From Bid Opening to Bankable Licence:
What the 2025 Licensing Round Commercial Bid Conference Really Decide

The Headline

On 21 July 2026, at the Transcorp Hilton in Abuja, the Nigerian Upstream Petroleum Regulatory Commission (the **"NUPRC"** or the **"Commission"**) opened, evaluated and ranked the commercial bids in the Nigeria 2025 Upstream Licensing Round, and announced Preferred and Reserve Bidders for the contested blocks. It is tempting to read the announcement as the finishing line. It is not. The Conference started the award clock, and it is the discipline of the next three (3) months, not the drama of the bid opening, that will determine who ultimately holds acreage.

From an initial field of 286 applicants, 196 were prequalified and 143 ultimately submitted 200 technical and commercial bids. Of the 50 blocks on offer, 37 attracted bids and produced 31 Preferred Bidders; the other 13 revert to the Commission's inventory. The acreage cut across all principal terrains: 16 onshore Niger Delta blocks, 18 shallow water, one deep offshore, and 15 frontier blocks across the Benin, Anambra and Chad Basins and the Benue Trough. The Commission projects at least 300,000 barrels per day of crude and condensate, and some 500 million barrels of reserves, within three (3) years of development; that projection is only credible if the drill-or-drop policy below is enforced without sentiment.

How the Winners Were Chosen

The Commission applied a six-stage sequence: technical evaluation; commercial bid opening and decryption; aggregation of weighted scores; tie-breaking; identification of Preferred and Reserve Bidders; and recommendation for award subject to post-award conditions. Only technically qualified bidders reached the commercial stage; under Schedule G, the signature bonus was capped at 20 points while a single committed exploration or appraisal well carried 50, a deliberate tilt toward work over cash.

Two features of the scoring deserve emphasis, because they signal how the Commission intends to regulate the assets after award.

First, the commercial matrix was not a signature bonus auction: across every terrain, bids were scored on signature bonus alongside geophysical acquisition and interpretation commitments, drilling commitments and the pace of work programme execution. ***A bidder that promised aggressive, credible work won points that money alone could not buy.*** Every Preferred Bidder has now converted its bid promises into the yardstick against which its licence performance will be measured.

Secondly, where bidders tied on weighted aggregate scores, the Commission invoked a sealed re-bid confined exclusively to an additional signature bonus, with all technical and work programme commitments frozen as submitted; uniquely, the re-bid may exceed the US$3 million to US$7 million range that bound the original bids. A bidder that prevailed on a tie-break must deliver a revised bid guarantee equal to 5 per cent of the increased signature bonus within the period the Commission specifies, failing which the winning bid is void and the block may go to the next ranked bidder. For any client in this position, the guarantee reissue is the most urgent workstream on the file.

Preferred Status Is a Conditional Offer, Not a Right

The Commission was explicit that the announcement of Preferred Bidders is not a grant of petroleum rights. Before a Petroleum Prospecting Licence issues, *each Preferred Bidder must: pay the signature bonus within 60 days of receiving its offer letter; and, within 90 days of that receipt, pay the first year's rent and applicable fees, deliver the work commitment and any parent company guarantees, and furnish a sworn affidavit of good standing.*

A Preferred Bidder that fails to satisfy these conditions in time forfeits its status,[1] and the Commission may invite the Reserve Bidder, the next highest scorer, to step in without restarting the round, with the offer letter deemed received on email transmission. That architecture is the quiet innovation of this Round: default is no longer a negotiating position, it is an exit.

Each Bid guarantee must be an on-demand bond issued by an international bank rated at least "BBB" by S&P Global, Fitch or Moody's, or a Nigerian bank so rated by GCR, Agusto & Co, AM Best or Data Pro (or, at the Commission's discretion, an equivalently rated parent company guarantee), must equal 5 per cent of the proposed signature bonus, and must remain valid for 120 calendar days after the Conference.[2] Non-compliance is a disqualification event, not a curable defect.

Drill or Drop: The Bid Is Now the Benchmark

The Commission reaffirmed that work programme obligations under the Petroleum Industry Act 2021 will be enforced, that acreage will not sit dormant, and that unexecuted work may culminate in revocation.[3] Because the scoring rewarded ambitious work programmes, some bidders will have won on commitments priced for competition rather than delivery; those commitments are now statutory obligations in waiting. The prudent response is to stress-test financing, rigs, seismic contracting and operatorship against the bid schedule before the licence issues, not after the first default notice.

