



RE-APPRAISAL OF REGULATORY OVERLAP FOR NATURAL RESOURCES MANAGEMENT IN NIGERIA AND THE UNITED STATES OF AMERICA

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ABSTRACT

Nigeria is regarded as a country endowed with abundant natural resources such as iron, lead-zinc, tin, tungsten, tantalum, gold, manganese, and nickel. Nigeria's mineral resources also include valuable industrial minerals and rocks such as barite, halite, kaolin, gemstones, limestone, marble, and granite. In Nigeria, there are a number of laws applicable to natural resources ownership, control, management and governance in Nigeria. The extant laws in Nigeria made several provisions on natural resources governance and equally established several regulatory agencies to coordinate and supervise the activities in the industry. For instance, the passage of the Petroleum Industry Act in 2021 was a significant milestone intended to streamline and modernize the legal and regulatory framework governing the petroleum sector. However, the implementation of the Petroleum Industry Act has highlighted enduring issues of regulatory overlap, which impede efficient governance and create legal ambiguities. This overlap arises from the legal frameworks and the introduction of new regulations that sometimes conflict with existing laws. Again, the ownership and control of Nigeria's mineral resources are vested in the Federal Government for the common good of the citizens. Moreover, the multiplicity of agencies and regulatory bodies involved in natural governance exacerbates these challenges. Each entity often operates with overlapping mandates and jurisdictions, leading to inefficiencies and bureaucratic delays. The lack of a cohesive strategy and coordination among these bodies hinders the effective management of the sector, affecting everything from exploration and production to environmental protection and host community development. It is against this backdrop that this paper legally re-appraised the regulatory overlap in natural resource management in Nigeria. Adopting a doctrinal research methodology, this paper concludes that challenges to petroleum governance in Nigeria and by extension, natural resources ownership and control include regulatory overlap, inadequate enforcement of laws and regulations, integrity failures, and poor asset management. It is recommended that the Nigerian Mineral and Mining Act 2007 needs to be amended, particularly section 1 (2) of the Act so as to clearly state whether the titles to small scale mineral discovered becomes automatically that of the individual or that such individual has to wait for a lawful grant license by the government before he can assume ownership.

KEYWORDS: *Natural Resources, Petroleum, Ownership, Regulatory Overlap*

1. INTRODUCTION

Nigeria is regarded as a country endowed with abundant natural resources such as iron, lead-zinc, tin, tungsten, tantalum, gold, manganese, and nickel. Nigeria's mineral resources also include valuable industrial minerals and rocks such as barite, halite, kaolin, gemstones, limestone, marble,



and granite.¹ In Nigeria, there are a number of laws applicable to natural resources ownership, control, management and governance in Nigeria. They include the Nigerian Constitution,² the Petroleum Industry Act,³ Land Use Act,⁴ Nigerian Minerals and Mining Act⁵ and the Mining Regulations⁶ among others. These laws made several provisions on natural resources governance and equally established several regulatory agencies to coordinate and supervise the activities in the industry. The entire property in and control of all minerals, mineral oil and natural gas in, under or upon any land in Nigeria or in, under or upon the territorial waters and the Exclusive Economic Zone of Nigeria shall vest in the Government of the Federation and shall be managed in such manner as may be prescribed by the National Assembly.⁷ The Nigerian Minerals and Mining Act⁸ corroborated this when it provides that the entire property in and control of all mineral resources in, under or upon any land in Nigeria, its contiguous continental shelf and all rivers, streams and watercourses throughout Nigeria, any area covered by its territorial waters or constituency and the Exclusive Economic Zone, is and shall be vested in the Government of the Federation for and on behalf of the people of Nigeria.⁹

The ownership and control of Nigeria's mineral resources are vested in the Federal Government for the common good of the citizens.¹⁰ Notwithstanding the Constitutional provisions on the subject matter, debates continue to persist and abound on the issue as scholars and stakeholders continue to voice their opinions on where true ownership and control of natural resource in the country should reside following the perennial crisis in the Niger Delta region for the control of oil.¹¹ Following the trend in several African countries, including Nigeria, the Federal Government adopted a confiscatory policy of state control over natural resource endowments in the 1970s. the result was the mass withdrawal of financial and technical participation by Transnational Mining Companies (TMCs) from Nigeria and other countries that adopted a similar policy to safer havens Canada, South Africa, the USA and Australia and the virtual collapse of the mining sector.¹²

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¹ A Adetuyi and W Nnanke, *Understanding the Legal and Regulatory Considerations for Mining Solid Mineral in Nigeria* (Brooks and Knight Legal Consultants) <www.brooksandknight.com> accessed 17 February 2025; E F Olanipekan and D Babatunde, 'Natural Resource Management Framework for Sustainable Development in Nigeria' [2018](8)(3) *Sokoto Journal of Social Science*, 1.

² Constitution of the Federal Republic of Nigeria 1999, Cap C23 LFN 2004 (as amended).

³ Petroleum Industry Act 2021 (PIA).

⁴ Land Use Act 1978 Cap L5, Laws of the Federation 2004.

⁵ Nigerian Minerals and Mining Act 2007.

⁶ Nigerian Minerals and Mining Regulations 2011, (Mining Regulation).

⁷ CFRN 1999 (as amended) (n 2), s 44(3).

⁸ Mining Act 2007, (n 5).

⁹ Mining Act 2007, (n 5), s 1(3).

¹⁰ M O Osamuade, 'The Legal Regime for Mineral Resources Ownership in Nigeria: An Indepth Analysis of Oil Discovery and its Implications' <<https://ssrn.com/abstract=4742403>> accessed 3 February 2025.

¹¹ (n 10).

¹² Gbile Adenuji, 'The Legal and Regulatory Framework for Mining in Nigeria' (A Paper Delivered at the National Mining Policy Dialogue Conference and Exhibition organised by the Federal Ministry of Solid Minerals Development in collaboration with World Bank, July 12 to 14 2004).



Over the years, Nigeria has solely relied on oil as its major source of income, ignoring its own renewable nature and paying little attention to other resources.¹³ In spite of the huge resources (renewable and non-renewable) Nigeria is endowed with, the economy still grapples with many problems including high and rising unemployment rate, declining manufacturing production, high and rising level of poverty and poor infrastructural development. These problems can be attributed to the non-inclusive nature of growth being experienced over the years and over concentration on oil sector while neglecting other natural resources sectors in the country. According to Dike, activities in the mining sector nose-dived considerably when oil production began to take the center stage and became a major source of foreign exchange for the country.¹⁴ Mineral exporting nations are bedevilled with resource curse syndrome and Nigeria, as an oil and gas dependent nation has had a fair share of this problem due to non-diversification of its economy.

