

THE FEDERAL GOVERNMENT OF NIGERIA
Office of the Honourable Minister of State Ministry of Petroleum
Resources



Nigerian Gas Flare Commercialization Programme (“NGFCP”)

February 2019

Frequently Asked Questions (FAQs)

Version 03

www.ngfcp.gov.ng



NGFCP FREQUENTLY ASKED QUESTIONS (FAQs)

A. General/Programme Overview	2
B. Fees, Permits and Credits.....	6
C. Registration.....	8
D. Request for Qualification (RFQ).....	9
E. Request for Proposals (RFP).....	10
F. Post Award (Development and Operations).....	14
G. Flares and Flare Payments	16
H. Producers.....	17
I. Other.....	19

Those interested in the Nigerian Gas Flare Commercialisation Programme (NGFCP) are encouraged to study the *Flare Gas (Prevention of Waste and Pollution) Regulations, 2018*, available at <http://www.ngfcp.gov.ng/media/1120/flare-gas-prevention-of-waste-and-pollution-regulations-2018-gazette-cleaner-copy-1.pdf>, and four sets of Guidelines that provide more details on the 2018 regulations and the NGFCP, available at <http://www.ngfcp.gov.ng/resources/>. For capitalised terms in the FAQs, please see the list of definitions in section 24 of the *Flare Gas (Prevention of Waste and Pollution) Regulations, 2018*.

A. General/Programme Overview		
ID	Question	Answer
A1	What are the driving principles for the NGFCP?	Projects under the NGFCP should: <ul style="list-style-type: none"> • reduce gas flaring; • present a market-driven solution; • create social and economic benefits from flare gas capture; and • not adversely affect upstream hydrocarbon production or safety • .
A2	What is the objective of the NGFCP?	The objective of the NGFCP is to reduce gas flaring and venting. The intent is to achieve these objectives by providing access and title to associated gas currently being flared to midstream companies qualified and selected through an auctions process conducted by the Federal Government of Nigeria. The midstream company can use the Flare Gas as a fuel and/or feedstock in gas utilisation projects. Provisions are also made to enable Producers of associated gas currently flaring it to commercialise it under certain conditions through midstream subsidiary entities.
A3	What are the stages and key dates in the first	<ul style="list-style-type: none"> • Programme launch: Q4, 2018 • Registration: Q4, 2018

A. General/Programme Overview		
ID	Question	Answer
	auction under the NGFCP?	<ul style="list-style-type: none"> • Release of request for qualification (RFQ): Q4, 2018 • Submission of statement of qualification (SOQ): 15th of March, 2019 • Qualification of applicants: Q1, 2019 • Release of request for proposals (RFP): Q2, 2019 • Proposals due: Q3, 2019 • Bid evaluation and selection: Q3, 2019 • Award of preferred bidder(s) status: Q4, 2019 <p>All dates are subject to change and all dates, including updates, will be published on the NGFCP portal, with notification sent to relevant parties.</p>
A4	Who owns the Flare Gas?	<p>The Federal Government of Nigeria owns the Flare Gas at the flare.</p> <p>The legal basis is the powers reserved under Paragraph 9 (i) of the Petroleum Act and Paragraph 35 (b) (i) of the First Schedule to the Petroleum Act, which authorise the Federal Government of Nigeria to take natural gas produced with crude oil from any oil field within any Oil Mining Lease or Marginal Field in Nigeria free of cost at the flare and without the payment of royalty.</p>
A5	Is there a possibility of a Producer participating in the NGFCP?	Yes. However, the Producer may participate only through a midstream corporate entity incorporated in Nigeria and will be subject to a number of conditions. For more details on how Producers can participate in the NGFCP, see the <i>Guidelines for Producer's Associated Gas Utilisation Project</i> .
A6	What type of flaring does the NGFCP target for reduction?	All routine flaring.
A7	Which Flare Sites are in the NGFCP?	All Flare Sites in Nigeria are included in the NGFCP. Specific Flare Sites that will be included in the first auction round will be referenced in the Request for Proposals.
A8	Is there a minimum volume of gas that can be offered as Flare Gas for the NGFCP?	There is no minimum or maximum. However, offers must relate to the Flare Gas forecasts, which Producers are required to provide under the <i>Guidelines for Flare Gas Measurement, Data Management and Reporting Obligations</i> .
A9	Will there be another bid round after the first bid round?	The intention is that future rounds of the auction will cover all Flare Sites that were not awarded under the first auction round and excess Flare Gas volumes (if applicable) that were not contracted under the first auction round.
A10	Will the Federal Government of Nigeria (or Producers) be	The Flare Gas will be sold and delivered to Flare Gas buyers on an “as is and where is” basis. The Federal Government of Nigeria gives no undertaking to provide access to any

