



DEPARTMENT OF
PETROLEUM RESOURCES
....Petroleum Regulatory Agency Of Nigeria

PROCEDURE GUIDE FOR THE GRANT OF PERMIT/APPROVAL/LICENSE FOR
LUBE OIL BLENDING/WASTE OIL RECYCLING PLANT

Applicable to all Oil & Gas Operators

Code: DPR Guide 0021 - 2020

Revision Date: 2nd October 2020

PROCEDURE GUIDE FOR THE GRANT OF PERMIT/APPROVAL/LICENSE FOR LUBE OIL BLENDING/WASTE OIL RECYCLING PLANT

ISSUED BY

DEPARTMENT OF PETROLEUM RESOURCES

2020

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1. SCOPE

This procedure guide is issued Pursuant to the provisions of the Petroleum Act 1969, Petroleum (Amendment) Regulations 1988 and Mineral Oils (Safety) Regulation (MOSR), which stipulates that, no person shall construct or operate Lube Blending Plant in Nigeria without approval/license granted by the Director/CEO, Department of Petroleum Resources.

2. APPLICATION & APPROVAL PROCEDURE

2.1 Site Suitability Approval (SSA)

This approval gate prescribes the qualification criteria for companies proposing to establish a lube oil/recycling plant. Application for SSA shall be made via LOBP portal www.lobp.dpr.gov.ng with the following requirements:

- i. Evidence of registration with Corporate Affairs Commission (CAC) – Copy of Certificate of Incorporation.
- ii. A Certified True Copy of Company’s Memorandum and Articles of Association
- iii. Current Tax Clearance Certificate of Company
- iv. A Proof of Ownership of land where plant is to be sited (Survey Plan)
- v. A copy of proposed layout drawings of the plant showing relative distances (in meters) of various units within the facility and the interrelationship with adjoining properties.
- vi. Evidence of Payment of the Prescribed processing fee of Two Hundred and Fifty Thousand Naira (₦250,000.00) Only, payable via DPR online payment platform.

The Department shall grant a Site Suitability Approval to the plant upon satisfactory inspection and appraisal of the above submission.

2.2 Permit to Establish

This approval stage is to confirm general feasibility of the proposed project, market plan, products specifications, site selection, proposed base oil (or feedstock) supply plan and

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product evacuation plan, preliminary safety and environmental impact statement, and organizational plans. The following submissions shall be made to the Department of Petroleum Resources via LOBP portal www.lobp.dpr.gov.ng:

- i. Preliminary marketing plan, indicating whether domestic, export, or if both markets are being targeted
- ii. Proposed Lube oil blending plant site(s) and proof of acquisition
- iii. Infrastructural support strategy
- iv. Preliminary organization plan, including staff training plans
- v. Financial plan
- vi. Payment of DPR processing fees of Two Hundred and Fifty thousand Naira (N250,000.00) Only, payable via DPR online payment platform
- vii. Plot plan
- viii. Block flow scheme showing process configurations and capacities, including utilities.
- ix. Preliminary base oil acquisition or stocking plan
- x. Proposed safety provisions and preliminary environmental impact assessment.

A satisfactory in-house review of the above submissions by the DPR shall be communicated with clearance to proceed into PTE milestone. DPR project engineers shall also be attached to monitor the project development from this point forward, at source, to facilitate statutory compliance and approval processes.

2.3 Approval to Construct

This approval gate highlights the requisite technical documentations required to progress the project to the construction stage. Application for ATC shall be made via LOBP portal www.lobp.dpr.gov.ng with the following requirements:

- i. A copy of PTE earlier granted to the Company.
- ii. Evidence of Payment of ATC Processing fee of Two Hundred and Fifty

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Thousand Naira (₦250,000.00) Only, made payable via DPR online payment platform.

