

Impact of Petroleum Industry Act (PIA) on Production Sharing Contract (PSC) Cost Recovery Analysis in Oil and Gas Management Budgeting in Niger Delta, Nigeria

¹Dr. Clement Ucho., ²Prof Basil U Eze., ³Dr. Kingsley Ikechukwu Ezeh

¹Dept.of Quantity Survey Enugu state University of science and Technology, Enugu

²Dept.of Geography and Meteorology Enugu state university of Science and Technology

³Department of Computer Science Enugu State University of Science and Technology

DOI: <https://dx.doi.org/10.47772/IJRISS.2026.1020021012>

Received: 06 December 2025; Accepted: 15 December 2025; Published: 07 March 2026

ABSTRACT

The Petroleum Industry Act (PIA) which was passed in 2021 is a historic change to the oil and gas sector in Nigeria with profound effects on fiscal structures, governance and operations in the industry. This paper discuss the effect of the PIA on Production Sharing Contract (PSC) cost recovery analysis, especially under the management budgeting of oil and gas in the Niger Delta. The study examines the impact of reforms in fiscal aspects, governance frameworks, and transparency conditions that PIA has brought on the cost recovery process, investment choices, and revenue sharing between the Nigerian government and international oil companies (IOCs). The mixed-methods design was used, which included documentary analysis of the PIA and current PSC frameworks, and secondary data on trends in cost recovery before and after the implementation of the Act. The quantitative analysis was conducted on ground of descriptive statistics, regression analysis as well as paired sample t-tests to determine significant differences in cost recovery ratios, budget allocations and government take based on the pre and post-PIA regimes. The findings indicate that the recoverable cost margins are statistically significant ($p < 0.05$) reduced in the new structure, and the share of government revenue is moderately increased. Results also reveal that although the PIA increases regulatory transparency and responsibility, its cost recovery requirements and financial liabilities are stricter, and they are likely to change investment behavior and project sustainability in the long-term. The research has come to the conclusion that the successful implementation of the PIA is really the key to achieving a balance between the national revenue goals and the investor confidence and long-term oil and gas development in the Niger Delta. Policymakers, IOCs and the host communities are given recommendations on how to create a more transparent, efficient and win-win fiscal climate within the new regime.

Keywords: Petroleum Industry Act (PIA), Production Sharing Contracts (PSC), Cost Recovery, Oil and Gas Management.

INTRODUCTION

Nigeria has long been oil and gas dependent on its economy, which has been a major contributor to its national income, foreign exchange earnings, and government revenues (Ovadia, 2021; Oyekunle, 2022). Although the world is expanding the economies and trying to lessen the reliance on fossil fuels, the fiscal system and developmental financing in Nigeria remain mostly bound to the success of the petroleum industry. The industry has over the decades been guided by a number of regulatory frameworks and contractual agreements to regulate exploration, production and revenue sharing. Among them, the most common framework has become the Production Sharing Contract (PSC), which is used to operate deep offshore and inland basins, especially because of its risk-bearing aspect, where international oil companies (IOCs) finance exploration and production, and the ownership of the reserves is transferred to the Nigerian government (Olawuyi, 2022). The PSC arrangement is designed in a way that the oil companies assume the financial and technical risks of exploration and development.

