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PETROLEUM LAWS, REGULATIONS, AND SUSTAINABLE DEVELOPMENT: OIL AND GAS PERSPECTIVES FROM NIGERIA, NORWAY, AND SAUDI ARABIA

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The study examines the petroleum laws, regulations, and sustainable development in Nigeria, Norway, and Saudi Arabia. It analyses the different perspectives of the oil and gas industries in these countries, and the impact of their laws, policies, and regulations on sustainable development. The study adopts a doctrinal legal research methodology through which it compares and analyses petroleum laws, policies and regulations in Nigeria, Norway, and Saudi Arabia to promote sustainable development in the sector. The research identifies critical similarities and differences in each country's approaches and strategies, highlighting the challenges and successes they have encountered. The findings provide valuable insights into the effectiveness of each nation's laws and regulations in promoting sustainability in the oil and gas sector. To contribute to knowledge, the study designs a hybrid model for enhancing petroleum industry activities. In conclusion, the study aims to contribute to the ongoing discussion on sustainable development in the petroleum industry and provide recommendations for future policy and regulation to promote sustainable development and improvements in these countries' oil industries.

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1. INTRODUCTION

In 2023, Saudi Aramco, (Saudi Arabia's national oil company) was ranked the world's most profitable company with a profit of $156.36 billion.[1] The previous year, Norway's national oil company, 'Equinor', was reported to have reaped massive profits.[2] By contrast, Nigeria's national oil company, the Nigerian National Petroleum Company Ltd (previously the Nigerian National Petroleum Corporation) had been making losses and just recently became a profit-making commercial entity.[3] What do the countries of these companies have in common apart from being oil and gas producers? Nigeria, Norway, and Saudi Arabia are among the major oil producers globally. Saudi Arabia reportedly possesses an estimated 17 % of the world's proven petroleum reserves and is one of the largest exporters of petroleum.[4] Norway's oil sector is its largest industry and a mainstay of its economy.[5] Norway's petroleum industry accounts for 24% of the country's Gross domestic product (GDP), 36% of state revenues, and 52% of total exports[6]. Norway is the world's 8th largest natural gas producer and 4th largest exporter of natural gas. Nigeria on the other hand is one of the world's top five exporters of liquefied natural gas (LNG).[7]

It is also Africa's largest oil producer.[8] From the preceding data given, the information available is that Nigeria, Norway and Saudi Arabia are oil and gas giants, however, that is where the similarities end. In terms of regulation, sustainable development and profitability, there is a stark difference between Norway and Saudi Arabia on the one hand and Nigeria on the other hand. These patent differences form the kennel of this

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[1]Oladehinde, Oladipo, 'Aramco Dethrones Apple as World's Most Profitable Company' <https://businessday.ng/companies/article/aramco-dethrones-apple-as-worlds-most-profitable-company/ >accessed 19 October, 2024.

[2]Oladehinde Oladipo, 'Subsidy Gulps Nigeria's Oil Income as Norway Reaps Profit' < <https://businessday.ng/energy/oilandgas/article/subsidy-gulps-nigerias-oil-income-as-norway-reaps-profit/> accessed 19 October, 2024

[3]Olufemi Soneye, ''House of Representatives Thumbs up NNPC Ltd. Reforms, Profitability …Pledges Support for Kyari-led Management' NNPC Ltd' <https://www.nnpcgroup.com/insights/house-of-representatives-thumbs-up-nnpc-ltd-reforms-profitability-pledges-support-for-kyari-led-management> accessed 19 October, 2024.

[4] International Trade Administration, 'Saudi Arabia - Oil Gas & Petrochemicals' (*U.S. Department of Commerce*) *A*ccessed 19 October, 2024.

[5] International Trade Administration, 'Norway - Offshore Energy - Oil, Gas and Renewables' (*U.S. Department of Commerce*) <https://www.trade.gov/country-commercial-guides/norway-offshore-energy-oil-gas-and-renewables> accessed 19 October, 2024.

[6] The Government's Revenues, <https://norskpetroleum.no/en/economy/governments-revenues/> accessed 24 October, 2024.

[7]International Trade Administration, 'Nigeria - Oil, Gas, and Mining Sectors' U.S. Department of Commerce < https://www.trade.gov/country-commercial-guides/nigeria-oil-gas-and-mining-sectors> accessed 19 October, 2024.

[8]Okiki Adeduyite, <https://punchng.com/nigeria-tops-africas-oil-production-with-1-28m-bpd-in-april/' Punch newspapers < https://punchng.com/nigeria-tops-africas-oil-production-with-1-28m-bpd-in-april/ > accessed 19 October, 2024.

study; the examination of the petroleum laws, regulations, and sustainable development.

The exploration and production of petroleum have been fundamental in shaping the global economies. Nigeria, Norway, and Saudi Arabia are leading oil and gas producers, each with unique perspectives on petroleum laws, regulations, strategies, and sustainable development goals[9]. These countries have enacted distinct legal frameworks and regulatory approaches to manage their extractive resources effectively, balancing economic growth with environmental protection and sustainability. This aligns with the global ambition of transitioning to clean energy and reducing dependence on fossil fuels[10].

This comparative legal analysis explores how Nigeria, Norway, and Saudi Arabia navigate the complexities of sustainable development within their oil and gas sectors. It examines the effectiveness of their legal frameworks, policies, and regulations, and the lessons that can be learned from their experiences. The insights and directives gained can help Nigeria align with international Conventions such as the Paris Agreement 2015 and the United Nations Framework Convention on Climate Change 1992. This preparation is crucial for ensuring the sustainability of its energy sector and fostering strategies in line with the global pursuit of a more sustainable and responsible energy future. Since petroleum laws and regulations are critical in regulating the extraction, production, and management of oil and gas resources. These regulations are designed to ensure that petroleum activities are conducted safely and economically with minimal environmental impact. The rationale for conducting a comparative legal analysis of these selected case study countries is to offer broader understanding of how petroleum laws and regulations can be enacted and implemented to support sustainable development, offering valuable knowledge for Nigeria with similar challenges to guide future reforms and promote more sustainable practices in the country.

The paper is arranged in five (5) parts. Part one is the introductory aspect followed by the research methodology. Part two outlines the theoretical frameworks which set the stage for further discussion of petroleum laws, regulations, and sustainable development within the Nigeria, Norwegian and Saudi Arabian contexts. Part three broadly consists of the regulatory and institutional frameworks of Norway, Saudi

[9] Olujobi, Olusola Joshua, 'Nigeria's Climate Change Act 2021: A Pathway to Net-Zero Carbon Emission, Energy Security and Sustainability'(2024) 31(25) Environmental Science and Pollution Research 36834-36848. <https://trebuchet.public.springernature.app/get_content/9526d5b6-f51b-4fad-b8e67fffcfa85461?utm_source=rct_congratemailt&utm_medium=email&utm_campaign=nonoa_20240517&utm_content=10.1007/s11356-024-33347-1, https://doi.org/10.1007/s11356-024-33347-1. DOI 10.1007/s11356-024-33347-1 >accessed 19 October, 2024.

[10]Olujobi, Olusola Joshua & Odogbo, Ikiyouleimo Success, 'Strategic Evaluation of the 2021 Nigeria Climate Change Act: Surmounting Challenges, Paving the Way for Success, and Envisioning Future Trajectories' (2024) 10 Social Sciences & Humanities Open 100928, <https://www.sciencedirect.com/science/article/pii/S2590291124001256?via%3Dihub> accessed 19 October, 2024.

Arabia and Nigeria. Part four provides detailed lessons learned from a comparative analysis of the oil and gas laws in Nigeria, Norway, and Saudi Arabia. Part five contains the summary of findings, conclusion, recommendations and contribution.

The study adopts doctrinal legal research methodology which involves analyses of statutes, case law, peer-reviewed journals, books, and other relevant legal documents. The study further employs analytical and comparative research methodology and considers both primary and secondary sources of laws. The findings provide valuable insights into the effectiveness of each nation's laws and regulations in promoting sustainability in the oil and gas sector. This study contributes significantly to the body of knowledge by offering valuable insights into how these nations can navigate the global transition to cleaner and more responsible energy practices. It emphasizes climate change mitigation strategies aimed at achieving net-zero emissions through the adoption of renewable energy sources. The study proposes or designs a hybrid model to enhance activities within the petroleum industry, aligning them with sustainability goals and fostering a more responsible energy future in Nigeria.

