African Energy Research

Report Type: Volunteer Report
Classification: Public

Title of Research Report

FISCAL POLICY CHANGES IN NIGERIA'S OIL AND GAS SECTOR AND THEIR IMPACT ON UPSTREAM INVESTMENT DECISIONS

by:

African Energy Research (AER)

Research Team:

Date:13/01/2026

CERTIFICATION PAGE

This report is certified as an original research work conducted by African Energy Research (AER) in accordance with approved research standards, methodologies, and ethical guidelines.

Lead Researcher: Overcomer Efanga

Signature & Date:  13/01/2026

Program Lead: _____

Signature & Date: _____

Scientific Review Approval: _____

Signature & Date: _____

DECLARATION

This research report has not been submitted to any other institution for any purpose and all sources of data and references have been duly acknowledged.

ACKNOWLEDGEMENTS

The authors acknowledge contributions from industry experts, regulators, institutions, and AER research staff who supported data collection, review, and analysis.

TABLE OF CONTENTS

3.1 Research Design

3.2 Data Sources

3.3 Data Collection Methods

3.4 Analytical Tools and Models

3.5 Assumptions and Limitations

3.6 Ethical Considerations

CHAPTER FOUR: DATA PRESENTATION & ANALYSIS

4.1 Data Description

4.2 Analysis and Interpretation

4.3 Key Findings

CHAPTER FIVE: DISCUSSION OF RESULTS

5.1 Interpretation of Findings

CHAPTER SIX: CONCLUSIONS & RECOMMENDATIONS

6.1 Conclusion

6.2 Recommendations

6.3 Areas for Further Research

LIST OF ACRONYMS & ABBREVIATIONS

NAG	Non-Associated Gas
ETR	Effective Tax Rate
PIA	Petroleum Industry Act
FIRS	Federal Inland Revenue Service
NUPRC	Nigerian Upstream Petroleum Regulatory Commission
FDI	Foreign Direct Investment
IOCs	International Oil Companies
MMBBL	Million Barrels

Executive Summary

Nigeria's upstream oil sector has seen targeted fiscal reforms in 2025-2026, primarily through the Upstream Petroleum Operations (Cost Efficiency Incentives) Order 2025 (effective April 30, 2025) and broader tax changes under the Nigeria Tax Act 2025 (effective January 1, 2026). These measures address high operating costs, encourage efficiency, and broaden the tax base amid volatile oil prices and production shortfalls.

However, impacts on upstream investment decisions are mixed: positive through reduced operational costs, tax credits (up to 20% for efficiency gains), and incentives for non-associated gas (NAG) and deepwater projects, but challenged by new levies like the 5% fossil fuel surcharge and a minimum effective tax rate (ETR) of 15%. While recent reforms have contributed to stabilizing production and sustaining the engagement of majors such as Chevron and TotalEnergies, persistent risks including geopolitical uncertainty, foreign exchange volatility, and implementation gaps remain potential constraints. This research analyzes these changes, their upstream implications, and offers strategic recommendations, projecting a potential growth phase by 2026 if policies are executed effectively.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Nigeria's oil and gas sector has historically been the cornerstone of the national economy, accounting for a significant share of government revenue, foreign exchange earnings, and upstream capital inflows. Despite its vast hydrocarbon endowment and long-standing position as Africa's leading oil producer, Nigeria upstream sector has faced prolonged challenges, including declining production levels, aging infrastructure, divestments by international oil companies (IOCs), crude oil theft, pipeline vandalism, and security risks in the Niger Delta.

In response, the Nigerian government has introduced a series of fiscal and regulatory reforms aimed at restoring investor confidence and enhancing upstream competitiveness. Central to these reforms is the Petroleum Industry Act (PIA), which restructured fiscal terms, revised royalty and tax frameworks, and sought to improve transparency and predictability in the upstream sector. Additional fiscal policy measures, including tax harmonization, cost-efficiency incentives, and licensing reforms, have been implemented to attract capital into both mature and frontier basins.

