranking and scoring.[21] In the event that two or more bidders submit identical highest bids, the tie will be resolved through a sealed re-bid process, which may allow bids above the prescribed range.[22]

In line with the Guidelines,[23] the winning bidder must, within ninety days of receiving the offer letter, satisfy all post award conditions, including providing guarantees, paying required fees and the signature bonus, and submitting the necessary compliance affidavits. Failure to meet these conditions will result in the bid being declared unsuccessful, at which point the reserve bidder may be invited to fulfil the requirements. Upon completion of all conditions, the Commission recommends the winning or reserve bidder to the Minister, who grants the final approval for the licence or lease.[24]

[17] Paragraph 17.7(a) of the Guidelines

[18] An investment grade credit rating indicating that a company has adequate capacity to meet financial commitments.

[19] Schedule D of the Guidelines

[20] Paragraph 16.2 of the Guidelines. Note that the signature bonus for the current Licensing Round has been significantly reduced compared to previous rounds. In the 2024 Licensing Round, the signature bonus was set at US$10 million for deepwater assets and US$7 million for shallow water and onshore assets. This represents a marked departure from pre-PIA licensing cycles, where signature bonuses typically ranged between US$100 million and US$200 million.

[21] Paragraph 16.6 of the Guidelines

[22] Paragraph 16.7 of the Guidelines

[23] Paragraph 19.2(k) of the Guidelines

[24] Paragraph 19.2(m) of the Guidelines

E. Consortium Structuring

In the event of participation by consortium, the Guidelines require the execution of a Consortium Agreement identifying a lead member and a designated operator and clearly setting out the roles and responsibilities of each consortium member.[25] The lead member must be duly authorised by all consortium members under a power of attorney and is responsible for executing the bid proposal and all related documentation on behalf of the consortium, as well as serving as the consortia's primary point of contact with the Commission throughout the bidding process.[26] The designated operator is required to hold at least 30% participating interest in the consortium and will cease to act as operator if such interest terminates or expires.[27]

In addition, the Guidelines recognise the need for flexibility in consortium formation throughout the bidding process. Accordingly, a consortium may, with the Commission's approval, change its membership,[28] and a pre-qualified applicant may, with the Commission's consent after pre-qualification but prior to the submission of a commercial bid, form a consortium with other pre-qualified applicants.[29]

Upon approval, the consortium is deemed to assume all rights and obligations of the original pre-qualified applicants. This mechanism ensures appropriate oversight by the Commission while allowing bidders to adjust their consortium structures to meet commercial and operational requirements as the Licensing Round progresses.

F. Data Evaluation

The Commission[30] has announced that pre-qualified applicants are required to lease data only from the two designated data sources and upload evidence of payment as a pre-requisite for bid submission. Data leasing, which follows the pre-qualification stage, plays an important role in the bidding process, as it enables pre-qualified bidders to access detailed geological and geophysical information required to make informed technical and commercial proposals.

Under the Guidelines,[31] the Commission is required to establish a virtual data room ("VDR") and/or a physical data room ("PDR") (together the "Data Room") for the Licensing Round. Bidders will be granted access to the Data Room upon payment of the applicable fees, with access limited to a maximum of six representatives of a bidder per session.[32]

[25] Paragraph 6.4 (b) & (e) of the Guidelines

[26] Paragraph 6.4 (c) of the Guidelines

[27] Paragraph 6.4 (e) of the Guidelines

[28] Paragraph 6.4 (f) of the Guidelines

[29] Paragraph 6.4 (g) of the Guidelines

[30] https://www.nuprc.gov.ng/nuprc-notifies-pre-qualified-applicants-for-2025-licensing-round/

[31] Paragraph 7.1 of the Guidelines

[32] Paragraph 7.2 & 7.4 of the Guidelines

In addition, bidders must purchase data, including the multibeam, 2D/3D seismic data and well data from the National Data Repository and other approved vendors and comply with prescribed confidentiality obligations.[33]

It is essential to note that all data provided by the Commission is supplied on an "as is" basis, without any representation or warranty as to its accuracy, completeness, timeliness, quality, or reliability.[34] Accordingly, bidders are responsible for conducting their own independent technical, geoscientific, reservoir, operational, commercial and financial evaluations.[35] Reliance on experienced technical teams and professional advisers is therefore essential in interpreting the data and translating it into credible bid submissions.

