



REPUBLIC OF GHANA

PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018
(L.I. 2359)

**PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018**

ARRANGEMENT OF REGULATIONS

Regulation

Preliminary Provisions

1. Application

Area Management

2. Reference map

3. Strategic assessment programme for opening areas for petroleum activities

4. Strategic assessment

5. Application for a reconnaissance licence

6. Consideration of application

7. Extension of reconnaissance application

8. Activities under a reconnaissance licence

Grant of Petroleum Agreement

9. General procedural requirement for the tender process

10. Pre-qualification

11. Pre-qualification requirement

12. Invitation to tender

13. Tender documents

14. Bid submission and content of bid

15. Qualification requirement for operator

16. Evaluation of bids and evaluation criteria for petroleum agreements

17. Opening of bids

18. Notice of decision to enter into a petroleum agreement

19. Direct negotiations

20. Petroleum register

21. Transparency and publication

Petroleum Agreement

22. Operator

23. Operating standards

24. Change of operator

25. Joint operating agreements

**PETROLEUM (EXPLORATION AND PRODUCTION
(GENERAL) REGULATIONS, 2018**

- 26. Change of ownership
- 27. Assignment of an interest in a licence or a petroleum agreement
- 28. Pre-emption
- 29. Application for an extension of a new petroleum agreement
- 30. Grant of extension of a new petroleum agreement
- 31. Termination of a petroleum agreement
- 32. Domestic supply requirement
- 33. Title to and control of physical assets

Petroleum Activities by the Corporation

- 34. Participating interest of the Corporation
- 35. Mortgaging of participating interests
- 36. Application for authorisation to carry out petroleum activities
- 37. Agreement between Corporation and sub-contractor

Management of Petroleum Activities

- 38. Management system

Exploration

- 39. Extension of exploration period
- 40. Work programme
- 41. Declaration of commerciality and appraisal
- 42. Relinquishment of contract area

Development and Production

- 43. Plan of development and operation
- 44. Variations of an approved plan of development and operation
- 45. Monitoring of reservoir performance pressure
- 46. Production permit
- 47. Test production
- 48. Production methods
- 49. Restrictions on flaring, venting and injection of petroleum
- 50. Co-ordination of petroleum activities and unitisation

Transportation, Treatment and Storage of Petroleum

- 51. Criteria for grant of licence

PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018

52. Facility location and pipeline route survey
53. Duration of licence
54. Design, construction, installation and maintenance
55. Permit to commence installation of facility
56. Permit to operate facility
57. Change of operator
58. Protection of pipeline
59. Discontinuance of use of pipeline
60. Return to active flowing service

Cessation, Decommissioning and Removal of Facilities

61. Decommissioning plan
62. Notice and approval of abandonment, closure and plugging of wells
63. Restoration of affected areas
64. Report on decommissioning
65. Liability

Information and Reporting

66. General requirements on record keeping
67. Reporting
68. Confidentiality of information
69. Annual reports and accounts
70. Notice of incident

Fiscal Provisions

71. Royalty
72. Annual acreage fee
73. Rental fees
74. Bonus payment
75. Additional oil entitlement
76. Lifting and marketing of petroleum
77. Pricing of petroleum
78. Information relevant for price determination

Miscellaneous Provisions

79. Offences and penalties
80. Interpretation

PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018

SCHEDULES

FIRST SCHEDULE

FORM ONE

Application for a Reconnaissance Licence

FORM TWO

Application for Direct Negotiation

FORM THREE

Application for an Extension or New Petroleum Agreement

SECOND SCHEDULE

Annual Acreage Fee

THIRD SCHEDULE

Additional Oil Entitlement Calculations

**PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018**

IN exercise of the power conferred on the Minister responsible for Petroleum by subsections (1) and (2) of section 94 of the Petroleum (Exploration and Production) Act, 2016 (Act 919), these Regulations are made this 25th day of June, 2018.

Preliminary Provisions

Application

1. These Regulations apply to petroleum activities.

Area Management

Reference map

2. For the purposes of section 6 of the Act, the blocks on the reference map shall each be of a size equivalent to ten minutes of latitude and twenty minutes of longitude unless adjacent areas or boundaries with other jurisdictions require otherwise.

Strategic assessment programme for opening areas for petroleum activities

3. (1) The Minister shall in collaboration with the Commission and other relevant agencies prepare a draft strategic assessment programme.

(2) The draft strategic assessment programme shall include information on

- (a) a map of the proposed area to be opened for the petroleum activities;
- (b) the envisaged petroleum activities in the area;
- (c) possible development solutions;
- (d) the proposed methodology for assessment of
 - (i) impacts of the petroleum activities on local communities;
 - (ii) impacts of the petroleum activities on the environment, trade, agriculture, fisheries, shipping, maritime and other industries and risk of pollution; and
 - (iii) the potential economic and social impact of the petroleum activities.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(3) The Minister

(a) shall publish the draft strategic assessment programme

(i) in the *Gazette*,

(ii) in at least two state-owned daily newspapers, and

(iii) on the website of the Ministry; and

(b) may publish the draft strategic assessment programme in any other medium of public communication.

(4) A person who has an interest in the area proposed to be opened for petroleum activities may present that interest in writing to the Minister.

(5) A person specified under subregulation (4) shall present that interest to the Minister within six weeks after the publication of the draft strategic assessment programme.

(6) The Minister shall prepare a report on the interest presented under subregulation (4) stating how the interest

(a) was assessed, and

(b) if considered relevant, was reflected in the final strategic assessment programme.

(7) The Minister, having taken due consideration of the draft strategic assessment programme and the interests of affected persons, shall decide on the final strategic assessment programme.

Strategic assessment

4. (1) The Minister shall be responsible for the strategic assessment of an area to be opened for petroleum activities.

(2) The strategic assessment of the area to be opened for petroleum activities includes

(a) a description of how the proposed petroleum activities could affect policies and the local plans and national plans relevant for the area;

(b) the identification and description of the environmental issues and other natural resources;

(c) a description of the foreseeable environmental impact of the petroleum activities on fauna and flora, landscape, water, air, climate, the soil, seabed, subsoil and coral reefs;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (d) a compilation of existing baseline information and analysis of the need for further information, including baseline surveys;
- (e) a brief summary of the data, relevant information and methods used to describe the findings of studies and technical issues relating to the collection and use of the data and the methods applied;
- (f) a description of possible trans-boundary effects of petroleum activities in the designated area;
- (g) proposed measures for the prevention, reduction, mitigation, rehabilitation, restoration and compensation of possible negative effects, including emergency preparedness in case of major oil spills and accidents;
- (h) an evaluation of the need to strengthen relevant agencies with capacity and competence to deal with identified challenges and opportunities and possible solutions;
- (i) the identification of outstanding key issues and any recommendation for further research or investigations before taking a decision to open the area;
- (j) an assessment of title to the land or right of use to the area including leases, site plans or maps; and
- (k) a summary of findings and recommendations.

Reconnaissance Licence

Application for a reconnaissance licence

5. (1) A person who intends to commence a reconnaissance activity shall submit an application to the Minister for a reconnaissance licence.

(2) The application shall be

- (a) made in the form set out in Form One of the First Schedule; and
- (b) accompanied with the application fee as prescribed by the Commission.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Consideration of application

6. The Minister shall

- (a) within fourteen days after receipt of an application, acknowledge receipt; and
- (b) within a reasonable period after the acknowledgement and in any event not more than ninety days after the fourteen days, inform the applicant of the decision of the Minister.

Extension of reconnaissance licence

7. (1) A holder of a reconnaissance licence may apply for an extension of the reconnaissance licence not later than one hundred and twenty days before the reconnaissance licence expires.

(2) The Minister shall respond to the application in subregulation (1) before the expiration of the reconnaissance licence.

Activities under a reconnaissance licence

8. (1) The Minister shall, taking into account

- (a) the objective of the licence,
- (b) geological aspects; and
- (c) the environment, health and safety assessment of the area,

stipulate the type of activities to which the reconnaissance licence applies and the conditions for the implementation of the reconnaissance licence.

(2) A holder of a reconnaissance licence shall not carry out drilling operations other than shallow drilling as defined in the reconnaissance licence.

Grant of Petroleum Agreement

General procedural requirements for the tender process

9. (1) Tender processes for petroleum agreements shall comprise

- (a) an expression of interest further to subsections (6) and (7) of section 10 of the Act;
- (b) an invitation to tender,
- (c) the submission of bids,
- (d) the evaluation of bids;
- (e) the decision on bids; and
- (f) the entry into a petroleum agreement.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(2) An expression of interest under paragraph (a) of subregulation (1) shall include

- (a) the legal status of the interested person;
- (b) a specification of the area of interest;
- (c) an assessment of the geological prospectivity of the area;
- (d) the financial and technical capabilities, including relevant experience of the interested person; and
- (e) the reasons and objectives of engaging in petroleum activities in the country and in the area.

(3) The Minister may decide that a pre-qualification process shall be carried out before the tender process, with the objective of qualifying prospective bidders.

(4) A pre-qualification process shall comprise

- (a) an invitation to apply for pre-qualification;
- (b) the submission of a pre-qualification application;
- (c) the evaluation of a pre-qualification application; and
- (d) the decision on pre-qualification.

(5) Any bidder or other person seeking to become pre-qualified, shall be treated fairly and without discrimination.

(6) Where qualifications change materially, or beneficial ownership changes after a bid or an application to become pre-qualified has been submitted, the bidder or person concerned shall promptly notify the Minister in writing of the changes and submit updated documentation with respect to those changes.

Pre-qualification

10. (1) Where the Minister pursuant to subregulation (2) of regulation 10 has determined that a tender process shall be preceded by pre-qualification, the pre-qualification procedure shall be initiated by an invitation to prospective bidders to submit applications for pre-qualification.

(2) The invitation under subregulation (1) shall state

- (a) the blocks or part of the blocks on tender;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (b) the proposed petroleum activities;
 - (c) the qualification requirements for the relevant tender process;
 - (d) the information required from prospective bidders;
 - (e) the schedule for the tender process including times and venues;
 - (f) instructions to prepare and submit an application for pre-qualification including information and documentation requirements;
 - (g) the manner and place for submission of applications and the deadline for submission;
 - (h) any requirements for security or payment of fees;
 - (i) the address of the Ministry; and
 - (j) any other information considered relevant by the Minister.
- (3) The Minister
- (a) shall publish the invitation to pre-qualify
 - (i) in the *Gazette*,
 - (ii) in at least two state-owned daily newspapers, and
 - (iii) on the website of the Ministry; and
 - (b) may publish the invitation to pre-qualify in any other medium of public communication.

(4) Where two or more persons are submitting a pre-qualification application jointly, the application shall designate the desired operator amongst them.

(5) The Minister shall make a decision with respect to the qualification for each person submitting an application to become pre-qualified and the decision shall be based on the criteria set out in the invitation to pre-qualify.

Pre-qualification requirements

11. (1) A person seeking to pre-qualify shall, in accordance with the requirements established in the invitation to pre-qualify,

- (a) submit an application for pre-qualification to the Minister stating the
 - (i) name,
 - (ii) address,

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (iii) nationality, and
 - (iv) structure of ownership and beneficial ownerships, of the person;
 - (b) provide the necessary documentation and information to demonstrate that that person is in good legal and financial standing;
 - (c) have proven technical and managerial expertise necessary for the performance of the petroleum activities envisaged under the petroleum agreement; and
 - (d) meet any other requirements in the invitation to pre-qualify.
- (2) Where two or more persons seek to pre-qualify jointly, the qualification requirements shall be demonstrated and satisfied by each person.
- (3) Subject to subsection (10) of section 10 of the Act, the Minister may decide to set specific qualification requirements for prospective operators and for indigenous Ghanaian companies.
- (4) The Minister may set out specific qualification requirements for blocks on tender.

Invitation to tender

12. (1) An invitation to tender for a petroleum agreement shall include
- (a) the address of the Ministry;
 - (b) the schedule for the tender process including the times and places;
 - (c) a deadline for the prospective bidder to confirm acceptance of the invitation to tender;
 - (d) the means and place of obtaining the tender documents,
 - (e) the evaluation criteria and weighting of each evaluation criteria;
 - (f) the fee for the bid;
 - (g) the requirement and process to access any data or data room as the case may be; and
 - (h) any other information considered relevant by the Minister.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(2) Where a pre-qualification procedure has been carried out, the invitation to tender shall, in addition to the requirements listed in subregulation (1), include all the requirements for an invitation to submit applications for pre-qualification.

(3) Where a pre-qualification procedure has not been carried out, the Minister shall only invite prospective bidders to submit tenders in accordance with subsection (3) of section 10 of the Act and all of the prospective bidders shall be invited to tender.

Tender documents

13. (1) The tender documents shall be prepared by the Minister and shall provide a basis for the tender process.

(2) The tender documents shall include

- (a) the information given in the invitation for applications to prequalify and the invitation to tender;
- (b) the procedural requirements for the tender process including the tender deadline, and the date and place for opening of bids and the date of announcement of the successful bidder;
- (c) information on geological and geophysical issues;
- (d) the minimum work programme;
- (e) the applicable evaluation criteria as set out in regulation 16;
- (f) the model petroleum agreement, including specific terms for areas on tender;
- (g) safety processes and methods and environmental impact assessment; and
- (h) any other information considered relevant by the Minister.

(3) Any clarification of a general nature as regards the content of the tender documents shall be distributed to all invited bidders.

Bid submission and content of bid

14. (1) The Minister shall determine a deadline for submission of bids, taking into consideration the conditions and circumstances of the tender process.