For instance, the passage of the Petroleum Industry Act in 2021 was a significant milestone intended to streamline and modernize the legal and regulatory framework governing the petroleum sector. However, the implementation of the Petroleum Industry Act has highlighted enduring issues of regulatory overlap, which impede efficient governance and create legal ambiguities. This overlap arises from the legal frameworks and the introduction of new regulations that sometimes conflict with existing laws. Moreover, the multiplicity of agencies and regulatory bodies involved in natural governance exacerbates these challenges. Each entity often operates with overlapping mandates and jurisdictions, leading to inefficiencies and bureaucratic delays. The lack of a cohesive strategy and coordination among these bodies hinders the effective management of the sector, affecting everything from exploration and production to environmental protection and community development. It is against this backdrop that this paper seeks to investigate into the legal re-appraisal of regulatory overlap in natural resource management in Nigeria.

2. CONCEPTUAL REVIEW OF NATURAL RESOURCES

The discovery of natural resources and its extraction in any nation shapes the social, economic and political relations of that nation, and Nigeria is not an exception. A country has sub-soil assets such as hydrocarbons and minerals, termed natural resources which it seeks to transform into surface assets, human and physical capital that can be used to support employment and generate economic growth.¹⁵ Nigeria is the most populous country in Africa with about 213 million population. Located on the Gulf of Guinea on the Western coast of Africa, Nigeria covers a land mass of around 924 thousand square kilometres. Natural resources refer to any material from nature having potential economic value or providing for the sustenance of life such as timber, minerals, oil, water and wildlife.¹⁶ Among Nigeria's natural resources are; petroleum, natural gas, tin, iron ore, coal,

¹³ Olanipekan and Babatunde (n 1).

¹⁴ S C Dike, *Minerals and Mining Sector: Key to Sustainable Development of Nigeria* (Iwuoette Graphics Nigeria 2017) 1.

¹⁵ Dike (n 14).

¹⁶ B A Garner, *Black's Law Dictionary* (9th edn, A Thompson Reuters Business 2009) 1127.



limestone, niobium, lead, zinc and arable land.¹⁷ Nigeria is endowed with vast reserves of economic resources and mineral deposits. These include precious metals, stones, and industrial minerals.¹⁸ Each of these components of natural resources is now defined.

First is petroleum. The word ‘petroleum’ originates from the combination of a Greek and Latin words, where “*petra*” (Greek word) means rock and “*oleum*” (Latin word) means oil.¹⁹ Petroleum is defined as hydrocarbons and associated substances as exists in its natural state in strata and include crude oil, natural gas, condensate and mixtures of any of them but do not include bitumen and coal.²⁰ In simple terms, petroleum means petroleum. It is also said to be a compound name comprising of gasoline, kerosene, liquefied natural gas, liquefied petroleum gas, butane, diesel fuel, foil oil and propane.²¹ Petroleum is a compound composed of hydrogen and carbon and is commonly called hydrocarbon. It exists in liquid, gaseous or solid form. When found as a solid it is coal, shale, tar sands or bitumen. In liquid form it is referred to as crude oil. In its gaseous form it is known as natural gas. The most commonly known hydrocarbon is crude oil which is mostly called petroleum. However, the term petroleum strictly speaking covers other types of hydrocarbons.²² Also, petroleum is as a term that includes crude oil and natural gas, while each of petroleum have similar qualities but are not the same in many of their components.²³

Petroleum it is a naturally occurring liquid found beneath the earth’s surface that can be refined into fuel. Petroleum is a fossil fuel, meaning that it has been orated by the decomposition of organic matter over millions of years. Petroleum is formed when quantities of dead organism primarily zoo plankton and algae – underneath sedimentary rock are subjected to intense heat and pressure. Petroleum is used as fuel to power vehicles, heating units, and machines as well as being converted into plastics and other materials. Based on the fact that majority of the world relies on petroleum for many gods and service, the petroleum industry is extremely powerful and is major influence on world politics and the global economy.²⁴

According to Omorogbe,²⁵ petroleum is described as a compound mainly composed of hydrogen and carbon, and it is commonly called hydrocarbon. It can exist in gaseous, liquid or solid form.

¹⁷ ‘OPEC 2012’ in A I Osawe and O G Uwa, ‘Natural Resources Governance and Conflicts in Nigeria’ [2023](4(1)) *British Journal of Multidisciplinary and Advance Studies: Arts, Humanities and Social Sciences*, 17-35.

¹⁸ Dike (n 14), 1.

¹⁹ K G Kingston, *Oil and Gas Laws: A Guide for International Practitioner* (2nd edn. Lambert Academic Publishing 2018) 21.

²⁰ PIA 2021 (n 3), s 318.

²¹ Vedantu, “Petroleum products and its Uses: A Comparative Study” <<https://www.vedantu.com/chemistry/uses-of-petroleum>> accessed 5 January 2026.

²² Y Omorogbe, *Oil and Gas Law in Nigeria* (Malthouse Press Ltd.2001) 1.

²³ M T Otu, ‘Ownership of Oil and Gas: International and National’ [2017] (1)(1) *African Journal of International Energy and Environment Law*, 65.

²⁴ James Chen, “Future and Commodities Trading, Energy Trading: Petroleum.” <[www.hivestoppedia.com./.../](http://www.hivestoppedia.com/)> accessed 4 January 2025.

²⁵ Omorogbe (n 22).



When it is found as a solid; it is coal, shale, tar sands or bitumen. In liquid form, it is referred, to as crude oil. Hydrocarbons in gaseous form are known as natural gas. The most commonly known hydrocarbon is crude oil which is also referred to by many as petroleum.