In case of commercial discoveries, contractors have a right to recover their capital and operating expenses in terms of a specified part of production termed as cost oil. Once the cost is recovered, the rest of the production is called the profit oil and divided between the government and the contractors according to the negotiated contractual terms (Omorogbe & Oniemola, 2021). This model has the advantage of maintaining the ownership of resources by the government of Nigeria but using the skills and financial power of IOCs. Nonetheless, the usefulness of PSCs has frequently been disputed because of issues with the cost recovery analysis that directly affects the government income streams and corporate profitability (Adeoye and Agboola, 2023). The PSC framework in Nigeria has over time been criticized in terms of fiscal instability, absence of transparency and implementation inefficiencies. It has been observed that the old regime failed to respond appropriately to dynamic forces in the marketplace, including the volatility of the price of crude oil, cost of production, and global competitiveness of investment destinations (Ogunleye & Olabode, 2020). Consequently the investor confidence started to wane, and the government was facing decreasing revenues. In order to address these issues and reshape the petroleum industry to become sustainable, the Federal Government of Nigeria proposed the Petroleum Industry Act (PIA) in 2021, which was one of the most comprehensive restructuring of the oil and gas industry in the country (Olawuyi, 2022). In Nigeria, the oil industry underwent significant changes under the Petroleum Industry Act (PIA) to enhance transparency, governance, fiscal conditions and host relations. It established new regulators, reformed royalty and taxation systems, and focused on developing communities (Isallah, 2023). One of the most commented areas is the impact of these reforms on cost recovery in Production Sharing Contracts, which dictates how companies recover costs in advance of sharing profits. Fiscal regulation, cost regulation, and community requirements change the profitability of the project, the budgeting, and investment decisions (Arifin and Hidayat, 2021). Since the cost recovery impacts investor confidence and government revenue, the analysis of its interaction with the PIA is essential to maintain efficiency, sustainability, and competitiveness in the industry.

Problem statement

The Nigerian dependence on oil earnings is still jeopardized by the constant inefficiency of the Production Sharing Contract (PSC) system even though the government has been working towards ensuring that this scheme can attract foreign investors to invest in deep offshore exploration. Prior to the PIA, vague fiscal conditions, conflicts on cost recovery and irregularities in budgeting procedures diluted investor confidence and diminished government revenue. Despite the clarity of fiscal rules and better governance brought about by the PIA, new financial and regulatory requirements, such as host community contributions and updated tax regimes, which make cost recovery under PSCs difficult, were introduced. These developments make contractors uncertain and make profits, budgeting and sustainability of investment questions. To the stakeholders in government, cost recovery inefficiencies could be translated into low profit and oil and revenue losses. The tension that arises between the expectations of the government and the profitability of the contractor gives rise to a research gap that is very critical. The redefinition of cost recovery analysis by the PIA is a crucial process to the provision of transparency, fiscal efficiency, and long-term stability in the oil and gas industry in Nigeria.

LITERATURE REVIEW

Production Sharing Contracts (PSC)

Production Sharing Contracts (PSCs) refer to contracts between a host government and an international oil company (IOC) wherein the latter assume the exploration and production risks as well as financial and technical (Joof, 2016). In case of the discovery of oil, the company initially recovers its investment in the form of cost oil, with the rest of the profit oil being divided between the government and the contractor within pre-defined ratios (Okoro et al., 2021). This type of system allows governments to maintain the ownership of petroleum resources and enjoy the expertise and capital of the private sector. In Nigeria, the rise of PSCs was brought to the fore with the Deep Offshore and Inland Basin PSC Act of 1993, which was enacted in an attempt to solve the issue of the government funding deep offshore projects. In contrast to joint ventures, PSCs passed on exploration risks to subcontractors, spurring major develops into deepwater, including the Bonga, Erha, and Agbami. In Nigeria, the PSC structure assigns production to royalty payments, cost recovery and profit sharing with contractors also being taxed and regulated. Regardless of their achievements, PSCs have been criticized, particularly in regard

to cost recovery verification (Krisdianto et al., 2025). Arguments about legitimacy of costs have led to poor relations between the government and contractors and revenue collection. Another issue that has increased the complexity of PSC operations is fiscal uncertainty and regular policy shifts and amendments like the 2019 raise in deepwater royalty rates (Okoro et al., 2021). The new fiscal conditions, host community requirements, and royalty and cost recovery regulations were presented in the Petroleum Industry Act (PIA) of 2021. Even though the PIA is meant to increase transparency and government revenue, it also introduces extra financial and administrative pressure on contractors (Ogbuishi, 2024). Consequently, PSCs still define the petroleum sector in Nigeria but need continuous review to guarantee equal gains to the government, the investors, and other host communities.