2.0 THEORETICAL FRAMEWORK

2.0.1 **Resource Curse Theory:** The theory, alternatively known as the "paradox of plenty", seeks to explain the economic anomaly where countries with abundant natural resources appear to be economically regressive.[11] Data evaluated by Ricardo Hausmann and Roberto Rigobon and the findings revealed that some countries which relied heavily on petroleum resources performed poorly.[12] It is important to note that the resource curse theory is a multidimensional concept which traverses the lines of economics and politics.[13] Different approaches have been advanced to explain this curious phenomenon, with the common ones being the 'Dutch-disease' and the 'rentier state'.[14] For the sake of brevity and clarity, the study will only consider the aforementioned approaches.

[11]Ricardo Hausmann and Roberto Rigobon, ''An Alternative Interpretation of the 'Resource Curse': Theory and Policy Implications' (2002) NBER Working Paper, Series 9424 1. <https://www.nber.org/system/files/working_papers/w9424/w9424.pdf>, 19 October, 2024.
[12] *Ibid*.
[13]Edouard Mien & Michaël Goujon, '40 Years of Dutch Disease Literature: Lessons for Developing Countries,' (2022) 64(3) Comparative Economic Studies, Palgrave Macmillan; Association for Comparative Economic Studies 351-383.
[14]Olujobi, Olusola Joshua & Oshobugie Suleiman Irumekhai, 'An Analysis of the Abolition of Premium Motor Spirit (PMS) Subsidies in Nigeria: A Breach of Social Contract or Climate Change Action?' (2024) 5(71) Discover Sustainability<https://doi.org/10.1007/s43621-024-00252-z>

The Dutch disease originated from the title of the article published by Barder in 1977 that discussed the effects of the discovery of natural gas in the Netherlands on the Dutch economy.[15] It 'tries' to describe the situation where surplus revenues from a country's export usually natural resources lead to a constriction of other economic activities.[16] How does this work? Windfall from oil exports causes an appreciation of the country's currency thus rendering other viable exports sectors of the country which are unable to compete favourably redundant.[17] The second theoretical approach employed in this study is the rent-seeking theory which maintains that power and authority are obtained and consolidated through allotting resources to groups instead of channelling these resources towards productive other sectors of the economy.[18] As a logical consequence, the economy remains backward[19]. Another explanation of the rentier state maintains that it runs on externally generated revenue usually mineral exports instead of revenue generated from the sector such as the local economy.[20]

The relevance of resource curse theory, Dutch disease and rentier state to this topic is that Nigeria is a poster child for the aforementioned theory and approaches, whereas, Norway is not.[21] this is likely a result of the different regulatory approaches taken by these countries to strengthen their petroleum laws, regulations, policies and strategies to promote sustainable development, energy security, more responsible and resilient energy future.[22]

2.0.2 Sustainable Development Theory: The theory emerged in the 1980s, with a focus on organised development of the economy, society and environment.[23] It has undergone different phases of transformation but is now a front-burner issue in today's energy world or landscape[24]

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[15]Owen Barder, 'A Policymakers' Guide to Dutch Disease; what is Dutch Disease, and is it a Problem?' Working Paper (2006), 91 <https://dx.doi.org/10.2139/ssrn.983124> accessed 18 October, 2024; Behzadan, Nazanin, Chisik, Richard, Onder, Harun, Battaile, Bill, 'Does Inequality Drive the Dutch Disease? Theory and Evidence' (2017) 106 Journal of International Economics.

[16]Naoko Kojo, 'Demystifying Dutch Disease' (2015) 6(2) Journal of International Commerce, Economics and Policy 1550010-2.

[17]Terry Lynn Karl, 'Oil-Led Development: Social, Political, and Economic Consequences,' (2004) 4 Encyclopaedia of Energy 661- 663.

[18]Carlos Pestana Barros, 'The Resource Curse and Rent-Seeking in Angola' (2012) 4 CEsA Working Paper 102. </https://cesa.rc.iseg.ulisboa.pt/RePEc/cav/cavwpp/wp102.pdf> accessed 19 October, 2024.

[19] *Ibid*.

[20]*Ibid.*

[21]Okachikwu Dibia, 'Resource Curse, Elitism and the Development of the Oil-Rich Niger Delta Region of Nigeria' (2024) 5(16) Journal of Global Economics and Business 93.

[22]Olujobi, Olusola Joshua & et al, 'Legal Responses to Energy Security and Sustainability in Nigeria's Power Sector Amidst Fossil Fuel Disruptions and Low Carbon Energy Transition' (2023) 9(7) Heliyon e17912. <https://www.cell.com/heliyon/fulltext/S2405-8440(23) 05120-4> , accessed 19 October, 2024.

[23]Longyu Shi & et al, 'The Evolution of Sustainable Development Theory: Types, Goals, and Research Prospects' (2019) 11(x) Sustainability 12.

[24] *Ibid*.

There is no clear definition of the term 'sustainable development'.[25] However, it may be defined as development that can be continued either indefinitely or for a given period. [26] Sustainable development has also been defined by the Brundtland report as thus:

> Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs.[27]

Sustainable development has three dimensions: economic, social and environmental.[28] At the moment, the United Nations has formulated what is known as the Sustainable Development Goals ('SDGs'), some of these SDGs are relevant to the management and exploitation of petroleum resources[29]. They include SDG 7 (clean and affordable energy), SDG 9 (build resilient infrastructure, promote sustainable industrialization and foster innovation), SDG 12 (ensure sustainable consumption and production patterns) and SDG 13 (climate action).[30]

Sustainable development is a central theme in this study as the Petroleum Industry Act 2021 (Nigeria's major petroleum legislation) was introduced to promote sustainable development in the oil and gas sector, which has been bedevilled with economic, environmental and social issues[31] as stated under section 66(1)(b) of the Petroleum Industry Act 2021 which highlights the objectives of the Act to include among others the promotion of efficient, competitive petroleum products markets and sustainable development of Nigeria's petroleum industry[32]. However, the challenges associated

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[25]Erling Holden, Kristin Linnerud and David Banister, 'Sustainable Development: Our Common Future Revisited' (2014) 26 (x) Global Environmental Change 130.

[26]Justice Mensah, 'Sustainable development: Meaning, History, Principles, Pillars, and Implications for Human Action: Literature Review' (2019) 5(1) Cogent Social Sciences 5-6.

[27]Brundtland, G.H., 'Our Common Future: Report of the World Commission on Environment and Development, (1987) Oxford University Press 43.

[28]International Development Law Organization, ''IDLO and the United Nations' 2030 Agenda for Sustainable Development' (2024) <https://www.idlo.int/what-we-do/rule-of-law/2030-agenda> accessed 19 October, 2024.

[29]Olujobi Olusola Joshua & et al, 'Sustainable Development and National Integration: A Catalyst for Enhancing Legal Compliance, Environmental Protection, and Sustainability in Nigeria' (2024) 54(1) Environmental Policy and Law 27-41. < http://environmentalpolicyandlaw.com, accessed 19 October, 2024.

[30]United Nations General Assembly, 'Transforming Our World: the 2030 Agenda for Sustainable Development' A/RES/70/1 'Resolution Adopted by the General Assembly on 25 September 2015, A/RES/70/1) 14/35, <https://documents-dds-ny.un.org/doc/undoc/gen/n17/207/63/pdf/n1720763.pdf?OpenElement> Accessed 19 October, 2024.

[31]Haruna Isallah, 'The Impact of the Petroleum Industry Act on Corporate Social Responsibility and Taxation in Nigeria's Upstream Oil and Gas Sector: A Path towards Sustainable Development' (2023) 15(x) Sustainability 1-2.

[32]Olujobi, Olusola Joshua & Oshobugie Suleiman Irumekhai, 'An Analysis of the Abolition of Premium Motor Spirit (PMS) Subsidies in Nigeria: A Breach of Social Contract or Climate Change Action?' (2024)

with petroleum subsidy payments have led to corruption, rent-seeking behaviours, and inadequate investment in clean energy sources. There is a notable disparity between Nigeria's energy sector and those of the case study countries in terms of addressing these issues.