A. General/Programme Overview		
ID	Question	Answer
	providing any pipelines or other infrastructure to enable Flare Gas to be transported from Flare Sites to a project or market location under the NGFCP?	existing or additional gas pipeline capacity or other infrastructure. Similarly, Producers will not be compelled to make available any pipelines or other infrastructure for projects carried out under the NGFCP, although Producers will maintain and operate for a fee the facilities needed, paid for and built by the Flare Gas buyer, to take Flare Gas to the custody transfer point.
A11	What will the NGFCP do to support markets that will utilise Flare Gas?	The NGFCP only makes available access to Flare Gas. The Permit Holder (see <i>Guidelines for Grant of Permit to Access Flare Gas</i>) will assume “end-to-end” Flare Gas to market risk.
A12	If a Producer has submitted its Flare Gas to the NGFCP and subsequently finds its own way of commercialising the Flare Gas, can it withdraw that Flare Gas?	No, once a Producer identifies and submits a certain Flare Gas volume for the NGFCP, the Producer cannot withdraw the Flare Gas volume for either the auction process or, subsequently any Flare Gas volumes the FGN may have committed to under a Gas Supply Agreement. See also Paragraphs 3(2)(a) and 3(3) of the Regulations.
A13	What constitutes routine flaring?	Routine flaring refers to flaring of natural gas produced in association with crude oil during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilise it on site, or despatch it to a market. Another way of thinking about routine flaring is to consider the definition of Non-Routine Flaring, which can be found in section 24 of the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> . Non-Routine Flaring is intermittent and typically of short duration.
E22	Who is a bidder?	A bidder is a company or a consortium of companies whose bid has been found to satisfy all requirements and proceeds to submit a proposal in conformity with the requirements of the RFP, including payment of a bid bond.
A14	What assurance will bidders have for long-term gas delivery from existing oil production facilities?	The data provided by Producers includes credible and validated forecasts of oil and gas production up to 2036. This is the information that will provide guidance to investors. Per the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> , Producers are required to provide accurate data and credible forecasts, which will be checked for internal consistency by the Department of Petroleum Resources and validated by a third party expert.
A15	What confidence can a Flare Gas buyer have in associated gas	Based on historical production and future crude oil production forecasts, an associated gas production and Flare Gas profile will be provided. The profile will indicate

A. General/Programme Overview		
ID	Question	Answer
	production forecasts from each Flare Site?	the depletion trend of the fields producing the associated gas and the amount of associated gas the Producer will require for his own consumption. Flare Gas data will be validated by an independent third party.
A16	Whom can I contact about the NGFCP?	All general enquiries about the NGFCP should be directed to info@ngfcp.gov.ng . Any enquiries relating specifically to the documents or processes for the RFQ or RFP need to be submitted via the official request for clarification procedure outlined in the RFQ/RFP documents.
A17	Will a project under the NGFCP be able to export the output?	Yes, exports are permitted. There are no restrictions on the ability of projects to export the output of Flare Gas utilisation technologies.
A18	Will there be any export taxes?	Based on current knowledge there appear to be no export taxes on products from the NGFCP projects. Parties will need to do their own due diligence to determine, amongst others, what taxes apply.
E27	Why is the Department of Petroleum Resources involved?	<p>The <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i>, tasks the Department of Petroleum Resources with setting of standards and fees relevant to the NGFCP, provision of data to Qualified Applicants and authorising them to enter Flare Sites, collection of data from Producers and Flare Gas buyers and reporting the data so collected, drafting of Deliver or Pay Agreement, and approval of the transfer of the Permit to Access Flare Gas. In short, the Department of Petroleum Resources has been assigned many tasks and responsibilities that are essential for managing the NGFCP.</p> <p>In December 2018 the Department of Petroleum Resources placed advertisements initiating the NGFCP auction process. Additionally, it also issued the Guidelines for the Regulations; specific to the NGFCP auction process it issued the <i>Guidelines for Grant of Permit to Access Flare Gas</i>.</p>

