

Policy Proposal for Integrating **Bitumen Production** into the **Ministry of Petroleum Resources** for Strategic Hydrocarbon Development

Executive Summary

This policy paper proposes the strategic transfer of regulatory and administrative oversight for bitumen (technically known as solid petroleum) production from the Federal Ministry of Solid Minerals Development to the Federal Ministry of Petroleum Resources. Nigeria holds the world's second-largest bitumen reserves, estimated at 42 billion barrels, yet the sector remains critically underdeveloped. A fundamental misconception underpins this stagnation: **bitumen is incorrectly categorised as a solid mineral for asphalt**, when in fact, it is a solid hydrocarbon that requires upgrading and refining processes identical to those in the petroleum industry for commercial production of fuels just like crude oil. Recognising this reality is key to unlocking its potential. **The development of the bitumen belt is arguably the fastest and most scalable route to boosting Nigeria's total crude oil production and achieving the national target of 3 million barrels per day by 2030.** Consolidating oversight under the MPR will eliminate institutional fragmentation, leverage existing petroleum sector frameworks for rapid development, and strategically position this vast resource as a major contributor to national oil output, energy security, and economic diversification.

1. Introduction and Context

Bitumen is a viscous hydrocarbon, chemically and geologically analogous to extra-heavy crude oil. It is fundamentally a complex mixture of hydrocarbons, composed primarily of carbon (80-84%) and hydrogen (10-10.5%), with significant sulphur content (4-6%) and complex molecular fractions such as asphaltenes and maltenes. This composition classifies it as an unconventional **crude oil resource**, not a **mere asphalt binder for road construction**. Its primary economic value lies in its conversion, through beneficiation and upgrading, into synthetic crude oil—a product fully compatible with the global petroleum supply chain.

The global precedent for developing this resource at scale is unequivocally set by Canada. From its vast Athabasca oil sands deposits, Canada produces over 3.5 million barrels per day of crude (including diluted bitumen and synthetic crude oil), a volume that accounts for over 75% of the nation's total oil supply. This successful model demonstrates that bitumen is a major, viable source of crude oil production, not a marginal solid mineral.

Nigeria's own extensive bitumen deposits, located primarily in Ondo, Ogun, Lagos, and Edo states, represent a strategic asset of comparable potential and immense economic value. However, its development has been historically hampered by policy inconsistency, failed concession rounds, and a critical governance flaw: treating bitumen as a conventional solid mineral under the Ministry of Solid Minerals Development (MSMD), rather than as solid crude oil.

Recent efforts indicate renewed government interest. The MSMD has issued exploration licenses and formed ministerial committees, while the legislative branch advanced the Bitumen Development Commission (BDC) Bill. However, creating a new, standalone commission for a single hydrocarbon resource is inefficient and perpetuates the institutional mismatch. Such an approach may lead to inflation of governance costs and contradict integrated resource management principles.

This proposal offers a more efficient and strategically coherent alternative: integrating bitumen governance into the existing, robust architecture of the petroleum sector. This alignment is justified by the resource's inherent nature, its end-product (crude oil), and the pressing need to accelerate production to meet national targets.