The Environmental, Social, and Governance ('ESG'), covers a range of investment considerations dealing with environmental, social and governance issues[33]. Environmental matters include but are not limited to climate change, energy and carbon emissions, and human rights.[34] The social component of ESG considers matters like human rights, community and labour relations among others.[35] Lastly, the governance aspect deals with issues of shareholder protection, board of directors, and corporate acts among others[36] ESG is a metric used to guide investment decisions and is particularly relevant to the petroleum industry as International Oil Corporations ('IOCs') are being pressured to comply with ESG standards and steer their business operations towards cleaner sources of energy.[37] Environmental, Social, and Governance (ESG) frameworks, while beneficial, have several flaws. Firstly, lack of standardization, leading to inconsistent reporting and intricacies in evaluating implementation. Also, ESG benchmarks can be prejudiced, permitting oil firms to specifically divulge positive information while obscuring areas of concern. The emphasis on short-term benefits can detract from long-term sustainability goals. Furthermore, the dearth of meticulous implementation mechanisms can weaken the efficiency of ESG initiatives. ESG exercise may unconsciously prioritize compliance above significant transformation, failing to combat inherent systemic problems or drive substantial compliance concerning environmental and social obligations in the oil and gas industry.[38]

The ESG principle is significant to this study given the environmental, social and governance activities of both IOCS and the NNPC Limited in Nigeria. Many IOCs

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5(71) Discover Sustainability <https://doi.org/10.1007/s43621-024-00252-z >https://link.springer.com/content/pdf/10.1007/s43621-024-00252-z.pdf>, accessed 19 October, 2024).

[33]Olujobi, Olusola Joshua & Oshobugie Suleiman Irumekhai, 'Inelegant Enforcement of Anti-Corruption Laws and Good Governance: A Persistent Catalyst for Coups d'état and Poverty in Africa' (2024) Journal of Financial Crime. <https://doi.org/10.1108/JFC-10-2023-0267> <https://www.emerald.com/insight/content/doi/10.1108/JFC-10-2023-0267/full/html?skipTracking=true > accessed 19 October, 2024.

[34]Jeremy Galbreath, 'ESG in Focus: The Australian Evidence' (2013) 118 Journal of Business Ethics 530.

[35]Nevzat Güngör and Yasin Şeker, 'The Relationship between Board Characteristics and ESG Performance: Evidence from the Oil, Gas and Coal Sector' (2022) 6(1) Journal of Strategic and Social Researches 20.

[36]*Ibid*.

[37]Luisa Palacios, 'The Impact of ESG on National Oil Companies' Center on Global Energy Policy at Columbia University SIPA (2021), <https://www.energypolicy.columbia.edu/wp-content/uploads/2021/11/NOC-ESG-commentary-designed-v2-11.12.21.pdf > accessed 19 October, 2024.

[38] Olujobi Olusola Joshua & et al, Sustainable Development and National Integration: A Catalyst for Enhancing Legal Compliance, Environmental Protection, and Sustainability in Nigeria, (2024), 54(1), Environmental Policy and Law, <http://environmentalpolicyandlaw.com> accessed 19 October, 2024.

have been indicted in cases of oil spillage[39] and gas flaring[40], with both acts being deleterious to the environment and the welfare of the host communities.[41] The regulatory and institutional framework has a role to play in ensuring that players in the oil and gas industry are ESG-compliant[42].

3.0 COMPARATIVE ANALYSIS OF OIL AND GAS LAWS: NIGERIA, NORWAY, AND SAUDI ARABIA

In Nigeria, the total ownership and control of all minerals, mineral oil and natural gas in, under or upon any land in Nigeria, its territorial waters and exclusive economic zone is vested in the Government of the Federation.[43] Petroleum resources are managed by the Federal Government under section 4 and items 39, Part one of the 2nd Schedule to the Constitution of the Federal Republic of Nigeria 1999 (as amended)[44]. Further to these Constitutional provisions, the National Assembly enacted the Petroleum Industry Act 2021, which is the cardinal legislation in Nigeria.[45] The Act repealed the

[39]The Bayelsa State Oil & Environmental Commission, 'An Environmental Genocide: Counting the Human and Environmental Cost of Oil in Bayelsa, Nigeria' (2023), 38 <https://assets.website-files.com/644ad88c127c7f2a89b6c819/645e5659a595c598984ee7b5_an%20environmental%20genocide%20-%20counting%20the%20human%20and%20environmental%20cost%20of%20oil%20in%20bayelsa.pdf> accessed 23 June 2024; Adeshina Temitayo Bello and Treasure Nwaeke, 'Impacts of Oil Exploration (Oil and Gas Conflicts; Niger Delta as a Case Study)', (2023) 11, Journal of Geoscience and Environment Protection, 189-200; Dirisu Yakubu, '35 Oil Firms Face Probe Over Environmental Pollution', Punch newspapers April 25 2024 < https://punchng.com/35-oil-firms-face-probe-over-environmental-pollution/> accessed 23 June 2024.

[40]Anslem Ajugwo, 'Negative Effects of Gas Flaring: The Nigerian Experience' (2013), 1(1), Journal of Environment Pollution and Human Health, 6-8; Uwem Udok and Enobong Bassey Akpan, 'Gas Flaring in Nigeria: Problems and Prospects' (2017), 5(1), Global Journal of Politics and Law Research, 18.

[41]Omoniyi Omotayo Adewale & Ubale Mustapha, 'The Impact of Gas Flaring in Nigeria' (2015),3(2), International Journal of Science, Technology and Society, 40-50; Jerome Nriagu and others, 'Health Risks Associated with Oil Pollution in the Niger Delta, Nigeria' (2016), 13(3), International Journal Environment Research Public Health, 346.

[42]Olujobi, Olusola Joshua & Oyewunmi, Olabode .Adeleke Oyewunmi, Adebukola Esther, 'Oil Spillage in Nigeria's Upstream Petroleum Sector: Beyond the Legal Frameworks'
, 8(1), (2018), International Journal of Energy Economics and Policy, 220-226.

[43] Section 44(3) of the Constitution of the Federal Republic of Nigeria 1999 (As amended).

[44]Olujobi, Olusola Joshua & et al, 'Legal Responses to Energy Security and Sustainability in Nigeria's Power Sector Amidst Fossil Fuel Disruptions and Low Carbon Energy Transition', (2023), 9(7), Heliyon, e17912. <https://www.cell.com/heliyon/fulltext/S2405-8440 (23)05120-4> accessed 19 October, 2024).

[45]David Oladeji Ehijie Borha & Olujobi, Olusola Joshua., 'An Examination of the Petroleum Industry Act 2021: Prospects, Challenges, and the Way Forward', (2023), 12(551), F1000Research, 3; Kasirim Nwuke, 'Nigeria's Petroleum Industry Act: Addressing Old Problems, Creating New Ones', The Brookings Institution, <https://www.brookings.edu/articles/nigerias-petroleum-industry-act-addressing-old-problems-creating-new-ones/ accessed 19 October, 2024.

Petroleum Act 1969 as the major legislation regulating petroleum-related activities in Nigeria[46]. Section 1 of the Petroleum Industry Act ('PIA') 2021 vests the ownership of petroleum in the Government of the Federation of Nigeria. The PIA seeks to promote transparency, good governance, and accountability in the administration of Petroleum Resources, and to create an environment conducive to business operations.[47] The PIA established regulatory bodies for different sub-sectors of the petroleum industry. The Nigerian Upstream Petroleum Regulatory Commission ('NUPRC') was established specifically for upstream petroleum operations.[48] The objectives of the NUPRC include the following among others regulation of upstream petroleum activities.[49] The technical and commercial regulatory functions of the NUPRC are specified in sections 7 and 8 of the Act. The downstream and midstream operations are superintended by the Nigerian Midstream and Downstream Petroleum Regulatory Authority ('NMDPRA') which was established under section 29(1) of the PIA. Like the NUPRC, the purview of the NMDPRA is limited to just the midstream and downstream sectors.[50] The PIA further created the Nigerian National Petroleum Company Limited ('NNPCL') as a limited liability company registered under the Companies and Allied Matters Act, 2020 [51] Ownership of the shares is held equally by the Ministry of Finance and the Ministry of Petroleum.[52] The Act also created a set of interests in upstream petroleum operations namely: Petroleum Exploration Licence, Petroleum Prospecting Licence and the Petroleum Mining Lease.[53] Nigeria operates a mixed system or approach where the Federal Government exercises significant control and participation in the sector represented by the national oil company called the Nigerian National Petroleum Corporation (NNPC) now NNPC Ltd under the PIA 2021 engaged the international oil companies (IOCs).

Norway's oil and gas sector is highly regulated, with the government exercising oversight and participation through the state-owned company Equinor (formerly Statoil), alongside private oil companies under stringent regulations. The Norwegian government accumulates substantial revenue via Direct Financial Interest (SDFI) and dividends from Equinor, with a substantial tax rate on petroleum profits of 78 percent which includes a corporate tax rate of 22 percent and a special tax of 56 percent[54].

