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19.7.2019.**

**THE HYDROCARBONS  
(PROSPECTION, EXPLORATION AND EXPLOITATION)  
REGULATIONS, 2007 TO 2019**

*(English translation and consolidation)*

**Office of the Law Commissioner  
Nicosia,  
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## **NOTE FOR THE READER**

The publication at hand by the Office of the Law Commissioner is an English translation and consolidation of the Hydrocarbons (Prospection, Exploration and Exploitation) Regulations, 2007 to 2019 (i.e., P.I.51/2007, 113/2009, 576/2014, 248/2019).

However useful the English translation of the consolidated Regulations is in practice, it does not replace the original texts of the Regulations since only the texts published in the Official Gazette of the Republic of Cyprus are authentic.

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**THE HYDROCARBONS  
(PROSPECTION, EXPLORATION AND EXPLOITATION) LAW**

Regulations made by virtue of section 30

Preamble. For the purpose of harmonization with the European Community Act with the title-

Official Journal of the E.U.:  
L 164,  
30.05.1994, p. 3.

“Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons”,

The Council of Ministers, in the exercise of the powers

4(I) of 2007  
126(I) of 2013  
29(I) of 2014  
186(I) of 2015.

vested in it by section 30 of the Hydrocarbons (Prospection, Exploration and Exploitation) Law, hereby makes the following Regulations.

Short title.  
Official Gazette,  
Suppl. III(I):  
26.1.2007  
13.3.2009  
23.12.2014  
19.7.2019.

**1.** These Regulations may be cited as the Hydrocarbons (Prospection, Exploration and Exploitation) Regulations, 2007 to 2019.

Interpretation. **2.-(1)** In these Regulations, unless the context otherwise requires-

“aircraft” has the meaning assigned to it by the Civil Aviation Law;

213(I) of 2002  
114(I) of 2004  
83(I) of 2005  
70(I) of 2006  
159(I) of 2007  
6(I) of 2008  
112(I) of 2008  
49(I) of 2011  
96(I) of 2011  
12(I) of 2012  
124(I) of 2012  
98(I) of 2014  
72(I) of 2015  
108(I) of 2019  
106(I) of 2020.

“appraisal work programme” means the work conducted by the holder of an authorization relating to a discovery, in order to ascertain whether the said discovery can be produced commercially;

"associated natural gas" means natural gas, which exists in a reservoir with crude oil and includes what is commonly known as gas-cap gas which overlies and is in contact with oil;

“commercial oilfield” means an oilfield in which commercial hydrocarbon reserves occur;

“Contract” means a contract concluded in accordance with Regulation 5;

“crude oil” means unrefined hydrocarbons which are produced at the wellhead in liquid state at a temperature of 15° C and a pressure of 1 Atmosphere, and the liquid hydrocarbons known as condensate and Natural Gas liquids obtained from Natural Gas by condensation or extraction;

"drilling" means operations for or in connection with the perforation of the earth's surface, whether the hole is vertical, inclined or horizontal, and includes all operations for preventing the collapse of the sides of the hole or preventing the hole from becoming filled by extraneous materials, including water, and the fitting of wellheads, coring or logging and petrophysical logging and any operations incidental thereto;

“exploitation area” means an area within the area included in the authorization granted encompassing the extension of a commercial oilfield subject to a development and production plan in accordance with the terms of a Contract;



"good oilfield practice" means all those activities that are generally accepted as good, safe and efficient in the carrying on of hydrocarbons operations, and in accordance with generally accepted practices in the international petroleum industry;

"hydrocarbons operations" means the operations carried out for the exploration of, and the exploitation of hydrocarbons;

"hydrocarbon reservoir" means a naturally occurring discrete accumulation of hydrocarbons;

"land" includes the surface of the earth, the sea bed and their subsoil;

"Law" means the Hydrocarbons (Prospection, Exploration and Exploitation) Law;

"natural gas" means hydrocarbons which at a temperature of 15° C and pressure of 1 Atmosphere are in a gaseous phase, including wet mineral gas, dry mineral gas, wet gas and residue gas remaining after the extraction, processing or separation of liquid hydrocarbons from wet gas, as well as non-hydrocarbon gas or gases produced in association with liquid or gaseous hydrocarbons;

"oilfield" means one or more hydrocarbon reservoirs that occur in a distinct structural and/or stratigraphic geological feature, in which proven hydrocarbon reserves occur;

"operator" means the holder of an authorization or where the holder of an authorization is a group of persons, a person of such group designated by the members of the group as the person responsible for the execution of the hydrocarbons operations;

"reservoir" means porous and permeable formation, contained by impermeable layers, in which hydrocarbons occur or could occur, usually above formation water, in such a manner that these fluids are subject to a single system of pressure;

"vessel" has the meaning assigned to it by international treaties and does not include warships;

"well" means any opening in the ground or seabed made or being made by drilling or boring, or in any other manner, for the purpose of discovering and/or producing Crude Oil or Natural Gas, or for the injection of any fluid into a hydrocarbon reservoir, other than a seismic hole or a structure test hole or stratigraphic test hole.