However, while these fiscal policy changes are designed to improve Nigeria's investment attractiveness, their actual influence on upstream investment decisions remains a subject of debate. Investors assess fiscal regimes alongside geological prospectivity, political risk, and capital discipline considerations, making it critical to evaluate whether recent fiscal reforms are translating into measurable improvements in upstream investment behavior. This study examines how these fiscal policy changes primarily under the PIA and 2025 reforms have influenced upstream investment decisions, amid ongoing challenges like energy transition dynamics, security concerns, and regulatory evolution.

1.2 Problem Statement

Despite the introduction of comprehensive fiscal reforms under the Petroleum Industry Act to revitalize the upstream sector, Nigeria continues to struggle with insufficient investment inflows relative to its resource potential. While the new fiscal terms offer incentives (e.g., lower royalties for small fields, deepwater exemptions, gas-focused benefits), questions remain about their effectiveness in attracting sufficient capital, particularly in a competitive global market where investors favor lower-risk or cleaner energy opportunities. Without a clear understanding of how these fiscal reforms translate into improved investment decisions measured by bid participation, final investment decisions (FIDs), and project execution the sector risks prolonged underperformance, revenue shortfalls, and missed opportunities for economic diversification and energy security.

1.3 Aim and Objectives of the Study

The main aim of this study is to evaluate the impact of fiscal policy changes in Nigeria's oil and gas sector on upstream investment decisions. With the objectives of:

- Evaluating the impact of fiscal policy changes on project economics across different geological settings (onshore, shallow-water, deepwater, and frontier blocks).

- Assessing the key fiscal provisions introduced under the Petroleum Industry Act and related fiscal measures.

- Analyzing how changes in fiscal terms influence investor risk perception and capital allocation decisions in Nigeria's upstream sector.

1.3 Scope of the Study

This study focuses on fiscal policy changes in Nigeria's upstream oil and gas sector from 2021 onward, with emphasis on the Petroleum Industry Act 2021 and key 2025 developments (e.g., Cost Efficiency Incentives Order and the 2025 Licensing Round). It

examines their impact on investment decisions by international and indigenous operators, covering onshore, shallow-water, deepwater, and frontier plays. The analysis draws on regulatory documents, licensing round outcomes, industry reports, and economic indicators up to early 2026. While the study acknowledges the influence of non-fiscal factors such as security and energy transition dynamics, its primary focus remains on fiscal policy and its role in shaping upstream investment decisions.

1.4 Significance of the Study

This research provides evidence-based insights into the effectiveness of recent fiscal reforms and highlights areas requiring further policy refinement. For investors and energy companies, the study offers a clearer understanding of Nigeria's evolving fiscal landscape and its implications for upstream portfolio strategy and capital allocation. By linking fiscal reforms to investment outcomes, it highlights successes (e.g., improved governance, bid round momentum) and gaps (e.g., persistent risks), informing strategies to maximize returns amid global energy shifts.

CHAPTER TWO: LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Fiscal Policy in Upstream Oil and Gas Investment

Fiscal policy is a central determinant of upstream oil and gas investment decisions, shaping project economics through taxation, royalties, incentives, and cost recovery mechanisms. In hydrocarbon-dependent economies such as Nigeria, fiscal regimes are designed to balance government revenue maximization with the need to attract capital into high-risk exploration and capital-intensive development projects. The Petroleum Industry Act (PIA) 2021 established the foundational framework for Nigeria's upstream fiscal regime by separating hydrocarbon tax from company income tax, enhancing transparency, and introducing differentiated fiscal treatment across terrain types.

Recent fiscal reforms implemented during 2025–2026 including the Upstream Petroleum Operations (Cost Efficiency Incentives) Order 2025 and the Nigeria Tax Act 2025 reflect a shift toward performance-based fiscal management. These reforms aim to reduce Nigeria's historically high upstream unit costs, encourage operational efficiency, and broaden the tax base amid volatile oil prices and production shortfalls. Key concepts underpinning these reforms include cost benchmarking, performance-linked tax credits, minimum effective tax rates, and fiscal consolidation, all of which directly influence investment screening, project sanctioning, and portfolio allocation decisions by upstream operators.