The term oil is used to refer to petroleum in many cases and it usually means the same thing as crude oil unless the meaning is expanded in a particular situation. Minerals are homogeneous, naturally-occurring, solid and generally inorganic substances with a definable chemical composition and orderly internal arrangement atoms. Minerals are the result of natural geological processes. Mineral must be able to maintain a set shape nearly indefinitely. For the purpose of this work, our concern is on oil and gas. Petroleum is a mixture of hundreds of different hydrocarbons molecules containing hydrogen and carbon that exists sometimes as a liquid (crude oil) and sometimes as a vapour (natural gas).²⁶

Petroleum is a naturally occurring mixture of hydrocarbon compounds, trapped in underground rock, oily and inflammable in character.²⁷ It is thick, flammable, yellow to black mixture of gaseous, liquid and solid hydrocarbons that occur naturally beneath the earth's surface. Since the discovery of petroleum scientist and industrialist have turned it into thousands of uses. The by-products of petroleum can be found in every home around the planet Earth. One can only imagine the impact the by-products of petroleum is having on the lives of individuals on this our planet. At homes one can easily identify the by-products of petroleum in electrical fixtures and appliances, torch, cosmetic containers, polyvinyl chlorides ceilings the ball-point pens we write with, plastic bucket and plates to mention but a few. Petrol and diesel have made the transportation of people and goods from one city to another possible. Without jet-fuel, a by-product of petroleum, intercontinental journeys would not have been possible or easy as it is now. Machineries and cars are lubricated for optimum performance with engine oil and greases produced from petroleum. Commercially natural gas is used to heat buildings and water, to operate refrigeration and cooling equipment, to cook food and dry clothes. It is also used to fire turbans to generate electricity. Natural gas is very important as raw material for the production of chemical fertiliser.

Ownership of petroleum resources differs from jurisdiction to jurisdiction. The age-long concept of ownership is expressed as a bundle of rights including rights to *Udendi* (use and enjoy), *Fruendi* (dispose or transfer) and *abutendi* (abuse, consume or destroy).²⁸ Ownership is a multi-referential word which does not lend itself to an apt or precise definition. Ownership involves the enjoyment of several rights over the property, that is the right of alienation and disposal. Ownership implies the general liberty to use, dispose, destroy or transfer the right in a property to others.²⁹ Ownership

²⁶ Dike (n 14) 15-17.

²⁷ D S Olawuyi, *Extractive Industry Law in Africa* (Switzerland: Springer 2018) 20.

²⁸ M Aikpambese, *Land Law, Principles, Practice and Procedure Nigerian* (Makurdi: Oracle Business Limited 2010) 22.

²⁹ Y Oke, *Nigerian Energy Resources Law and Practice: Oil and Gas Practice, Cases & Theories* (Lagos: Princeton & Associates Publishing Co. Ltd 2019) 41.



is meaningful in practical way when it is safeguarded in some sense against the actions and claims of others. The right of ownership is protected by law. Ownership thus referred to as the legal right that a legal system grants to an individual in order to allow him or her to exercise the maximum degree of formalized control over a scarce resource.³⁰

In every oil producing country, the ownership of oil and gas appears to be vested in the state, regardless of which theory or theories are adopted by that state. Private ownership of oil and gas is still valid in some countries like the United States of American. Oil and gas ownership have been developed overtime. The Nigerian constitution vests the ownership of oil and gas in the federal government of Nigeria as provided for in section 44 (3) of the constitution,³¹ and it is replicated under the petroleum industry Act.³² The petroleum industry Act vest absolute ownership of petroleum (oil and gas) in the government of Nigeria.

In United States of America, ownership of oil and gas is vested in the federal, state and individual. The United States of America constitution provide for in the 10th Amendment.³³ In this context, ownership of oil and gas belongs to the state and individual. Whereas, the Brazilian constitution vested ownership of oil and gas on the federal government in Article 176 of the constitution³⁴ and the petroleum law of Brazil further replicated it in Article 3 of the law.³⁵

Similarly, in *Kelly v Ohio Oil Co.*,³⁶ it was held that petroleum oil is a mineral and while in the earth it is part of the reality, and should it move from place to place by percolation or otherwise; it forms part of that treat of land in which it tarries for the time being, and if it moves to the next adjoining tract, it becomes the subject of distinct ownership, separate from reality, and becomes personal property the property of the person in whose well it came.

In *South Atlantic Petroleum Limited v Minister of Petroleum Resources*.³⁷ In this case, the plaintiff was granted an oil bloc OPL 246. A half of the OPL area of 1000 square miles was later converted to an OPL 130. The government attempted to auction the other half of OPL 246. The contention of the plaintiff was that it was entitled to hold the unexhausted period of the lease while the defendant contended that the remaining portion was deemed relinquished and thus reversionary right was in the federal government as the grantor. The plaintiff sought orders of injunctions and declaration. The court held *inter alia*, that there is nothing unlawful in the government policy that the residue of OPL 246 is automatically relinquished and reverted to the federal government on the grant of an

³⁰ Oke (n 29).

³¹ CFRN 1999 (n 2).

³² PIA 2021 (n 8).

³³ Constitution of the United States American 1977 Ratified May 7 1997.

³⁴ The Brazilian Constitution of 1988.

³⁵ The Petroleum Law of Brazil (1997) (Law No. 9478).

³⁶ (1897) 49 N E 399, 401.

³⁷ (2006)10 CFRN 122.



oil mining lease No. 130 to the applicant. On appeal, the case was struck out on ground that the issues raised had become academic and in the humble opinion of this writer, a license and a lease, in the contemplation of the Act are different authorizations guided by different provisions of the Petroleum Industry Act.

Natural gas means all gaseous hydrocarbons, and all substances contained in it and as exist in natural state in strata, associated or not with crude oil, and are in a gaseous state upon production from a reservoir and excludes condensates.³⁸ Minerals or mineral resources means any substance whether in solid, liquid or gaseous form occurring in or on the earth, formed by or subjected to geological processes including occurrences or deposits of rocks, coal, coal bed gases, bituminous shales, tars sands, any substances that may be extracted from coal, shale, or tar sands, mineral water, and mineral components in tailing and waste piles, but with the exclusion of petroleum and waters without mineral contents.³⁹

Coal is one of the important minerals discovered in Nigeria with the Eastern part, particularly the coal city of Enugu State of Nigeria, then regarded as the home of coal deposits in Nigeria. Coal, before the Nigerian civil war of 1967 -70, contributed along with agriculture to the Nigerian GDP.⁴⁰ Nigerian coal has been found suitable for boiler fuel, production of high control gas, domestic heating, briquettes, formed coke and the manufacture of a wide range of chemicals including waxes, resins. Adhesives and dyes. Coal can be found in the central, Middle East and South East regions of the country comprising Anambra, Kogi, Benue, and Enugu State.⁴¹ A reasonable estimate of coal in these regions is put at a total of 396 million metric tons, while the unproven reserves are estimated to be in the region of 1,134 million tons. Although, in the interim, the government's plan for the development of coalmines remains unachieved, there is a likelihood that the mines may again be put for bids, or the government may engage private partners in the development of the blocks for power generation. It is argued that private partnership engagement would help a big deal in the development of the coal and other natural resources.