(2) Terms, not otherwise defined in these Regulations, shall have the meaning assigned to them by the Law, unless the context otherwise requires.

Register of hydrocarbons.

**3.**-(1) The Minister shall keep a register of hydrocarbons, in such form as he may determine with an Order. All applications, executions, grants, modifications, transfers, assignments, relinquishments, renewals, extensions, terminations, cancellations and any other related information regarding authorizations and related hydrocarbon Contracts shall be entered in the register of hydrocarbons by dates.

(2) Geographical maps, shall be entered in the register of hydrocarbons, indicating at any time -

(a) the boundaries of the areas included in each authorization granted;

- (b) the areas for which an authorization is requested;  
and
- (c) the route of hydrocarbon pipelines.

Determination of areas.

**4.** The Council of Ministers may, by a decision thereof published in the Official Gazette of the Republic, determine the areas within the territory to be made available for the intended exercise of the activities of prospecting, exploring for and exploiting hydrocarbons, as prescribed by decision of the Council of Ministers, pursuant to section 4 of the Law.

Contracts for the determination of the conditions and requirements of authorizations for exploration and exploitation.

**5.-(1)** The conditions and requirements contained in the authorization for exploration and in the authorization for exploitation shall be stated explicitly in a Contract concluded between the Government of the Republic and the holder of an authorization.

(2) The Minister may, by notification published in the Official Gazette, issue a model Contract used in the procedure for granting authorizations in accordance with the provisions of these Regulations.

(3) A model Contract may be a production sharing contract or a concession agreement or both or such other form as customarily used in the international petroleum industry.

General and specific information submitted by the applicant.

**6.-(1)** Applications submitted for an authorization for prospection, pursuant to section 5 of the Law, must contain the following general information:

- (a) the name, address and nationality of the applicant;
- (b) the applicant's place of registration or incorporation, its principal place of business, the members of the

Board of Directors and senior management, the nationality and domicile of the members of the Board of Directors, the capital structure and the factors constituting control of the applicant by other natural or legal person;

- (c) the manner in which prospecting activities shall be financed, if the application is successful, and how performance of the applicant's obligations shall be guaranteed; and
- (d) the applicant's previous experience in hydrocarbon prospection.

(2) Applications submitted for an authorization for exploration, pursuant to section 5 of the Law, must contain the following general information:

- (a) the name, address and nationality of the applicant;
- (b) the applicant's place of registration or incorporation, its principal place of business, the members of the Board of Directors and senior management, the nationality and domicile of the members of the Board of Directors, the capital structure and the factors constituting control of the applicant by other natural or legal person;
- (c) the form of organisation of the applicant, including information concerning the relationship of the applicant with its parent company, if such exists, and other affiliated persons;
- (d) the financial structure of the applicant and its parent company, if such exists, including annual reports, audited balance sheets and profit and loss statements for the past three years, and any other reports which the applicant and its parent company

may have filed to the competent authority for capital market and transactions in securities regulation, during the past three years;

- (e) the manner in which exploration and development activities shall be financed, if the application is successful, and how performance of the applicant's obligations shall be guaranteed; and
- (f) the applicant's previous experience in hydrocarbon exploration, development, production, transportation and marketing.

(3) In case where an application is submitted by a group of two or more natural or legal persons, the information referred to in paragraphs (1) and (2) shall be submitted for each person and the group shall designate in its application one person as representative of the group.

(4) In case where following the submission of the application but prior to the selection of the successful applicant, there has been any change in the information so submitted pursuant to paragraphs (1) and (2), the applicant shall forthwith inform the Minister, specifying all the relevant particulars of the changes concerned.

(5) Upon payment by the applicant of the aggregate amount for the application, as specified by the Minister by an Order made pursuant to paragraph (c) of subsection (4) of section 30 of the Law, the Minister shall register the application in the register of hydrocarbons, including the date of submission of the application, the designation and map of the area applied for, the amount payable and the status of the application.

(6) An application for an authorization for exploration shall contain the following specific information:

- (a) the designation of the area or areas for which an application has been made, and if the application is made in respect of more than one area, the priority assigned to each area;
- (b) a detailed description of the exploration programme proposed for the area or areas applied for and its geographical distribution over such area or areas;
- (c) the minimum obligations to be undertaken relating to work and expenditure during the exploration period;
- (d) a brief note concerning the exploration activities and the effects which are likely to have on the environment, and the measures that the exploration work programme intends to take for dealing with;
- (e) proposals relating to the training and employment of nationals of the Republic and the minimum expenditures to be incurred to that effect;
- (f) proposals relating to the economic terms and conditions required as criteria for the evaluation of the application, such as the financial consideration and/or the sharing of production between the applicant and the Government of the Republic;
- (g) any agreement between any persons relating to the manner in which hydrocarbons operations are to be financed; and
- (h) any other information as may be required by the Minister or under the applicable model contract or which the applicant wishes the Minister to consider.