- iii. A copy each of the Certificate of Registration of Trade Names and Descriptions under which the company proposes to market its products (where different from the blending company name) obtained from Ministry of Trade and Investment.
- iv. Detailed proposal on the project stating clearly:
 - a. Formulations, Specifications, Classifications, Grades, Trade Names and Identifications of the products to be manufactured.
 - b. Detailed description of laboratory facilities and equipment to be used for products quality control and applicable test methods to be adopted for lubricant quality assurance and control.
 - c. Effluent handling and disposal methods.
 - d. Project design basis stating among others the nameplate production capacity of the plant.
- v. A letter of introduction for the Engineering Design Firm (must possess a valid DPR Oil and Gas Industry Services Permit for the service to be rendered) nominated by company to carry out the design of the plant.
- vi. A schedule for the conduct of Engineering Designs of the plant to enable the monitoring of the project by DPR Engineers. Upon completion of the design, the company shall be expected to submit the following design deliverables to the Department:
 - a. Architectural and Building Drawings which should include Civil and Structural Engineering Design Drawings, with all associated Sectional and Elevation Details (*duly endorsed by State/Local Government Town Planning Authority*).
 - b. Mechanical Drawings (which shall include sectional details of storage

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- tanks) of the Plant.
- c. Electrical Drawings of the Plant.
- d. Process Design Drawings which should include Process Flow Diagrams (PFD) and Piping and Instrumentation Diagrams (P&ID) for the Plant.
- e. Utility Flow Diagram (UFD) for the Plant.
- f. Safety and Fire Fighting Diagram for the Plant.
- vii. Codes, Standards and Specifications adopted in the design of the plant with specifications of equipment and facilities to be installed.
- viii. A Report signed by the Chief Federal/State Fire officer, or an officer authorized by him in that behalf, that he is satisfied with the proposed arrangements for the prevention and containment of fire.
- ix. DPR approved Environmental Impact Assessment (EIA) Study for the project.
- x. A project execution schedule for the installation/construction stage of the project.

Upon a satisfactory appraisal of the above submission, the company shall be invited to make a Technical Presentation to the Department on the project.

An Approval to Construct (ATC) the lube oil/recycling plant shall be granted by the Department if satisfactory.

2.3.1 Validity of Approval to Construct

The validity of an approval to construct the blending/waste recycling plant shall be for a period of twelve (12) months. It is expected that at least 50% mechanical erection would have been achieved. Otherwise, a revalidation of the Approval to Construct will be necessary.

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2.3.2 Revalidation of Expired Approval to Construct

If an Approval to Construct (ATC) a blending /waste recycling plant expires without actualization of the project and the ATC holder is still interested in completing the project, the following information and documents shall be forwarded to the Department of Petroleum Resources for consideration towards revalidation of the ATC:

- i. An application in writing declaring the intent to revalidate the ATC.
- ii. A comprehensive project status report shall be attached to the application. This shall be supported by:
 - a. Itemized reasons for non-performance during the period of validity of the expiring ATC;
 - b. Argument for the revalidation attaching revised work scope and project execution schedule;
 - c. Non-refundable processing fee of Two hundred and Fifty Thousand Naira only (₦250,000.00).
- iii. The applicant shall be required to make a presentation to DPR in support of this application.

In addition to the above submissions, revalidation of an expired ATC is subject to Site Suitability and a successful DPR comprehensive assessment of each project achievement in line with set statutory milestones as contained in the subsisting Procedure Guides for establishment of Lube Plant.

2.4 License to Operate

Upon completion of the construction of lube blending/waste oil recycling plant, an application for issuance of license to operate (LTO) the plant shall be forwarded to the Director/CEO, Department of Petroleum Resources via the LOBP portal www.lobp.dpr.gov.ng. The application shall be accompanied by the following:

- i. Evidence of payment of the Prescribed Statutory License fee made payable via

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the DPR online payment portal.

- ii. Evidence of payment of Processing fee of Two Hundred and Fifty Thousand Naira (₦250,000) Only for issuance of license to operate the plant.
- iii. A photocopy of Approval to Construct (ATC) earlier issued for the project.
- iv. A copy of the product trial blend approval in line with NIS specifications earlier granted.
- v. A final Fire Certificate signed by the Chief Federal/State Fire Officer or any officer designated by him in that behalf, that he is satisfied with the provisions for the prevention and containment of fire.
- vi. Integrity Tests Reports and Calibration Certificates of Base Oils Storage Tanks as witnessed by DPR representative.
- vii. Laboratory accreditation letter from the Department.
- viii. Emergency response plan (ERP)
- ix. A set of plant operating manuals.
- x. Copy of product (base oil) clearance and import permit as issued by DPR

Upon review of the above submissions, a pre-commissioning/commissioning inspection of the plant shall be conducted and a License to Operate the plant granted on the satisfactory outcome of the inspection.

