

No. 54 of 1996.

*Petroleum (Amendment) Act 1996.*

Certified on : 08-01-97



INDEPENDENT STATE OF PAPUA NEW GUINEA.

No. of 1996.

*Petroleum (Amendment) Act 1996.*

ARRANGEMENT OF SECTIONS.

1. Compliance with Constitutional requirements.
2. Interpretation -
  - “gas agreement”
  - “gas field”
  - “gas project”
  - “licence”
  - “month”
  - “petroleum retention licence”
3. Issue of licences (Amendment of Section 16).
4. Repeal and replacement of Section 24.
5. New Division III.3B.

*“Division 3B. - Petroleum Retention Licences.*

- “31B. APPLICATION BY PETROLEUM PROSPECTING LICENSEE FOR PETROLEUM RETENTION LICENCE.”
- “31C. APPLICATION FOR PETROLEUM RETENTION LICENCE.”
- “31D. NOTIFICATION OF GRANT PETROLEUM DEVELOPMENT RETENTION LICENCE.”
- “31E. GRANT OF PETROLEUM RETENTION LICENCE.”
- “31F. VARIATION OF PETROLEUM RETENTION LICENCE AREA.”
- “31G. RIGHTS CONFERRED BY PETROLEUM RETENTION LICENCE.”
- “31H. TERM OF PETROLEUM RETENTION LICENCE.”
- “31I. APPLICATION FOR EXTENSION OF PETROLEUM RETENTION LICENCE.”
- “31J. GRANT OR REFUSAL OF EXTENSION OF PETROLEUM RETENTION LICENCE.”

**“31K. CONDITIONS OF PETROLEUM RETENTION LICENCE.”**

6. Application by petroleum prospecting licensee for petroleum development licence (Amendment of Section 32).
7. Grants of petroleum development licence (Amendment of Section 35).
8. Variation of petroleum development licence area (Amendment of Section 36).
9. Revocation of declaration of location (Amendment of Section 37).
10. Application for extension of petroleum development licence (Amendment of Section 40).
11. Directions as to recovery of petroleum (Amendment of Section 44).
12. Rights of licensees in respect of land and property (Amendment of Section 74).
13. Exemption, variations, etc., (Amendment of Section 95).
14. Prevention from carrying on prospecting operations (Amendment of Section 96).
15. Fees, etc., (Amendment of Section 116).
16. Determination of value of petroleum (Amendment of Section 117).
17. Royalty (Amendment of Section 118).
18. New Section 124A.

**“124A. GAS AGREEMENT”.**

INDEPENDENT STATE OF PAPUA NEW GUINEA.

No. of 1996.

AN ACT

entitled

*Petroleum (Amendment) Act 1996,*

Being an Act to amend the *Petroleum Act* (Chapter 198),

MADE by the National Parliament to come into operation in accordance with a notice in the National Gazette by the Head of State, acting with, and in accordance with, the advice of the Minister.

**1. COMPLIANCE WITH CONSTITUTIONAL REQUIREMENTS.**

(1) This Act, to the extent that it regulates or restricts a right or freedom referred to in Subdivision III.3.C (*qualified rights*) the *Constitution*, namely the right to privacy conferred by Section 49 of the *Constitution*, is a law that is made for the purpose of giving effect to the public interest in public order and public welfare.

(2) For the purposes of -

- (a) Section 29 of the *Organic Law on Provincial Government*; and
- (b) Section 41 of the *Organic Law on Provincial Governments and Local-level Governments*,

it is hereby declared that this Act relates to a matter of national interest.

**2. INTERPRETATION (AMENDMENT OF SECTION 2).**

Section 2 of the Principal Act is amended -

- (a) by inserting after the definition of "former Acts" the following new definitions:-

"gas agreement" means an agreement referred to in Section 124A;

'gas field' means a petroleum pool consisting, in some part, of petroleum recoverable as natural gas at the surface where oil recovery is not, or is not expected to be, the primary object of petroleum recovery;

'gas project' means -

- (a) where a gas agreement does not apply to a project - a project having the purpose of recovering natural gas (other than recovery of natural gas which is incidental to the recovery of other petroleum); and
- (b) where a gas agreement applies to the project - a project