(7) The applicant is bound to supply to the Minister, within a period specified by the Minister, any additional information which the Minister may require, following the receipt by him of the application in respect of the matters referred to in paragraphs (1) and (2).

(8) An application for an authorization for exploitation related to a commercial hydrocarbon discovery within an area included in an authorization for exploration shall be submitted together with the development and production plan, in accordance with the terms of the Contract.

Grant of an authorization.

**7.** The Minister shall negotiate the terms and provisions of the Contract with the selected applicant. In case where the negotiation is successful, the text of the Contract shall be submitted to the Council of Ministers for approval, and thereafter, if approved and signed by both parties, the relevant authorization shall be granted.

Duration of an authorization for prospection.

**8.** An authorization for prospection shall be granted for a period not exceeding one year.

Duration of an authorization for exploration.

**9.-(1)** An authorization for exploration shall be granted for an initial period not exceeding three years and may be renewed for up to two terms, each term not exceeding two years, provided that the conditions referred to in paragraph (2) are fulfilled.

(2) The authorization for exploration may be renewed, pursuant to paragraph (1), provided that the holder of such authorization has fulfilled all his obligations arising from the authorization and has submitted an application to the Council of Ministers two months prior to the expiry of the current term.

Official  
Gazette,  
Suppl. III(I):  
13.3.2009.

(3) The Contract may provide that in case where an appraisal work programme with respect to a discovery is in progress and has not been completed at the expiry of the second renewal referred to in paragraph (1), the holder of an authorization may apply to the Council of Ministers for an extension of the exploration period, which, however, may not exceed six months, in case of crude oil discovery and twenty-four months in case of natural gas discovery. In case of natural gas discovery the Council of Ministers, may extend the exploration period for a term over the twenty-four months, if it deems that such period is necessary to determine whether a commercially viable natural gas market exists or/and is to be created.

Official Gazette,  
Suppl.III(I):  
19.7.2019.

(4) Notwithstanding the provisions of paragraph (1), where the holder of an authorization has not fulfilled all his obligations arising from the exploration licence and/or has not fulfilled the minimum mandatory operations, as prescribed in the Contract referred to in Regulation 5, the Council of Ministers may decide to extend the initial period of exploration and/or the first period of renewal and/or the second period of renewal, under such terms and conditions as the Council of Ministers may deem proper to impose in order to fulfil the said obligations and/or operations, provided that the holder of an authorization:

(a) submits a relevant application two months at least prior to the expiration of the relevant period; and

(b) provides reasons and substantiates its request for renewal.

Relinquishment of  
area.

**10.-(1)** Upon each renewal of the authorization for exploration, the holder of an authorization relinquishes at



least twenty-five percent (25%) of the initial surface of the area that is included in the authorization granted.

Official  
Gazette,  
Suppl. III(I):  
13.3.2009.

(2) Upon expiry of the renewal of the authorization for exploration, as possibly renewed and/or extended pursuant to the provisions of Regulation 9, the holder of an authorization relinquishes all the remaining part of the area that is included in the authorization granted:

Provided that the area to be relinquished under this paragraph shall not include the areas included in an authorization for exploitation.

Duration of an  
authorization for  
exploitation.

**11.**-(1) The duration of an authorization for exploitation for each exploitation area shall not exceed twenty-five years and may be renewed for a period up to ten years, subject to the terms of the Contract.

(2) The authorization for exploitation may be renewed, pursuant to paragraph (1), provided that the holder of such authorization has fulfilled all his obligations arising from the authorization and has submitted an application to the Council of Ministers, through the Minister, one year prior to the expiry of the current term.

Transfer of an  
authorization and  
assignment of rights  
arising from an  
authorization.

**12.**-(1) Any holder of an authorization who wishes to transfer his authorization or assign his rights arising from such authorization to another entity, by virtue of section 27 of the Law, shall submit a relevant written application to the Minister, who, after considering it, shall submit an opinion to the Council of Ministers for taking a relevant decision.