Winning bids and profitable assets depend on how well bidders analyze available data. Rigorous evaluation transforms general interest into informed asset selection. By studying seismic, well, and operational data, investors can pinpoint blocks with strong subsurface characteristics, reservoir potential, and viable development paths.

Equally vital is early recognition of geological, operational, and commercial risks, enabling bidders to price risk accurately and avoid overexposure. Weak analysis, by contrast, often leads to aggressive bids, execution problems, poor returns and integrity issues for operators in future opportunities.

[33] Paragraph 7.6 of the Guidelines

[34] Paragraphs 7.8 & 7.9 of the Guidelines

[35] Paragraph 7.10 of the Guidelines

Common Pitfalls and Key Lessons from Previous Licensing Rounds

For pre-qualified bidders preparing and submitting their technical and commercial proposals, learning from past Licensing Rounds can provide a strategic edge. Several recurring challenges have historically affected bid success, and understanding these can help investors avoid costly missteps:

1. **Bid Compliance Failures and Disqualification Risks**

A recurring issue in previous rounds has been non-compliance with bid requirements, with bidders disqualified for reasons such as incomplete submissions, missing documents, failure to upload evidence of data purchase, or late filings. These issues, though administrative, can undermine otherwise strong bids. To avoid this, pre-qualified bidders must carefully follow all submission requirements, using detailed checklists, and ensuring that all documentation is complete, properly executed, and submitted within the stipulated timelines.

2. **Inadequate Risk Assessment**

One of the most common pitfalls is relying on incomplete or superficial analysis of available geological and geophysical data. Past rounds have shown that bidders who fail to rigorously interrogate seismic, well, and operational data often misjudge reservoir potential, overestimate recoverable volumes, or overlook operational risks.

Pre-qualified bidders should ensure that every piece of data leased is fully analysed, with insights systematically integrated into their technical and commercial proposals.

3. **Unrealistic or Poorly Defined Work Programmes**

Some bidders have submitted work programmes that are either overly ambitious or insufficiently detailed, often not aligned with the realities of the underlying data. This can lead to poor scoring or difficulties during execution. Investors must demonstrate not only their technical expertise but also their ability to translate this into actionable, risk-mitigated strategies for exploration, drilling, and production.

4. **Poor Consortium Structuring and Coordination**

Where consortia are involved, lack of clarity around roles, governance responsibilities, and decision-making authority has historically created disputes, delays and reduced bid effectiveness. It is essential that consortium bidders draft a strong legal documentation that clearly defines leadership, decision processes, risk allocation, and financial responsibilities. Bidders should also ensure that the designated operator holds the required participating interest, demonstrates proven technical capacity, and that partner roles are clearly agreed and formalised early to avoid last-minute friction.

5. **Underestimating Competitive and Regulatory Expectations**

Some bidders have not fully aligned their proposals with the expectations of the Commission or the broader policy objectives under the PIA. This can reduce the overall competitiveness of a bid. Pre-qualified bidders should therefore ensure that their proposals are not only technically and commercially sound, but also responsive to regulatory priorities and the competitive landscape.

Way Forward

The 2025 Licensing Round presents an opportunity for investors to acquire attractive acreage across multiple basins in Nigeria's upstream sector. With the technical and commercial bid stage now underway, pre-qualified bidders should focus on rigorous data evaluation, sound technical analysis, consortium governance where applicable, and the development of competitive bid strategies that align with both regulatory expectations and commercial realities.

Indeed, pre-qualified bidders must fully leverage the ongoing data leasing and evaluation phase. Those who ultimately succeed are the ones who approach this stage with technical depth and commercial discipline, making effective use of the information available in the Data Room to thoroughly assess the viability of target blocks and make well-informed investment decisions.

We have outlined in the table below, the key timelines for the Licensing Round for investors to note:

Activities	Dates
Technical and Commercial Bid	17 March – 17 July 2026
Data Purchase, Access and Bid Submission	12 Jun 2026
Technical Bid Evaluation	15-26 June 2026
Notification of Qualified Companies for Commercial Bid	3 Jul 2026
Commercial Bid Conference	16 Jul 2026
Notification of Winning/Reserve Bidder	17 Jul 2026
Award/Ministerial Approval	20 July -16 October 2026

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