

# **Laws of Uganda**

## **Petroleum (Exploration and Production) Act 1985 (Ch 150)**

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### **CHAPTER 150**

#### **THE PETROLEUM (EXPLORATION AND PRODUCTION) ACT**

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## CHAPTER 150

### THE PETROLEUM (EXPLORATION AND PRODUCTION) ACT.

*Commencement: 27 September, 1985.*

**An Act to make provision for the exploration and production of petroleum and for other matters incidental thereto or connected therewith.**

#### PART I—GENERAL.

##### **1. Interpretation.**

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

- a) “authorised officer”, in relation to any provision of this Act, means an officer appointed under section 6 or any person acting under the commissioner’s authority under section 7;
- b) “block” means a block constituted as provided in the First Schedule to this Act and includes part of a block as so constituted;
- c) “commissioner” means the commissioner for petroleum exploration and production appointed pursuant to section 6;
- d) “conditions” includes terms, prohibitions, limitations and stipulations;
- e) “development area” means an area constituted by a block that is, or by blocks that are, subject to a petroleum production licence;
- f) “development operations” means operations carried out in or for the purpose of producing petroleum;
- g) “discovery area” means the block or blocks in an exploration area comprising the geological feature as outlined by the relevant geological or geophysical data in which a discovery is located;
- h) “discovery of petroleum” means a discovery of petroleum not previously known to have existed, recoverable at the surface in a flow which can be measured by conventional petroleum industry testing methods;
- i) “drilling” means the perforation of the earth’s surface, whether the hole is vertical, inclined or horizontal, and includes all operations for preventing the collapse of the sides of the hole or preventing the hole from becoming filled by extraneous materials, including water, and filling of wellheads, coring and logging, and any operations incidental to the foregoing;
- j) “exploration” means exploration for the purpose of discovering petroleum, and includes geological, geophysical and geochemical surveys, exploration drilling and appraisal drilling in land in Uganda;
- k) “exploration area” means an area constituted by a block that is, or by blocks that are, subject to a petroleum exploration licence;
- l) “exploration operations” means operations carried on for the purpose of exploration;

- m) “good oil field practices” means all those things that are generally accepted as good, safe and efficient in carrying on exploration or development operations;
- n) “holder”, in relation to a licence, means the person to whom the licence is granted and includes every person to whom the licence is lawfully assigned;
- o) “in default” means in breach of any provision of this Act or of any condition of a licence or of any provision of a petroleum agreement;
- p) “land” includes land beneath water and the subsoil thereof;
- q) “lawful occupier” means a customary tenant;
- r) “lessee” includes sublessee and any person whose title is derived from the lessee;
- s) “licence” means a petroleum exploration licence or a petroleum production licence or both as the context requires;
- t) “licensee” means the holder of a licence;
- u) “Minister” means the Minister for the time being responsible for petroleum exploration and production, and includes any Minister acting on his or her behalf;
- v) “natural gas” means gas obtained from a well and consisting primarily of hydrocarbons;
- w) “petroleum” means—
  - (i) any naturally occurring hydrocarbons, whether in a gaseous, liquid or solid state;
  - (ii) any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid or solid state; or
  - (iii) any naturally occurring mixture of one or more hydrocarbons, whether in a gaseous, liquid or solid state, and any other substances,

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

- x) “petroleum agreement” means an applicable agreement of the kind referred to in section 3;
- y) “petroleum exploration licence” means a licence granted under section 9;
- z) “petroleum production licence” means a licence granted under section 22;
- aa) “petroleum reservoir” means a naturally occurring discrete accumulation of petroleum;
- bb) “the regulations” means regulations made under section 70;
- cc) “this Act” includes the regulations;
- dd) “Well” means a hole in land made by drilling in connection with exploration or development operations, but does not include a seismic shot hole.

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

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

## **2. Vesting of petroleum.**

- 1) Without prejudice to the exercise of any right under this Act, the property in, and the control of, petroleum in its natural condition in or upon any land in Uganda is vested in the Government on behalf of the Republic of Uganda.
- 2) No person shall carry on any exploration or development operations on petroleum in or upon any land in Uganda except under, and in accordance with, a licence issued under this Act.
- 3) Any person who contravenes subsection (2) commits an offence and is liable on conviction—
  - a) if he or she is an individual, to a fine not exceeding ten million shillings or to a term of imprisonment not exceeding five years or to both such fine and imprisonment; and
  - b) if it is a body corporate, to a fine not exceeding one hundred million shillings.

## **3. Agreements with the Government.**

The Government may enter into an agreement, not inconsistent with this Act, with any person with respect to all or any of the following matters—

- a) the grant of a licence;
- b) the conditions for granting or renewing the licence;
- c) the conduct by a contractor of exploration or development operations on behalf of any person to whom a licence may be granted and the arrangements in any such case for production sharing;
- d) the manner in which the Minister or the commissioner will exercise any discretion conferred on him or her under this Act;
- e) any other matter incidental to or connected with the foregoing.

## **4. Licences.**

- 1) An application for a licence under this Act shall be made in such manner and form as may be prescribed.
- 2) The Minister may require an applicant to make arrangements as may be satisfactory to the Minister for the execution of a bond or some other form of security for the performance and observance of the conditions to which the licence when granted may be subject.
- 3) The Minister may require an applicant to furnish him or her with any information that may be relevant to the application and may, in particular, where an applicant is a body corporate, require the applicant to furnish him or her with such information as may be necessary to enable him or her to ascertain the extent of any controlling power over the direction of the affairs of the body corporate by a company incorporated outside Uganda or by individuals resident outside Uganda.

- 4) To enable him or her to dispose of an application for the grant or renewal of a licence, the Minister may cause such investigations, negotiations or consultations to be carried on as he or she considers necessary.
- 5) The Minister shall cause an applicant to be notified of the decision on the application giving, where he or she is prepared to grant the licence, details of the conditions on which the licence will be granted and—
  - (a) where an applicant notifies the Minister, in writing, within sixty days of the date of the notification pursuant to this subsection, or within such further period as the Minister may allow, that he or she accepts the conditions of the grant of the licence, the Minister shall cause the licence to be issued on those conditions; and
  - (b) where an applicant fails to notify the Minister in accordance with the requirement of paragraph (a), the application shall lapse.
- 6) No licence shall be granted to a natural person who is not a citizen of Uganda or to a body corporate incorporated outside Uganda unless it has established a place of business in Uganda and is registered as a foreign company in accordance with Part X of the Companies Act.
- 7) Where more than one person holds an interest in a licence, those persons shall be jointly and severally liable in respect of any obligations imposed on the licensee.
- 8) This section shall apply to renewals of licences under this Act.

## **5. Graticulation of the earth's surface.**

For the purposes of this Act, the surface of the earth shall be deemed to be divided into graticular sections in the manner set forth in the First Schedule to this Act.

## **6. Commissioner for petroleum exploration and production.**

Subject to the provisions of any written law relating to the appointment of persons to the public service, the President shall appoint a commissioner for petroleum exploration and production and such other officers as may be necessary for carrying into effect the provisions of this Act.

## **7. Delegation of powers.**

The commissioner may delegate or assign to any officer appointed under section 6 or any officer in the public service all or any of his or her powers and duties, but in so doing the commissioner shall not thereby divest himself or herself of the right to exercise concurrently all or any of the powers and duties conferred upon him or her by this Act.

## **8. Liability of commissioner and officers.**

The commissioner or other officer appointed under section 6 or any person acting under the authority of the commissioner shall not incur any liability in respect of the

exercise or performance, or purported exercise or performance, by him or her in good faith of any function under and for the purposes of this Act.

## **PART II—PETROLEUM EXPLORATION AND DISCOVERY**

### **9. Grant of petroleum exploration licence.**

- 1) Subject to the provisions of this Act and any petroleum agreement, the Minister may, on an application duly made, grant, on such conditions as he or she may determine, a petroleum exploration licence in respect of any block or blocks.
- 2) No petroleum exploration licence shall be granted in respect of a block which is, at the time of the application, comprised in a licence already granted.

### **10. Application for petroleum exploration licence.**

- 1) An application for the grant of a petroleum exploration licence shall—
  - a) give in respect of the person or, if there is more than one person, of each person, making the application—
    - (i) in the case of an individual, his or her full name and nationality;
    - (ii) in the case of a body corporate, its name and place of incorporation, the names and nationality of the directors or equivalent officers and, if the body corporate has share capital, the name of any person who is the beneficial owner of more than 5 percent of the issued share capital;
  - b) identify the block or blocks in respect of which it is made;
  - c) subject to subsection (2), be in respect of not more than sixty blocks;
  - d) give or be accompanied by a statement giving particulars of work and the minimum expenditure proposed for the block or blocks over which the licence is sought;
  - e) give information on the financial status and the technical and industrial competence and experience of the applicant;
  - f) give or be accompanied by a statement giving particulars of the applicant's proposals with respect to the employment and training of citizens of Uganda, and may set out any other matter which the applicant wishes the Minister to consider.
- 2) The Minister may consider an application in respect of more than sixty but not more than two hundred blocks where he or she is satisfied that special circumstances exist for doing so.
- 3) Where an application relates to more than one block, the blocks identified in the application—
  - a) shall be so situated as to form a single area; and
  - b) shall be such that each block in the area has a side in common with at least one other block in the area.



