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ACTS

THE PETROLEUM (EXPLORATION AND PRODUCTION) ACT NO. 13 OF 1993.

ORDERS

PETROLEUM REGULATIONS NO. 30 OF 1997.

THE PETROLEUM (EXPLORATION AND PRODUCTION) ACT (COMMENCEMENT) ORDER NO. 31 OF 1997.

REPUBLIC OF VANUATU

# THE PETROLEUM (EXPLORATION AND PRODUCTION) ACT NO. 13 OF 1993

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REPUBLIC OF VANUATU

Assent : 21/06/93
Commencement : 01/08/97

# THE PETROLEUM (EXPLORATION AND PRODUCTION) ACT NO. 13 OF 1993

An Act to make provision with respect to searching for and producing petroleum and for matters connected therewith.

BE IT ENACTED by the President and Parliament as follows:-

## PART 1 - PRELIMINARY

INTERPRETATION

1. (1) In this Act, unless the context otherwise requires -

"authorised officer", in relation to any provision of this Act, means a person designated as such under section 5(2) for the purposes of this Act or for the purposes of that provision;

"block" means a block constituted as provided in section 4 and includes part of a block as so constituted;

"Commissioner" means the Commissioner for Petroleum Exploration and Production appointed pursuant to section 5(1);

"company" means a corporate body incorporated under the Companies Act [CAP. 191];

"conditions" includes terms, prohibitions, limitations and stipulations;

"corporation" means a corporate body incorporated in or outside the Republic, whether by Act or otherwise, but does not include a company;

"development operations" means operations carried out in or for the purpose of producing petroleum;

"discovery block", in relation to a prospecting area, has the meaning assigned by section 26(6);

"drilling" means the perforation of the earth's surface, whether the hole is vertical, inclined or horizontal, and includes all operations for preventing the collapse of the sides of the hole or preventing the hole from becoming filled by extraneous material (including water) and the filling of wellheads, coring and logging, and any operations incidental to the foregoing;

"exploration" means exploration for the purpose of discovering petroleum, and includes geological, geophysical and geochemical surveys, exploration drilling and appraisal drilling in land in the Republic, but does not include development drilling or operations carried out in or for the purpose of producing petroleum;

"good oil-field practices" means all those things that are generally accepted as good, safe and efficient in the carrying on of exploration or, as the case may be, of development operations;

"holder", in relation to a licence, means the person to whom the licence is granted and includes every person to whom the licence is lawfully assigned;

"in default" means in breach of any provision of this Act or of any condition of a licence, or of any provision of a relevant agreement;

"land" includes -

(a) land beneath water;

(b) the seabed and the subsoil beneath the territorial sea; and

(c) the seabed and the subsoil of the continental shelf or beneath the waters of the exclusive economic zone;

"licence" means a petroleum prospecting licence or a petroleum production licence, or both, as the context requires;

"licensee" means the holder of a licence;

"Minister" means the Minister for the time being responsible for petroleum exploration and production, and includes any Minister acting on his behalf;

"natural gas" means gas obtained from a well and consisting primarily of hydrocarbons;

"petroleum" means -

(a) any naturally occurring hydrocarbons, whether in a gaseous, liquid or solid state;

(b) any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid or solid state; or

(c) any naturally occurring mixture of one or more hydrocarbons, (whether in a gaseous, liquid or solid state) and any other substances,

and includes any petroleum as defined by paragraph (a), (b) or (c) that has been returned to natural reservoir, but does not include coal, shale, or any substance that may be extracted from coal or shale;

"petroleum production licence" means a licence granted under section 28;

"petroleum reservoir" means a naturally occurring discrete accumulation of petroleum;

"prospecting area" means an area constituted by a block that is, or by blocks that are, subject to a petroleum prospecting licence;

"prospecting operations" means operations carried on for the purpose of exploration;

"relevant agreement" means an agreement of the kind referred to in section 11 which, by its terms, is to have effect in relation to the application to a particular licensee of any provision of this Act in which the expression occurs or to which the expression relates;

"the regulations" means regulations made under section 65;

"Republic" means the Republic of Vanuatu;

"this Act" includes the regulations;

"well" means a hole in land made by drilling in connection with prospecting or development operations, but does not include a seismic shot hole.

(2) In this Act, a reference to "land in the Republic" includes a reference to land within the area of the continental shelf, the territorial sea or the exclusive economic zone, of the Republic, as lawfully declared or otherwise determined from time to time.

(3) In this Act, a reference to a year of the term of a licence is a reference to a period of one year commencing on the date from and including which the licence has effect and on any anniversary of that date.

(4) In this Act, a reference to the conditions of a licence is a reference to the conditions of the licence as modified from time to time.

VESTING OF PETROLEUM IN THE REPUBLIC

2. (1) The property in, and control over, petroleum in its natural condition in land in the Republic is vested in the Republic.

(2) Subject to section 61, no person shall carry on in any land in the Republic prospecting or development operations, except under, and in accordance with, a licence issued under this Act.

SERVICE OF DOCUMENTS

3. (1) A document or notice required or permitted to be served on, or given to, a person under or for the purposes of this Act, may be served or given -

(a) in the case of an individual other than the Minister or the Commissioner, by serving it personally upon the individual or by sending it by post to him at his usual or last known place of abode or business;

(b) in the case of the Minister or the Commissioner, in the manner prescribed;

(c) in the case of a body corporate -

(i) by leaving it at the registered or principal office of the body corporate with some individual apparently employed by the body corporate and apparently not less than sixteen years of age;

(ii) by sending it by post to the body corporate at the registered or principal office of the body corporate; or

(iii) by delivering it to some individual in the employment or acting on behalf of the body corporate who is authorised by the body corporate, or agrees to accept service of or to receive the document or any document.

(2) For the purposes of subsection (1)(c), the principal office of a body corporate incorporated outside the Republic is its principal office within the Republic.

(3) Where a person has more than one place of abode or business a document or notice may be served on, or given to, the person under this section at any of those places.

(4) Where a document or notice is sent by post pursuant to this section, service or notice is deemed to have been effected or given under this section, unless the contrary is proved, at the time at which the document or notice would be delivered in the ordinary course of post.

CONSTITUTION OF BLOCKS

4. (1) For the purposes of this Act, the surface of the earth is deemed to be divided into blocks -

(a) by the meridian of Greenwich and by meridians that are at a distance from that meridian of six minutes of longitude or a multiple of six minutes of longitude; and

(b) by the equator and by parallels of latitude that are at a distance from the equator of six minutes of latitude or a multiple of six minutes of latitude;

each of which is bounded by portions -

(c) of two of those meridians that are at a distance from each other of six minutes of longitude; and

(d) of two of those parallels of latitude that are at a distance from each other of six minutes of latitude.

(2) Where any block as so constituted would be partly inside and partly outside the geographical area of land in the Republic, the block shall be treated as being constituted by the part that is inside the area.

## PART 2 - ADMINISTRATION

COMMISSIONER FOR PETROLEUM EXPLORATION AND PRODUCTION, ETC.

5. (1) There shall be appointed by the Public Service Commission a public servant to be known as the "Commissioner for Petroleum Exploration and Production".

(2) There shall be appointed by the Public Service Commission such number of public servants as authorized officers as may be necessary for the administration of this Act.

PERFORMANCE OF COMMISSIONER'S FUNCTIONS, ETC.

6. Anything required or permitted by this Act to be done by the Commissioner may be done by any authorized officer who is authorised either specially or generally, in that behalf in writing by the Commissioner, and for the purpose of doing so that public servant is deemed to be the Commissioner.

POWER OF COMMISSIONER AND AUTHORISED OFFICERS

7. (1) For the purposes of this Act, the Commissioner or an authorised officer, at all reasonable times, -

(a) may enter any area, structure, vehicle, vessel aircraft or building that, in his opinion, has been, is being or is to be used in connection with prospecting or development operations;

(b) may inspect and test any machinery or equipment that, in his opinion, has been, is being or is to be used in connection with any of the operations referred to in paragraph (a);

(c) may take or remove for the purpose of analysis or testing or for use in evidence in connection with an offence against this Act, samples of petroleum or other substances from any area where any of the operations referred to in paragraph (a) are being carried on;

(d) may inspect, take extracts from, and make copies of, any document relating to any of the operations referred to in paragraph (a);

(e) may, with respect to the health and safety of persons employed by a licensee in or in connection with any of the operations referred to in paragraph (a), issue directions to and impose restrictions on the licensee, or any persons so employed, by instrument in writing;

(f) may order, by instrument in writing -

(i) the cessation of operations on or in, and the withdrawal of all persons from, any structure or building that is being used in connection with any of the operations referred to in paragraph (a); or

(ii) the discontinuance of the use of any machinery or equipment,

which he considers unsafe, unless and until such action as is necessary for safety and specified in the instrument is taken and completed; or

(g) may make such examinations and inquiries as are necessary to ensure that the provisions of this Act, and any directions issued, conditions imposed or orders made under this Act, are being complied with.

(2) Before exercising any of his powers under subsection (1), if there is any person who is or appears to be in charge of the area, structure, vehicle, vessel, aircraft, building, machinery, equipment or matters or thing in respect of which the power is about to be exercised, the Commissioner or an authorised officer, as the case may be, shall identify himself to that person and to any person to whom he is about to give an order or a direction.

(3) Any person who is aggrieved by a decision, direction or order of an authorised officer made under this section may appeal in writing to the Commissioner or, in a decision, direction or order made by the Commissioner, to the Minister, who shall, as soon as practicable hear and dispose of the appeal, but the bringing of the appeal does not affect the operation of the decision, direction or order appealed from pending disposition of the appeal.

(4) On appeal under subsection (3), the Commissioner or the Minister, as the case may be, may rescind or affirm the decision, direction or order appealed from or may make a new decision, direction or order in substitution therefor, and that decision, direction or order is final.

(5) In exercising his powers under subsection (1), the Commissioner or an authorised officer may be accompanied by any person who the Commissioner or the authorised officer, as the case may be, believes has special or expert knowledge of any matter being inspected, tested or examined.

(6) A person who is an occupier or person in charge of any building, structure or place, or the person in charge of any vehicle, vessel, aircraft, machinery or equipment referred to in subsection (1), shall provide the Commissioner or an authorised officer, as the case may be, with all reasonable facilities and assistance including the provision of necessary means of transport for the effective exercise of the Commissioner's or an authorised officer's, powers under this section.

PROHIBITION AGAINST DISCLOSURE OF INFORMATION

8. (1) Subject to subsection (2), no information furnished, or information in a report submitted, pursuant to this Act, by a licensee shall be disclosed, except with the consent of the licensee.

(2) Nothing in subsection (1) operates to prevent the disclosure of information when the disclosure is made -

(a) after the licence concerned has ceased to have effect, or has ceased to have effect over the land to which the disclosure would relate;

(b) for or in connection with the administration of this Act;

(c) for the purpose of or in connection with any legal proceedings;

(d) to any consultant to the Government, or to any public servant, who is approved by the Commissioner as a proper person to receive the information;

(e) for or in connection with the preparation by or on behalf of the Republic of statistics in relation to exploration or development operations;

(f) for or in connection with the determination of any liability of the licensee to make any payment to the Republic; or

(g) for or in connection with any matter or for any purpose prescribed in a relevant agreement.

(3) In proceedings on a prosecution for an offence under this section, it is a sufficient defence if the person charged proves that the information disclosed and to which the prosecution relates was, without that disclosure, generally known to the public.

(4) The right of a licensee to disclose information obtained from or as a result of prospecting or development operations is subject to the restrictions and limitations in a relevant agreement, and the licensee shall comply with any such restrictions or limitations.

(5) There may be included in a licence provision with respect to the disclosure of certain specific data or information, prior to the licence ceasing to have effect, after specified periods.

PROHIBITION AGAINST HOLDING LICENCE, ETC.

9. (1) In this section -

"member of the family", in relation to a relevant person means -

(a) the husband or wife, or reputed husband or wife; and

(b) the son or daughter being a minor whether born in or outside wedlock,

of the relevant person; and

"relevant person" means an authorized officer engaged in the administration of this Act.

(2) No relevant person, in his private capacity, shall acquire, attempt to acquire or hold -

(a) a licence or an interest in a licence; or

(b) a share in a body corporate that is entitled under this Act to carry on prospecting or development operations in land in the Republic.

(3) In proceedings on a prosecution for an offence under this section of acquiring a share of a kind referred to in subsection (2)(b), it is a sufficient defence if the person charged proves -

(a) that the share was acquired by operations of law; and

(b) that all reasonable steps necessary to dispose of the share have been, and are continuing to be, taken.

(4) In proceedings on a prosecution for an offence under this section of holding a licence, or an interest or share of a kind referred to in subsection (2), it is a sufficient defence if the person charged proves -

(a) that -

(i) the licence, interest or share was acquired before he became a relevant person; or

(ii) the share was acquired before the body corporate became entitled under this Act to carry on prospecting or development operations; and

(b) that since he became a relevant person or since the body corporate became so entitled, as the case may be, all reasonable steps necessary to dispose of the licence, interest or share have been, and are continuing to be, taken.

(5) For the purpose of this section, the acquisition or holding by a member of the family of a relevant person not herself or himself being a public servant of any licence, interest or shares of the kind referred to in subsection (1), is deemed to be a holding by the relevant person of the licence, interest or shares.

(6) This section applies with respect to shares whether acquired before or after the commencement of this Act, or whether acquired by a person before he became a relevant person.

INDEMNITY

10. An authorized officer does not incur any liability in respect of the exercise or performance, or purported exercise or performance, by him in good faith of any function under and for the purpose of this Act.

## PART 3 - LICENCES
### Division 1 - General

AGREEMENTS WITH RESPECT TO GRANT OF LICENCE

11. Subject to section 14, the Minister, on behalf of the Republic, may enter into an agreement not inconsistent with this Act with any person with respect to all or any of the following matters, namely -

(a) the grant to that person, or to any person including any body corporate to be formed identified in the agreement, of a licence on the conditions, if any, specified in the agreement;

(b) the conditions to be included in the licence as granted or renewed; or

(c) any matter incidental to or connected with the forgoing.

APPLICATIONS

12. (1) An application under this Act -

(a) shall be made in the prescribed form and manner;

(b) shall be made to the Minister or, if it is so prescribed, to the Commissioner; and

(c) may be withdrawn by the applicant giving to the Minister, or in the case of an application made to the Commissioner, to the Commissioner, a notice of withdrawal.

(2) An application shall be accompanied by the fee, if any, prescribed in respect of the application.

(3) The Minister may, by notice served on an applicant for the grant of a licence, require the applicant to do either or both of the following, namely -

(a) publish details of his application at a time or times, and in a manner, specified in the notice;

(b) give details of his application to the person or persons, and in a manner, specified in the notice.

POWER OF MINISTER TO OBTAIN INFORMATION

13. (1) The Minister may, by notice served on an applicant for the grant or renewal of a licence, require the applicant to furnish him, within such reasonable time as is specified in the notice -

(a) with such further information relevant to the application as may be described in the notice; and

(b) if the applicant, or any of the applicants, is a body corporate, with such information as may be described in the notice to enable him to ascertain to what extent the controlling power in the direction of the affairs of the body corporate is in a corporation incorporated outside the Republic, or an individual or individuals resident outside the Republic.

(2) Where an applicant for the grant or renewal of a licence fails to comply with the requirements of a notice served on him pursuant to subsection (1) the application lapses.

(3) To enable him to dispose of an application for the grant or renewal of a licence, the Minister -

(a) may cause such investigations, negotiations or consultations to be carried on as he considers necessary; and

(b) may, by notice served on the applicant for the grant or renewal of the licence, require the applicant to furnish him, within such reasonable time as is specified in the notice, with such proposals, by way of alteration to or in addition to any proposals in the application, as the Minister specifies in the notice.

(4) The Minister may require an applicant for the grant or renewal of a licence to make arrangements, satisfactory to the Minister for the execution of a bond, or other form of security, for the performance and observance of the conditions of the licence if granted or renewed.

RESTRICTION ON PERSONS TO WHOM LICENCE MAY BE GRANTED

14. (1) No licence shall be granted to an individual unless he is an indigenous citizen of the Republic;

(2) No petroleum prospecting licence shall be granted to a body corporate unless the body corporate is -

(a) a company;

(b) a corporation incorporated in the Republic; or

(c) a corporation, not being a corporation of a kind referred to in paragraph (b), approved by the Minister.

(3) No petroleum production licence shall be granted to a body corporate unless the body corporate is -

(a) a company; or
(b) a corporation incorporated in the Republic.

NOTICE OF DECISION ON APPLICATION AND FORM OF LICENCES

15. (1) The Minister shall cause an applicant for the grant or renewal of a licence to be notified of the decision on the application giving, where he is prepared to grant or renew the licence, details of the conditions on which the licence shall be granted or renewed.

(2) Where an applicant for the grant or renewal of a licence -

(a) notifies the Minister in writing, within sixty days of the date of the notification pursuant to subsection (1), or within such further period as the Minister may allow, that he accepts the conditions of the grant or renewal of the licence, the Minister shall cause the licence to be issued or renewed on those conditions; or

(b) fails to notify the Minister in accordance with the requirement of paragraph (a), the application lapses.