(2) All applications for a transfer of an authorization or assignment of rights arising from an authorization shall be made in writing to the Minister and shall contain the following

- (a) the name and nationality of the proposed transferee or assignee, and, in the case where a transferee or assignee is a legal person, the place of its incorporation and its principal place of business;
- (b) evidence of the proposed transferee's or assignee's technical and financial ability to assume and undertake the work obligations and other commitments of the holder of an authorization, set forth in the Contract concerned;
- (c) any agreement between any persons relating to the manner in which hydrocarbons operations are to be financed;
- (d) an unconditional written undertaking by the transferee or assignee to assume all the obligations transferred and assigned by the transferor or assignor; and
- (e) such other particulars as the Minister may reasonably require.

(3) In addition to any information referred to in paragraph (2), the Minister may, prior to submitting his opinion to the Council of Ministers, request further relevant information. Such information shall be submitted by the applicant within a reasonable time, specified by the Minister. Where such requested information is not submitted by the applicant within the specified time period, his application shall be deemed to have been withdrawn.

(4) The transfer of any authorization or the assignment of any rights arising from an authorization and related Contract or any interest arising therefrom shall not affect any liability of the transferor or assignor incurred before the date upon which such assignment or transfer takes effect, nor, unless a Contract otherwise provides, shall it release

the transferor or assignor from liability for the accurate performance by the transferee or assignee of the obligations undertaken by them at the time the Contract was entered into.

(5) Notwithstanding the transfer or assignment, any court proceedings against the transferor or assignor may be initiated or continued.

Work practices.

**13.**-(1) Every holder of an authorization shall carry out hydrocarbons operations in a proper, safe and workmanlike manner and in accordance with good oilfield practices. Every holder of an authorization is bound to comply with these Regulations and any other legislation regulating work practices, employers' obligations, safety and health at work and the rights of employees.

(2) Every holder of an authorization is bound to:

- (a) ensure that all materials, supplies, machinery, plant, equipment and installations used by him or by subcontractors comply with generally accepted standards in the international petroleum industry and are of proper construction and kept in good working order;
- (b) use the natural resources of the area that is included in the authorization granted as productively as practicable;
- (c) prevent damage to producing formations and ensure that hydrocarbons discovered, mud or any other fluids or substances do not escape or be wasted;
- (d) prevent damage to hydrocarbon and water bearing strata that are adjacent to a producing formation or formations and prevent water from entering any strata bearing hydrocarbons, except where water

injection methods are used for secondary recovery operations or are intended otherwise in accordance with generally accepted international petroleum industry practice;

(e) properly store hydrocarbons in receptacles constructed for that purpose, and not store crude oil in an earthen reservoir, except temporarily in an emergency; and

215(I) of 2002\*  
196(I) of 2004  
162(I) of 2005  
17(I) of 2006  
63(I) of 2009  
59(I) of 2011.

(f) apply the provisions of the Solid and Hazardous Waste Law as regards the hydrocarbon waste.

Directions of the Minister to holders of an authorization in case of contravention of Regulation 13.

**14.-(1)** In cases where the Minister ascertains that any holder of an authorization has not acted in accordance with Regulation 13, he may notify such holder of an authorization in writing accordingly and require him to show cause, within a specified time-period, why he has omitted to act in accordance with Regulation 13.

(2) Where the holder of an authorization to whom a written notice has been sent, in accordance with paragraph (1), fails within the specified time period, to satisfy the Minister that he has acted in accordance with Regulation 13 or to prove that such omission is justified, the Minister may direct in writing the holder of an authorization to take such measures as may be necessary with a view to ensuring compliance of the holder of an authorization with Regulation 13.

(3) Where the holder of an authorization fails to comply with the Minister's directions pursuant to paragraph (2)-

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\* The Solid and Hazardous Waste Law, 2002 (L.215(I) of 2002, as amended), was repealed and replaced by the Waste Law, 2011 (L.185(I) of 2011).

- (a) the holder of an authorization shall be guilty of an offence and shall on conviction be liable to imprisonment for a term not exceeding two years or to a fine not exceeding one million seven hundred eight thousand and six hundred one euros\* or to both such penalties:

Provided that in case of a prosecution against the holder of an authorization in respect of the offence referred to in this subparagraph, it shall be a defence if the holder of an authorization proves that he promptly took all necessary measures in accordance with good oilfield practices in order to comply with the Minister's directions;

- (b) the Minister may take all or any of the measures required by his directions. In such a case, any costs incurred by the Minister shall be payable by the holder of an authorization and shall be collected as a civil debt due to the Republic.

Protection of the environment.

**15.-(1)** The holder of an authorization shall ensure that hydrocarbons operations are conducted in an environmentally acceptable and safe manner, consistent with the environmental legislation in force for the time being and the good international industry practice, and shall exercise effective control for that purpose.

(2) The holder of an authorization is bound to take all the necessary measures in order to-

- (a) minimize any avoidable environmental pollution or damage to the water, the soil or the atmosphere, in relation to hydrocarbons operations;

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\* P.I. 312/2007 issued pursuant to section 9(1) of the Adoption of the Euro Law, 2007 (L.33(I) of 2007, as amended).