*Petroleum (Amendment)*

having the purpose of recovering natural gas and other petroleum incidental to the recovery of natural gas as and to the extent defined in that gas agreement;” and

- (b) by repealing the definition of “licence” and replacing it with the following:-

“‘licence’ means -

(a) a petroleum prospecting licence issued under Section 20; or

(b) a petroleum retention licence issued under Section 31E; or

(c) a petroleum development licence issued under Section 35, or any of them, as the context requires, and includes any extension of those licences;” and

- (c) by inserting after the definition of “low water line” the following new definition:-

“‘month’ means the period from and including a day in one calendar month to and excluding the corresponding day in the next calendar month and including the last day in the next calendar if there is no corresponding day;” and

- (d) by inserting after the definition of “petroleum prospecting licence” the following new definition:-

“‘petroleum retention licence’ means a petroleum retention licence issued under Division III.3B;”.

**3. ISSUE OF LICENCES (AMENDMENT OF SECTION 6).**

Section 16(2) of the Principal Act is amended by inserting after words “A petroleum development licence” the following:-

“or a petroleum retention licence”.

**4. REPEAL AND REPLACEMENT OF SECTION 24.**

Section 24 of the Principal Act is repealed and is replaced with the following:-

**“24. APPLICATION FOR EXTENSION TO BE IN RESPECT OF REDUCED AREA.**

(1) The number of blocks in respect of which an application for the extension of a petroleum prospecting licence may be made shall not exceed the number that is the sum of -

- (a) the number of blocks (if any) the subject of the petroleum prospecting licence that, at the date of expiration of the petroleum prospecting licence, were a location not subject to a petroleum retention licence or an application for a petroleum retention licence; and

*Petroleum (Amendment)*

- (b) the number of blocks (if any) the subject of the petroleum prospecting licence that, at the date of expiration of the petroleum prospecting licence, are contained within a petroleum retention licence or the subject of an application for a petroleum retention licence; and
- (c) half the number of blocks in respect of which the petroleum prospecting licence was issued.

“(2) The blocks specified in an application for the extension of a petroleum prospecting licence shall be blocks that relate to graticular sections that -

- (a) constitute a single area of not more than three discrete areas; and
- (b) are such that each graticular section in each area has a side in common with at least one other graticular section in that area.”.

**5. NEW DIVISION III.3B.**

Part III of the Principal Act is amended by inserting after Section 31A the following new Division:-

*“Division 3B. - Petroleum Retention Licences.*

**“31B. APPLICATION BY PETROLEUM PROSPECTING LICENSEE FOR PETROLEUM RETENTION LICENCE.**

(1) A licensee whose petroleum prospecting licence is in force in respect of the blocks that constitute a location may, within two years after the date on which the blocks were declared to be a location, or such further period as the Minister allows, make application to the Director for the grant of a petroleum retention licence in respect of such of the blocks as the licensee satisfies the Minister contain a gas field or a part of a gas field or, for the better administration of petroleum activities, should be included in a petroleum retention licence.

“(2) A licensee may, during the term of a petroleum prospecting licence, make application to the Director of a petroleum retention licence in respect of any block or blocks within the licence area -

- (a) that he satisfies the Minister contains or contain a gas field or part of a gas field, for the better administration of petroleum activities, should be included in a petroleum retention licence; and
- (b) that do not at the time of making the application constitute a location.

*Petroleum (Amendment)*

“(3) A person who is not the holder of a licence in respect of a block or blocks may make application to the Director for a petroleum retention licence in respect of that block or blocks where -

- (a) he satisfies the Minister that block contains or those blocks contain a gas field or part of a gas field; and
- (b) that block is not a block or those blocks are not blocks in respect of which a petroleum prospecting licence or a petroleum retention licence or a petroleum development licence is in force at the time of the application.

**“31C. APPLICATION FOR PETROLEUM RETENTION LICENCE.**

(1) An application under Section 31B -

- (a) shall be in an approved form; and
- (b) shall be made in an approved manner; and
- (c) shall be accompanied by particulars of -
  - (i) the proposals of the applicant for work and expenditure in respect of the area comprised in the block of blocks specified in the application; and
  - (ii) the commercial viability of the recovery of petroleum from the area comprised in the block or blocks specified in the application at the time of the application, and of the possible future commercial viability of the recovery of petroleum from that area; and
- (d) may set out any other matters that the applicant wishes the Minister to consider; and
- (e) shall be accompanied by a fee of K5000.00.