(3) A licence shall be in the prescribed form.

RESTRICTION ON EXERCISE OF RIGHTS BY LICENSEE

16. Where the doing of any act is prohibited or regulated by a written law, other than this, nothing in this Act shall be construed, -

(a) where the doing of the act is so prohibited, as authorising a licensee to do the act; or

(b) where the doing of the act is so regulated, as authorising a licensee to do the act -

(i) otherwise than in accordance with the written law and any authority referred to in sub-paragraph (ii); and

(ii) without first obtaining any authority howsoever described required under the written law for the doing of the act.

## Division 2 - Petroleum Prospecting Licence

DISPOSAL OF APPLICATION FOR PETROLEUM PROSPECTING LICENCE

17. (1) Subject to this Act, on application duly made the Minister may grant, on such conditions as he may determine, or refuse to grant, a petroleum prospecting licence in respect of any block or blocks.

(2) A petroleum prospecting licence shall not be granted in respect of a block which is, at the time the application for the grant of the licence is made, comprised in a licence already granted.

CONTENT OF PETROLEUM PROSPECTING LICENCE

18. (1) A petroleum prospecting licence -

(a) shall state the date of the grant of the licence;

(b) shall identify the block or blocks to which the licence relates;

(c) shall state the conditions on which the licence is granted; and

(d) may contain such other matters as the Minister may determine for the purposes of subsection (2) or otherwise.

(2) There may be included in a petroleum prospecting licence provision with respect to the exercise by the Republic, or a person or agency identified in the licence, of an option to acquire on stipulated terms, or on terms to be agreed, an interest in any venture for the production of petroleum which may be carried on in any block or blocks to which the licence relates when granted.

(3) For the purposes of subsection (1), the conditions of a licence shall include the agreement, if any, reached under section 11.

RIGHTS CONFERRED BY PETROLEUM PROSPECTING LICENCE

19. A petroleum prospecting licence, while it remains in force, confers on the licensee, subject to this Act and to the conditions specified in the licence or to which the licensee is otherwise subject, the exclusive right to explore for petroleum, and to carry on such operations and execute such works as are necessary for that purpose, in the prospecting area.

APPLICATION FOR RENEWAL OF PETROLEUM PROSPECTING LICENCE

20. (1) Subject to this Act, a licensee may apply for the renewal of a petroleum prospecting licence in the prescribed form and manner not less than sixty days before the expiration of the licence.

(2) A petroleum prospecting licence may be renewed twice only.

GRANT OR REFUSAL OF RENEWAL OF PETROLEUM PROSPECTING LICENCE

21. (1) Subject to subsection (2), on application duly made under section 20 for the renewal of a petroleum prospecting licence, the Minister shall grant a renewal of the licence on such conditions as are reasonably necessary to give effect to the application and the requirements of this Act.

(2) Subject to subsection (3), the Minister shall refuse to grant a renewal of a petroleum prospecting licence if the licensee is in default unless the Minister considers that special circumstances exist which justify the granting of the renewal notwithstanding the default.

(3) The Minister shall not refuse to grant the renewal of a petroleum prospecting licence on application duly made -

(a) unless he has given to the applicant notice of his intention to do so -

(i) giving in the notice particulars of the ground for the intended refusal; and

(ii) stating in the notice a date before which the applicant may take appropriate action to remedy the default or make representations in relation to that ground; and

(b) the applicant has not, before that date remedied the default or, in a notice given to the Minister, made representations which, in the opinion of the Minister, remove the ground for the intended refusal or excuse the default.

TERM OF PETROLEUM PROSPECTING LICENCE

22. (1) A petroleum prospecting licence, unless sooner determined shall by virtue of this subsection continue in force -

(a) for such period stipulated in the licence not exceeding, four years, next after the date of the grant of the licence;

(b) for any period not exceeding two years, on each occasion for which the licence is renewed pursuant to section 21; and

(c) for any period added pursuant to section 42(3) to the term of the licence.

(2) Where a petroleum prospecting licence would otherwise cease to be in force then, by virtue of this subsection, the licence shall, unless sooner determined, continue in force in respect of any block subject to the licence to which an application, duly made, for the grant of -

(a) a renewal of the licence; or

(b) a petroleum production licence,

relates, until -

(c) the application is finally dealt with -

(i) by the renewal or refusal to renew the licence; or

(ii) as the case may be, by the grant or refusal to grant the petroleum production licence; or

(d) the application lapses under section 13(2) or section 15(2); or

(e) the application is withdrawn.

(3) Where a petroleum prospecting licence would otherwise cease to be in force then, by virtue of this subsection, the licence shall, unless sooner determined, continue in force in respect of any discovery block or blocks in the prospecting area until a notice is given pursuant to section 26(1), or until the lapse of the period of thirty days referred to in section 26(1), whichever first occurs.

(4) Where a notice given pursuant to section 26(1) states that a discovery is, in the opinion of the licensee, of potential commercial interest and the petroleum prospecting licence relating to the discovery would otherwise cease to be in force then, by virtue of this subsection, the licence shall, unless sooner determined, continue in force in respect of the discovery block or blocks in the prospecting area -

(a) for the period specified in section 26(2); and

(b) for any extension of that period allowed by the Minister pursuant to section 26(3).

DUTIES OF LICENSEE

23. (1) Subject to subsections (3) and (4), a licensee shall in, or in relation to, the prospecting area, meet the requirements, with respect to work and expenditure, -

(a) stipulated in the licence; and

(b) of each programme submitted pursuant to subsection (2).

(2) A licensee shall, not later than one month before the anniversary in any year of the grant of a petroleum prospecting licence, submit to the Minister in detail an adequate programme with respect to work and expenditure to be carried out or made in the year of the term of the licence immediately following the anniversary concerned.

(3) The Minister may, on application made to him in writing by a licensee, by instrument in writing limit, reduce, vary or suspend any obligation arising pursuant to subsection (1) either conditionally or unconditionally.

(4) A licensee may, for good cause, amend the details of any programme of work and expenditure which he is required under subsection (1) to carry out but -

(a) the licensee shall forthwith give notice in writing to the Minister of any such amendment, giving in the notice details of and the reasons for the amendment; and

(b) no such amendment shall have effect so as to reduce the minimum requirements of the overall programme of work and expenditure to be carried out in any phase or period, identified in the licence.

(5) Where a licensee fails to carry out any part of the work programme stipulated in his petroleum prospecting licence, or in a work programme submitted pursuant to subsection (2), then without prejudice to any other right which may be invoked in respect of that failure, the relevant provisions of the licence, if any, apply for the purpose of determining the liquidated damages payable to the Republic.

(6) The requirement in subsection (2) with respect to the submission of an adequate programme with respect to work and expenditure is deemed to have been met in any case where the programme submitted pursuant to that subsection satisfies the requirements, if any, with respect to work and expenditure contained in a relevant agreement.

RELINQUISHMENT OF LAND PROSPECTING AREA

24. The First Schedule applies with respect to relinquishment of land in a prospecting area.

## Division 3 - Discovery of Petroleum

DISCOVERY OF PETROLEUM TO BE NOTIFIED

25. (1) Where any significant discovery of petroleum is made by the licensee in a prospecting area, the licensee -

(a) shall forthwith inform the Commissioner of the discovery;

(b) shall within a period of thirty days after the date of the discovery, furnish to the Commissioner particulars in writing of the discovery; and

(c) shall promptly run tests in respect of the discovery and thereafter forthwith submit to the Commissioner evaluated test results in respect of the discovery; and

(d) shall, subject to subsection (3), take promptly all steps that are reasonable, in the circumstances relating to the discovery, to ascertain the quantity of the petroleum -

(i) in the petroleum reservoir to which the discovery relates; or

(ii) if part only of that reservoir is within the prospecting area, in that part.

(2) Where petroleum is discovered in a prospecting area, the Minister may, from time to time, by notice in writing served on the licensee, direct the licensee -

(a) to furnish to him, within the period specified in the notice, particulars in writing of -

(i) the chemical composition and physical properties of the petroleum;

(ii) the stratigraphical position and depth of the discovery; and

(iii) any other matters relating to the discovery that are specified by the Minister in the notice; and

(b) to do, within the period specified in the notice, such things as the Minister thinks necessary and specifies in the notice, to ascertain the chemical composition and physical properties of the petroleum.

(3) The Minister may, by regulation, exempt, wholly or partly, from the requirement of subsection (1)(b) the licensee, either unconditionally or subject to such conditions as are specified in the regulation.

DISCOVERY OF PETROLEUM OF POTENTIAL COMMERCIAL INTEREST

26. (1) Where petroleum is discovered in a prospecting area and the licensee has, pursuant to section 25(1) (c), submitted to the Minister evaluated test results in respect of the discovery the licensee shall, within thirty days of the date of submission of such evaluated results, serve on the Minister a notice stating that the discovery is, or as the case may be, is not, in the opinion of the licensee of potential commercial interest.

(2) Where a notice served under subsection (1) states that the discovery is, in the opinion of the licensee, of potential commercial interest the licensee may, unless the licence is sooner determined, within a period of two years after the date on which such notice is so served, apply under section 28(1) for the grant of a petroleum production licence with respect to the discovery block or blocks in the prospecting area.

(3) If the licensee fails within the period specified in subsection (2), or within such further period as the Minister allows, to apply for a petroleum production licence with respect to the discovery block or blocks in the prospecting area, the Minister may, if the licence is then in force in respect of that discovery block or those discovery blocks, by notice served on the licensee direct that the licence shall cease to have effect with respect to that block or those blocks, or with respect to any part thereof identified in the notice, and the licence shall so cease to have effect.

(4) Subject to subsection (7), where a notice served under subsection (1) states that the discovery is not, in the opinion of the licensee, of potential commercial interest, the Minister may -

(a) within a period of twelve months from the date on which the notice is so served;

(b) by notice in writing served on the licensee;

(c) direct that the licence, if then in force in respect of the discovery block or blocks in the prospecting area, shall cease to have effect with respect to that block or those blocks, or with respect to any part thereof identified in the notice,

and, with effect from the date of the service of the notice referred to in paragraph (b), the licence shall so cease to have effect.

(5) Where a notice served under subsection (1) states that the discovery is not, in the opinion of the licensee, of potential commercial interest, section 25(2) shall not apply in respect of the discovery -

(a) during the period of twelve months referred to in subsection (4) (a); and

(b) if the Minister does not give a direction pursuant to subsection (4) (c), during subsequent period.

(6) For the purposes of this section, "discovery block", in relation to a prospecting area, means a block in the prospecting area in which the discovery of petroleum is located.

(7) The Minister shall not give a direction under subsection (4) if he forms the opinion, as a result of evidence available to him, that the discovery is of potential commercial interest.

INVESTIGATIONS

27. (1) Where a licensee has served under section 26(1), a notice on the Minister stating that a discovery of petroleum is, in the opinion of the licensee, of potential commercial interest, the Minister may, by written notice served on the licensee, direct the licensee to carry out, within a period prescribed investigations and studies as the Minister thinks appropriate and specifies in the notice, for the purpose of assessing the feasibility of the construction, establishment and operation of an industry for the production of petroleum in the discovery block or blocks concerned.

(2) The licensee shall furnish to the Minister, within the period specified in the notice under subsection (1), such reports, analyses and data resulting from the investigations and studies carried out under this section as the Minister, by written notice served on the licensee, may require.

## Division 4 - Petroleum Production Licence

APPLICATION FOR PETROLEUM PRODUCTION LICENCE

28. (1) A licensee whose petroleum prospecting licence is in force may, within the period specified in section 26(2) or within such further period as the Minister may allow under section 26(3), apply pursuant to this subsection for the grant of a petroleum production licence with respect to any discovery block or blocks in the prospecting area, or with respect to any part thereof, which the licensee satisfies the Minister contains or, as the case may be, contain a petroleum reservoir or part of a petroleum reservoir.

(2) A person may apply pursuant to this subsection for the grant of a petroleum production licence in respect of a block or blocks, or part thereof, notwithstanding that he does not hold a petroleum prospecting licence in respect of the block or blocks, or does not hold any petroleum prospecting licence.

DISPOSAL OF APPLICATION FOR PETROLEUM PRODUCTION LICENCE

29. (1) Subject to section 30 -

(a) on application duly made pursuant to section 28(1), the Minister shall grant the petroleum licence applied for on such conditions as are reasonably necessary to give effect to the application and the requirements of this Act; and

(b) on application duly made pursuant to section 28(2), the Minister may, if he is satisfied that the block or blocks, the subject of the application contain a petroleum reservoir or part of a petroleum reservoir, grant on such conditions as he may determine, or refuse to grant, the petroleum production licence applied for.

(2) For the purpose of determining the conditions to be included in a licence to be granted pursuant to subsection (1) (a), the Minister shall give effect to any relevant agreement.

RESTRICTIONS ON GRANT OF PETROLEUM PRODUCTION LICENCE

30. (1) A petroleum production licence shall not be granted to an applicant -

(a) unless -

(i) the proposals of the applicant take proper account of environmental and safety factors;

(ii) the proposals of the applicant shall ensure the most efficient, beneficial and timely use of the petroleum resources concerned;

(iii) the applicant has adequate financial resources and technical and industrial competence and experience to carry on effective production operations;

(iv) the applicant shall be able and willing to comply with the conditions on which a licence shall be granted;

(v) the applicant's proposals for the employment and training of citizens of the Republic are satisfactory;

(vi) the applicant's proposals with respect to the procurement of goods and services obtainable within the Republic are satisfactory; and

(vii) any relevant option given pursuant to section 16(2) has been properly exercised and given effect to or arrangements satisfactory to the Minister have been made for that purpose; or

(b) if the applicant is in default, unless the Minister considers that special circumstances exist which justify the grant of the licence notwithstanding the default.

(2) The Minister shall not refuse an application for the grant of a petroleum production licence on application being duly made pursuant to section 28(1) -

(a) unless he has given to the applicant notice of his intention to do so -

(i) giving in the notice particulars of the ground for the intended refusal; and

(ii) stating in the notice a date before which the applicant may take appropriate action to remedy the default or make representations in relation to that ground; and

(b) the applicant has not, before that date, remedied the default or, in a notice given to the Minister, made representations which, in the opinion of the Minister, remove the ground for the intended refusal or excuse the default.

(3) A petroleum production licence shall not be granted to an applicant pursuant to section 28(2) in respect of a block which is, at the time the application for the grant of the licence is made, comprised in a licence already granted to a person other than the applicant.

CONTENT OF PETROLEUM PRODUCTION LICENCE

31. (1) A petroleum production licence -

(a) shall -

(i) state the date of the grant of the licence;

(ii) identify the block or blocks to which the licence relates;

(iii) state the conditions on which the licence is granted; and

(iv) give effect to subsection (3);

(b) may contain such other matter as the Minister may determine for the purposes of subsection (3) or otherwise.

(2) There shall be included in a petroleum production licence provision with respect to the duty, and extent thereof, of the licensee to supply petroleum or petroleum products to meet the requirements of the Republic.

(3) There may be included in a petroleum production licence conditions with respect to the refining, disposal or sale of petroleum which may be recovered in the development area.

RIGHTS CONFERRED BY PETROLEUM PRODUCTION LICENCE

32. A production licence, while it remains in force, confers on the licensee, subject to this Act and to the conditions specified in the licence or to which the licence is otherwise subject, exclusive rights -

(a) to carry on prospecting and development operations in the development area;

(b) to sell or otherwise dispose of petroleum recovered; and

(c) to carry on such operations and execute such works in the development area as are necessary for or in connection with any matter referred to in paragraphs (a) and (b).

APPLICATION FOR RENEWAL OF PETROLEUM PRODUCTION LICENCE

33. (1) The licensee may from time to time, upon payment of the prescribed fee, apply to the Minister in the prescribed form for the renewal of the licence in respect of such blocks the subject of the licence as are specified in the application.

(2) An application for the renewal of a production licence shall be lodged with the Minister not less than six months before the expiration of such licence:

Provided that the Minister may for reasons that he consider sufficient receive an application for the renewal of such a licence less than six months before, but not in any case after, the expiration of the licence.

GRANT OR REFUSAL OF RENEWAL OF PETROLEUM PRODUCTION LICENCE

34. (1) Where the licensee who has complied with the conditions of the licence applies under section 33 for the renewal of the licence, the Minister -

(a) shall, if the application is in respect of the first renewal of such licence; or

(b) may, if the application is in respect of a renewal, other than the first renewal, of the licence,

grant him the renewal of the licence.