## **11. Content of petroleum exploration licence.**

- 1) A petroleum exploration licence shall state—
  - a) the date of the grant of the licence;
  - b) the block or blocks to which the licence relates; and
  - c) the conditions on which the licence is granted, and may contain such other matters as the Minister may determine either for the purposes of subsection (2) or otherwise.
- 2) There may be included in a petroleum exploration licence provision with respect to the exercise by the Government, or a person identified in the licence, of an option to acquire on stipulated terms, or on terms to be agreed, an interest in any venture for the production of petroleum which may be carried on in any block or blocks to which the licence relates.

## **12. Rights conferred by petroleum exploration licence.**

A petroleum exploration licence, while it remains in force, shall confer on the licensee, subject to the provisions of this Act and to the conditions specified in the licence or to which the licence is otherwise subject, the exclusive right to explore for petroleum, and to carry on such operations and execute such works as may be necessary for that purpose, in the exploration area.

## **13. Term of petroleum exploration licence.**

- 1) A petroleum exploration licence, unless sooner determined by surrender or cancellation pursuant to section 52 or 53, shall by virtue of this subsection continue in force—
  - a) for the period stipulated in the licence but not exceeding four years next after the date of the grant of the licence;
  - b) for the period, not exceeding two years, on each occasion for which the licence is renewed pursuant to section 15; and
  - c) for any period added pursuant to section 54 to the term of the licence.
- 2) Where the holder of a petroleum exploration licence has applied for a renewal of the licence or for the grant of a petroleum production licence, or has made a discovery of petroleum in the exploration area, the petroleum exploration licence shall not, by reason of anything contained in subsection (1), cease to be in force—
  - a) in a case where he or she has made any such application, until the application is finally dealt with by the renewal or refusal to renew the exploration licence or, as the case may be, by the grant or refusal to grant the production licence, or the application has lapsed; and
  - b) in a case where he or she has made a discovery of petroleum, in respect of the block or blocks constituting the discovery area, until the period within which the licensee may, in accordance with section 20, apply for a petroleum production licence has expired.

#### **14. Application for renewal of petroleum exploration licence.**

- 1) Subject to this section and section 15, the holder of a petroleum exploration licence may apply for a renewal of the licence.
- 2) An application for the renewal of a petroleum exploration licence shall be made not later than ninety days before the day on which the licence is due to expire; but the Minister may where he or she deems fit accept an application for the renewal of a petroleum exploration licence made later than ninety days before, but not in any case after, the date of expiry of the licence.
- 3) An application for the renewal of a petroleum exploration licence shall be accompanied by—
  - (a) particulars of the work carried out in and the amount expended in respect of the exploration area during the term of the licence up to and including a date that is not earlier than fourteen days prior to the date of the application, or where the application is for a second renewal of the licence, during the period of the first renewal of the licence up to and including a date that is not earlier than fourteen days prior to the date of the application;
  - (b) adequate proposals of the applicant for work and minimum expenditure in respect of the block or blocks specified in the application and, in particular, details of the programme to be carried out in the first year of the renewal period being applied for; and
  - (c) any other information that the applicant wishes the Minister to consider.
- 4) A petroleum exploration licence may be renewed twice only.
- 5) The requirement in subsection (3) with respect to adequate proposals shall be deemed to have been met in any case where the proposals accompanying the application are consistent with the requirements, if any, with respect to work and expenditure contained in a petroleum agreement.

#### **15. Renewal of petroleum exploration licence.**

- 1) Subject to subsection (2), on application duly made under section 14 for the renewal of a petroleum exploration licence, the Minister shall grant a renewal of the licence on conditions which will give effect to the application and the requirements of this Act.
- 2) The Minister shall not grant a renewal of a petroleum exploration licence if the licensee is in default unless the Minister considers that special circumstances exist which justify the granting of the renewal notwithstanding the default.
- 3) The Minister shall not refuse to grant a renewal of a petroleum exploration licence on the grounds that the application for renewal does not meet the requirements of section 14(3) unless—

- a) he or she has notified the licensee of his or her intention to do so, specifying the respects in which the application fails to meet those requirements; and
  - b) he or she has given the licensee an opportunity, within such reasonable time as the Minister may specify, to amend his or her application or to submit a fresh application.
- 4) For the purposes of this section, a licensee shall not be treated as in default unless the commissioner has served on the licensee a notice in writing giving particulars of the default and the licensee has not within a reasonable time specified in the notice remedied the default or, where the default cannot be remedied, offered to the commissioner in respect of the default adequate compensation.

**16. Blocks for which application for renewal of petroleum exploration licence may be made.**

- 1) Subject to any modification of this requirement contained in a petroleum agreement, the number of blocks in respect of which an application for a renewal of a petroleum exploration licence may be made shall not exceed the number which is the sum of—
  - a) the number of blocks, if any, that at the date when the licence would expire if not renewed constitute a discovery area; and
  - b) not more than one-half of the number of blocks in respect of which the licence was first granted or, as the case may be, last renewed.
- 2) Subject to any modification of this requirement contained in a petroleum agreement, the blocks specified in an application for the renewal of a petroleum exploration licence shall—
  - a) constitute not more than three discrete areas; and
  - b) be selected so that each block in each area has a side in common with at least one other block in that area.
- 3) Nothing in this subsection shall be construed as requiring the relinquishment of any block in which a discovery area or any other part thereof is located.

**17. Duties of petroleum exploration licensee.**

- 1) Subject to subsections (3) and (4), a licensee shall in, or in relation to, the exploration area, meet the requirements with respect to work and expenditure set forth in the licence or in a petroleum agreement.
- 2) A licensee shall, not later than one month before the anniversary in any year of the grant of a petroleum exploration licence, or one month before such other date as may be agreed between the commissioner and the licensee, submit to the commissioner in detail an adequate programme with respect to work and expenditure to be carried out or made in the year of the term of the licence immediately following that anniversary or such other date.

- 3) A licensee may, for good cause, amend the details of any programme of work and expenditure which he or she has submitted pursuant to subsection (2); but—
  - a) the licensee shall immediately give notice in writing to the commissioner of any such amendment, giving in the notice details of and the reasons for the amendment; and
  - b) no such amendment shall have effect so as to reduce the minimum requirements relating to work and expenditure set forth in the licence or a petroleum agreement.
- 4) The requirement in subsection (2) for the submission of an adequate programme with respect to work and expenditure shall be deemed to have been met in any case where the programme submitted is consistent with the requirements, if any, with respect to work and expenditure contained in a petroleum agreement.

## **18. Notification of discovery of petroleum.**

- 1) Where a discovery of petroleum is made by the licensee in an exploration area, the licensee—
  - a) Shall—
    - (i) immediately inform the commissioner of the discovery;
    - (ii) within a period of thirty days after the date of the discovery, furnish to the commissioner particulars in writing of the discovery
    - (iii) promptly run tests in respect of the discovery and undertake a technical evaluation thereof;
    - (iv) submit the technical evaluation to the commissioner as soon as it is complete; and
  - b) shall promptly take all steps that are reasonable, in the circumstances relating to the discovery, to draw up and carry out an appraisal programme for the purpose of delineating the petroleum reservoir to which that discovery relates in terms of thickness and lateral extent and estimating the quantity of recoverable petroleum in the reservoir; except that—
    - (i) the licensee shall not pursuant to this paragraph be under any obligation to appraise a discovery if, not later than thirty days from the date on which a technical evaluation of the test results has been submitted to the commissioner, the licensee has, by notice in writing, informed the Minister that the discovery is of no commercial interest and no potential commercial interest;
    - (ii) The Minister may, by writing under his or her hand, exempt the licensee, wholly or partly from the requirements of this paragraph, subject to such conditions as may be specified in the instrument of exemption.
- 2) Where petroleum is discovered in an exploration area, the commissioner may, from time to time, by notice in writing served on the licensee, direct the licensee to furnish to him or her in writing, within the period specified in the notice, particulars of—
  - a) the chemical composition and physical properties of the petroleum;
  - b) the stratigraphical position and depth of the discovery; and
  - c) any other matters relating to the discovery that are specified by the commissioner in the notice.