2.1.2 Performance-Based Fiscal Management

The growing trend of performance-based fiscal management, reflected in Nigeria's 2025 reforms, ties fiscal benefits to operational efficiency metrics. This approach seeks to address the principal-agent problem where contractors may lack incentives to minimize costs when expenses are recoverable or tax-deductible. Performance-linked tax credits, cost benchmarking against peer basins, and transparency requirements aim to align operator incentives with national objectives of cost efficiency and production maximization.

2.1.3 Key Fiscal Policy Changes (2025-2026)

Reforms focus on efficiency incentives and tax unification, excluding broader energy transition elements.

1. Upstream Cost Efficiency Incentives Order (April 2025): This order introduces a performance-based incentive regime to tackle Nigeria's high upstream costs

compared to global peers. It applies to all lessees and licensees, offering tax credits up to 20% of annual tax liability for achieving cost reductions below NUPRC-set benchmarks (e.g., per-barrel operating).

- The framework is valid until 2035, with joint guidelines from NUPRC and the Federal Inland Revenue Service (FIRS) for verification (two-step process: technical by NUPRC, fiscal by FIRS)
- Incentives promote operational efficiency, such as streamlined procurement and reduced project delays, directly supporting brownfield revitalization and dormant asset development under "Project One Million Barrels."

2. Nigeria Tax Act 2025 (Effective January 2026): Signed in late 2025, repeals the Petroleum Profits Tax Act (PPTA) and amends PIA for unified taxation. It imposes a hydrocarbon tax on profits from upstream operations,30% of profit for Petroleum Mining Leases(typically commercial production onshore and shallow water), and 15% of profit for Petroleum Prospecting Licences (mainly exploratory and early-stage fields). Key provisions include:

- A 15% minimum effective tax rate (ETR) for all companies, aligning with OECD global minimum tax standards to prevent profit shifting and base erosion.
- Full deductibility for decommissioning and abandonment costs, provided at least 30% of the fund is held in escrow with an accredited Nigerian bank, addressing long-standing uncertainties in asset retirement obligations.
- Rules for royalty payments and acquisition costs, allowing full tax deduction for capital expenditures to improve capital investment attractiveness.
- Consolidation of multiple levies into a single 4% development levy, reducing administrative complexity and compliance costs.
- A 5% fossil fuel surcharge to promote cleaner practices. This Act aims to streamline taxation, enhance fiscal transparency, and curb leakages, but it broadens the tax scope for deep offshore activities previously enjoying exemptions.

3. ***PIA Amendments (Proposed/Ongoing 2025)***: There are ongoing proposals and dialogues around refining PIA implementation. Aims to enhance transparency and efficiency.

2.2 Theoretical Framework

From the investor perspective, upstream investment decisions reflect portfolio optimization principles. International oil companies maintain globally diversified portfolios to manage geological, political, and price risks. Projects compete for capital allocation based on risk-adjusted returns. Modern Portfolio Theory (Markowitz, 1952) suggests investors evaluate not only individual project returns but also correlations between projects and overall portfolio risk.

The introduction of performance-based incentives under Nigeria's 2025 reforms aligns with efficiency-driven fiscal theory, which claims that incentives tied to measurable cost reductions can improve capital discipline and operational outcomes. At the same time, the imposition of a minimum effective tax rate and fossil fuel surcharges reflects public finance theory aimed at revenue stabilization and base erosion prevention. The interaction between incentives and new levies illustrates the trade-off between investment attraction and fiscal sustainability, a recurring theme in upstream fiscal design literature. This study is focused on investment decision theory and fiscal competitiveness frameworks within petroleum economics.