(2) Where the licensee who has not complied with the conditions of the licence applies under section 33 for the renewal of the licence the Minister, if he is satisfied that special circumstances exist that justify the renewal of the licence, may grant the renewal of the licence or if he is not so satisfied may refuse to grant the renewal of the licence:

Provided that the Minister shall not if the application is in respect of the first renewal of the licence, refuse to grant the renewal of the licence unless -

(a) he has by notice in writing served on the holder of the licence given not less than one month's notice of his intention to refuse to grant the renewal of the licence;

(b) he has sent a copy of such notice to such other persons, if any, as he sees fit;

(c) he has in such notice -

(i) given particulars for his reason for the intention;

(ii) specified a date on or before which the licensee or any person upon whom a copy of the notice is served may submit written representations on any matter that he wishes the Minister to consider;

(d) he has taken into account any representations submitted to him before the date so specified.

TERM OF PETROLEUM PRODUCTION LICENCE

35. (1) A petroleum production licence, unless sooner determined, shall, by virtue of this subsection, continue in force -

(a) for the period of twenty-five years next after the date of the grant of the licence;

(b) for any period for which the licence is renewed pursuant to section 34; and

(c) for any period added pursuant to section 42(3) to the term of the licence.

(2) Where a petroleum production licence would otherwise cease to be in force then, by virtue of this subsection, the licence shall, unless sooner determined, continue in force in respect of any block, subject to the licence, to which an application, duly made, for the grant of a renewal of the licence relates until -

(a) the application is finally dealt with by the grant or refusal to grant the renewal; or

(b) the application lapses under section 15(2).

**Division 5 - Miscellaneous**

DIRECTIONS

36. (1) The Minister may, by notice in writing served on a licensee, give to the licensee a direction, consistent with good oil-field practices, as to any matter with respect to which regulations may be made under section 65 and any such licensee who fails to comply with such direction is guilty of an offence.

(2) In proceedings on a prosecution for an offence under subsection (1), it is a sufficient defence if the person charged proves that he promptly took all reasonable steps to comply with the direction.

COMPLIANCE WITH DIRECTIONS

37. Where a licensee fails or neglects to comply with a direction given to him under and in accordance with section 36, the Minister may cause to be done all or any of the things required by the direction to be done, and the costs and expenses incurred in doing so are a debt due to the Republic and may be recovered in a court of competent jurisdiction, notwithstanding that the licensee may have been convicted of an offence under section 36.

UNIT DEVELOPMENT

38. (1) In this section, "unit development", in relation to a petroleum reservoir, means the co-ordination of operations for the recovery of petroleum being carried on or to be carried on in any development area in which there is part of the same reservoir.

(2) A holder of a petroleum production licence may, from time to time, enter into an agreement in writing for or in relation to the unit development of a petroleum reservoir.

(3) The Minister may, on his own motion, or on application made to him in writing by a holder of a petroleum production licence in whose development area there is a part of a particular petroleum reservoir, for the purpose of securing the more effective recovery of petroleum from that petroleum reservoir, direct in writing any such holder whose development area includes part of that petroleum reservoir to enter into an agreement in writing with the holder of any petroleum production licence over any other area in which there is part of the same reservoir, and within the period specified by the Minister in the direction, for or in relation to the unit development of the petroleum reservoir, and to lodge the agreement with the Minister forthwith for approval.

(4) Where -

(a) a holder of a licence who is directed under subsection (3) to enter into agreement for or in relation to the unit development of a petroleum reservoir does not enter into such agreement within the specified period; or

(b) a holder of a licence enters into such an agreement but the agreement is not lodged with the Minister in accordance with subsection (3),

the Minister may, by notice in writing served on the holder, direct him to submit to the minister, within the period specified in the notice, a scheme for or in relation to the unit development of the petroleum reservoir, and the holder shall comply with such direction.

DIRECTIONS AS TO RECOVERY OF PETROLEUM

39. (1) Where petroleum is not being recovered in a development area and the Minister is satisfied that there is recoverable petroleum in that area, he may, by notice in writing served on the holder of the petroleum production licence, direct the holder to take all necessary and practicable steps to recover that petroleum.

(2) Where the Minister is not satisfied with the steps taken or being taken by a holder of a licence to whom a direction has been given under subsection (1), the Minister may, by notice in writing served on the holder, give to the holder such directions, consistent with good oil-field practices and specified in the notice, as the Minister thinks necessary for or in relation to the recovery of petroleum in the development area.

(3) Where petroleum is being recovered in a development area, the Minister may by notice in writing served on the holder of the petroleum production licence, direct the holder to take all necessary and practicable steps to increase or reduce the rate at which the petroleum is being recovered to such rate, not exceeding the capacity of existing production facilities, as the Minister specifies in the notice.

(4) Where the Minister is not satisfied with the steps taken or being taken by a holder of a licence to whom a direction has been given under subsection (3), the Minister may, by notice in writing served on the holder, give to the holder such directions, consistent with good oil-field practices and specified in the notice, as the Minister thinks necessary for or in relation to the increase or reduction of the rate at which petroleum is being recovered in the development area.

(5) A licensee to whom directions are given pursuant to subsection (2) or (4) shall comply with such directions.

FURTHER INFORMATION TO BE FURNISHED, ETC.

40. (1) Where the Minister has reasons to believe that a person is capable of furnishing information or data relating to prospecting or development operations or petroleum obtained or the value thereof he may, by notice in writing require that person -

(a) to furnish to him that information or data within the period and in the manner specified in the notice;

(b) to attend before him or a person identified in the notice at such time and place as is specified in the notice and there to answer questions relating to those operations or petroleum obtained or the value thereof; or

(c) to furnish to a person identified in the notice at such time and place as is so specified in the notice data in his custody or power relating to those operations or petroleum obtained or the value thereof.

(2) A person is not excused from furnishing information, or data, or answering a question when required to do so under this section on the ground that the information or data so furnished, or the answer to the question might tend to incriminate him or make him liable to a penalty, but the information or data so furnished or his answer to the question shall not be admissible in evidence against him in any proceedings other than proceedings for an offence against this section.

(3) Where any data is furnished, under subsection (1) (c), the person to whom it is made available may make copies or take extracts from the data.

(4) In this section, "data" includes books, documents, tapes, diagrams, profiles and charts, photographs, lines or negatives, and includes any data recorded or stored by means of any tape-recorder, computer or other device and any material subsequently derived from data so recorded.

**Division 6 - Cancellation and Force Majeure**

**CANCELLATION**

41. (1) Subject to this section and section 42, where a licensee is in default the Minister may, by notice in writing served on the licensee, cancel his licence.

(2) The Minister shall not, under subsection (1), cancel a licence on the ground of any default unless -

(a) the Minister has, by notice in writing served on the licensee, given not less than thirty days notice of the Minister's intention to so cancel the licence on that ground;

(b) the Minister has, in the notice, specified a date before which the licensee may, in writing, submit any matter which he wishes the Minister to consider; and

(c) the Minister has taken into account -

(i) any action taken by the licensee to remove that ground or to prevent the recurrence of similar grounds; and

(ii) any matters submitted to the Minister by the licensee pursuant to paragraph (b).

(3) The Minister shall not, under subsection (1), cancel a licence on the ground that the licensee has failed to pay any amount payable by him under this Act or his licence if, before the date specified in a notice referred to in subsection (2) (b), the licensee pays the amount of money concerned, together with any amount of interest which may be payable pursuant to section 58.

(4) The Minister may, by notice in writing served on a licensee, cancel the licence -

(a) if the licensee, being an individual, is -

(i) adjudged bankrupt; or

(ii) enters into any agreement or scheme of composition with his creditors or takes advantage of any law for the benefit of debtors; or

(b) if, in the case of a licensee that is a body corporate, an order is made or a resolution is passed winding up the affairs of the body corporate, unless the winding up is for the purpose of amalgamation and the Minister has consented to the amalgamation, or is for the purpose of reconstruction and the Minister has been given written notice of the reconstruction.

(5) Where two or more persons constitute a licensee the Minister shall not, under subsection (4), cancel the licence on the occurrence, in relation to one or some only of the persons constituting the licensee, of an event entitling the Minister under that subsection to cancel the licence, if any other person or persons constituting the licensee satisfy the Minister that the person or the persons, as the case may be, is or are willing and would be able to carry out the duties and obligations of the licensee.

(6) The Minister may, on the application of a licensee, cancel in accordance with the application, a licence either wholly or in relation to any block or blocks, on such conditions, if any, as the Minister determines and specifies in the instrument of cancellation.

(7) On the cancellation of a licence, the rights of the licensee thereunder cease, but the cancellation does not affect any liability incurred before the cancellation and any legal proceedings that might have commenced or continued against the former licensee may be commenced or continued against him.

FORCE MAJEURE

42. (1) Any failure on the part of a licensee to fulfil any of the conditions of his licence or to meet any requirement of this Act or a relevant agreement shall be deemed not to be a breach of the licence, this Act or the agreement, in so far as the failure results from an act of war, hostility, insurrection, or an exceptional, inevitable and irresistible natural phenomenon, or from any other cause prescribed in the licence or relevant agreement as constituting force majeure for the purposes of this section.

(2) Where a licensee fails to fulfil any of the conditions of his licence for any period because of the occurrence of circumstances of a kind referred to in subsection (1), he shall forthwith notify the Minister giving particulars of the failure and its cause.

(3) Where a licensee fails to fulfil any of the conditions of his licence because of the occurrence of circumstances of a kind referred to in subsection (1), then that period, as agreed by the Minister, shall be added to the term of his licence; but the Minister may refuse to agree to the addition of any period to the term of a licence if the licensee could, by taking any reasonable steps which were open to him, have exercised those rights during that period, notwithstanding any such occurrence.

(4) This section does not apply with respect to any requirement to meet an obligation under a licence or this Act to make any financial payment prescribed in the licence, or to make payment of any annual charges, rent or fees.

## PART 4 - FINANCIAL

**FINANCIAL LIABILITIES PRESCRIBED IN LICENCE**

43. (1) Subject to this Act, the holder of a petroleum production licence shall discharge the financial liabilities prescribed in his licence in accordance with his licence and this Act.

(2) For the purpose of determining the financial provisions to be included in a petroleum production licence, the Minister shall give effect to any relevant agreement.

**PROHIBITION ON DISPOSAL OF PETROLEUM**

44. If the holder of a petroleum production licence fails to discharge any financial liabilities prescribed in his licence in accordance with his licence and this Act, the Minister may, by order served on the holder of the licence, prohibit the removal of, or any dealings in or with, any petroleum from the development area concerned, or from any other development area subject to a licence held by that holder, or from both, until those obligations have been so discharged or until an arrangement has been made and accepted by the Minister, for their discharge, and the holder shall comply with the order.

**REMISSION OF AMOUNTS PAYABLE PURSUANT TO SECTION 43**

45. The Minister may, on application made to him by a licensee and after consultation with the Minister responsible for Finance, -

(a) remit, in whole or part, any amount payable pursuant to any financial liability prescribed in a licence; or

(b) defer payment of any such amount,

on such conditions, if any, as he may determine and specified in the instrument of exemption.

SECURITY FOR COMPLIANCE AND RECOVERY OF AMOUNTS PAYABLE PURSUANT TO SECTION 43

46. (1) The Minister may, from time to time, make such arrangements as appear appropriate to him to secure that the holder of a licence complies with this Act and his licence or either, and in particular may accept guarantees whether from shareholders or others in respect of that compliance.

(2) Any amount payable pursuant to section 43 is a debt due to the Republic and may be recovered in a court of competent jurisdiction.

(3) A certificate of the Minister certifying that a specified amount is payable pursuant to section 43 by a person specified in the certificate shall, in any proceedings instituted against that person for the recovery of that amount, be received as evidence thereof, but without prejudice to the right to adduce evidence in rebuttal.

## PART 5 - OFFENCES AND PENALTIES

CONTRAVENTIONS OF PROVISIONS OF THE ACT

47. Every person who contravenes or fails to comply with any provision of this Act shall be guilty of an offence and shall, where no specific penalty is provided, be liable to a fine not exceeding VT1.000.000 or to imprisonment for a term not exceeding one year or to both such fine and imprisonment.

OFFENCES UNDER SECTION 2(2)

48. Any person who contravenes or fails to comply with subsection (2) of section 2 of this Act commits an offence and is liable on conviction -

(a) in the case of an individual, to a fine not exceeding VT10.000.000.

(b) in the case of a body corporate, to a fine not exceeding VT50.000.000.

OFFENCES UNDER SECTION 8

49. Every person guilty of an offence under subsection (1) of section 8 shall be liable on conviction to a fine not exceeding VT2.000.000.

OFFENCES UNDER SECTION 9

50. Every person guilty of an offence under subsection (2) of section 9 shall be liable on conviction to a fine not exceeding VT2.000.000.

PENALTY FOR FAILURE TO COMPLY WITH A DIRECTION

51. Any licensee who fails or neglects to comply with a direction given under subsection (1) of section 36 is guilty of an offence and is liable on conviction to a fine not exceeding VT50.000.000.

OFFENCES UNDER SECTION 40

52. Any person who -

(a) refuses or fails to comply with the requirement in a notice under subsection (1) of section 40 to the extent to which he is capable of complying with it;

(b) in purported compliance with a requirement referred to in subsection (1) (a) of section 40, knowingly or recklessly furnishes information or data that is false or misleading in a material particular; or

(c) when attending before the Minister or any other person under a requirement referred to in subsection (1) (b) of section 40 or furnishing any data to any person under a requirement referred to in subsection (1) (c) of section 40, knowingly or recklessly makes a statement or furnishes any data that is false or misleading in a material particular,

is guilty of an offence and is liable on conviction to a fine not exceeding VT1.000.000.

PENALTY FOR OBSTRUCTION, ETC., OF COMMISSIONER AND AUTHORISED OFFICER

53. Every person who -

(a) without reasonable excuse, obstructs, molests or hinders the Commissioner or an authorized officer in the exercise of his powers under section 7; or

(b) knowingly or recklessly makes a statement or produces a document that is false or misleading in a material particular to the Commissioner or an authorized officer engaged in carrying out his duties and functions under this Act,

commits an offence and shall be liable on conviction to a fine not exceeding VT2.000.000 or to imprisonment for a term not exceeding two years or to both such fine and imprisonment.

OFFENCES UNDER SECTION 62

54. Any person guilty of an offence under subsection (1) of section 62 is liable on conviction, -

(a) in the case of an individual, to a fine not exceeding VT10.000.000 or to imprisonment for a term not exceeding five years or to both such fine and imprisonment; or

(b) in the case of a body corporate, to a fine not exceeding VT50.000.000.

OBSTRUCTION OF LICENSEE

55. Any person who, without reasonable excuse, obstructs, molest, hinders or prevents a licensee in or from the doing of any act which the licensee is authorized to do by this Act or his licence is guilty of an offence and is liable on conviction to a fine not exceeding VT1.000.000.

MISCELLANEOUS OFFENCES

56. Any person who -

(a) in, or in connection with, any application under this Act or his licence, or in response to any invitation or requirement of the Minister or the Commissioner under this Act, knowingly or recklessly gives or permits to be given information which is false or misleading in a material particular;

(b) in any report, return or affidavit submitted under this Act or his licence, knowingly or recklessly includes or permits to be included any information which is false or misleading in a material particular; or

(c) places or deposits, or is accessory to the placing or depositing of, any petroleum or substance in any place with the intention of misleading any other person as to the possibility of a petroleum reservoir existing in that place, is guilty of an offence and is liable on conviction -

(a) in the case of an individual, to a fine not exceeding VT2.000.000; or

(b) in the case of a body corporate, to a fine not exceeding VT10.000.000.

OFFENCE COMMITTED BY BODY CORPORATE

57. Where an offence which has been committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, a director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in such capacity, he as well as the body corporate, commits that offence and is liable to be proceeded against and punished accordingly.

PENALTY FOR LATE PAYMENTS

58. (1) Where the liability of a person under this Act or a licence to pay an amount is not discharged on or before the time when the amount is payable, there is payable by that person an additional amount calculated at the rate of (one third of one) per centum per day, upon so much of that amount as from time to remains unpaid, to be computed from the time that the amount became payable until it is paid.

(2) The Minister may, in a particular case, for reasons that in his opinion are sufficient, remit the whole or part of an amount payable under this section.

## PART 6 - GENERAL

CONTROL OF COMPANY NOT TO BE GIVEN WITHOUT CONSENT OF MINISTER

59. (1) A company which is the holder of a petroleum production licence shall not, without the prior consent in writing of the Minister -

(a) register the transfer of any equity share or shares in the company to any particular person or his nominee; or

(b) enter into an agreement, arrangement, or understanding, whether or not having legal or equitable force, with any particular person,

if the effect of doing so would be to give to the particular person or, in the case mentioned in paragraph (b), the particular person or any person, control of the company.

(2) On application duly made to him in writing for his consent under this section, the Minister shall give his consent if he considers that the public interest would not be prejudiced by the change of control of the company but otherwise shall refuse to give his consent; and for the purpose of considering any such application the Minister may call for and obtain such information as he considers necessary to determine the application.

