



HOUSE OF REPRESENTATIVES FEDERAL REPUBLIC OF NIGERIA

ORDER PAPER

Thursday, 5 March, 2009

1. Prayers
2. Approval of the Votes and Proceedings
3. Oaths
4. Announcements (*if any*)
5. Petitions (*if any*)

PRESENTATION OF REPORT

Committee on Finance:

Hon. John Owan Enoh:

That this House do receive the Report of the House Committee on Finance on the investigation into Revenue Generation and Non-remittance by government Ministries, Department and Agencies and Statutory Corporations into the Federation Account.

ORDERS OF THE DAY

MOTIONS

1. Declaration of more Roads as Federal Highways:

Hon. Alex I. Ukam
Hon. Patrick Ikhariale
Hon. Umar Bature
Hon. Esme Eyobo
Hon. Sada Soli
Hon. Idoko David
Hon. Shuaibu Abdulahi
Hon. Stanley Ohajuruka
Hon. Agoro Lanre
Hon. Darlington Okereke
Hon. Dele Obadina
Hon. H. S. Dickson
Hon. Sani Saleh M.
Hon. Ibrahim Ballah
Hon. John Owan Enoh

Hon. Chinyere Igwe
Hon. Akinlade Abiodun
Hon. Moh'd Maifata
Hon. K. A. Mudashiru
Hon. Friday Itulah
Hon. O. Ozomgbachi
Hon. Bernard Udah
Hon. Abolagba Johnson
Hon. Anas Adamu
Hon. Obot Sandy
Hon. Asita Honorable
Hon. Abduwaheed Isa
Hon. Kayode Idowu
Hon. Solomon U. A.
Hon. Kunaiyi Akpan

Hon. Tam Brisibe
Hon. Patrick Obahagbon
Hon. Chris Berewari
Hon. A. Atai Ali
Hon. Kolawole Ismaila
Hon. Dele Obadina
Hon. Ahmed Aliyu W.
Hon. Igwe P. Nwogu
Hon. Sadiq Moh'd
Hon. Olusegun Osiboto
Hon. Herman Hembe
Hon. Gbenga Oduwaiye
Hon. Khadijat Ibrahim
Hon. Labaran Dambatta

The House:

Notes that Section 25 of the Federal Highways Act empowers the Federal Ministry of Works and Housing in consultation with the government of the States concerned and with the consent of the President declare any Road as a Federal Highway;

Aware that there are several Roads all over the nation that cuts across states of the nation;

Concerned that these Roads are in total neglect and disrepair often cutting mostly States communities from each other;

Further concerned that these Roads are neglected by the various States Government on the assumption that the Roads linking other States ought to be the responsibility of the Federal Government;

Further aware that the last time Roads were declared Federal Highways was in April, 1982;

Further notes that after the last declaration order was made, more States have been created and in need of development;

Worried about the absence of construction or rehabilitation and maintenance of these Roads and have adversely affected the growth and economic development of such areas;

Resolves to:

- (i) urge the Minister for Works, Housing and Urban Development to declare and gazette all qualified Roads as Federal Highways in accordance with the enabling Act;
- (ii) mandate the Committee on Works to conduct a Public hearing on the declaration of Roads qualified as Federal Trunk Roads in accordance with the legislative powers as enshrined in the Second schedule, part one of the 1999 Constitution.

2. Continued Depreciation of Naira Against International Currencies:

Hon. Abdulaziz Yari Abubakar	Hon. Sani Saleh Minjibir	Hon. John Halims Agoda
Hon. Mohammed Ali Ndume	Hon. Abdul Ahmed Ningi	Hon. Betty Apiafi
Hon. Friday Itulah	Hon. Kabio Ahmed Kofa	Hon. Idris Mulid Kefa
Hon. Idris Ahmed	Hon. Chille Tgbawua	Hon. Kolawole Ismaila
Hon. Mulid Umar J.	Hon. Halima Hassan	Hon. Tijjani Abduikadir J.
Hon. Imawa Haruna	Hon. Molid A. Maifats	Hon. Hamzat Ganiyu
Hon. Nasidi Danladi	Hon. Satiyanu M. A	Hon. Abdulaziz A.
Hon. Olu Ogunbanjo	Hon. Ike Chiwo	Hon. T. Tsegba
Hon. Peter L. Umoh	Hon. Aminu Waziri	Hon. Abdulkareem Saliu
The House:		

Notes that the Naira is the official and acceptable currency of the country;

Aware that recently the value of the Naira has been depreciating against other currencies;

Worried that the depreciation of the Naira has assumed a very significant margin from ₦117 at the beginning of the year to ₦170 to a dollar (US\$) which is about 45% increase;

Regrets that the Governor of the Central Bank of Nigeria (CBN) has continued to assure Nigerians that the depreciation of the Naira is temporary instead of taking proactive measures to address the situation;

Disturbed that the depreciation of the Naira has significantly affected all sectors of the economy which in effect has impacted negatively on Nigerians.