Bitumen is another natural resource. In Nigeria, bitumen typically occurs both on the surface and sub-surface. The estimated probable reserve of bitumen in Ondo State (South West Region of Nigeria) is 16 billion barrels, while that of tar sands and heavy oil is 42 billion barrels. Tar sands and heavy oil are one of the natural resources that power the economy of the United States of America and Canada. Nigeria can optimise its deposit of Tar sand for economic development. This would reduce depletion rate of our oil reserves and promote long term economic development. The probable reserves of bitumen and heavy oil in the entire Southern and Middle Belt is expected to double the reserves in Ondo State. Currently, the bitumen used in Nigeria is processed from

³⁸ PIA 2021 (n 8), s 318.

³⁹ Nigerian Mineral Act 2007 (n 5), s 164.

⁴⁰ Energy Commission of Nigeria, National Energy Policy (ECN 2003).

⁴¹ Dike (n 14), 8.



imported heavy crudes.⁴² In addition, bitumen is imported to supplement local consumption. Heavy and extra heavy crudes can be extracted from Nigeria tar sands and sulphur and phenol can be derived from these crude grades. They are also suitable for production of lubricants for plant and roller bearings. Bitumen is used for road constructions and building. They are infrastructures that facilitate modern development. Three potential project types are envisaged for tar sand resources in Nigeria and these are; the small-scale project which use asphalt concrete, medium scale project which use synthetic crude production in situ mining, and the large sixe project used for major mining project.⁴³

Limestone is another natural resource revenue earner for Nigeria if fully harnessed. The largest and purest deposits of limestone are found in the South-west and Middle-Belt regions of Nigeria. Limestone in the South-west of Nigeria is been estimated at 31 million tons. Most limestone mining activities are mainly for cement production. Without cement, the construction sector would go down and this would lead to increase in a non-affordable housing for Nigeria. Housing needs in Nigeria is basically a human right need. This is especially so, as the provisions of affordable housing is both contained in the United Nations Millennium Development Goal⁴⁴ and the post 2015 United Nations Sustainable Development Agenda.⁴⁵

Iron ore is another natural resource in Nigeria. Iron ore deposits are found in different parts in Nigeria, but mainly in the North-Central, North-East and South-East regions. They are found in various forms like; hematite, magnetite, meta sedimentary, bands of ferruginous. quartzite, sedimentary ores, limonite, maphemite, goethite, and siderite.⁴⁶ They are formidable substances used for constructions in Nigeria.

Lead zinc ores are usually found together. They are often associated with copper and silver. Lead-zinc is found along the North-East and South-west trending belt. They occur in commercial quantities in the North-East and Central region of Nigeria. The estimated reserve is well over 100,000 tons of lead and 80,000 tons of zinc. Lead-zinc ores are used in the production of batteries, electrical cables, solders glass and even protective coatings for other metals.⁴⁷

Gold on the other hand is associated with the North-west, Central and South-west regions of Nigeria, although there are smaller occurrences beyond these major areas. The preliminary exploration and identification of deposits in these areas now confirmed ten sites with a total reserve of over 50,000 ounces of high-quality gold. Till today, several licences are issued to co-operative societies and companies for mining of gold in Nigeria. Most of the concessions are still at the

⁴² Dike (n 14), 9.

⁴³ *ibid*, 10.

⁴⁴ United Nations Millennium Development Goal 2000.

⁴⁵ Dike (n 14), 11.

⁴⁶ *ibid*.

⁴⁷ Dike (n 14), 12.



exploration stage. Raw gold was used to settle minor debt in the past but this process has been declared unlawful under the Nigeria's Minerals Act.⁴⁸ This gives way to small Scale Mining Guarantee Scheme.⁴⁹ Gold is a precious mineral which is highly prized. Its commercial exploration would promote socio-economic activities and sustainable development in Nigeria.

Nigeria has a sizeable deposit of diamond but its full potential is yet unknown. There are ongoing studies to determine the total reserve of Diamond in Nigeria. Diamond remains a precious mineral and well protected by law in Nigeria. For instance, the Nigeria's Mining Act provides that a person in whose possession or power or control an uncut diamond is found is guilty of an offence under the Act unless he proves that he unlawfully obtained it. If an owner or presumed owner is not found, the uncut diamond shall be taken to court and the Minister of Solid Mineral would exercise the power of forfeiture.

3. OWNERSHIP OF NATURAL RESOURCES IN NIGERIA

The presence of natural resources and its extraction shapes social, economic and political relations in countries, especially, in several and complex ways in Nigeria. A country that has sub-soil assets such as hydrocarbons and minerals, termed natural resources which it seeks to transform into surface assets, human and physical capital that can be used to support employment and generate economic growth.⁵⁰ Among Nigeria's natural resources are petroleum, natural gas, tin, ore, coal, limestone, niobium, lead, zinc, and arable land. The concept of resource governance is a set of strategies, policies and standards designed to improve transparency and accountability in the management of natural resources. These transparency and accountability initiatives over areas of licensing, exploration, contracting and extraction as well as natural resource revenue generation and allocation.⁵¹ Government as a major and regulatory stakeholder has set into place laws, policies and strategies for the ownership and management of natural resources by other stakeholders including private companies, host communities, and non-governmental organisations.

The rule governing ownership of natural resources is often a passionate issue that requires a matching of rights of private ownership, communal and state ownership. The determination of ownership of resources is habitually the most disputed phase of statutory provisions. For instance, the Constitution provides that the entire property in and control of all minerals, mineral oils and natural gas in, under or upon any land in Nigeria or in, under or upon the territorial waters and the Exclusive Economic Zone of Nigeria shall vest in the Government of the Federation and shall be managed in such a manner as may be prescribed by the National Assembly.⁵² The grundnorm therefore, vests the ownership and control of minerals, mineral oils and natural gas in the Federal

⁴⁸ Nigerian Mineral Act 2007 (n 5).

⁴⁹ Y Oke, *Nigerian Energy and Natural Resources Law* (Princeton 2016) 32.