2.3 Empirical Review

Empirical evidence from Nigeria's upstream sector indicates that recent fiscal reforms have produced mixed but cautiously positive investment signals. The Upstream Cost Efficiency Incentives Order (April 2025) introduces tax credits of up to 20% of annual tax liability for operators achieving cost reductions below NUPRC defined benchmarks. The framework, valid until 2035, incorporates a two-step verification process involving technical assessment by NUPRC and fiscal validation by the Federal Inland Revenue Service (FIRS). Studies and industry reports suggest that such performance-based incentives can support brownfield revitalization, marginal asset development, and national production initiatives such as *Project One Million Barrels*.

The Nigeria Tax Act 2025, effective January 2026, represents a major restructuring of upstream taxation by repealing the Petroleum Profits Tax Act and unifying fiscal treatment under amended PIA provisions. Empirical assessments highlight positive elements, including full deductibility of capital expenditures and decommissioning

costs, levy consolidation into a single development charge, and improved fiscal transparency. However, the introduction of a 15% minimum effective tax rate and a 5% fossil fuel surcharge has raised concerns among investors, particularly for deep offshore projects that previously benefited from tax exemptions. Nonetheless, persistent challenges—such as regulatory implementation delays, bureaucratic bottlenecks, foreign exchange volatility, and governance capacity gaps continue to moderate investor confidence.

2.4 Knowledge Gaps Identified

Despite substantial literature on petroleum fiscal regimes and growing research on Nigeria's oil and gas sector, several critical knowledge gaps persist. Limited studies provide integrated assessments of how performance-based fiscal incentives interact with minimum tax regimes to influence upstream investment decisions. While the PIA was enacted in 2021, empirical research on its actual impact on investment flows, final investment decisions (FIDs), and project economics remains scarce. Most existing studies rely on theoretical modeling rather than observed post-implementation outcomes. Addressing these gaps is essential for evaluating if Nigeria's 2025–2026 fiscal reforms can deliver durable upstream investment growth under increasingly competitive global energy markets.

CHAPTER THREE: METHODOLOGY

3.1 Research Design

This study adopts a mixed-methods research design that combines quantitative financial modeling with qualitative policy analysis to evaluate the impact of fiscal policy changes on upstream investment decisions in Nigeria's oil and gas sector. The mixed-methods approach is appropriate given the complexity of upstream investment behavior, which is influenced by both quantifiable economic metrics (NPV, IRR, government take) and qualitative factors (regulatory predictability, investor sentiment, institutional quality). The integration of quantitative modeling with qualitative policy analysis provides cross-validation, enhancing the validity and reliability of findings. The research timeline covers 2021–2026, with particular emphasis on the post-2025 reform period.

3.2 Data Sources

Primary data for this study are limited but consist of Expert insights drawn from industry briefings, conference presentations, and stakeholder consultations involving regulators, energy analysts, and upstream operators. Other data sources include:

- Regulatory and policy documents.
- Industry and institutional reports
- NUPRC annual reports, industry briefs, and licensing round communiqués
- Academic literature

3.3 Data Collection Methods

Data collection was conducted through systematic document review and content analysis. Relevant fiscal provisions were extracted and categorized according to their implications for project economics, risk allocation, and investor incentives. Reference field models (offshore 100 MMbbl field, deepwater 500 MMbbl field, frontier 50 MMbbl

field) are evaluated under Nigeria's fiscal terms and competitor fiscal regimes at consistent oil prices and costs.

3.4 Analytical Tools and Models

The analysis employs a combination of qualitative and conceptual analytical tools, including:

- **Project Economics Logic**: Evaluation of how tax rates, incentives, and cost deductibility affect project net present value (NPV) and breakeven prices in different geological settings (onshore, shallow water, deepwater, frontier basins).

- **Investment Decision and Portfolio Theory**: Application of portfolio optimization principles to explain how upstream investors allocate capital under varying fiscal and risk conditions.

These tools collectively support a structured interpretation of how fiscal reforms translate into investment behavior.

