

NEWSLETTER

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GAS FLARING IN NIGERIA POST-PIA: A REVIEW OF THE MIDSTREAM GAS FLARE REGULATIONS, 2023

INTRODUCTION

Since the beginning of time, Nigeria has been renowned - albeit unfortunately - for its reputation of flaring gas produced from petroleum operations rather than processing it. Several efforts by successive administrations and regulatory regimes to curb the menace have yielded no significant result. In recent times however, the innovations prescribed by the Petroleum Industry Act, 2021 ("Act") have shone some light into the once dark and hazy tunnel called gas flaring.

The Midstream Gas Flare Regulations, 2023, introduced by the Nigerian Midstream and Downstream Petroleum Regulatory Authority ("Authority"), aims to address the environmental and social impacts caused by excessive flaring and

venting of flare gas in the country's midstream petroleum industry while simultaneously promoting resource efficiency and sustainability. By reducing environmental impact and unlocking the economic value of flare gas, these regulations represent a crucial step towards a greener and more prosperous future for Nigeria's petroleum industry.

The Regulations set out the criteria for gas flaring in midstream petroleum operations, emphasizing the reduction of environmental harm, protection of natural resources, and the promotion of safety measures. These objectives demonstrate a commitment to addressing environmental concerns and promoting responsible practices within the industry. In this article, we shall examine the key provisions of these regulations and their potential impact on Nigeria's petroleum industry.

ACCESS TO FLARE GAS FROM MIDSTREAM OPERATIONS

The regulations establish different categories of flaring in midstream operations and provide guidelines for accessing flare gas. This is in a bid to ensure that access to flare gas is regulated and granted based on specific criteria, thus preventing unauthorized or excessive flaring. The Authority reserves the right to take flare natural gas free of charge or for payment in midstream petroleum operations. Additionally, the discretion to grant permits for accessing flare gas, subject to specific terms and conditions is also reposed with the Authority. A detailed process for revoking access to flare gas if operators fail to comply with the set guidelines is also provided for. It may be safe to say that this approach encourages responsible and efficient use of flare gas resources.

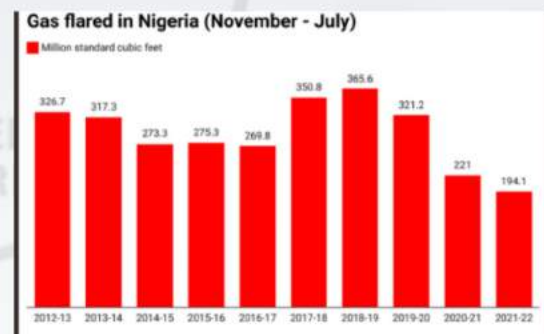
CIRCUMSTANCES FOR GRANT OF PERMIT TO FLARE

The regulations make provisions for circumstances under which permits may be granted to flare or vent flare gas for specific periods. These circumstances include facility start-up and strategic operational reasons, such as testing. Applicants for a permit are however required to provide valid justifications for flaring or venting and pay the prescribed fees. The regulations also emphasize the importance of engagement between licensees or permit holders and the Authority to determine the maximum number of major flaring events and the quantity of gas flared.



REPORTING OF GAS FLARE DATA

To further promote responsible flaring practices, the regulations introduce reporting requirements for operators engaged in midstream petroleum operations. Operators are required to submit regular reports on their flaring activities, including the volume of flare gas emitted and measures taken to minimize flaring. Licensees or permit holders are obligated to maintain a daily log of flare gas occurrences, including the date, time, duration, and quantities involved. These logs must be submitted to the Authority within 21 days following the end of each month. Metering equipment is to be installed in facilities to provide accurate data for flare gas logs, and all logs must comply with the Metering and Data Collection Standards issued by the Authority. Annual and quarterly reports are also required, and flare gas data undergoes reconciliation as determined by the Authority. This reporting mechanism ensures transparency and accountability, allowing for better monitoring and evaluation of flaring practices.



PENALTIES AND ENFORCEMENT

The Midstream Gas Flare Regulations, 2023, also outline penalties for non-compliance with the set guidelines. Operators found to be in violation of the regulations may face fines, suspension of operations, or even revocation of their licenses. These penalties serve as a strong deterrent against irresponsible flaring practices and encourage operators to prioritize environmental protection and safety.

COLLABORATION AND STAKEHOLDER ENGAGEMENT

The regulations emphasize the importance of collaboration between the Authority and relevant stakeholders in the petroleum industry. This collaborative approach ensures that the regulations are effectively implemented and that all parties involved work together towards achieving the objectives of reducing flaring, protecting the environment, and preventing waste of natural resources

CONCLUSION

In conclusion, the newly introduced regulations by the Authority mark a significant milestone in the country's efforts to mitigate the environmental and social impact caused by excessive flaring and venting of flare gas. By setting objectives that prioritize the reduction of flaring, protection of the environment, prevention of resource waste, and safety criteria for gas flaring, these regulations demonstrate a strong commitment to sustainable practices in the petroleum industry. Moreover, these regulations recognize the economic implications of processing flare gas instead of simply flaring it. By granting access to flare gas and encouraging its repurposing, the regulations create opportunities for investment, job creation, and infrastructure development in the midstream and downstream gas sectors. This not only promotes environmental stewardship but also supports Nigeria's economic growth and energy diversification goals.

It is worth emphasizing that these regulations go beyond mere compliance by establishing reporting requirements, metering standards, and penalties for non-compliance. This ensures transparency, accountability, and the effective implementation of the regulations. Furthermore, the collected penalties are directed towards the Midstream and Downstream Gas Infrastructure

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Overall, these regulations strike a balance between environmental responsibility and economic advancement. They lay the groundwork for a more sustainable and prosperous future for Nigeria's petroleum industry by reducing flaring, protecting the environment, optimizing resource utilization, and promoting investment in gas infrastructure. It is hoped that these regulations will be effectively enforced, fostering a culture of responsible gas management and unlocking the full potential of Nigeria's petroleum resources.

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