[46]Olujobi, Olusola Joshua, 'Deregulation of the Downstream Petroleum Industry: An Overview of the Legal Quandaries and Proposal for Improvement in Nigeria', Heliyon, (2021), 7(4), e06848,1-10.
[47] Petroleum Industry Act 2021 (No. 6) section 2.
[48] *Ibid.* ss. 4(1) and 5.
[49] *Ibid*, s. 6.
[50] *Ibid*. s. 30
[51] *Ibid*, s. 53(1).
[52] *Ibid*, s.53(3).
[53] *Ibid*, s.70.
[54] Norwegian Ministry of Energy, the Government's Revenues < https://www.norskpetroleum.no/en/economy/governments-revenues/> accessed 19 October, 2024.

In Saudi Arabia, the Ministry of Energy, Industry, and Mineral Resources regulate the sector through concession agreements and royal decrees. The oil sector is controlled by the state-owned company Saudi Aramco, which plays a central role in oil and gas exploration and production through joint ventures (JVs) and production-sharing contracts (PSCs) with international oil companies (IOCs). Saudi Aramco pays royalties and income tax on its profits, with the tax rate adjusted over time to ensure substantial revenue for the government.

In Nigeria, oil firms pay royalties, hydrocarbon tax, company income tax, and other levies to the federal government. Production Sharing Contracts (PSCs) are commonly used, where profits are shared between the federal government, represented by NNPC Ltd, and the oil companies after cost recovery. The Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN) 2018 regulate the environment. However, weak enforcement has led to frequent oil spills, causing environmental degradation in the Niger Delta[55]. In contrast, Norway stringently enforces its environmental regulations, including the Petroleum Act and the Pollution Control Act, to promote sustainability in the sector. Saudi Arabia also strictly enforces its environmental laws to combat gas flaring and other greenhouse gas emissions[56].

The Nigerian Oil and Gas Industry Content Development Act of 2010 aims to promote local involvement, capacity building, and the use of Nigerian goods and services in the oil and gas industry[57], similar to Norway. However, Norway places more emphasis on promoting research and development to enhance innovation and expertise. In Saudi Arabia, the IKTVA Program introduced aims to enhance local content and capacity in the energy sector.

The regulatory landscape governing the oil and gas industry in Norway is predominantly shaped by the comprehensive legal framework known as the Act 29 November 1996 No. 72 relating to petroleum activities ('the Act'). Section 1-1 of the Act states that the Norwegian State enjoys the right to subsea petroleum deposits and exclusive rights of resource management. Section 1-2 states that the monarch of Norway carries out the management of petroleum resources in consonance with the provisions of the Act and Parliamentary decisions. By the provisions of sections 1-3 of the Act, no one other than the Norwegian State is permitted to conduct petroleum

[55]Olujobi1, Olusola Joshua & Oyewunmi, Olabode Adeleke, Oyewunmi, Adebukola Esther, 'Oil Spillage in Nigeria's Upstream Petroleum Sector: Beyond the Legal Frameworks'(2018), 8(1), International Journal of Energy Economics and Policy, 220-226.

[56]Jolaosho, Temilade Olufunto & Olujobi, Olusola Joshua, 'Developing a Market-Based Approach to Gas-Flaring Regulation in Nigeria and Experiences from Norway and Canada', (2021), Oil, Gas & Energy Law Intelligence (OGEL),<www.ogel.org> accessed 19 October, 2024.

[57] Olujobi, Olusola Joshua, 'Promoting Oil and Gas Industry Content Development Act, 2010: A Review of the Prospects, Challenges and the Way Forward'? (2021), 7, Madonna University, Nigeria, Faculty of Law Journal, 39-56,<https://ezenwaohaetorc.org/journals/index.php/munfollj/issue/view/133> accessed 19 October, 2024.

activities without licences, approvals and consents required by the Act. The scope of application of the Act covers *inter alia the* petroleum activities in connection with subsea petroleum deposits under Norwegian jurisdiction and petroleum activities inside and outside the realm and the Norwegian continental shelf to the extent such application follows from international law or agreement with a foreign state.[58] Under sections 3-6 of the Act, the monarch may decide that the Norwegian State shall participate in petroleum activities and Norway participates in oil and gas activities through the state-owned company Equinor (formerly 'Statoil').

Nigeria's Petroleum Industry Act 2021 (PIA) contains provisions that promote compliance with both ESG and sustainable development principles such as sections 101(1) & (2), 102, 103, 104, 105, 106, 107 and 108. This reflects the progressive character of the law as it adopted the prevailing contemporary trends and best practices. To foster corporate social responsibility, the PIA established the Host Communities Development Trust which is to be registered under the Companies and Allied Matters Act. 2020[59] The PIA imposed the collection of hydrocarbon tax on oil and gas companies engaged in upstream petroleum operations.[60] The PIA repealed several laws such as the Associated Gas Reinjection Act, Hydrocarbon Oil Refineries Act, Nigerian National Petroleum Corporation (NNPC), and Petroleum Products Pricing Regulatory Agency (Establishment) Act among others[61].

It should be noted that other existing laws also provide for terms that contribute to the Government's stake in the sector. These laws include the Niger-Delta Development Commission (Establishment etc) Act 2000, Nigerian Oil & Gas Industry Content Development Act 2010, Tertiary Education Trust Fund (Establishment) Act, 2011, Finance Act, 2021, Companies Income Tax Act (Amendment) 2007, National Environmental Standards and Regulations Enforcement Agency (Establishment) Act, 2007, Environmental Impact Assessment Act, National Oil Spill Detection and Response Agency Act 2006. Climate Change Act 2021[62]. These legislations and regulations govern various aspects of operations in the oil and gas industry such as business formation, standards operations and taxes.

Apart from the governmental entities created by the PIA, certain bodies exist that play a key role in Nigeria's oil and gas industry[63]. These bodies are: The Ministry of

[58] Section 1-4 Act 29 November 1996 No. 72 relating to petroleum activities.

[59] *Ibid*, s.235(1).
[60] *Ibid*, s.261.
[61] *Ibid*, s.310.
[62]Olujobi, Olusola Joshua & Odogbo, Ikiyouleimo, 'Success, Strategic Evaluation of the 2021 Nigeria Climate Change Act: Surmounting Challenges, Paving the Way for Success, and Envisioning Future Trajectories', (2024), 10, Social Sciences & Humanities Open, 100928.
[63]Olujobi, Olusola Joshua, 'Nigeria's Climate Change Act 2021: A Pathway to Net-Zero Carbon Emission, Energy Security and Sustainability', (2024), 25, Environmental Science and Pollution Research, 36834-36848. <https://trebuchet.public.springernature.app/get_content/9526d5b6-f51b-4fad-

Petroleum Resources is responsible for the overall management of the oil and gas sector as it superintends other Departments and agencies involved in the regulation of petroleum activities.[64]

Nigerian Content Development and Monitoring Board (NCDMB) was established under section 69 of the Nigerian Oil and Gas Industry Content Development Act 2010. Section 70 of the same Act outlines its key objectives, which include promoting Nigerian content or local capacity in the industry and ensuring compliance with the Act's provisions[65].

The National Oil Spill Detection and Response Agency ('the Agency") was established by the National Oil Spill Detection and Response Agency Act (NOSDRAA).[66] The Agency has, as part of its objectives, the responsibility for preparedness, detection and response to all oil spillages in Nigeria.[67] The Agency is obligated to comply with the existing environmental legislation and also detect oil spills in the petroleum sector.[68] NOSDRAA established a National Control and Response Centre which is tasked with the following responsibilities:

> (a) act as a report processing and response coordinating centre for all oil spillage incidents in Nigeria; (b) receive all reports of oil spillages from the zonal offices and control units of the Agency; (c) serve as the command-and-control centre for compliance monitoring of all existing legislation on environmental control, surveillance for oil spill detection, monitoring and co-ordinating responses required in plan activations.[69]

The Agency acts as the lead agency on all matters relating to oil spill response management and liaises with other agencies for the implementation of the provisions of the plan, as contained in the Second Schedule to the Act.[70] Besides, Norway employs a regulatory framework for regulating petroleum exploration and production,

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b8e67fffcfa85461?utm_source=rct_congratemailt&utm_medium=email&utm_campaign=nonoa_20240517&utm_content=10.1007/s11356-024-33347-1>, <https://doi.org/10.1007/s11356-024-33347-1. DOI 10.1007/s11356-024-33347-1> accessed 19 October, 2024.