⁵⁰ A I Osawe and O G Goddy, 'Natural Resources Governance and Conflicts in Nigeria' [2023] 4(1) *British Journal of Multidisciplinary and Advanced Studies: Arts, Humanities and Social Sciences*, 17

⁵¹ *ibid*, 18.

⁵² CFRN 1999 (n 2), s 44(3).



Government of Nigeria. The Petroleum Industry Act towed the line of the Constitution. Section 1 provides that the property and ownership of petroleum within Nigeria and its territorial waters, continental shelf and exclusive economic zone is vested in the Government of the Federation of Nigeria.⁵³

In the same development, the Nigerian Mineral and Mining Act⁵⁴ vests in the Government of the Federation, on behalf of the people of Nigeria, the entire property in and the control of all mineral resources under or upon any land in Nigeria, its contiguous and continental shelves.⁵⁵ All lands in which minerals have been found in commercial quantity shall be vested in the Government of the Federation in accordance to the provisions of the Land Use Act.⁵⁶ However, it appears that the only difference with the Mining Act is that discovery of minerals in small quantities belongs to the individuals thereby, creating a dual ownership system. Nonetheless, this dissertation holds that the ownership of natural resources in Nigeria is habitually vested in the Federal Government. This position explains why natural resources, especial oil and has and minerals continue to be the mainstay of the Nigeria's economy.

4. APPRAISING THE CONFLICT OVER OWNERSHIP AND MANAGEMENT OF NATURAL RESOURCES

The ownership of natural resources is a contentious issue, the reason being that there is always a conflict among the Federal Government, the various States, the Local Government Areas and sometimes the communities where the natural resources are located.⁵⁷ This is the same position for all kinds of natural resources including solid minerals and petroleum.

For instance, section 1 of the Nigerian Mineral and Mining Act⁵⁸ vests the entire property and control of minerals in, under or upon and land in Nigeria, its contiguous continental shelves and of all Rivers, Streams and Waters courses throughout Nigeria; any area covered by territorial waters or constituency, the Exclusive Economic Zone is and shall be vested in the government of the Federation for and on behalf of the people of Nigeria. However, section 1(2) of the same Act also state that all land in which the minerals have been found in commercial quantities, shall, from the commencement of this Act acquired by the Government of the Federation and the may from time to time, with the approval of the President designate such land as security lands. The implication of this is that where mineral is not found in commercial quantity, private individual can be granted artisanal mining rights by government over such small deposit.

⁵³ PIA 2021 (n 3), s 1.

⁵⁴ Mining Act (n 5).

⁵⁵ *ibid*, s 1(1).

⁵⁶ *ibid*, s 1(2).

⁵⁷ G U Nwokeji, 'The Nigerian National Petroleum Corporation and the Development of the Nigerian Oil and Gas Industry: History, Strategies and Current Direction' [2007] *The James Baker 111 Institute for Public Policy of Rice University*, 16-25.

⁵⁸ Mining Act 2007, (n 5).



There is therefore conflicting arguments over ownership and control of minerals. One argument is that the title to small scale minerals discovered becomes automatically that of the individual, while another argument is that the individual has to wait for a lawful grant of licence by the government before such individual can assume ownership. This dissertation holds that whichever way, the right of an individual and communities as opposed to the government, has been recognised under the Nigerian Mining Act.

For petroleum resource, the Petroleum Industry Act vests the property and ownership of petroleum within Nigeria and its territorial waters, continental shelf and exclusive economic zone is vested in the Government of the Federation of Nigeria.⁵⁹ The governance and institutional structure of the petroleum industry is provided for in the chapter of the PIA titled ‘Governance and Institutions’. The chapter introduces changes to the governance and institutional framework of the Nigerian oil and gas industry, with the key objectives of creating effective governing institutions, promoting transparency and accountability in the administration of petroleum resources; and to establish the framework for the creation of a commercially oriented national petroleum company.⁶⁰ Some of the key changes introduced under the governance and institutions include the establishment of the Nigerian Upstream Regulatory Commission and more. The PIA provides for the establishment of the Commission to oversee the regulation of upstream petroleum operations in the country.⁶¹ A Chief Executive, who will be supported by six (6) Executive Commissioners, will handle the day-to-day administration of the Commission. The Commission is to take over the current functions of the Department for Petroleum Resources, with respect to the regulation of technical, operational, commercial and environmental activities associated with upstream petroleum operations. Additionally, the Minister of Petroleum Resources who heads the Petroleum Industry has enormous powers as vested on him.⁶² Section 3(1) to formulate, monitor, and administer government policy in the petroleum industry, amongst other functions.

The PIA establishes dual regulators for the petroleum industry called The Nigerian Upstream Petroleum Regulatory Commission, which is a body corporate with perpetual successions whose functions are limited to only the upstream petroleum activities as provided for in the Act, which provides that “the Commission is responsible for the technical and commercial regulation of the upstream petroleum operations.”⁶³ Amongst other functions of the Commission is that it is established to ensure compliance with all applicable laws and regulations governing upstream petroleum operations. The other regulatory agency is the Nigerian Midstream and Downstream Petroleum Authority. This regulatory authority is responsible for the technical and commercial

⁵⁹ PIA 2021 (n 3), s 1.

⁶⁰ O J Jegede, ‘Overview of Nigerian Local Content Law in Oil and Gas Industry’ <www.mondaq.com/.../> accessed 14 April 2025.

⁶¹ *ibid.*

⁶² Jegede (n 60).

⁶³ A Alex-Adedipe and F Akinyanmi, ‘Nigeria’s Value Added Tax (“VAT”) Regime; Regulatory Update’ <www.mondaq.com/.../> accessed 14 April 2025.



regulation of the midstream and downstream petroleum operations in the petroleum industry as provided.⁶⁴

The conflict in control, governance and institutional structure of the petroleum industry in Nigeria primarily arises from regulatory overlaps and the intricate interplay of various agencies and bodies involved in the sector. One major issue is the multiplicity of regulatory bodies, each with overlapping mandates and functions. For instance, the Nigerian Upstream Regulatory Commission, the Nigerian National Petroleum Company Limited, and the Nigerian Content Development and Monitoring Board all have roles in regulating different aspects of the petroleum industry. This overlap can lead to conflicts and inefficiencies, as each body may have different priorities and approaches to regulation and governance. The PIA aimed to address these by restructuring the NNPC into a limited liability company and establishing new regulatory bodies such as the Nigerian Upstream Regulatory Commission and the Midstream and Downstream Petroleum Regulatory Authority. Despite these reforms, the transition and integration of these bodies into the new structure have not been seamless. Issues of jurisdiction and authority continue to create friction among these agencies. For example, the NURC and MDPRA have overlapping responsibilities in some areas, such as environmental regulation and the issuance of licenses. These overlaps can lead to delays in decision-making and implementation of policies, affecting the efficiency of petroleum exploration and production operations.

