


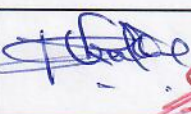





## NIGERIAN CONTENT DEVELOPMENT AND MONITORING BOARD (NCDMB)

### GUIDELINE FOR THE UTILIZATION OF LOCALLY PRODUCED BARITE AND DRILLING FLUIDS IN THE NIGERIAN OIL AND GAS INDUSTRY

REV	DATE	PREPARED BY	REVIEWED BY	CHECKED AND RECOMMENDED BY	VETED BY	APPROVED BY
R1	13/03/2019	Supervisor NCEC	Mgr. SBD	GM, CBD	Coordinator Legal Services	Executive Secretary
						
<b>REASON FOR ISSUE</b>		Drive the utilization of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.				
<b>NCDMB HEADQUARTERS</b>  Glass House, Isaac Boro Expressway, Opolo, Yenagoa, Bayelsa State.						
Document No: NCDMB/GUBDF/001/19						



## **1.0 Introduction**

In line with the provisions and aspirations of the Nigerian Oil and Gas Industry Content Development (NOGICD) Act of 2010, the Nigerian Content Development and Monitoring Board (NCDMB) is empowered to develop viable and robust initiatives, strategies, frameworks and guidelines to drive the sustainable development and utilization of local capacity and capabilities in the Nigerian Oil and Gas Industry.

This Guideline is part of NCDMB's unflinching commitments towards the realization of the objectives and aspirations of the NOGICD Act, which is aimed at driving the growth of Nigerian Content and ensuring sustainable competitiveness of the Nigerian Oil and Gas Industry.

The prime thrust of this Guideline is to drive the sustainable growth of value addition in the Barite and Drilling Fluids value chain of the Oil and Gas Industry. Accordingly, in exercise of the powers conferred by the Nigerian Oil and Gas Industry Content Development (NOGICD) Act of 2010, the Board issues the following Guidelines for the utilization of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.

### **1.1 Application**

In line with sections 4 and 5 of the NOGICD Act of 2010, this Guideline shall apply to all aspects of the value chain for the production, procurement, supply and utilization of Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.

## **2.0 Definitions**

<b>S/N</b>	<b>Acronyms/Terminologies</b>	<b>Description</b>
1.	API	American Petroleum Institute.
2.	CBD	Capacity Building Division of the Board.
3.	DLS	Directorate of Legal Services of the Board.
4.	DPR	Department of Petroleum Resources.
5.	ES	Executive Secretary of the Board.
6.	MED	Monitoring and Evaluation Directorate of the Board.
7.	MOA	Memorandum of Agreement.





8.	Nigerian Company	A company formed and registered in Nigeria in accordance with the provision of Companies and Allied Matters Act with not less than 51% equity shares by Nigerians.
9.	NCDMB	Nigerian Content Development and Monitoring Board (the Board).
10.	NCEC	Nigerian Content Equipment Certificate
11.	Nigerian Oil and Gas Industry	All activities connected with the exploration, development, exploitation, transportation and sale of Nigerian oil and gas resources including upstream, midstream and downstream oil and gas operations.
12.	NOGICD Act	Nigerian Oil and Gas Industry Content Development Act of 2010.
13.	NOGIC JQS	Nigerian Oil and Gas Industry Content Joint Qualification System.
14.	OEMs	Original Equipment Manufacturers.
15.	PCAD	Project Certification and Authorization Division of the Board.
16.	SBD	Strategic Business Development Department of CBD.
17.	Vendors in the Barite and Drilling Fluids Supply Value Chain	<p>i. Companies involved in the mining, processing, production, procurement, supply and utilization of Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.</p> <p>ii. Individual suppliers, traders or companies who are primarily involved in the procurement and supply of crude and processed Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.</p>

### **3.0 Objective**

The Guideline is aimed at maximizing the production, procurement, supply and utilization of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry. The Guideline is primarily intended to:

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- i. Drive sustainable production, procurement, supply and utilization of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.
- ii. Support the development of capacity and capabilities of Nigerian companies involved in the production, procurement, supply and utilization of local Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.
- iii. Attract investments to the Barite and Drilling Fluids supply value chain of the Nigerian Oil and Gas Industry.
- iv. Regulate the procurement and supply of Barite and Drilling Fluids in the Nigerian Oil and Gas Industry in line with the objectives and aspirations of the NOGICD Act.
- v. Ensure and enforce optimization of globally competitive pricing regime for locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.
- vi. Link oil and gas sector to mining and steel sector of the Nigerian economy.
- vii. Maximize utilization of local materials and natural resources.
- viii. Integrate local vendors into Barite and Drilling Fluids supply value chain in particular and oil and gas activities and operations at large.
- ix. Create and grow value addition and retention of industry spends in the Nigerian Oil and Gas Industry.