### **19. Direction that discovery area ceases to be part of exploration area.**

- 1) Where following the discovery of petroleum in a petroleum exploration area the holder of the petroleum exploration licence—
  - a) has informed the Minister, by notice in writing, for the purpose of section 18(1)(b)(i), that the discovery is of no commercial interest and no potential commercial interest; or
  - b) does not within the period specified in section 20(2) apply, in respect of that discovery, for a petroleum production licence, the Minister may, subject to any applicable terms and conditions set out in a petroleum agreement, by notice in writing to the licensee, direct that the discovery area in which that discovery is located shall cease to form part of the petroleum exploration area.
- 2) A direction by the Minister pursuant to subsection (1) shall be given—
  - a) in the case referred to in subsection (1)(a), not later than six months from the date on which the licensee gave such notice in writing to the Minister;
  - b) in the case referred to in subsection (1)(b), not later than six months from the date on which the period referred to expired.

## **PART III—PETROLEUM PRODUCTION**

### **20. Application for petroleum production licence.**

- 1) The holder of a petroleum exploration licence who has made a discovery of petroleum in his or her exploration area may apply pursuant to this subsection for the grant of a petroleum production licence over any block or blocks in that area which, following appraisal, can be shown to contain a petroleum reservoir or part of a petroleum reservoir.
- 2) An application under subsection (1) shall be made within a period of two years from the date on which the technical evaluation of test results was submitted to the commissioner, or within such longer period as the Minister may allow or as may be stipulated for in a petroleum agreement.
- 3) A person may apply pursuant to this subsection for the grant of a petroleum production licence in respect of a block or blocks or part thereof, which he or she satisfies the Minister contains or, as the case may be, contain a petroleum reservoir or part of a petroleum reservoir notwithstanding that he or she does not hold a petroleum exploration licence in respect of that block or blocks.

### **21. Report on reservoir and development plan.**

- 1) An application for the grant of a petroleum production licence shall be accompanied by—
  - a) a report on the petroleum reservoir;
  - b) a development plan;

- c) any relevant information that the Minister may reasonably require, including information relating to alternative proposals for development and production not included in the development plan; and
  - d) any other information that the applicant may deem necessary.
- 2) The report on the petroleum reservoir referred to in subsection (1)(a) shall contain particulars of—
- a) the chemical composition, physical properties and quality of the petroleum;
  - b) the thickness and extent of the production strata;
  - c) the petrophysical properties of the petroleum reservoir formation;
  - d) the petroleum reservoir's productivity indices for the wells tested at various rates of flow;
  - e) the permeability and porosity of the petroleum reservoir formation;
  - f) an estimate of the production capacity of the petroleum reservoir;
  - g) an evaluation of the petroleum reservoir and adjoining areas; and
  - h) any additional geological data and other relevant information relating to the petroleum reservoir.
- 3) The development plan referred to in subsection (1)(b) shall contain particulars of—
- a) the applicant's proposals for the development and production of the reservoir, including the method for the disposal of associated gas;
  - b) the way in which the development and production of the reservoir is to be financed;
  - c) the applicant's proposals relating to the spacing, drilling and completion of wells, the production and storage installations and transport and delivery facilities required for the production, storage and transport of petroleum; and such proposals shall include the following information—
    - i. the estimated number, size and production capacity of production platforms, if any;
    - ii. the estimated number of production wells;
    - iii. the particulars of production equipment and storage facilities;
    - iv. the particulars of feasible alternatives for transportation of the petroleum, including pipelines;
    - v. the particulars of onshore installations required, including the type and specifications or size of those installations; and
    - vi. the particulars of other technical equipment required for the operations;
  - d) the estimated production profiles for crude oil and natural gas from the petroleum reservoirs;
  - e) the cost estimates of capital and recurrent expenditures;
  - f) the economic feasibility studies carried out by or for the licensee in respect of the discovery, taking into account—
    - i. the location;
    - ii. the water depth (where applicable);
    - iii. the meteorological conditions;
    - iv. the cost estimates of capital and recurrent expenditures;
    - v. and any other relevant data and evaluation of that data;
  - g) the proposals, if any, relating to the establishment of processing facilities and processing of petroleum in Uganda;

- h) the safety measures to be adopted in the course of the development and production operations, including measures to deal with emergencies;
- i) the necessary measures to be taken for the protection of the environment;
- j) the applicant's proposals for the employment and training of citizens of Uganda;
- k) the applicant's proposals with respect to the procurement of goods and services obtainable in Uganda; and
- l) the estimate of the time required to complete each phase of the development plan.

## **22. Grant of petroleum production licence.**

Subject to section 23—

- a) on application duly made pursuant to section 20(1), the Minister shall, on conditions which give effect to the application and the requirements of this Act, grant the petroleum production licence applied for; and
- b) on application duly made pursuant to section 20(3), the Minister may, on such conditions as he or she may determine, grant the petroleum production licence applied for.

## **23. Restrictions on grant of petroleum production licence.**

- 1) A petroleum production licence shall not be granted to an applicant unless—
  - a) the development plan of the applicant would ensure the most efficient, beneficial and timely use of the petroleum resources concerned;
  - b) the development plan of the applicant takes proper account of good oil field practices and safety factors;
  - c) the applicant has adequate financial resources and technical and industrial competence and experience to carry on effective production operations;
  - d) the applicant would be able and willing to comply with the conditions on which a licence would be granted;
  - e) the applicant's proposals for the employment and training of citizens of Uganda are satisfactory;
  - f) the applicant's proposals with respect to the procurement of goods and services obtainable within Uganda are satisfactory; and
  - g) any relevant option given pursuant to section 11(2) has been properly exercised and given effect to or arrangements satisfactory to the Minister have been made for that purpose.
- 2) A petroleum production licence shall not be granted to an applicant who is in default, unless the Minister considers that special circumstances exist which justify the grant of the licence notwithstanding the default.
- 3) The Minister shall not refuse to grant a petroleum production licence on application being duly made pursuant to section 20(1) unless—
  - a) he or she has given to the applicant notice of his or her intention to do so—
    - i. giving in the notice particulars of the grounds for the intended refusal;

- ii. stating in the notice a date before which the applicant may take appropriate action to remedy any default, to amend the development plan or to make representations in respect of any matter referred to in the notice; and
  - b) the applicant has not, before that date, remedied the default, made appropriate amendments to the development plan, or by representations or otherwise dealt satisfactorily with the matters referred to in the notice.
- 4) A petroleum production licence shall not be granted to an applicant pursuant to section 22(b) in respect of a block which is, at the time the application for the grant of the licence is made, comprised in a licence already granted to a person other than the applicant.

#### **24. Content of petroleum production licence.**

- 1) A petroleum production licence shall—
  - a) state the date of the grant of the licence;
  - b) identify the block or blocks to which the licence relates;
  - c) state the conditions on which the licence is granted, and may contain such other matters as the Minister may determine for the purposes of subsection (2) or (3) or otherwise.
- 2) There may be included in a petroleum production licence provision with respect to the duty, and the extent of the duty, of the licensee to supply petroleum or petroleum products to meet the requirements of the local market.
- 3) There may be included in a petroleum production licence conditions with respect to the refining, disposal or sale of petroleum which may be recovered in the development area.

#### **25. Rights conferred by petroleum production licence.**

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

- a) to carry on exploration and development operations in the development area;
- b) to sell or otherwise dispose of petroleum recovered; and
- c) to carry on such operations and execute such works in the development area as are necessary for or in connection with any matter referred to in paragraphs (a) and (b).

#### **26. Term of petroleum production licence.**

- 1) A petroleum production licence, unless sooner determined, shall continue in force—
  - a) for the period for which the application has been made but not exceeding twenty-five years next after the date of the grant of the licence;
  - b) for any period for which the licence is renewed pursuant to section 28; and



- c) for any period added pursuant to section 54(3) to the term of the licence.
- 2) Where the holder of a petroleum production licence has applied for a renewal of his licence, the licence shall not, by reason of anything contained in subsection (1), cease to be in force in respect of any block subject to the licence to which the application relates—
  - a) until the application is finally dealt with by the grant or refusal to grant the renewal; or
  - b) until the application has lapsed.

## **27. Application for renewal of petroleum production licence.**

- 1) The holder of a petroleum production licence may apply for the renewal of the licence.
- 2) An application for the renewal of a petroleum production licence shall be made not later than twelve months before the day on which the licence is due to expire; but the Minister may where he or she deems fit accept an application for the renewal of a petroleum production licence made later than twelve months before, but not in any case after, the date of expiry of the licence.
- 3) An application for the renewal of a petroleum production licence shall be accompanied by—
  - a) particulars of the work carried out, the petroleum recovered and the amounts expended and received in respect of the production area up to and including a date not earlier than three months immediately preceding the date of the application;
  - b) adequate proposals of the applicant for work and minimum expenditure in respect of the production area during the renewal period being applied for; and
  - c) any other information that the applicant wishes the Minister to consider.
- 4) A petroleum production licence may be renewed once only.