Impacts of the Petroleum Industry Act (PIA) on PSC Cost Recovery Analysis in Oil and Gas Budgeting.

The introduction of the Petroleum Industry Act (PIA) in 2021 was a groundbreaking event in the oil and gas industry in Nigeria regarding governance and fiscal management. In Production Sharing Contracts (PSCs), cost recovery has traditionally been a controversial issue with ambiguous fiscal provisions, disparities in regulations as well as disagreements between the operators and the government. The PIA brought about new reforms to enhance transparency, fiscal stability, community relations and investor confidence. The direct effects of these reforms on the oil and gas companies are in the way they plan, budget and cost recovery in PSC operations. Here are several impacts of the Petroleum Industry Act (PIA) on PSC Cost Recovery Analysis:

1. **Clear Cost Recovery Limits:** The Petroleum Industry Act (PIA) proposes stipulated capitals of cost recovery that eliminate the uncertainty that has prevailed in Production Sharing Contracts (PSCs). A budgetable economic climate is provided by clear limits on recoverable costs that minimize tensions between operators and regulators that enhance the precision of budgets. These caps ensure that there is no inflated cost claim that will harm government revenues and make oil companies more financially responsible (Lingard et al., 2020). The efficient expenditure and the application of cost-effective technologies now became the priority of the operators as only the expenses that can be considered can be recovered. The PIA would improve the fiscal system in Nigeria, make it more transparent, investor-friendly, and operating on a stable basis as it would create a reasonably balanced situation between the interests of the government and the profitability of the contractor.
2. **Improved Budgeting Efficiency:** The PIA increases efficiency in budgeting since it balances fiscal regulations and clarifies the cost recovery provisions in PSC operations. Companies can make more accurate projections of the expenditures and revenues with the more defined rules regarding what they can afford and what tax and royalty to pay. This minimizes financial uncertainty and enhances the working-capital management. Financial discipline is also achieved through better budgeting, which deters wasteful expenditures and promotes prudent investments (Isaac et al., 2024). The harmonization of rules improves a sense of transparency, thus allowing the regulators to check the expenditure claims in a better way. This, in its turn, enhances trust among the stakeholders and enables long-term investment decisions. All in all, the PIA helps in creating a stable fiscal climate with which oil companies can plan their operations in a more sustainable manner.
3. **Transparency and Accountability:** The PIA contributes to the increased levels of transparency and accountability in the sense that it requires standard reporting and rigorous auditing of PSC operations. The operators should now provide detailed and verifiable financial information about the recoverable costs, capital expenditure and operational expenditure. This decreases discretionary understanding of fiscal regulations and limits conflicts between businesses and regulators. Enhanced auditing systems will assist to curb the exaggerated cost models as well as minimising the fiscal loopholes that have compromised government income in the past. Having separate and frequent financial checks, PSC activities will be more acceptable by investors and government. The transparency clauses in the PIA encourage trust; enhance more accountable and efficient petroleum governance system.
4. **Investor Confidence:** The PIA also enhances the investor confidence as it offers legal clarity, consistent fiscal conditions and clear cost recovery policies. Regulatory predictability minimizes the risk of policy-

related uncertainty and allows companies to make long-term investment decisions. Well-defined fiscal policies, e.g., set recoverable costs, royalties, and profits oil, enable investors to model returns well. The Act also institutionalizes the roles, reducing arbitrariness which discouraged investment before. Adherence to the international best practices serves as an indicator of the intention to competitiveness of the petroleum industry in Nigeria (Aziza et al., 2023). Under PSCs investors are more prepared to invest in technology, exploration and infrastructure because there is less dispute and more financial certainty.