2. Rationale and Motivations

- a) **Correcting the product misconception: from asphalt to crude oil.** The core justification for realignment is correcting a fundamental error in resource classification. While bitumen can be used for asphalt, its primary and highest-value product is **synthetic crude oil**, produced through beneficiation and upgrading. This end-product integrates seamlessly into the existing crude oil supply chain for refining or export. Its development cycle—exploration, extraction, upgrading, and refining—is intrinsically that of a petroleum project, not a mining operation.
- b) **The fastest route to 3 million bpd by 2030.** The national target to increase crude oil production to 3 million bpd by 2030 is challenged by declining production in mature fields and security concerns. The bitumen belt, with reserves potentially exceeding conventional oil reserves, presents the single largest untapped hydrocarbon resource capable of delivering a major production surge. Managed under the Ministry of Petroleum Resources (MPR) with clear petroleum-sector incentives, large-scale bitumen upgrading projects can achieve first oil faster than exploring new deep-water or frontier basins. It represents a **proven, onshore, and scalable reserve base** that can be mobilized to close the production gap decisively within this decade.
- c) **Leveraging existing technical and regulatory frameworks.** The MPR, through its parastatals like the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), possesses the requisite expertise for hydrocarbon resource management. Placing bitumen under this umbrella allows it to immediately benefit from established regulatory frameworks, licensing protocols, fiscal regimes (including the Petroleum Industry Act [PIA] 2021), and environmental standards tailored for hydrocarbons. This eliminates duplicative bureaucracy and accelerates project timelines.
- d) **Attracting strategic investment.** The global market for heavy oil and bitumen is dominated by integrated energy companies with the capital and technology for large-scale upgrading. These investors are already familiar with the MPR's regulatory environment. Governance under the MPR signals that Nigeria treats bitumen as a serious hydrocarbon play, attracting the major investments required for development and linking it directly to national crude oil production goals.

3. Potential Benefits

- a) **Direct boost to crude oil production:** Unlocks a new, massive stream of synthetic crude oil, providing the most tangible and scalable path to reaching and sustaining the 3 million bpd target. This will provide enough crude to meet the needs of local refineries and meet our OPEC quota.
- b) **Economic diversification & fiscal stability:** Generates substantial new government revenue, saves foreign exchange on imported asphalt and crude, creates thousands of jobs, and stimulates industrial clusters around upgrading and refining.
- c) **Infrastructure development:** Drives investment in critical supporting infrastructure such as pipelines, processing facilities, and potentially dedicated export terminals, benefiting the wider economy.
- d) **Strategic resource sovereignty:** Enhances energy security by developing a massive domestic hydrocarbon resource, reducing vulnerability to external supply shocks.

4. Challenges and Mitigation Strategies

- a) **Inter-Ministerial Transition:** Requires careful management to transfer assets and licenses smoothly.
Mitigation: Establish a Presidential Steering Committee to oversee a time-bound transition with clear milestones.
- b) **Legislative Harmonization:** The Nigerian Minerals and Mining Act (2007) must be amended.
Mitigation: Introduce an Executive Bill to reclassify bitumen as a petroleum resource under the PIA, providing legal certainty.
- c) **Community and Environmental Considerations:** Onshore development requires robust community engagement and environmental safeguards.
Mitigation: Apply and enforce the stringent environmental and community development provisions already established under the PIA and NUPRC guidelines.

5. Recommendations

- **Immediate Presidential Action:** Issue an executive directive to transfer bitumen oversight to the MPR, framing it as a critical national project for achieving energy and production targets.
- **Legislative Amendment:** Expedite the drafting and passage of legislation to formally classify bitumen as a petroleum resource governed by the PIA.
- **Create a Bitumen Development Task Force:** Under the MPR, establish a dedicated task force with a mandate to fast-track licensing, attract investment, and coordinate infrastructure for bitumen upgrading projects aimed at crude oil production.
- **Integrated Stakeholder Campaign:** Launch a targeted engagement to align all stakeholders—including the National Assembly, state governments, investors, and host communities - on the strategic shift from "asphalt mineral" to "crude oil resource."

6. Conclusion

The continued classification of bitumen as a solid mineral is a strategic and economic oversight. Its primary value lies not in asphalt but in its capacity to become a major source of crude oil. Transferring oversight to the Ministry of Petroleum Resources corrects this fundamental error and aligns the resource with the institutional expertise required for its development. Most importantly, it positions Nigeria to rapidly mobilize the bitumen belt as the **fastest and most substantial lever to achieve the 3 million bpd production target by 2030**. This decisive policy shift is not merely an administrative reorganisation; it is a strategic imperative for national energy security and economic transformation. The time to act is now.

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This brief is compiled by Ademola Rabi, CEng, Director of Strategic Engagement & Partnerships, from the recommendations at the Forum's Nigeria's @ 65th National Roundtable held in Abuja on 23 September 2025.

Acknowledgements:

The views and opinions expressed by the author are those of the members of the TGF and reflect the collective position of the Forum.



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