## **28. Grant of renewal of petroleum production licence.**

- 1) Subject to subsection (2), on application duly made pursuant to section 27 for the renewal of a petroleum production licence, the Minister may grant a renewal of the licence on such conditions as he or she deems fit.
- 2) The Minister shall not grant the renewal of a petroleum production licence if the licensee is in default, unless the Minister considers that special circumstances exist which justify the grant of the renewal notwithstanding the default.

## **29. Unit development.**

- 1) In this section, “unit development”, in relation to a petroleum reservoir, means the coordination of operations for the recovery of petroleum being carried on or to be carried on in a development area in which there is part of the reservoir, with other operations for the recovery of petroleum being carried on or to be carried on in any other development area in which there is part of the same reservoir.

- 2) A holder of a petroleum production licence may, from time to time, enter into an agreement in writing with another person for or in relation to the unit development of a petroleum reservoir.
- 3) The Minister may, on his or her own motion, or on application made to him or her in writing by a holder of a petroleum production licence in whose development area there is a part of a particular petroleum reservoir, for the purpose of securing the more effective recovery of petroleum from the petroleum reservoir, direct in writing any holder of a petroleum production licence whose development area includes part of that petroleum reservoir to enter into an agreement in writing with the holder of a petroleum production licence over any other area in which there is part of the same reservoir within the period specified by the Minister in the direction, for or in relation to the unit development of the petroleum reservoir, and to lodge the agreement with the Minister forthwith for approval.
- 4) Where—
  - a) a holder of a licence who is directed under subsection (3) to enter into an agreement for or in relation to the unit development of a petroleum reservoir does not enter into such agreement within the specified period; or
  - b) a holder of a licence enters into such an agreement but the agreement is not lodged with the Minister in accordance with subsection (3), the Minister may, by notice in writing served on the holder, direct him or her to submit to the Minister, within the period specified in the notice, a scheme for or in relation to the unit development of the petroleum reservoir, and the holder shall do so.

### **30. Directions as to recovery of petroleum.**

- 1) Where petroleum is not being recovered in a development area and the Minister is satisfied that there is recoverable petroleum in that area, he or she may, by notice in writing served on the holder of the petroleum production licence, direct the holder to take all necessary and practicable steps to recover that petroleum.
- 2) Where the Minister is not satisfied with the steps taken or being taken by a holder of a licence to whom a direction has been given under subsection (1), the Minister may, by notice in writing served on the holder, give to the holder such directions, specified in the notice, as the Minister thinks necessary for or in relation to the recovery of petroleum in the development area, and the licensee shall comply with the directions.
- 3) Where petroleum is being recovered in a development area, the Minister may by notice in writing served on the holder of the petroleum production licence direct the holder to take all necessary and practicable steps to increase the rate at which the petroleum is being recovered to such rate, not exceeding the capacity of existing production facilities, as the Minister specifies in the notice.
- 4) Where the Minister is not satisfied with the steps taken or being taken by a holder of a licence to whom a direction has been given under subsection (3), the Minister may, by notice in writing served on the holder, give to the holder such directions, specified in the

notice, as the Minister thinks necessary for or in relation to the increase of the rate at which petroleum is being recovered in the development area, and the licensee shall comply with the directions.

- 5) Nothing in this section, or in any direction given under this section, shall be construed as requiring the holder of a petroleum production licence to do anything which is not in accordance with good oil field practices or to refrain from doing anything which is in accordance with good oil field practices.

#### PART IV—OBLIGATIONS AND DUTIES OF LICENSEE

##### **31. Work practices for licensee.**

- 1) A licensee shall carry out exploration and development operations in the exploration or development area in a proper, safe and workmanlike manner and in accordance with good oil field practices and take all reasonable steps necessary to secure the safety, health and welfare of persons engaged in those operations in or about the exploration or development area; and he or she shall, in particular, but without prejudice to the generality of the foregoing—
  - a) control the flow and prevent the waste or escape in the exploration or development area of petroleum, gas (not being petroleum) or water;
  - b) prevent the escape in the exploration or development area of any mixture of water or drilling fluid, and petroleum or any other matter;
  - c) prevent damage to petroleum bearing strata in any area in respect of which the licence is not in force;
  - d) keep separate, in such manner as the commissioner may by notice in writing served on the licensee direct—
    - (i) each petroleum reservoir discovered in the exploration or development area; and
    - (ii) any sources of water discovered in the exploration or development area;
  - e) prevent water or any other matter entering any petroleum reservoir through the wells in the exploration or development area, except when required by, and in accordance with, good oil field practices;
  - f) prevent the pollution of any water well, spring, stream, river, lake, reservoir, estuary or harbour by the escape of petroleum, salt water, drilling fluid, chemical additive, gas (not being petroleum) or any other waste product or effluent;
  - g) where pollution occurs, treat or disperse it in an environmentally acceptable manner; and
  - h) furnish to the commissioner, prior to the drilling of any well, a detailed report on the technique to be employed, an estimate of the time to be taken, the material to be used and the safety measures to be employed, in the drilling of the well.
- 2) Where the consent in writing of the commissioner has been obtained, nothing in this section shall operate to prevent a licensee from flaring natural gas in accordance with the terms of the instrument of consent.
- 3) Nothing in this section shall operate to prevent a licensee from flaring natural gas where, in an emergency, flaring is required to safeguard the health and safety of persons in the

exploration or production area or to prevent damage to the property of any person in the exploration or development area.

- 4) A licensee shall furnish to the commissioner reasonable notice of his or her intention to abandon any well; and the closure or plugging of any well shall be carried out only with the prior consent in writing of the commissioner and in the manner approved by the commissioner.
- 5) A licensee who contravenes or fails or neglects to comply with a requirement of this section commits an offence and is liable on conviction to a fine not exceeding one hundred million shillings.
- 6) In proceedings on a prosecution for an offence under this section, it shall be a sufficient defence if the person charged proves that he or she promptly took all reasonable steps to comply with the requirement under this section concerned.

### **32. Maintenance, etc. of property.**

- 1) A licensee shall—
  - a) maintain in good condition and repair, all structures, equipment and other property in the area subject to the licence and used in connection with the operations in which he or she is engaged;
  - b) remove from that area all structures, equipment and other property that are not either used or to be used in connection with those operations; and
  - c) take reasonable steps to warn persons who may from time to time be in the vicinity of any such structure, equipment or other property of the presence of the structure equipment or other property and the possible hazards resulting there from.
- 2) Subsection (1) shall not apply in relation to any structure, equipment or other property that was not brought into the area subject to a licence by or with the authority of the licensee.
- 3) A licensee who contravenes subsection (1) commits an offence and is liable on conviction to a fine not exceeding ten million shillings.

### **33. Removal of property by holder of licence, etc**

- 1) Where a licence has been surrendered or has expired, or has by reason of relinquishment ceased to comprise any area subject to the licence, the commissioner may, by notice in writing served on the person who is or was the holder of the licence, direct that person, within the period specified in the notice—
  - a) to remove or cause to be removed from the area which was, but no longer is, subject to the licence all property brought into that area by any person engaged or concerned in the operations authorized by the licence, or to make arrangements that are satisfactory to the commissioner with respect to that property;

- b) to plug or close off, to the satisfaction of the commissioner, all wells made in that area by any person engaged or concerned in those operations; and
  - c) to make provision, to the satisfaction of the commissioner, for the conservation and protection of the natural resources in that area.
- 2) A direction given under this section shall be consistent with good oil field practices, and nothing in this section, or in any direction given under this section by the commissioner, shall be construed as requiring any person who is or was the holder of a licence to do anything which is not in accordance with good oil field practices or to refrain from doing anything which is in accordance with good oil field practices.
  - 3) A person to whom a direction under subsection (1) is given who refuses or fails to comply with the direction within the period specified in the notice concerned commits an offence and is liable on conviction to a fine not exceeding ten million shillings.