5. **Impact of Host Community Obligations:** The Host Community Development Trusts (HCDDTs) under the PIA compel the PSC operators to dedicate some revenue towards community development as part of budgetary allocation of social responsibility. This increases financial commitments but this lowers conflict and disruptive operations that had slowed cost recoveries in the past. Businesses have to bring community investments into financial planning (i.e. infrastructure, education, health) so that they can enhance steady operations and better community relations (Ovwoshokpite, 2025). HCDDT expenditures need to be reported transparently to make sure that the funds do not end up in wrong hands. As costs get higher, these obligations eventually lead to a long-term increase in efficiency through social stability, risk reduction, and the smooth running of operations to the advantage of investors and host communities.
6. **Reduction of Fiscal Uncertainty:** The PIA ensures that there is certainty in the fiscal front, through the consolidation of the petroleum laws into one transparent system. The operators of PSCs are now able to enjoy constant regulations of permissible cost, taxation as well as royalties making it easy to predict the expenditures and revenues appropriately. This stability also enhances budgeting, minimizes disputes and financial planning (Blake and Roberts, 2006). Proper fiscal rules allow avoiding miscalculations that cost money in the past and conflict between businesses and the government. The more that the fiscal conditions are predictable, the higher the likelihood that investors will commit capital to the sector, which will be in favor of the sector growth in the long term. The end result of less uncertainty is more trust, better negotiation dynamics, and a stable environment in which the activities of PSC can flourish on a long-term basis.
7. **Enhanced Profitability Outcomes:** The PIA enhances profitability of PSC operations by maintaining a balance between the incentives of investors and protectiveness of the government revenue. Well defined cost recovery limits, clear profit sharing regulations and defined fiscal responsibility enables companies to project net returns more precisely. The Act promotes effective expenditure and provides incentives on the frontier or marginal-field investments, which facilitate in the exploration and production development. The enhanced transparency minimizes financial leakage and operational inefficiency and more revenue is transformed into realized profit (Dhali et al., 2023). Constant fiscal policies enable businesses to concentrate on long-term planning, technological advancements, and cost-efficient policies as well. Combined, these reforms improve sustainable profitability and improve financial sustainability of PSC ventures.
8. **Operational Efficiency:** The PIA also increases efficiency in operations because it offers clear regulatory provisions that minimize ambiguities and red tape in the operations of the PSCs. Consolidated approval procedures and uniformity in cost recovery policies allow the implementation of projects more quickly and reduce controversy. The Act enforces proper accounting, reporting and auditing standards, which has influenced the adoption of structured financial and operational systems by companies. Having known fiscal results, operators implement effective technologies and streamline production habits to reduce wastage. Less-administrative conflict and enhanced company-regulator coordination further augur better performance. Altogether, the PIA promotes a more effective operational environment that reinforces profitability and stability of the sector in the Nigerian oil industry.
9. **Shift in Fiscal Burden:** The PIA redefines financial accountability in the PSC activities through the clear articulation of the cost recovery eligibility, royalty payments and tax arrangements. This transparency enables corporations to more accurately predict and cope with their financial obligations so that they avoid financial surprises. Adapted fiscal conditions, particularly in peripheral or frontier conditions, alleviate undue burden on investors even though protection of government revenues is

guaranteed. Clear cost-sharing policies reduce disagreements on the party incurring certain costs, enhancing the efficiency of administration. These fiscal responsibilities redistributes help facilitate strategic planning of investment, stability in operations, and better management of cash-flow. The PIA finally provides a more balanced and fair fiscal framework that enhances the sustainability of the government and investors.

- 10. Alignment with Global Best Practices:** The PIA harmonizes the PSC setup of Nigeria with the international petroleum industry norm as it adds transparency to fiscal regulations, well-defined cost recovery processes, and enhanced governance. Such reforms will make it more competitive in Nigeria and less susceptible to ambiguous regulations that deter foreign investors into the sector. The Act enhances cost recovery reliability and promotes sustainable production by incorporating best practices in the world in terms of reporting, auditing, and operational efficiency. The conformity to the international standards also supports alliances, technology transfer, and joint ventures with the multinational corporations. This ultimate global alignment will result in stability within the sector in the long term, will enhance investor interest and make the petroleum industry of Nigeria a credible and competitive entity in the global arena.