Resolves to:

- (i) urge the Federal Government to quickly take measures to tackle the global economic crisis ravaging every sector of the economy;
- (ii) mandate the House Committee on Banking and Currency to immediately conduct a Public Hearing on how best to address the issue and report to the House within two weeks.

BILLS

3. A Bill for an Act to Establish the Legal and Regulatory Framework, Institution And Regulatory Authorities for the Nigerian Petroleum Industry, to Establish Guidelines for the Operation of the Upstream and Downstream Sectors, and for Purposes Connected with the Same, 2008 (HB. 159) — *Second Reading.*

4. A Bill for an Act to Amend the National Honours Act, Cap. N43 Laws of the Federation of Nigeria, 2004 to provide that the Award of National Honours shall be subject to the confirmation of the National Assembly, 2009 (HB. 185) — *Second Reading*.

CONSIDERATION OF REPORTS

5. **Committee on Pensions:**

Hon. Adewusi Babatunde:

"That this House do resume consideration of the Report of the House Committee on Pensions on a Bill for an Act to Establish the Chartered Pension Institute of Nigeria Bill, 2008 and approve the Recommendations therein (HB. 96) (*Laid 19/2/2009*) (*Adjourned Consideration 4/3/2009*).

6. **Committee on Rural Development:**

Hon. Igwe Paulinus Nwogu:

"That this House do consider the Report of the House Committee on Rural Development on a Bill for an Act to Establish the National Integrated Rural Development Agency and other Matters Thereto, 2008 and approve the Recommendations therein (HB. 99)" (*Laid 25/2/09*).

7. **Ad-hoc Committee on the Activities of the Department of Petroleum Resources (DPR), Nigerian National Petroleum Corporation (NNPC) and its subsidiaries:**

Hon. Igo Aguma:

"That this House do consider the Report of the Ad-hoc Committee on the Activities of the Department of Petroleum Resources (DPR), Nigerian National Petroleum Corporation (NNPC) and its subsidiaries on the Investigation of Due Process of the Allocation of Oil Blocks by the Department of Petroleum Resources (DPR) and approve the Recommendations therein" (*Laid 18/12/2008*).

Recommendations:

Year 2000 Bid Round:

- (i) That the Department of Petroleum Resources in conjunction with the Ministry in charge of Petroleum Resources and the Ministry of Finance should recover with interest all outstanding sums owed on signature bonuses for the 2000 Bid Round;
- (ii) That the interest of Obekpa Petroleum Limited in OPL 242 should be reinstated forthwith. Also to be restored are the interests of all other parties whose interests were abrogated in OPL 242 contemporaneously with Obekpa Petroleum Limited.

Year 2003 Bid Round:

- (i) That Ordinarily, the simple recommendation should be the voiding of the award of block 223 to Elf Petroleum Nigeria Limited as the Report of the Bids Evaluation of OPLs 223, 251 and 257 recommended that "Elf Petroleum Nigeria Limited not be awarded OPL 223";
- (ii) That however, in the present circumstance in which the Nigeria Petroleum Development Company (NPDC), a subsidiary of the NNPC is involved in the block, it is recommended that Elf Petroleum Nigeria Limited pays the recommended minimum signature bonus on the block as assessed by the Bid Evaluation Committee in the sum of US\$20 million. Elf Petroleum Nigeria Limited (or its successors-in-title) should within a reasonable time but not later than 60 (sixty) days from the date of adoption of this Report pay to the Federal government of Nigeria the sum of US\$5 million being and representing the outstanding signature bonus on OPL 223;
- (iii) That the said sum of US\$5 million together with the unpaid balance of the signature bonus on the block should be recovered immediately from Elf Petroleum Nigeria Limited;
- (iv) That the ad-hoc Committee condemns the award of OPL 223 without due process and Engineer Funso Kupolokun should be reprimanded for arrogating to himself the discretionary powers of the Minister;
- (v) That Engineer Funso Kupolokun's role in the subterranean award of OPL 223 should be thoroughly investigated to establish if any malfeasance borne out of interest influenced the circumstance of this award and prosecuted if such malfeasance is established.