(2) The deadline shall not be less than one hundred and twenty days from the publication of the invitation to tender or the invitation for direct negotiations.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (3) The bids to be submitted to the Minister shall include
- (a) the notarised documents of incorporation of the bidder;
 - (b) the name, address and nationality of each party constituting the bidder;
 - (c) the name, address and nationality of the proposed operator;
 - (d) the identity of beneficial owners including the name, nationality and country of residence, nature of ownership and details of how ownership or control is exercised for each party constituting the bidder;
 - (e) the blocks or parts of the blocks to which the bid applies;
 - (f) the proposed
 - (i) work programme;
 - (ii) plan for meeting the policy objective of bid round; and
 - (iii) fiscal terms;
 - (g) the expected rate of return of the applicant;
 - (h) the proposal for the initial participating carried interest and additional participating interest to be held by the Corporation;
 - (i) the proposed level of local content in compliance with the Petroleum (Local Content and Local Participation) Regulations, 2013 (L.I. 2204) and any other relevant enactment;
 - (j) a description of the management system as set out in regulation 38 in use by each party constituting the bidder;
 - (k) the proposal for security at a level or rating specified in the invitation to tender for fulfilment of obligations that will arise out of the petroleum activities, in compliance with tender documents;
 - (l) if relevant, confirmation that the bidder is in continued compliance with prequalification requirements; and
 - (m) any other information required in the tender documents.

(4) Where the Minister requires a consortium to be formed as a condition precedent for entering into a petroleum agreement, participation in the consortium shall be limited to persons that have been prequalified for and are participating in that particular tender.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Qualification requirements for operator

15. An operator shall have the relevant experience from petroleum activities in environments comparable to the contract area, and maintain the following minimum qualifications relevant to the particular petroleum agreement:

- (a) experience in efficient organisation and management of petroleum activities in accordance with international best practice;
- (b) evidence of demonstrated technical and operating skills for efficient execution of petroleum activities including exploration, development, production and decommissioning;
- (c) satisfactory track record within the areas of health, safety and environment and the requisite financial capability; and
- (d) research and development capabilities relevant for the petroleum activities.

Evaluation of bids and evaluation criteria for petroleum agreements

16. (1) The decision to enter into a petroleum agreement shall be made by the Minister on the basis of objective criteria.

(2) The objective criteria shall include

- (a) the responsiveness of the applicant to the policy objective of the bid round;
- (b) the proposed work programme based on any minimum requirements set out in the invitation to tender or the tender documents;
- (c) the geological understanding and assessment of the prospectivity of the area in question;
- (d) the proposal for the initial participating carried interest and additional participating interest to be held by the Corporation;
- (e) the proposed level of local content in compliance with the Petroleum (Local Content and Local Participation) Regulations, 2013 (L.I. 2204) and any other relevant enactment;
- (f) the rate of royalty exceeding the minimum rate;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (g) bonus, if any;
 - (h) the methodology and plans for transfer of knowledge and skills;
 - (i) the training and technology support; and
 - (j) any other criterion that the Minister may determine.
- (3) The tender documents shall stipulate the criteria relating to the qualifications of the bidder including
- (a) the relevant experience
 - (i) from similar geological settings and presence in the subregion; and
 - (ii) in the protection of health, safety and environmental systems for continuous improvement;
 - (b) financial capability; and
 - (c) the relevant technical capabilities and experience.
- (4) The evaluation of bids shall be based on
- (a) the criteria stipulated in the tender documents,
 - (b) a numeric scale with scores related to each evaluation criterion, and
 - (c) the rating of each evaluation criterion as announced in the invitation to tender.
- (5) The decision to enter into a petroleum agreement shall be based on the highest numerical score.
- (6) Where two bids receive the same total numerical score, the prospective bidder who scores the highest numerical score on financial capability and relevant technical capabilities and experience shall be the preferred bidder.
- (7) The evaluation shall be carried out in two steps, evaluation of the qualifications of the bidder and if qualified, evaluation of the bid.

Opening of bids

17. The Minister shall

- (a) open the bids in public, and
- (b) publish the list of participating bidders
 - (i) in the *Gazette*,
 - (ii) in at least two state-owned daily newspapers.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (iii) on the website of the Ministry, and
- (iv) in any other medium of public communication.

Notice of decision to enter into a petroleum agreement

18. (1) The Minister shall, issue a written notice to the unsuccessful and the preferred bidders after the evaluation of bids and the decision to enter into one or more petroleum agreements.

(2) Notice to the preferred bidders shall be accompanied by an invitation to negotiate the detailed terms of the petroleum agreement.

(3) The Minister shall publish the announcement of the winning bidder

- (a) in the *Gazette*,
- (b) in at least two state-owned daily newspapers, and
- (c) on the website of the Ministry.

Direct negotiations

19. (1) A body corporate with whom the Minister intends to initiate direct negotiations shall meet the requirements under regulations 10 and 16.

(2) The decision to enter into a petroleum agreement on the basis of direct negotiations shall be based on objective criteria as provided in subregulation (2) of regulation 16.

(3) Where the Minister, pursuant to subsection (6) of section 10 of the Act has published an invitation for direct negotiations under subsection (5) of section 10 of the Act, the negotiations may commence if no other prospective bidder has expressed an interest for the area in question within thirty days from date of the publication of the invitation.

(4) Where the Minister receives one or more expression of interest from prospective bidders in response to the publication under subsection (6) of section 10 of the Act, a tender process in accordance with regulation 12 is to be followed.

(5) The invitation under subsection (6) of section 10 of the Act shall

- (a) identify the blocks that may be subject to petroleum agreements,

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (b) contain the information listed in subregulation (2) of regulation 16, and
 - (c) contain a schedule for the negotiation process including the times and places and a deadline for concluding negotiations.
- (6) Where the Minister has determined that, for the purposes of subsection (5) of section 10 of the Act, a public tender process does not represent the most expedient way to enter a petroleum agreement, the Minister shall publish the reasons for the decision, the area and the potential contractor
- (a) in the *Gazette*,
 - (b) in at least two state-owned daily newspapers,
 - (c) on the website of the Ministry, and
 - (d) in any other medium of public communication.
- (7) Further to subregulation (6), direct negotiations with a body corporate that has expressed interest may commence immediately after the publication.
- (8) The Minister shall prepare the application documents for direct negotiations in the form set out in Form Two of the First Schedule.

Petroleum register

20. (1) The petroleum register established under section 56 of the Act shall include a record of the following:

- (a) the petroleum agreements;
- (b) the authorisations granted to the Corporation in accordance with section 11 of the Act;
- (c) service contracts entered into by the Corporation pursuant to an authorisation under section 11 of the Act;
- (d) licences to undertake reconnaissance activities;
- (e) drilling permits;
- (f) licences to install and operate facilities for transport, treatment and storage of petroleum;
- (g) permits to commence installation and operation of a facility for transport, treatment and storage of petroleum;
- (h) production or injection permits for petroleum or water;
- (i) flaring or venting authorisations for natural gas;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (j) exploration and development permits for drilling;
 - (k) approvals of third party access for production facilities and pipelines;
 - (l) unitisation agreements;
 - (m) area coordination agreements;
 - (n) long term sale of natural gas agreements;
 - (o) permitted mortgages of participating interests in petroleum agreements or in licences to install and operate facilities for transport, treatment and storage of petroleum;
 - (p) beneficial ownership details of contractors and licensees; and
 - (q) any other permit, authorisation, approval, certificate or consent relevant to the petroleum operations under a petroleum agreement.
- (2) The Commission may rectify any error discovered in the petroleum register.
- (3) The Commission shall keep the petroleum register at the office of the Commission and publish the petroleum register on the website of the Commission.
- (4) The petroleum register shall be open to the public.
- (5) A person may, during business hours and on the payment of a fee prescribed by the Commission, obtain an extract from the petroleum register.
- (6) A contractor, a licensee and the Corporation shall notify the Commission immediately of
 - (a) the ratification by Parliament of a petroleum agreement;
 - (b) the grant of a licence, a permit or an authorisation;
 - (c) the approval by the Minister of any mortgage of a participating interest;
 - (d) any amendment, assignment, extension, renewal, termination or expiration of any petroleum agreement, related agreements, licences, permits or authorisations.
- (7) The notifications referred to under subregulation (6) shall include information on
 - (a) in the case of petroleum agreements,
 - (i) the evidence and date of ratification by Parliament,
 - (ii) the parties to the agreement,

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (iii) the respective participating interests,
 - (iv) the effective date of the agreement,
 - (v) the name and coordinates of the contract area, including block numbers, the size of the contract area as awarded and updated after any relinquishment,
 - (vi) the duration of the agreement,
 - (vii) the name of the operator,
 - (viii) a summary of the work obligations, and
 - (ix) the fiscal terms of the agreement;
 - (b) in the case of a licence, a permit or an authorisation;
 - (i) the name of the licensees, the permit holders or the authorisation holders,
 - (ii) a brief description of the activity licensed, permitted or authorised, and
 - (iii) the duration of the licence, permit or authorisation;
 - (c) updated beneficial ownership information, whether resulting from a direct or indirect transfer of ownership;
 - (d) in the case of an assignment;
 - (i) the assigned participating interest;
 - (ii) name and address of the assignee and the assignor;
 - (iii) the effective date of the assignment;
 - (iv) the identification of the petroleum agreement or licence; and
 - (v) evidence of approval by the Minister; and
 - (e) in the case of a mortgage;
 - (i) the name of the mortgagor;
 - (ii) the name of the mortgagee;
 - (iii) the mortgage debt, interest rate and terms of the mortgage;
 - (iv) the participating interest which is mortgaged;
 - (v) the identification of the petroleum agreement or licence, and
 - (vi) evidence of approval by the Minister.
- (8) The Commission shall within seven days following the notification referred to under subregulation (7),
- (a) record the agreement, licence, permit, authorisation and any other related documents in the petroleum register; and

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (b) record the amendment, extension, renewal, termination or expiration of agreement, licence, permit, authorisation or mortgage in the petroleum register.

(9) Where the Commission becomes aware that an entry in the petroleum register is not correct, the Commission shall rectify the error and inform the party that submitted the notification for registration to the Commission.

Transparency and publication

21. Upon ratification of a petroleum agreement by Parliament, the Minister shall by publication in the *Gazette*, in at least two state-owned daily newspapers, on the website of the Ministry, and in any other medium of public communication publish

- (a) the contract area,
- (b) the name and participating interests of the parties, and
- (c) a summary of the main terms of the agreement including
 - (i) the minimum work obligations,
 - (ii) the fiscal terms, and
 - (iii) the local content plan of the petroleum agreement.

Petroleum Agreement

Operator

22. (1) An operator shall have the relevant experience in petroleum activities in environments comparable to the contract area.

(2) Without limiting subregulation (1), an operator shall have the following minimum qualifications relevant to the particular petroleum agreement:

- (a) experience in efficient organisation and management of petroleum activities in accordance with international best practice;
- (b) evidence of demonstrated technical and operating skills for efficient execution of petroleum activities including exploration, development, production and decommissioning,
- (c) a satisfactory track record within the areas of health, safety and environment;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (d) hold a substantial participating interest, and
- (e) research and development capabilities relevant for the petroleum activities.

(3) Where the Corporation is the operator, the requirement in paragraph (e) of subregulation (2) may be waived.

(4) Subject to the right of the Minister or the Commission, pursuant to section 55 of the Act to request information from any person conducting petroleum activities, the operator shall manage the day to day petroleum activities on behalf of the contractor, including acting as the main point of contact for communication between the contractor, Minister and the Commission.

Operating standards

23. (1) An operator shall

- (a) conduct petroleum activities in a prudent manner in accordance with the Act, enactments, standards, international best practice and sound economic principles, and
- (b) through the management system, secure continuous development, implementation, improvement and updating of policies, strategies, evaluations, plans and technical solutions.

(2) The contractor, licensee and the Corporation shall ensure that the operator complies with subregulation (1).

(3) The Minister may issue guidelines on operating standards for petroleum activities, and may recommend the application of standards set by national and internationally recognised organisations.

(4) The operator shall ensure that the operating standards elected, will provide an adequate level of safety and environmental protection for the petroleum operations of the contractor.

(5) The operator shall upon request by the Commission, demonstrate that a particular practice, procedure or specification is in accordance with applicable law by providing evidence that the

- (a) practice, procedure or specification is in conformity with, or more stringent than, a standard issued by a national or an internationally recognised organisation and acceptable to the Commission; and

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (b) practice, procedure or specification adopted is reliable, safe, efficient and necessary.

Change of operator

24. (1) Where the Minister considers changing the operator in accordance with subsection (4) or (5) of section 13 of the Act, the Minister shall give prior notice of the intention to do so, with a request for the operator to make its representations within twenty-one days of receipt of the notice.

(2) The Minister shall take into consideration the representation of the operator before a decision on the change of the operator.

(3) Unless a proposal has already been made by the contractor, the Minister, upon decision to change the operator shall by written notice to the operator and contractor, request that a new operator be proposed.

(4) The contractor shall within ninety days of the notice, propose to the Minister a new operator.

(5) Where the contractor fails to propose a new operator or the Minister does not approve of the proposed operator, the Minister shall, within one hundred and twenty days from the date of the notice under subregulation (3) to propose a new operator, by written notice to the operator and the contractor, appoint a new operator.

(6) The operator may resign at any time as operator by notice to the other parties in the petroleum agreement and the Minister at least one hundred and eighty days before the effective date of the resignation and subregulation (2) shall apply equally.

(7) The Minister may direct the operator to continue as operator until a new operator has been appointed, but the operator shall not be obliged to continue as operator for more than two hundred and seventy days from the date of the resignation notice.

(8) An operator that is changed by the Minister or resigns from operatorship shall cooperate with the new operator for an efficient transfer of the operatorship, and shall hand over all relevant information and material to the current operator.