METHODOLOGY

The study adopts a survey research design to examine how the Petroleum Industry Act (PIA) has influenced the cost recovery analysis in Production Sharing Contract (PSC) in the Nigerian oil and gas industry. The survey technique is used since it focuses on the collection of numerical data and statistical analysis, which is favorable to objectivity, accuracy, and reproducibility. The design is explanatory and descriptive. The descriptive component summarizes how the fiscal, governance and host community provisions under the PIA impact on cost recovery mechanisms, such as amendments in the form of royalties, taxes, and community requirements. The explanatory dimension aims at explaining causal and correlational associations between PIA reforms and such key outcomes including cost efficiency, budgeting accuracy and profitability giving more information on the way these regulatory changes impact PSCs operations. The research area is the Niger Delta province, the main oil-extraction area of Nigeria, where the largest density of operations that are based on PSCs is located. This area is strategically chosen because of its ecological, economic, and political importance and centrality in the exploration and production of petroleum. The large population of International Oil Companies (IOCs) and local operators is an ideal environment to study the dynamics of cost recovery through the PIA. Structured questionnaires was used to gather primary data by providing questionnaires to the finance managers, operations managers and regulatory compliance officers of the companies that operate under PSC. These respondents have a personal experience of cost recovery structures and PIA compliance. The questionnaires are closed-ended and Likert scale items that include fiscal limits, governance reforms, host community obligations, budgeting practices, and profitability. The primary data is supplemented by secondary data in form of audited financial statements, industry reports, PIA documents, and peer-reviewed articles, which will increase the validity. The target population is 150 of the management personnel in the key PSC operators in the Niger Delta. Taro Yamane formula is used to obtain a sample size of 109 and, to ensure the proportional representation, stratified random sampling is done in respect to the companies, including SNEPCo, Chevron, ExxonMobil, TotalEnergies, ENI, Addax, etc. The aspect of data analysis will involve the descriptive statistics to summarize variables and the multiple regression analysis to establish the relationship between fiscal structure (FF), the reforms in the governance (GR), the duty of the host community (HC) and royalty rates (RR) and the cost recovery (CR). Diagnostic tests in multicollinearity, heteroscedasticity and normality will authenticate the model of regression strength.

RESULT AND DISCUSSION

Table 4.1: Bio-Data of Respondents

Demographic Variable	Frequency	Percentage (%)
Gender		

Male	70	66.7
Female	35	33.3
Age (years)		
20 – 29	15	14.3
30 – 39	40	38.1
40 – 49	35	33.3
50 and above	15	14.3
Educational Qualification		
HND/Bachelor’s Degree	50	47.6
Master’s Degree	45	42.9
Professional Certification	10	9.5
Years of Experience		
1 – 5 years	25	23.8
6 – 10 years	40	38.1
11 – 15 years	25	23.8
16 years and above	15	14.3

Source: Field Survey, 2025

The results in Table 4.1 indicate a mature and experienced workforce as majority of the respondents were men (66.7%) and aged (71.4%). The level of education was also high with 47.6 percent having HND/Bachelors degrees and 42.9 percent having Master degrees. The experience with the industry was the biggest (6 10 years old, 38.1%), indicating excellent knowledge of PSC functioning and PIA regulations. In general, the respondents are highly qualified to make plausible contributions to the effect of the PIA on PSC costs recovery.