[64]Ministry of Petroleum Resources, 'National Petroleum Policy: Nigerian Government Policy and Actions' (2017) 49, <http://www.petroleumindustrybill.com/wp-content/uploads/2017/07/National-Petroleum-Policy-Approved-by-FEC-in-July-2017.pdf>, accessed 19 October, 2024.

[65] Olujobi, Olusola Joshua, Elizabeta Smaranda Olarinde, Tunde Ebenezer Yebisi, and Uchechukwu Emena Okorie. 'COVID-19 Pandemic: The Impacts of Crude Oil Price Shock on Nigeria's Economy, Legal and Policy Options' (2022), Sustainability14, (18), 11166. <https://doi.org/10.3390/su141811166U.E>, accessed 19 October, 2024.

[66] Section 1 of the National Oil Spill Detection and Response Agency Act, 2006.

[67] *Ibid*, s. 1(1) and 5.

[68] *Ibid,* s. 6.

[69]*Ibid*, s.18.

[70] *Ibid,* s. 19.

underpinned by survey licenses[71] and production licenses.[72] Beyond the Act, there exist laws that are relevant to oil and gas activities in Norway such as the Act 21 December 1990 No. 72 relating to tax on discharge of CO2 in the petroleum activities on the continental shelf, Act of 21 June 1963 No. 12 relating to scientific research and exploration for and exploitation of subsea natural resources other than petroleum resources and Act relating to mineral activities on the Continental Shelf (Seabed Minerals Acts). The Norwegian Offshore Directorate (formerly 'Norwegian Petroleum Directorate'), supplements these legal instruments through additional regulations which include: Regulations for determining the norm price, and regulations relating to the stipulation of tariffs among others. for certain facilities., regulations relating to compensation to fishermen for lost fishing time at the location, recording and bringing ashore of scrap that is not derived from petroleum activities. Regulations relating to exploitation of Subsea reservoirs on the continental shelf for storage of CO_2 and relating to transportation of CO_2 on the continental shelf, regulations relating to interest on repayment of overpaid amounts of CO2 tax. Regulations relating to refunding of expenses in connection with regulatory supervision of safety, working environment and resource management in petroleum activities. Regulations relating to scientific research for natural resources on the Norwegian continental shelf. Regulations relating to the Petroleum Register, Regulations relating to the use of facilities by others. Regulations to Act relating to petroleum activities. Regulations to Chapter 8 of the Petroleum Act relating to compensation to fishermen, Regulations relating to fiscal measurement in the petroleum activities. Regulations relating to materials and documentation in connection with surveys for and utilisation of subsea reservoirs on the continental shelf to store CO_2.

Norway's parliament ('storting') enacted the legal framework for petroleum activities in Norway, partly through legislative powers and all matters including major development projects, must be debated by the storting.[73] The storting also supervises the government and the public administration. The storting exercises its powers based on the legislative authority derived from Section 1-2 of the Act 29 November 1996 No. 72 relating to petroleum activities. Executive powers reside with the Norwegian Government, which is responsible for implementing petroleum policy and is

[71] *Ibid,* chapter 2.

[72] *Ibid*, chapter 3.

[73] Norwegian Petroleum, 'State Organization of Petroleum Activities' (2024), <https://www.norskpetroleum.no/en/framework/state-organisation-of-petroleum-activites/> accessed 19 October, 2024.

accountable to the Storting.[74] The Government is assisted by the ministries and subordinate agencies. Norway's Ministry of Energy is responsible for regulatory supervision of the petroleum sector according to sections 10-3 of the Act. It is also responsible for safety[75] and emergency preparedness[76] in the petroleum sector. The Ministry grants survey licenses under section 2-1 of the Act 29 November 1996 No. 72 relating to petroleum activities. Under section 6-1 of Act 29, the Ministry is obligated to keep a register of all production licences, called the Petroleum Register. The Ministry may by regulations decide that the register shall also comprise licences as mentioned in Section 4-3 of Act 29. The Ministry is also responsible for managing the state's ownership interests in the wholly-owned state company, Gassco AS.[77]

The Norwegian Offshore Directorate (formerly 'Norwegian Petroleum Directorate'), is an agency of Norway's Ministry of Energy. It performs critical functions in petroleum management and is an important advisor for Norway's Ministry of Energy. The Directorate exercises administrative authority over petroleum exploration and production on the Norwegian continental shelf and has powers to implement subsidiary legislation issued under sections 10-18 of the Act 29 November 1996 No. 72 relating to petroleum activities.

The Norwegian Ocean Industry Authority (formerly Petroleum Safety Authority Norway) is a subordinate agency of the Ministry of Energy and is responsible for technical and operational safety, emergency preparedness to deal with both accidents and willful acts such as sabotage, and the working environment in the petroleum industry.[78]The Ministry of Trade, Industry and Fisheries is responsible for managing the state's ownership interests in Equinor ASA (former Statoil), Petoro AS and for the State's Direct Financial Interest (SDFI) in the petroleum industry. It is also consulted as part of the procedures for awarding licenses, to facilitate coexistence between the petroleum and fisheries industries.

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[74]Norwegian Petroleum, 'State Organization of Petroleum Activities' (2024) <https://www.norskpetroleum.no/en/framework/state-organisation-of-petroleum-activites/> accessed 19 October, 2024.

[75] Section 10-7 of the Act 29 November 1996 No. 72 Relating to Petroleum Activities.

[76] *Ibid*, section 9-2.

[77]Norwegian Petroleum, 'State Organisation of Petroleum Activities' (2024), https://www.norskpetroleum.no/en/framework/state-organisation-of-petroleum-activites/ accessed 19 October, 2024.

[78]Norwegian Petroleum, 'State Organisation of Petroleum Activities' (2024) <https://www.norskpetroleum.no/en/framework/state-organisation-of-petroleum-activites/> accessed 19 October, 2024.

The Ministry of Climate and Environment has overall responsibility for environmental policy and environmental protection in Norway.[79] The Norwegian Environment Agency is a subordinate agency of the Ministry and has inspection and enforcement responsibilities under the Pollution Control Act.[80]

State Ownership: *Petoro AS ('Petoro'):* This is a wholly state-owned company that manages the commercial aspects of the State's Direct Financial Interest (SDFI) under sections 11-2 of the Act 29 November 1996 No. 72 relating to petroleum activities. Through the SDFI, the Norwegian State participates directly in petroleum activities on the Norwegian continental shelf. Petoro is the licensee for the state's share of production licences and ownership in fields and pipelines on the Norwegian shelf and associated onshore facilities[81]. By the provisions of sections 11-5 of the Act 29 November 1996 No. 72 relating to petroleum activities, Petoro is subject to the Act of 13 June 1997 No. 44 relating to limited companies (the Companies Act)[82]

Equinor ASA (former Statoil): The Norwegian state, as the owner of the resources, commenced petroleum activities in the early 1970s, soon after the first petroleum resources were discovered on the Norwegian continental shelf, through the state-owned oil corporation Statoil AS (now 'Equinor ASA' or 'Equinor').[83] The Ministry of Oil and Energy routinely granted the then Statoil a minimum of 50% interest in all licenses as a license group member. The standard Joint Venture Agreement also granted Statoil economic and voting privileges with the interests it owned on behalf of the state, most notably by shielding it from liability for exploration costs and by allowing Statoil to raise its participation interest to 70–80% per cent should the licensing group choose to expand a field that was found. Statoil played a key role and held majority votes in the decision-making of groups. Statoil also functioned as a regulator albeit with some national concerns. Statoil grew to be a hegemon in the Norwegian petroleum industry and this was inimical to a healthy development of the petroleum and offshore industries

[79] *Ibid*.

[80] *Ibid*.

[81] Olujobi, Olusola Joshua & Oyewunmi, Adeleke Olabode, 'Annulment of Oil Licences in Nigeria's Upstream Petroleum Sector: A Legal Critique of the Costs and Benefits,'(2017), 7(3), International Journal of Energy Economics and Policy, 364-369.

[82]Yngvild Tormodsgard, 'Facts 2014; The Norwegian Petroleum Sector' Ministry of Petroleum and Energy' (2014) <https://www.regjeringen.no/globalassets/upload/oed/pdf_filer_2/faktaheftet/fakta2014og/facts_2014_nett_.pdf> accessed 19 October, 2024.