Another aspect of conflict arises from the governance of host communities. The PIA introduces the Host Communities Development Trust aimed at fostering sustainable development and ensuring that host communities benefit directly from petroleum activities. However, the integration of this new structure with existing community development agreements and the roles of local and state governments has not been clearly defined, leading to potential conflicts and confusion over responsibilities and benefits sharing.⁶⁵

There is equally a conflict in the area of licencing regime under the new legal regime. The PIA introduced a change in the title of licenses from the way it was under the previous petroleum legislation. Under the former Petroleum Act,⁶⁶ the licenses were Oil Exploration License, Oil Prospecting License and Oil Mining Lease. Under the PIA, the word Oil has been replaced with the word 'petroleum.' Thus, we have Petroleum Exploration License; Petroleum Prospecting License; and Petroleum Mining Lease. This seems to be a problem in the industry as **p**resent holders of the Oil Prospecting License and the Oil Mining Lease are not mandated to convert to Petroleum Prospecting License and Petroleum Mining Lease respectively. However, upon the

⁶⁴ PIA 2021 (n 3), s 3 and 4.

⁶⁵ B A Adeyemi, 'The Fiscal Regime Governing Petroleum Profit Taxation in Nigeria' <www.semanticscholar.org> accessed 3 March 2025.

⁶⁶ Petroleum Act 1969.



expiration of their license, they shall cease to hold any license and would be required to apply for the licences under the PIA.

5. ISSUES AND CHALLENGES IN THE NATURAL RESOURCES GOVERNANCE

In essence, the following are identified as the issues and challenges in the natural resources governance.

5.1 Regulatory Overlap

Using the petroleum industry as a model to other natural resource governance, in an attempt to implement the PIA, the NUPRC in April, started the process that will give birth to six new regulations that will set modalities for oil and gas royalty, award of oil blocks, fees and rentals amidst divestment by International Oil Companies. The new regulations are Nigerian Upstream Fee and Rent Regulations, Petroleum Licensing Round Regulations, Domestic Gas Delivery Obligations Regulations, Nigeria Conversion Regulations, Nigeria Royalty Regulations and Nigeria Host Community (Commission) Regulations.⁶⁷

With the PIA, Nigeria is looking for ways to introduce incentives to grow crude oil and gas reserves as well as daily production. It is therefore critical that the regulations are not only unveiled on time but robust to create critical and incentives for investors.⁶⁸ While regulation on host communities was equally launched, the move for most stakeholders must translate to improvement in crude oil reserves and production, and a way to foster peace in the Niger Delta region. With the PIA still being implemented, there is a constant need to continue to strengthen the regulatory framework in the upstream sector, especially at a time when the realities of the global oil market create an elusive outlook and a disturbing situation for the economy of Nigeria.⁶⁹

5.2 Inadequate Enforcement

Inadequate enforcement is a significant issue in the governance of Nigeria's natural resources, exacerbating the sector's numerous challenges. Despite the existence of robust legal frameworks and regulatory bodies, the effective enforcement of laws and regulations remains deficient. One critical example of inadequate enforcement is the ineffectiveness of the National Oil Spill Detection and Response Agency.⁷⁰ Although NOSDRA is tasked with regulating oil spillage and mitigating environmental pollution, it lacks the jurisdiction and authority to stringently punish or regulate oil

⁶⁷ (n 31).

⁶⁸ *ibid*,

⁶⁹ (n 31). 79.

⁷⁰ M Eme, 'Nigeria: The Nigeria Guide on Relevant Changes to the Fiscal Framework in the Petroleum Industry Act, 2021' <www.mondaw.com> accessed 9 March 2025.



and gas firms. The penalties for non-compliance are insufficient to deter violators, leading to continued environmental degradation and adverse impacts on oil-producing communities.⁷¹

Furthermore, the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria aim to ensure that hydrocarbon operators adhere to international best practices in pollution prevention and control. Despite this, the enforcement of EGASPIN standards is often inadequate, resulting in persistent environmental issues such as oil spills and gas flaring. The principle that the polluter pays, which is embedded in EGASPIN, requires stronger enforcement to hold companies accountable for environmental restoration and compensation.⁷²

5.3 Fiscal Priority

The passage of the PIA with the petroleum fiscal regime contained therein is a welcome development for many reasons. However, there are still issues left unaddressed in the petroleum industry, especially with regard to complaints of double/multiple taxation of companies operating in the petroleum industry in Nigeria. Concerns about the need to provide the enabling environment and strategic initiatives to address energy transition are still lingering. Therefore, it is important to continue the engagement of critical stakeholders within and outside the petroleum industry to ensure there is a mechanism for future legislative reviews. The increased tax rate under the PIA could translate to loss of investment in the Nigerian upstream petroleum industry⁷³.

Globally, many countries are transiting to cleaner sources of energy. Similarly, international oil companies are shifting their focus to renewable and environmentally friendly energy sources. If these companies begin to lock shop in Nigeria, one wonders where the country would be able to generate the needed revenue to tackle developmental challenges. The PIA does not address the numerous levies and taxes that burden the petroleum industry. Instead, it has now included additional contributions like 1 percent of sale of petroleum product, 3 percent to host communities' development fund, contribution to environmental remediation fund, and so on.⁷⁴

These additional costs reduce the attractiveness of the sector to investors and may not raise more revenue for the government in the long run. The international oil companies had posed strong resistance against the passage of the PIA because of the new fiscal regime which according to them does not only amount to double but multiple taxation thus increasing the cost of doing business in Nigeria,⁷⁵ This ugly trend is mostly noticeable in the deep offshore petroleum operations.⁷⁶ The

⁷¹ (n 70).

⁷² *ibid.*

⁷³ Marc-Antoine Perouse de Montclos, 'The Politics and the Crisis of the Petroleum Industry Bill in Nigeria' [2014] (53) (3), *The Journal of Modern African Studies*, 403, 416.