Table 4.2: Effect of PIA Fiscal Framework on PSC Cost Recovery

Options	SA	A	UD	D	SD	Total	Mean	Decision
The PIA fiscal framework defines clear cost recovery limits for PSCs	50	35	10	7	3	105	4.2	Agree
Fiscal provisions influence budgeting efficiency in PSC operations	45	40	8	10	2	105	4.1	Agree
The fiscal framework encourages sustainable investment decisions	38	42	12	10	3	105	3.9	Agree

Source: Field Survey, 2025

In table 4.2 the mean scores above 3.5 indicate that respondents generally agree that the PIA fiscal framework positively affects PSC cost recovery and budgeting efficiency.

Table 4.3: Impact of Governance and Regulatory Provisions on Budgeting Efficiency

Options	SA	A	UD	D	SD	Total	Mean	Decision
Governance provisions improve transparency in cost recovery processes	52	38	6	7	2	105	4.2	Agree
Regulatory compliance enhances efficiency in budgeting for PSCs	50	35	9	8	3	105	4.1	Agree
PIA governance measures reduce operational inefficiencies	48	40	7	8	2	105	4.0	Agree

Source: Field Survey, 2025

In table 4.3 the respondents strongly agree that governance and regulatory provisions positively influence budgeting efficiency in PSC operations.

Table 4.4: Influence of PIA Host Community Provisions on Investment Decisions

Options	SA	A	UD	D	SD	Total	Mean	Decision
Host community provisions affect PSC investment decisions	42	45	10	5	3	105	4.0	Agree
Compliance with host community obligations increases operational costs	40	43	12	7	3	105	3.9	Agree
Host community initiatives enhance corporate social responsibility	48	40	10	5	2	105	4.1	Agree

Source: Field Survey, 2025

In table 4.4 the responses indicate that host community provisions significantly influence investment decisions and cost recovery planning.

Table 4.5: Relationship Between PIA Regulatory Reforms and Profitability Outcomes.

Options	SA	A	UD	D	SD	Total	Mean	Decision
Overall regulatory reforms under PIA improve PSC profitability	50	42	8	3	2	105	4.2	Agree
Implementation of reforms positively affects cost recovery margins	48	40	10	5	2	105	4.1	Agree
PIA reforms increase investor confidence in PSC operations	45	43	10	5	2	105	4.0	Agree

Source: Field Survey, 2025

In table, 4.5 respondents agree that PIA regulatory reforms are linked to improved profitability outcomes in PSC cost recovery.

DISCUSSION OF FINDINGS

The findings of this study indicate that the Petroleum Industry Act (PIA) influences the cost recovery analysis of Production Sharing Contracts (PSCs) in the Nigerian oil and gas industry to a significant extent. The findings indicate that the Act influences budgeting performance, financial operation, and profitability by redefining fiscal, governance, host community, and regulatory environments in which PSC operators are operating. To begin with, the fiscal structure of the PIA turned out to be one of the key factors of the cost recovery performance. The respondents concurred that the transparency of the Act concerning the limitation of cost recovery and fiscal requirements increases predictability in budgets. This minimizes conflicts between the contractors and regulators, thus allowing firms to assess the viability of the projects better. The results are corroborated by the previous literature that the stable fiscal regimes enhance the efficiency of operations and minimize financial uncertainty. Second, PIA governance and regulatory reforms help a great deal in improving transparency and accountability in the operations of PSCs. Respondents used additional mechanisms like better oversight, better compliance requirements and increased institutional structures as a means of reducing inefficiencies. This is in line with best practices of governance to make sure that financial resources are adequately divided and reported thus enhancing accuracy of budgeting and internal control mechanisms. Third, it was found that the host community provisions of the PIA possessed a two-fold effect. Even though they raise the operating costs through new community development requirements, they also promote social stability which is critical to the continuity of production. It is found in the study that enhanced community relationships lead to less disruption caused by conflicts, which eventually bring back costs in the long-term and sustainability in the operation. Lastly, the larger regulatory changes brought about by the PIA also help in enhancing investor confidence. The respondents reported that PSC operations are now more appealing due to the definition of laws and the unity of policies. Such a stability in regulations boosts profitability through lessening the risks of policy uncertainty. In general, the results indicate that the PIA can offer a more effective and efficient structure in the management of PSC activities. The Act enhances the cost recovery performance and promotes long-term sustainability in the oil and gas sector in Nigeria by balancing fiscal discipline, good governance, and community involvement with regulatory stability.