3. CONDITIONS GOVERNING THE CONSTRUCTION AND OPERATION OF A LUBE BLENDING/WASTE RECYCLING PLANT

3.1 Fabrication, Construction and Installation

The plant owner shall provide the Department of Petroleum Resources with the following information before commencement of fabrication:

1. The name and job references of the company appointed as quality control inspectors and Curriculum Vitae (CV) of its principal technical staff.
2. All fabrication and welding procedures.

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These procedures shall generally follow the relevant specifications in the under-listed documents:

- i. American Welding Society – Structural Welding Code A.W.S.D.1.1 88 and the subsequent revisions.
- ii. API Standards 1104 – 17th and subsequent editions for welding of pipelines and related facilities.

At the completion of fabrication, the quality control inspecting company shall compile a report confirming that all materials used were strictly in accordance with approved specifications and the approved Standards and Codes of Practice. The quality control inspection shall be by Non-Destructive Examination (NDE). Also, at completion of tank construction, the company shall conduct calibration of the tank in accordance with API 650 standard and procedure and must be duly witnessed by DPR Inspector. The inspection and certification of all welded parts of vessels, columns and piping shall be by any of the following techniques as applicable:

- a. Liquid Penetrant Technique
- b. Magnetic Particle Technique
- c. Radiographic Technique
- d. Ultrasonic Technique

The plant owner shall note that all critical equipment shall be subjected to test/pre-shipment inspection duly witnessed by DPR inspector(s) whether it is fabricated locally before installation or abroad before importing same into the country.

3.2 Storage Tanks Spacing

For all storage tanks, the minimum distances shall be as follows:

1. Between the perimeter of the tank and the outer boundary of the installation, it shall be at least 6.096 m (20 ft).

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2. Between two adjacent tanks, it shall be at least 0.9144m (3 ft).
3. Between perimeter of tank and sidings on which working locomotive pass it shall be at least 15.24m (50 ft).

3.3 Storage Tank Design Specification and Fittings

1. All the storage tanks shall conform to the existing approved standards of the Standards Organisation of Nigeria (as a minimum) and shall be constructed from mild steel or any other non-flammable material as approved by the Department. They shall be externally coated to protect them from rusts and be conspicuously marked with their capacities in cubic meters.
2. All tanks shall be protected against atmospheric static electricity discharges and shall be painted in aluminum grey or other bright colours as approved by the Department.
3. When installed wholly or partly above the surface of the ground, the tank shall be firmly supported with materials of structural integrity to meet the requirements of the Department and be surrounded with a retaining bund wall that is large enough to contain 110% of the tank's full content.
4. Every permanently placed bulk storage tank containing liquid petroleum shall:
 - i. Be installed within a bund wall capable of containing the contents of the largest tank plus ten per cent of the volume of the remaining tanks.
 - ii. Have provisions made for containing any leakage to prevent contamination of water by oil for tanks installed in marine environments.
 - iii. Be provided with efficient electrical earth connections, having an electrical resistance value not exceeding ten ohms when measured by an earth resistance tester of the Megger or similar type
 - iv. Be fitted with adequate lightning protective device.

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5. In all cases, tanks shall:

- i. Be fitted with manholes of minimum diameter of 60.96 cm to facilitate easy access to the tank interior.
- ii. Be fitted with vents capable of relieving excess pressure or vacuum.
- iii. Have access to their roofs by means of a ladder or staircase constructed and attached to the outer tank shell.

6. General:

- i. All electrical wirings shall conform to applicable NIS Standards and other Internationally recognized fire protection standards.
- ii. All fire protection devices shall conform to applicable National/International Fire Protection Standards.
- iii. Non-flammable materials shall be used for all constructions within the plant.
- iv. All electrical lamp fittings shall be flameproof.
- v. During operation, no storage tank shall be filled to more than 95% of its capacity. All maintenance requiring hot works on storage tanks shall be carried out under a permit issued by a Competent Person specifying detailed safety precautions that must be taken in the process.