### **34. Removal of and sale of property by the commissioner.**

- 1) Subject to section 33(2) and to the approval of the Minister, where a direction given under and in accordance with section 33 has not been complied with, the commissioner may—
  - a) do or cause to be done all or any of the things required by the direction to be done;
  - b) remove or cause to be removed, in such manner as he or she thinks fit, all or any of the property from the area concerned;
  - c) dispose of, in such manner as he or she thinks fit, all or any of the property from the area concerned; and
  - d) if he or she has served a copy of the notice by which the direction was given on a person who he or she believed to be an owner of the property or part of the property, sell or cause to be sold by public auction or otherwise as he or she thinks fit, all or any of the property referred to in section 33(1)(a) that belongs, or that he or she believes belongs, to that person.
- 2) The commissioner may deduct from the proceeds of a sale of property under subsection (1)—
  - a) the costs and expenses incurred by the commissioner under that subsection in relation to that property;
  - b) the costs and expenses incurred by the commissioner in relation to the doing of anything required by a direction under section 33 to be done by the person, notwithstanding that the person has been convicted of an offence under section 33(3); and
  - c) the fees or amounts due and payable by the person under this Act for a licence.
- 3) The costs and expenses incurred by the commissioner under subsection (1)—
  - a) if incurred in relation to the removal, disposal or sale of property, is a debt due by the owner of the property to the Government; and
  - b) if incurred in relation to the doing of anything required by a direction under section 33 to be done by a person who is or was a licensee, is a debt due by that person to the

Government, and to the extent to which they are not recovered under subsection (2) may be recovered in a court of competent jurisdiction.

- 4) Subject to subsection (3), no action shall lie in respect of the removal, disposal or sale of property under this section.

### **35. Survey of wells, etc**

- 1) The commissioner may, at any time, by notice in writing served on a licensee, direct the licensee—
  - a) to carry out a survey of the position of any well, structure or equipment specified in the notice; and
  - b) to furnish promptly to the commissioner a report in writing of the survey.
- 2) Where the commissioner is not satisfied with a report of a survey furnished to him or her under subsection (1) by a licensee, he or she may, by notice in writing served on the licensee, direct the licensee to promptly furnish information in writing in connection with the survey.
- 3) If a licensee to whom a direction is given under subsection (1) fails or neglects to comply with the direction, the commissioner may, subject to the approval of the Minister, cause to be carried out any survey specified in the notice containing the direction.
- 4) The costs and expenses incurred pursuant to subsection (3) in carrying out a survey are a debt due to the Government and shall be recoverable in a court of competent jurisdiction notwithstanding that the licensee concerned is convicted of an offence under subsection (5).
- 5) A person to whom a direction is given under subsection (1) or (2) who fails or neglects to comply with the direction commits an offence and is liable on conviction to a fine not exceeding ten million shillings.

### **36. Measurement of petroleum obtained.**

- 1) A licensee shall measure or weigh by a method or methods customarily used in good oil field practices, and from time to time approved by the commissioner, all petroleum won and saved from the land subject to the licence.
- 2) A licensee shall not make any alteration in the method or methods of measurement or weighing used by him or her or in any appliances used for that purpose without the consent in writing of the commissioner, and the commissioner may in any case require that no alteration shall be made except in the presence of a person authorized by the commissioner.

- 3) The commissioner may, from time to time, direct that any weighing or measuring appliance be tested or examined in such manner, upon such occasions or at such intervals, and by such means as may be specified in the direction.
- 4) If any measuring or weighing appliance is, upon any test or examination as is mentioned in subsection (3), found to be false or unjust, the appliance shall, if the commissioner, subject to the approval of the Minister, so determines, after considering any representations in writing made by the licensee concerned, be deemed to have existed in that condition during a period that is represented by half of the period from the last occasion upon which the appliance was tested or examined pursuant to subsection (3) to the date when the appliance was found to be false or unjust; and any royalty payable under the licence for that period shall be adjusted accordingly.
- 5) For the purpose of measuring natural gas won and saved from land subject to a licence, the volume of the natural gas shall be calculated at an absolute pressure of one atmosphere and at a temperature of 60 degrees fahrenheit.

### **37. Information, reports, records, accounts and address requirements.**

- 1) The holder or former holder of a licence shall furnish information, submit reports or keep records and accounts in accordance with the Second Schedule to this Act.
- 2) The holder of a licence shall—
  - a) establish, immediately after the grant of the licence and keep established while the licence subsists, an address in Uganda; and
  - b) give notice of that address and of any variation of that address to the Minister.

## **PART V—RESTRICTIONS AND SURFACE RIGHTS**

### **38. Restrictions on exercise of rights.**

- 1) A holder of a licence shall not exercise any right under it—
  - a) without the written consent of the Minister, upon any land dedicated or set apart for any public purpose or for a place of burial, or upon land over which a right to mine has been granted;
  - b) without the written consent of the lawful occupier thereof—
    - (i) upon any land which is the site of or which is within two hundred metres of any inhabited, occupied or temporarily unoccupied house or building;
    - (ii) within fifty metres of any land which has been cleared or ploughed or otherwise bona fide prepared for the growing of agricultural crops or on which agricultural crops are growing;
    - (iii) upon any land from which, during the year immediately preceding, agricultural crops have been reaped; or
    - (iv) upon any land which is the site of or is within one hundred metres of any cattle dip, tank, dam or water used by mankind or cattle, but where consent of the lawful occupier is unreasonably withheld, the Minister may authorise the holder of the

licence to exercise all or any of his or her rights under the licence on such land subject to such conditions as the Minister may deem fit;

- c) in a national game park or game reserve without the written consent of the Minister responsible for wildlife;
  - d) in a forest reserve without the written consent of the Minister responsible for forestry;
  - e) upon any land reserved for the purposes of a railway track or within fifty metres of any railway track, without the written consent of the railway administration concerned;
  - f) upon any land within, or within two hundred metres of, the boundaries of any township, without the written consent of the local authority concerned;
  - g) upon any street, road, public place or aerodrome without the written consent of the Minister or other authority having control thereof.
- 2) A person exercising any right under a licence shall produce evidence of the possession of the licence to the lessee or lawful occupier of any land upon which the right is to be exercised upon demand being made to him or her in that behalf; and in default of the production, the person may be treated as a trespasser.

### **39. Right to graze stock or cultivate.**

- 1) The lessee or lawful occupier of any land in an exploration or development area shall retain the right to graze stock upon or to cultivate the surface of the land insofar as the grazing or cultivation does not interfere with exploration or development operations in the area.
- 2) In the case of a development area, the lessee or lawful occupier of any land within the area shall not erect any building or structure on the land without the written consent of the registered holder of the licence or, if the consent is unreasonably withheld, the written consent of the Minister.
- 3) The rights conferred by a licence shall be exercised reasonably and so as to affect as little as possible the interests of any lessee or lawful occupier of the land to which the rights are exercised, and exploration or development operations shall be carried out in a proper manner.

### **40. Acquisition of exclusive rights.**

- 1) Subject to section 38 and any written law relating to the acquisition of land, a holder of a petroleum production licence may, if he or she requires the exclusive use of the whole or any part of a block in a development area, and shall, if so requested by the lessee of any part of such area, obtain a lease of the land or other right to use it upon such terms as to the rent to be paid therefor, the duration thereof or the extent or area of the land to which the lease or other right shall relate as may be agreed between the holder and the lessee or, failing such agreement, as may be determined by arbitration.
- 2) In assessing any rent payable under this section—



- a) account shall be taken of any compensation necessary for the termination of any lawful occupancy in accordance with any other written law for the time being in force;
- b) an arbitrator shall determine the matter in relation to values at the time of the arbitration current in the area to which the development licence relates for land of a similar nature to the land concerned but without taking into account any enhanced value due to the presence of petroleum.

#### **41. Compensation for disturbance of rights, etc**

- 1) A holder of a licence shall, on demand being made by the lessee or lawful occupier of any land, pay the lessee or occupier fair and reasonable compensation for any disturbance of their rights and for any damage done to the surface of the land due to exploration or development operations, and shall, on demand being made by the owner of any crops, trees, buildings or works damaged during the course of such operations, pay compensation for the damage; but—
  - a) payment of rent to a lessee or compensation to a lawful occupant for termination of his or her occupancy under the provisions of section 40 shall be deemed to be adequate compensation for deprivation of the use of the land to which the rent or compensation relates;
  - b) in assessing compensation payable under this section, account shall be taken of any improvements effected by the holder of the licence or by his or her predecessor in title, the benefit of which has or will enure to the lessee or lawful occupier of the land;
  - c) the basis upon which compensation shall be payable for damage to the surface of any land shall be the extent to which the market value of the land (for which purpose it shall be deemed saleable) upon which the damage occurred has been reduced by reason of the damage, but without taking into account any enhanced value due to the presence of petroleum.
- 2) Where the holder of a licence fails to pay compensation when demanded under this section, or if the lessee or lawful occupier of any land is dissatisfied with any compensation offered, the dispute shall be determined by arbitration.
- 3) A claim for compensation under subsection (1) shall be made within four years from the date when the claim has accrued, failing which, notwithstanding any provision of any other written law, the claim shall not be enforceable.