B. Fees, Permits and Credits		
ID	Question	Answer
B1	What are the fees payable to the Federal Government of Nigeria during the auction process?	Details of all fees (including amounts) are contained in the <i>Guidelines for Grant of Permit to Access Flare Gas</i> .
B2	How are the various feeds to be paid?	<p>The SOQ submission fee, data prying fee and data leasing fee will all be paid by wire transfers to a designated Department of Petroleum Resources account.</p> <p>The award fee for grant of Permit to Access Flare Gas is payable to a designated Federal Government of Nigeria account.</p> <p>Receipts will be issued for all payments.</p>
B3	What are the receivable security requirements under the NGFCP?	<p>As detailed in Schedule C of the <i>Guidelines for Grant of Permit to Access Flare Gas</i>, there are three types of security payable:</p> <ul style="list-style-type: none"> • Bid bond – must accompany submission of proposals during the RFP process; • Milestone bond – replaces the bid bond and is paid by Flare Gas buyers who execute a milestone development agreement; and • Performance bond – replaces the milestone bond and is paid by Permit Holders during the contract period of the Gas Supply Agreement.
B4	What permits will be required as part of the auction process?	<p>A Data Access Permit will be issued to all Qualified Applicants who meet the requirement set forth in the RFQ process and who have made the payments as indicated in the <i>Guidelines for Grant of Permit to Access Flare Gas</i>.</p> <p>A Permit to Access Flare Gas will be issued to preferred (winning) bidders after meeting certain requirements, as laid out in the <i>Guidelines for Grant of Permit to Access Flare Gas</i>.</p> <p>Note that these are the only permits required during the auction phase. Additional permits will be required during the project development phase.</p>
B5	Who retains the Emission Credits in this Programme?	Emissions Credits will be the property of the Federal Government of Nigeria.
B6	Are there incentives specifically for investors in projects under the NGFCP?	Yes. All incentives for gas midstream projects are contained in Paragraph 39 of the Companies Income Tax Act, Cap. 60 LFN, 1990 as amended by the Companies Income Tax (Amendment) Act, 2007 (2007 ACT No. 11). There are no Associated Gas Framework Agreement incentives or any other additional incentives under the

B. Fees, Permits and Credits		
ID	Question	Answer
		NGFCP.
B7	What other fees/payments are due to the Federal Government of Nigeria following the conclusion of the auction process?	<p>A Flare Gas price is payable to the Federal Government for the purchase of the gas.</p> <p>Appropriate permitting, licensing and other business costs may also be applicable.</p>
B8	What fees/costs are payable to other parties as part of ongoing operations?	<ul style="list-style-type: none"> • Handling Fee – payable to the Producer as operating and maintenance costs of the gas connection assets, constructed by the Flare Gas buyer at its own expense and that take Flare Gas to the custody transfer point • Deliver-or-pay fee – payable to the Producer for those projects that have contracted guaranteed Flare Gas under a Deliver or Pay Agreement

C. Registration		
ID	Question	Answer
C1	Who is eligible to register for the NGFCP?	Any party from anywhere in the world that has interest in gas utilisation projects. Registration may also be made by a consortium of not more than five members.
C2	Is registration mandatory?	To be eligible to participate in the subsequent stages of the auction process (RFQ, RFP), registration is required.
C3	How do I register?	Registration is only via the NGFCP portal. There is no other way for an interested party to register under the NGFCP.
C4	What information is required at the registration stage?	Basic party details and an authorised contact.
C5	Is there a payment required for registration?	There is no cost for registration.
C6	How do I know that I have been registered?	You will be sent a confirmation of registration and a unique identification number through the NGFCP portal.
C7	Is the registration information held confidentially?	The information supplied by a party for registration purposes is held confidentially by the Department of Petroleum Resources.
C8	Can I be rejected at the registration stage?	Provided you have supplied the required information and in the designated format, your registration will be accepted. There is no other selection or evaluation process at the registration stage.
C9	When does registration close?	Registration will remain open until the due date for submission of the statement of qualification (SOQ).
C10	What is a registered party?	A company or a consortium of no more than five companies that has registered in the NGFCP.