4. HEALTH, SAFETY AND ENVIRONMENT CONSIDERATIONS

4.1 Environmental Protection

1. All storage tanks shall be surrounded by bund walls constructed with concrete.
2. There shall be adequate piping facilities for evacuating any liquids retained within the bund walls.
3. There shall be installed in the enclosure, an efficient oil interceptor with an isolating valve leading to the drainage system.
4. Water shall not be allowed to accumulate within the enclosure or any part thereof where the storage tanks are on concrete foundations and the bed of the enclosure

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is also concrete; drainage of the enclosure shall be evacuated by means of a pipe fitted with a valve, to be kept close when not in use, and which is capable of being activated from outside the enclosure.

5. The quality of the effluent generated from the drainage system in the plant shall be monitored at such intervals as specified in the existing Environmental Guidelines issued by the Department and reports of analysis submitted to the Director/CEO, Department of Petroleum Resources on monthly basis.
6. All other precautions and provisions of up-to-date equipment for preventing pollution as specified in the Department's environmental guidelines shall be put in place to the satisfaction of the Director, Petroleum Resources.

4.2 General Safety

1. All offices, warehouses and process buildings shall be constructed with utmost consideration for the safety of the workers and equipment. Laboratory building construction shall take into consideration the safety of personnel and provision of adequate ventilation as well as that for proper disposal of waste.
2. Material Safety Sheet (MSS) shall be prepared in respect of all potentially hazardous chemicals and materials.
3. Emergency alarm system and evacuation programs shall conform to Standards Industry Practice to the satisfaction of the Department.
4. The noise level at any point in the plant shall not exceed 90dBA. Where this level is to be exceeded, wearing of ear protection device shall become mandatory.
5. The automatic control system for emergency shutdown of all strategic or critical equipment in the plant such as column, fired heaters, pipeline and pump discharge headers shall be based on fail-safe logic designs.
6. Fire sensors and alarm system shall be installed at strategic points of the plant and its offsite facilities. In addition, adequate fire mitigation systems shall be

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provided at all identified fire risk areas of the plant.

4.3 Firefighting and Protection Measures

1. In every building, oil blending or recycling plant, they shall be provided and kept in readiness to the satisfaction and approval of the Chief Federal/State Fire Officer, adequate equipment for firefighting and protection.
2. Each item of firefighting equipment shall be inspected and tested at appropriate intervals by a Competent Person appointed for the purpose by the licensee. The date of the last inspection shall be entered in a logbook kept for that purpose.
3. All the personnel employed in the installation shall be trained on the use of firefighting equipment.
4. Instruction to personnel in case of fire shall be clearly and concisely expressed in writing and prominently displayed at the site.
5. “NO SMOKING” and other safety signage shall be conspicuously displayed at strategic locations in the plant and be illuminated for ease of identification in dull brightness.
6. Whenever a fire or any accident occurs in the installation, a report of the circumstances and probable causes shall be forwarded to the nearest office of the Department by the licensee within forty-eight hours of occurrence.
7. Automatic fail-safe emergency alarm devices shall be incorporated in the critical sections of the plant.

4.4 Hazard and Operability Review (HAZOP)

Petroleum Plants designs shall be subjected to Engineering and HAZOP reviews at the design and development stages prior to the completion of the detailed engineering design and specifications. Accredited representatives of the department shall be present at the HAZOP reviews.

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For this purpose, a minimum of four (4) weeks' notice shall be given to the Department for arrangements to be made for the participation of its representatives at those review meetings with all relevant P&ID's made available for appropriate review ahead of time.

4.5 Product Quality Control and Assurance

A laboratory for quality control shall be established within the plant to test for the under listed parameters and others as prescribed by the Nigerian Industrial Standards (NIS) for lubricants using international test methods (ASTM and IP) as applicable to:

- i. Specific Gravity
- ii. Flash point
- iii. Pour Point
- iv. Viscosity
- v. Water Content
- vi. Insoluble Content
- vii. Acidity Level
- viii. Total Base Number (TBN)
- ix. Sulfated Ash content (Trace metals Pb, Fe, Na, K, Va, Ni, Co)
- x. Penetration
- xi. Drop point
- xii. Acidity

5. TRIAL BLEND APPROVAL

All trial blending activities shall be closely monitored by representatives of the Department and an Approval issued upon successful conduct. The blend quality shall conform with respective Nigerian Industrial Standard (NIS) specifications for lubricants.