Marginal Fields Bid Round:

- (i) That the process of Marginal Fields allotment should be stopped and these fields awarded as blocks;

- (ii) That a system of rules and sanctions must be statutorily enacted to curtail the extent of abuse and arbitrariness found in the award of oil fields and blocks;
- (iii) That the provisions on signature bonuses must be enforced to stop the system of granting interest free credit on the acquisition of Nigerian oil blocks.

2005 Bid Round:

- (i) That in view of the distortions introduced into the Bid Round by the RoFR, no RoFR should be attached to any block in an open competitive bid;
- (ii) That alternatively, if such a RoFR must be attached to blocks such blocks must be clearly defined and known and all bidders must be aware of this right. The downstream project attached to the block must be clearly identified and made biddable;
- (iii) That all the 35 companies that are identified in Appendix 1 as having No Forms (N/F) should be made to pay the mandatory US\$10,000 Application Fee and US\$10,000 processing Fee;
- (iv) That the award of OPLs 321 and 323 to KNOC violates all principles of transparency in the extractive industry and violates due process. The non-payment of the requisite signature bonus in the circumstance of this particular award raises questions as to its bona fides. This award ought to be reviewed and cancelled in the national interest. ONGC Videsh Limited that was the original winners of the block should be given the opportunity to pay the signature bonus of US\$ 485 million on the Block;
- (v) That the levity with which the administrators conducted the bid round was irresponsible. They ought to be disciplined for their actions. The HMSPR Dr Edmund Daukoru must be censured for his role in the KNOC saga;
- (vi) That the misleading information on the payment of US\$ 231 million signature bonus by KNOC is deplorable. It is aimed at deceiving Nigerians. The Department of Petroleum Resources (DPR) should be reprimanded. The matter should also be investigated by the requisite agencies with a view to determining the circumstances in which this misleading information was disseminated. In doing so particular attention should be paid to the existence of any improper motives on the part of the PAPE, the SAP, officials of the Department of Petroleum Resources (DPR), the Federal Ministry of Finance and the Central Bank;
- (vii) That the officers of the Department of Petroleum Resources (DPR) though probably intimidated by the office or person of the Minister are not completely free of blame. They should be reprimanded for dereliction of duty;
- (viii) That the limits of ministerial discretion should be legislatively delineated and the basic framework for bids for acreage statutorily defined. The guidelines though good in principle have been observed more in their breach;
- (ix) That the Local content Policy should be clearly defined and its parameters incorporated into any legislation on this subject;
- (x) That there should be clear cut legal provision on the extent of the participation of foreign companies in bids. To this end the Companies and Allied Matters Act should be amended to ensure that its provisions are consistent with the best practices in the Extractive Industry. Alternatively, either incorporation in Nigeria or the appointment of a local agent by a foreign company should be a pre-condition for participation in a bid;
- (xi) That given the peculiar nature of the controversy surrounding OPL 287 and the uncontroverted Petition of JALZ Energy Limited, the duo of JALZ Energy Limited and Eastern Petroleum and Production Limited should be allowed the opportunity to perfect their award of OPL 287 without the interference of EMO Exploration and Production Limited that never bided for the block and which has ample participation in other blocks.

OPL 236 to Oando:

- (i) That in view of the fact that the award of this block is devoid of transparency, it is recommended that it be cancelled;

- (ii) That Pasadena Exploration & Production Co. Nigeria Ltd that actually participated in the Bid Round and won the block should be treated on equal footing with other companies and given an opportunity to pay the signature bonus on the said block not later than sixty (60) days from the date of the approval of this Report.