[83]Erling Selvig, 'The Petroleum Act – A Regulatory Regime in Development', (2019), 17, Scandinavian Institute of Maritime Law, Oslo.

as well as enforcement activities of the Ministry of Oil and Energy.[84] These concerns were addressed in 1985 when a new Petroleum Act and a revised standard JVA stripped the company of its regulatory powers and limited it to state participation in the oil industry. The petroleum regulatory functions were to be exercised by the Ministry of Oil and Energy. Currently, Equinor is an international energy company with approximately 22000 employees in over 30 countries.[85]

Gassco AS is a state-owned company responsible for the transportation of gas from the Norwegian continental shelf.[86] The company is the operator of Gassled albeit it has no ownership interest in

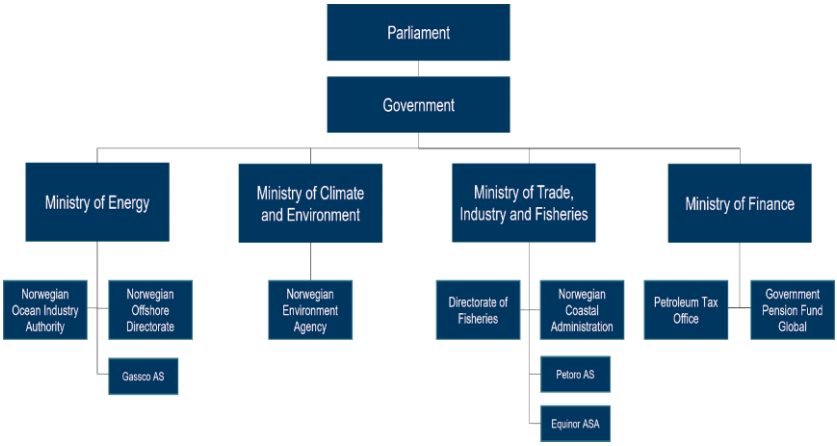

Figure 1: This is Showing the State Organisation of Petroleum Activities

Source: The Ministry of Energy

[84] *Ibid*.

[85] Equinor, 'Our History' <https://www.equinor.com/about-us/our-history> accessed 21 October, 2024.

[86] Yngvild Tormodsgard, (n64) 29.

Gassled,[87] but supervises its operations in a neutral, efficient manner for both owners and users.[88]

In Saudi Arabia, the provisions of Article 14 of the Basic Law of Governance, No: A/90, Dated 27th Sha'ban 1412 H (1 March 1992), the title over oil and gas resources is vested in the state. Article 14 reads thus: Article 14: All natural resources that God has deposited underground, above ground, in territorial waters or within the land and sea domains under the authority of the State, together with revenues of these resources, shall be the property of the State, as provided by the Law. The Law shall specify means for the exploitation, protection and development of these resources in the best interest of the State, as well as its security and economy. Furthermore, according to Article 15 of the Basic Law, concessions and licenses to exploit Saudi Arabia's public resources can only be made by the provisions of the Basic Law. The public resources (natural and mineral) are administered by the Ministry of Energy, Industry and Mineral Resources (formerly 'Ministry of Petroleum and Mineral Resources'). [89]

Apart from the Basic Law, another law regulating the oil and gas sector in Saudi Arabia is the Hydrocarbons Law.[90] The provisions of Article 2 provide that the Hydrocarbons Law shall apply to hydrocarbon deposits, hydrocarbons, and hydrocarbon resources, existing within the territory, as well as hydrocarbon operations carried out within the territory. The Hydrocarbons Law defines the word 'hydrocarbons' to mean thus:

> carbon and hydrogen compounds in a liquid or gaseous state, whether conventional or unconventional, such as crude oil, tight oil, shale oil, condensate, natural gas, shale gas, methane hydrates, natural tar, and bitumen, that can be extracted or recovered from the surface or beneath the surface of the soil[91].

Similar to Article 14 of the Basic Law, Article 3 of the Hydrocarbons Law provides that all hydrocarbon deposits, hydrocarbons, and hydrocarbon resources are the property of the Saudi Arabian state and under Article 5 of the Hydrocarbons Law, the State's ownership of hydrocarbon resources is non-transferable. Furthermore, Article 3 provides that the title to hydrocarbons shall pass to a licensee at the wellhead, or at extraction at a processing facility for recovering natural tar products, tar sands or

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[87] *Ibid.*
[88] *Ibid*.

[89] Article 3 Resolution No.: A/133, Date: 30/07/1437 H (07/05/2016 G).

[90] Royal Decree No. M/37 of December 20, 2017.

[91]Olujobi, Olusola Joshua, Elizabeta Smaranda Olarinde, and Tunde Ebenezer Yebisi, The Conundrums of Illicit Crude Oil Refineries in Nigeria and Its Debilitating Effects on Nigeria's Economy: A Legal Approach, (2022), 15(17), Energies, 6197, < https://doi.org/10.3390/en15176197> accessed 19 October, 2024.

stones, or other derivatives of tar sands and other rock materials. The provisions of Article 3 are further reinforced by the provisions of Article 4 which vests the Saudi Arabian state with permanent sovereignty over hydrocarbon deposits, hydrocarbons, and hydrocarbon resources. This sovereignty is to be exercised in the interest of the Saudi Arabian state and to achieve its security and economic development objectives.[92]

Under Article 6 of the Hydrocarbons Law, no hydrocarbon operation can be conducted without a license. Furthermore, the Saudi Arabian Government is entitled to exploit any natural resource other than hydrocarbons in a licensed area. Interestingly, under Article 7 of the Hydrocarbons Law, the State has the authority to make a production decision that sets the maximum level of hydrocarbons that may be produced as well as the maximum sustainable hydrocarbons production capability that a licensee must maintain. Certain factors are to be considered when making this decision, these include Saudi Arabia's economic development, environmental conservation, national security, political and development goals, foreign and diplomatic policy, domestic energy needs, public interest and any other sovereign interest.

Under Article 11 of the Hydrocarbons Law, the Ministry of Energy, Industry and Mineral Resources is entrusted with the task of formulating and implementing the national strategies and policies relating to hydrocarbons to ensure the optimal exploitation of hydrocarbon resources and conservation of Saudi Arabia's hydrocarbon reserves. Furthermore, under Article 24 of the Hydrocarbons Law, the Ministry of Energy, Industry and Mineral Resources is the sole agency responsible for implementing the Hydrocarbons Law and also has the exclusive right to oversee the licensee's hydrocarbons operations, including its technical operations, and audit all its revenues and expenses. Certain functions for the Ministry of Energy, Industry and Mineral Resources are specified by the law and they include: Issuance of a production decision and informing the licensee thereof, monitoring environmental, security and safety issues in the hydrocarbons industry as well ensuring compliance by the licensee with laws, standards and practices that are related to human health and safety. Representing the government concerning matters related to the Hydrocarbons Law.[93]

The license to be granted by the Saudi Arabian government shall contain certain elements as prescribed by Article 12 such as the license area, scope of authorized activities, and license term among others. The licensee is required to comply with certain obligations under the Hydrocarbons Law.[94] Furthermore, the licensee is prohibited from alienating any part of its rights and obligations arising from the license

[92] Article 3 of the Hydrocarbons Law, Royal Decree No. M/37 of December 20, 2017.

[93]The Saudi Arabia's Ministry of Energy,
<https://www.moenergy.gov.sa/en/TheMinistry/About/Pages/Default.aspx> accessed 19 October, 2024.
[94]Articles 13, 14, 15, 16, 17, 18, 20, 21, 22 and 23 of the Hydrocarbons Law, Royal Decree No. M/37 of December 20, 2017.

without prior written consent sought and obtained from the Minister of Energy, Industry and Mineral Resources[95].

Saudi Arabia participates in the hydrocarbons sector through the state-owned company known as Saudi Arabian Oil Company (Saudi Aramco'). The Saudi Arabian Oil Company (Saudi Aramco) was established according to Royal Decree No. M/8, dated 4/4/1409H (corresponding to 13/11/1988). It is a Saudi joint stock company with a juristic personality.[96] The Company's headquarters is in the city of Dhahran in the Kingdom of Saudi Arabia and it is empowered by its bylaws to establish branch offices or agencies inside and outside the Kingdom of Saudi Arabia.[97] Article 3 of the bylaws provides for certain objectives of the company in any activities relating to the energy industry, such as Trading in, and marketing, all energy, hydrocarbons, chemicals and other similar products, whether produced by the Company or by third parties. Manufacturing and preparing any products, machinery, vessels, and tools related to the energy sector, including hydrocarbons, chemicals and other related and complementary industries; transporting and distributing energy, hydrocarbons, chemicals and other similar products, whether produced by the Company or by third parties.[98]

3.0.1 Sustainable Development Perspectives from Nigeria, Norway, and Saudi Arabia

In Nigeria, sustainable development in the oil and gas sector is fundamental considering the environmental and socio-economic effects of oil exploration and exploitation operations. The Federal Government of Nigeria is putting in place several measures to entrench sustainable principles into the oil and gas legal frameworks, policies, strategies and regulations to mitigate the environmental impact of these multinational companies in the oil-producing host communities through establishment of the Host Communities Trust Fund, enforcement of the Nigerian Oil and Gas Industry Content Development Act 2010 to build local capacities, continuous engagement of the indigenous or local people to protect and guard critical oil and gas infrastructure in their local communities, and enactment of laws formulation of regulations as measures to mitigate oil spills and pollution in the sector. The federal government should focus on the implementation of the Nigerian Oil and Gas Industry Content Development Act for the speedy promotion of local content and economic development, the introduction

[95] Article 26 of the Hydrocarbons Law, Royal Decree No. M/37 of December 20, 2017.