D. Request for Qualification (RFQ)		
ID	Question	Answer
D1	Who may participate in the RFQ process?	Only registered parties may participate in the RFQ process.
D2	What is required of a registered party for the statement of qualification (SOQ)?	Standard corporate information, information regarding technical capabilities and financial capacity, and payment of the SOQ submission Fee. More details are available in the RFQ document.
D3	How is the SOQ submitted?	All documentation will be submitted electronically via the NGFCP portal, all being marked with the registered party's unique identification number. A hard copy of the documentation must also be submitted.
D4	How much is the SOQ submission fee?	US\$1,000.
D6	How do I know that the NGFCP has received my SOQ submissions?	NGFCP will issue a confirmation of receipt of the SOQ submission.
D7	Is my SOQ held confidentially?	Yes, it is held confidentially by the Department of Petroleum Resources.
D9	How will I know if I have been successful in the RFQ process?	You will be advised through the NGFCP portal and a list of those that have been successful will be posted on the NGFCP website. If you have not been successful, you will also be advised through the NGFCP portal.
D10	If unsuccessful, can I take any further part in the NGFCP process?	Yes, it is still possible (subject to acceptance by the consortium) for you to join a consortium that has been successful in the RFQ process.
D11	Is the RFQ a competitive process?	No. Any and all applicants that meet the set criteria for success will pass and become Qualified Applicants and subsequently proceed to the RFP stage and become bidders.
D12	Can an applicant make changes to the standard forms and templates within the RFQ package?	No, an applicant must adhere to the standard forms and templates prescribed.
D13	Is there an appeal process for unsuccessful parties at either the RFQ or RFP stage?	There is no appeal process at either the RFQ or the RFP stage. The decision of the Federal Government of Nigeria is final and the it is under no obligation to clarify or discuss scoring from the evaluation processes.

E. Request for Proposals (RFP)		
ID	Question	Answer
E28	How will I know when the RFP process will be launched?	The launch date will be published on the NGFCP website. Additionally, all Qualified Applicants will be notified accordingly.
E1	How does a Qualified Applicant obtain access to Flare Site data?	All Flare Site data will be available in the NGFCP data room and will be accessible by Qualified Applicants through the NGFCP portal. Qualified Applicants will be supplied with a Data Access Permit by the Department of Petroleum Resources after having paid a data prying fee and/or data leasing fee as appropriate.
E2	How does a Qualified Applicant obtain a Data Access Permit?	A Data Access Permit will be issued to all Qualified Applicants free of charge by the Department of Petroleum Resources.
E3	What kind of Flare Site data will Qualified Applicants have access to?	Qualified Applicants will have access to Flare Gas forecast quantities and Flare Gas composition data. Once awarded a Permit to Access Flare Gas, a winning bidder—referred to as a preferred bidder in the NGFCP—and its lenders and/or investors may request certain specific data (such as reservoir data) from the relevant Producers for the financial closing.
E4	How much are the data prying and data leasing fees?	The data prying and data leasing fees can be found in Schedule B of the <i>Guidelines for Grant of Permit to Access Flare Gas</i> .
E5	What are data prying and data leasing?	Data prying is the ability to see, but not download, Flare Site data on a screen through the NGFCP virtual data room. Data leasing is the ability to download the Flare Site data through the NGFCP data room.
E6	How long is the Data Access Permit valid?	A Data Access Permit is valid until the closing date for receipt of proposals in the RFP process. Data Access Permits will also be reinstated to winning (referred to as preferred in the NGFCP) bidders in respect of any Flare Sites over which the bidders have been successful in the NGFCP auction.
E7	Are proposals kept confidential?	Envelope 1, which contains technical and commercial proposals, is confidential in its entirety. Only the summary information in envelope 2, which gives the total value of the bidder's proposal, is made public on the date of opening of envelope 2. The rest of the information is held confidential.
E8	What is the form of submission of a proposal?	A proposal is submitted in two parts: a technical and commercial proposals (envelope 1) and a financial proposal (envelope 2).
E9	Why are there two envelopes?	The evaluation process considers envelope 1 first. The proposal is evaluated by the Proposals Evaluation

