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**FEDERAL UNIVERSITY OF TECHNOLOGY, OWERRI
SCHOOL OF ENGINEERING AND ENGINEERING TECHNOLOGY
DEPARTMENT OF PETROLEUM ENGINEERING**

**DATE: 9th JULY, 2020; TIME: 3 HRS COURSE CODE: NIGERIAN OIL AND GAS MINING LAW
SESSION: 2019/2020; SEMESTER: RAIN COURSE TITLE: PET518
INSTRUCTION: ANSWER ANY FIVE QUESTIONS**

1. Natus Petroleum Nigeria Limited acquired an OML block of about 2560 Sq. km in the deep offshore water (200-500m) in the Gulf of Guinea. On signing the contract, the contractor paid \$1 million in bonus. The cumulative oil production of the oil company for 5yrs stood at 987MMBBL. Use the above information to calculate:
- The rent paid to the FG for the entire area of the field for 5yrs
 - The royalty accrued to the Federal govt. using Nigeria current fiscal terms
 - Calculate the company's gross revenue using \$75 as the average oil price for the period
- b. Explain four different ways host government get rents/payments from oil companies
- 2 (a) What is Petroleum Fiscal Systems (b) With the aid of diagram describe and explain the major classification of the petroleum fiscal systems (c) Write short notes on the following: (i) Sliding scale royalty (ii) Crypto fees (iii) Subsidiary Legislation (iv) Front Loaded rent (v) Capital allowance (vi) Joint venture (vii) PPT (viii) Posted prices (ix) Investment tax allowance (x) Cost recovery limit

- 3 (a) Enumerate any five (5) Nigerian petroleum Acts or Regulations you know (b) what is Royalty? (b) Describe the different ways it may be applied in an Oil and Gas Province. (c) Using the information in the table below, calculate the monthly royalty accruable to Nigeria Govt. based on its royalty rate for each of the following fields

Fields	Obinze	Umuguma	Eziobodo	Avu	Ihiagwa	Oforola	Nekede
Water depth (m)	100	700	170	250	1200	Inland basin	Onshore
Monthly cum. prod. (MMbbl)	22650	7240	8970	6788	1555	56000	51459

- 4(a) The following information is pulled from the production statistics of Obinze oil company for the month of September, 2020; Production: 40,000 bbls of Light crude with °API of 38 and 35,000 bbls of Medium crude of 23 °API. If the prices of crude as advised by the NNPC for the month of September, 2020 is \$51.402 and \$48.215 for °API of 36 Light and °API of 24.5 Medium crudes respectively; compute the posted price in Naira and dollar per stream of crude oil produced; adjusting the posted price accordingly by 0.08 dollar for every decrease or increase; use 1 dollar = N500 (b) outline the procedure for granting approval for an oil pipeline licence according to act of Federal Republic of Nigeria
- 5(a) What are the steps and criteria to be adopted by a company wishing to participate in Exploration and Production in Nigeria In order to be granted i. Oil Exploration Licence ii. Oil Prospecting Lease (b) What actions are normally taken against any company that fails to pay the required signature bonus within the specified period of time (c) Under what terms and conditions can oil prospecting licence be converted to oil mining lease
- 6(a) What factors affect a field development program. ii. State the characteristics of a marginal field iii. What are the challenges facing the proper and effective implementation of the domestic gas supply obligation in Nigeria (b) State the procedure relating to establishment of refinery ii. Outline the safety and health precautions that should be in place for the establishment of a refinery
- 7(a) Write briefly on OPEC and its roles (b) What are the requirements from any operating company in Petroleum sector in Nigeria for each accounting period (c) What do you understand by the term: Oil Mining Lease (OML) and state the detailed procedure for obtaining it (d) Outline the procedure for granting approval for an oil pipeline act of Federal Republic of Nigeria