### **PART VI—REGISTRATION AND TRANSFER OF LICENCES**

#### **42. Records.**

The commissioner shall cause to be kept a record, in such form as he or she may determine, in which shall be recorded—

- a) the name and address of any person to whom a licence is granted; and
- b) any dealings with or affecting a licence granted.

**43. Interest in licence to be created by instrument in writing.**

- 1) A legal or equitable interest in or affecting a licence shall not be capable of being created, transferred, assigned, effected or dealt with whether directly or indirectly, except by instrument in writing.
- 2) The creation of a legal or equitable interest in or affecting a licence shall not affect the liability of the licensee for any breach of the conditions of the licence or of any of the provisions of this Act.

**44. Transfer, etc. of licence to be approved by Minister.**

- 1) A transfer of a licence, or an instrument by which a legal or equitable interest in or affecting a licence is created, assigned or dealt with, whether directly or indirectly, shall be of no effect without the approval of the Minister.
- 2) A person seeking the approval of the Minister under subsection (1) shall make application to the Minister in such manner as may be prescribed.
- 3) Subject to subsections (4) and (5), on application made under subsection (2), the Minister may give or refuse to give his or her approval, or give his or her approval subject to such conditions as he or she may deem necessary in the circumstances to impose.
- 4) The Minister may require any person making application under this section to furnish to the Minister in writing such additional information as he or she may reasonably require to enable him or her to dispose of the application, and the applicant shall comply with the requirement.
- 5) The Minister shall give his or her approval to the transfer of a petroleum exploration licence where the transferee—
  - a) is a person controlling, controlled by or under common control with the transferor; and
  - b) is not a person disqualified under any provision of this Act from holding a petroleum exploration licence.
- 6) Where the Minister gives his or her approval under subsection (3), he or she shall cause the name of the transferee to be recorded as the holder of the licence, and any legal proceedings which may be commenced or continued against the transferor may be commenced or continued notwithstanding the transfer.
- 7) For the purposes of subsection (1), a reference to the “transfer of a licence” includes a transmission of a licence by operation of law.

**45. Evidentiary provision.**

- 1) The commissioner may give a certificate stating—
  - a) that a licence was granted, cancelled or transferred on, or with effect from, a date specified in the certificate;
  - b) that any block identified in the certificate is, or was on a date specified in the certificate, subject to a licence;
  - c) that a condition specified in the certificate is a condition on which any consent or approval specified in the certificate was given;
  - d) that a person named in the certificate is, or was on a date specified in the certificate, the holder of a licence; or
  - e) that a direction specified in the certificate was, on a date so specified, given to the person named in the certificate, and the certificate shall be received in proceedings before any court or tribunal as evidence of that fact, but without prejudice to the right to adduce evidence in rebuttal.
- 2) The power under subsection (1) to give a certificate stating that any matter referred to in paragraphs (a) to (e) is or was the case includes a power to state that any such matter is not or was not the case.

## PART VII—FINANCIAL

### **46. Annual charge in respect of licence.**

- 1) There shall be payable to the Government by the registered holder of any licence an annual charge calculated in such manner as may be prescribed.
- 2) The annual charge payable pursuant to subsection (1) shall be payable on the grant of a licence and thereafter annually on the anniversary of the grant until the termination of the licence.

### **47. Royalty on petroleum.**

- 1) Subject to this Act, the holder of a petroleum production licence shall pay royalty in accordance with his or her licence and this Act.
- 2) For the purposes of determining the provisions to be included in a petroleum production licence with respect to the payment of royalty, the Minister shall give effect to the petroleum agreement.
- 3) Where provision is made in a petroleum production licence for the payment of royalty in kind, the word “pay” and cognate expressions in section 54(4) and this Part shall be construed accordingly.

### **48. Prohibition on disposal of petroleum.**

If the holder of a petroleum production licence fails to pay, on or before the due date or during any extension period allowed by the Minister, any royalty payable by him or her, the Minister may, by order served on the holder of the licence, prohibit the removal of, or any dealings in or with, any petroleum from the development area concerned, or from any other development area subject to a licence held by that holder, or from both, until all outstanding royalty has been paid or until an arrangement has been made and accepted by the Minister for the payment of the royalty; and the holder shall comply with the order.

#### **49. Remission of royalty, etc.**

The Minister may, on application made to him or her by a licensee and after consultation with the Minister responsible for finance—

- a) remit, in whole or part, any royalty payable; or
- b) defer payment of any royalty, on such conditions as he or she may determine and specify in the instrument of remission or deferment.

#### **50. Recovery of royalty.**

- 1) Subject to subsection (3), royalty payable pursuant to section 47 is a debt due to the Government and may be recovered in a court of competent jurisdiction.
- 2) A certificate of the Minister certifying that a specified amount of royalty is payable by a person specified in the certificate shall, in any proceedings instituted against that person for the recovery of any royalty, be received as evidence of that fact, but without prejudice to the right to adduce evidence in rebuttal.
- 3) Subsections (1) and (2) shall not apply in any case where the royalty concerned is payable in kind.

#### **51. Security for compliance.**

The commissioner may, from time to time, make such arrangements as appear appropriate to him or her to secure that the holder of a licence complies with this Act and his or her licence; and he or she may, in particular, accept guarantees, whether from shareholders or otherwise, in respect of that compliance.

### **PART VIII—SURRENDER AND CANCELLATION OF LICENCES**

#### **52. Surrender.**

- 1) The registered holder of a licence who wishes to surrender all or any of the blocks subject to the licence shall apply to the commissioner for a certificate of surrender—
  - a) in the case of an exploration licence, not less than ninety days before the date on which he or she wishes the surrender to have effect; and

- b) in the case of a production licence, not less than one year before the date on which he or she wishes the surrender to have effect.
- 2) An application for a certificate of surrender shall—
  - a) state the date on which the applicant wishes the surrender to have effect;
  - b) identify the blocks to be surrendered;
  - c) give particulars of the exploration or development operations carried on since the licence was granted or last renewed, whichever is the latter, in respect of the blocks to be surrendered; and
  - d) be supported by such records and reports in relation to those operations as the commissioner may require.
- 3) Subject to subsection (4), on application duly made under subsection (1), the commissioner shall issue a certificate of surrender in respect of the blocks to which the application relates, either unconditionally or subject to such conditions relating to safety and the observance of good oil field practices as may be specified in the certificate.
- 4) The commissioner shall not issue a certificate of surrender—
  - a) to an applicant who is in default;
  - b) to an applicant who fails to comply with any reasonable requirement of the commissioner for the purposes of subsection (2)(d); or
  - c) if the commissioner is not satisfied that the applicant will leave the blocks to be surrendered in a condition which is safe and which accords with good oil field practices.
- 5) Where a certificate of surrender is issued, the commissioner shall—
  - a) if not all of the blocks subject to the licence are surrendered, amend the licence accordingly; and
  - b) in any other case, cancel the licence, and in either case, the commissioner shall give to the applicant for the certificate of surrender notice of the amendment or, as the case may be, the cancellation, and of the issue of the certificate of surrender.
- 6) Any block in respect of which a certificate of surrender is issued shall be treated as having been surrendered with effect from the date on which notice of the surrender is given to the applicant pursuant to subsection (5).
- 7) The surrender of any block shall not affect any liability of the licensee incurred before the date on which the surrender has effect in respect of that block, and any legal proceedings that might have been commenced or continued in respect of the liability may be commenced or continued against that licensee.

### **53. Suspension or cancellation of a licence.**

- 1) Subject to this section, where a licensee is in default, the Minister may, by notice in writing served on the licensee, suspend or cancel the licence.
- 2) For the purposes of subsection (1), the licensee shall not be treated as in default unless the Minister has served on the licensee a notice in writing giving the particulars of any

default complained of and the licensee has not within a reasonable time specified in the notice remedied the default, or where the default cannot be remedied, offered to the Minister in respect of the default adequate compensation.