#### **4.0 Barite and Drilling Fluids Stakeholders**

The stakeholders are companies, vendors and investors involved in the mining, processing, production, procurement, supply and utilization of Barite and Drilling Fluids in the Nigerian Oil and Gas Industry. Also included in the list of stakeholders is Department of Petroleum Resources (DPR) as indicated below:

- i. All Exploration and Production Companies, Operators and Project Promoters, including Major and Marginal Field Operators.
- ii. Drilling Services Companies.
- iii. Drilling Fluids Manufacturing Companies.
- iv. Barite Mining and Processing Companies.
- v. Vendors in the Barite and Drilling Fluids Supply Value Chain.
- vi. Department of Petroleum Resources.

#### **4.1 Responsibilities of Barite and Drilling Fluids Stakeholders**

The responsibilities of the stakeholders in this Guideline is as indicated in the table below:

S/N	Stakeholders	Responsibilities
1.	Exploration and Production Companies, Operators and Project Promoters, including Major and Marginal Field Operators	i. Ensure compliance with the ban on importation of Barite and Drilling Fluids for use in the Nigerian Oil and Gas Industry.





		<p>ii. Ensure that only companies with valid Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids are qualified to bid for the procurement and supply of Barite and Drilling Fluids at Tenders and awarded contracts in the Nigerian Oil and Gas Industry.</p> <p>iii. Ensure optimization of globally competitive pricing regime for locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.</p>
2.	Drilling Services Companies	<p>i. Ensure that contracts for the procurement of Barite and Drilling Fluids are awarded only to companies with valid Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.</p> <p>ii. Ensure optimization of globally competitive pricing regime for locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.</p>
3.	Drilling Fluids Manufacturing Companies	<p>i. Ensure that contracts for the procurement of Barite are awarded only to companies with valid Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.</p> <p>ii. Ensure sustainable production of high quality Drilling Fluids in line with Oil and Gas Industry standards/specifications and global best practices.</p> <p>iii. Ensure optimization of globally competitive pricing regime for locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.</p>





4.	Barite Mining and Processing Companies	<p>i. Ensure sustainable production of high quality local Barite in line with Oil and Gas Industry standards/specifications, API standards and global best practices.</p> <p>ii. Ensure optimization of globally competitive pricing regime for locally produced Barite in the Nigerian Oil and Gas Industry.</p>
5.	Vendors in the Barite and Drilling Fluids Supply Value Chain	<p>i. Ensure that contracts for the procurement of Barite and Drilling Fluids are awarded only to companies with valid Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.</p> <p>ii. Ensure optimization of globally competitive pricing regime for locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.</p>
6.	Department of Petroleum Resources	<p>i. Ensure that the quality of locally produced Barite and Drilling Fluids meets oil and gas standards/specification, API 13 standards, ISO 9001:2018 or similar internationally acceptable industrial standards and best practices in collaboration with Standards Organization of Nigeria (SON).</p> <p>ii. Ensure that only companies with valid Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry are granted Oil and Gas Field Operation Permit.</p>

#### **5.0 Nigerian Content Equipment Certificate (NCEC) Application Process**

Application for Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids shall be addressed to the Executive Secretary of the Board. Companies are required to register on the NOGIC JQS Portal and ensure





that all information and documents uploaded are accurate, authentic and not misleading. Companies shall fill and submit application template on the NOGIC JQS Portal along with the required/supporting documents.

The Board shall carry out mandatory facility, equipment and assets inspection and verification exercise within fifteen (15) working days upon receipt of the application. The objective of the exercise is to ascertain the status of the domiciliation plan; facility, equipment and assets ownership; and authenticity of the information and documents uploaded on the NOGIC JQS Portal for each application. Accordingly, companies shall provide original copies of all information and documents uploaded on the NOGIC JQS Portal for sighting and authentication during the inspection and verification exercise.

#### **6.0 Requirements for the Processing and Issuance of Nigerian Content Equipment Certificate**

Companies applying for Nigerian Content Equipment Certificate for the production and supply of Barite and Drilling Fluids in the Nigerian Oil and Gas Industry shall provide evidence of:

- i. Registration on the NOGIC JQS Portal (i.e. [www.nogicjqs.gov.ng](http://www.nogicjqs.gov.ng)).
- ii. Registration as a Nigerian company with supporting documents, including CAC Forms CO2 and CO7.
- iii. Valid and verifiable official company address.
- iv. Valid Department of Petroleum Resources (DPR) certificate.
- v. Valid permit/certificate to carry out mining activities/operations from the Federal Ministry of Mines and Steel Development.
- vi. Valid permit/certificate to carry out mining activities/operations from the Federal Ministry of Environment.
- vii. Ownership or lease of functional mine(s), Barite processing facilities or Drilling Fluids manufacturing facilities with the capacity for sustainable production in line with Oil and Gas Industry standards/specifications, American Petroleum Institute (API) 13 standards or similar internationally acceptable industrial standards and best practices.
- viii. Quality Management System certification to ISO 9001:2018 or equivalent.
- ix. Valid Barite and Drilling Fluids quality certification by Standards Organization of Nigeria (SON) and DPR in line with Oil and Gas Industry standards/specifications.
- x. Nigerian Content commitment in terms of Human Capital Development and employment of Nigerians.





## **7.0 Nigerian Content Equipment Certificate Processing Timeline**

The Board shall process all applications upon receipt and issue the certificate within thirty (30) working days. However, if it is unable to process the application and issue the certificate within thirty (30) working days due to incomplete documentation, the application shall be rejected, and the applicant informed of the reason for rejection.