(9) Any costs incurred in relation to a change of operator, pursuant to subsection (5) of section 13 of the Act, shall be borne by the operator who has been changed by the Minister or the operator who has resigned.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Joint operating agreements

25. (1) The Corporation and each party constituting the contractor shall enter into a joint operating agreement.

(2) Joint operating agreements under the Act shall be entered into in accordance with a model agreement provided by the Minister.

(3) A joint operating agreement and any amendments to that agreement shall be submitted to the Minister for approval.

(4) Decisions under the joint operating agreement shall be unanimous.

(5) Where the parties to the joint operating agreement cannot agree on a particular decision, the operator shall refer the matter to the Minister for resolution not later than thirty days from the date the matter was put to vote in the joint operating agreement.

(6) The Minister may require changes to the proposed joint operating agreement if required, for the effective management and execution of the petroleum activities.

(7) The contractor shall submit the work programme and budget under the joint operating agreement to the Commission for approval.

Change of ownership

26. (1) Before any direct or indirect transfer of ownership under section 15 of the Act, the contractor or sub-contractor shall promptly notify the Minister or Commission as the case may be of any proposal for transfer with a request for approval.

(2) The notification shall include a description of the expected effects of the transfer of ownership on the technical and financial capabilities of the company of the contractor or sub-contractor in the Republic.

(3) The Minister shall not approve a proposed transfer of ownership if that transfer may result in a contractor no longer satisfying the criteria of being a contractor as stipulated in or following from the Act or these Regulations.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Assignment of an interest in a licence or a petroleum agreement

27. (1) An application for approval of an assignment pursuant to section 16 of the Act shall be submitted to the Minister by the assignor and shall be accompanied by

- (a) the final terms and conditions for the assignment, and evidence of the proposed qualifications of the assignee to be a licensee or a contractor;
- (b) an unconditional undertaking by the assignee to, following the approval by the Minister, assume all obligations from the assigned participating interest of the licence or the petroleum agreement; and
- (c) a statement of the assignor that indicates that the assignor accepts to be bound as a licensee or as a contractor party to the petroleum agreement to all the terms and conditions of the agreement.

(2) An assignment of an interest under a petroleum agreement without indigenous Ghanaian participation as provided in the Petroleum (Local Content and Local Participation) Regulations, 2013 (L. I. 2204) shall include an indigenous Ghanaian participation and result in at least five per cent indigenous Ghanaian participation of the total participating interest in the petroleum agreement, provided that the assigned interest represents five per cent or more.

(3) The Minister may impose conditions for approval of the assignment.

Pre-emption

28. Where the Corporation elects not to exercise the right of pre-emption under subsection (1) of section 18 of the Act, the assignment shall subject to section 16 of the Act, regulation 27 and any condition precedent, be completed on the same terms as those notified to the Minister, the Commission and the Corporation.

Application for an extension or a new petroleum agreement

29. (1) An application for an extension or for a new petroleum agreement in the form set out Form Three of the First Schedule shall be submitted not later than five years before the expiry of the existing petroleum agreement unless otherwise determined by the Minister.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(2) Where a contractor wishes to carry out exploration activities within a development and production area of an existing petroleum agreement, that contractor shall apply for a new petroleum agreement.

(3) The Minister may, in granting a petroleum agreement under subregulation (2) and in consultation with the Corporation, increase the participation of the Corporation.

Grant of extension or a new petroleum agreement

30. (1) Where an application for the extension of a petroleum agreement has been submitted in accordance with regulation 29, the Minister shall, not later than one year after receipt of the application, make a decision on whether or not to approve the application.

(2) The Minister shall, before making the decision referred to in subregulation (1), request the contractor to submit an updated plan for development and operation for the proposed period of extension.

(3) The updated plan for development and production shall contain a production forecast for the remaining production period.

(4) The Minister may require the contractor to update specific information or to submit additional information.

(5) The decision of the Minister in subregulation (1), shall take into account the ability of the contractor to ensure optimal resource exploitation and capability for enhanced petroleum production.

(6) Where a contractor applies for a new petroleum agreement pursuant to subregulation (1) of regulation 29, the Minister may execute a new petroleum agreement by direct negotiations in accordance with subsection (9) of section 10 of the Act.

(7) The Minister may, before the approval of the application for extension or the execution of the new petroleum agreement, request the contractor to

- (a) submit an updated environmental impact assessment for the contract area subject to the proposal on extension or the new petroleum agreement; and
- (b) provide any additional information.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Termination of a petroleum agreement

31. (1) A petroleum agreement shall specify the procedures for termination of the petroleum agreement including criteria that entitle the parties to terminate the agreement.

(2) The Minister may, subject to the procedures for termination of a petroleum agreement, terminate the petroleum agreement where there is a substantial failure by a contractor to comply with material provisions of

- (a) the petroleum agreement;
- (b) the Act;
- (c) these Regulations; or
- (d) other relevant applicable laws.

(3) Where a contract area or parts of a contract area cease to be under the sovereignty of the Republic, the petroleum agreement shall terminate for the contract area or part of the contract area.

(4) All rights of a contractor shall cease upon termination of a petroleum agreement, except for the rights that may have accrued before termination and the rights the contractor may have under applicable law.

(5) An obligation or liability imposed or accrued under or in relation to the petroleum agreement before termination shall survive the petroleum agreement.

(6) A contractor shall ensure that, upon termination of a petroleum agreement and before cessation of production, all wells and facilities are left in a state of good repair.

(7) The liability of the contractor for decommissioning further to subsection (1) of section 66 of the Act, shall survive the petroleum agreement.

Domestic supply requirement

32. (1) A contractor that produces crude oil, shall supply a volume of the oil produced by the contractor for domestic supply in accordance with subsection (2) of section 71 of the Act, upon prior written approval from the Minister of at least ninety days.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(2) The Minister may, upon a notice period to be determined in the plan of development and operation, issue a written notice to a contractor that produces natural gas, to supply a volume of the natural gas produced by that contractor for domestic supply in accordance with subsection (2) of section 71 of the Act.

(3) The volumes of crude oil or natural gas requested, pursuant to subregulations (1) and (2) shall be delivered by the contractor to the Corporation, or made available for the Corporation to lift at the delivery point as and when agreed.

(4) The domestic supply requirements shall be calculated on a calendar year basis, broken down for each relevant month.

(5) The calculation shall begin with the determination of the quantities of crude oil and natural gas required to meet the demand for consumption in Ghana in each relevant month during the applicable calendar year.

(6) In this regulation, "consumption in Ghana",

(a) for the purposes of calculating domestic supply requirements with respect to crude oil, consists of

- (i) the total crude oil consumed in Ghana,
- (ii) crude oil processed for consumption in Ghana, and
- (iii) the crude oil equivalent of petroleum products imported for consumption in Ghana; and

(b) with respect to natural gas, consists of all natural gas consumed in Ghana, whether

- (i) for generating power;
- (ii) for use as feedstock for industrial or petrochemical processes; or
- (iii) for domestic or commercial purposes in Ghana.

(7) The calculation of the domestic supply requirements under subsection (4) of section 71 of the Act applicable to a contractor shall be made separately for crude oil and natural gas.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(8) The prevailing market price applicable for the sale and purchase of a given blend and quality of crude oil supplied by a contractor pursuant to section 71 of the Act and this regulation, shall be the weighted average market price based on all sales of petroleum of similar quality sold at arm's length for the applicable period with any appropriate adjustments for delivery point differences, if applicable.

(9) A contractor that claims that the prevailing market price as determined by the Minister in accordance with subsection (2) of section 71 of the Act is not a true reflection of relevant market conditions, may request for the determination to be reviewed by an expert appointed by both parties.

(10) Where the Minister invokes subsection (5) of section 71 of the Act, the requirement as applicable to a contractor shall be specified in writing and as far as possible before the requirement takes effect.

Title to and control of physical assets

33. (1) A physical asset that is not transferred to the Corporation in accordance with subsection (1) of section 19 of the Act, but which is necessary for the operation of the physical asset actually transferred to the Corporation, may, to the extent not required by the contractor for its petroleum activities, be used by the Corporation if required for further petroleum activities.

(2) Where a physical asset is used in accordance with subregulation (1), the Corporation is liable to pay a reasonable and mutually agreed fee for the use and the Corporation shall bear the cost of repair or replacement upon failure to keep the physical asset in good working condition, normal wear and tear excepted.

(3) Where

(a) a physical asset referred to in subregulation (1) is leased from an affiliated body corporate or other related party, and

(b) the Corporation and the contractor do not agree on the remuneration for the use of the physical assets,

the fee payable by the Corporation shall not be higher than that which would be payable between unrelated parties in the same or similar circumstances.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(4) Where a contractor uses a physical asset in accordance with subsection (2) of section 19 of the Act and fails to keep the physical asset in good working condition, normal wear and tear excepted, the Corporation is entitled to recover the cost of repair or replacement of the physical asset from the contractor.

(5) A contractor shall indemnify the Corporation against all losses, damages, claims or legal action resulting from the use of the physical asset.

(6) A contractor shall, upon the termination of petroleum activities in a contract area, give the Corporation the option to acquire, at a reasonable and mutually agreed price, any movable and immovable asset used for the petroleum activities and not transferred to the Corporation in accordance with subsection (1) of section 19 of the Act, unless the asset is required by the contractor for the petroleum activities of the contractor in the contract area.

Petroleum Activities by the Corporation

Participating interest of the Corporation

34. (1) The initial participating carried interest of the Corporation in a petroleum agreement referred to in paragraph (a) of subsection (14) of section 10 of the Act, shall be specified in the invitation to tender for the petroleum agreement or, in the case of direct negotiations, in the documents submitted by the applicant.

(2) The initial participating carried interest of the Corporation shall be

- (a) a participating carried interest with respect to exploration and development operations; and
- (b) an additional participating interest with respect to production operations.

(3) The invitation to tender for a petroleum agreement, or in the case of direct negotiations, the relevant documents, shall state the additional participating interest that the Corporation may at its option acquire as provided by paragraph (b) of subsection (14) of section 10 of the Act, in a development and production area.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(4) The exercise by the Corporation of the option to acquire an additional participating interest under a petroleum agreement shall reduce the participating interest of the contractor proportionately.

Mortgaging of participating interests

35. (1) A mortgage of participating interest in accordance with section 57 of the Act shall only cover one petroleum agreement or one licence.

(2) A contractor or licensee who wishes to apply for permission to mortgage a participating interest under subsection (3) of section 57 of the Act shall

- (a) substantiate the application by giving an account of the special circumstances and submitting adequate documentation for the application; and
- (b) provide any other information and documentation required by the Minister.

(3) A mortgage right established pursuant to section 57 of the Act shall not comprise rights already mortgaged pursuant to applicable law.

(4) A mortgage right established pursuant to section 57 of the Act shall not be transferred, re-mortgaged, subject to distraint, arrest, debt settlement proceedings or included in the estate of the mortgagee in bankruptcy, without the approval of the Minister.

(5) Where a mortgage right has been established pursuant to section 57 of the Act, the Commission shall give the mortgagee notice in writing of the termination, revocation or surrender of the mortgaged petroleum agreement or licence.

Application for authorisation to carry out petroleum activities

36. (1) Where the Corporation seeks to undertake petroleum activities pursuant to section 11 of the Act, the Corporation shall apply for an authorisation from the Minister.

(2) The application shall include

- (a) a specification of the area of interest and an assessment of the geological prospectivity of the area;
- (b) the proposed work programme;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (c) an evaluation of the technical competence required, and to what extent there is a need to engage sub-contractors;
 - (d) a proposal for a long-term exploration programme and appurtenant budget;
 - (e) details of how the Corporation plans to finance the petroleum activities; and
 - (f) any other information considered relevant by the Minister.
- (3) The Minister shall publish a notice stating the area that the Corporation has applied for and the technical and financial information for the proposed petroleum activities including information on fiscal terms and the proposed sub-contractors
 - (a) in the *Gazette*;
 - (b) on the website of the Ministry; and
 - (c) in at least two state-owned daily newspapers.
- (4) The Minister shall
 - (a) acknowledge receipt of the application within fourteen days; and
 - (b) consider the application and make a decision within one hundred and eighty days after receipt of the application.
- (5) The Minister may stipulate conditions relating to the decision of the Minister.
- (6) The Minister
 - (a) shall publish a notice
 - (i) in the *Gazette*
 - (i) on the website of the Ministry, and
 - (ii) in at least two state-owned daily newspapers, and
 - (b) may publish a notice in any other medium of public communication,stating that an authorisation for petroleum activities by the Corporation has been granted.
- (7) The notice shall at least contain a summary of the main terms including
 - (a) minimum work obligations;
 - (b) the area covered by the authorisation;
 - (c) fiscal terms; and
 - (d) the local content plan.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(8) Where the Corporation intends to employ sub-contractors to perform certain functions for petroleum activities, the following information shall be submitted to the Minister:

- (a) the reasons for the intent to employ a sub-contractor;
- (b) the petroleum activities envisaged to be carried out under the sub-contract;
- (c) a description of the scope of work of the sub-contractor;
- (d) the financial strength, technical competence and experience considered necessary for carrying out the petroleum activities under the sub-contract;
- (e) the proposed timing and procedure for employing a sub-contractor;
- (f) the draft tender documents; and
- (g) the proposed terms of the service contract.

(9) The Minister may stipulate conditions relating to the employment of sub-contractors.

Agreement between Corporation and sub-contractor

37. (1) Where the Corporation employs a sub-contractor to perform petroleum activities, a written service contract shall be entered into between the Corporation and the sub-contractor.