63 of 1989  
185 of 1991  
47 (III) of 2005.

(b) comply with the provisions of the International Convention on Civil Liability for Oil Pollution Damage, which entered into force internationally on the 19<sup>th</sup> June 1975, its Protocol which was signed on the 19<sup>th</sup> November, 1976 and entered into force internationally on the 8<sup>th</sup> April, 1981 and the International Convention on Civil Liability for Oil Pollution Damage of 1969 and its Protocol of 1976 (Ratification) and Matters Connected Therewith Law of 1989.

(3) If the holder of an authorization omits to comply with the provisions of paragraphs (1) and (2) and any environmental pollution is caused in water, the soil or the atmosphere, the holder of an authorization shall take all reasonable and necessary measures to remedy or eliminate such pollution.

(4) If the Minister deems that any works or installations erected by the holders of an authorization or any operations conducted by the holders of an authorization endanger or may endanger persons or property of a third-party or cause pollution or harm to the environment, wildlife or marine organisms to a degree which the Minister deems unacceptable, the Minister may require the holder of an authorization to take corrective measures within a reasonable time period specified by the Minister, and to repair any damage to the environment. If the Minister deems it necessary, he may submit a proposal to the Council of Ministers, and the latter may suspend the authorization until the holder of an authorization has taken such corrective measures or has repaired any environmental damage.

(5) The measures and methods to be used by the holders of an authorization for the purpose of complying with paragraph (2)(a) shall be agreed in consultation with

the Minister upon the commencement of the hydrocarbons operations or whenever there is a significant change in the scope or method of conducting hydrocarbons operations. The measures and methods must comply with the international standards applicable in similar circumstances.

(6)(a) Prior to the commencement of any drilling operations, the holder of an authorization shall prepare and submit to the Minister for evaluation and approval, a contingency plan for hydrocarbon leakage and fire. In such a case, the holder of an authorization shall immediately apply the relevant contingency plan.

(b) In case of any emergency or accident other than those referred to in subparagraph (a) which affects the environment, the holder of an authorization shall take all reasonable and necessary measures, in accordance with the generally accepted international petroleum industry practice.

(7) In the event that the holder of an authorization omits to take the measures provided for in paragraphs (1) to (6), within the time-period specified by the Minister, the Minister may direct any action which he deems necessary and require the holder of an authorization to pay any expenses required for the execution of such actions.

Abandonment.

**16.-(1)** Unless the Minister deems otherwise, on expiry of the time-period or termination of an authorization, the holder of an authorization is bound to:

(a) remove all equipment, installations, structures, plants, appliances and pipelines from the area in accordance with the abandonment plan provided by the Contract;

(b) perform all necessary site restoration activities in accordance with good international petroleum industry practice and take all other necessary measures to prevent hazards to human life or to the property of others or the environment.

(2) For the purpose of complying with the provisions of this Regulation, the Minister may, at any time, in accordance with the terms of the Contract, require the holders of an authorization to submit a guarantee, for an amount determined by the Minister, or in the alternative, to establish a reserve for future estimated abandonment and site restoration costs.

Drilling  
operations.

**17.-(1)** The holder of an authorization is bound to ensure that the well design and conduct of drilling operations, including its casing, cementing, well spacing and plugging operations, shall be in conformity with generally accepted international petroleum industry practice.

(2) Every well is identified by a name, number and geographic coordinates, which are shown on maps, plans and similar records which the holders of an authorization are bound to keep. The holders of an authorization must promptly notify the Minister in writing of any change of the above-mentioned particulars.

(3) At least seven days before commencing any drilling or other work with respect to any well or recommencing any drilling or other work with respect to any well on which work has been discontinued for more than six months, the holders of an authorization are bound to notify the Minister in writing of their intention to do so. Such notice shall contain the following:

(a) the official name and number of the well;



- (b) a description of its precise location by reference to geographical coordinates;
- (c) a detailed report on the drilling technique to be followed, an estimate of the time and depth required, the material to be used and the safety measures to be taken; and
- (d) a well location report along with the geological and geophysical data and any interpretations thereof, upon which the particular location was selected.

(4) Where any drilling or other work with respect to any well is discontinued for a period exceeding thirty days, the holders of an authorization shall promptly notify the Minister in writing.

(5) At least two days before recommencing any drilling or any work, with respect to any well on which work has been discontinued for more than thirty days but for less than six months, the holders of an authorization are bound to inform the Minister in writing of their intention to do so.

(6) No holder of an authorization may drill a well any part of which is less than two hundred metres from a boundary of the area that is included in the authorization granted except upon the prior written approval of the Minister and under such terms and conditions as the Minister may deem fit to impose.

Abandonment  
of the well.