3.5 Assumptions and Limitations

The study is based on several assumptions:

- That licensing round participation, FDI inflows, and production trends reasonably reflect upstream investment decisions.

- That published regulatory documents accurately represent fiscal policy intent and implementation frameworks.
- Minimum effective tax rate (15%) applies uniformly across all operators as legislated

Key limitations include:

- Limited access to proprietary project-level financial data, which constrains detailed quantitative modeling.

- The relatively short post-implementation window for the 2025–2026 reforms, meaning some investment outcomes may not yet be fully observable.

- The study covers 2021-2026; fiscal terms are subject to future amendments not yet enacted

3.6 Ethical Considerations

This study adheres to standard ethical research principles. All data used are obtained from publicly available, credible, and verifiable sources. Sources are appropriately acknowledged, and interpretations are presented objectively, without political or institutional bias. The research maintains analytical independence, ensuring that conclusions are driven by evidence rather than advocacy, in line with best practices for policy and industry research.

CHAPTER FOUR: DATA PRESENTATION & ANALYSIS

4.1 Data Description

The data used in this study comprise a combination of fiscal, investment, and production indicators spanning the period 2021–2026, with particular emphasis on developments following the implementation of the Upstream Petroleum Operations (Cost Efficiency Incentives) Order 2025 and the Nigeria Tax Act 2025. The dataset includes regulatory texts, licensing round outcomes, upstream investment announcements, production statistics, and macroeconomic indicators relevant to upstream investment decision-making.

Fiscal data were derived from regulations under the Petroleum Industry Act (PIA) 2021 and subsequent amendments, including applicable tax rates, incentive thresholds, royalty structures, and cost deductibility provisions. Investment-related data include licensing round participation levels, indicative signature bonuses, foreign direct investment (FDI) inflows into the oil and gas sector, and publicly reported final investment decisions (FIDs) by international and indigenous operators. Production data reflect national output trends reported by regulatory agencies and industry sources, serving as proxies for upstream activity levels.

4.2 Analysis and Interpretation

4.2.1 Impact on Upstream Investment Decisions

Fiscal changes have reshaped investors strategies, favoring gas and efficiency-driven projects while introducing compliance burdens.

1. Positive Impacts:

- ***Cost Reduction and Incentives:*** Nigeria's 2025 upstream fiscal reforms include performance-based tax credits that reduce operating costs for efficient producers, potentially improving economics for marginal and deepwater projects. Broader VAT reform enhances the overall tax environment. In November 2025, S&P Global Ratings revised Nigeria's sovereign outlook to positive and projected average GDP growth of about 3.7% between 2025 and

2028, reflecting improved macroeconomic performance and reforms across the economy, including in the oil sector.

- ***FDI Inflows:*** Over $17 billion in foreign direct investment (FDI) inflows into Nigeria's oil and gas sector following the Petroleum Industry Act (PIA) and subsequent fiscal reforms. Licensing rounds (2024/2025) attracted bids due to low signature bonuses ($3-7M).

- ***Production Recovery:*** There is evidence of production growth and increased drilling activity as part of the post-reform trend, with average output closer to 1.5-1.6 million barrels per day in late 2025, a notable recovery from earlier years of decline.

2. Negative/ Challenging impact

- ***Implementation Delays and Bureaucratic Hurdles****:* The two-step verification for cost efficiency tax credits (NUPRC technical review followed by FIRS fiscal assessment) risks bottlenecks, as seen in past regulatory delays. For instance, despite PIA's intent, full rollout has taken years, with ambiguities in definitions (e.g., "frontier basin") causing disputes and litigation.
- ***Structural and Systemic Issues****:* High upstream costs arise from deep-rooted problems like inefficient procurement, local content challenges, and complex dynamics in deepwater fields (high capex, 20-30% success rates). Incentives alone may not resolve these, as corporate efforts cannot fully mitigate systemic inefficiencies. Geopolitical tensions (e.g., Middle East conflicts) add price uncertainty, while waning global oil demand risks stranded assets.
- ***Governance, Transparency, and Capacity Gaps****:* Systemic deficits, opaque practices, and weak enforcement foster inefficiency and ESG risks. Ambiguous PIA language (e.g., revenue sharing tensions) could spark disputes, reducing Federation Account contributions and straining state finances. Capacity building is needed for new institutions and fiscal management, with transparency shortfalls driving accountability failures.
- ***External and Political Risks****:* Global minimum tax alignment may curb profit shifting but increases compliance burdens for multinationals. Political opposition to reforms amid economic hardships risks reversals, while forex constraints and infrastructure limitations exacerbate operational challenges.