[96] Article 1 Bylaws of the Saudi Arabian Oil Company (Saudi Aramco) (a Saudi Joint Stock Company).

[97] *Ibid,* Article 2.

[98] *Ibid*, Article 6.

of innovative reforms to improve the environment, and the promotion of sustainability in the sector.

Norway is known for its reformative approach to sustainable development in its oil and gas industry it has detailed laws and policies promoting sustainable development via its environmental legal framework, and discouragement of fossil fuel utilisation to promote transitioning towards clean sources of energy such as renewable energy. The Norwegian government focuses on carbon pricing mechanisms, accountable management of its extractive resources sustainably in conformity with international conventions such as the Paris Agreement, the United Nations Framework Convention on Climate Change 1992 and the Sustainable Development Goals 2030 on the protection of the climate

However, Saudi Arabia is making diligent efforts to streamline its oil and gas industry with sustainable development goals in conformity with its Vision 2030 blueprint to diversify its energy industry, adopt and finance renewable energy technologies projects, and enforce its laws and regulations to combat environmental degradation to promote sustainable practices in the country. The government has introduced many initiatives to combat carbon emissions to promote energy efficiency through renewable energy sources. The study has highlighted sustainable development principles in the selected case studies countries and the regulatory measures to promote sustainable development goals.

4.0 LESSONS LEARNED FROM A COMPARATIVE ANALYSIS OF THE OIL AND GAS LAWS IN NIGERIA, NORWAY, AND SAUDI ARABIA

Following a detailed review of the regulatory and institutional frameworks in Nigeria, Norway, and Saudi Arabia, certain similarities and marked differences have been noted and these will be discussed hereunder. Nigeria's regulatory framework is characterized by a complex and often inefficient system. The Petroleum Industry Act (PIA) 2021, which aims to promote transparency, good governance, and accountability, represents a significant improvement.[99] However, Nigeria faces substantial challenges, including regulatory ineffectiveness, duplication of roles, and inadequate enforcement of petroleum and environmental regulations.[100] The Nigerian National Petroleum Company Ltd (NNPCL) has only recently transitioned to a profit-making entity,

[99] Section 2 of the Petroleum Industry Act, 2021.
[100]Oladele Kehinde & et al, 'Corporate Governance Implementation in Nigeria's Oil and Gas Sector: Investigating the Influence of Regulatory Compliance on Environmental Sustainability', (2021), 25 (1), Academy of Accounting and Financial Studies Journal, 1.

highlighting the historical inefficiencies in the sector.[101] Environmental sustainability remains a significant issue, with frequent oil spills and gas flaring affecting local communities.[102] The strength of Nigeria's regulatory and institutional framework lies in its attempt to align with the SGDs and its efforts to incorporate ESG principles into the PIA 2021.

Contrary to the Nigerian experience, Norway's petroleum regulatory framework is widely regarded as one of the most progressive and efficient in the world with its level of gas flaring declining.[103] The Act 29 November 1996 No. 72 relating to petroleum activities provides a comprehensive legal foundation, ensuring that the Norwegian state maintains exclusive rights to subsea petroleum deposits and manages these resources sustainably. Norway's oil and gas regulatory institutions are well-coordinated and effective, promotion of transparency and accountability[104]. Environmental regulations are stringent, with robust measures in place to mitigate the impact of oil and gas exploration activities.[105] The strength of Norway's petroleum framework lies in a clear separation of roles and responsibilities with consistent application, which provides a conducive environment for investment and sustainable development.[106]

Saudi Arabia's regulatory framework, governed primarily by the Basic Law of Governance and the Hydrocarbons Law, vests ownership of all natural resources in the state. Saudi Aramco, the state-owned oil company, plays a central role in the country's hydrocarbon sector. The regulatory framework ensures strict state control over resource management and production decisions, with the Ministry of Energy, Industry, and Mineral Resources overseeing implementation and compliance[107]. Saudi Arabia's

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[101] *Ibid.*

[102]Olujobi Olusola Joshua & et al, 'The Legal Framework for Combating Gas Flaring in Nigeria's Oil and Gas Industry: Can It Promote Sustainable Energy Security?' (2022), 14, 7626, Sustainability, 1.

[103] Miguel Marmolejo-Cervantes and Tina Solomon Hunter, 'State Control in the Aftermath of Petroleum Policy and Governance Reform in Mexico: Capable of Fulfilling Constitutional Objectives?' (2019), 12(2), The Journal of World Energy Law & Business, 184; The World Bank, 'Global Flaring and Venting Regulations' (December 2023) <https://flaringventingregulations.worldbank.org/norway> accessed 18 October, 2024.

[104]Charles Ebinger, John Banks and Alisa Schackmann, 'Offshore Oil and Gas Governance in the Arctic: A Leadership Role for the U.S.' (2014), Brookings Energy Security Initiative Policy Brief 14-01, < https://www.andrewleuninternationalconsultants.com/files/improving-enegy-and-resource-governance-of-the-arctic-circle.pdf> accessed 19 October, 2024.

[105]International Energy Agency, 'Norway 2022: Energy Policy Review' 128-129 < https://iea.blob.core.windows.net/assets/de28c6a6-8240-41d9-9082-a5dd65d9f3eb/NORWAY2022.pdf> accessed 19 October , 2024.

[106] Shweta Jadhav, Petroleum Resource Management: The Role of Institutional Frameworks and Fiscal Regimes in Value Creation: A Comparative Analysis for Norway and Nigeria (2014), Master's Thesis Norges Handelshøyskole and HEC Paris, 10-19. <https://openaccess.nhh.no/nhh-xmlui/bitstream/handle/11250/223637/masterthesis167.PDF?sequence=1> accessed 18 October, 2024.

[107]Olujobi, Olusola Joshua & Oshobugie Suleiman Irumekhai, Strategies, Legal and Regulatory Measures for Combating Illicit Mining Operations in Nigeria: A Comprehensive Legal Perspective,(2024), Resources Policy, 88, 104459,

petroleum resources make a significant contribution to the national economy[108]. However, the country faces challenges in diversifying its economy and reducing its reliance on oil revenues.[109] Environmental sustainability and compliance with the global ESG standards are areas where Saudi Arabia could improve. The framework, while effective in maintaining state control, may lack the flexibility needed to adapt quickly to global energy transitions and environmental regulations[110].

In summary, Norway's oil and gas laws stand out for their transparency, accountability, and environmental sustainability, serving as a global benchmark. Nigeria's framework shows promise with the PIA 2021 but anything short of strict application of the PIA 2021 may lead to socio-economic and environmental challenges. Saudi Arabia's regulatory framework ensures strong efficient resource management but needs to address economic diversification and environmental sustainability. Each country's approach offers valuable lessons for policymakers and stakeholders globally in promoting sustainable development and efficient resource management in the oil and gas sector.[111]

Nigeria emphasizes balancing state participation in the oil and gas industry with international partnerships, although it faces substantial challenges regarding the stringent implementation of environmental protection and management laws. In contrast, Norway strictly enforces its environmental laws and regulations, with robust state participation and a strong emphasis on environmental sustainability and local capacity building, maintaining zero tolerance for non-compliance. Saudi Arabia, with a state-dominated industry, has evolving regulations and is making increasing efforts to improve environmental performance and local content laws, similar to Nigeria.

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https://www.sciencedirect.com/science/article/pii/S0301420723011704?dgcid=author accessed 19 October, 2024.

[108]Mohammad Khorsheed, 'Saudi Arabia: From Oil Kingdom to Knowledge-Based Economy' (2015), 22 (3), Middle East Policy, 148 -149.