(2) The service contract referred to in subregulation (1) shall include details of

- (a) an identification of the area in which the services are to be performed;
- (b) a specific scope of work, budget and schedule;
- (c) the duration and termination of the service contract;
- (d) ownership of data and information;
- (e) confidentiality;
- (f) remuneration, billing and payment for services rendered;
- (g) health, safety and environment requirements and operating rules;
- (h) liability and risk to be assumed by the sub-contractor; and
- (i) guarantees.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Management of Petroleum Activities

Management system

38. (1) A management system established pursuant to section 49 of the Act shall systematically ensure and improve the quality of work in the conduct of petroleum activities.

(2) A licensee, contractor, sub-contractor, the Corporation and any other person engaged in petroleum activities shall ensure that the management system covers the activities, resources, processes and organisation necessary to ensure the prudent execution and continuous improvement of petroleum activities.

(3) The management system shall be based on applicable recognised norms and standards and shall be established before the commencement of petroleum activities.

(4) The management system shall

- (a) ensure the implementation of relevant statutory requirements and may include internal requirements and routines for systematic compliance and achievement criteria for any functional requirements;
- (b) contribute to continued effort in improving compliance by the implementation of measures that provide for supervision of commercial, operational and regulatory requirements;
- (c) include requirements and procedures for organisation, allocation of responsibility and authority internally and among persons engaged in petroleum activities; and
- (d) include requirements on the competence of personnel, resources and work performance for the conduct of petroleum activities.

(5) A licensee, contractor, sub-contractor, the Corporation and any other person engaged in petroleum activities shall ensure that the management system is documented and relevant documentation is made readily available at all locations where petroleum activities are conducted.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(6) A licensee, contractor, sub-contractor, the Corporation and any other person engaged in petroleum activities shall ensure that the management system is reviewed regularly and where necessary updated to ensure compliance with the requirements set out in applicable law.

(7) Any technical, operational or organisational weakness, failure or deficiency shall be identified through the management system.⁽²⁾

(8) A licensee, contractor, sub-contractor, the Corporation or any other person engaged in petroleum activities shall ensure uniformity and harmonisation in its management system and the management system of its sub-contractor and that adjustments are made and bridging documents are established, where required.

Exploration

Extension of exploration period

39. (1) A contractor may apply for an extension of the exploration period in accordance with paragraph (b) of subsection (5) of section 21 of the Act, where at the end of the final working period, the contractor is

(a) drilling or testing a well; or

(b) appraising a discovery.

(2) The exploration period may only be extended for a further period as may be reasonably required to enable the contractor to complete the work referred to in subregulation (1) and to assess the results.

Work programme

40. (1) A contractor shall commence exploration operations not later than sixty days after the effective date of the petroleum agreement.

(2) The Commission shall, at the request of a contractor after the effective date of the petroleum agreement, make available to the contractor the data, records and information relating to the contract area of the petroleum agreement that are

(a) relevant to the performance of exploration operations by the contractor; and

(b) in the possession of the Commission.

(3) The contractor shall reimburse the Commission for licensing the data and for other costs reasonably incurred in procuring or otherwise making the data, records and information referred to in subregulation (2), available to contractor.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(4) The seismic obligation of a work programme under a petroleum agreement shall, in combination with any existing data made available to the contractor, enable a study of the regional geology of the contract area and the preparation of a report of the regional geology of the contract area with appropriate maps, cross sections and illustrations, as well as a geophysical survey of the contract area which, when combined with existing data, shall provide

(a) a minimum seismic grid adequate to define prospective drill sites over prospective closures as interpreted from data available to the contractor; and

(b) a seismic evaluation of structural and stratigraphic conditions over the remaining portions of the contract area.

(5) A contractor shall drill an exploration well at a location and to an objective depth as required in the drilling permit.

(6) Where, in the course of drilling an exploration well, the contractor concludes that drilling to the minimum depth specified is impossible, impracticable or imprudent in accordance with best international petroleum industry drilling and engineering practice, the contractor shall notify the Commission immediately in writing and the Commission shall have the option of

(a) waiving the minimum depth requirement, in which case the contractor will be deemed to have satisfied the obligation to drill the exploration well; or

(b) requiring the contractor to drill a substitute exploration well to the minimum depth at a location determined by the contractor in consultation with the Commission.

(7) The Commission shall exercise the option under subregulation (6) within thirty days after the notice given by contractor.

(8) Where the Commission opts to require a contractor to drill a substitute exploration well in accordance with paragraph (b) of subregulation (6), the initial exploration period, first extension period and second extension period as applicable shall be extended for the period of time that is reasonably required by the contractor to drill the substitute exploration well including the time necessary for consultation and preparation with the Commission.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(9) The costs for additional exploration operations shall, in the absence of approval by the Commission, only be allowable petroleum costs where the additional operations result in a new or extended commercial discovery.

(10) Where additional reserves are discovered in connection with the additional exploration operations pursuant to subregulation (9) or (10), the new or extended commercial discovery shall be treated as ordinary reserves.

Declaration of commerciality and appraisal

41. (1) Where a contractor does not state whether or not a discovery merits appraisal within the timeframe referred to in paragraph (b) of subsection (2) of section 25 of the Act, the discovery area shall be deemed relinquished.

(2) Where a contractor states that a discovery merits appraisal in accordance with paragraph (b) of subsection (2) of section 25 of the Act, the contractor shall, within one hundred and eighty days from the discovery date, submit an appraisal programme in accordance with subsections (7) to (9) of section 25 of the Act.

(3) A contractor shall conduct a separate appraisal for each discovery unless otherwise decided by the Commission or as otherwise provided for in the petroleum agreement.

(4) The Commission shall, within sixty days after receipt of the appraisal programme, give the contractor a notice in writing stating

- (a) whether or not the appraisal programme has been approved or conditionally approved;
- (b) any revisions or improvements required by the Commission to be made to the proposed appraisal programme, and the reasons for the revisions or improvements; or
- (c) the conditions for approval of the proposed appraisal programme, if conditionally approved.

(5) The Commission and contractor shall, in the situation set out in subregulation (4), meet to finalise the review and approval process of the appraisal programme.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(6) An application for an extension as set out in subsection (10) of section 25 of the Act shall be in writing stating the grounds for the request together with an updated appraisal programme with firm timelines.

(7) A contractor shall commence the appraisal within one hundred and fifty days after the date of approval of the appraisal programme by the Commission.

(8) A contractor that submits an appraisal report in accordance with subsection (13) of section 25 of the Act shall, in addition to the statement of whether the discovery is commercial or not, ensure that the appraisal report includes all available technical and economic data relevant to a determination of commerciality, including

- (a) geological and geophysical conditions, which may be in the nature of
 - (i) structural configuration, or
 - (ii) physical properties and the extent of reservoir rocks, areas, thickness and depth of pay zones, pressure, volume and temperature analysis of the reservoir fluids;
- (b) preliminary estimates of crude oil or natural gas reserves;
- (c) recovery drive characteristics;
- (d) anticipated production performance per reservoir and per well; and
- (e) fluid characteristics, including gravity, sulphur percentage, sediment and water percentage and refinery assay pattern.

Relinquishment of contract area

42. (1) Section 22 of the Act shall not operate to require a contractor to relinquish a portion of the contract area which constitutes or forms part of either a discovery area or a development and production area.

(2) Where, at the end of a working period a contractor elects not to enter into the subsequent working period, that contractor shall relinquish the entire contract area except for any discovery area, where provision has been made for the decommissioning, abandonment, removal or final disposal of movable and immovable assets acquired or used by the contractor in the relinquished part of the contract area.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Development and Production

Plan of development and operation

43. (1) A plan of development and operation required by section 27 shall, in addition to the requirements specified in that section, contain

- (a) a description of the selected development concept and the reasons for selecting the concept;
- (b) a brief description of alternative concepts that have been considered;
- (c) a description of the area in which development and production will take place;
- (d) an assessment of the possibility of a future tie-in with other petroleum fields in the area and an analysis of the financial and general safety consequences for the field or the facility if contractors or licensees are to use the facilities; and
- (e) an overview of all petroleum resources in the contract area, with special emphasis on the resource base and maturity and an assessment of the need for extra capacity in the proposed development concept.

(2) The plan of development and operation shall provide a production plan, including

- (a) production profiles specifying
 - (i) the expected production profiles for petroleum for the entire field and for separate reservoir zones;
 - (ii) in addition to the base case estimate, one high and one low estimate, together with a probability distribution;
 - (iii) how the uncertainty regarding resources in place, recovery rate and start-up date have been taken into account in the preparation of the profiles; and
 - (iv) the profiles for expected water production and any profiles for injection of fluids or gas, divided in the same manner as the production profiles;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (b) a description of the long-term production schedule which contains
 - (i) reserve estimates;
 - (ii) technically recoverable resources linked to various production methods;
 - (iii) ultimate recoverable reserves;
 - (iv) an evaluation of methods for improving recovery in relation to the basic assumptions and a plan for potential studies of the recovery methods; and
 - (v) the expected recovery rate and recoverable volumes presented for each phase for phased development;
- (c) proposed drilling and well completion plans, which have
 - (i) a schedule and description of the planned drilling and well activities, with associated use of downhole equipment, surface equipment and safety valves;
 - (ii) a well sketch with clear indications of barriers in connection with drilling, well activities and technical solutions for completion and permanent plugging of the well;
 - (iii) a summary of potential technical and operational problems that can occur during the activities and identified risk, as well as precautionary measures planned in connection with the problems, including the particulars of any planned drilling and completion fluids and the plan for disposal of drill cuttings;
- (d) a description of facilities which comprise
 - (i) information about transport systems for the transportation of produced petroleum;
 - (ii) an account of the selected type of facility and the flexibility of the facility in relation to changes in reserve estimates and production schedule;
 - (iii) the solutions and technology selected to prevent accidents and to minimise hazardous emissions to air and discharges to the environment, and a description of the energy efficiency of the facility;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (iv) an indication of the degree of detail at which the selected solutions and technology have been studied, and the advantages and disadvantages associated with the various alternatives in relation to health, safety and environment;
- (v) a comparative cost estimate for the alternatives and life cycle assessments, including decommissioning costs;
- (vi) an account of how consideration has been made for potential development concepts for additional resources in and near the field;
- (vii) an explanation of technical and cost-related consequences of and the resources referred to in subparagraph (vi) in the design basis for facilities or alternatively in a future adaptation of the plan;
- (viii) a justification for implementation of new technology if the planned facilities entail the use of new technology;
- (ix) an account of the need to establish safety zones in connection with the installation of facilities and wells;
- (x) preliminary drawings to illustrate the selected solutions and to provide a basis for evaluating the development based on the factors mentioned under this regulation; and
- (xi) operation and maintenance schedule;
- (e) information about process and support facilities including a description of location of the facility, land access plan and the possibility for future changes to the process stating
 - (i) the principles and criteria for selection of the main components;
 - (ii) the plan for safeguarding the facility;
 - (iii) flexibility in relation to expected changes in operating conditions;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (iv) a description of systems for collecting and treating oil, water and other discharges;
- (v) a description of any fluid treatment and injection facilities; and
- (vi) a description of the main control systems and their interconnections with other onshore or offshore facilities, and

(f) any other information the Minister considers necessary.

Variations of an approved plan of development and operation

44. The Minister may, in situations where deviations or alterations to an approved plan of development and operation are required, request the contractor to update the plan of development and operation or the relevant parts of the plan of development and operation, including the environmental impact assessment.

Monitoring of reservoir performance pressure

45. (1) A contractor shall regularly monitor the reservoir performance pressure during production of petroleum in order to ensure a best possible recovery of petroleum.

(2) The contractor shall, in each distinct zone of each well, including injection wells and other indicators, measure on a regular basis or determine

- (a) the pressure and flow conditions of a well and reservoir;
- (b) the quality of petroleum, and water extracted from a reservoir; and
- (c) the location of the contact zones between crude oil, natural gas and water.

Production permit

46. (1) A contractor shall not produce or inject petroleum unless the contractor has an annual production permit granted by the Commission in accordance with section 31 of the Act.

(2) Subregulation (1) does not apply to a test production.

(3) A contractor shall, not later than eight weeks before the planned commencement of a petroleum production, submit to the Commission an application for a production permit with supporting documentation.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(4) A contractor shall submit a subsequent application for a production permit to the Commission not later than six weeks before the expiry of an existing production permit.

(5) The application for a production permit shall, in addition to the updated long-term production forecast, include

- (a) the production schedule for each reservoir unit;
- (b) the monthly production reports for the last twelve calendar months, if applicable, for each reservoir unit;
- (c) historical and updated reservoir monitoring data, analysis and other related data with comments on deviations on earlier forecasts;
- (d) the estimated monthly production volumes of the reservoir units for the period applied for;
- (e) the estimated total production volumes for each reservoir unit for the period applied for; and
- (f) the estimated volumes requested to be flared, vented or injected during the period applied for.

(6) The issuance of a production permit may consider the following:

- (a) the size of the reservoir;
- (b) the type of petroleum;
- (c) the rate of production; or
- (d) other factors of importance for the optimal depletion of petroleum.

(7) The production permit shall identify the quantity of petroleum which may be extracted and consumed, injected, flared or vented.

(8) The Commission may decide to issue a production permit for each individual well, reservoir or field.

Test production

47. (1) Test production shall require prior written approval by the Commission.