(c) For the purposes of this section -

(a) a person is deemed to have control of a company -

(i) if the person or his nominee holds, or the person and his nominee hold, a total of twenty per centum or more of the issued equity shares in the company;

(ii) if the person is entitled to appoint, or prevent the appointment of, half, or more than half of, the directors of the company; or

(iii) if the person is entitled to exercise, or control the exercise of, the right to cast votes in respect of not less than two-fifths of the total number of votes in respect of issued equity shares in the company;

(b) "equity shares", in relation to a company, means shares in the company carrying voting rights in all circumstances at a general meeting of the company, and includes preferences shares, other than preference shares which do not have such voting rights;

(c) "preference shares" means shares which carry the right to payment of a dividend of a fixed amount, or not exceeding a fixed amount, in priority to payment of a dividend on another class or other classes of shares, whether with or without other rights; and

(d) the reference in paragraph (a)(iii) to the entitlement to control the exercise of the right to cast votes shall be read as including an entitlement to control the exercise of that right directly or indirectly, and includes control that is exercisable as a result of or by means of trusts.

SECOND SCHEDULE

60. The Second Schedule applies -

(a) in relation to the exercise by a licensee of his rights in respect of certain lands;

(b) in relation to surface rights; and

(c) with respect to payment of compensation for damage done by a licensee.

SCIENTIFIC INVESTIGATION

61. (1) The Commissioner may, by instrument in writing, consent to the carrying on by any person of prospecting operations in the course of a scientific investigation with respect to the geology or petroleum resources of land in the Republic.

(2) An instrument of consent under subsection (1) is subject to such conditions, if any, as specified in the instrument.

(3) Subject to subsections (5) and (6), an instrument of consent under subsection (1) authorises the person to whom it is issued to carry on the prospecting operations specified in the instrument -

(a) in the area; and

(b) subject to the conditions, if any,

specified in the instrument, in the course of the specific investigation.

(4) Subject to subsections (5) and (6), any authorised officer, or any person authorised in writing for the purpose of this section by the Commissioner, for the purpose of collecting information on the geology and petroleum resources of the Republic, may enter on any land in the Republic and, for that purpose, carry on any prescribed operation.

(5) The holder of an instrument of consent under subsection (1), or an authorised officer or a person authorised under subsection (4), shall not, pursuant to subsection (3) or (4), enter on any land or place referred to in the Second Schedule without first obtaining the consent required under that Schedule in relation to the land or place.

(6) Section 16 applies in relation to a person to whom an instrument of consent is issued under subsection (1), and to an authorised officer and a person authorised under subsection (4), as it applies in relation to a licensee.

RESTRICTION ON REMOVAL OF PETROLEUM

62. (1) Petroleum shall not be removed from the area from which it has been obtained to any other area, or disposed of in any manner, except -

(a) subject to subsection (2), by a licensee, for the purpose of sampling or analysis;

(b) by a licensee in accordance with the conditions of his licence; or

(c) as otherwise permitted by this Act.

(2) A licensee shall not, pursuant to subsection (1)(a), take or send out of any area any samples of petroleum without the written consent of the Commissioner given under this subsection.

ORDER FOR FORFEITURE IN RESPECT OF CERTAIN OFFENCES

63. (1) Where a person is convicted of an offence against this Act a court of competent jurisdiction may, in addition to any other penalty imposed, make -

(a) an order for the forfeiture of any vehicle, aircraft, vessel or equipment used in the commission of the offence; and

(b) an order -

(i) for the forfeiture of petroleum recovered, in the course of the commission of the offence;

(ii) for the payment by that person to the Republic of an amount equal to the proceeds of the sale of petroleum so received; or

(iii) for the payment by that person to the Republic of the value at the wellhead, assessed by the court in respect of the quantity recovered or for the payment of such a part of that amount as the court, having regard to all the circumstances, thinks fit.

(2) Where the court is satisfied that an order made under subsection (1) (b) (i) cannot for any reason be enforced, the court may, upon the application of the person by whom the proceedings were brought, set aside the order and make an order referred to in subsection (1) (b) (ii) or (iii).

(3) The court may, before making an order under this section require notice to be given to, and to hear such persons as the court thinks fit.

INDEMNITY

64. A licensee shall, at all times, keep the Republic indemnified against all actions, claims and demands that may be brought or made against the Republic by reasons of anything done by the licensee, in the exercise or purported exercise of the rights of the licensee under this Act or his licence.

REGULATIONS

65. (1) The Minister may make regulations prescribing all matters that by this Act are required or permitted to be prescribed or are necessary or convenient to be prescribed for giving effect to this Act, including in particular provision for or with respect to -

(a) the prospecting for petroleum and the carrying on of operations, and the executions of works, for that purpose;

(b) the production of petroleum and the carrying on of operations, and the execution of works, for that purpose;

(c) conserving, and preventing the waste of, the natural resources, whether petroleum or otherwise;

(d) the form and content of, and conditions with respect to, applications for the grant or renewal of licences;

(e) the construction, erection, maintenance, operation or use of installations or equipment;

(f) the prevention of the escape of water or drilling fluid or a mixture of water or drilling fluid or any other matter;

(g) the removal of structures, equipment and other property brought into the Republic in connection with the prospecting for, or the production or conveyance of, petroleum that are not used or intended to be used in connection with that prospecting, production or conveyance;

(h) the pressure maintenance in, or the repressuring of, a petroleum reservoir and recycling of petroleum;

(i) the secondary or tertiary recovery of petroleum from a petroleum reservoir and the methods to be used in such recovery;

(j) the use of wells and the use of the subsurface for the disposal of petroleum, water and other substances produced in association with the prospecting for or the recovery of petroleum;

(k) the rates, or the method of setting the rates, at which petroleum and water may be recovered from any well or petroleum reservoir;

(l) the methods to be used for the measurement of petroleum, water and other substances from a well;

(m) safety and welfare standards and the health and safety of persons employed in or in connection with the prospecting for or the production or conveyance of petroleum;

(n) taking, preserving and furnishing to the Minister or the Commissioner cores, cuttings and samples of petroleum and water;

(o) giving to the Minister reports, tests, data, returns and other information;

(p) the registration of instruments and the effect of the registration of, or failure to register, instruments;

(q) the transfer of licences or interests in licences;

(r) the taking of logs or directional surveys or making other down-hole investigations;

(s) annual charges;

(t) fees; and

(u) the division of the geographic area of the Republic into particular sections.

(2) The regulations may provide, in respect of an offence against the regulations, for the imposition of -

(a) a fine not exceeding VT5.000.000;

(b) a fine not exceeding that amount for each time the offence occurs;

(c) imprisonment for a term not exceeding five years; or

(d) both such fine and imprisonment.

(3) The power under this section to make regulations may be exercised -

(a) either in relation to all cases to which the power extends, or in relation to all of those cases subject to specified exceptions, or in relation to any specified cases or class of cases; and

(b) so as to make, as respect the cases in relation to which it is exercised -

(i) the same provision for all those cases, a different provision for different cases or classes of cases, or different provisions as respects the same case or class of cases for different purposes of this Act; or

(ii) any such provision either unconditionally or subject to any specified condition.

COMMENCEMENT

66. This Act shall come into force on such date as the Minister may, by order published in the Gazette, appoint.

## FIRST SCHEDULE
## RELINQUISHMENT

RELINQUISHMENT

1. (1) A licensee may, at any time when a petroleum prospecting licence is in force and by giving to the Minister not less than six months previous notice in writing of the intention to do so, relinquish any block or blocks in the prospecting area identified in the notice.

(2) Any relinquishment pursuant to sub-paragraph (1) is without prejudice to any obligation incurred by the licensee under the licence or in respect of the area relinquished prior to the date of the relinquishment.

(3) An area relinquished pursuant to sub-paragraph (1) shall unless the Minister otherwise determines, be of such dimensions as to ensure that the remaining prospecting area constitutes a single area or not more than three discrete areas.

(4) Where, pursuant to this paragraph, any area is relinquished then the prospecting licence concerned ceases to have effect with respect to that area.

RELINQUISHMENT ON GRANT OF PETROLEUM PRODUCTION LICENCE

2. Any part of a prospecting area over which a petroleum production licence is granted to the licensee in respect of that prospecting area shall cease to be part of that prospecting area.

RELINQUISHMENT FOR PURPOSES OF PETROLEUM PROSPECTING LICENCE

3. (1) Subject to any relevant agreement, the number of blocks in respect of which an application for a renewal of a petroleum prospecting licence may be made shall not exceed the number which is one-half in total of the number of blocks in respect of which the licence was issued or first renewed, as the case may be.

(2) For the purpose of determining the number of blocks in respect of which a petroleum prospecting licence was granted or first renewed, there shall not be taken into account any block excluded from the prospecting area pursuant to section 26(3) or (4) and any discovery block subsisting in the prospecting area at the date on which the application for the renewal is made.

## SECOND SCHEDULE
## RESTRICTIONS AND SURFACE RIGHTS

DEFINITIONS

1. In this Schedule –

"alienator" has the meaning assigned by section 1 of the Land Reform Act [CAP. 123];

"custom owners" means the person or persons who, in the absence of a dispute, the Minister is satisfied are the custom owners of land;

"lawful occupier", in relation to any land, means an alienator or the custom owners, in relation to that land.

RESTRICTIONS ON EXERCISE OF RIGHTS UNDER LICENCE

2. (1) A licensee shall not exercise any of his rights under this Act or his licence –

(a) except with the written consent of the Minister in respect of –

(i) any public land; or

(ii) any land dedicated as a place of burial or which is a place of religious significance;

(b) subject to sub-paragraph (3) except with the written consent of the lawful occupier thereof in respect of –

(i) any land which is the site of, or which is within two hundred metres, or such greater distance as may be prescribed of, any inhabited, occupied or temporarily unoccupied house or building;

(ii) any land within fifty metres, or such greater distance as may be prescribed, of land which has been cleared or ploughed or otherwise bona fide prepared for the growing of, or upon which there are growing, agricultural crops;

(c) in respect of any land within two hundred metres, or such greater distance as may be prescribed, of the boundaries of, any township, except with the written consent of the municipal council having control over the township;

(d) in respect of any land within two hundred metres, or such greater distance as may be prescribed, of the boundaries of any village, or of any land set aside or required for a village, a new village or a village extension, except with the written consent of the Minister;

(e) in respect of a mining area, as defined in the Mines and Mineral Act [CAP. 190], except with the written consent of the holder of the mining licence concerned; or

(f) in respect of any prescribed land or area except with such consent as may be prescribed.

(2) Any consent under sub-paragraph (1)(a), (c) or (d) may be given unconditionally or subject to such conditions as are specified in the instrument of consent.

(3) Where, in the opinion of the Minister, any consent under sub-paragraph (1)(b) is being unreasonably withheld, he may, on such conditions, if any, as he may impose, give in writing the consent required.

(4) Any dispute as to whether sub-paragraph (1)(b) applies in relation to any land or as to whether any person is a lawful occupier of the land shall be decided by the Minister.

RIGHT TO GRAZE STOCK, ETC.

3. (1) The lawful occupier of any land in a prospecting area or a development area retains any right which he may have to graze stock upon or to cultivate the surface of the land, except in so far as the grazing or cultivation interferes with prospecting or development operations in any such area.

(2) The lawful occupier of land in a development area shall not erect any building or structure in the area without the consent of the holder of the production licence; but if the Minister considers that the consent is being unreasonably withheld, he may give his consent and, in that event, the lawful occupier may do so.

(3) The rights conferred by a licence shall be exercised reasonably and so as to affect as little as possible the interests of any lawful occupier of the land subject to the licence or on which rights under the licence are exercised, consistent with the reasonable and proper conduct of operations pursuant to the licence.

(4) Without limiting the generality of sub-paragraph (3), any person carrying on operations under a licence shall not, except where that person gives to the Minister prior notice in writing of the expected nature and duration of the interference, take action which in any way will interfere with -

(a) fishing; or

(b) navigation,

lawfully carried on.

COMPENSATION FOR DISTURBANCE OF RIGHTS, ETC.

4. (1) Where in the course of prospecting or development operations, any disturbance of the rights of the lawful occupier of any land or damage to any crop, trees, buildings, stock or works thereon is caused, a licensee, by virtue of which the operations are carried on, is liable to pay any lawful occupier fair and reasonable compensation in respect of the disturbance or damage according to the respective rights or interests of the lawful occupier concerned.

(2) If a licensee and a lawful occupier fail to reach agreement with respect to the payment of compensation, or the amount of compensation payable, under sub-paragraph (1) in any particular case, either party may refer the matter to the Lands Referee for settlement and the decision of the Lands Referee is final.

NOTICE OF INTENTION TO COMMENCE PROSPECTING OPERATIONS, ETC.

5. Subject to such exceptions as may be prescribed, a licensee, before commencing prospecting operations or development operations in any land on which there is a lawful occupier, shall give to the lawful occupier of the land notice of his intention to commence the operations, in such manner and form as may be prescribed.

# Republic of VANUATU

Petroleum (Exploration and Production) Act No. 13 1993

Petroleum Regulations No. 30 of 1997

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# REPUBLIC OF VANUATU

## PETROLEUM REGULATIONS No. 30 of 1997

To prescribe matters required under the Petroleum (Exploration and Production) Act No. 13 of 1993.

IN EXERCISE of the powers conferred upon me by section 65 of the Petroleum Exploration and Production Act No.13 of 1993, **I, SATO KILMAN,** Minister of Natural Resources, make the following regulations:-

## PART 1 - PRELIMINARY

### 1 Definitions

(1) In these regulations, unless the context otherwise requires:-

" the Act" means the Petroleum Exploration and Production Act No. 13 0f 1993;

" Commissioner " means the Commissioner for Petroleum Exploration and Production;

"form" means a form contained in the schedule of these regulations;

" Minister" means the Minister administrating the Act;

"operational area" means an area declared as such by the Minister for the exclusive use of a licensee for exploration or drilling;

"part" means one of the parts, 1-11 of these regulations;

"standard fee" has the meaning given in Part 10.

(2) Terms defined in the Act have the same meaning in these regulations.

(3) The technical and industrial terms in these regulations have the meaning commonly given to them in the petroleum industry.

## 2 Exemption or modification

(1) On request from the licensee, the Commissioner may exempt a person from any of these regulations, or modify their operation.

(2) The Commissioner may not exempt a person from or modify these regulations unless the Commissioner:

(a) has considered the objectives of the Act and the regulations and is satisfied that the exemption or modification promotes them; and

(b) has published a notice of the exemption or modification in the Gazette and in a daily newspaper circulating in the Republic; and

(c) has considered whether any conditions should be attached to the exemption or modifications; and

(d) has fully informed the Minister of the proposed exemption or modification, any conditions proposed and the reasons for it and the Minister has approved it in writing.

## 3 Other obligations

Other laws of the Republic also impose obligations upon licensees and operators.

# PART 2 - PETROLEUM PROSPECTING LICENCE

## 4 Scope of Part 2

This Part sets out:

(a) how to apply for a petroleum prospecting licence ;

(b) how to create and transfer an interest in a petroleum prospecting licence;

(c) when to notify change of control;

(d) how to renew a petroleum prospecting licence;

(e) annual charges.

## 5 Definitions

In this part:-

(a) " transfer" means:-

(i) ( as a verb) create, assign, novate,dispose of, deal with or transmit by operation of law;

(ii) (as a noun) the means by which an interest in a petroleum prospecting licence is transferred;

(b) "interest in a petroleum prospecting licence" means a legal or equitable interest in a prospecting licence or in the licensee or other rights arising from a contract or understanding with the licensee, under which the licensee co-operates with a third party with respect to the exercise of the rights attaching to the licence or the enjoyment of the benefits of the licence, or confers those rights on the third party.

## 6 Applying for petroleum prospecting licence

(1) An applicant for a petroleum prospecting licence must apply to the Minister on form 2-2 in the schedule.

(2) An application for the grant of a licence must be accompanied by:

(a) the application fee set out in Part 10;

(b) a statement giving particulars of the proposed work to be carried out under the licence and minimum expenditure to be incurred;

(c) a statement of any adverse effects which the proposed operations would be likely to have on the environment;

(d) proposals for controlling or eliminating any significant environmental effect of the operations;

(e) a statement giving particulars of the applicant's proposals for employing and training Vanuatu citizens.

(3) An applicant may normally apply for up to 60 blocks.

(4) If an applicant wishes to apply for more than 60 blocks, the Minister may consider an application for more than 60 blocks but not more than 200 blocks if the Minister is satisfied that special circumstances exist for doing so. The applicant should therefore state fully and clearly the reasons for saying such special circumstances exist.

(5) If an application relates to more than one block, the blocks must form a single area in which each block has a side in common with a least one other block in the area.

**7 Granting a petroleum prospecting licence**

(1) The prescribed form for a petroleum prospecting licence is form 2-3 in the schedule.

(2) If the Minister grants a petroleum prospecting licence for more than 60 blocks, the Minister must publish reasons for doing so in the gazette at the same time as granting the licence.

**8 Creating and transferring an interest**

(1) The transfer of an interest in a petroleum prospecting licence is of no effect unless it is in writing and has been approved by the Minister in writing.

(2) The transfer of an interest in a petroleum production licence does not affect the liability of the licensee for any breach of:

(a) the conditions of the licence; or

(b) any provisions of the Act or these regulations.