E. Request for Proposals (RFP)		
ID	Question	Answer
		Committee against pre-set criteria published in the RFP document. Only those proposals that pass the evaluation of envelope 1 will have their financial proposals in envelope 2 opened and advance to the final evaluation to determine the preferred bidder status.
E10	Is the evaluation of envelopes 1 competitive?	No. Every Proposal that passes the evaluation of the proposals in envelope 1 will advance to the consideration of the financial proposal in envelopes 2.
E11	How are the financial proposals in envelope 2 evaluated?	The metric that is calculated is the sum of the net present values, at a discount rate stated in the RFP document, over the contract period of the take-or-pay quantity per contract year using (1) the Flare Gas price offered by the bidder for each contract year and (2) the unit value of the emissions credit for each contract year set by the Department of Petroleum Resources. The proposals are then ranked in order of decreasing total net present value based on the take-or-pay quantity in each year calculated in this way.
E13	Is the price of gas the main bid parameter?	No. The principal goal of the NGFCP is to reduce gas flaring. Therefore, as E11 above states, the volume of Flare Gas taken by a project on a take-or-pay basis is also accounted for by assigning the same value for each year for all bidders in the form of emissions credit, referred to as the shadow emission credit price (see below).
E14	What is the shadow emission credit price?	Carbon price in US\$/Mscf as specified in the RFP document for the purpose of evaluating proposals and applied to the take-or-pay quantity
E15	What do preferred bidders do following the award?	Preferred bidders will be required to execute all commercial agreements and post the milestone bond.
E16	What do reserve bidders do following the award?	A reserve bidder has the option as to whether or not it wants to be held in reserve. If it accepts to do so, it stands ready to execute the commercial agreements in case one or more of the preferred bidders fail to do so.
E17	Is the bid price for Flare Gas to be denominated in US\$?	Bid price for Flare Gas must be denominated in U.S. dollars.
E18	Can the Qualified Applicant submit a tailored gas price per year? Is the gas price automatically subject to escalation?	Qualified Applicants can submit a tailored gas price per year or a single gas price in U.S. dollars that will be paid in Nigerian naira. In that case, the U.S. dollar gas price will be escalated annually according to the U.S. consumer price index. Conversion of U.S. dollar

E. Request for Proposals (RFP)		
ID	Question	Answer
		to naira will be based on an open market rates, to be set on a quarterly basis.
E19	Can a bidder make changes to the draft commercial agreements in the RFP package?	A bidder may include in their proposal(s) suggestions for amendments and/or exceptions to the draft commercial agreements. Any such amendments and exceptions would be included in envelope 2 and would therefore not be available to the Proposals Evaluation Committee in its evaluation of envelope 1. Further, any suggested amendments and/or exceptions will play no part in the total take-or-pay net present value calculation that will go towards determining whether a proposal becomes one of the highest-ranking proposals. The suggestions for amendment and/or exceptions will be considered only post award to preferred bidders. The Federal Government of Nigeria will be under no obligation to accept any of the suggestions and exceptions. If a bidder's decision to proceed with a project under the NGFCP hinges on making changes to one or more commercial agreements and the suggested changes are not accepted by the Federal Government of Nigeria, that would open space for one or more reserve bidders.
E20	Can a bidder make changes to the standard forms and templates within the RFP package?	No, a bidder must adhere to the standard forms and templates prescribed.
E21	What are the rules or restrictions on bundling/aggregation of Flare Sites?	Bidders may bid for a single Flare Site or a set of Flare Sites of its choosing.
E23	Will all proposals be evaluated?	The Proposals Evaluation Committee first checks to see that the documentation provided in envelope 1 is compliant as to completeness and format. Those that are compliant will have their proposals in envelope 1 evaluated by the Proposals Evaluation Committee. Those whose proposals in envelope 1 meet the evaluation criteria will have their financial proposals in Envelope 2 evaluated.
E24	How do I know if my envelope 1 has passed or failed?	Each bidder will be advised through the NGFCP portal whether or not it has passed the envelope 1 stage. Additionally, a list of all those bidders that have passed will be placed on the NGFCP website.
E25	What happens to my	Documentation, both electronic and hard, will be