- 3) The Minister may, by notice in writing served on the registered holder of a licence, cancel the licence if—
  - a) the holder is an individual and is—
    - (i) adjudged bankrupt; or
    - (ii) enters into any agreement or scheme of composition with his or her creditors or takes advantage of any law for the benefit of debtors; or
  - b) the holder is a body corporate and an order is made or a resolution is passed winding up the affairs of the body corporate unless the winding up is for the purpose of amalgamation and the Minister has consented to the amalgamation, or unless the winding up is for the purpose of reconstruction and the Minister has been given notice of the reconstruction.
- 4) Where two or more persons constitute the registered holder of a licence, the Minister shall not, under subsection (3), cancel the licence on the occurrence, in the case of one or some only of the persons constituting the holder, of an event entitling the Minister to so cancel the licence, if any other person constituting the holder satisfies the Minister that he or she is willing and is able to carry out the duties and obligations of the holder of the licence.
- 5) Where a petroleum production licensee is a body corporate or where a body corporate is included among the persons who together constitute the licensee, and the body corporate either—
  - a) registers the transfer of any equity share or shares in the body corporate to any person or his or her nominee; or
  - b) enters into an agreement, arrangement, or understanding, (whether or not having legal or equitable force) with any person, and the effect of doing so is to give to that person, or any other person, control of the body corporate, the Minister, if he or she considers that the public interest would be prejudiced by the change of control, may serve notice in writing on the licensee stating that the Minister proposes to cancel the licence in pursuance of this section unless such a further change in the control of the body corporate as is specified in the notice takes place within a period of three months beginning with the date of service of the notice.
- 6) Where the further change specified in the notice served by the Minister under subsection (5) does not take place within three months, the Minister may cancel the licence.
- 7) For the purposes of this section—
  - a) a person is deemed to have control of a body corporate-
    - i. If the person or his or her nominee holds, or the person and his or her nominee hold, a total of 20 percent or more of the issued equity shares in the body corporate;
    - ii. if the person is entitled to appoint, or prevent the appointment of half, or more than half, of the directors of the body corporate; or

- iii. if the person is entitled to exercise, or control the exercise of, the right to cast votes in respect of not less than two-fifths of the total number of votes in respect of issued equity shares in the body corporate;
  - c) “equity shares”, in relation to a body corporate, means shares in the body corporate carrying voting rights in all circumstances at a general meeting of the body corporate, and includes preference shares, other than preference shares which do not have such
  - d) voting rights;
  - e) “preference shares” means shares which carry the right to payment of a dividend of a fixed amount, or not exceeding a fixed amount, in priority to payment of the dividend on another class or other classes of shares, whether with or without other rights; and
  - f) the reference in paragraph (a)(iii) to the entitlement to control the exercise of the right to cast votes shall be read as including an entitlement to control the exercise of that right directly or indirectly, and includes control that is exercisable as a result of or by means of trusts.
- 8) On the cancellation of a licence, the rights of the holder of the licence under the licence shall cease, but the cancellation shall not affect any liability incurred before the cancellation, and any legal proceedings that might have been commenced or continued against the former holder of the licence may be commenced or continued against him or her.

#### **54. Force majeure.**

- 1) Any failure on the part of a licensee to fulfill any of the conditions of his or her licence or to meet any requirement of this Act or a petroleum agreement shall not constitute a breach of the licence or of this Act or the agreement, insofar as the failure results from an act of war, hostility, insurrection, or a storm, flood, earthquake or such other natural phenomenon beyond the reasonable control of the licensee, or from any other cause prescribed in the licence or the petroleum agreement as constituting force majeure.
- 2) Where a licensee fails to fulfill any of the conditions of his or her licence because of the occurrence of circumstances of a kind referred to in subsection (1), he or she shall immediately notify the Minister giving particulars of the failure and its cause.
- 3) Where a licensee is prevented from exercising any of his or her rights or discharging his or her obligations under his or her licence for any period because of the occurrence of circumstances of a kind referred to in subsection (1), then that period shall be added to the period during which the licensee would otherwise have been obliged to discharge those obligations.
- 4) This section does not apply with respect to any requirement under a licence or this Act to make any payment of royalty, annual charges, rent or fees.

#### **PART IX—MISCELLANEOUS**

## **55. Directions by the Minister.**

- 1) The Minister may, by notice in writing served on a licensee, give to the licensee a direction, consistent with good oil field practices, as to any matter with respect to which regulations may be made under section 70.
- 2) A licensee who fails or neglects to comply with a direction given under subsection (1) commits an offence and is liable on conviction to a fine not exceeding one million shillings.
- 3) In proceedings on a prosecution for an offence under subsection (1), it shall be sufficient defence if the person charged proves that he or she promptly took all reasonable steps to comply with the direction.

## **56. Compliance with directions.**

Where a licensee fails or neglects to comply with a direction given to him or her under and in accordance with section 55, the Minister may cause to be done all or any of the things required by the direction to be done, and the costs and expenses incurred in doing so are a debt due to the Government and may be recovered in a court of competent jurisdiction, notwithstanding that the licensee may have been convicted of an offence under section 55(2).

## **57. Information required by the Minister.**

- 1) Where the Minister has reason to believe that a person is in possession of any information or data relating to exploration or development operations or to petroleum obtained or the value thereof, he or she may, by notice in writing, require that person—
  - a) to furnish to him or her that information or data within the period and in the manner specified in the notice;
  - b) to attend before him or her or a person identified in the notice at such time and place as may be specified and there to answer questions relating to those operations or petroleum obtained or the value thereof; or
  - c) to furnish to a person identified in the notice at such time and place as is so specified the information or data in his or her custody or power relating to those operations or petroleum obtained or the value thereof.
- 2) A person shall not be excused from furnishing information or data, or answering a question when required to do so under this section on the ground that the information or data so furnished or the answer to the question might tend to incriminate him or her to make him or her liable to a penalty, but the information or data so furnished or his or her answer to the question shall not be admissible in evidence against him or her in any proceedings other than proceedings for an offence against this section.
- 3) Where any data is furnished pursuant to a requirement under subsection (1)(c), the person to whom it is made available may make copies or take extracts from the data.



- 4) Any person who—
  - a) refuses or fails to comply with the requirement in a notice under subsection (1) to the extent to which he or she is capable of complying with it;
  - b) in purported compliance with any requirement referred to in subsection (1), knowingly or recklessly makes a statement or furnishes any information or data that is false or misleading in a material particular, commits an offence and is liable on conviction to a fine not exceeding ten million shillings or to imprisonment for a term not exceeding two years or to both such fine and imprisonment.

## **58. Powers of the commissioner and authorized officers.**

- 1) For the purposes of this Act, the commissioner or an authorized officer may, at all reasonable times—
  - a) enter any area, structure, vehicle, vessel, aircraft or building that, in his or her opinion, has been, is being or is to be used in connection with exploration or development operations;
  - b) inspect and test any machinery or equipment that, in his or her opinion, has been, is being or is to be used in connection with exploration or development operations;
  - c) take or remove for the purpose of analysis or testing or for use in evidence in connection with an offence under this Act, samples of petroleum or other substances from any area where any exploration or development operations are being carried on;
  - d) inspect, take extracts from, and make copies of, any document relating to any exploration or development operations;
  - e) with respect to the health and safety of persons employed by a licensee in or in connection with any exploration or development operations, issue directions to and impose restrictions on the licensee or any persons so employed, by instrument in writing;
  - f) order, by instrument in writing—
    - i. the cessation of operations on or in, and the withdrawal of all persons from, any structure or building that is being used in connection with any exploration or development operations; or
    - ii. the discontinuance of the use of any machinery or equipment, which he or she considers unsafe, until such action as is necessary for safety and specified in the instrument is taken and completed; and
  - g) make such examinations and inquiries as may be necessary to ensure that the provisions of this Act, and any directions issued, conditions imposed or orders made under this Act, are being complied with.
- 2) The commissioner or the authorized officer shall before exercising any of his or her powers under subsection (1) identify himself or herself to any person who is or appears to be in charge of the area, structure, vehicle, vessel, aircraft, building, machinery, equipment or matter or thing in respect of which the power is about to be exercised, and to any person to whom he or she is about to give the order or direction.
- 3) Any person who is aggrieved by a decision, direction or order of an authorised officer made under this section may appeal in writing to the commissioner or, in the case of a decision, direction or order made by the commissioner, to the Minister, who shall, as soon as is practicable dispose of the appeal, but the bringing of the appeal shall not affect

the operation of the decision, direction or order appealed from pending the disposition of the appeal.

- 4) On appeal being made under subsection (3), the commissioner or the Minister, as the case may be, may rescind or affirm the decision, direction or order appealed from or may make a new decision, direction or order in substitution therefor, and that decision, direction or order shall be final.
- 5) In the exercise of his or her powers under subsection (1), the commissioner or authorised officer may be accompanied by any person who the commissioner or the authorised officer, as the case may be, believes has special or expert knowledge of any matter being inspected, tested or examined.
- 6) A person who is an occupier of or is in charge of any building, structure or place, or a person in charge of any vehicle, vessel, aircraft, machinery or equipment referred to in subsection (1) shall provide the commissioner or an authorised officer with all reasonable facilities and assistance, including the provision of the necessary means of transport, for the effective exercise of the commissioner's or authorised officer's powers under this section.
- 7) Any person who—
  - a) without reasonable excuse, obstructs, molests or hinders the commissioner or an authorised officer in the exercise of his or her powers under this section; or
  - b) knowingly or recklessly makes a statement or produces a document that is false or misleading in a material particular to the commissioner or an authorised officer engaged in carrying out his or her duties and functions under this Act, commits an offence and is liable on conviction to a fine not exceeding ten million shillings or to imprisonment for a term not exceeding two years or to both such fine and imprisonment.