(2) The application for test production shall include

- (a) the objectives of the test production;
- (b) a plan and programme for the test;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (c) description of geological and reservoir engineering objectives;
 - (d) a specification of the facilities and parameters that will be used;
 - (e) a description of systems and equipment for measuring produced petroleum;
 - (f) a detailed and itemised budget;
 - (g) a description of safety and environmental protection systems planned or implemented; and
 - (h) a summary of the environmental impact assessment study, unless not required due to existing studies or for other special reasons as approved by the Commission.
- (3) A contractor shall
- (a) treat petroleum produced during test production as petroleum produced during commercial operation, unless otherwise specified in the approval of test production; and
 - (b) store petroleum produced during test production for subsequent utilization or sale.
- (4) The written approval by the Commission for test production shall stipulate conditions on
- (a) the duration of production;
 - (b) the method of production;
 - (c) the volumes of petroleum to be produced;
 - (d) facilities;
 - (e) the flaring and sale of petroleum;
 - (f) particular measures related to health, safety, working environment and the protection of the environment, including mitigating or remedial measures to be taken; and
 - (g) any other relevant condition.
- (5) A test production approval shall be for a period of not more than six months, unless special circumstances justify a longer test production period.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Production methods

48. (1) A contractor shall use an approved method and practice acceptable to the Commission for the production of petroleum from a reservoir and shall in particular take all necessary steps to

(a) obtain the initial physical characteristics of the reservoir fluid and reservoir parameter including

- (i) temperature,
- (ii) pressure,
- (iii) gas-oil ratio,
- (iv) bubble point pressure,
- (v) porosity,
- (vi) viscosity,
- (vii) relative permeability in relation to fluid saturations and fluid gravities,

and submit to the Commission detailed data, results and analyses as soon as possible after the commencement of production from a reservoir;

(b) obtain periodic data required under paragraph (a) of subregulation (1), at intervals approved by the Commission; and

(c) ensure that each reservoir produces within the limits of the optimum potential or rate of the reservoir.

(2) The Commission may give directions to the contractor to ensure the proper exploitation of petroleum and to encourage good conservation practices in a contract area.

Restrictions on flaring, venting and injection of petroleum

49. (1) Where a contractor or the Corporation applies for permission to flare or vent petroleum under section 33 of the Act, the Commission shall grant permission to flare or vent petroleum where

(a) the flaring or venting was foreseen in the long-term production schedule included in the approved plan of development and operation; or

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(b) relevant new information warrants the permission to flare or vent petroleum as stipulated in subsections (5) and (6) of section 31 of the Act and the person seeking the permission, to the satisfaction of the Commission, has addressed how to reduce or eliminate the flaring or venting in compliance with the requirement under section 33 of the Act of not flaring or venting petroleum.

(2) Where the Corporation or a person other than the contractor seeks to utilise gas that would otherwise be flared or vented, the contractor shall make available the gas to the Corporation or a third party on terms to be agreed between the parties.

(3) A contractor shall, subject to regulation 45 and paragraph (a) of subregulation (1) of regulation 46, upon obtaining the approval of the Commission and submission of information to the Commission, undertake testing prior to the commissioning of production from a planned production well for a period of not more than seventy-two hours for the purpose of assessing solutions for the production, flaring, venting and utilisation of petroleum.

(4) The contractor is liable for the costs incurred by the Commission or a representative of the Commission for the purpose of observing the testing.

(5) The time limit in this regulation may be extended for the purpose of a clean-up or stabilisation of the well.

(6) Where a person flares or vents petroleum, that person shall measure and report the venting or flaring of petroleum in the same manner as for the production of petroleum in accordance with the Petroleum (Exploration and Production) (Measurement) Regulations 2016, (L.I. 2246) and the Petroleum (Exploration and Production) (Data Management) Regulations, 2017 (L.I. 2257).

(7) A person shall not inject petroleum underground unless the injection of the petroleum underground is for the purpose of production of petroleum pursuant to the authorisation in the plan for development and operation.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(8) A person may inject carbon dioxide from petroleum activities for permanent storage into suitable underground reservoirs within the territory, or on the continental shelf, of the country pursuant to an approval prescribed by the Minister and the Minister responsible for Environment.

(9) A person who flares or vents petroleum and the Commission shall each make publicly available, information and reports on flaring and venting including the volumes flared, fees paid and the plans for reduction of flaring or venting on their websites and in any other medium of public communication in order to facilitate gas utilisation solutions.

(10) The Commission shall impose an administrative penalty equivalent to the value of the amount of gas flared or vented at the prevailing market price on the contractor, licensee or Corporation for unauthorised flaring or venting.

(11) The contractor, licensee or Corporation shall pay the administrative penalty to the Commission and the administrative penalty shall not be tax deductible or cost recoverable under a petroleum agreement.

Co-ordination of petroleum activities and unitisation

50. (1) A unitisation and coordination agreement under subsection (1) of section 34 of the Act shall be governed and construed by the laws of the Republic.

(2) A unitisation and coordination agreement under the Act shall be entered into in accordance with a model agreement provided by the Minister.

(3) A unitisation or coordination agreement and any amendment to the unitisation or coordination agreement shall be submitted to the Minister for approval.

(4) The relevant contractors shall submit to the Minister a draft unitisation and unit operating agreement or an agreement to coordinate and develop separate petroleum accumulations based on the model agreement described in subregulation (1) within six months after the finalisation of appraisal of the petroleum accumulation.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(5) The Minister may approve the agreement referred to in subregulation (4) at the same time as the time for approval of the initial development plan for the area or at any other time as determined by the Minister.

(6) Where the relevant contractors do not submit a unitisation or a coordination agreement pursuant to subregulation (5), the Minister may stipulate the terms and conditions for the unitisation or coordination of petroleum resources in the area and may seek the opinion of an independent third party expert at the cost of the contractors.

(7) The relevant contractors shall be jointly and severally liable for the costs incurred under subregulation (6).

Transportation, Treatment and Storage of Petroleum

Criteria for grant of licence

51. (1) The Minister may grant a licence to install and operate a facility for transportation, treatment or storage of petroleum on the basis of

- (a) the financial strength of the applicant;
- (b) the relevant technical competence of the applicant;
- (c) the proposed project as presented in the application submitted in accordance with section 39 of the Act;
- (d) the relevant experience of the applicant from similar projects;
- (e) the proposed level of local content in compliance with the Petroleum (Local Content and Local Participation) Regulations, 2013 (L.I. 2204); and
- (f) training and technology support.

(2) Where the applicant is a holder of a petroleum agreement or another licence for the transportation, treatment or storage of petroleum, the Minister may take into consideration the performance of the applicant in respect of that petroleum agreement or licence, and any form of non-compliance that the applicant may have demonstrated as a contractor or licensee.

(3) Where two or more applications are submitted in respect of the same or competing projects and the applications are considered equal on the basis of the criteria under subregulation (1), the Minister may use

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

other relevant objective and non-discriminatory criteria as a basis for granting the licence.

(4) Subregulations (1) and (2) apply to applications for an extension of a licence to install and operate a facility for transportation, treatment or storage of petroleum.

Facility location and pipeline route survey

52. (1) A person who applies for a licence to install and operate a facility for transportation, treatment or storage of petroleum shall carry out a survey of the planned route of pipelines or cables or the planned site for the facility for transportation, treatment or storage of petroleum.

(2) The survey shall be attached to the application for a licence to install and operate a facility for transportation, treatment or storage of petroleum.

(3) The Minister shall base the evaluation of the route of a pipeline or the site of a facility on the information provided in the survey.

- (4) The survey shall in particular include information on
- (a) the pipeline route, the dimension and transportation capacity of the pipeline;
 - (b) the location of the facility in the nature of the size and layout of the facility;
 - (c) the criteria for the alternative routes or locations that have been considered;
 - (d) the social and environmental impact of the proposed project investigated for all individual phases;
 - (e) public and operational safety, including safety aspects of discharges or leakages of fluids, emission or discharge of gaseous components and the risk of the discharges or leakages occurring;
 - (f) the impact on affected properties or infrastructure;
 - (g) the impact on affected third party activities;
 - (h) geo-technical and hydrographical conditions;
 - (i) route or site specific construction, operations, maintenance and decommissioning requirements or restrictions;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (j) local and national requirements;
- (k) future exploration;
- (l) the time, duration and place of the surveys; and
- (m) survey methods.

(5) The Minister may require studies to be carried out with respect to alternative solutions.

Duration of licence

53. (1) The Minister shall determine the duration of a licence to install and operate a facility for transportation, treatment or storage of petroleum on the basis of

- (a) the estimated design life of the facility for transportation, treatment or storage of petroleum;
- (b) the expected duration of the petroleum activities for which use the facility for transportation, treatment or storage of petroleum is intended;
- (c) third party access; and
- (d) any other matter the Minister considers relevant.

(2) Subregulation (1) applies where the Minister considers an application for an extension of a licence to install and operate a facility for transportation, treatment or storage of petroleum.

Design, construction, installation and maintenance

54. (1) An owner or operator of a facility for transportation, treatment or storage of petroleum shall ensure that the facility is designed, constructed, supplied, installed and maintained in compliance with applicable law and the licence to install and operate the facility, or, as applicable, the approved plan of development and operation.

(2) An owner or operator of a facility for transportation, treatment or storage of petroleum shall not modify or alter the facility without the prior written approval of the Minister.

Permit to commence installation of facility

55. An application to the Commission for a permit to commence the installation of a facility for transportation, treatment or storage of

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

petroleum shall include the following information:

- (a) the name and address of the licensee or, as applicable, the contractor;
- (b) a copy of the licence to install and operate the facility or, as applicable, the relevant parts of the approved plan for development and operation;
- (c) copies of all other approvals, authorisations, licences and other permits required pursuant to applicable law in order to commence the installation and operation of the facility; and
- (d) any other information that the Commission requires.

Permit to operate facility

56. (1) A person shall submit an application for a permit to operate a facility for transportation, treatment or storage of petroleum to the Commission

- (a) before the facility or part of the facility is initially put to use;
- (b) before the facility or part of the facility is put to use following the carrying out of a major reconstruction or modification; or
- (c) before a change of the purpose for which the facility was originally approved in the relevant licence or, as applicable, in the approved plan of development and operation; and
- (d) where a licensee desires to use a facility beyond the time period stipulated in the existing permit for operation.

(2) An application for a permit to operate a facility for transportation, treatment or storage of petroleum shall include

- (a) verification that the facility is installed in accordance with the relevant licence or, as applicable, the approved plan of development and operation;
- (b) the estimated date for commencement of operation; and
- (c) any other information that the Commission requires.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Change of operator

57. (1) Where an operator under a licence to install and operate a facility for transportation, treatment or storage of petroleum ceases to meet the material requirements for operations under the licence, the Act or any other applicable enactment, the Minister may direct the licensee to appoint a new operator.

(2) Subsection (5) of section 40 of the Act and regulation 22 shall apply to subregulation (1).

Protection of pipeline

58. (1) Subject to applicable law, a person shall not carry out any activity across, on, along or under a pipeline without the prior written consent of the licensee or contractor.

(2) Where a licensee or contractor receives a written request for the use of a pipeline in accordance with subregulation (1), that licensee or contractor shall, within thirty days of receipt of the request, communicate a decision on the request in accordance with the Petroleum Operating Standards issued under section 50 of the Act.

(3) Where a contractor or licensee refuses the request, the licensee or contractor shall, in writing state the reasons for the refusal.

(4) The consent under subregulation (1) may be subject to the conditions necessary for

(a) the protection of

- (i) property,
- (ii) the environment,
- (iii) the public, and
- (iv) employees, and

(b) the safety and security of the pipeline.

(5) A licensee or contractor shall, immediately give notice in writing to the Minister on the receipt of a request under subregulation (1) and the decision in relation to that request.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Discontinuance of use of pipeline

59. (1) Where a licensee or contractor permanently ceases the use of a pipeline or the relevant part of a pipeline, that licensee or contractor shall ensure that that pipeline or the relevant part of that pipeline

- (a) is cleaned and free of all hydrocarbons and other noxious substances;
- (b) is protected by suitable internal and external corrosion control measures;
- (c) does not contain any added chemical substances that are detrimental to the environment if released;
- (d) is physically isolated or disconnected from other parts of the pipeline system, if applicable, in a manner that does not allow any adjoining part of the pipeline system to have stagnant fluid traps remaining; and
- (e) is left in a safe condition.

(2) Where a licensee or contractor temporarily ceases the use of a pipeline or the relevant part of a pipeline, that licensee shall ensure that that pipeline or the relevant part of that pipeline

- (a) is protected by suitable internal and external corrosion control measures such that the structural integrity of the pipeline can be maintained;
- (b) does not contain any added chemical substances that are detrimental to the environment if released; and
- (c) is left in a safe condition.

Return to active flowing service

60. (1) A licensee or contractor shall, before recommencing active flowing service of a pipeline or the relevant part of a pipeline that is not in regular use, apply to the Commission for a permit for operation.

(2) An application under subregulation (1) shall include

- (a) a verification that the pipeline or the relevant part of the pipeline satisfies the operational criteria in the licence or, as applicable, the approved plan of development and operation;
- (b) records of any inspection or tests conducted on the pipeline;
- (c) the estimated date for recommencement of operation of the pipeline;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (d) any other relevant information on the condition of the pipeline; and
- (e) any other information required by the Commission.

Cessation, Decommissioning and Removal of Facilities

Decommissioning plan

61. (1) A licensee, contractor shall submit a decommissioning plan in accordance with subsection (1) of section 43 of the Act to the Minister.

(2) The decommissioning plan referred to in subregulation (1) shall cover all petroleum facilities described in the plan of development and operation which are operated by the licensee or contractor.

(3) Where the plan of development or operation has changed due to the development of technology or changes to other significant circumstances since approval of the plan of development and operation, the decommissioning plan shall take into account the development of technology or the changed circumstances.