“(2) The Director may, by instrument served on the applicant, require him to furnish, within a period specified in the instrument -

- (a) such further written information in connection with his application as the Director specifies in the instrument; and
- (b) such particulars, in addition to or by way of alteration to any particulars that have already been furnished under Subsection (1) as the Director specifies in the instrument, including particulars relating to any of the matters referred to in Section 31(2).



*Petroleum (Amendment)*

**“31D. NOTIFICATION OF GRANT OF PETROLEUM DEVELOPMENT RETENTION LICENCE.**

(1) Where an application for the grant of a petroleum retention licence has been made -

- (a) under Section 31B(1) or (2); and
- (b) the applicant has furnished proposals and any further information required by the Director under Section 31C; and
- (c) the Minister, after considering a report from the Board, is satisfied as to the matters set out in Section 31B(1) or (2) and with the proposals and other information provided under Section 31C and that recovery of petroleum from the area comprised in the blocks specified in the application -
  - (i) is not at the time of application commercially viable; and
  - (ii) could become commercially viable within a reasonable period of time ending not before the expiration of a petroleum retention licence if extended for the maximum permitted period,

the Minister shall, by instrument served on the applicant, inform the applicant -

- (d) that -
  - (i) he is prepared to approve the proposals wholly or in part, and to grant to the applicant on the basis of the approved proposals, a licence in respect of the blocks specified in the application; and
  - (ii) the applicant will be required to pay the first annual fee as a condition of the grant of the licence; or
- (e) that he will defer consideration of a decision on the licence until the applicant furnishes such particulars, in addition to or by way of alteration to the particulars furnished under Section 31C as the Minister specifies in the instrument, including particulars relating to any of the matters referred to in Section 31(2); or
- (f) that he is prepared to approve the proposals and to grant to the applicant a petroleum retention licence in respect of the blocks specified in the application, subject to the applicant -

*Petroleum (Amendment)*

- (i) making such alterations to the proposals; or
  - (ii) complying with such conditions in relation to the proposals,
- as the Minister thinks reasonable.

“(2) Where an application is made under Section 31B(3), the Minister may -

- (a) refuse to grant the application and advise the applicant accordingly; or
- (b) treat the application as an application made under Section 31B(1) or (2).

“(3) Where, under Subsection (2), the Minister elects to treat an application as an application made under Section 31B(1) or (2), that application shall, for the purposes of this section and Section 31E, be deemed to be an application so made.

“(4) In the case of an instrument of which Subsection (1)(f), applies, the Minister shall give to the applicant details of his reasons for requiring the alterations or imposing the conditions referred to in the instrument.

“(5) An instrument under Subsection (1)(d), (e) or (f) shall contain a statement to the effect that the application will lapse if -

- (a) the applicant does not furnish any further proposals that the Minister requires within such period as the Minister specifies in the instrument, being a period of not less than two months or more than one year; or
- (b) the applicant does not make a request under Section 31E(1) in respect of the grant of the licence; or
- (c) the applicant does not pay to the Director the first annual fee.

“(6) In determining whether recovery of petroleum is commercially viable for the purposes of Subsection (1)(c) and Section 31I(1)(b), the Minister shall invite and consider submissions from the applicant and shall take into account all relevant matters including technical assessment of the reserves of the blocks constituting the area at the time and the estimated development costs and likelihood that a development would earn a reasonable rate consistent with international oil industry anticipated returns on gas projects.

*Petroleum (Amendment)*

**“31E. GRANT OF PETROLEUM RETENTION LICENCE.**

(1) An applicant who has been served with an instrument under Section 31D(1) may, before expiration of -

- (a) the period of three months after the date of service of the instrument on him or such further period, not exceeding three months, as the Minister allows; or
- (b) the period specified by the Minister under Section 31D(5)(a),

whichever is the later,

- (c) by instrument served on the Minister -
  - (i) request the Minister to grant to him the licence to which the first-mentioned instrument relates; or
  - (ii) furnish the Minister with any further particulars required under Section 3D(1)(e); and
- (d) pay the first annual fee to the Director.