If on the other hand, the Board is not able to issue the certificate within 30 working days, it shall inform the applicant (company) through email and give reasons for the delay. Also, it shall give a definite extended timeline within which the application will be processed and certificate issued. The extended timeline shall not be more than fifteen (15) working days after the expiration of the initial 30 working days period. Accordingly, the maximum timeline for the processing and issuance of the certificate by the Board shall be forty five (45) working days.

## **8.0 Implementation Framework**

The implementation and enforcement of this Guideline shall be the sole responsibility of the Board in line with the provisions of the NOGIC Act.

The following information shall be strictly adhered to in ensuring the full implementation and enforcement of this Guideline:

- i. The Guideline shall take effect from the date of approval by the Board.
- ii. The Guideline shall be subject to review by the Board every Two (2) years or as the need arises.
- iii. Capacity Building Division of the Board shall be responsible for the full implementation of the Guideline, including the processing and issuance of the Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.
- iv. Project Certification and Authorization Division (PCAD) of the Board shall ensure and enforce strict application of this Guideline at Tenders and award of contracts in the Nigerian Oil and Gas Industry in line with sections 2, 6, 10 (a), 12, 13, 14 and 15 of the NOGICD Act and the intent of this Guideline.
- v. Monitoring and Evaluation Directorate (MED) of the Board shall monitor non-compliance with the Guideline and facilitate sanctions in collaboration with Capacity Building Division and Directorate of Legal Services (DLS) of the Board in line with the provisions of the NOGICD Act.
- vi. Provision of valid Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids is a mandatory requirement

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for companies to participate at Tenders and for the award of contracts in the Nigerian Oil and Gas Industry.

- vii. Only companies with valid Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids shall be qualified to participate at Tenders and awarded contracts in the Nigerian Oil and Gas Industry. Accordingly, companies with expired or without Nigerian Content Equipment Certificate shall be disqualified to participate at Tenders or procure and supply Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.
- viii. Nigerian Content Equipment Certificate issued to companies by the Board cannot be used by their subsidiaries, other Nigerian companies or local partners at Tenders except the companies are jointly bidding for the project/contract with verifiable supporting evidences and documents, including legally binding agreement i.e. Memorandum of Agreement (MOA) to the satisfaction of the Board.
- ix. Companies and their subsidiaries or local partners cannot apply for or obtain Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids as separate companies using the same facilities, equipment or assets.
- x. The issuance of Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry shall come into effect from the date of approval of this Guideline by the Board.
- xi. The Nigerian Content Equipment Certificate shall be subject to renewal by the Board every two (2) years.
- xii. The authenticity and validity of every certificate shall be verified and ascertained by the operator/project promoter and PCAD of the Board at Tenders and in the award of contracts in the Nigerian Oil and Gas Industry.
- xiii. All processed Nigerian Content Equipment Certificates shall be approved by the Executive Secretary (ES) and sealed by the Directorate of Legal Services of the Board before issuance.
- xiv. All Nigerian Content Equipment Certificate issued by the Board shall be compiled and published monthly on the NOGIC JQS Portal for viewing and authentication by PCAD, companies and industry stakeholders.
- xv. The Board shall ensure that the quality of locally produced Barite and Drilling Fluids meets Oil and Gas Industry standards/specifications, API 13 standards, ISO 9001:2018 or similar internationally acceptable industrial standards and best practices in collaboration with DPR, SON and/or international certifying body.
- xvi. The Board shall ensure and enforce optimization of globally competitive pricing regime for locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.



- xvii. The ban on the use of imported Barite and Drilling Fluids in the Nigerian Oil and Gas Industry shall come into effect from the date of approval of this Guideline by the Board.
- xviii. The Board shall ensure full implementation and enforcement of this Guideline in line with the provisions, objectives and aspirations of the NOGICD Act.

### **9.0 Consequences of Non-Compliance**

The exploration and production companies, operators and project promoters including major and marginal field operators, drilling services companies, drilling fluids manufacturing companies, Barite mining and processing companies and vendors in the Barite and Drilling Fluids production, procurement, supply and utilization value chain of the Nigerian Oil and Gas Industry are required to strictly comply with this Guideline.

The consequences of non-compliance with this Guideline shall include the following:

- i. Refusal of the Board to issue Certificate of Authorization to the operator, project promoter and contractor.
- ii. Refusal of the Board to participate in the Operator's Tender or issuance of Nigerian Content Compliance Certificate (NCCC).
- iii. Withdrawal of Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry.
- iv. Denial of the issuance of Nigerian Content Equipment Certificate for the production and supply of locally produced Barite and Drilling Fluids in the Nigerian Oil and Gas Industry for a period to be determined by the Board.
- v. Initiation of penal sanctions as provided in section 68 of the NOGICD Act.
- vi. Invoking of administrative sanctions in line with section 70 (i) and (p) of the NOGICD Act.
- vii. Any other penalties determined and deemed fit by the Board in line with the provisions and aspirations of the NOGICD Act.

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