2006 Mini Bid Round:

- (i) That the *Ad-Hoc* Committee recommends that the phrase "Local Content Vehicle" be changed to "Nigeria Content Vehicle". This recommendation would, if accepted, de-localise the distorted use of the concept;
- (ii) That the Bid Guidelines should be enshrined in statute and clear regulations to ensure transparency and limit ministerial discretion which should be defined narrowly. Aggrieved participants should have a clear right to administrative and judicial review of grants of oil blocks within a clearly defined time limit. This would create in the administrators a sense of responsibility borne out of the realisation that they are accountable for their actions;
- (iii) That a clear set of rules and/or regulations should be enacted divorced from the principle of the "Right of First Refusal" for the grant of oil blocks based on downstream/strategic investments. These rules and or regulations should be universal and open to all potential investors, local or foreign. It should specify reciprocal obligations and specify sanctions for non-performance after the grant of the oil block. The advantage of this recommendation is that it removes the distortions and the current latitude for abuse inherent in the existing policy;
- (iv) That the rules and regulations for Local Content Vehicle participation in the process should be clearly developed and enacted;
- (v) That a due diligence provision should be enshrined in the regulatory process that places responsibility on the administrators of the system to undertake such due diligence to establish the identity and bona fides of potential investors;
- (vi) That all rules and regulations and data necessary for oil block acquisition should be publicly available subject to the need for the payment of fees for the acquisition of data from the National Data Repository;
- (vii) That a statutorily established body or authority charged with the responsibility to oversee all matters relating to licensing, regulation and administration of oil blocks should be established to replace the existing *ad-hoc* Technical Committee system;
- (viii) That the powers of the Minister, the President and all other executive and legislative agencies vis-à-vis this new statutory body should be clearly defined;
- (ix) In view of the circumstances under which OPL 298 was created out of OML 65, an producing oil mining lease operated by the Nigeria Petroleum Development Company (NPDC), it is the recommendation of the *Ad-hoc* Committee that the Oil Prospecting Licence granted on OML 65 known and described as OPL 298 be revoked and the oil block reverted to the Nigeria Petroleum Development Company (NPDC) in its known nomenclature of OML 65;
- (x) That in view of the fact that the terms of the downstream projects attached to OPLs 279 and 285 are at best spurious, the primary consideration for the award of the said blocks to ONGC-Mittal has failed. Consequently those awards should be revoked unless ONGC-Mittal is prepared to agree, not later than 60 (sixty) days from the adoption of this report, to alternative downstream/strategic investments;
- (xi) That not later than 60 (sixty) days from the adoption of this report the regime of payment of signature bonuses and all other fees should be audited and properly investigated by the Office of the Auditor-General of the Federation with a view to identifying if payments were made; if such payments represent true value and whether they were made as at when due; identify and confirm any diverted payments; identify any acts of criminality and fraud in the process. The Report of the Auditor General should be presented to the House of Representatives not later than sixty (60) days from the commencement of the audit/investigation;
- (xii) That all blocks on which the terms of the payment of the signature bonus have not been complied with or on which no signature bonuses have been paid should have their award cancelled and the blocks returned to the basket. No company or persons associated with the said blocks or their proxies should be permitted to bid for the said blocks in subsequent bid rounds.

2007 Mini Bid Round:

- (i) That the *Ad-Hoc* Committee condemns in strong terms the continued retention of funds belonging to third parties without the execution of the necessary PSC. This does not accord with best business practices. It is recommended that this practice stop in all future Bid Rounds;
- (ii) That the PSCs for OPLs 274, 290, 228, 2005, 2009, 275, 226, 231, 234, 239, 2007, 2010, 2006, 2008 and 240 which have already been prepared should be executed in order to restore international investor confidence in Nigeria's upstream sector;
- (iii) That there is evidence that the consortium of Petrodel Upstream Limited/Deltagate Oil Ltd seek a refund of the partial signature bonus they have paid. This sum should be refunded to them.
- (iv) That Oranto that actually bided for and won OPL 293 pay for the block within 60 (sixty) days from the adoption of this Report. This is premised on the fact that Abbey Court Consortium did not win the block in accordance with due process and does not have the technical skill to operate the block;
- (v) That the monies deposited by Abbey Court Consortium whether in respect of OPLs 250, 274 or 293 should be refunded by the Federal Government of Nigeria to Abbey Court Consortium immediately;
- (vi) That the *Ad-Hoc* Committee condemns the arbitrary decision taken at the bid conference permitting payments of signature bonuses to be made in Naira given the instability in the exchange rate regime and the potential loss of revenue to the Federal Government. Strict adherence must be placed on the mode of payment of signature bonuses in United States Dollars;
- (vii) That any award to any company that did not register and pre-qualify and which said company did not submit the appropriate technical and commercial bids should be cancelled;
- (viii) That the Ad-hoc Committee condemns in very strong terms the rush with which the 2007 Bid Round was organised within two weeks of the handover ceremony;