(3) A person may transfer an interest to itself with another person in the same way as it could transfer the interest to a third party.

(4) Two or more persons may transfer an interest to any one or more of themselves in the same way as they could transfer the interest to a third party.

**9 Application for approval of transfer**

(1) If the transferee is to become a holder of the licence, the licensee must apply to the Minister on form 2-4 in the schedule. The application must be accompanied by:

(a) the application fee set out in Part 10;

(b) an instrument of transfer executed by all parties to the transfer and a copy;

(c) a copy of each document recording the terms of the transfer;

(d) the technical qualifications of the transferee;

(e) details of the technical advice that is or will be available to that transferee;

(f) details of the financial resources that are or will be available to that transferee.

(2) If the interest of the transferee is as the holder of security over the licence, as a holder of a royalty or any other interest not constituting ownership of an individual share of the licence, the licensee must apply to the Minister on form 2-5 in the schedule. The application must be accompanied by:

(a) the application fee set out in Part 10; and

(b) a copy of each document recording the terms of the transfer and the capacity of the transferee to affect the exercise by the licensee of the rights attaching to the licence or the enjoyment of the benefits of the licence.

**10 Approval of transfer**

(1) The Minister may require an applicant to provide additional information about the application. The application lapses if the licensee does not provide the information within 28 days (or any longer period permitted by the Minister in writing).

(2) The Minister must not unreasonably refuse to approve the transfer of an interest in a licence if the transferee:

(a) controls the transferor, is controlled by the transferor or with the transferor is under the common control of another entity; and

(b) is disqualified under the Act and these regulations from holding a petroleum prospecting licence.

## PART 3 - PETROLEUM PRODUCTION LICENCE

### 15 Scope of Part 3

This Part sets out:

(a) how to apply for a petroleum production licence ;

(b) how to create and transfer an interest in a petroleum production licence ;

(c) when to notify change of control;

(d) how to renew a petroleum production licence;

(e) the annual charges ;

(f) the reports which a licensee must submit.

### Division 1 - Application, transfer and renewal

### 16 Definitions

In this part -

(a) "transfer" means:-

(i) (as a verb) create, assign, novate, dispose of, deal with or transmit by operation of law;

(ii) (as a noun) the means by which an interest in a petroleum production licence is transferred;

(b) " interest in a petroleum production licence" or "interest in a licence" means a legal or equitable interest in a production licence or in the licensee or other rights arising from a contract or understanding with the licensee, under which the licensee co-operates with the third party with respect to the exercise of the rights attaching to the licence or the enjoyment of the benefits of the licence, or confers those rights on the third party.

(3) In any other circumstance, the Minister may:

(a) approve the transfer of an interest in a licence; or

(b) approve it subject to conditions; or

(c) refuse to approve it.

**11 Consequences of transfer**

(1) If the Minister approves the transfer of an interest in a licence, the Minister must cause the name of the transferee to be recorded as the holder of an interest in the licence.

(2) The Commissioner must record the Minister's approval on a copy of the instrument of transfer and return it to the applicant.

(3) The transfer of an interest in a licence does not prohibit the commencement or continuation of any legal proceedings against the transferor.

**12 Notification of change of control of licensee**

(1) A licensee must notify the Commissioner within 14 days after it becomes aware of any change in the identity of any person who ultimately controls the licensee.

(2) Someone controls the licensee if they would be considered to have control of the licensee (as a company) under section 59 of the Act.

**13 Renewing a licence**

(1) An application for the renewal of a petroleum prospecting licence must be lodged with the Minister on form 2-6 in the schedule accompanied by the renewal fee.

(2) The renewal fee is set out in Part 10.

**14 Annual charge**

(1) The annual charge for a petroleum prospecting licence is set out in Part 10.

(2) The annual charge must be paid when the licence is granted and subsequently each year by the anniversary of the grant until the end of the licence.

(3) The licence terminates if the licensee does not pay the annual charge by the due date.

## 17 Application for petroleum production licence

(1) An applicant for a petroleum production licence must apply to the Minister on form 2.7 in the schedule.

(2) The application must be accompanied by:

(a) the application fee set out in Part 10;

(b) a comprehensive report of the petroleum reservoir or deposit which includes:

(i) a description of the reservoir or deposit;

(ii) the form of the petroleum;

(iii) an analysis of the petroleum and other potential products of the reservoir or deposit;

(iv) an estimate of the reserves of each type of petroleum and of any other product;

(c) details (including a plan) of the area of which the application is made;

(d) a report on production and processing possibilities and the applicant's intentions for production and processing;.

(e) a proposed program of production and processing operations which includes the following details:

(i) the date by which the applicant intends to start production;

(ii) the capacity of production and scale of operations;

(iii) the estimated overall recovery of petroleum and other products;

(iv) the nature of the petroleum and other products to be produced;

(v) the marketing arrangements for sale of the petroleum and other products;

(vi) proposals for the prevention of pollution, the treatment of wastes, the safeguarding of natural resources, the progressive reclamation and rehabilitation of lands disturbed by operations, and the minimisation of the effect of such extraction on adjoining or neighbouring lands;

(vii) a statement of any adverse effect which the carrying out of operations would be likely to have on the environment and proposals for controlling or eliminating any significant effect;

(e) a detailed forecast of capital investment, operating costs and sales revenues and the anticipated type and source of financing;

(f) proposals for employing and training Vanuatu citizens;

(g) a report of the goods and services required for the production and processing operations which can be obtained within the Republic and the applicant's intention in relation to them;

(h) details of expected infrastructure requirements;

(i) any other matter that the applicant wants the Minister to consider or has been informed that the Minister requires.

**18 Granting a petroleum production licence**

The prescribed form for a petroleum production licence is form 2-8 in the schedule.

**19 Creating and transferring an interest**

(1) The transfer of an interest in a petroleum production licence is of no effect unless it is in writing and has been approved by the Minister in writing.

(2) An interest in a petroleum prospecting licence does not affect the liability of the licensee for any breach of :

(a) the conditions of the licence; or

(b) any provision of the Act or these regulations.

(3) A person may transfer an interest to itself with another person in the same way as it could transfer the interest to a third party.

(4) Two or more persons may transfer an interest to any one or more of themselves in the same way as they could transfer the interest to a third party.

**20 Application for approval of transfer**

(1) If the transferee is to become the holder of the licence, the licensee must apply to the Minister on form 2-9 in the schedule. The application must be accompanied by:

(a) the application fee set out in Part 10;

(b) an instrument of transfer executed by all parties to the transfer and a copy;

(c) a copy of each document recording the terms of the transfer;

(d) the technical qualifications of that transferee;

(e) details of the technical advice that is or will be available that are or will be available to that transferee;

(f) details of the financial resources that are or will be available to that transferee.

(2) If the interest of the transferee is as the holder of security over the licence, as the holder of a royalty or any other interest not constituting ownership of an individual share of the licence, the licensee must apply to the Minister on form in the schedule. The application must be accompanied by:

(a) the application fee set out in Part 10;

(b) a copy of each document recording the terms of the transfer and of the capacity of the transferee to affect the exercise by the licensee of the rights attaching to the licence or the enjoyment of the benefits of the licence.

**21 Approval of transfer**

(1) The Minister may require the licensee to provide additional information about the application. The application lapses if the licensee does not provide the information within 28 days (or any longer period permitted by the Minister in writing).

(2) The Minister must not unreasonably refuse to approve the transfer of an interest in a licence if the transferee:

(a) controls the transferor, is controlled by the transferor or with the transferor is under the common control of another entity; and

(b) is qualified under the Act and these regulations to hold a petroleum production licence.

(3) In any other circumstances, the Minister may:

(a) approve the transfer of an interest in a licence; or

(b) approve it subject to conditions; or

(c) refuse to approve it.

**22 Consequences of transfer**

(1) If the Minister approves the transfer of an interest in a licence, the Minister must cause the name of the transferee to be recorded as the holder of an interest in the licence.

(2) The Commissioner must record the Minister's approval on a copy of the instrument of transfer and return it to the applicant.

(3) The transfer of an interest in a licence does not prohibit the commencement or continuation of any legal proceedings against the transferor.

**23 Notification of change of control of licensee**

(1) A licensee must notify the Commissioner within 14 days after it becomes aware of any change in the identity of any person who ultimately controls the licensee.

(2) Someone controls the licensee if they would be considered to have control of the licensee (as a company) under section 59 of the Act.

**24 Renewing a licence**

(1) An application for the renewal of a petroleum production licence must be lodged with the Minister on form 3-1 in the schedule accompanied by the renewal fee.

(2) The renewal fee is set out in Part 10.

**25 Annual charge**

(1) The annual charge for a petroleum production licence is set out in Part 10.

(2) The annual charge must be paid within 30 days of the licence being granted and subsequently in each year of the licence on or before the anniversary of the grant until the end of the licence.

(3) The licence terminates automatically if the licensee does not pay the annual charge by the due date.

## Division 2 - Reports

**26 Program of work**

Each year, at least 3 months before the anniversary of the grant of the petroleum production licence, the licensee must submit to the Commissioner a program of work the licensee proposes to carry out in the licence area in the next 12 months.

## 27 Estimate of recoverable and in-place petroleum

(1) Each year, at least 3 months before the anniversary of the grant of the petroleum production licence, the licensee must submit to the Commissioner 2 copies of an estimate of recoverable and in-place petroleum, setting out:

(a) the location of the petroleum pool;

(b) the estimated amount of recoverable petroleum in a commercial pool or in-place petroleum in a currently non-commercial pool;

(c) the data upon which the estimates used in the return are based;

(d) details of any specific returns made during the previous year in connection with reservoir performance and production optimisation.

(2) If the estimate is revised as a result of a field study, the licensee must submit to the Commissioner:

(a) 2 copies of that study; and

(b) a copy of the revised estimate.

## 28 Monthly production returns

(1) Not later than the 21st day of each month, the licensee must submit to the Commissioner 2 copies of a monthly production return for each petroleum reservoir in a licence area relating to the previous calendar month.

(2) The monthly production return must contain the following information:

(a) the total quantities of:

(i) each product (itemised by type)produced;

(ii) liquid and gaseous petroleum used;

(iii) gaseous petroleum flared or vented;

(iv) product (itemised by type) re-injected into subsurface reservoirs;

(vi) liquid petroleum stored at the beginning and the end of the month;

(vii) product (itemised by type) delivered from the area;

(viii) the cumulative quantities of product (itemised by type) produced or injected as at the end of the month;

(b) for each well:

(i) its identification name and number;

(ii) a summary of all work performed on the well during the previous month;

(iii) the result of the production test required by regulation 101, including the choke size used and the tubing and separation pressures observed during the test;

(iv) the status of the well at the end of month;

(v) the number of days of production;

(vi) the total estimated quantities of product (itemised by type) produced or injected during the month and cumulative quantities of liquid and gaseous petroleum and of water produced or injected as at the end of the month.

(3) In this regulation "product" means liquid petroleum, gaseous petroleum, gas (not being petroleum), water and any other products of the field.

# PART 4 - WORK PRACTICES

## 29 Scope of Part 4

This Part sets out:

(a) the licensee's duty to nominate an operator (Division 1);

(b) details of operations documents required to be submitted by the licensee (Division 2);

(c) duties of the licensee during operations (Division 3);

(d) obligations of the licence in regard to emergencies and occupation health and safety (Division 4) and electrical work (Division 5);

(e) the licensee's duty to protect the environment (Division 6).

## Division 1 - Operator

### 30 Licensee must nominate an operator

(1) A licensee must apply to the Commissioner for approval of an operator before the licensee starts any operations. The operator is the person responsible for the day to day conduct of all operations under the licence. No operations under the licence must be conducted unless there is a currently approved operator.

(2) The licensee must immediately inform the Commissioner of any proposed change in operator and apply to the Commissioner for approval of the replacement operator before it assumes control of operations.

### 31 Approval of operator

(1) The Commissioner must not approve an operator unless the Commissioner is satisfied that:

(a) the operator and the operator's advisers have technical capacity and suitable experience; and

(b) the operator is able to comply with:

(i) the conditions of the particular licence; and

(ii) the provisions of the Act and these regulations; and

(iii) any directions.

(2) The approval under this regulation must be in writing.

## Division 2 - Operations documents

### 32 Operations documents to be submitted before commencing operations

(1) A licensee must not start operations in any part of a licence area until the Commissioner has approved operations documents which apply to those operations and that part of the licence area.

(2) Operations documents means the documents set out in subregulation (3).

(3) A licensee must submit:

(a) an Environmental Code of Practice; and

(b) an Environmental Report; and

(c) a Procedures Manual; and

(d) an Emergency Response Manual,

to the Commissioner at least two months before the proposed start of operations in the licence area. The application must state whether the documents submitted apply to conditions and operations throughout the licence area, or only to a specified part of it.

(4) The Commissioner may permit one or all of these documents to be submitted less than 2 months before the proposed start of operations if unforeseen circumstances justify the late submission.

(5) The Commissioner may approve or refuse to approve any of these documents having regard to the criteria set out in this Division.

(6) The licensee may revise and re-submit for approval a document which the Commissioner has refused to approve. Unless waived by the Commissioner, the application must be accompanied by the standard fee.

### 33 Environmental Code of Practice

The Environmental Code of Practice must contain the procedures that are proposed to apply in the part of the licence area to which the Code relates to:

(a) protect wildlife, livestock, flora, marine creatures and sites of natural, geological and tourist significance, and other environmentally sensitive areas in line with existing laws (if any) and the Republic's conservation policies;

(b) minimise the disturbance of the land surface;

(c) clean up and rehabilitate any areas disturbed by the operations.

## 34 Environmental Report

The Environmental Report must contain information on:

(a) name and type of activity which is to be undertaken in the part of the licence area to which the Report applies;

(b) crew size and equipment to be used;

(c) the natural environment in the area with particular reference to the physical and biological environments and present land use;

(d) the areas and items referred to in regulation 33 within or immediately adjacent to the licence area or otherwise likely to be affected by the proposed operations;

(e) the area of any public land or internal waters involved and the name of the person or body responsible for the management of the land or waters under any statute;

(f) any discussion or liaison carried out with any bodies or groups with an interest in environmental issues;

(g) the environmental effects of undertaking the proposed operations and the measures proposed to avoid or minimise environmental effects;

(h) any procedures proposed to monitor the impact on the environment of the proposed operations;

(i) any area to be nominated for waste disposal;

(j) proposals to ensure quality of water discharged is in accordance with existing laws and the National Conservation policies of the Republic;

(k) any reference material necessary to understand any information in the Report.

## 35 Procedures Manual

The Procedures Manual must contain information on:

(a) the techniques to be employed for each technical procedure forming part of the operations the subject of the Manual;

(b) an estimate of the time to be taken for each of these procedures;

(c) the material to be used;

(d) the safety measures to be employed.

## 36 Emergency Response Manual

The Emergency Response Manual must contain information on:

(a) the procedures to be followed and actions to be taken in the event of an emergency involving:

(i) the escape or ignition of petroleum or other hazardous substance;

(ii) serious injury to a person;

(iii) any other emergency associated with the operations;

(b) the persons responsible for implementing these procedures and actions.

## 37 Review and update of operations documents

(1) If operations are on-going, the documents required by regulation 32 (3) must be:

(a) reviewed by the licensee every 2 years; and

(b) resubmitted to the Commissioner for approval.

(2) On the request of the licensee, the Commissioner may grant an extension of time not exceeding 1 year in which to resubmit a document.

(3) If required by changed circumstances or as directed by the Commissioner, a licensee must:

(a) update the Procedures Manual and Emergency Response Manual to accord with good oil-field practices; and

(b) submit the update to the Commissioner for approval.

(4) The Commissioner may require specific amendments to the documents before approving them.

**38 Approval etc, to be in writing**

Any permission, extension of time, or approval required under this division must be in writing.

## Division 3 - General duties of licensee during operations

**39 General Duties**

(1) A licensee must:

(a) carry out all operations in accordance with the operations documents; and

(b) otherwise carry out operations in a proper, safe and workmanlike manner in accordance with good oil-field practices; and

(c) take all reasonable steps necessary to secure the safety, health and welfare of persons engaged in the operations or nearby to the operations who could be affected by them; and

(d) take all reasonable steps to ensure operations are carried out in a manner that minimises any adverse impact on the environment or property.

(2) A licensee must also comply with directions given by the Minister under section 36 of the Act.

**40 Personnel**

(1) **Suitability for work**

The licensee must ensure personnel used in operations:

(a) have any certificate of competence, authorisation or qualification required by a law of the Republic to carry out an activity; and

(b) otherwise are suitably qualified for the work.

(2) **Availability of information**

The licensee must take all reasonable steps to ensure that personnel working in the licence area have access to, understand and comply with:

(a) these regulations; and

(b) the operations documents; and

(c) any directions made under section 36 of the Act.

(3) At the end of each shift, the operator must take reasonable steps to ensure that every supervisor of a worksite (or part of a worksite) informs the incoming supervisor of the state of operations at that worksite.

### 41 Communications

The licensee must ensure that radio or telephone communication facilities are established at each main operational location and maintained in good working condition.