E. Request for Proposals (RFP)		
ID	Question	Answer
	proposal documentation if I am unsuccessful at either the envelope 1 or envelope 2 stage?	destroyed securely by the Department of Petroleum Resources.
E26	What happens to my proposal documentation if I become a preferred bidder or a reserve bidder?	Documentation, both electronic and hard copy, of preferred as well as reserve bidders will be kept confidential by the Department of Petroleum Resources. If and when a preferred bidder or reserve bidder withdraws from the RFP process, or if the status of preferred bidder or reserve bidder is withdrawn by the Department of Petroleum Resources, then its documentation, both electronic and hard copy, will be destroyed securely.
E27	How do I know if I have become a preferred bidder or reserve bidder?	All Bidders will be notified as soon as possible after the award and through the NGFCP portal as to whether they have become preferred bidders, reserve bidders, or have been unsuccessful.
E28	How will the evaluation process work?	The NGFCP will put together a transparent and objective technical, financial and economic evaluation methodology and process that will award the preferred bidder status to those that are successful in the auction. The RFP document will have specific details on the evaluation criteria and process.

F. Post Award (Development and Operations)		
ID	Question	Answer
F1	What happens when a Producer shuts down operations for scheduled activities and the NGFCP project operation is affected?	Remedies, to the extent available, may be sought through the commercial agreements.
F2	What happens when a Producer has an intermittent shut down, for example for safety or regulatory reasons, and the NGFCP project operation is affected?	Remedies, to the extent available, may be sought through the commercial agreements.
F3	What happens when a Producer permanently shuts down production and the NGFCP project operation is affected?	Remedies, to the extent available, may be sought through the commercial agreements.
F4	What happens if oil production is unexpectedly shut down due to an attack along the upstream supply chain and the NGFCP project operation is affected?	Remedies, to the extent available, may be sought through the commercial agreements.
F5	What happens if the Producer under-delivers on contracted guaranteed Flare Gas volumes to the project?	The Producer will pay compensation (the Deliver or Pay Payment) to the Flare Gas Buyer to the extent of the shortfall, as specified in detail in the Deliver or Pay Agreement.
F6	Under what circumstances can a performance bond be drawn?	The performance bond may be drawn in the following circumstances: <ul style="list-style-type: none"> • failure of the Flare Gas buyer to comply with minimum take payment obligations under the Gas Supply Agreement; • failure of the Flare Gas buyer to pay for Flare Gas delivered; • termination of the Gas Supply Agreement by the Federal Government of Nigeria due to Flare Gas buyer's default under the Gas Supply Agreement; or • failure of the Flare Gas buyer to maintain the performance bond.
F7	Does a Producer's responsibility end at the point of separation of gas from oil?	No. Producers' responsibilities end at the Delivery Point where custody and transfer of Flare Gas pass to the Project, in accordance with the terms of the Connection Agreement.
F8	How is the Programme going to	NGFCP will not assist with site acquisition/lease.

F. Post Award (Development and Operations)		
ID	Question	Answer
	assist Projects with site acquisition/lease?	
F9	How will the Programme assist Projects with obtaining regulatory approvals and permits?	Obtaining appropriate approvals and permits will be the responsibility of Preferred Bidders. The NGFCP may be able to offer limited assistance in furnishing information on relevant permits, procedures and regulatory bodies.
F10	How can Flare Gas buyers manage fluctuations in flow rates?	If the Flare Gas buyer has entered into a Deliver or Payment Agreement with the Producer, the Producer is liable for any shortfall due to fluctuations in flow rates. In the absence of Deliver or Pay provisions, the Flare Gas buyer is liable for any shortfalls due to fluctuations in flow rates.
F11	Are all Gas Supply Agreement terms standardised or will certain terms be unique for individual Projects?	The key terms in the Gas Supply Agreements will be standardised.