“(2) Where -

- (a) an applicant has, within whichever period referred to in Subsection (1) is the later -
  - (i) made a request under Subsection (1)(c); and
  - (ii) paid the first annual fee to the Director; and
  - (iii) furnished the Minister with any further particular required under Section 31D(1)(e); and
- (b) the Minister is satisfied that the applicant’s proposals and further proposals adequately provide such market and technical studies as may reasonably be expected to provide sufficient information to enable the gas field to be brought to timely economic development,

the Minister shall approve the proposals and grant to the applicant a petroleum retention licence in respect of the blocks referred to in Section 31D(1)(c), but in any other case the Minister may, by instrument, refuse to grant the licence.

“(3) The Minister shall not refuse under Subsection (2) to grant the licence unless -

- (a) he has, by the instrument referred to in Subsection (2) served on the applicant, given not less than one month’s notice of his intention to do so; and
- (b) he has, in that instrument -
  - (i) given the reasons for his intention; and

*Petroleum (Amendment)*

- (ii) specified a date on or before which the applicant may, by instrument served on the Minister, submit any matter that the applicant requires the Minister to consider including new proposals generally or in respect of some particular matter; and
- (c) he has given to the applicant, and to any persons whom the applicant thinks fit to consult, a full opportunity to consult with the Minister concerning the Minister's intention to refuse the licence; and
- (d) he has taken into account, after considering a report from the Board, any matters raised in the course of such consultations by the applicant or by any other person referred to in Paragraph (c).

“(4) Where the holder of a petroleum prospecting licence applies for a petroleum retention licence in respect of all or part of the area of that petroleum prospecting licence, then notwithstanding the provisions of Division 2 as to expiry of the petroleum prospecting licence that petroleum prospecting licence shall not expire in respect of the area for which a petroleum retention licence is sought until the Minister has granted or refused to grant, as the case may be, a petroleum retention licence under Subsection (2).

“(5) Where the holder of a petroleum prospecting licence applies for a petroleum retention licence in respect of all or part of the area of that petroleum prospecting licence and the Minister refuses to grant a petroleum retention licence on the ground that he is not satisfied as to the matter referred to in Section 31D(1)(c)(i), then notwithstanding the provisions of Division 2 as to expiry of the petroleum prospecting licence that petroleum prospecting licence shall not expire in respect of the area for which a petroleum retention licence was sought until one year after the date of the instrument referred to in Subsection (2).

**“31F. VARIATION OF PETROLEUM RETENTION LICENCE AREA.**

(1) The holder of a petroleum retention licence may make application to the Minister for a variation of the licence by the inclusion of an additional block or group of blocks -

- (a) having a side or sides in common, or touching, a block the subject of the petroleum retention licence; and
- (b) not being the subject of a petroleum prospecting licence or petroleum retention licence or petroleum development licence held by a person other than the applicant.

### *Petroleum (Amendment)*

“(2) Where an application is made under Subsection (1), the Minister may, by instrument served on the licensee, vary the licence to include in the licence area the block or blocks to which the application relates.

“(3) From and including the day on which a variation of a licence under this section take effect -

- (a) the blocks included in the licence area by reason of the variation, are, subject to this part, for the remainder of the term of the licence, blocks in respect of which the licence is in force; and
- (b) any petroleum prospecting licence that is in force in respect of the blocks so included is revoked.

#### **“31G. RIGHTS CONFERRED BY PETROLEUM RETENTION LICENCE.**

A petroleum retention licence, while it remains in force, confers on the licensee, subject to this Act and to the conditions specified in the licence, exclusive rights -

- (a) to explore for petroleum in the petroleum retention licence area; and
- (b) to carry on field studies to obtain information to ensure timely economic development of the gas field in the petroleum retention licence area; and
- (c) to carry on such operations and execute such works in the petroleum retention licence area as necessary for or in connection with the purposes specified in Paragraphs (a) and (b), including the construction and operation of water lines.

#### **“31H. TERM OF PETROLEUM RETENTION LICENCE.**

Subject to this Part and to any condition in the licence, a petroleum retention licence remains in force -

- (a) for a period of five years commencing on the day on which the licence takes effect; and
- (b) where the licence is extended under Section 31J - for a further period of five years at each extension.