- (4) The decommissioning plan shall include
 - (a) an overview of all facilities and wells, including locations, depths and types of material;
 - (b) the anticipated date for permanent cessation of the use of each facility or the date of expiry of the relevant licence or petroleum agreement;
 - (c) an overview of the field history including
 - (i) a description of all wells including those already plugged and abandoned,
 - (ii) plans for plugging and abandonment of all other existing wells in the contract area;
 - (iii) information on the deposit of drill cuttings and other materials, and
 - (iv) production and the possibilities for continued production;
 - (d) the assessment of environmental and social impact of each form of disposal specified in subsection (6) of section 43 of the Act;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (e) information on applicable mitigating actions to avoid damage or unnecessary inconvenience to third parties and to reduce the negative impact on health, safety, environment, potentially affected persons and local communities, agriculture, fisheries and other affected interests;
 - (f) information on planned disposal or abandonment of pipelines and sub-sea facilities;
 - (g) proposed measures to secure clean-up and restore the contract area, adjacent areas and lands;
 - (h) the recommended alternative by the contractor or licensee for disposal including
 - (i) cost estimates,
 - (ii) timeframes for execution and cost curves,
 - (iii) the grounds for the recommendation;
 - (i) an account of the balance of the decommissioning fund, an estimate for future deposits into the decommissioning fund and a forecast for spending of decommissioning costs;
 - (j) information on any other consents, licences, approvals or permits required in order to carry out the recommended disposal alternative;
 - (k) plans for post decommissioning monitoring and maintenance and abandoned facilities, if applicable; and
 - (l) any other information that the Minister may require.
- (5) The Minister may request for an independent verification of information provided in a decommissioning plan submitted under this regulation.
- (6) Where the Minister requests for an independent verification of information provided in a decommissioning plan, the contractor or a licensee shall be responsible for all costs related to the verification.
- (7) A licensee or contractor shall promptly notify the Minister of any changes in circumstances or alterations to the information provided in the decommissioning plan, and where appropriate submit for approval a proposed amendment to the decommissioning plan that was previously submitted.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(8) A proposed amendment under subregulation (8) shall include an assessment of the impact of the alterations on the information provided under paragraphs (d) and (e) of subregulation (4).

(9) The Minister may request for an amendment of or impose a new condition on the decommissioning plan.

(10) This regulation applies with the necessary modifications, where a licence or petroleum agreement is terminated before the expiration date of the licence or petroleum agreement.

(11) This regulation applies to the Corporation where it undertakes a petroleum activity under section 11 of the Act.

Notice and approval of abandonment, closure and plugging of wells

62. (1) A notice in furtherance of subsection (1) of section 46 of the Act shall include

- (a) details on how the well is to be plugged;
- (b) a report on how relevant requirements in applicable legislation, including the Petroleum (Exploration and Production) (Health, Safety and Environment) Regulations, 2017 (L. I. 2258), have been complied with;
- (c) the proposed method, scope and timing for the survey of wells plugged and abandoned; and
- (d) any other relevant information required by the Commission.

(2) The Commission shall consider the notice and communicate its decision to the contractor in writing.

(3) The Commission may impose

- (a) conditions for the abandonment and plugging operations and future surveys, and
- (b) any other conditions that the Commission considers necessary.

Restoration of affected areas

63. In addition to the requirement in section 47 of the Act, a licensee or contractor shall, on execution of a decommissioning plan, ensure that the areas affected by the petroleum activity are restored as near to the original state as reasonably possible, taking into consideration the costs and benefits.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Report on decommissioning

64. (1) In furtherance of subsection (5) of section 44 of the Act, a licensee or contractor shall submit the report on implementation of a decommissioning plan, not later than three months after the work has been completed.

(2) The report specified in subregulation (1) shall include

- (a) how the plugging and abandonment of wells were carried out;
- (b) the final disposal of petroleum facilities covered by the decommissioning plan;
- (c) an overview of actual expenditures and remaining balance, if any, of the decommissioning fund; and
- (d) where applicable, information on mortgages registered under section 57 of the Act.

(3) The Minister may, on receipt of a report under this regulation, request for additional information including

- (a) information on the decommissioning work carried out, and
- (b) where applicable, any outstanding work and monitoring activities.

Liability

65. (1) Where implementation of an approved decommissioning plan involves abandonment of the whole of a facility or parts of the facility, the contractor or licensee concerned is liable for any loss or damage caused in connection with the abandoned facility or partly abandoned facility after the termination or expiration of the petroleum agreement or the licence.

(2) Subregulation (1) does not apply where

- (a) the Minister decides otherwise and the contractor or licensee has paid the agreed compensation; or
- (b) the facility has been transferred to the Corporation in accordance with section 19 of the Act.

(3) Where more than one person is liable under this regulation, they are jointly and severally liable for financial obligations, unless otherwise decided by the Minister.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Information and Reporting

General requirements on record keeping

66. (1) A contractor, licensee, subcontractor or the Corporation shall
- (a) prepare, document and retain documents and information necessary to ensure that petroleum activities are planned and carried out in a prudent manner; and
 - (b) ensure that documents demonstrating compliance with requirements stipulated under these Regulations and any other applicable law can be provided.
- (2) The documents and information specified in subregulation (1) shall be
- (a) available in the country; and
 - (b) made available to any authorised party.
- (3) Unless otherwise specified, a contractor, a sub-contractor, a licensee or the Corporation shall keep the documents and information for as long as the documents provide necessary information about the petroleum activities of that contractor, sub-contractor, licensee or the Corporation.
- (4) Where a contractor, a sub-contractor, a licensee or the Corporation wishes to destroy documents or information which may be of importance to the management of resources, the contractor, sub-contractor, licensee or the Corporation shall submit to the Commission a list of the documents and information prior to the destruction of the documents or information.
- (5) Upon the receipt of the list specified in subregulation (4), the Commission may within a reasonable time request the contractor, sub-contractor, licensee or Corporation to submit the documents or information specified in the list to the Commission for safekeeping at no cost to the contractor, the sub-contractor, the licensee or the Corporation.

Reporting

67. (1) A contractor, a licensee or the Corporation shall ensure that all reports and data submitted to the Commission or the Ministry is submitted in the manner specified by the Commission or the Minister.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(2) Unless otherwise specified, all reports and data required to be submitted under the Act and these Regulations shall be submitted in a manual or electronic format.

(3) Subject to subregulation (1), a contractor, licensee or the Corporation shall submit data and information using the relevant information sharing software approved by the Commission for data and information access for the purpose of accounting and auditing to

- (a) the Ministry,
- (b) the Ministry responsible for Finance,
- (c) the Commission, and
- (d) the Corporation, where applicable.

(4) A contractor, a licensee or the Corporation shall keep the Commission regularly and fully informed of operations being carried out under a petroleum agreement or a licence.

(5) A contractor, licensee or the Corporation shall at intervals determined by the Commission, provide the Commission with all information, data, samples, interpretations and reports, including

- (a) progress and completion reports;
- (b) reports which deal with location surveys, seabed conditions and seafloor hazards and any other report which deals with the location of wells, platforms or pipelines;
- (c) reservoir investigations and estimates regarding reserves, field limits and economic evaluations relating to future operations;
- (d) daily, weekly, monthly and other regular reports on petroleum activities;
- (e) comprehensive final reports upon the completion of each specific project or operation;
- (f) contingency programmes and reports on safety and accidents;
- (g) procurement plans, sub-contracts and contracts for the provision of services to the contractor, the licensee or the Corporation;
- (h) in relation to sub-contracts and contracts for the provision of services to the contractor, the licensee or the Corporation,

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (i) the bid documents and their evaluation reports; and
- (ii) a statement showing the values, executing companies, award and completion dates.

(6) A contractor, licensee or the Corporation may for the duration of a petroleum agreement, a licence or an authorisation, retain for the use of the contractor, the licensee or the Corporation in connection with the conduct of petroleum activities under a petroleum agreement copies of

- (a) data,
- (b) well logs,
- (c) maps,
- (d) magnetic tapes,
- (e) other geological and geophysical information,
- (f) portions of core samples, and
- (g) copies of reports, studies and analyses.

(7) A contractor, licensee or the Corporation shall, within ninety days after the end of each calendar year, submit to the Minister and the Commission a report covering petroleum activities performed in the contract area, licence area or area for an authorisation during that calendar year.

(8) A report under subregulation (7) shall include

- (a) a statement of
 - (i) the number of exploration wells, appraisal wells and development wells drilled,
 - (ii) the depth of each well specified in subparagraph (i), and
 - (iii) a map on which drilling locations are indicated;
- (b) a statement of any
 - (i) petroleum encountered during petroleum activities,
 - (ii) fresh water layers encountered, and
 - (iii) other minerals discovered;
- (c) a statement of the quantity of petroleum produced and of all other minerals produced from the same reservoir or deposit;
- (d) a summary of the nature and extent of all exploration activities in the contract area;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (e) a general summary of all petroleum activities in the contract area; and
- (f) a statement of the number of employees engaged by the contractor, the licensee or the Corporation in petroleum activities in the country, identified as Ghanaian or non-Ghanaian.

Confidentiality of information

68. (1) The Commission shall treat as confidential, information provided by a contractor, a licensee or the Corporation in furtherance of a petroleum agreement, a licence or an authorisation.

(2) The Commission shall ensure that proprietary information provided by a contractor, a licensee or the Corporation is made available to a third party only with the consent of the relevant contractor or licensee, or the Corporation.

(3) Subregulation (1) does not apply to information that is already in the public domain or information that the Commission has received from a third party.

(4) The Commission may disclose data, information and reports including interpretation and analysis with respect to safety or security of petroleum activities relating to an adjacent block to another person.

(5) A person who receives information in furtherance of this regulation shall

- (a) be under the same obligations of confidentiality as the Commission; and
- (b) not use the information for purposes other than those for which the information was disclosed by the Commission.

(6) This regulation shall not prevent the disclosure by the contractor, licensee or the Corporation of all or part of the interest of the contractor, licensee or the Corporation in a petroleum agreement

- (a) to an affiliate, adviser or consultant of the contractor, licensee or Corporation;
- (b) to a bona fide potential assignee, if the contractor, licensee or Corporation gives prior notice to the Commission of the bona fide potential assignee;
- (c) to a bank or other lending institution for the purpose of seeking external financing for the petroleum activity;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (d) to a non-affiliate who provides services for the petroleum activity, including a sub-contractor, a vendor and other service contractors, where the information is essential for the provision of the services;
 - (e) to a governmental agency for obtaining necessary rulings, permits, licences and approvals, or as may be required by applicable law or financial stock exchange, accounting or reporting practices;
 - (f) to the extent necessary in any arbitration proceedings or proceedings before a sole expert or in proceedings before any court; or
 - (g) with respect to data, which already through no fault of the disclosing party, is already in the public domain.
- (7) A contractor, licensee or the Corporation shall give prior notice to the Commission of a disclosure under paragraph (d) or (e) of subregulation (6).
- (8) A contractor, licensee or the Corporation shall obtain the prior written approval of the Republic and the Commission for a disclosure under paragraph (b) of subregulation (6).
- (9) A contractor, a licensee or the Corporation who discloses information or provides data to a third party under subregulation (6) shall ensure that the third party
- (a) is required to keep information or data confidential, and
 - (b) is bound by the same duty of confidentiality as the contractor, licensee or Corporation who disclosed the information or provided the data.
- (10) For the purpose of paragraph (b) of subregulation (6),
- “bona fide potential assignee” means a company in respect of which the reputable and international financial advisor of the contractor, licensee or Corporation has written to the contractor and copied to the Commission confirming that in the opinion of the financial advisor, that company has
- (a) the financial ability and technical competence to meet the obligations associated with the interest being offered or sought; and

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (b) considered the potential acquisition at a sufficiently senior level within the organisation of the company in order for the company to be regarded as a genuine potential purchaser of the interest of the contractor, licensee or the Corporation.

Annual reports and accounts

69. (1) A contractor, a licensee or the Corporation shall submit an annual report and account relating to petroleum activities of the contractor, the licensee or the Corporation in the country within thirty days after the expiration of the calendar year, or if applicable, the contract year.

(2) Subregulation (1) applies to the parent company of the contractor or licensee or an affiliate of the contractor or licensee registered in the country.

Notice of incident

70. A contractor, a licensee or the Corporation shall immediately notify the Commission of an incident and other circumstances which may result in

- (a) the closing down of a facility;
- (b) the reduction of production of petroleum; or
- (c) the influence of the implementation of activities in accordance with an administrative decision made in furtherance of the Act or these Regulations.

Fiscal Provisions

Royalty

71. (1) Royalty to be paid under a petroleum agreement shall be
- (a) specified in the tender documents as a biddable fiscal item;
 - or
 - (b) indicated in the relevant documents for an invitation for direct negotiation.
- (2) The royalty volumes shall be measured and calculated
- (a) in accordance with the Petroleum (Exploration and Production) (Measurement) Regulations, 2016 (L.I. 2246) and on a daily basis per producing field; or
 - (b) per contract area, if determined by the Minister.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(3) Where the Minister has not directed a contractor to undertake the transportation, processing and storage of royalty petroleum in accordance with subsection (4) of section 85 of the Act, that contractor shall

- (a) deliver the quantity of oil to be paid as royalty to the Corporation; or
- (b) make available the Freight-On-Board for the Corporation to lift in accordance with the relevant lifting schedule at the agreed delivery point.

(4) Where the Minister in accordance with subsection (3) of section 85 of the Act directs that a contractor pays royalty to the Republic in cash, the royalty shall be calculated at the agreed percentage of the value of the gross volume of petroleum produced and saved.

(5) Where royalty is to be paid in cash, a contractor shall pay the royalty in accordance with the provisions of section 85 of the Act and the Petroleum Revenue Management Act, 2011 (Act 815).

(6) Subregulation (2) shall

- (a) apply as a basis for the calculation of the royalty amount due to the Republic, and
- (b) be the relevant weighted average market price for the relevant period as determined in accordance with regulation 77.