⁷⁴ Marc-Antoine Perouse de Montclos (n 73).

⁷⁵ (n 77).

⁷⁶ O Awele, 'Nigeria: Petroleum Industry Bill History, Objectives, Institutions and Controversies' (2012) <<https://www.nexttierlimited.com>> accessed 10 May 2024.



Managing Director of SPDC succinctly summed up some of these reservations made about the new petroleum fiscal regime by the IOCs by saying that the PIA proposes multiple increased royalties and fiscal terms that will slow down new investments in deep water considerably. It will also exclude a number of legitimate costs from being recovered. Uncertainties around these issues are already stalling development of major discovered resources discouraging companies from undertaking the aggressive exploration programmes they launched under the 1993 production Sharing Contracts. (PSCS).⁷⁷

Section 264(d) of the PIA⁷⁸ provides that finance or bank charges and interest on borrowing would not be treated as deductible for hydrocarbon tax purposes. This means that the tax shield from interest cost would no longer be available or would be significantly reduced and this may impact on the appetite of upstream companies for loan financing, as equity investment may be preferred. The Nigeria's annual budget has been running at deficit in recent years, which is clear evidence of the need to improve the country's revenue generation. The recent wrangling as to who has the right between the federating states and the federal government to collect value added tax shows how the governments at all levels are struggling to consolidate and increase their revenue base. Reliance on oil revenue is no longer fashionable.⁷⁹

There is need to overhaul the overall tax regime in the country. Over the years, there were efforts to increase Nigeria's tax to GDP ratio, which currently stands at about 6 percent. In response to this, the 2017 National Tax Policy document was approved. One of the major objectives is to increase Nigeria's non-oil tax revenue and revenue from indirect taxes. These key objectives show that while there is room for improvement in the oil and gas sector, there is unarguably more potential for sustainable tax revenue growth in other sectors and from indirect taxes. The recent introduction of the Finance Act and the amendment to the Companies and Allied Matters Act are all indication of Nigeria's efforts to overhaul its tax and regulatory regime beyond the petroleum industry.⁸⁰ It is noted that most natural resources extraction often takes place in remote rural communities with subsistent mode of production and land-based economies, resulting in conflicts between the communities' use of their land and the oil exploitation process. Thus, the creation of the Host Communities' Development Fund is apposite to curtail some of these challenges.⁸¹

⁷⁷ S Saidu and Abdel R. Mohammed, "The Nigerian Petroleum Industry Bill: Evaluation of the Effect of the Proposed Fiscal Terms on Investment in the Upstream Sector" (2014) (2)(2) *Journal of Business and Management Sciences*, 45,51.

⁷⁸ *ibid.*

⁷⁹ Marc-Antoine Perouse de Montclos, 'The Politics and the Crisis of the Petroleum Industry Bill in Nigeria' [2014](53)(3), *The Journal of Modern African Studies*, 403, 416.

⁸⁰ Sani Saidu and Abdel R. Mohammed, "The Nigerian Petroleum Industry Bill: Evaluation of the Effect of the Proposed Fiscal Terms on Investment in the Upstream Sector" [2014] (2) (2) *Journal of Business and Management Sciences*, 45,51.

⁸¹ P S Tamuno, "International Law and Indigenous Communities Ownership of Petroleum Resources: Lessons for the Niger Delta from the Inter American Court of Human Right" [2017] (1)(1), *African Journal of International and Environmental Law*,50.



5.4 Integrity Failure

One primary aspect of integrity failure is corruption. Corruption in the Nigerian extractive industry undermines regulatory frameworks and allows for the circumvention of laws and regulations. This leads to unaccounted revenues, mismanagement of resources, and loss of public trust in regulatory institutions.⁸² Another critical area of integrity failure is the lack of transparency in joint venture agreements and contracts. The secrecy surrounding negotiations and terms of agreements between the government and oil companies often leads to contracts that do not favour national interests. This lack of transparency prevents effective oversight and accountability, further entrenching unethical practices and allowing for exploitation by foreign and local oil companies.⁸³

5.5. Poor Asset Management

Poor asset management has emerged as a significant challenge in the governance of Nigeria's petroleum industry. The sector, characterized by extensive infrastructure and equipment, requires meticulous management to ensure operational efficiency and longevity.⁸⁴ However, the industry has been plagued by inadequate maintenance, outdated equipment, and suboptimal utilization of assets, leading to frequent breakdowns and operational disruptions. One critical aspect of this issue is the aging infrastructure within the industry. Many of the pipelines, refineries, and drilling equipment have been in use for decades without substantial upgrades or replacements.⁸⁵ This neglect not only reduces the efficiency of oil and gas production but also increases the risk of accidents and environmental hazards. Frequent oil spills and gas leaks, often resulting from pipeline failures, underscore the gravity of poor asset management. These incidents cause significant environmental damage and economic losses, and they pose serious health risks to nearby communities.⁸⁶ Moreover, the lack of a robust asset management strategy impacts the industry's overall productivity and profitability. Inefficient asset utilization leads to higher operational costs and lower output, diminishing the competitiveness of Nigeria's petroleum sector on the global stage. This inefficiency is particularly detrimental given the fluctuating oil prices and the increasing shift towards renewable energy sources.⁸⁷

6. NATURAL RESOURCES OWNERSHIP AND CONTROL IN THE UNITED STATES OF AMERICA

In the United States, natural resources can be owned by private individuals and corporations, as well as by the Federal, State, Local and Native American Governments.⁸⁸ This contrasts with many other countries like Nigeria where resources like oil, gas and minerals are primarily government-

⁸² *ibid.*

⁸³ *ibid.*

⁸⁴ Resolution Law Firm, 'Nigeria: Oil and Gas Taxation in Nigeria' <www.mondaq.com> accessed 9 March 2025.

⁸⁵ (n 84).

⁸⁶ (n 84).

⁸⁷ *ibid.*

⁸⁸ B Leonard and D Parker, 'Private Vs Government Ownership of Natural Resources: Evidence from the Bakken' <csgs.kcl.ac.uk> accessed 27 April 2025.



owned. Private individuals and corporations can own land and the resources beneath it. The Federal Government owns a significant portion of land and resources, including public domain lands, acquired lands and Outer Continental Shelf. States and Local Governments also own land and the resources within such jurisdictions while the Native Americans tribes and individuals can own land and resources, often through trust or fee-simple ownership.⁸⁹ This mix of private and public ownership particularly with regards to natural resources, is a unique feature of the U.S system, as opposed to Nigeria where such natural resources are largely owned by the States.