**18.-(1)** Prior to the abandonment of any well, the holders of an authorization are bound to inform the Minister in writing of their intention to do so, in the case of a producing well, at least thirty days before the abandonment and, in the case of any other well, at least two days before the abandonment. Such written notice shall contain a detailed

plan and a time-schedule for the abandonment and plugging of the well.

(2) Subject to the terms of the Contract, the holder of an authorization may, upon the expiration of the relevant period specified in the notice referred to in paragraph (1), or upon receipt by the holder of an authorization of the written approval of the plan by the Minister as provided for in paragraph (1), whichever is earlier, commence the abandonment operations in relation to such well.

(3) The holder of an authorization is bound to:

- (a) plug such well with a view to avoiding pollution and possible damage to the reservoir and, unless the Contract otherwise provides or the Minister otherwise decides, remove all equipment, materials and facilities relating thereto;
- (b) ensure that cemented strings or other forms of casing shall not be withdrawn except with the prior written approval of the Minister; and
- (c) permit an authorized officer to inspect such abandonment operations.

Construction and maintenance of installations, pipelines and related equipment.

**19.**-(1) The holder of an authorization is bound to maintain in good condition and repair all structures, equipment and other installations used for the hydrocarbons operations and being available in the area that is included in the authorization granted.

(2) In conducting offshore operations, the holder of an authorization, in accordance with international petroleum industry practice and applicable legislation and regulations, is bound to ensure that constructions and installations to be erected shall:

18 of 1980  
8 of 1981  
66 of 1982  
4 of 1989.

- (a) be constructed, placed, marked, buoyed, equipped and maintained so that there are safe and convenient channels for navigation;
- (b) be fitted with navigational aids and be illuminated between sunset and sunrise in accordance with the provisions of the International Convention for the Prevention of Pollution from Ships of 1973, its Protocol of 1978 and the Resolutions MEPC 14(20) of 1984, MEPC 16(22) and MEPC 21(22) of 1985 which was ratified by the Republic with the International Convention for the Prevention of Pollution from Ships of 1973, its Protocol of 1978 and the Resolutions MEPC 14(20) of 1984, MEPC 16(22) and MEPC 21(22) of 1985 (Ratification) and for Matters Connected Therewith Laws;
- (c) be kept in good repair and working order; and
- (d) not hinder navigation or fishing or cause pollution of the sea or rivers.

(3) No holder of an authorization may construct, alter or operate a pipeline, pumping station, storage facility or any other related facilities for the conveyance or storage of hydrocarbons from the area that is included in the authorization granted except upon his written application and the approval of the Minister:

Official Gazette,  
Suppl.III(I):  
23.12.2014.

Provided that in case where a pipeline or part thereof proposed to be constructed, altered or operated falls within the Exclusive Economic Zone and/or the Continental Shelf of the Republic, the holder of an authorization, is obliged, instead of the written application and approval provided above, to secure an authorization upon submission of a

written application under the Submarine Pipelines Regulations, 2014.

(4) Such written application, referred to in paragraph (3) above, shall contain the following information:

- (a) the proposed design and construction of the pipeline, pumping station, storage facility or other related facilities;
- (b) the proposed work programme and budget and the technical and financial resources available to the holder of an authorization for the construction, alteration or operation of the pipeline, pumping station, storage facility or any other related facilities; and
- (c) the proposed route to be followed by the pipeline and the location of any pumping station, storage facility or other related facilities to be constructed, altered or operated.

(5)(a) The Minister may, by Order published in the Official Gazette of the Republic, order the construction of common installations, including pipelines and other transportation, processing, storage and communication facilities, for different areas included in the authorizations granted, if this is justified by public interest.

(b) The holders of an authorization referred to in subparagraph (a) shall take all necessary measures and use their best efforts to reach agreement on the construction and operation of such common facilities and shall report to the Minister every fifteen days on the progress of their negotiations. If no agreement is reached after the expiration of three months, the Minister may refer the dispute to a mediation procedure.

(6)(a) Where there exists excess capacity, a holder of an authorization may, upon approval by the Minister, enter into an agreement with another holder of an authorization, in order to use such facilities including pipelines and any other transportation, processing, storage and communication facilities.

(b) If no agreement is reached within thirty days for the usage of the installations, the holder of an authorization who wishes to enter into an agreement may submit an application to the Minister, who, if he deems it appropriate, shall refer the dispute to arbitration or mediation.

Measurement of hydrocarbons.

**20.**-(1)(a) Every holder of an authorization is bound to obtain, operate and maintain equipment for measuring the volume and quality of any hydrocarbons produced and saved from the area that is included in the authorization granted to him including equipment or other measuring devices of the gravity, density, temperature and pressure.

(b) All such equipment and devices along with their permissible tolerances shall not be installed or used or replaced or altered except with the prior approval of the Minister.