### 42 Admission to the operational area

(1) The licensee must ensure that a person is not permitted to enter the operational area without the approval of the operator if they are not engaged in, or directly concerned with, the carrying on of operations.

(2) A person who is admitted to the operational area with the operator's approval must first be given all necessary instructions required by the Procedures Manual and the Emergency Response Manual.

(3) The licensee must take all reasonable steps to warn persons near property and equipment used in operations of the presence of and possible hazards arising from that property and equipment.

## Division 4 - Emergencies and occupational health and safety

### 43 Emergencies

If an emergency occurs, the licensee must:

(a) immediately report the emergency to the Commissioner or an authorised officer; and

(b) submit a written report to the Commissioner within 21 days of the emergency, specifying measures taken or to be taken to prevent a possible recurrence.

### 44 Hazardous situation

(1) The licensee must immediately report a hazardous situation to the Commissioner or an authorised officer. The licensee must also submit a written report to the Commissioner within 5 days of the occurrence of a hazardous situation specifying:

(a) the date, time and place of the occurrence;

(b) the quantity or approximate quantity of material that has escaped or burned;

(c) particulars of damage caused by the escape or ignition;

(d) the events so far as they are known or suspected that caused or contributed to the escape or ignition;

(e) particulars of methods used to control the escape or ignition;

(f) particulars of methods used or proposed to be used to repair property, plant or equipment damaged by the escape or ignition;

(g) measures taken, or to be taken, to prevent a possible recurrence of the escape or ignition.

(2) In these regulation "hazardous situation" means:-

(a) a spill of liquid or gaseous hydrocarbon;

(b) any uncontrolled escape or ignition of petroleum;

(c) any spill, escape or ignition of other poisonous flammable or combustible material causing a threat to health or safety.

## 45 Injuries

(1) The licensee must keep a record of each injury occurring in the course of operations.

(2) The licensee must submit a report to the Commissioner no later than the 21st day each month outlining injuries that occurred during the previous month.

(3) In addition, if the injury involves death or requires immediate attention by a medical practitioner, the licensee must:

(a) immediately report the injury or death to the Commissioner or an authorised officer; and

(b) submit a written report to the Commissioner within 5 days specifying:

(i) particulars of the injury or death;

(ii) the circumstances leading to its occurrence;

(iii) any treatment given to the injured person and the name of each medical practitioner consulted in relation to the injury.

### 46 Damage to property or equipment

If damage occurs to property or equipment (including its loss or destruction), the licensee must submit a written report to the Commissioner within 5 days specifying:

(a) the date, time and location of the incident;

(b) particulars of the damage;

(c) the events so far as they are known or suspected that caused or contributed to the incident;

(d) particulars of the repairs carried out or proposed to be carried out;

(e) measures taken, or to be taken, to prevent possible recurrence.

## Division 5 Electrical work

### 47 Work must be undertaken by a qualified electrical mechanic

Only a suitably qualified electrical mechanic must:

(a) install any electrical apparatus or circuit; or

(b) carry out maintenance work on electrical apparatus or cables which:

(i) carry voltage exceeding extra low voltage; or

(ii) are not ancillary to wireline logging units, mud logging units or electronically-equipped production control and gauging installations.

### 48 Tests

(1) The licensee must ensure that electrical installations are tested by a suitably qualified electrical mechanic:

(a) in the case of drilling rigs:

(i) prior to spudding in each well; and

(ii) then every 2 months;

(b) in the case of temporary installations, every 2 months;

(c) in the case of permanent installations, every year.

(2) The results of the tests must be:

(a) recorded in a tour report or log book; and

(b) signed by the person who carried out the test; and

(c) counter-signed by the supervisor on the particular site.

(3) The Commissioner may direct the licensee to carry out additional tests on electrical installations. Such directions must be made in writing.

**49 Wiring and electrical circuits**

(1) **Wiring**

All wiring must be installed and maintained in a proper, safe and workmanlike manner.

(2) **Electrical circuits**

The licensee must ensure:

(a) that electrical circuits are protected against overload and short circuit; and

(b) that circuits above extra low voltage are protected against the leakage of current to earth by an approved earth leakage circuit breaker.

**50 Earthing and lighting protection**

(1) The structure of a permanent facility for handling flammable liquids must be protected against lightning by the installation of suitable equipment.

(2) The structure of a drilling rig need not be so protected against lightning if it is earthed so that the maximum resistance to earth does not exceed 10 ohms.

**51 Control of static electricity**

The licensee must ensure that adequate measures are taken to prevent the ignition of flammable materials by static electricity.

## 52 Welding

The licensee must ensure that electrical welding return conductors are connected directly to:

(a) the equipment being welded; and

(b) the earthing system of the rig of other plant.

## 53 Electrical shock

The licensee must ensure that instructions on the procedure and treatment to be followed in case of electric shock are prominently displayed in any place where electricity is used, including the rig floor, the driller's doghouse and the generator house.

### Division 6 - Protection of the environment

## 54 General duties

A licensee must:

(a) control the flow and prevent the waste or escape in the licence area of petroleum, gas (not being petroleum), water or other product:

(b) prevent the escape of any mixture of water or drilling fluid and petroleum or any other product;

(c) prevent damage to petroleum-bearing strata both within and outside the licence area;

(d) keep separate as the Commissioner directs by notice in writing served on the licensee:

(i) each petroleum reservoir discovered in the licence area:

(ii) discrete aquifers (if any) discovered in the licence area:

(e) prevent water or any other matter entering any petroleum reservoir through the wells in the licence area except where required by, and in accordance with, good oil-field practices;

(f) prevent the pollution of any body of water, land area or marine environment by the escape of petroleum, salt water, drilling fluid, chemical additive, gas (not being petroleum), waste, effluent or any other product:

(g) if pollution occurs, treat or disperse it in an environmentally acceptable manner.

**55 Flaring natural gas or petroleum**

A licensee may only flare petroleum or gas:

(a) with the prior written approval of the Commissioner; or

(b) in emergencies, to safeguard the health and safety of persons or to prevent damage to property; and

a licensee must only flare petroleum or gas in accordance with good oil field practice which enable both the quantity and composition of petroleum products to be determined.

**56 Disposal of produced petroleum and gas**

The licensee must ensure that any petroleum or gas produced from a well during drilling, testing or repair is either:

(a) flowed through the well's flowing to a gathering facility; or

(b) disposed of in accordance with good oil-field practices, so as to enable both the quantity and composition of the petroleum to be determined.

**57 Waste or contamination**

(1) **Tests**

If there is a reasonable possibility that petroleum gas or water will be wasted or contaminated, the Commissioner may direct the licensee or any other person to undertake specified tests within a certain time to determine if waste or contamination is occurring.

(2) The licensee or that other person must submit the results of these tests to the Commissioner as soon as practicable.

(3) **Obligations of licensee**

If as a result of these tests, it is established that waste or contamination is occurring, the licensee must take all necessary steps to remedy or prevent the waste or contamination. The Commissioner may require the licensee or any other person to carry out further tests to determine the effectiveness of those steps in remedying or preventing the waste or contamination.

(4) **Discharge of waste fluids**

The licensee must ensure that all formation water and other waste fluids produced from a well are disposed of in accordance with good oil-field practices and so as not to constitute a risk to public health or safety, or to contaminate water or land not specifically approved in writing by the Commissioner for waste disposal.

(5) The licensee must provide details to the Commissioner of the means by which the quality of water discharged will be controlled to ensure compliance with conservation policies of the Republic and existing laws, if any.

(6) The licensee must ensure that a record is maintained of the quality of water discharged.

# PART 5 - SURVEYS

## 58 Scope of Part 5

This Part sets out:

(a) how to apply to undertake a survey (Division 1):

(b) duties in undertaking a survey (Division 2):

(c) the reports which must be provided by a person undertaking a survey (Division 3).

### Division 1 - Applying to undertake a survey

## 59 Who may undertake a survey?

A person may undertake a survey only if he has:

(a) one of the following:

(i) a petroleum prospecting licence: or

(ii) a petroleum production licence: or

(iii) authorisation from the Commissioner under section 61 of the Act to carry out a scientific investigation: and

(b) specific approval for the survey from the Commissioner.

## 60 When must an application be made?

An application must be made at least 2 months before the proposed start of the survey. However, the Commissioner may permit an application to be submitted within the 2 months if unforeseen circumstances justify the late submission.Any such permission must be in writing.

## 61 What must the application include?

(1) An application must specify the type of survey to be undertaken.

(2) The application must include:

(a) the proposed starting date:

(b) a plan showing the location of the survey:

(c) the names of the contractors who will carry out the survey:

(d) the estimated duration of the survey;

(e) the cost which will be incurred;

(f) the standard fee.

(3) If the application is for a seismic survey, gravity survey or magnetic survey, it must also include:

(a) details of the equipment to be used;

(b) a plan showing the proposed survey stations and traverses;

(c) a description of operations and procedures (particularly of positioning and acquisition systems);

(d) the proposed flying altitude in the case of airborne surveys;

(e) details of any proposal to carry out a seismic operation within 300 metres of a quarry, marine reef, shipwreck or marine structure.

**62 Approval**

(1) The Commissioner may:

(a) approve an application; or

(b) approve it subject to conditions; or

(c) refuse to approve it.

(2) The applicant may revise and resubmit an application for approval to undertake a survey which the Commissioner has refused to approve. Unless waived by the Commissioner, the revised application must be accompanied by the standard fee.

(3) Any approval or waiver granted by the Commissioner under this Division must be in writing.

## Division 2 - Conduct of a survey

### 63 General duties

The licensee must:

(a) not start a survey without providing 48 hours notice of the starting date and time to the Commissioner or an authorised officer nominated by the Commissioner;

(b) not continue a survey without the written approval of the Commissioner if the area or duration of the survey has significantly changed from the approved area or duration;

(c) not use explosives for a seismic survey without the written approval of the Commissioner;

(d) ensure that all energy sources used in a seismic survey operate in accordance with good oil-field practices;

(e) ensure that all energy sources used in a seismic survey are properly stored and maintained to prevent undue deterioration.

## Division 3 - Reports and submissions

### 64 Weekly survey report

The licensee must submit a report each week to the Commissioner stating the progress of the survey.

### 65 Overall survey report

(1) The licensee must submit a written report to the Commissioner within 4 months of completing a survey. However, the Commissioner may grant an extension of up to 2 months if unforseen circumstances justify the late submission.

(2) The report must include:

(a) name and location of the survey;

(b) dates of start and finish of the survey;

(c) names of the contractors used to carry out the survey;

(d) details of the operations carried out;

(e) system and equipment used in the survey;

(f) geological or geophysical techniques and equipment used;

(g) data processing report;

(h) summary of the costs of the survey;

(i) details of the samples (including geochemical samples) acquired;

(j) in the case of a geophysical survey, the number of kilometres recorded.

(3) Any extension of time granted under subregulation (1) must be in writing.

66 **Basic data submissions**

(1) **General**

The licensee must submit to the Commissioner the information set out in this regulation by the earlier of:

(a) 90 days after completion of processing of data; and

(b) 90 days after before the last day of the current term of the licence.

The information must be clearly identified.

(2) **Gravity/magnetic survey**

If a gravity or magnetic survey has been carried out, the licensee must submit:

(a) one copy of processed magnetic tapes of both located and girded data, accompanied by an explanation of the format that enables their processing;

(b) one stable base transparent copy of Bouguer gravity, free air gravity, to all magnetic intensity and, if prepared, vertical gradient and residual contour maps;

(c) one stable base transparent copy of computer generated profile data;

(d) one copy of analog monitor records, diurnal records and altimeter records;

(e) maps or profiles which annotate line position, line number, registration marks and processing parameters.

(3) **Seismic Survey**

If a seismic survey has been carried out, the licensee must submit:

(a) one copy of field tapes accompanied by observer's logs with an explanation of the recording format that enables their processing;

(b) one stable base transparent copy of both a single survey and composite shotpoint location map together with one copy of each magnetic tape and other digital media of shotpoint co-ordinates and elevations;

(c) one stable base transparent copy of final processed sections having a vertical scale of 10cm/sec, and, if prepared, migrated sections.

(4) **3-D Seismic Survey**

If a three dimensional seismic survey has been carried out, the licensee must submit:

(a) the information specified in subregulation (3); and

(b) one copy of each final staked migrated tape, in a format suitable for loading onto interactive work stations for interpretation.

**67 Other reports and submissions**

(1) **Seismic reprocessing, analysis etc**

The licensee must submit a written report to the Commissioner within 30 days of undertaking any:

(a) seismic reprocessing; or

(b) analysis; or

(c) study (including a geological study); or

(d) operation,

which does not fall under regulation 66. The report must include details of activity and interpretation of the results.

(2) **Wireline survey**

If a wireline survey has been carried out, the licensee must also submit to the Commissioner within one month of processing data:

(a) one copy of all available digital form log data on magnetic tapes (or on disk if available) in an edited format that permits their processing:

(b) one stable base transparent copy and one paper print of each log at each scale run in the survey;

(c) one stable base transparent copy of one paper print of each computer processed interpretation log.

68 **Delivery of seismic tapes to Commissioner**

The licensee must ensure that all seismic tapes are delivered to the Commissioner within 90 days of the relevant licence terminating.

## PART 6 - DRILLING AND WORKOVER

### 69 Scope of Part 6

This Part sets out:

(a) how a licensee can apply for approval to drill or workover a well and to conduct a production or drill stem test (Division 1);

(b) the duties of a licensee undertaking drilling (Division 2);

(c) the reports required from the licensee (Division 3).

### Division 1 - Approval

### 70 Who may undertake drilling?

Before drilling can be undertaken, a licensee must obtain approval in writing from the Commissioner.

### 71 When must a drilling application be made?

A drilling application must be made:

(a) at least 3 months before the proposed start of drilling if it is to take place in an environmentally sensitive area; and

(b) in any other case, at least 2 months before the proposed start of drilling.

### 72 What must a drilling application include?

(1) The drilling application must include 2 copies of:

(a) for a new exploration or development well, a drilling programme; or

(b) for an existing exploration, development or producing well, a workover program and,

(2) The application must include the stanard fee.

(3) The program must include :

(a) name and address of person responsible on behalf of the licensee for communications with the Commissioner;

(b) name and address of the drilling contractor;

(c) names and addresses of other contractors involved in the operations and the nature of the services they will perform;

(d) proposed well name and number;

(e) location, elevation and co-ordinates of the well site;

(f) a current map showing:

(i) the existing land tenure including reserves and private property;

(ii) the location of any other wells and public utilities;

(iii) any other structure within 150 metres of the proposed well location;

(g) a geological prognosis of the area which includes well objectives for exploration wells, play definition (s) (sources, seal, reservoir, trap configurations) accompanied by a time or depth map of near target horizon(s) and seismic sections where possible;

(h) programmed depth;

(i) estimated spud date;

(j) estimated drilling time;

(k) description of type and method of operations of rig and blow-out prevention equipment;

(l) particulars of coring, casing, casing cementing, drilling fluid, electric (wireline) logging and mud logging;

(m) details of directional drilling operations (if the directions include directional drilling);

(n) proposed well parts (if the well is to be other than vertical);

(o) any amendment or update of the operations documents referred to in regulation 32 required to be lodged due to the nature or location of operations;

(p) detailed pollution control measures.

73 **Production or drill stem tests of exploration and development well**

(1) A licensee must not start a production or drill stem test in an exploration or development well without the prior written approval from the Commissioner.

(2) The application must include details of :

(a) the equipment proposed to be used for the test;

(b) the proposed testing program;

(c) the interval in the well proposed to be tested;

(d) the proposed duration of the test;

(e) the maximum quantity of petroleum or water proposed to be produced;

(f) the proposed method of disposal of the petroleum or water produced.

(3) An approved test must not be conducted before giving at least 24 hours written notice to the Commissioner.

**74 Workover of wells**

(1) A licensee must not workover a well without the prior written approval from the Commissioner.

(2) The application must include details of :

(a) the zone in the well proposed to be abandoned;

(b) the zone in the well proposed to be developed;

(c) proposed modification and changes of the equipment in the well;

(d) proposed changes in the wellhead and production equipment;

(e) procedures proposed to be used.

(3) **Pressure test**

If a well is to be worked over for gas lift operations, the licensee must undertake a pressure test that will prove the integrity of the well production casing, tubing and associated equipment.

(4) The Commissioner may permit the pressure test to be carried out not more than 15 months before the workover of the well if unforeseen circumstances justify doing so. Otherwise the test must be undertaken not more than 12 months before the start of operations.

(5) Any permission granted under subregulation (4) must be in writing.

**75 Approval**

(1) The Commissioner may:

(a) approve an application under this Division; or

(b) approve it subject to conditions; or

(c) refuse to approve it.

(2) The licensee may revise and resubmit an application which the Commissioner has refused to approve. Unless waived by the Commissioner, the revised application must be accompanied by the standard fee.

(3) Any waiver granted under subregulation (2) must be in writing.