G. Flares and Flare Payments		
ID	Question	Answer
G1	Under what scenarios does a project entity or a Producer make a flare payment?	Producers will make a Flare Payment according to the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> , for gas that they flare, whether in routine or non-routine flaring. Project entities are not required to make flare payments. Further details on the flare payments are provided in the <i>Guidelines for Flare Payments</i> .
G2	What happens to a Producer operating more difficult fields, such as those that are marginal and / or remote?	The Producer makes a flare payment according to the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> and the corresponding <i>Guidelines for Flare Payments</i> , for all gas flared at the Flare Sites that are connected to its oil and gas production facilities. This includes remote and marginal fields. The only exception is the guaranteed Flare Gas volume in a Gas Supply Agreement (see Paragraph 13(3) of the Regulations).
G3	If a Producer submits its Flare Site(s) to the NGFCP but the Flare Gas has not yet been contracted for, is that Flare Gas Producer exempted from making the flare payment?	The Producer makes a flare payment according to the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> , for all Flare Gas (whether contracted or not) at the Flare Sites that are connected to its production facilities. The Producer is only exempted under the following conditions: <ul style="list-style-type: none"> • Provisions in Paragraph 13(1) and 13(2) of the Regulations • Paragraph 13(3) of the Regulations • Once the Flare Gas is actually taken by the midstream company
G4	If, through the NGFCP auction, the Flare Gas is not contracted by any third party as it is not commercially viable, who makes the flare payment?	According to the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> , the Producer will make a flare payment for gas that is flared at Flare Sites under its control. This is regardless of whether or not utilisation of Flare Gas is economically viable.
G5	Who makes the flare payment during the evaluation period?	The Producer.
G6	Is it possible for Producers to apply for waivers (temporary or otherwise) from flare payments?	No, the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> , do not provide for exemptions.

H. Producers		
ID	Question	Answer
H1	Are there expected to be significant additional operational costs or adverse impacts on operations for Producers as a result of the NGFCP?	One driving principle of the NGFCP is that it should have minimal impact on the Producers' operations. Producers shall bear the cost of making flare payments in compliance with the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> , but no significant additional costs from any other aspect of the NGFCP.
H2	Will the requirement to supply accurate Flare Site data mean equipment modification for some Flare Sites?	Through the <i>Flare Gas (Prevention of Waste and Pollution) Regulations 2018</i> and the corresponding <i>Guidelines for Flare Gas Measurement Data Management and Reporting Obligations</i> the Producer is instructed where metering equipment is needed and where data can be accounted for by other means. In any case, for the NGFCP auction process the Department of Petroleum Resources will rely on data provided by the Producers. The data will be checked for consistency with record of data kept by the Department of Petroleum Resources and validated by a third-party expert.
H3	What happens to Producers with an existing gas utilisation plan?	The decision whether or not to allow such a utilisation plan to proceed, or whether it needs to be halted and the Flare Gas destined for such utilisation diverted to the NGFCP, rests with the Minister of Petroleum Resources in accordance with the Regulations. More details are provided in the <i>Guidelines for Producer's Associated Gas Utilisation Project</i> .
H4	What level of engagement has the Federal Government of Nigeria had with oil and gas producing companies?	The Honourable Minister of State for Petroleum Resources and his team have held meeting with various oil and gas companies to gain their support and alignment with the NGFCP. The Government will continue to engage with the producing companies to ensure all concerns were addressed.
H5	Will the NGFCP have an impact on the associated gas a producer may need for its operations?	No. However, if a Producer under-estimates the volume of associated gas needed for oil production in the future it will have to implement solutions that do not compromise the contracted Flare Gas volumes (see Paragraph 3(3) of the Regulations)
H6	How are Producers' own ongoing gas commercialisation projects addressed?	All Producers' own gas utilisation projects that had not been approved at the time of the effective date of the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> , will need to meet the criteria for Producers' Approved Flare Out Projects. Any Flare Gas offered to the NGFCP will not be affected by any Producer's Approved Flare Out Project. For more detail see the <i>Guidelines for Producers</i>