(2) Such measurement, as referred to in paragraph (1), shall be conducted by the method or methods customarily used in the international petroleum industry. The frequency and the measuring operations must be submitted in advance to the Minister for approval.

(3) The holder of an authorization shall give to the Minister two days' notice of his intention to conduct measuring operations and an authorized officer may be present and inspect such operations.

(4) Equipment and measuring devices shall be available for inspection and testing at all reasonable times by any authorized officers:

Provided that, any such inspection and testing does not obstruct the normal operation of the facilities involved.

(5) If it is ascertained, following an inspection or test referred to in paragraph (4), that the equipment, devices or procedures used for measurement are inaccurate and exceed the permissible tolerances approved as provided for in paragraph (1), such inaccuracy is deemed to have existed for the entire period since the last such inspection or test, unless it is proved that the inaccuracy has been in existence for a longer or shorter period. The holders of an authorization shall proceed to the appropriate adjustments within thirty days from the date of such ascertainment.

Unit development.

**21.-(1)** For the purposes of this Regulation, "unit development", in relation to a hydrocarbon reservoir, means the operations for the recovery of hydrocarbons being carried on or, to be carried on in an area, for which an authorization has been granted and in which there is part of a reservoir, that falls into another area that is included in an authorization granted to another person by the Republic or other state and in which operations for the recovery of hydrocarbons are carried on or will be carried on.

(2) No holder of an authorization may enter into an agreement in writing with another person for, or in relation to, the unit development of a hydrocarbon reservoir except upon the submission of such an agreement to the Minister and his written approval.

(3) Subject to the provisions of paragraph (2), the Minister may, either on his own motion or following an application made to him in writing by a holder of an authorization in whose licensed area there is a part of a particular hydrocarbon reservoir, for the purpose of securing the more effective and productive recovery of hydrocarbons from that hydrocarbon reservoir, direct any such holder of an authorization whose licensed area includes part of that hydrocarbon reservoir to enter into an agreement in writing within a specified period for or in relation to the unit development of the hydrocarbon reservoir.

(4) Where a holder of an authorization, omits to enter into the agreement referred to in paragraph (3) within the specified period or enters into the agreement referred to in paragraphs (2) and (3) but omits to submit it to the Minister for approval, the Minister may, by notice served on the holder of an authorization, request the submission, within a specified period, of an action plan for, or in relation to, the unit development of hydrocarbons.

(5) In case the hydrocarbon reservoir extends beyond the median line that separates the Exclusive Economic Zones of the Republic and a neighbouring country, the unit development shall be governed by the relevant international agreements.

Records.  
Official  
Gazette,  
Suppl. III(I):  
13.3.2009.

**22.**-(1) Every operator is bound to keep at his office in the Republic accurate records in respect of the area that is included in the authorization granted, containing full particulars of the following:

- (a) the areas in which any geological or geophysical work has been carried out;

- (b) accurate geological maps and plans, geophysical records and interpretations thereof;
- (c) drilling, operation, deepening, plugging or abandonment of wells;
- (d) the strata and subsoil through which wells are drilled;
- (e) the casing inserted in wells and any alteration to such casing;
- (f) any hydrocarbons, water and other economic minerals or dangerous substances encountered;
- (g) such other matters as the Contract may provide or as the Minister may deem reasonably necessary to require by notice in writing served on the holder of an authorization.

Reports.

**23.**-(1) The holders of an authorization are bound to inform the Minister of all major developments in relation to the course of hydrocarbons operations.

(2) Without prejudice to those mentioned in paragraph (1), the holders of an authorization shall submit to the Minister the following particulars:

- (a) as soon as possible after the same are acquired or prepared-
  - (i) copies of all geological, geophysical and other technical reports, well logs, maps, diagrams, magnetic tapes, electronic and other stored data, in any form, reports and interpretations which have been prepared by or for the holder of an authorization; and



- (ii) representative geological samples including cuts of core and cutting samples, properly labelled, from all wells drilled;
- (b) at half-yearly intervals commencing from the completion of six months from the grant of an authorization:
  - (i) a summary of all geological and geophysical works carried out and the results thereof;
  - (ii) a summary of all drilling operations and the results thereof; and
  - (iii) a list of maps, reports and other geological and geophysical data prepared by or for the holder of an authorization, in respect of the period concerned;
- (c) every year and within sixty days commencing from the completion of one year from the grant of an authorization:
  - (i) a report describing the results of all hydrocarbons operations carried out by the holder of an authorization within the year concerned; and
  - (ii) estimates, if available, of economically recoverable reserves of crude oil and natural gas at the end of the year concerned;
- (d) summaries of exploration wells drilled, including lithological groups and hydrocarbons zones, within six months of completion of drilling or, in the case of information that cannot be reasonably obtained in that period, as soon as possible thereafter;

(e) any other available information, data, reports, assessments and interpretations related to the hydrocarbons operations as the Minister may reasonably require.