#### **“31I. APPLICATION FOR EXTENSION OF PETROLEUM RETENTION LICENCE.**

(1) The holder of a petroleum retention licence may make application to the Minister for an extension of the licence.

“(2) An application under this section may be made twice only in respect of a licence.

*Petroleum (Amendment)*

- “(3) An application for an extension of a licence -
- (a) shall be in an approved form; and
  - (b) subject to Subsection (4), shall be made in an approved manner not later than six months before the day on which the licence is due to expire; and
  - (c) shall be accompanied by particulars of -
    - (i) the blocks in respect of which the extension is sought; and
    - (ii) the work carried out and the amounts expended in respect of the licence area up to and including a date not earlier than one month immediately preceding the date of application; and
    - (iii) the proposals of the licensee for work and expenditure in respect of the area; and
  - (d) shall be accompanied by a fee of K5000.00.

“(4) The Minister may, after considering a report from the Board, accept an application for the extension of a licence later than six months before the licence is due to expire, but in any case not after the licence has expired.

**“31J. GRANT OR REFUSAL OF EXTENSION OF PETROLEUM RETENTION LICENCE.**

(1) Where a licensee who has complied with the conditions specified in the petroleum retention licence and with the provisions of this Part and of the regulations, makes an application under Section 31I for the extension of the licence, the Minister shall, if he is satisfied -

- (a) that -
  - (i) the blocks in respect of which the extension is sought contain a gas field or part thereof; or
  - (ii) it is appropriate for the proper administration of petroleum activities that the blocks in respect of which the extension is sought are included in the licence; and
- (b) that the recovery of petroleum from the area comprised in the blocks specified in the application -
  - (i) is not at the time of application commercially viable; and
  - (ii) could become commercially viable within a reasonable period of time ending not before the expiration of a petroleum retention licence if extended for the maximum permitted time; and

*Petroleum (Amendment)*

- (c) that the applicant's proposals provide adequately for such market and technical studies and other work as may reasonably be expected to provide sufficient information to enable the gas field to be brought to timely economic development,

inform the licensee, by instrument served on the licensee, that he is prepared to grant to the licensee the extension of the licence.

"(2) Where a licensee who has not complied with the conditions specified in the licence or with the provisions of this Part or with the regulations, makes an application under Section 31I for the extension of a licence, the Minister may, if after considering a report from the Board, he is satisfied as to the matters set out in Subsection (1) and further satisfied that, although the licensee has not so complied, special circumstances exist that justify the granting of the extension of the licence, inform the licensee, by instrument served on the licensee, that he is prepared to grant to him an extension of the licence.

"(3) Where a licensee has not complied with the conditions specified in the licence or with the provisions of this Part or with the regulations, and where the Minister is not satisfied that special circumstances exist that justify the granting of the extension of the licence, the Minister shall, subject to Subsection (5), by instrument served on the licensee, refuse to grant the extension of the licence.

"(4) Where the Minister is not satisfied as to the matters set out in Subsection (1)(a), (b) and (c), the Minister shall, subject to Subsection (5), by instrument served on the licensee, refuse to grant the extension of the licence.

"(5) The Minister shall not refuse to grant the extension of a licence unless -

- (a) he has, by instrument served on the licensee, given not less than one month's notice of his intention to refuse to grant the extension of the licence; and
- (b) he has served a copy of the instrument on such other persons (if any) as he thinks fit; and
- (c) he has, in the instrument -
  - (i) given the reasons for his intention to refuse; and
  - (ii) specified a date on or before which the licensee or a person on whom a copy of the instrument is served may, by instrument served on the Minister, submit any matters that he requires the Minister to consider; and

*Petroleum (Amendment)*

(d) he has taken into account, after considering a report from the Board, any matters so submitted to him, on or before the specified date, by the licensee or a person on whom a copy of the instrument has been served.

“(6) An instrument under Subsection (1) or (2) shall contain -

- (a) a summary of the conditions to which the grant of the extension is to be subject; and
- (b) a statement of the effect that the application will lapse if the licensee -
  - (i) does not make a request under Subsection (7); and
  - (ii) does not pay the annual fee.

“(7) A licensee who has been served with an instrument under Subsection (1) or (2) may, within a period of one month after the date of service of the instrument on him -

- (a) by instrument served on the Minister, request the Minister to grant to him the extension of the licence; and
- (b) pay the next annual fee.