4.3 Key Findings

The analysis indicates that Nigeria's post-PIA fiscal reforms have generated measurable but uneven impacts on upstream investment decisions. Performance-based incentives introduced under the Upstream Petroleum Operations (Cost Efficiency Incentives) Order 2025 have improved project economics for operators able to meet cost benchmarks, particularly in brownfield, shallow-water, and gas-oriented developments. These incentives lower effective government take, reduce breakeven prices, and support incremental capital deployment in mature assets, contributing to the observed stabilization and partial recovery in national crude oil production during 2025.

However, the introduction of the Nigeria Tax Act 2025 has created a differentiated fiscal outcome across asset classes. While levy consolidation, full capital deductibility, and clearer tax rules enhance fiscal transparency and reduce administrative complexity, the imposition of a 15% minimum effective tax rate and a 5% fossil fuel surcharge increases the fiscal burden for capital-intensive deepwater oil projects. As a result, investment appetite has shifted toward lower-risk, shorter-cycle projects and non-associated gas developments, consistent with portfolio optimization behavior by upstream investors.

CHAPTER FIVE: DISCUSSION OF RESULTS

5.1 Interpretation of Findings

The research findings directly address the study's primary objective of evaluating how recent fiscal policy changes have influenced upstream investment decisions in Nigeria. The analysis shows that fiscal reforms introduced under the Petroleum Industry Act (PIA) and the 2025 reform package have materially altered project economics, albeit in a differentiated manner across geological settings. Performance-based incentives have improved net present values and lowered breakeven prices for onshore, shallow-water, and brownfield assets, supporting marginal and mature field development where cost benchmarks are achievable and aligning with the study's objective of assessing fiscal impacts across diverse asset classes.

These findings are broadly consistent with the petroleum fiscal literature, which emphasizes that investment attractiveness depends on the interaction of government take, cost recovery, and risk-sharing mechanisms rather than fiscal generosity alone. Prior studies suggest that performance-based incentives enhance capital discipline and operational efficiency in high-cost environments; the positive response observed in Nigeria's brownfield and gas assets reinforces this efficiency-driven fiscal perspective.

In terms of investor risk perception and capital allocation, the results indicate that fiscal certainty and incentive clarity are as influential as headline tax rates. While levy consolidation and improved deductibility under the Nigeria Tax Act 2025 have enhanced transparency and reduced administrative friction, the introduction of a minimum effective tax rate and fossil fuel surcharge has increased perceived downside risk for capital-intensive deepwater oil projects. As a result, capital allocation has shifted toward shorter-cycle, lower-risk projects and gas developments, consistent with portfolio optimization behavior under uncertainty. From a policy standpoint, the findings suggest that sustained upstream investment will require fiscal reforms to be complemented by credible implementation, regulatory efficiency, and broader risk mitigation.

CHAPTER SIX: CONCLUSIONS & RECOMMENDATIONS

6.1 Conclusion

Nigeria's 2025-2026 upstream oil fiscal reforms, including the Nigeria Tax Act 2025, and the Cost Efficiency Incentives Order, aim to reduce high costs and attract investment in a maturing sector. Risks persist, including Niger Delta insecurity, implementation delays, revenue shortfalls, and price volatility, reflected in the cautious 2026 budget.