(3) No holder of an authorization may transport outside the Republic originals of records, magnetic tapes, electronic and other stored records, in any form, except upon the prior approval of the Minister, which may be granted if the Minister is satisfied that□

(a) the magnetic tapes or other data which will be processed or analyzed outside the Republic shall be exported only if the originals or copies shall remain in the Republic; and

(b) in case where such originals of records, magnetic tapes, electronic and other stored records, in any form, are exported outside the Republic, the said originals shall be returned to the Republic within a reasonable time-limit.

(4) Ownership of all original information and data referred to in this Regulation shall vest in the Republic.

(5) The Minister may have access to the originals of all records, magnetic tapes, electronic and other stored records in any form, and may, upon request, obtain two copies thereof from the holder of an authorization free of charge.

(6) The holder of an authorization shall keep originals beyond the termination of the Contract for a period and under such terms prescribed in the Contract.

Hydrocarbons  
production records.  
Official  
Gazette,

**24.**-(1) The operator is bound to keep during the validity of the Contract at his office in the Republic accurate

production records containing full particulars of the following:

- (a) the gross quantity of any crude oil and natural gas produced and saved from the area that is included in the authorization granted;
- (b) the grades, gravity and composition of any crude oil produced and the composition of any natural gas produced;
- (c) any quantities of crude oil, natural gas and sulphur, in any form, or any other minerals, gases, liquids or solids disposed of by way of sale or otherwise, the consideration received, the quantity disposed of and the name and address of the natural or legal person to whom any such quantity was disposed of;
- (d) the quantity of crude oil, natural gas and other liquids or gases injected into a geological formation;
- (e) the quantity of crude oil and natural gas consumed for drilling and other development and production operations, other than the quantity referred to in subparagraph (d), and the quantity of crude oil and natural gas consumed in pumping to field storage, in the refineries of the Republic or up to the delivery point;
- (f) the quantity of crude oil refined by or on behalf of the holder of an authorization in the Republic, if any;
- (g) the quantity of natural gas treated in the Republic by or on behalf of the holder of an authorization for the removal of liquids and liquified petroleum gases and the quantity of butane, propane and any other liquids, gases or any solids obtained therefrom;
- (h) the quantity of natural gas flared or vented; and

- (i) any other information as the Contract may provide or the Minister may reasonably require in writing by the holder of an authorization.

Obligations in case of termination of an authorization.

**25.** In case of termination, revocation, suspension, cancellation or expiration of an authorization, or upon relinquishment of any part of the area that is included in the authorization granted, the holder of an authorization is bound, within seven days, to deliver to the Minister, in relation to the area, copies of such documents or material not previously delivered. The Minister may, by notice in writing, require the holder of an authorization to deliver any other data as he may reasonably deem necessary.

Confidentiality.

151(l) of 2000.

**26.-(1)** Subject to the provisions of section 20 of the Law, all returns, reports, plans, data and other information submitted to the Minister pursuant to these Regulations shall be treated as confidential within the meaning of section 13 of the Statistics Law, and shall not be disclosed to third parties prior to the relinquishment of the area to which the above-mentioned particulars relate or prior to the expiry of the exploration period if such area is not sooner relinquished, unless the Contract provides otherwise.

(2) Notwithstanding the provisions of paragraph (1)-

- (a) any surface geological maps and interpretations may be utilised at any time by the competent authorities of the Republic for incorporation into official maps;
- (b) annual statistical information may be published at any time by the Republic in a form which does not disclose the operations of any particular holder of an authorization;
- (c) the Republic may communicate such returns, reports, plans, data and other information at any

time, if deemed necessary, to professional consultants, lawyers, legal advisers, accountants, underwriters, creditors, government services and organizations and public corporations.

(3) Without prejudice to the terms of the Contract, no holder of an authorization may publish or communicate any returns, reports, plans, data and other information compiled, received, kept or submitted pursuant to these Regulations or the terms of the Contract except upon the prior written approval of the Minister.

(4) Notwithstanding the provisions of paragraph (3), the holders of an authorization may, without the prior written approval of the Minister, communicate such returns, reports, plans, data and other information available, to professional consultants, lawyers, legal advisers, accountants, underwriters, creditors and companies in which the holders of an authorization maintain the majority in shares, or appoint the majority of members of the board of directors as well as to services and organizations and public corporations of the Republic that shall be entitled to require the disclosure of such information.

(5) Any notification or communication made by the Minister or a holder of an authorization pursuant to this Regulation shall be made on condition that the information so notified or communicated shall be deemed to be and treated as confidential by the natural or legal person that is the recipient of such information.