“(8) Where a licensee who has been served with an instrument under Subsection (1) or (2) -

- (a) has made a request under Subsection (7); and
- (b) has paid the next annual fee,

with the period referred to in Subsection (7), the Minister shall approve the proposals and grant to the licensee the extension of the licence.

“(9) Where a licensee who has been served with an instrument under Subsection (1) or (2) -

- (a) has not made a request under Subsection (7); or
- (b) has not paid the next annual fee within the period referred to in Subsection (7),

the application lapses at the end of the period specified in Subsection (7).

“(10) Subject to Subsection (11), where -

- (a) an application for the extension of a licence is made under Section 311; and
- (b) the licence expires -
  - (i) before the Minister grants, or refuses to grant, the extension of the licence; or
  - (ii) before the application lapses under Subsection (9),

the licence shall be deemed to continue in force in all respects -



*Petroleum (Amendment)*

- (c) until the Minister refuses to grant the extension of the licence; or
  - (d) until the application lapses under Subsection (9),
- whichever first occurs.

“(11) Where the Minister refuses to grant an extension under this section on the ground that he is not satisfied as to the matter referred to in Subsection (1)(b)(i), then notwithstanding the provisions of this Division as to expiry of the petroleum retention licence that petroleum retention licence shall not expire until one year after the date of the instrument referred to in Subsection (4).

**“31K. CONDITIONS OF PETROLEUM RETENTION LICENCE.**

A petroleum retention licence and any extension of a petroleum retention licence -

- (a) is subject to conditions that -
  - (i) the licensee will carry out the proposals approved under Section 31E(2) or 31J(9); and
  - (ii) the licence will provide to the Director reports in respect of the activities of the licensee containing such information and at such frequency as are specified in the licence; and
- (b) may be made subject to such other conditions inconsistent with this Act -
  - (i) as the Minister thinks proper and as are specified in the licence or extension of the licence; or
  - (ii) in respect of any matter or matters arising out of the applicant's proposals referred to in Section 31C(1)(c) that are not administered under this Act, as the Minister, after consultation with the Minister responsible for administering that matter or those matters, thinks proper and specifies in the licence or extension licence; and
- (c) may require the licensee to enter into a gas agreement.”.

**6. APPLICATION BY PETROLEUM PROSPECTING LICENSEE FOR PETROLEUM DEVELOPMENT LICENCE (AMENDMENT OF SECTION 32).**

Section 32 of the Principal Act is amended -

- (a) in the heading, by inserting after the words “PETROLEUM PROSPECTING LICENCE” the following:-

“OR PETROLEUM RETENTION LICENCE”; and

*Petroleum (Amendment)*

(b) in Subsection (1), by inserting after the words "petroleum prospecting licence" the following:-

"or petroleum retention licence"; and

(c) in Subsection (2), by inserting after the words "petroleum prospecting licence" the following:-

"or petroleum retention licence"; and

(d) in Subsection (3), by inserting after the words "petroleum prospecting licence" the following:-

"or petroleum retention licence".

**7. GRANTS OF PETROLEUM DEVELOPMENT LICENCE (AMENDMENT OF SECTION 35).**

Section 35(9) of the Principal Act is repealed and is replaced with the following:-

"(9) Where a licensee makes application under Section 32(1) or (2) for a petroleum development licence and the petroleum prospecting licence or petroleum retention licence would but for this subsection expire before the application has been dealt with in accordance with this section, the petroleum prospecting licence or petroleum retention licence, as the case may be, shall, notwithstanding the provisions of Division 2 or 3B as to the expiry thereof, continue in force in respect of the block or blocks until the first-mentioned application has been dealt with."

**8. VARIATION OF PETROLEUM DEVELOPMENT LICENCE AREA (AMENDMENT OF SECTION 36).**

Section 36(1) of the Principal Act is amended by inserting after the words "additional block or" the following:-

"group of".

**9. REVOCATION OF DECLARATION OF LOCATION (AMENDMENT OF SECTION 37).**

Section 37 of the Principal Act is amended -

(a) in Subsection (1), by inserting after the words "petroleum prospecting licence" the following:-

"or petroleum retention licence"; and

(b) in Subsection (2), by inserting after the words "petroleum prospecting licence" the following:-

*Petroleum (Amendment)*

“or Section 31B(1) for a petroleum retention licence”.