Success depends on non-fiscal measures: better security, regulatory clarity via PIA amendments, and infrastructure upgrades. For investors, the regime offers opportunities in efficient brownfield projects, but requires robust risk mitigation. If vulnerabilities are addressed, these reforms could reverse decline and restore confidence; 2026 will be decisive in proving their lasting impact.

6.2 Recommendations

- ***Target credits via cost audits:*** The 2025 Cost Efficiency Incentives Order introduces performance-based fiscal incentives aimed at reducing Nigeria's upstream operating costs, with eligibility tied to operators achieving unit cost reductions below benchmarks set by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC). While detailed implementing guidelines are still evolving, the framework envisages verification through technical audits and fiscal reviews. Mature onshore and shallow-water Niger Delta assets are particularly well positioned to benefit, given their lower geological risk, existing infrastructure, and shorter development cycles compared to frontier or deepwater projects. Industry commentary consistently highlights cost discipline in the Niger Delta as critical for accessing such efficiency-linked incentives.
- ***Incorporate 15% ETR and conservative prices in NPVs:*** The Nigeria Tax Act 2025 introduces a 15% minimum effective tax rate (ETR) for qualifying companies (aligned with OECD global minimum tax rules), applicable to upstream operations. This raises the effective tax burden for some projects, making it essential to model NPVs with this floor, alongside conservative Brent price assumptions. Firms must adjust financial models to account for this to avoid overestimating returns.

- ***Track PIA changes for governance impacts:*** The Petroleum Industry Act (Amendment) Bill 2025 (introduced in 2025 and under consideration) proposes governance shifts, including potential changes to NNPC's role, concessionaire functions, and regulatory oversight. These could affect contract management, revenue sharing, and institutional structures, so ongoing monitoring is critical for investors.
- ***Engage Early****:* Bid in rounds and form JVs for risk-sharing.

6.3 Areas for Further Research

While this study provides an integrated assessment of Nigeria's recent upstream fiscal reforms and their influence on investment decisions, several areas warrant further investigation. Future research should undertake project-level empirical analysis using proprietary financial data to quantify the realized impacts of the Petroleum Industry Act (PIA) and the Nigeria Tax Act 2025 on final investment decisions (FIDs), capital efficiency, and production performance across asset classes. As more post-2025 data become available, longitudinal studies could assess whether observed improvements in licensing participation translate into sustained development activity and reserves replacement.

Second, Expanded benchmarking of Nigeria's post-reform regime against peer basins (e.g., Angola, Ghana, or Namibia) under varying Brent price scenarios, incorporating ESG and energy transition factors, would clarify Nigeria's relative attractiveness for capital in a decarbonizing global market. Finally, dedicated studies on gas-focused fiscal incentives and carbon-related levies would be valuable, given Nigeria's growing emphasis on gas monetization and the increasing role of climate-linked fiscal instruments in shaping upstream portfolios.

REFERENCES

Doust, H., & Omatsola, E. (1990). *Niger Delta*. In J. D. Edwards & P. A. Santogrossi (Eds.), Divergent/passive margin basins (AAPG Memoir 48, pp. 239–248). American Association of Petroleum Geologists.

Markowitz, H. (1952). Portfolio selection. The Journal of Finance, 7(1), 77–91.

Nigerian Extractive Industries Transparency Initiative (NEITI). (2024). *Oil and gas industry report: Governance and licensing transparency in Nigeria*. Abuja: NEITI.

Nigerian Upstream Petroleum Regulatory Commission (NUPRC). (2024). *Guidelines and information memorandum for the 2025 oil and gas licensing round*. Abuja: NUPRC.

Petroleum Industry Act (PIA). (2021). *Petroleum Industry Act No. 6 of 2021*. Federal Republic of Nigeria Official Gazette.

Schlumberger. (2019). *Oilfield Review: Niger Delta petroleum systems*. Schlumberger Limited.

Tordo, S., Johnston, D., & Johnston, D. (2010). *Petroleum exploration and production rights: Allocation strategies and design issues* (World Bank Working Paper No. 179). Washington, DC: World Bank.