Report on Nigeria Data Repository

- (i) That regulations should immediately be put in place for the storage, management and use of Nigerian data. Access by local or indigenous firms to such data should be given priority and at a discount;
- (ii) That action on the National Data Repository project must be expedited. A time frame of 12 (twelve) to 18 (eighteen) months should be set for a workable project;
- (iii) That in line with the recommendation of Department of Petroleum Resources (DPR), local contractors as much as possible should be used for the project;
- (iv) That the Department Petroleum Resources (DPR) should:
 - (a) Open a register of all persons/companies/organisations in possession of Nigeria data in a Repository or any other capacity off-shore,
 - (b) Publish to the National Assembly within a reasonable time or such time as the National Assembly shall prescribe, the contents of the said register,
 - (c) Transmit to the National Assembly with the said Register the annual cost of the maintenance of such data between 1999 and 2008; and finally,
 - (d) State how the costs are charged to Nigeria;
- (v) That the Department Petroleum Resources (DPR) should develop for eventual legislation transparent and verifiable methods of authenticating and certifying data provided by the operators;
- (vi) That the issue of Shell reclassification of booked reserves should be separately and thoroughly investigated by the Ministry of Petroleum Resources. Any cover-ups on the Nigerian side exposed and the perpetrators prosecuted;
- (vii) That investigation should determine if Shell earned any Reserve Addition Bonus (RAB) on the now re-classified 1.5 Billion Barrels of Oil Equivalent booked reserves. Any such earnings should be returned to the coffers of the Federal Government by Shell;

- (viii) That Sanctions should be developed for operators who refuse to return data or co-operate with the Federal Government on the National Data Repository project.

Signature Bonuses and Bank Accounts:

- (i) That the Petroleum Technology Development Fund Act was enacted before the coming into force of the Constitution of the Federal Republic of Nigeria, 1999. While it does seem that section 80 (1) of the 1999 Constitution permits the payment of Signature Bonuses into the Petroleum Technology Development Fund Account, sections 162 (1) and (10) of the same Constitution suggests the contrary. It is therefore necessary that section 1 (b) of the Petroleum Technology Development Fund Act be amended to bring it in consonance with section 162 (1) and 10 of the 1999 constitution;
- (ii) That a clear and defined account to which all signature bonuses must be paid into should be statutorily defined;
- (iii) That the Department Petroleum Resources (DPR) or any other body charged with the functions of the Department Petroleum Resources (DPR) should be a body corporate statutorily defined with clear funding and budgetary rules. This would eliminate the ad-hoc budgetary provisions for the Department Petroleum Resources (DPR) and most likely strengthen its operations by creating identifiable lines of authority and responsibility;
- (iv) That the offices of the Accountant-General and Auditor-General of the Federation should immediately liaise with each other with a view to identifying the income and expenditure from the Bid Process and verifying the status of all signature bonus payments from 1999 to date. The verification report should be submitted to the House of Representatives not later than 60 (sixty) days from the adoption of this report by the House.

Import of Section 138 of the Constitution on the Exercise of Ministerial Power by the President:

- (i) That the attention of the President of the Federal Republic of Nigeria, and indeed all future Presidents of the Federal Republic of Nigeria, should be drawn to the provisions of section 138 of the Constitution;
- (ii) That the Attorneys General of the Federal Republic of Nigeria in the period of this Constitutional violation should be reprimanded. There is no evidence that they advised their boss the President on this grave constitutional infraction.

General Recommendations:

- (i) That the office of the Honourable Minister of Petroleum Resources effectively held by the President from assumption of office in 1999 until January 2007 is ultra vires the express provisions of sections 138 and 147 (2) of the Constitution of the Federal Republic of Nigeria 1999;
- (ii) That this constitutional anomaly potentially undermines the legal due process of the Bid Rounds as it can be contended that there was no Minister constitutionally recognised that oversaw the Bid Rounds in accordance with section 2 of the Petroleum Act;
- (iii) That the practice of the President holding the office of the Minister of petroleum should end. It is unconstitutional;
- (iv) That the legal and commercial implications of such a conclusion are obvious, dangerous and potentially destabilising or the oil and gas industry in Nigeria and could hamper the flow of much needed international financial capital/investments into the sector;
- (v) It is therefore recommended that the Provisions of Sections 138 and 147 (2) of the Constitution of the Federal Republic of Nigeria 1999 and section 2 of the Petroleum Act be strictly complied with in the award of oil blocks. Specifically, the office of Minister of Petroleum Resources by whatever name called should be separate and distinct from the office of the President and Commander-in-Chief of the Federal Republic of Nigeria;
- (vi) That the *Ad-Hoc* Committee notes the potential for loss of Revenue to the Federal Republic of Nigeria caused by the staggered payments of signature bonus and appreciates the reasons given for the practice. However it observes that the practice is not in keeping with the Guidelines for the respective Bid rounds and amounts to preferential treatment of winners at the conclusion of the Bid Round. The Ad-Hoc Committee finds that staggered payment of signature bonus is no more than granting interest free credit on Nigerian Oil Blocks. It therefore recommends that signature bonuses must be paid in full at the conclusion of the Production Sharing Contract (PSC) to avoid the kind of loss of

revenue that occurred in OPL 250 where Shell Nigeria Exploration and Production Company of Nigeria (SNEPCO) paid a signature bonus of \$75 million out of a total signature bonus of US\$200 million. Even though this field has been abandoned by Shell Nigeria Exploration and Production Company of Nigeria (SNEPCO), the signature bonus balance of US\$125 million should be recovered;

- (vii) That the Federal Government should put machinery in place to recover all outstanding signature bonuses, subject to the express provisions of the Production Sharing Contracts (PSCs), from the winners of blocks who are in default of payment within a reasonable time but not exceeding 60 (sixty) days from the date of adoption of this Report. At the expiration of that time frame the award should be revoked regardless of whether or not the blocks are either in development or production as the non-payment of signature bonus is a breach of the fundamental condition of the award of the block;
- (viii) That Such blocks as in vi above should be returned to the basket;
- (ix) That the regime of payment of signature bonuses and all other fees should be audited and properly investigated with a view to identifying if payments were made; if such payments represent true value and whether they were made as at when due; identify and confirm any diverted payments; identify any acts of criminality and fraud in the process;
- (x) That there was a general lack of compliance with the Guidelines for the Bid Rounds and the Marginal Fields award of 2004. The reason for this is that there was an absence of direct reporting between the officers charged with administering the Bid process and the Minister who was in fact the President. The political buffers namely the Presidential Adviser and the Special Adviser on Petroleum interfaced between these officers and the Minister. The Officers did not have the opportunity of independent and or direct Ministerial confirmation of actions that distorted the system. The Committee therefore recommends that pending the enactment of statutory regulation of the bid process direct reporting mechanisms must be established between the organs of government charged with administering the bid process and Minister in charge of Petroleum matters;
- (xi) That to enshrine best practices, due process and transparency, there should be statutory regulation of the process of the award of oil blocks with clear sanctions for its violation. Any discretion, Ministerial or Presidential should be confined within clearly delineated and known parameters;
- (xii) That Aggrieved participants in the Bid Process in consonance with the principles of the rule of law should have a clear right to administrative and judicial review of grants of oil blocks within a clearly defined time limit. This would create in the administrators a sense of responsibility borne out of the realisation that they are accountable for their actions;
- (xiii) That the practice of "forced mergers" of companies on the bid floor should cease. The practice violates paragraphs 14-16 of the First schedule of the Petroleum Act particularly in circumstances where the merger is created for the purposes of bringing companies into a block won by a third party;
- (xiv) That the introduction of the Right of First Refusal (RoFR) into the 2005, 2006 and 2007 Bid Rounds distorted the due process and transparency of these Bid Rounds. The leadership of the Department of Petroleum Resources (DPR) who administered the Bid Rounds agree with this conclusion. They also agree with our recommendation that any licensing round that involves blocks with RoFR should be conducted separately;
- (xv) That pursuant to xiii above a clear set of rules and/or regulations should be enacted divorced from the principle of the "Right of First Refusal" for the grant of oil blocks based on downstream/strategic investments. These rules and or regulations should be universal and open to all potential investors, local or foreign. It should specify reciprocal obligations and specify sanctions for non-performance after the grant of the oil block. The advantage of this recommendation is that it removes the distortions and the current latitude for abuse inherent in the existing policy;
- (xvi) That all the Companies that participated in the Bid Rounds without the payment of the mandatory registration and bid processing fees for each block on which they bided should pay those fees within a reasonable time but not later than 60 (sixty) days from the date of adoption of this Report. It is irrelevant whether the companies won the said blocks or not;
- (xvii) That the rules and regulations for Local Content participation in the process should be clearly developed and enacted. It is also recommended that it should be re-named "Nigerian Content" and the vehicle "Nigerian Content Vehicle";