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6. PLANT OPERATION

1. The plant shall be operated in compliance with the provisions of the Petroleum Refining Regulations, 1974 and its subsequent revisions.
2. The operator of blending plants shall prepare and submit an annual program of activity in the form of a presentation to the Director/CEO, Department of Petroleum Resources at the beginning of each calendar year.
3. The plant owner shall prepare and submit planned and actual production profile on quarterly basis.

7. PLANT MAINTENANCE

This comprises routine preventive scheduled and turn-around maintenance. Preventive maintenance schedules on critical equipment shall be prepared and submitted to the Department of Petroleum Resources for monitoring purposes. The plant facilities shall be periodically examined for corrosion detection and corrosion protection systems and devices installed shall be checked regularly to ensure effective performance. All these anti-corrosion performance monitoring shall be carried out in accordance with current NACE (National Association of Corrosion Engineers) Standards and procedures. All turn-around maintenance (TAM) scheduled shall be duly submitted to the Director/CEO, Department of Petroleum Resources at least three months prior to its commencement for statutory oversight and thereafter, monthly progress report of the maintenance shall be rendered until completion, for monitoring purposes.

8. PLANT MODIFICATION

Any proposed modification or enlargement of existing plant and facilities shall be communicated to the Director/CEO, Department of Petroleum Resources and must be subjected to the provisions of Section 2.3 of this Guideline and approved before being carried out.

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9. PLANT RELOCATION

In the case of a request to relocate an existing plant to Nigeria, the applicant shall provide the following information and addressed to the Director/CEO, Department of Petroleum Resources:

- i. Reason for the plant relocation
- ii. Operational history of the plant including years of operation.
- iii. Proposed Plant / unit Process Flow Diagram.
- iv. Layout of the relocated plant.
- v. List of process units / packed units to be re-designed and new plant configuration.
- vi. List of equipment to be re-engineered.
- vii. Electrical diagrams.
- viii. Piping and Instrumentation Diagram (P&ID) of the process units and utilities.
- ix. Safety, Process and maintenance manuals.
- x. HAZOP review report of the re-designed and re-engineered plant.
- xi. Environmental Impact Assessment of the new location.
- xii. The design parameter and the As-built drawings of the entire plant, offsite and utilities.
- xiii. Current technical status of the plant certified from a comprehensive technical audit carried out by a reputable inspection agency.
- xiv. I) An Environmental Impact Report of the plant including effluents and particulate qualities.

Upon the receipt and completion of review of the above and verification of the integrity of the plant elements, the Director/CEO, Department of Petroleum Resources may, if satisfied, grant an Approval to Relocate. Statutory non-refundable processing fee of Two Hundred and Fifty Thousand Naira (₦250,000.00) only, payable via DPR online payment platform for Permit to Establish lube blending / waste recycling plant shall apply. Also, the

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Approval to Construct and the License to Operate a Plant shall apply at the appropriate phase of development of the project in line with the requirements of this Guideline.

10. BASE OIL OFFTAKE LICENSE

Definition: A base oil off-taker refers to any Agent or company that purchases base oil from an importer for the purpose of reselling to licensed lube oil blending plant(s).

1. ELIGIBILITY

The following categories of Agents or companies are eligible to apply for Base Oil off-take License:

- (i) DPR licensed Depot operators (owners)
- (ii) A CAC registered Petroleum Products Marketing Company.

2. APPLICATION PROCESS FOR BULK BASE OIL OFF-TAKE LICENSE

A prospective base oil off-taker shall apply for Base Oil Off-Take License via the lobp.dpr.gov.ng and pay the prescribed application and processing fees. The following supporting information and documents will also be required:

- (I) Certificate of Incorporation
- (II) Copy of the company's Memorandum and Article of Association.
- (III) A copy of company's valid tax clearance certificate.
- (IV) Base Oil Offtake Agreement with base oil owner/importer

NOTE:

- i. Every Base Oil Off-Take License shall be for a period of one (1) year from date of issue.