**10. APPLICATION FOR EXTENSION OF PETROLEUM DEVELOPMENT LICENCE (AMENDMENT OF SECTION 40).**

Section 40(3)(c)(I) of the Principal Act is amended by inserting after the words “received in respect of the licence area” the following:-

“(including, if applicable, a breakdown between gas projects and petroleum projects carried out pursuant to the licence)”.

**11. DIRECTIONS AS TO RECOVERY OF PETROLEUM (AMENDMENT OF SECTION 44).**

Section 44(1) of the Principal Act is amended by inserting after the words “Where petroleum is not being recovered in a” the following:-

“development”.

**12. RIGHTS OF LICENSEES IN RESPECT OF LAND AND PROPERTY (AMENDMENT OF SECTION 74).**

Section 74(1) of the Principal Act is amended by repealing the words and figures “Section 21 or 38” and replacing them with the following:-

“Section 21, 31G or 38”.

**13. EXEMPTION, VARIATIONS, ETC., (AMENDMENT OF SECTION 95).**

Section 95 of the Principal Act is amended -

(a) in Subsection (1) -

(I) in Paragraph (b) by repealing the word and figures “Section 36” and replace them with the following:-

“Section 31F or 36”; and

(ii) by inserting after Paragraph (e) the following new paragraph:-

“(ea) the term of a petroleum retention licence is extended under Section 31J; or”; and

(b) in Subsection (2), by inserting after Paragraph (a) the following new paragraph:-

“(aa) that it would be inconsistent with the terms in a gas agreement applying to the licence in question; or”.

*Petroleum (Amendment)*

**14. PREVENTION FROM CARRYING ON PROSPECTING OPERATIONS (AMENDMENT OF SECTION 96).**

Section 96 of the Principal Act is amended -

- (a) in Subsection (1), by inserting after the words "petroleum prospecting licensee" the following:-

"or a petroleum retention licensee";

- (b) in Subsection (5)(a) and (c) in each case, by repealing the words and numbers "Section 25 or 26" and replacing them with the following:-

"Section 25, 26 or 41I";

**15. FEES, ETC., (AMENDMENT OF SECTION 116).**

Section 116(1) of the Principal Act is amended by inserting after Paragraph (b) the following new paragraph:-

- "(ba) in the case of a petroleum retention licence - K30,000.00; and".

**16. DETERMINATION OF VALUE OF PETROLEUM (AMENDMENT OF SECTION 117).**

- "(c) where a gas agreement applies, at the point specified in the gas agreement."

**17. ROYALTY (AMENDMENT OF SECTION 118).**

Section 118 of the Principal Act is amended -

- (a) in Subsection (1), by repealing the words and figure "Subject to Subsection (2)" and replacing them with the following:-

"Subject to Subsections (2) and (3)"; and

- (b) in Subsection (2), by inserting the words "For the purposes of Subsection (1)" the following:-

"Subject to Subsection (3)"; and

- (c) by adding the following new section:-

"(3) Where a gas agreement applies, the wellhead value of petroleum shall be calculated, consistently with this section, in accordance with the method specified in the gas agreement."

*Petroleum (Amendment)*

18. **NEW SECTION 124A.**

The Principal Act is amended by inserting after Section 124 the following new section:-

**“124A. GAS AGREEMENT.**

The Minister may, on behalf of the State, execute a gas agreement with a licensee providing for -

- (a) the definition of the extent of a particular gas project for the purposes of this Act and any other law; and
- (b) the application of the provisions of this Act to that gas project; and
- (c) where permitted by other Acts, the application of those other Acts to that gas project,

and any other matters agreed to by the parties thereto and such a gas agreement will have effect to the extent permitted by law.”.

I hereby certify that the above is a fair print of the *Petroleum (Amendment) Act 1996* which has been made by the National Parliament.

Clerk of the National Parliament.

I hereby certify that the *Petroleum (Amendment) Act 1996* was made by the National Parliament on 13 November 1996 by an absolute majority in accordance with the *Constitution*.

Acting Speaker of the National Parliament.