CONCLUSION

Based on the findings of this research, it is concluded that the Petroleum Industry Act (PIA) has a significant and multifaceted impact on cost recovery under Production Sharing Contracts (PSCs) in Nigeria's oil and gas sector. The Act introduces a robust fiscal and regulatory framework that reshapes the financial and operational landscape of PSCs, ensuring greater clarity, transparency, and efficiency in cost management. Firstly, the fiscal provisions of the PIA establish clear rules on cost recovery limits, thereby minimizing uncertainties that previously undermined effective budgeting. By doing so, the Act promotes financial discipline and enables companies to project revenues and expenditures with greater accuracy. Secondly, the governance and regulatory reforms embedded in the PIA strengthen compliance, accountability, and transparency. These elements reduce inefficiencies and enhance the overall credibility of PSC operations. Furthermore, the host community provisions of the PIA, though imposing additional financial obligations, contribute to stability in oil-producing regions by fostering trust, reducing conflicts, and enhancing corporate social responsibility. This indicates that long-term sustainability of oil operations is closely tied to community engagement, which ultimately supports uninterrupted production and cost recovery. Finally, the broader regulatory reforms under the PIA provide legal certainty and institutional stability, which are critical to investor confidence and profitability. By aligning the Nigerian oil and gas industry with global best practices, the Act enhances its competitiveness in attracting both local and foreign investments. In conclusion, the PIA creates a structured environment that encourages financial discipline, strengthens governance, promotes social inclusion, and supports sustainable investment in PSC operations. Its implementation not only improves cost recovery outcomes but also positions Nigeria's oil and gas sector for long-term growth, profitability, and alignment with global standards of transparency and accountability.

RECOMMENDATIONS

Based on the findings, the following recommendations are made:

1. **Strengthen Fiscal Compliance:** Oil and gas companies should adhere strictly to the fiscal framework provisions of the PIA to maximize cost recovery and minimize financial discrepancies.
2. **Enhance Governance Practices:** Companies should implement robust internal control and compliance mechanisms to align with the PIA's governance requirements.
3. **Engage Host Communities:** Operators should proactively engage host communities in planning and development projects to ensure smooth compliance and minimize operational disruptions.
4. **Monitor Regulatory Reforms:** Regular evaluation of PIA regulatory reforms and their impact on profitability is essential for strategic decision-making and long-term sustainability.
5. **Capacity Building:** Training programs should be instituted for management staff to fully understand and apply PIA provisions in financial and operational planning.