With respect to both renewable and non-renewable resources, the State leases out extraction and harvesting rights to private organisations. Sub-surface mining rights are leased to private corporations while states or even private might own surface land.⁹⁰ The property rights to the exploitation of oil and natural gas are subject to payments of rents and royalties to the Federal Government.

The Mineral Leasing Act 1920 creates a system of leasing mineral resources on federal lands for extraction and grants BLM authority to administer mineral leasing. The Federal Coal Leasing Amendments Act⁹¹ amends section 2 of the Mineral Leasing Act of 1920 and requires all public lands available for coal leasing to be leased competitively, the government to only accept lease bids equal to or greater than fair market value, the consolidation of leasing into logical mining units, lease holders to continually operate and other measures. When it comes to land, the Federal Government owns large tracts of land in the 'Public Trust.' Other lands are owned by states, local and private ownership. With that ownership, usually, land rights and mineral rights go with the ownership, although there are exceptions. Some natural resources have additions regulatory and statutory oversight, like navigable water. The United States' approach to the ownership, control and management of natural resources serves as a valuable lesson for Nigeria. Nigeria can benefit from improving its involvement of, and ownership by individuals.

7. CONCLUSION

Nigeria's economy revolves around petroleum and mineral resources as the mainstay of the Nigeria's economy. Also, following the enactment of the Petroleum Industry Act 2021, petroleum governance in Nigeria as well as its regulatory, fiscal regime and petroleum institutions has completely changed. Thus, the enactment of the PIA Act is a remarkable step towards the reinvigoration of the petroleum industry and encouraging investments in the industry. Nigeria's economy has historically depended on petroleum and other mineral resources as the principal drivers of national revenue, foreign exchange earnings, industrial development and economic growth. The petroleum sector has therefore remained a critical component of the country's

⁸⁹ *ibid.*

⁹⁰ M Patricia Marchak, 'Who owns Natural Resources in the United States and Canada?' (1998) *Working Paper, North American Series*.

⁹¹ Federal Coal Leasing Amendments Act (FCLAA) of 1979 (90 STAT 1083).



economic structure, contributing significantly to government income and national development. However, for several decades, the industry faced numerous challenges, including regulatory uncertainty, inadequate investment, operational inefficiencies, environmental concerns, host community agitations and an outdated legal framework that no longer reflected modern realities within the global energy industry.

The enactment of the Petroleum Industry Act (PIA) 2021 represents one of the most significant legal and institutional reforms in the history of Nigeria's petroleum sector. The Act consolidates various fragmented petroleum laws into a comprehensive legal framework that provides clarity, transparency and certainty for investors and stakeholders. Through its regulatory, fiscal and governance reforms, the PIA seeks to create a more competitive and investment-friendly petroleum industry capable of attracting both local and foreign investments.

Furthermore, the Act establishes modern regulatory institutions with clearly defined responsibilities, thereby reducing bureaucratic overlaps and enhancing efficiency in the administration of petroleum resources. The fiscal provisions of the Act are designed to balance government revenue generation with investor profitability, ensuring that Nigeria remains competitive in the global petroleum market. Equally important are the provisions relating to host communities, which seek to promote peace, stability and sustainable development in oil-producing areas by ensuring that such communities benefit directly from petroleum operations carried out within their localities.

The PIA also demonstrates Nigeria's commitment to global best practices in petroleum governance by promoting accountability, transparency and environmental sustainability. Its provisions on environmental management and remediation are intended to ensure that petroleum exploration and production activities are conducted responsibly, thereby minimizing environmental degradation and protecting the interests of future generations. Notwithstanding these laudable objectives, the success of the Petroleum Industry Act ultimately depends on effective implementation, strict regulatory oversight and the commitment of all stakeholders to its provisions. Government agencies must ensure consistent enforcement of the Act, while investors and petroleum operators must comply with its requirements in good faith. Additionally, continuous review and adaptation of the legal framework may be necessary to address emerging challenges within the rapidly evolving global energy sector. The Petroleum Industry Act 2021 marks a transformative era in Nigeria's petroleum industry. It provides a solid foundation for improved governance, increased investment, enhanced revenue generation, environmental protection and sustainable development. If properly implemented, the Act has the potential to reposition Nigeria's petroleum sector as a globally competitive industry and contribute significantly to the diversification, stability and long-term growth of the Nigerian economy.



8. RECOMMENDATIONS

1. Effective Implementation of the Petroleum Industry Act 2021:

The Federal Government should ensure the effective implementation of the Petroleum Industry Act (PIA) 2021 by strengthening regulatory institutions, promoting transparency and accountability, enhancing environmental protection mechanisms, and ensuring strict compliance with the provisions of the Act. This will improve governance in the petroleum sector, attract investment, and promote sustainable exploitation of petroleum resources.

2. Amendment of the Nigerian Minerals and Mining Act 2007:

The National Assembly should amend section 1(2) of the Nigerian Minerals and Mining Act 2007 to remove the ambiguity surrounding ownership rights over newly discovered minerals. The amendment should clearly state whether a discoverer of mineral resources acquires any proprietary interest upon discovery or whether ownership can only arise after the grant of a valid licence or lease by the appropriate governmental authority.

3. Reduction of Regulatory Overlaps and Institutional Conflicts:

The Legislature and relevant government agencies should undertake a comprehensive review of existing regulatory frameworks governing natural resources with a view to eliminating overlaps in the functions of regulatory bodies. Clearly defined responsibilities and effective inter-agency coordination will enhance regulatory efficiency and reduce administrative bottlenecks.

4. Reform of the Natural Resource Ownership Regime:

Nigeria should consider introducing a more flexible and investor-friendly ownership framework that grants greater participation and proprietary interests to private individuals and communities in the exploitation of natural resources, while maintaining adequate governmental oversight. Lessons may be drawn from jurisdictions such as the United States where private ownership rights play a significant role in resource development.

5. Promotion of Community Participation and Benefit-Sharing Mechanisms:

Government should strengthen legal frameworks that guarantee the participation of host communities in decisions relating to the exploration and exploitation of natural resources within their areas. Effective benefit-sharing mechanisms, community development agreements, and environmental safeguards should be implemented to reduce conflicts, promote local development, and ensure that affected communities derive tangible benefits from resource extraction activities.