## Division 2 - Duties of licensee undertaking drilling

**76 Casing**

(1) The licensee must ensure that:

(a) a well is lined with casing;

(b) the design, placement and cementing of casing strings is in accordance with regulation 77;

(c) casing recovered from a well is not re-used in another well unless it has first been inspected in accordance with good oil-field practices;

(d) conductor pipe is installed in a well to protect the well and equipment against surface formation instability and to enable the circulation of drilling fluid from the well before surface casing is installed;

(e) surface casing is designed and set in accordance with good oil-field practice;

(f) a well (other than a plugged and abandoned well) is equipped so that the pressure in each annulus may be measured.

**77 Cementing of casing**

(1) The licensee must ensure that:

(a) casing strings are designed, placed and cemented in accordance with good oil-field practices; and

(b) details of all cementing operations are recorded in the driller's log; and

(c) the Commissioner is notified as soon as practicable if there is any reason to suspect a faulty cementing operation.

(2) The licensee must ensure that, if the cementing requirements of this regulation have not been achieved by primary cementing operation, re-cementing or remedial cementing is undertaken to achieve compliance with the regulation.

**78 Drilling after cementing**

(1) **Start**

The licensee must ensure that drilling does not start after cementing of casing strings until:

(a) either:

(i) 24 hours has passed; or

(ii) the cement has been under pressure for 8 hours for the surface casing string and 10 hours for all other casing strings. The cement is considered to be under pressure if, during the time lapse, the cement is restrained from movement by the use of float valves or other suitable equipment; and

(b) the pressure tests set reffered to subregulation (2) of this regulation are satisfactorily completed.

(2) **Pressure tests**

The licensee must:

(a) conduct pressure tests on:

(i) all casing strings (except the conductor casing string) before drilling out of the casing shoe; and

(ii) the production casing string to an approved pressure,

for as long as it is necessary to ascertain that there is no continuous pressure drop; and

(b) record pressure test results in the driller's log.

## 79 Blow-out prevention equipment - installation

The licensee must install, operate and maintain blow-out prevention equipment in accordance with good oil-field practices.

## 80 Blow-out prevention equipment - safety and emergency requirements

### (1) Control panel

The licensee must ensure that during operations a control panel for operating blow-out prevention equipment is located both:

(a) on the drill floor; and

(b) at a distance from the drill floor to ensure safe and ready access in time of emergency.

### (2) Choke manifold

The licensee must ensure that each choke manifold has:

(a) a pressure gauge which indicates the drill pipe pressure at the drill floor; and

(b) a pressure gauge which indicates the casing string/drill string annulus pressure at a known point upstream of the choke.

(3) This choke manifold equipment must be clearly visible to the choke operator when standing in the normal operating position for either the remotely or hand adjustable chokes.

## 81 Blow-out prevention - tests and drill

(1) The licensee must ensure that blow-out prevention drills are conducted weekly for each drilling crew.

(2) The blow-out prevention drill must test that:
(a) all equipment is operating; and
(b) all drilling crews are properly trained to carry out emergency duties.

(3) The licensee must ensure that all blow-out prevention drills and response times are recorded in the drillers log.

(4) The licensee must ensure that:

(a) a notice is displayed on the rig floor providing details of the well control procedures to be followed if indications of a well kick are observed; and

(b) all drilling crews are trained in those procedures.

**82 Formation integrity testing**

The licensee must ensure that a formation integrity test is conducted in accordance with good oil-field practices.

**83 Deviation surveys**

The licensee must ensure that deviation surveys are taken at intervals of between 150 metres and 300 metres to ascertain the deviation of a well from vertical.

**84 Wells**

A licensee must:

(a) report any repair, modification, recompletion, production test or suspension of a well to the Commissioner; and

(b) not abandon, close or plug a well without prior written consent of the Commissioner; and

(c) close or plug the well in a manner approved in writing by the Commissioner.

**Division 3 - Reports**

**85 Daily drilling report**

(1) Before 11.00am each day, the licensee must submit to the Commissioner a daily written report of the drilling or workover operation for the previous 24 hours.

(2) The daily report must contain the following information:

(a) the name of the well;

(b) the depth drilled;

(c) the work carried out;

(d) the size and shoe depth of the last casing/liner;

(e) the bit size;

(f) the following drilling fluid properties:

(i) weight;

(ii) viscosity;

(iii) fluid loss;

(iv) pH;

(g) the lithology of formations penetrated;

(h) any indications of petroleum or other products;

(i) results of surveys made in the well bore;

(j) when available, estimated daily and cumulative well costs.

**86 Final well report**

(1) The licensee must submit a written well report to the Commissioner for each well within 6 months of the well being:

(a) plugged; or

(b) abandoned; or

(c) suspended; or

(d) completed.

(2) The well report must include:

(a) the name and location of the well;

(b) the elevation of the well location;

(c) the depth of the well measured by:

(i) its along hole length; and

(ii) the vertical depth measured by the distance below the rotary Kelly bushings;

(d) the depth of the various marker horizons;

(e) the depth of the perforations in the petroleum reservoir (if any);

(f) the dates of the start and finish of making the well;

(g) the drilling rig used to make the well;

(h) a statement as to whether the well has been:

(i) plugged; or

(ii) completed; or

(iii) suspended; or

(iv) abandoned;

(i) particulars of the results of formation-fluid sample tests and any production tests carried out on the well;

(j) particulars of equipment installed in or on the well;

(k) particulars of cementing operations carried out in or on the well;

(l) particulars of locations in the well at which samples were obtained;

(m) particulars of all surveys made in the well;

(n) particulars of the casing and equipment installed in or on the well complete with schematics showing major dimensions and features of such casing and equipment ;

(o) in the case of a development well that has been deviated or drilled from a central location:

(i) the surveyed path of the well;

(ii) the position of the various marker horizons;

(iii) the position of the perforations in the reservoir;

(p) particulars of the geological interpretation of the observations made as a result of drilling the well (In the case of an exploration well, this must be accompanied by geological maps and sections drawn on the basis of the interpretations made.);

(q) where appropriate, a discussion of the relevance of the findings of the well to the evaluation of the hydrocarbon potential of the area around the well and of the basin containing it;

(r) the depths and descriptions of geological samples such as cuttings, sidewall and conventional cores;

(s) all surveys and measurements made in the well, including any detailed interpretations, if made;

(t) the geological interpretation of the observations made;

(u) where available, interpretations of all wireline log data;

(v) where available, all fluid sample analyses;

(w) reports on cores and cuttings required by this regulation;

(x) a summary of the costs of drilling subsequent tests and sampling.

(3) If not included in the well report, the licensee must ensure that reports of special technical studies on samples and cores obtained from wells (including palaeontology, palynology, permeability, porosity, fluid saturations, relative permeability, capillary pressure and fluid analysis and geochemical analyses) are submitted to the Commissioner as soon as they become available.

**87 Well evaluation logs**

(1) The licensee must ensure that a suite of logs is run and recorded:

(a) when a well is cased (other than with surface casing); or

(b) when a well is completed; or

(c) when a well is abandoned; or

(d) where directed by the Commissioner.

(2) The suite of logs must sufficiently and properly determine:

(a) formation porosity;

(b) formation fluid saturation;

(c) stratigraphic correlation with surrounding wells;

(d) if inadequate control exists in the vicinity of the well, velocity control.

(3) The licensee must submit to the Commissioner:

(a) a copy of each log run, which must be forwarded as soon as it is recorded;

(b) stable base transparencies of each log, which must be provided as soon as practicable after they are made;

(c) magnetic tape or other digital log data, which must be provided (as soon as practicable after they become available).

## PART 7 - PETROLEUM PRODUCTION

### 88 Scope of Part 7

This Part sets out the specific duties of a holder of a petroleum production licence:

(a) in constructing production facilities and selecting equipment (Division 1);

(b) before starting production (Division 2);

(c) in undertaking producing (Division 3);

(d) in the calculation and payment of the production royalty (Division 4);

(e) in submitting reports and retaining records (Division 5).

### Division 1 - Production facilities and equipment

### 89 Constructing a production facility

(1) Only the holder of a petroleum production licence who has obtained written approval from the Commissioner may construct a production facility.

(2) When applying for approval, the licensee must give details of :

(a) give details of the location of the facility;

(b) give details of its design;

(c) give details of the proposed standards and method of construction;

(d) give details of the specifications and plans for emergency shutdown equipment and any fixed fire fighting facility; and

(e) pay the standard fee.

(3) The Commissioner may:

(a) approve the construction of a production facility; or

(b) approve it subject to conditions; or

(c) refuse to approve it.

The Commissioner may only approve the construction of a production facility if the Commissioner is satisfied that it is sited and spaced in accordance with good oil-field practice.

**90 Modification of construction**

(1) The licensee must:

(a) submit any proposal for a significant addition or modification to an approved proposed production facility to the Commissioner for approval; and

(b) pay the standard fee; and

(c) not start construction until the modification or addition has been approved.

(2) The approval or modification or addition must be in writing.

**91 Progress report on construction**

The licensee must submit to the Commissioner by the 21st day of each month a report on the progress made in constructing the facilities during the previous month.

**92 Equipment to comply with good oil-field practice**

The licensee must ensure that all equipment used for the recovery of petroleum and ancillary services is designed, constructed and operated in accordance with good oil-field practice.

## Division 2 - Production tests and plans

**93 Notifying and reporting on tests**

The licensee must notify the Commissioner of any proposed test under this Division.

**94 Production test**

(1) The licensee must undertake a production test on a newly completed or recompleted production facility before production starts or by the end of the first month of bringing it into production or recommencing production. The test must determine:

(a) representative chemical analyses of fluids as they exist in the reservoir;

(b) the production capacity of the well;

(c) if possible, shut-in and flowing bottom hole pressures.

(2) The licensee must give the Commissioner a written report on the test within 3 months of finishing the test.

(3) If an extended production test is undertaken, the licensee must submit a report before the 21st day of each month detailing, for the previous month:

(a) pressure information;

(b) quantities of fluids produced;

(c) sales of gas or hydrocarbon fluids.

**95 Reservoir management plan**

(1) The licensee must not start production from a production facility (other than for a production test) until the Commissioner has approved a reservoir management plan.

(2) The Commissioner may:

(a) approve a reservoir management plan; or

(b) approve it subject to conditions; or

(c) refuse to approve it.

(3) If it is not practical to submit a reservoir management plan, the licensee must not start production from a production facility (other than for a production test) until the Commissioner has approved a program to work to develop a reservoir management plan. This program of work must indicate the period within which the licensee proposes to develop the reservoir management plan.

(4) The Commissioner may:

(a) approve variations to a reservoir management plan; or

(b) direct that a reservoir management plant be revised to comply with good oil-field practice.

(5) A licensee must comply with an approved reservoir management plan.

(6) An approval or direction under this regulation must be in writing.

**96 Evaluation of potential for enhanced recovery or retrograde condensation**

(1) The licensee must not start production from a production facility or gas reservoir until sampling and evaluation of the potential for enhanced recovery or retrograde condensation has been undertaken.

(2) If it is not practical to undertake an evaluation, the licensee must not start production until the Commissioner has approved a program of work to carry out an evaluation during the course of production. The program of work must indicate the period within which the evaluation will occur.

(3) If as result of an evaluation retrograde condensation appears likely to occur in a reservoir, the licensee must as soon as practicable:

(a) undertake a full pressure-volume-temperature study; and

(b) submit the results of that study to the Commissioner within one month after finishing the test.

(4) An approval under subregulation (2) must be in writing.

**97 Concurrent production**

(1) If a licensee states in a notice under section 26 (1) of the Act that a reservoir is of potential commercial interest, the licensee must ensure that if a production facility is to be produced as a gas production facility it is done so only in accordance with a scheme which allows for the concurrent production of natural gas and petroleum from the reservoir and which is not detrimental to the ultimate recovery of hydrocarbons.

(2) If the licensee makes an application under regulation 2 for exemption from subregulation (1) of this regulation, the application must contain an analysis of the nature of the reservoir, distinguishing between natural gas and other petroleum types.

## Division 3 - Obligations of licensee during production

**98 Rate of recovery of petroleum**

(1) The annual rate of recovery of petroleum from a fully developed reservoir must be approved by the Commissioner.

(2) The application for approval must include:

(a) the proposed rate of recovery;

(b) past performance of wells and the reservoir;

(c) a prediction of future performance of the reservoir;

(d) an estimate of ultimate recovery from the reservoir.

(3) Any approval under this regulation must be in writing.

**99 Monitors and control mechanisms**

The licensee must ensure that monitors and control mechanisms which meet international industry standards are used to control the rate of recovery of petroleum or water from a well.

**100 Monitoring of rate of recovery**

The licensee must ensure that the rate of recovery of petroleum from well is monitored either:

(a) continuously; or

(b) by production tests carried out at a frequency which is in accordance with good oil-field practice.

**101 Reservoir and well performance monitoring**

(1) **Extension of time**

The Commissioner may grant an extension of time not exceeding 1 year in which to complete any one or more of the tests required by this regulation if unforeseen circumstances justify an extension.

(2) **Reporting of test results**

The licensee ensure that a report on the results of any test required by this regulation and any interpretation of those results are sent to the Commissioner within 1 month after finishing the test.

(3) **Test to determine changes in flow characteristics of a well**

Every 2 years, the licensee must test each producing completion using a calibrated sub-surface pressure gauge which meets international industry standards, to determine changes in the flow characteristics of the well.

(4) **Fluid analysis**

The licensee must undertake a full well fluid analysis:

(a) in conjunction with each test carried out under regulation 102 (3); and

(b) at other times that the Minister may direct under section 36 of the Act.

(5) **Water production**

The licensee must test each completion capable of production to determine water production in accordance with good oil-field practice at intervals not exceeding 6 months.

(6) If a water production test indicates the production of formation water that had not been previously identified, the licensee must ensure that:

(a) a full separator test is carried out; and

(b) if the Commissioner so requires, a chemical analysis of the produced water is carried out; and

(c) further separator tests are then carried out at intervals approved by the Commissioner.

(7) **Alternative monitoring**

The licensee may apply for approval from the Commissioner to monitor the reservoir and well performance using alternative methods. The Commissioner may approve an alternative method if satisfied that the alternative method will not lead to undue waste of petroleum.

(8) The licensee must ensure that while a production facility is being cleaned up or tested, the amount of natural gas or petroleum flared in accordance with regulation 55 is kept to a minimum in accordance with good oil-field practice.

(9) An approval or extension of time granted under this regulation must be in writing.

**102 Major stimulation test**

(1) If a production facility is to be subjected to a major stimulation procedure (such as fracturing or acidizing), the licensee must ensure a test is carried out at least 6 months before the stimulation to provide a benchmark against which to determine:

(a) any changes as a result of the stimulation in:

(i) the fluid flowing from the production facility;

(ii) the producing capacity of the production facility;

(iii) formation characteristics;

(b) if possible, the shut-in and flowing bottom hole pressures.

(2) The licensee must give the Commissioner a written report on the test within 3 months of finishing the test.

(3) The licensee does not have to undertake a major stimulation test where reliable test is in existence.

(4) If necessary to conform with good oil-field practice, the licensee must carry out a further major stimulation test within 3 months of the stimulation. In this case, the licensee need give only one written report covering both tests.

**103 Surveys of reservoir build-up**

(1) If downhole equipment permits, the licensee must conduct bottom hole pressure build-up surveys on each well completed in a pool from which petroleum is being produced:

(a) at intervals of:

(i) one year; or

(ii) the time required to produce 10% of the currently estimated original recoverable reserves of the reservoir; and

(b) in a manner consistent with good-field practice.

(2) The licensee must ensure that a written report on the results of any pressure test and any interpretation of those results is sent to the Commissioner within 1 month after finishing the test.

**104 Pressure below bubble point**

(1) The licensee must ensure that a completion is not produced so that the bottom hole pressure is below the pressure.

(2) On application by the licensee, the Commissioner may approve production of a production facility using an alternative method to that required by subregulation (1) if the Commissioner is satisfied that the alternative method will not lead to undue waste of petroleum.

**105 Surface connections**

The licensee must ensure that each well from which petroleum is recovered is provided in accordance with good oil-field practice with surface connections and equipment that are necessary to prevent the injection of petroleum or water into the well from another well or from production equipment.

**106 Subsurface safety devices**

(1) The Commissioner may direct the licensee to ensure that a well that is capable of producing petroleum by natural flow is equipped with a subsurface safety device which:

(a) conforms with good oil-field practice;

(b) is designed so that it automatically closes off the flow of petroleum or water if the wellhead or production equipment is damaged in a way that could allow the escape of petroleum or water from the well;

(c) is located in a specified position;

(d) is operated and tested at intervals of not more than 6 months or as otherwise directed by the Commissioner;

(e) is repaired or replaced immediately if a test indicates that it may not operate correctly.

(2) A direction under subregulation (1) must be in writing.

**107 Segregation of zones**

(1) A licensee must give the Commissioner at least 3 days notice of an intention to carry out a test for the purpose of this regulation.