- (xviii) That due diligent provision should be enshrined in the regulatory process that places responsibility on the administrators of the system to undertake such due diligence to establish the identity and bona fides of potential investors;
- (xix) That all rules, regulations and data necessary for oil block acquisition should be publicly available subject to the need for the payment of fees for the acquisition of data from the National Data Repository;
- (xx) That a statutorily established body or authority charged with the responsibility to oversee all matters relating to licensing, regulation and administration of oil blocks should be established to replace the existing *ad-hoc* Technical Committee system;
- (xxi) That the powers of the Minister, the President and all other executive and legislative agencies vis-à-vis this new statutory body should be clearly defined;
- (xxii) That the *Ad-Hoc* Committee condemns in strong terms the continued retention of funds belonging to third parties without the execution of the necessary PSC. This does not accord with best business practices. It is recommended that this practice stop in all future Bid Rounds;
- (xxiii) That regulations should immediately be put in place for the storage, management and use of Nigerian data. Access by local or indigenous firms to such data should be given priority and at a discount;
- (xxiv) That action on the National Data Repository project must be expedited. A time frame of 12 (twelve) to 18 (eighteen) months should be set for a workable project;
- (xxv) That in line with the recommendation of the Department of Petroleum Resources (DPR), local contractors as much as possible should be used for the project.
- (xxvi) That Department of Petroleum Resources (DPR) should within 60 (sixty) days of adoption of this report by the House:
 - (a) Open a register of all persons/companies/organisations in possession of Nigeria data in a Repository or any other capacity off-shore,
 - (b) Publish to the National Assembly within a reasonable time or such time as the National Assembly shall prescribe, the contents of the said register,
 - (c) Transmit to the National Assembly with the said Register the annual cost of the maintenance of such data between 1999 and 2008; and finally,
 - (d) State how the costs are charged to Nigeria;
- (xxvii) That the Department of Petroleum Resources (DPR) should develop for eventual legislation transparent and verifiable methods of authenticating and certifying data provided by the operators;
- (xxviii) That the issue of Shell reclassification of booked reserves should be separately and thoroughly investigated. Any cover-ups on the Nigerian side should be exposed and the perpetrators prosecuted;
- (xxix) That a separate investigation should be instituted to determine if Shell earned any Reserve Addition Bonus (RAB) on the now re-classified 1.5 Billion Barrels of Oil Equivalent booked reserves. Any such earnings should be returned to the coffers of the Federal Government;
- (xxx) That Sanctions should be developed for operators who refuse to return data or co-operate with the Federal Government on the National Data Repository project;
- (xxxi) That the Petroleum Technology Development Fund (PTDF) Act was enacted before the coming into force of the Constitution of the Federal Republic of Nigeria 1999. While it does seem that section 80 (1) of the 1999 Constitution permits the payment of Signature Bonuses into the Petroleum Technology Development Fund (PTDF) Account, sections 162 (1) and (10) of the same Constitution suggests the contrary. It is therefore necessary that section 1 (b) of the Petroleum Technology Development Fund (PTDF) Act be amended to bring it in consonance with section 162 (1) and (10) of the 1999 Constitution of the Federal Republic of Nigeria;
- (xxxii) That a clear and defined account to which all signature bonuses and other sundry sums earned in the ... of ... licensing must be paid into should be statutorily defined.

8. A Bill for an Act to Amend the Nigerian LNG (Fiscal Incentive Guarantees and Assurances) (Amendment) Bill, 2008 (HB. 44) — *Committee of Whole* 12/3/2008.
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COMMITTEE MEETINGS

	<i>Committee</i>	<i>Date</i>	<i>Time</i>	<i>Venue</i>
1.	Rules and Business	Thursday, 5 March, 2009	2.00 p.m.	Committee Room 06 Assembly Complex
2.	Labour, Employment and Productivity	Thursday, 5 March, 2009	1.30 p.m.	Committee Room 437 New Building (House) Assembly Complex