(7) The Corporation and an operator of a facility for the transportation, processing or storage of petroleum into which royalty of petroleum is delivered in accordance with subsection (4) of section 85 of the Act, shall

- (a) ensure that volumetric or calorific measurements of petroleum received are recorded on a daily basis, and
- (b) sign a consignment receipt which specifies the volumes actually received by the Corporation and the operator.

(8) Where royalty on the production of natural gas is to be paid in cash, the value of the natural gas shall be the actual price realised by a contractor, less

- (a) costs of transportation, processing, compression, liquefaction, if applicable, and
- (b) marketing costs which shall be calculated in accordance with the principles underlying the accounting guide of the petroleum agreement.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(9) Where the actual price realised in accordance with subregulation (8) is a negative amount, the royalty share on natural gas of the Republic shall be deemed to amount to zero and a contractor shall not set off or deduct any negative royalty amount in any royalty to be paid on crude oil

(a) in cash or in kind; or

(b) in any other fees or taxes.

(10) Where a contractor pays royalty in kind or in cash, the contractor shall, simultaneously with the payment, provide the Minister and the Corporation with a statement which specifies

(a) the gross volume of petroleum produced and saved for the month in question, and

(b) how the royalty paid by the contractor is in compliance with section 85 of the Act and this regulation.

Annual acreage fee

72. (1) A contractor shall pay an annual acreage fee per square kilometre, as specified in the Second Schedule, of the contract area remaining at the beginning of each contract year as part of the contract area.

(2) A contractor shall directly transfer the amount calculated in accordance with subregulation (1) into the Petroleum Holding Fund.

(3) The annual acreage fees specified in subregulation (1) shall be calculated pro-rata where

(a) the beginning of a period and the end of a period, or

(b) the creation of a development and production area, occurs during the course of a calendar year.

Rental fees

73. (1) A contractor shall pay for rental of Government property, specific public lands or for the provisions of specific services requested by the contractor from a public institution.

(2) The rates charged in subregulation (1) shall not exceed the prevailing rates charged to any other member of the public who requests for similar rental or service.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Bonus payment

74. (1) The Minister may require a contractor to pay
- (a) a signature bonus upon the ratification of a petroleum agreement, and
 - (b) a production bonus at the first anniversary of commencement of petroleum production.
- (2) The Minister may
- (a) specify the amount of the bonus to be paid in subregulation (1); or
 - (b) allow for competitive bidding of the amount of bonus in subregulation (1).
- (3) A contractor shall pay the bonuses specified in subregulation (1) to the Republic into the Petroleum Holding Fund.
- (4) A bonus payment is not recoverable as petroleum cost under the petroleum agreement.

Additional oil entitlement

75. (1) A contractor shall deliver to the Republic any additional oil entitlement from the share of petroleum produced by the contractor from each field
- (a) on the basis of the after-tax inflation-adjusted rate of return that the contractor achieves with respect to each field as stipulated in the applicable petroleum agreement, and
 - (b) calculated in accordance with the formula set out in the Third Schedule.
- (2) Where a contractor achieves an after-tax inflation-adjusted rate of return that exceeds the target level as stipulated in the applicable petroleum agreement, the contractor shall deliver to the Republic the additional oil entitlement not later than three months after the period in which the rate of return was achieved.
- (3) The Republic may elect to receive cash in place of the additional oil entitlement share of petroleum.
- (4) Each contractor party shall, within thirty days after the end of the quarter, file quarterly additional oil entitlement returns in the prescribed format to the Ghana Revenue Authority and provide copies to the Ministry, the Ministry of Finance, the Commission and the Corporation.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Lifting and marketing of petroleum

76. (1) A contractor and the Corporation may, through consultation, enter into a supplementary agreement in relation to the following:

- (a) procedures for lifting of petroleum,
- (b) lifting and lifting schedules,
- (c) loading conditions,
- (d) petroleum metering, and
- (e) the settlement of lifting imbalances, if any.

(2) A lifting arrangement shall specify the following conditions:

- (a) the lifting of petroleum by the parties is to be carried out so as to avoid interference with petroleum operations;
- (b) the lifting rights and schedules are subject to operations, tolerances and constraints so that each party to the extent possible is entitled to lift full cargo loads; and
- (c) that within reasonable limits and subject to future correction of imbalances, each party may lift more or less than the lifting entitlement of each party so as to allow the lifting of full cargo loads.

(3) A contractor shall make available on a monthly basis to the Commission, all relevant marketing information including sales purchase contracts relevant for petroleum sold, regardless of whether the sales arrangement is done through a trading agent of the contractor or a third party.

Pricing of petroleum

77. (1) For purposes of regulations 71 to 78, the market price for petroleum produced and lifted by a contractor under a petroleum agreement shall be established with respect to each lifting or other period based on the prices actually realised by that contractor in an arm's length commercial transaction.

(2) Where

- (a) a contractor has not sold its entitlement oil during the period in question, or has sold petroleum to a related party, or
- (b) petroleum of that quality has not been sold in that period,

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

the market price shall be determined by reference to world market prices of comparable produced petroleum sold in an arm's length transaction for export on the major world petroleum market, and adjusted for differences in oil quality, location, timing and conditions of pricing, delivery and payment.

(3) Where the contractor cannot identify a comparable produced petroleum for the purposes of this regulation, the Minister may agree to an alternative method for establishing a comparable type of produced petroleum.

(4) Where petroleum sales which is not at "arm's length" relate only to the part of the entitlement of the contractor, the prices actually realised by the contractor in sales of the balance of the share of the contractor shall be taken into account in determining market price.

(5) The price of produced petroleum shall be expressed in United States Dollars per barrel, Freight-On-Board at the applicable delivery point for the contractor.

(6) Where petroleum of various quality grades are produced from a contract area, the market price shall be determined separately for each type sold or exported by a contractor.

(7) Subregulation (6) applies only to the extent that the different quality grades

(a) remain segregated through to the point where they are sold;
or

(b) are commingled into a common stream.

(8) The Commission

(a) may agree on an equitable methodology for assessing relative value for each grade of produced petroleum comprising the blend, and

(b) shall implement the agreed methodology for having the producer of higher quality produced petroleum to be reimbursed by the producer of lower quality produced petroleum.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(9) Where the Republic or the Corporation, and a contractor enter into a commercial agreement for petroleum purchase by the Republic or the Corporation, the price for petroleum under the petroleum agreement shall not exceed the price of petroleum sold to an affiliated company of the contractor.

(10) Where the Minister requests that a contractor sells to the Republic petroleum for a domestic supply requirement, the price for natural gas shall be based on the prevailing market price in the country taking into account the costs incurred by the contractor and a fair consideration for the investment risk of the contractor.

(11) The price in subregulation (10) shall not exceed

(a) the price of petroleum sold to an affiliate of the contractor;
or

(b) the lowest market price for gas produced in the country and sold to a third party outside the jurisdiction.

(12) For purposes of this regulation,

(a) "comparable produced petroleum" means produced petroleum of similar gravity, sulphur content and acidity approved by the American Petroleum Institute; and

(b) "arm's length commercial transaction" means sales to a purchaser independent of the seller, which does not involve

- (i) produced petroleum exchange or barter transactions,
- (ii) government to government transactions,
- (iii) sales directly or indirectly to affiliates, or
- (iv) sales involving consideration other than payment in United States Dollars or currencies convertible or affected in whole or in part by considerations other than the usual economic incentives for commercial arm's length sales of produced petroleum.

Information relevant for price determination

78. (1) A contractor shall, not later than thirty-five days after the end of each lifting, provide to the Commission information on each lifting including information on

(a) the buyer of the cargo,

(b) the sales basis with respect to benchmark crude oil,

(c) the pricing basis.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

- (d) the differential,
- (e) any deductions, and
- (f) the market price realised by the contractor.

(2) For the purposes of this regulation, where there is more than one contractor, the obligation of the contractor shall be several and each contractor shall provide to the Commission the information required under this regulation with respect to the sales volumes of each contractor.

(3) Where the Commission considers that the market price quoted in the notice by a contractor has not been correctly determined in accordance with this regulation, the Commission shall

- (a) within thirty days of receipt of the notice of the market price, give notice to the contractor, and
- (b) within twenty days meet with the contractor to agree on the correct market price.

(4) Where the Commission and the contractor fail to agree on the market price, the market price shall be referred to the Minister for determination.

(5) Until a determination of the market price by the Minister, the market price shall be the last market price agreed or determined, or if there has been no previous agreement or determination, the price quoted by the contractor for the lifting.

Miscellaneous Provisions

Offences and penalties

79. (1) A person who

- (a) undertakes reconnaissance activities without a licence;
- (b) commences exploration drilling operations without a drilling permit from the Commission;
- (c) undertakes a drilling operation which is not in accordance with the conditions stipulated in an approved plan for development and operation;
- (d) fails to sell to the Republic a percentage of the petroleum entitlement of that person, to meet domestic supply as determined by the Minister; or
- (e) fails in the event of war or other emergency to supply all or part of petroleum produced as required by the Minister

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

commits an offence and is liable on summary conviction to a fine of not less than ten thousand penalty units and not more than fifty thousand penalty units or to a term of imprisonment of not less than one year and not more than three years or to both, and where the contravention continues, to a fine of one thousand penalty units for each day during which the contravention continues.

(2) A person who mortgages a participating interest without the written approval of the Minister commits an offence and is liable on summary conviction to a fine of not less than ten thousand penalty units and not more than fifty thousand penalty units or to a term of imprisonment of not less than one year and not more than three years or to both.

(3) A person who fails to

- (a) give notice to the Minister of any direct or indirect assignment of interest;
- (b) comply with the conditions of a reconnaissance licence;
- (c) comply with the conditions of a drilling permit;
- (d) obtain an annual permit to produce or inject petroleum from the Commission;
- (e) comply with the conditions of a production or injection permit granted by the Commission;

is liable to pay to the Commission, an administrative penalty of twenty thousand penalty units for each day that the contravention continues.

(4) A person who contravenes any other provision of these Regulations for which a penalty has not been provided is liable to pay to the Commission an administrative penalty of fifty thousand penalty units.

Interpretation

80. In these Regulations, unless the context otherwise requires,

“additional participating interest” means an additional interest held by the Corporation pursuant to a petroleum agreement in respect of which the Corporation pays for its share of the cost of development production;

“appraisal programme” means a programme that includes a work plan, schedule and a budget submitted to the Commission for the conduct of appraisal;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

“appraisal well” means a well drilled pursuant to an appraisal programme;

“assessment programme” means a preliminary programme for the assessment and report on the opening of an area as regulated under these Regulations;

“barrel” means a quantity or unit of crude oil equal to forty-two United States gallons at a temperature of sixty degrees Fahrenheit (60°F) and at fourteen and sixty-five one-hundredths per square inch at atmospheric pressure (14.65 psia);

“beneficial owner” means an individual

- (a) who directly or indirectly ultimately owns or exercises substantial control over a person or company;
- (b) who has a substantial economic interest in or receives substantial economic benefits from a company whether acting alone or together with other persons;
- (c) on whose behalf a transaction is conducted; or
- (d) who exercises significant control or influence over a legal person or legal arrangement through a formal or informal agreement;

“delivery point” has the meaning assigned in the applicable petroleum agreement;

“development and production area” means that portion of the contract area under an approved plan of development and operation on the basis of the available seismic and well data to cover the areal extent of an accumulation or accumulations of petroleum constituting a commercial discovery as well as extending beyond the perimeter of the accumulation with additional area not exceeding ten per cent of the areal extent of the accumulation, as approved by the Commission;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

“development costs” means petroleum costs incurred in development operations;

“development solutions” means the strategy, method and technology required for the development of the discovery;

“development well” means a well drilled in accordance with a plan of development and operation for production of petroleum including wells for pressure maintenance or for increasing the production rate;

“discovery area” means the portion of a contract area, determined by the Commission pursuant to a petroleum agreement, on the basis of the available seismic and well data to cover the areal extent of the geological structure in which a discovery is made;

“exploration well” means a well that is drilled in the course of exploration operations conducted during the exploration period, but does not include an appraisal well;

“extension period” means any of the first extension period or second extension period;

“first extension period” has the meaning given in regulation 39;

“initial exploration period” has the meaning in regulation 39;

“initial participating carried interest” means an interest held by the Corporation pursuant to a petroleum agreement in respect of which a contractor pays for the conduct of petroleum activities without any entitlement to reimbursement from the Corporation other than for the carried interest share of the costs of production of the Corporation;

“lifting schedule” means the schedule generated by the terminal operator to govern the lifting of crude oil by various parties;

“local plan” means a detailed plan which proposes a dimensionally accurate disposition of parcels of land by function and purpose to meet the present and future identified community needs within the time frame for which the plan is used;

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

“national plan” means a consolidated plan of the economic, social, spatial, environmental, sectoral and institutional issues and policies of this country;

“plan of development and operation” means the plan of development and operation of a commercial discovery prepared by a contractor in accordance with regulation 43 and approved by the Minister in furtherance of section 27 of the Act;

“politically exposed person” includes

- (a) a person who is or has been entrusted with a prominent public function in this country, a foreign country or an international organisation including
 - (i) Head of State or Head of Government;
 - (ii) senior political party official, government, judicial or military official;
 - (iii) a person who is or has been an executive of a state owned company;
 - (iv) important political party officials; and
- (b) an immediate family member or close associate of a person referred to in paragraph (a).

“quarter” means a period of three months, commencing 1st January, 1st April, 1st July or 1st October and ending 31st March, 30th June, 30th September or 31st December, respectively;

“second extension period” has the meaning given in regulation 39;

“sole risk” means an operation in petroleum activities conducted at the sole cost, risk and expense of the contractor or the Corporation in accordance with the terms of a petroleum agreement;

“test production” means the extraction of petroleum from a reservoir for the purpose of verifying reservoir performance, or to try out or test development or production concepts;

“work programme” means the annual plan for exploration that includes a work plan, schedule and a budget for the conduct of petroleum activities prepared in furtherance of a petroleum agreement and in accordance with regulation 40.

**PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018**

FIRST SCHEDULE

Form One



MINISTRY OF ENERGY

Tel: 683961/4 / Fax: 668262/ IDD Code (233-302)/ E-mail: moen@energymin.gov.gh/
Website: www.energymin.gov.gh GL-0673-5498/ Post Office Box SD 40/Stadium
Post Office/Accra, Ghana

APPLICATION FOR RECONNAISSANCE LICENCE

(regulation 5(2)(a))

(To be submitted in quadruplicate and in electronic form)

- (i) Name of applicant:
- (ii) Address of applicant:

- iii) Type of entity - Company (Public Company/Private) State Institution.....

For a company include the following: list of the names and nationality of the individuals/partners, instruments of incorporation, certified audited accounts for the last three years, Tax Clearance Certificate.

For a State Institution, please indicate the name and country of institution:

- (iv) Previous reconnaissance activity undertaken? Yes: No:

If yes provide details of most recent activity:

- (v) Type of reconnaissance to be undertaken: (please indicate whether Seismic/ Span, 2D, 3D or any other technology, airborne, etc.):

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(vi) Description of area of interest:

.....

.....

(Please attach map/coordinates)

(vii) Duration required for reconnaissance activity:

(viii) Description of works to be undertaken. (Please attached detailed work programme)

(ix) Pre-qualification: YES..... NO.....

(x) Estimated cost of reconnaissance activity:

(Please attach detailed budget)

(xi) Previous reconnaissance application: YES: NO:

(xii) Was application approved: YES: NO:

(If yes, please provide details – date approval was given and area of reconnaissance):

.....

.....

.....

(If no, please provide reasons for decline if any)

.....

.....

.....

DECLARATION

I/We do hereby declare that the information provided above and submitted is correct and I/we are aware that the submission of any false information may lead to a rejection of the application and the application of appropriate sanctions.

For: (company name)

Date (dd/mm/yyyy)

On.....

Print name

by:

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Signature

Capacity in which declaration is made (for example, authorised signatory or Chief Executive Officer).

Its

WITNESS

Date (dd/mm/yyyy)

On.....

Print name

by.....

Signature.....

Capacity in which declaration is made (for example, authorised signatory or Chief Executive Officer).

.....

FOR OFFICIAL USE ONLY

RECEIVED BY: (NAME AND TITLE OF RECEIVING OFFICER):

DOCUMENTS CHECKED AND COMPLETED: YES: NO:

RECEIVED AT: TIME:

DATE OF RECEIPT:

REMARKS:

.....
.....
.....
.....
.....

E-MAIL ADDRESS FOR SUBMISSION:

**** [PLEASE ATTACH ADDITIONAL RELEVANT INFORMATION THAT
MAY ENHANCE APPLICATION] *****

**PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018**

Form Two



MINISTRY OF ENERGY

Tel:683961/4 /Fax:668262/IDD Code (233-302)/E-mail: moen@energymin.gov.gh/
Website: www.energymin.gov.gh GL-0673-5498/Post Office Box SD 40/Stadium Post
Office/Accra,Ghana.

APPLICATION FOR DIRECT NEGOTIATION

(regulation 19(8))

(To be submitted in quadruplicate and in electronic form)

- (i) Name of applicant:
- (ii) Address of applicant:

- (iii) Type of entity - Company (Public Company/Private) State Institution.....

For a company include the following: list of the names and nationality of the individuals/partners, instruments of incorporation, certified audited accounts for the last three years, Tax Clearance Certificate.

For a State Institution, please indicate the name and country of institution:

- (iv) Description of area on tender:
-
-
- (Please attach map/coordinates)

- (v) Previous experience and technology to be applied;
-
-
-

**PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018**

WITNESS

Date (dd/mm/yyyy)

On.....

Print name

by.....

Signature.....

Capacity in which declaration is made (for example, authorised signatory or Chief Executive Officer).

.....

FOR OFFICIAL USE ONLY

RECEIVED BY: (NAME AND TITLE OF RECEIVING OFFICER):

DOCUMENTS CHECKED AND COMPLETED: YES: NO:

RECEIVED AT: TIME:

DATE OF RECEIPT:

REMARKS:

.....

E-MAIL ADDRESS FOR SUBMISSION:

.....

**** [PLEASE ATTACH ADDITIONAL RELEVANT INFORMATION THAT
MAY ENHANCE APPLICATION] *****

**PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018**

Form Three



REPUBLIC OF GHANA

MINISTRY OF ENERGY

Tel: 683961/4 /Fax:668262/IDD Code (233-302)/E-mail: moen@energymin.gov.gh/
Website: www.energymin.gov.gh GL-0673-5498/Post Office Box SD 40/Stadium Post
Office/Accra,Ghana.

APPLICATION FOR AN EXTENSION OF OR NEW PETROLEUM AGREEMENT

(regulation 29(1))

(To be submitted in quadruplicate and in electronic form)

- (i) Name of the applicant:
- (ii) Indicate type of application: [☐] Extension of petroleum agreement [☐] New petroleum agreement
- (iii) Address of applicant:
.....
.....
- (iv) Entity making application: Operator: Contractor parties:

For operator, please provide name of operator. For contractor parties, provide the names of parties participating in block:

.....
.....
.....
.....

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

For State Institution, please provide the name of institution and names of key personnel:

.....

******IF APPLICATION IS FOR A NEW PETROLEUM AGREEMENT WILL CONTRACTOR PARTIES REMAIN THE SAME? YES: NO:**

IF NO, PLEASE ATTACH DETAILS OF NEW ENTITIES INCLUDING NAMES AND NATIONALITY OF THE INDIVIDUALS/PARTNERS, INSTRUMENTS OF INCORPORATION, CERTIFIED AUDITED ACCOUNTS FOR THE LAST THREE YEARS, TAX CLEARANCE CERTIFICATE

- (v) Key activities undertaken to date:

.....

(Please provide details and attach copy of approved plan of development in use)

- (vi) Outstanding activities

.....

- (vii) Environmental Impact Assessment Report:

(Report must cover a comprehensive assessment of applicant's adherence to environmental matters to date and must be prepared and certified by the Environmental Protection Agency)

- (viii) Proof of financial capabilities of operator / contractor parties:

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

[PLEASE ATTACH CERTIFIED AUDITED ACCOUNTS FOR THE LAST THREE YEARS AND TAX CLEARANCE CERTIFICATE OF EACH PARTY PARTICIPATING IN BLOCK AND PROVIDE PROJECTED FINANCIAL OUTLOOK FOR THE NEXT FIVE YEARS]

(ix) Reason(s) for application:

.....
.....
.....
(Please attach detailed explanation for the reason the application for extension/new petroleum agreement is being made)

(x) Duration of extension required:

(xi) Description of works to be undertaken: (Please attach detailed work programme to be undertaken during extension period)

.....
.....
.....
.....
.....

(xii) Estimated cost of activities to be carried out during extension period or under new petroleum agreement:

.....
(Please attach a detailed budget)

(xi) Any fines paid /sanctions applied by Ministry / Petroleum Commission:

YES: NO:

(If yes, please attach details)

(xii) Previous application for extension made: YES: NO:

(xiii) Was application for extension approved: YES: NO:

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

(If yes, please provide details – date approval was given):

.....
.....

(If no, please provide reasons for decline if any):

.....
.....
.....
.....
.....

DECLARATION

I/We do hereby declare that the information provided above and submitted is correct and I/we are aware that the submission of any false information may lead to a rejection of the application and the application of appropriate sanctions.

For: (company name)

Date (dd/mm/yyyy)

On

Print name

by:

Signature

Capacity in which declaration is made (for example, authorised signatory or Chief Executive Officer).

Its

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

WITNESS

Date (dd/mm/yyyy)

On.....

Print name

by.....

Signature.....

Capacity in which declaration is made (for example, authorised signatory or Chief Executive Officer).

.....

FOR OFFICIAL USE ONLY

RECEIVED BY: (NAME AND TITLE OF RECEIVING OFFICER):

DOCUMENTS CHECKED AND COMPLETED: YES:..... NO:

RECEIVED AT: TIME:

DATE OF RECEIPT:

REMARKS:

.....
.....
.....
.....
.....

E-MAIL ADDRESS FOR SUBMISSION:

.....

**** [PLEASE ATTACH ADDITIONAL RELEVANT INFORMATION
THAT MAY ENHANCE APPLICATION] *****

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

SECOND SCHEDULE

(regulation 72(1))

Annual Acreage Fee

Phase of Operation	Acreage Fees per Annum (offshore)	Acreage Fees per Annum (onshore)
Initial Exploration Period	US \$ 150 per sq. km.	US \$ 225 per sq. km.
1st Extension Period	US \$ 300 per sq. km.	US \$ 450 per sq. km.
2nd Extension Period	US \$ 300 per sq. km.	US \$ 450 per sq. km.
Development & Production Area	US \$ 600 per sq. km.	US \$ 900 per sq. km.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

THIRD SCHEDULE
(regulation 75(1)(b))

Additional Oil Entitlement Calculations

ASSUMPTIONS

1. Additional Oil Entitlement is to be determined on a quarterly basis, aligned with the calendar quarter end periods of March, June, September and December commencing from the effective date of the petroleum agreement.
2. Additional Oil Entitlement calculations shall be calculated in United States Dollars and all expenditure which is not in United States Dollars shall be converted into United States Dollars in accordance with the relevant provisions of the Accounting Guide of the petroleum agreement.
3. Additional Oil Entitlement shall be determined separately on the basis of the development and production area.
4. All revenue and cost information to be reported for each development and production area shall be in accordance with subregulation (4) of regulation 75.
5. For the avoidance of doubt, the cost to be used for the determination of Additional Oil Entitlement shall exclude accrual, provisions, estimates, prepayment or any non-cash accounting cost.
6. Where Additional Oil Entitlement calculation cannot be definitively determined because of disagreement on the price of petroleum to be used or any other factor in the formulae, a provisional Additional Oil Entitlement calculation shall be determined on the basis of best estimates of the factors. The provisional calculation shall be subject to correction and revision upon the conclusive determination of the factors and appropriate retrospective adjustments shall be made.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Definitions:

"NCF" means contractor's net cash flow for the quarter for which the calculation is being made, and shall be computed in accordance with the following formula:

$$\text{NCF} = x - y - z$$

"x" equals all REVENUES received during such quarter by a contractor from the Development and Production Area. The revenue includes

1. Petroleum taken by the contractor during the relevant quarter multiplied by the market price applicable to such petroleum during the quarter when lifted.
2. Proceeds specified in the Accounting Guide received by the contractor.
3. Proceeds from the sale of any assets to which the contractor continues to have title.
4. Revenues from petroleum owned by the contractor but lifted by another party.

For the avoidance of doubt, "x" shall NOT include the revenue from petroleum lifted by a contractor which is part of the entitlement of another party (e.g. royalty, petroleum relating to the Additional Oil Entitlement of the Republic delivered to the contractor because the Republic has elected to receive cash in lieu of petroleum or petroleum purchased by the contractor from the Corporation or the Republic).

"y" equals the CORPORATE INCOME TAX PAID in the quarter by a contractor to the Republic with respect to the development and production area.

"z" equals all PETROLEUM COSTS specified in the Accounting Guide and expended by the contractor during the quarter with respect to the development and production area.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

"z" includes

- (a) with respect to abandonment cost, the cost calculated in accordance with the petroleum agreement or the cost actually incurred for the quarter; and
- (b) petroleum costs for exploration operations that are not directly attributable to a specific development and production area and for the purposes of calculation of AOE, shall be allocated to the development and production area having the earliest date of commencement of commercial production.

Where petroleum costs for exploration operations are not directly attributable to a specific development and production area during a quarter, but are directly attributable to a subsequently delineated development and production area, the contractor may elect either to maintain the original allocation or reallocate the petroleum costs to the newly delineated development and production area to which they are directly attributable. Except that for the purpose of the rate of return calculation, petroleum costs shall not include any amounts in respect of interest on loans obtained for the purposes of carrying out petroleum operations.

"i" for the quarter in question equals the quarter on quarter growth rate in the United States Producer Price Index.

*PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018*

Additional Oil Entitlement Thresholds and Tax Rates

	Threshold	Tax Rate
First Account (FA)	15%	10%
Second Account (SA)	20%	15%
Third Account (TA)	25%	20%
Fourth Account (YA)	30%	25%

$$FA_n = \left(FA_{n-1} \left(1 + \frac{(0.15 + i)}{12} \right) \right) + NCF$$

$$SA_n = \left(SA_{n-1} \left(1 + \frac{(0.20 + i)}{12} \right) \right) + NCF$$

In the calculation of SA_n , an amount shall be subtracted from NCF identical to the value of any AOE which would be due to the Republic if reference were made only to FA_n .

$$TA_n = \left(TA_{n-1} \left(1 + \frac{(0.25 + i)}{12} \right) \right) + NCF$$

In the calculation of TAn , an amount shall be subtracted from NCF identical to the value of any AOE which would be due to the Republic if reference were made only to FA_n and SA_n .

$$YA_n = \left(YA_{n-1} \left(1 + \frac{(0.30 + i)}{12} \right) \right) + NCF$$

In the calculation of YAn , an amount shall be subtracted from NCF identical to the value of any AOE which would be due to the Republic if reference were made only to FA_n , SA_n , and Tan .

PETROLEUM (EXPLORATION AND PRODUCTION)
(GENERAL) REGULATIONS, 2018

MR. BOAKYE AGYARKO
Minister responsible for Petroleum

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