(2) A licensee must carry out tests on whether segregation between the production facilities in each facilities multiple production well has been achieved and maintained. The tests must be carried out within 7 days of:

(a) the initial well completion;

(b) any change of subsurface equipment;

(c) any other operation that may disturb, or exert abnormal differential pressures on, subsurface equipment;

(d) the anniversary of the last test under this regulation if none of (a) - (c) has occurred in the previous 12 months.

(3) A licensee must submit a written report to the Commissioner within 1 month of the test which includes:

(a) results from the test;

(b) an analysis and interpretation of the results;

(c) a conclusion stating whether or not segregation has been achieved and maintained.

(4) If either a test carried out to meet the requirements of this regulation or the production characteristics of a well indicate that segregation between the production facilities is ineffective, the licensee must immediately:

(a) inform the Commissioner in writing; and

(b) take all reasonable steps to re-establish segregation.

(5) If steps taken to achieve segregation are not successful, the Commissioner may order that one or more of the production facilities be sealed off.

(6) The Commissioner may require the well to be shut-in if a licensee fails to demonstrate that segregation between production facilities has been achieved.

(7) Any order or requirement under subregulation (5) or (6) must be in writing.

**108 Prevention of cross flow**

If a production facility is shut-in (other than in an emergency), the licensee must ensure that the production facility is left in a condition that will prevent harmful cross flow between zones.

## Division 4 - Production royalty

**109 Royalty rate**

(1) This regulation applies if there is no relevant agreement with respect to the licensee or no royalty is specified in a relevant agreement or incorporated in the licence.

(2) It is a term of each petroleum production licence that the licensee must pay the Republic a royalty of 10% of the value at the well-head of all petroleum products recovered by the licensee.

(3) The licensee must pay the royalty within 30 days of receiving notification of the royalty payable from the Commissioner.

(4) If the licensee fails to pay the royalty within that period , the licensee must additionally pay interest at the rate of 1.5% per annum on the outstanding unpaid royalty, accruing daily, until the royalty is fully paid.

(5) In this regulation:-

(a) "relevant agreement" has the same meaning as in the Act;

(b) "value" means:

(i) such an amount as is agreed between the Commissioner and the licensee; or

(ii) if no agreement exists, such amount as reasonably determined by the Commissioner;

(c) "well-head" means:

(i) the valve station agreed between the Commissioner and the licensee; or

(ii) if no agreement exists, the valve station reasonably determined as appropriate by the Commissioner.

**110 Production measurement**

(1) Before starting production, the licensee must ensure that metering devices are installed to measure the quantity of petroleum, natural gas or water that flows from each production facility.

(2) Each metering device must be proved and certified for its accuracy in a manner and at a frequency consistent with good oil-field practice.

(3) If production from separate production facilities is commingled before measurement, the licensee must ensure that the production of petroleum, gas and water from each production facility is determined by testing at intervals in accordance with good oil-field practices.

(4) The equipment and procedures used to determined the quantity and composition of petroleum and water must be approved by the Commissioner.

(5) **Measurement of natural gas**

For the purpose of measuring natural gas won and saved from land subject to a licence, the volume of the natural gas is to be calculated at an absolute pressure of 1 atmosphere and at a temperature of 60°F.

(6) **Alteration of method of production measurement**

The licensee must ensure that alterations are made to a metering device only with the written consent of the Commissioner. The Commissioner may require that an alteration be made in the presence of a person authorised by the Commissioner.

(7) **Test of method of production measurement**

The Commissioner may direct that any metering device is tested or examined in a manner specified by the Commissioner in the direction.

(8) **Seal**

For the purpose of assessing the royalty payable on an operation, the Commissioner may select and seal a valve or meter installed:

(a) at a well or production facility; or

(b) on a pipeline, tank or other receptacle that is used for the storage or transportation of oil, gas or other fluids produced from the well.

(9) Except in an emergency, a person must not tamper with a seal or remove it without the written permission of the Commissioner.

(10) An approval or a direction under subregulations (4) or (7) must be in writing.

**111 Royalty return**

(1) The licensee must submit a royalty return within 10 days of the commencement of each month.

(2) The return must provide details of :

(a) gross value of petroleum products produced at the well-head (itemised by type) produced; and

(b) associated operating costs incurred; and

(c) net value of petroleum products produced at the well-head (itemised by type) produced,

for the licence area for the preceding month.

**112 Royalty assessment**

(1) **Commissioner to calculate royalty**

The Commissioner must calculate and notify the licensee of the royalty payable for each month within 14 days of the licensee submitting the royalty return.

(2) **Adjustment of royalties**

If as a result of a test or examination the metering device is inaccurate in the reasonable opinion of the Commissioner, the Commissioner may assume that the metering device has been inaccurate since last tested and adjust any royalty accordingly. In reaching this determination, the Commissioner must consider any written representation of the licensee and act only with the approval of the Minister.

(3) The quantity of recovered petroleum products from a well is:

(a) the quantity measured by an approved metering device;

(b) if no approved metering device is operating, the quantity reasonably determined by the Commissioner. In reaching this determination, the Commissioner must consider any written representation of the licensee and act only with the approval of the Minister.

(4) A notification, approval or determination under this regulation must be in writing.

## Division 5 - Other records and reports

### 113 Reservoir under development

(1) The Commissioner may direct the licensee to submit a written report on a reservoir under development. The report must demonstrate that the reservoir is being developed in a manner consistent with sound management practices and compatible with the best long- term recovery, and include:

(a) a description of the reservoir;

(b) the proposed production policy;

(c) current reservoir performance.

(2) A direction under subregulation (1) must be in writing.

### 114 Production facility maintenance reports

(1) **Corrosion report**

The licensee must submit a written report to the Commissioner if:

(a) mechanical damage, erosion or corrosion that could affect the safety or integrity of a production facility occurs;

(b) any non-routine corrosion (including, but not limited to, instructment pigging, acoustic emission testing and pipe examinations) occurs.

(2) The report must include, or be followed by, a written report on any repairs carried out.

(3) **Annual report**

Within 2 months after the end of each year, the licensee must submit a written report to the Commissioner:

(a) summarising the routine corrosion and other surveys carried out on a production facility during the year; and

(b) assessing the condition of the production facility as at the end of the year.

## 115 Records of periodic inspections

The licensee must ensure that accurate records are maintained of periodic inspections of the production facility equipment and piping. The records must include details of the inspections. testing and proving of meter control valves.

## PART 8 - RECORDS AND REPORTS AND ACCOUNTS

### 116 Scope of Part 8

This Part sets out:

(a) the records (including production records) which the licensee must retain (regulations 117, 118 and 121);

(b) the reports the licensee must submit (regulations 119 and 120);

(c) the form of records (regulation 122);

(d) the procedure for delivering documents to the Commissioner (regulation 123).

### 117 Retention of copies of records,etc

The licensee must:

(a) keep a copy of the records, maps, plans and reports required by this Part at an address in the Republic; and

(b) notify the Commissioner in writing

(i) of the address; and

(ii) of any change to that address within 30 days of the date of the change.

### 118 Records

(1) The licensee must keep full and accurate records of:

(a) the drilling, operation, deepening, plugging or abandonment of wells;

(b) the strata and subsoil through which wells are drilled;

(c) the casing and casing accessories inserted in wells and any alteration to such casing;

(d) any petroleum, water and other economic minerals or dangerous substances encountered, and any significant discovery of any mineral (as defined in the Mines and Minerals Act CAP 190);

(e) the areas in which any geological or geophysical work has been carried out.

(2) The licensee must keep accurate geological maps and plans, geophysical records and interpretations of both, relating to the licence area.

**119 Half-year reports**

Within 30 days of the end of each six month period from the grant of the licence, the licensee must submit a written report to the Commissioner for the six month period containing:

(a) a summary of all geological and geophysical work carried out:

(b) a summary of all drilling activity and results obtained;

(c) a list of maps, reports and other geological and geophysical data prepared for the licensee.

**120 Annual reports**

(1) Within sixty days after the end of each year of the term of the licence, the licensee must submit a written report to the Commissioner containing:

(a) a general discussion of operations carried out (including office studies);

(b) the results of all prospecting and production operations carried out in the year concerned;

(c) technical conclusions derived from the year's operations;

(d) a list of reports submitted during the year;

(e) an outline of work plans for the next year;

(f) current and appropriately scaled interpretation maps ;

(g) survey statistics;

(h) a summary of annual expenditure;

(i) estimates (if available) of economically recoverable reserves of petroleum and natural gas at the end of the year concerned;

(j) discussion on delineated possible prospects and leads;

(k) detailed discussion on the hydrocarbon prospective of the licence area;

(l) any other information relating to the operations as the Commissioner directs.

(2) A direction under subregulation (1) (l) must be in writing.

**121 Productions records**

The licensee must keep full and accurate accounts of:

(a) the gross quantity of petroleum (itemised by type) won and saved from the licensed area;

(b) the grades and gravity of any petroleum produced and the composition of natural gas produced;

(c) the quantities of:

(i) crude oil;

(ii) natural gas;

(iii) each refined petroleum product, including liquefied petroleum gases;

(iv) sulphur, in any form, or any other gases, liquids or solids,

disposed of by way of sale or otherwise, the consideration received, the quantity disposed of, and the name of the person to whom any such quantity was disposed;

(d) the quantity injected into the formation of:

(i) crude oil;

(ii) natural gas;

(iii) each refined petroleum product, including liquefied petroleum gases;

(e) the quantity consumed for drilling and other production operations (other than quantities reported under paragraph (d) and consumed in pumping to field storage and refineries in the Republic of:

(i) crude oil;

(ii) natural gas;

(iii) each refined petroleum product, including liquefied petroleum gases;

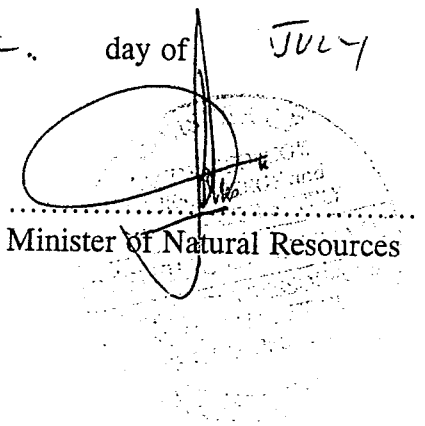
(f) the quantity of crude oil refined by or on behalf of the licensee in the Republic,

## PART 11 -- MICHELLANOUS

### 130 Commencement

These regulations shall come into force on the date of their publication in the Gazette.

**Dated this** 14th. day of July 1997.



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Minister of Natural Resources

# SCHEDULE

## PETROLEUM REGULATIONS NO. 30 OF 1997

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## Prescribed forms

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(maximum 60)

-precise location

Amount of capital
-at present available

- can be made available
and source

| Technical experts or advisers | full name | qualifications |
|---|---|---|
| | | |

| Signature<br>-of all applicants if individuals<br>-two directors or a director and an officer if corporation<br>(give position | print name | sign here date |
|---|---|---|
| | | |

Items to be lodged with this application:

1. Location plan of blocks
2. Proposed exploration program and minimum expenditure
3. Statement of environment effects
4. Proposals for employing and training Vanuatu citizens
5. Fee

# Republic of Vanuatu

Coat of Arms

Petroleum Regulations 1997

form 2 - 3

## Petroleum Prospecting Licence

| | |
|---|---|
| Licensee | |
| Licence Area | |
| Licence number | |
| Period of licence | from to |
| Conditions -statutory | Petroleum (Exploration and Production) Act 1993<br>Petroleum Regulations 1997 |
| Other | |

This licence is granted in accordance with the Petroleum (Exploration and Production) Act 1993 and Petroleum Regulations 1997

Granted by .....
Minister Administering the Act

Date .....

# Republic of Vanuatu

Coat of Arms

form 2 - 4

Petroleum (Exploration and Production)
Act 1993
Regulations 1997: 2 - 4

## Transfer of Petroleum Prospecting Licence (transferee to be registered as a holder of licence)

| | |
|---|---|
| Licence number | |
| Transferor full name | _____ |
| Transferee full name nationality | _____ |
| Consideration for transfer | _____ |

Signatures

I agree to transfer the licence

Transferee (s) — Witness

---------- ----------

---------- ----------

---------- ----------

I agree to accept the transfer on (date).....

Transferee (s) — Witness

..... .....

..... .....

..... .....

- Approval

I approve the transfer

---------- ----------

Minister administering the Act — Date

# Republic of Vanuatu

Coat of Arms

form 2 - 5

## Transfer of Petroleum Prospecting Licence (transferee not to be registered as a holder of licence)

Petroleum (Exploration and Production) Act 1993
Regulations 1997: 2 - 5

| | |
|---|---|
| Licence number | |
| Transferor full name | |
| Transferee full name | |
| nationality | |
| Consideration for transfer | |
| Nature of interest | |

Signatures

I agree to transfer the interest in the licence described above

Transferor (s) — Witness

---------- ----------

---------- ----------

---------- ----------

I agree to accept the transfer on (date).....

Transferee (s) — Witness

---------- ----------

---------- ----------

---------- ----------

Approval

I approve the transfer

---------- ----------

Minister administering the Act — Date

# Republic of Vanuatu

form 2 - 6

Petroleum (Exploration and Production) Act 1993
Regulations 1997: 2 - 6

Coat of Arms

Application to

Renew
Petroleum Prospecting Licence

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Application — I apply to renew the licence described below

Licence
- number

- previous renewal — No — Yes — - When / /

---

Change to details of applicant
eg names, addresses, directors, shareholders, experts

---

| Signature<br>- of all applicants if individuals<br>- two directors or a director and an officer if corporation | print name | sign here | date |
|---|---|---|---|
| | | | |

---

Documents to be lodged with this application :

1 Plan of work in period of renewed licence

# Republic of Vanuatu

Coat of Arms

form 2 - 7

Application for

## Petroleum Production Licence

Petroleum (Exploration and Production) Act 1993

Regulations 1997 : 2 -7

**Application** I apply for a petroleum production licence for the blocks described below

**Applicant**

- individuals

| full name, occupation and nationality | address |
|---|---|
| | |

- corporation
- name

- place of incorporation
- directors

| full name and nationality | address |
|---|---|
| | |

-ultimate beneficial owners of more than 5% of issued share capital

| full name and nationality | % of issued capital |
|---|---|
| | |

Experience in petroleum drill and production work
-brief details

Licence area sought

- number of blocks
(maximum 60)

- precise location

Amount of capital
- at present available

-can be made available
and source

| Technical experts or advisers | full name | qualifications |
|---|---|---|
| | | |

| Signature<br>-of all applicants if individuals<br>-two directors or a director and an officer if corporation<br>(give position) | print name | sign here date |
|---|---|---|
| | | |

Documents to be lodged with this application:

1 Location plan of blocks
2 Proposed drill and production programme and minimum expenditure
3 Proposals for employing and training Vanuatu citizens
4 Fee

# Republic of Vanuatu

Petroleum Regulations 1997, Form 2 - 8

Coat of Arms

## Petroleum Production Licence

| | |
|---|---|
| Licensee | |
| Licence Area | |
| Licence number | |
| Period of licence | from to |
| Rents and royalties | |
| Conditions - statutory | Petroleum (Exploration and Production) Act 1993<br>Petroleum Regulation 1997 |
| -other | |

This licence is granted in accordance with the Petroleum (Exploration and Production) Act 1993 and Petroleum Regulations 1997

Granted by .....
Minister administering the Act

Date .....

# Republic of Vanuatu

Coat of Arms

form 2 - 9

Transfer of
Petroleum Production Licence
(transferee to be registered as a holder of licence)

Petroleum (Exploration and Production) Act 1993
Regulations 1997: 2 - 9

| | |
|---|---|
| Licence number | |
| Transferor<br>full name<br>nationality | |
| Transferee<br>full name<br>nationality | |
| Consideration for transfer | |
| Nature of interest | |

I agree to transfer the interest in the licence described above

Transferor(s) Witness

..... .....

..... .....

..... .....

I agree to accept the transfer on (date).....

Transferor(s) Witness

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Approval I approve the transfer

..... .....

Minister administering the Act Date

# REPUBLIC OF VANUATU

## THE PETROLEUM (EXPLORATION AND PRODUCTION)

## ACT(COMMENCEMENT) ORDER NO. 31 OF 1997.

To bring into force the Petroleum (Exploration and Production) Act No. 13 of 1993.

**IN EXERCISE** of the powers conferred upon me by section 66 of the Petroleum (Exploration and Production) Act No. 13 of 1993, **I, SATO KILMAN,** Minister of Lands, Geology, Mines, Energy and Rural Water Supply, make the following Order:-

**COMMENCEMENT OF THE ACT NO 13 OF 1993.**

1. The Petroleum (Exploration and Production) Act No. 13 of 1993 shall come into force on the date of publication of this Order in the Gazette.

**COMMENCEMENT OF ORDER**

2. This Order shall come into force on the date of its publication in the Gazette.

**MADE at Port Vila this** 25th **day of** **July, 1997.**

**SATO KILMAN**
**Minister of Lands, Geology, Mines,**
**Energy and Rural Water Supply**