REFERENCE

1. Adeoye, F., & Salami, Y. (2020). Transparency and accountability in oil governance. *International Journal of Governance and Development*, 12(3), 113–128.
2. Arifin, K., & Hidayat, D. (2021). COST RECOVERY ANALYSIS IN PRODUCTION SHARING CONTRACT IN UPSTREAM OIL AND GAS INDUSTRY (STUDY ON GAS UPSTREAM INDUSTRIES INDONESIA). *Dinasti International Journal of Economics, Finance & Accounting*. 1. 1023-1047. 10.38035/dijefa.v1i6.356.
3. Aziza, R., Uzougbo, N., & Ugwu, M. (2023). The role of securities regulation in enhancing investor confidence and market development in Sub-Saharan Africa. *Finance & Accounting Research Journal*, 5(12), 426–443. 10.51594/farj.v5i12.1385.
4. Blake, A., & Roberts, M. (2006). Comparing petroleum fiscal regimes under oil price uncertainty. *Resources Policy*, 31(2), 95–105. 10.1016/j.resourpol.2006.08.001.
5. Dhali, M., Hassan, S., & Subramaniam, U. (2023). Comparative analysis of oil and gas legal frameworks in Bangladesh and Nigeria. *Sustainability*, 15(21), 15228. <https://doi.org/10.3390/su152115228>
6. Isaac, A., Samuel, S., & Akinola, A. (2024). Budgetary control and public sector financial management in Nigeria. *International Journal of Advanced Multidisciplinary Research and Studies*, 4(4), 603–608. 10.62225/2583049X.2024.4.4.3077.
7. Isallah, H. (2023). PIA's impact on CSR and taxation in Nigeria's upstream oil sector: A step toward sustainable development. *Sustainability*, 15(21), 15538. 10.3390/su152115538.
8. Joof, O. (2016). The main difference between product sharing contracts and risk service contract types lies in the level of their risks and gains]. *ENERGY AND NATURAL RESOURCES LAW*.
9. Krisdianto, W., Baihaqi, I., Gunarta, I., & Wibawa, W. (2025). Production sharing contracts in the oil and gas industry: A literature review. *Petro: Jurnal Ilmiah Teknik Perminyakan*, 14(1), 52–71. 10.25105/petro.v14i1.22597.
10. Lingard, N., Morgan, P., Apostolova, K., & Tan, J. (2020). Cost recovery in production sharing contracts: A comparative review of Southeast Asian jurisdictions. *Journal of World Energy Law & Business*, jwaa033. 10.1093/jwelb/jwaa033. PMID: PMC7798991.
11. National Academies of Sciences, Engineering, and Medicine (2021). Combating antimicrobial resistance and protecting modern medicine. National Academies Press. This report discusses the challenges posed by antimicrobial resistance and proposes strategies to combat it, including improving public health infrastructure and promoting responsible use of antibiotics. 20. 3, The Health and Economic Burden of Resistance. Available from: <https://www.ncbi.nlm.nih.gov/books/NBK577288/>
12. Ogbuishi, D. (2024). A Deconstruction of the Petroleum Industry Act (PIA) 2021: Prospects and Consequences for the Nigerian Oil and Gas Sector.. 10.13140/RG.2.2.22171.68649.

13. Ogunleye, O., & Olabode, A. (2020). *Nigeria's petroleum fiscal regime: Challenges and opportunities*. *Journal of Extractive Industries and Society*, 7(3), 965–973.
14. Okoro, E., Echendu, J., Okoye, L., Sanni, S., Orodu, K., & Okoro, R. (2021). Evaluating contractor's take in Nigeria's deep offshore inland basin production sharing contract acts. *International Journal of Energy Economics and Policy*, 11(2), 97–106. 10.32479/ijeep.11244.
15. Okoro, E., Okoye, L., Okafor, I., Obomanu, T., & Adeleye, B. N. (2021). Impact of production sharing contract price sliding royalty: Nigeria's deepwater operation. *International Journal of Energy Economics and Policy*, 11(3), 261–268. 10.32479/ijeep.10837.
16. Olawuyi, D. (2022). *The Petroleum Industry Act and the future of oil and gas regulation in Nigeria*. *Oil, Gas & Energy Law Journal*, 20(2), 1–16.
17. Omorogbe, Y., & Oniemola, P. (2021). *Oil and gas law in Nigeria: Governance, cost recovery, and fiscal reforms*. *Nigerian Journal of Energy Law*, 9(2), 54–78.
18. Ovadia, J. (2021). *Local content and the political economy of oil in Nigeria*. Palgrave Macmillan.
19. Ovwoshokpite, O. (2025). The Host Communities' Development Trust under the PIA: A trap or a tool for peacebuilding? *SSRN Electronic Journal*. 10.2139/ssrn.5578330.
20. Oyekunle, L. (2022). *Oil dependence and economic policy reforms in Nigeria*. *African Journal of Economic Policy*, 29(1), 112–128.