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- ii. Each Base Oil Off-Take License holder shall be required to submit quarterly reports of previous base oil activities for the purpose of reconciliation, indicating:
 - a. Name of base Oil owner/importer
 - b. Quantity of base oil received from the importer.
 - c. Date of receipt
 - d. Storage depot
 - e. Base oil distribution list indicating customers name, date of transaction, depot of loading, quantity loaded, truck number, waybill number and exact destination address.
 - f. Every unreconciled base oil will be treated as base oil diversion

11. QUARTERLY RECONCILIATION

At the end of every quarter, there shall be quarterly reconciliation of base oil import, sold and lubricant production from a plant by the Department. For this reason, every base oil importer, licensed base oil off-taker and licensed lube oil blending plant operator will be required to submit reports of base oil distribution and plant activities detailing information on:

- i. Base oil receipt indicating sources, grades, quantities
- ii. Base oil Distribution
- iii. Lubricants production indicating the grades, the quantities and distribution.

At the end of every successful reconciliation, the Director/CEO, Department of Petroleum Resources will issue a clearance letter which will form one of the basis for issuing plant licenses, base oil off-take licenses and base oil import permit by the Department.

Every unreconciled base oil will be considered as base oil diversion/ sales of base oil from the blending plant and shall attract a fine of three million naira only (₦ 3,000,000.00) and in addition, the operator may be suspended from future base oil sales or importation.

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12. TAKE OVER/ CHANGE NAME OF OWNERSHIP

In the event of a request to Take-Over or Change Name of Ownership of an existing lube blending plant, the applicant shall refer to the “***Guidelines and Procedures for Obtaining DPR Approval for Transfer of Licence, Rights or Interests in the Downstream Sector of the Nigerian Oil and Gas Industry***” available on the Department’s website dpr.gov.ng.

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13. FEES

The following fees shall be payable:

| | Fee (₦) | |
|---|--|--|
| Lube Blending Plant Processing Fee | Site Suitability Approval | 250,000 |
| | Permit to Establish | 250,000 |
| | Approval to Construct | 250,000 |
| | Revalidation of ATC | 250,000 |
| | License to Operate | 250,000 |
| | Approval to Modify | 300,000 |
| Lube blending Plant Statutory License Fee | ₦2,000 per 20,000 litres or part thereof of base oil storage Capacity. | |
| Base Oil Off-Take License | Application Fee | 100, 000.00 for every 1,000,000 litres |
| | Processing Fee | 200,000.00 per application |

14. OFFENCES

Any person that contravenes any provision of these Procedure Guide shall be liable to a fine as listed below:

| | Offence | Fine (₦) |
|----|--|-----------|
| a. | Construction of Plant without ATC- Penalty | 3,000,000 |
| b. | Operating a Lube Blending Plant without License (Annually)-Penalty | 1,500,000 |
| c. | Construction of Plant without PTE- Penalty | 1,000,000 |
| d. | Plant Modification without Approval -Penalty | 3,000,000 |
| e. | Late Renewal of LTO beyond Q1 | 100,000 |
| f. | Non-Renewal Processing Fee | 500,000 |
| g. | Procurement of Critical equipment without Test | 5,000,000 |


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| h. Diversion of Base Oil / Sales of Base oil from the Blending Plant | 3,000,000 |
| l. Take over without approval | 5,000,000 |
| j. Engaging in third party base oil distribution without license | 3,000,000 |

15. GLOSSARY

Abbreviations, terms and references used in this document are explained hereunder:

| | |
|-------------|---|
| ATC | Approval to Construct |
| CAC | Corporate Affairs Commission |
| DPR | Department of Petroleum Resources |
| EIA | Environmental Impact Assessment |
| LTO | License to Operate |
| NACE | National Association Corrosion Engineer |
| NIS | Nigerian Industrial Standard |
| PTE | Permit to Establish |
| SSA | Site Suitability Approval |
| TAM | Turn Around Maintenance |

| Approved by | | | |
|--|---|------|------------------|
| Engr. Sarki Auwalu, MNSE (Director/CEO, Department of Petroleum Resources) |  | | |
| | <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 50%;">Date</td> <td style="width: 50%;">2nd October 2020</td> </tr> </table> | Date | 2nd October 2020 |
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