H. Producers		
ID	Question	Answer
		<i>Associated Gas Utilisation Projects</i>)
H7	How is the Federal Government of Nigeria taking the interests of Producers into account?	Producers are not barred from participation in the NGFCP. Producers may develop gas utilisation projects on their own, as explained in the <i>Guidelines for Producer's Associated Gas Utilisation Project</i> , or register in the NGFCP to become a Qualified Applicant in association with other parties through midstream entities. Reducing flaring is also in the interest of the Producers, for amongst others the following reasons: <ul style="list-style-type: none"> • Reduce flare payments • License to operate
H8	How can Producers find out more about the commercial agreements, Connection Agreement, Deliver or Payment Agreement and the Permit to Access Flare Gas?	Templates of the agreements and the Permit to Access Flare gas will be made available through the Request for Proposals. A draft template of the Connection Agreement will be made available to the Producers for comment.
H9	Are Producers required to submit Flare Site data for all Flare Site per the timetable for the first auction, or only those Flare Sites included in the first round?	All Producers are required to meet the Flare Sites data submission timelines for all Flare Sites, regardless of whether they are included in the first or subsequent auctions. The Producers must provide Flare Site data as per <i>Flare Gas (Prevention of Waste and Pollution) Regulations 2018</i> and specific details laid out in the <i>Guidelines for Flare Gas Measurement, Data Management and Reporting Obligations</i>
H10	How do we ensure that the Connection Agreements are technically sound?	Aside from internal due diligence by the Department of Petroleum Resources, which is drafting all the commercial agreements, draft templates will be made available for comment before they are finalised for signature and execution.
H11	Are Producers required to modify their facilities to accommodate the metering requirements as specified in the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> or the metering requirements of the projects?	Producers must comply with the metering obligations as specified in the <i>Flare Gas (Prevention of Waste and Pollution) Regulations 2018</i> , and metering and data collection standards issued by the Department of Petroleum Resources, specified in detail in the <i>Guidelines for Flare Gas Measurement, Data Management and Reporting Obligations</i> . This may require making modification to their facilities.

I. Other		
ID	Question	Answer
I1	Are there any special Federal Government of Nigeria or Central Bank of Nigeria provisions to facilitate currency conversion?	Yes. The Central Bank of Nigeria provides investors with a foreign exchange window to facilitate currency conversion subject to criteria as prescribed by the Central Bank of Nigeria. For more information, see: https://www.cbn.gov.ng/Out/2017/FMD/ESTABLISHMENT%20OF%20INVESTORS'%20&%20EXPORTERS'%20FX%20WINDOW.pdf
I2	Will the Federal Government of Nigeria provide deliver-or-pay coverage?	At this time the only deliver-or-pay coverage will be under the Deliver or Pay Agreement signed with the Producer.
I3	Will the Federal Government of Nigeria provide any type of hedging support/ coverage for currency exchange rate risk?	No.
I4	Can a project entity collect its revenues in foreign currency in Nigeria if the customer is willing to pay in foreign denomination?	Yes. A project entity can collect revenue in foreign currency.
I5	What is the NGFCP's plan on engaging communities?	Each project is required to make his own arrangement with the communities.
I6	How is the NGFCP going to be different from previous attempts at Flare Gas reduction?	The NGFCP is based on a new set of Regulations that impose much higher flare payments than in the past, and also provide for an avenue to allow third parties to take Flare Gas for commercialisation.
I8	What is the relationship between the NGFCP and domestic gas obligation?	No Flare Gas provided to projects under the NGFCP will be counted as part of Producers' domestic gas supply obligations.
I9	Will project entities be allowed to negotiate with Producers to supplement Flare Gas with non-associated gas in cases where the Flare Gas proves insufficient for their projects?	Yes. There are no restrictions on what the project entities can do in relation to seek additional non-associated gas supplies from a Producer. However, any such transactions will be treated separately from the Flare Gas transactions under the NGFCP.
I10	What happens if the Flare Site data provided by a Producer is inadequate?	If the data supplied is compliant with the <i>Flare Gas (Prevention of Waste and Pollution) Regulations, 2018</i> , and the <i>Guidelines for Flare Gas Measurement, Data</i>

I. Other		
ID	Question	Answer
		<i>Management and Reporting Obligations</i> , then it will be deemed to be adequate. If the data is not compliant with the above regulations and guidelines, then sanctions under the regulations may be applied. Nonetheless, Producers are welcome to provide additional information if they deem it necessary and/or appropriate.
I11	How amenable is the NGFCP to aggregation, swaps and inter-site linkages?	The RFP process enables bidders to propose projects that aggregate Flare Gas from multiple Flare Sites in one proposal. Swaps and further aggregation outside of particular proposals are also allowed and encouraged if doing so enables commercial optimisation. However, any swap or aggregation agreements will be independent of any Flare Gas transactions under this NGFCP auction.