[109] Bassam Fattouh, 'Saudi Oil Policy: Continuity and Change in the Era of the Energy Transition' (2001) Oxford Institute for Energy Studies OIES PAPER: WPM, 81 <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2021/01/Saudi-Oil-Policy-Continuity-and-Change-in-the-Era-of-the-Energy-Transtion-WPM-81.pdf> accessed 22 October, 2024.

[110] Olujobi, Olusola Joshua & et al, Conversion of Organic Wastes to Electricity in Nigeria: Legal Perspective on The Challenges and Prospects, International Journal of Environmental Science and Technology, (2022), 939–950. <https://doi.org/10.1007/s13762-020-03059-3>, accessed 22 October, 2024.

[111]Olujobi Olusola Joshua & et al, Sustainable Development and National Integration: A Catalyst for Enhancing Legal Compliance, Environmental Protection, and Sustainability in Nigeria, Environmental Policy and Law, (2024), 54(1), pp. 27–41.

Figure 2: A Hybrid Model Designed for Enhancing Petroleum Industry Activities and Regulations

The study shows a hybrid model designed to enhance petroleum industry activities and regulations in Nigeria, contributing to the existing body of knowledge in the oil and gas sector. This model is based on the lessons learned from a comparative analysis of the oil and gas laws in Nigeria, Norway, and Saudi Arabia.

Sources: Authors

5.0 RECOMMENDATIONS

The recommendations are grounded in the findings of the study and emphasize the integration of lessons from the legal frameworks and practices of Norway and Saudi Arabia, with a focus on balancing the maximization of petroleum resource exploitation and the assurance of sustainable environmental, social, and economic development in Nigeria.

1. To address the environmental concerns arising from multinational oil and gas operations, Nigeria should pursue the harmonization of its petroleum and environmental laws with those of the selected case study nations. This can be achieved through the domestication and compliance with multilateral agreements aimed at

ensuring consistency in regulatory frameworks, reducing greenhouse gas emissions, and protecting biodiversity. Such an approach will align Nigeria with global efforts under the Paris Agreement of 2015, the Sustainable Development Goals of 2015, and the United Nations Framework Convention on Climate Change of 1992 to combat environmental degradation and the effects of climate change resulting from oil and gas exploration and production activities.

2. Nigeria's Petroleum Industry Act (PIA) 2021 introduces Host Community Development Trusts to promote the active involvement of host communities in oil and gas projects. This model should be further expanded to ensure that host communities participate in the decision-making processes regarding petroleum activities, fostering social sustainability and reducing persistent conflicts between oil companies and local communities. Moreover, it will help manage risks and opportunities related to Environmental, Social, and Corporate Governance (ESCG). By ensuring that companies in the oil and gas sector are held accountable for their environmental and social impacts, this approach will promote ethical and sustainable business practices while delivering long-term value to stakeholders.

3. The enactment of a comprehensive and stringent legal framework to promote transparency and combat corruption is critical for ensuring sustainable development in Nigeria's petroleum sector. Full implementation of the Nigeria Extractive Industries Transparency Initiative (NEITI) Act, 2007, which is modeled on global best practices, will establish transparency in oil contracts, licensing processes, and revenue management. This will significantly reduce corruption and oil revenue mismanagement while promoting accountability within the industry.

4. Nigeria, Norway, and Saudi Arabia should invest in capacity-building and continuous training for their oil and gas regulatory agencies to strengthen technical expertise and enhance the enforcement capabilities of their legal frameworks. This investment is essential for promoting compliance with petroleum and environmental laws, standards, and policies, thereby ensuring effective and stringent regulations across the industry.

5. Nigeria's legislature should incorporate renewable energy technology projects into the legal framework as a prerequisite for granting petroleum licenses, following Norway's model. This approach would not only promote the adoption of renewable energy but also support the sustainable development of the oil and gas industry, aligning with the global energy transition agenda towards "Net Zero" and decarbonisation or fossil-fuel disruptions and adoption of low carbon energy transition agenda in Nigeria.

6. Nigeria should enact a comprehensive legal framework for carbon emissions management, incorporating incentives for Carbon Capture and Storage (CCS) technologies and promoting the development of carbon trading systems. Such a framework would align the country with global efforts to combat climate change and

establish a clear pathway for reducing the carbon footprint of the petroleum sector. By doing so, Nigeria can foster clean, green energy that drives economic growth while enhancing social and environmental well-being of its citizens.

7. Nigeria should strengthen its Sovereign Wealth Fund legal framework to prioritize investments in environmental sustainability and the transition to clean, green energy. By drawing lessons from Norway's Government Pension Fund Global, this approach would ensure that petroleum revenues are preserved for future generations while fostering sustainable economic growth in the country.

8. Nigeria and Saudi Arabia should adopt international best practices in Health, Safety, and Environmental (HSE) regulations, using Norway's model as a benchmark. This approach would enhance worker safety, public health, and environmental protection, aligning the petroleum sectors of both countries with global standards set by the International Association of Oil & Gas Producers (IOGP) and other relevant international agencies. To promote environmental protection, conservation and sustainability.

9. Nigeria should ensure the stringent implementation of the provisions of the Nigerian Oil and Gas Industry Content Development (Local Content Act) 2010 to build local capacity, develop domestic expertise, and promote the transfer of globally standardized energy infrastructure and technologies. This approach will reduce dependency on foreign oil operators and foster long-term energy sustainability in the oil and gas industry.

10. Nigeria should consider adopting key elements of Norway's legal framework for energy and extractive resource management with stringent sanctions, particularly those that promote transparency, accountability, and efficiency in the oil and gas sector. This approach would provide Nigeria with a proven model for enhancing good governance, improving operational efficiency, and ensuring oil and gas companies comply with environmental and extractive resource laws.

11. Nigeria should streamline the roles of its regulatory bodies to reduce duplication, minimize resource wastage, and improve coordination by simplifying regulatory structures. This will enhance the overall effectiveness and efficiency of government regulatory agencies, promoting transparency, accountability, good governance, and operational efficiency in the petroleum sector.

12. Nigeria should enhance the enforcement of its environmental legal framework, policies, and regulations to mitigate the negative impacts of oil and gas exploration and production activities. Lessons from Norway's stringent environmental policies can guide Nigeria in enacting more effective legal frameworks and formulating policies or

mechanisms to address environmental degradation and pollution, particularly in oil-producing states like those in the Niger Delta region.

13. Nigeria should implement robust mechanisms for managing its oil revenues and invest in economic diversification, including adopting a low-carbon energy transition through renewable energy sources. Reducing dependence on fossil fuels will foster growth in other sectors of the economy, such as agriculture, solid minerals, and the automobile industry. This strategic approach will contribute to long-term national economic stability while promoting sustainable fiscal growth and enhancing energy security and sustainability.

14. Nigeria should foster capacity-building initiatives and seek international collaboration to adopt best practices from leading petroleum-producing countries. This approach will enable Nigeria to meet its sustainable development goals, comply with the Paris Agreement provisions, and align with the United Nations Framework Convention on Climate Change in the oil and gas sector. Furthermore, it will promote global partnerships for economic growth, sustainable development, and energy security within the oil industry.

6.0 CONCLUSION

In conclusion, the examination of petroleum laws, regulations, and sustainable development from the perspectives of Nigeria, Norway, and Saudi Arabia highlights the diverse approaches and challenges faced by these key players in the oil and gas industry. While each country possesses unique legal frameworks tailored to its specific socio-economic context, common findings emerge regarding the imperative of balancing resource exploitation with environmental protection and socio-economic development. Nigeria, with its abundant oil resources, has encountered challenges such as regulatory ineffectiveness, transparency concerns, and environmental sustainability amidst significant socio-economic hurdles . In contrast, Norway stands out for its progressive regulatory regime and robust environmental laws, serving as a global benchmark for sustainable resource management and oil revenue distribution. Meanwhile, Saudi Arabia, as a major oil producer, grapples with the task of diversifying its economy while maintaining its position in the global oil market. Despite their differences, these selected case study countries all recognize the importance of sustainable development in the oil and gas sector. The lessons learned from the comparative analysis offer valuable insights for policymakers, oil and gas companies, and industry stakeholders globally in facilitating the promotion of sustainable development goals. Fostering international collaboration and implementing capacity-building initiatives will be crucial in promoting best practices and achieving sustainable development goals in the oil and gas sector. Through innovation and collective efforts, Nigeria, Norway, Saudi Arabia, and other stakeholders can work towards a more sustainable, equitable, responsible and resilient energy future for generations to come.