What Preferred Bidders Should Do This Week

1. Diarise the 60-day signature bonus deadline and the 90-day conditions window, both running from receipt of the offer letter, and treat them as a completion timetable with funding confirmed early.
2. If successful on a tie-break, instruct the guarantor bank immediately: the revised 5 per cent guarantee is due within the period the Commission specifies, and the Guidelines allow no cure for delay.
3. Confirm existing bid guarantees remain valid for the full 120-day period and that the issuing institution meets the Guidelines' rating criteria.
4. Align board approvals, joint bidding arrangements and farm-down intentions with the licence timeline, since post-award restructuring engages the PIA's assignment and consent regime.
5. Convert the bid work programme into a costed, contracted execution plan; it is the document the Commission will measure the licence against.

Losing the Round Without Losing the Play: Options for Unsuccessful Bidders

For the 53 prequalified companies that did not bid, and the bidders that fell short, the temptation is to file the Round away and wait for 2026; that would be a mistake.

The very features that made the Round competitive, aggressive work programmes, hard 60- and 90-day deadlines and drill-or-drop enforcement, will generate immediate demand among the winners for capital and execution partners. ***In a round won on work programme ambition, the unsuccessful bidder's capital and capability become the winner's completion strategy.*** Several structures convert that demand into participation.

Reserve Bidder positions. A Preferred Bidder that defaults on the 60- and 90-day conditions forfeits its status, and the Commission may invite the Reserve Bidder to fulfil the same conditions. Reserve Bidders should keep funding and guarantee arrangements live, and near-miss bidders should monitor the blocks they contested: a default converts a paper ranking into a real offer at the original bid economics, although a stepping-in Reserve Bidder may not assign any interest to the defaulting winner or its consortium members.

Farm-in arrangements. Once licences issue, winners that priced their work programmes for competition will need partners, and the earliest credible farmee negotiates from strength. A farm-in delivers a participating interest in the licence, typically for cash, a cost carry, or both, and it engages the assignment and ministerial consent regime under the Petroleum Industry Act 2021,[4] and any restrictions on early transfers in the licence terms. Unsuccessful bidders should run title and work programme due diligence on target blocks now, so a farm-in proposal can be tabled the week the licence issues.

Financial and technical services agreements (FTSAs) and financing and services agreements (FSAs). Where a winner needs money and delivery capacity but cannot yet part with equity, the counterparty under an FTSA funds and executes all or part of the work programme and is repaid out of production through cost recovery plus a fee or production-linked return; an FSA follows the same logic where the contribution is principally funding. The structures are well precedented and, on the orthodox view, transfer no licence interest and require no ministerial consent. There is, however, a Round-specific risk to manage: the Guidelines define "Assignment" expansively, expressly naming financial and technical service agreements,[5] which gives the regulator a consent argument. The prudent course is to keep the instrument a funding and services contract in substance, with decision-making, lifting rights and termination architecture that resists recharacterisation as a disguised transfer, and to take a position on consent early.

Technical services agreements (TSAs). For bidders whose strength is capability rather than balance sheet, a TSA converts capability into fee income and field position (seismic, drilling management, development planning or interim operatorship support); it carries no reserves entitlement, but places the provider inside the asset and routinely matures into a farm-in or FTSA.

1. Nigeria 2025 Licensing Round Guidelines, ss 19.2(i)-(l).

2. Nigeria 2025 Licensing Round Guidelines, s 17.6(a).

3. Petroleum Industry Act 2021, s 78; Nigeria 2025 Licensing Round Guidelines, s 22.1.

4. Petroleum Industry Act 2021, s 95; Nigeria 2025 Licensing Round Guidelines, s 28.3 and the definition of "Assignment".

5. Although, the Petroleum Industry Act and Regulations around Consent don't appear to be as far reaching as to cover FTSAs.

Beyond block-level structures, the menu includes joint bidding alliances for the 2026 Round, secondary market acquisitions and positioning for the 13 unbid blocks. Every route rewards preparation: the parties that convert the next 90 days into due diligence, term sheets and relationships will share in this Round's acreage without having won it.

Looking Ahead

Presidential approval has been obtained for a 2026 Licensing Round expected in the third quarter of the year, and several of the 13 unbid blocks will likely reappear on refreshed terms. Companies that sat out the Round, or missed preferred status narrowly, should treat the next 12 months as a data and partnership-building window; licensing will now be periodic and competitive, and the sensible posture is to be permanently round-ready.

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