## **59. Prohibition against disclosure of information.**

- 1) Subject to subsection (2), no information furnished, or information in a report submitted, pursuant to this Act by a licensee shall be disclosed to any person who is not a Government Minister or an officer in the public service except with the consent of the licensee.
- 2) Nothing in subsection (1) operates to prevent the disclosure of information when the disclosure is made—
  - a) after the licence concerned has ceased to have effect, or has ceased to have effect over the land to which the disclosure would relate;
  - b) for and in connection with the implementation of this Act;
  - c) for the purpose of or in connection with any legal proceedings;
  - d) to any consultant employed to advise the Government on matters relating to petroleum;
  - e) for or in connection with the preparation by or on behalf of the Government of statistics in relation to exploration or development operations;

- f) to a financial institution for or in connection with financial arrangements or advice in relation to exploration or development operations;
  - g) for or in connection with the determination of any liability of the licensee to make any payment to the Government; or
  - h) for or in connection with any matter, or for any purpose, prescribed in a petroleum agreement.
- 3) Any person who contravenes subsection (1) commits an offence and is liable on conviction to a fine not exceeding five million shillings or to imprisonment for a term not exceeding two years or to both such fine and imprisonment.
  - 4) In proceedings on a prosecution for an offence under this section, it shall be a sufficient defence if the person charged proves that the information disclosed and to which the prosecution relates was, without that disclosure, generally known to the public.

## **60. Prohibition against holding licence, etc**

- 1) No officer in the public service, engaged in the implementation of this Act shall, in his or her private capacity, directly or indirectly, acquire, attempt to acquire or hold—
  - a) a licence or an interest in a licence; or
  - b) a share in a body corporate that is entitled under this Act to carry on exploration or development operations in land in Uganda.
- 2) Any person who contravenes subsection (1) commits an offence and is liable on conviction to a fine not exceeding five million shillings or to a term of imprisonment not exceeding twelve months or to both such fine and imprisonment.
- 3) In proceedings on a prosecution for an offence under this section of acquiring a share of a kind referred to in subsection (1)(b), it shall be a sufficient defence if the person charged proves that—
  - a) the share was acquired by operation of law; and
  - b) all reasonable steps necessary to dispose of the share have been and are continuing to be taken.
- 4) In proceedings on a prosecution for an offence under this section of holding a licence, or an interest or share of a kind referred to in subsection (1), it shall be a sufficient defence if the person charged proves—
  - a) that either—
    - (i) the licence, interest or share was acquired at a time when he or she was not engaged in the implementation of this Act; or
    - (ii) the share was acquired before the body corporate became entitled under this Act to carry on exploration or development operations; and
  - b) that since he or she has been engaged in the implementation of this Act or since the body corporate became so entitled, as the case may be, all reasonable steps necessary to dispose of the licence, interest or share have been, and are continuing to be, taken.

### **61. Penalty for late payments.**

- 1) Where the liability of a person under this Act or under a licence to pay an amount is not discharged on or before the time when the amount is payable, there shall be payable by that person an additional amount calculated at the rate of a of 1 percent per day upon so much of that amount as from time to time remains unpaid, to be computed from the time that the amount became payable until it is paid.
- 2) The Minister may, in any particular case, for reasons that in his or her opinion are sufficient, remit the whole or part of an amount payable under this section.

### **62. Obstruction of licensee.**

Any person who, without reasonable excuse, obstructs, molests, hinders or prevents a licensee in or from the doing of any act which the licensee is authorised to do by this Act or his or her licence commits an offence and is liable on conviction to a fine not exceeding one hundred thousand shillings or to imprisonment for a term not exceeding two years or to both the fine and imprisonment.

### **63. Restriction on removal of petroleum.**

- 1) Petroleum shall not be removed from the area from which it has been obtained to any other area, or disposed of in any manner, except—
  - a) by a licensee, with the written consent of the commissioner, for the purpose of sampling or analysis;
  - b) by a licensee in accordance with the conditions of his or her licence; or
  - c) as otherwise permitted by this Act.
- 2) Any person who contravenes subsection (1) commits an offence and is liable on conviction—
  - a) in the case of an individual, to a fine not exceeding ten million shillings or to imprisonment for a term not exceeding five years or to both such fine and imprisonment;
  - b) in the case of a body corporate, to a fine not exceeding one hundred million shillings.

### **64. Miscellaneous offences.**

Any person who—

- a) in, or in connection with, any application under this Act or his or her licence, or in response to any invitation or requirement of the Minister or the commissioner under this Act, knowingly or recklessly gives or permits to be given information which is false or misleading in a material particular;
- b) in any report, return or affidavit submitted in pursuance of this Act or his or her licence, knowingly or recklessly includes, or permits to be included, any information which is false or misleading in a material particular; or
- c) places or deposits, or is accessory to the placing or depositing of, any petroleum or substance in any place with the intention of misleading any other person as to the

possibility of a petroleum reservoir existing in that place, commits an offence and is liable on conviction—

- d) in the case of an individual, to a fine not exceeding ten million shillings or to imprisonment for a term not exceeding five years or to both the fine and imprisonment; and
- e) in the case of a body corporate, to a fine not exceeding one hundred million shillings.

#### **65. Offences committed by body corporate.**

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

#### **66. Orders for forfeiture.**

- 1) Where a person is convicted of an offence under this Act, a court of competent jurisdiction may, in addition to any other penalty imposed, make—
  - a) an order for the forfeiture of any vehicle, aircraft, vessel or equipment used in the commission of the offence; and
  - b) an order—
    - (i) for the forfeiture of petroleum recovered in the course of the commission of the offence;
    - (ii) for the payment by that person to the Government of an amount equal to the proceeds of the sale of the petroleum so received; or
    - (iii) for the payment by that person to the Government of the value at the wellhead, assessed by the court in respect of the quantity recovered or for the payment of such a part of that amount as the court, having regard to all the circumstances, thinks fit.
- 2) Where the court is satisfied that an order made under subsection (1)(b)(i) cannot for any reason be enforced, the court may, upon the application of the person by whom the proceedings were brought, set aside the order and make an order referred to in subsection (1)(b)(ii) and (iii).
- 3) The court may, before making an order under this section require notice to be given to, and to hear, such persons as the court thinks fit.

#### **67. Scientific investigation.**

- 1) Notwithstanding section 2(2), the commissioner may, by instrument in writing, consent to the carrying on by any person of exploration operations in the course of a scientific investigation with respect to the geology or petroleum resources of Uganda.

- 2) (2) Subject to subsection (4), an instrument of consent under subsection (1) shall authorise the person to whom it is issued to carry on the exploration operations specified in the instrument—
  - a) in the area; and
  - b) subject to any condition, specified in the instrument, in the course of the scientific investigation.
- 3) Subject to subsection (4), an authorised officer and any person authorised in writing for the purpose of this section by the commissioner, may, for the purpose of collecting information on the geology and petroleum resources of Uganda, enter on any land in Uganda and, for that purpose, carry on any prescribed operation.
- 4) The holder of an instrument of consent or an authorised officer or a person authorised under subsection (3) shall not, pursuant to subsection (2) or (3), enter on any land or place referred to in section 38 without first obtaining the consent required under that section in relation to the land or place.

#### **68. Service of documents.**

- 1) A document or notice required or permitted to be served on, or given to, a person under or for the purposes of this Act, may be served or given—
  - a) in the case of an individual, other than the Minister or the commissioner, by serving it personally upon the individual or by sending it by post to him or her at his or her usual or last known place of abode or business;
  - b) in the case of the Minister or the commissioner, in such manner as may be prescribed;
  - c) in the case of a body corporate—
    - (i) by leaving it at the registered or principal office of the body corporate;
    - (ii) by sending it by post to the body corporate at the registered or principal office of the body corporate; or
    - (iii) by delivering it to some individual in the employment or acting on behalf of the body corporate who is authorised by the body corporate to accept service of or to receive the document or any document.
- 2) For the purposes of subsection (1)(c), the principal office of a body corporate incorporated outside Uganda is its place of business established under the provisions of Part X of the Companies Act.

#### **69. Indemnity of the Republic of Uganda.**

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

## **70. Regulations.**

- 1) The Minister may, from time to time, make regulations in connection with, or for all or any of, the following matters or purposes—
  - a) the exploration for petroleum and the carrying on of operations and the execution of works for that purpose;
  - b) the production of petroleum and the carrying on of operations, and the execution of works for that purpose;
  - c) the conservation and prevention of the waste of natural resources, whether petroleum or otherwise, and the carrying out of environmental impact studies for that purpose;
  - d) the form and content of, and conditions with respect to, applications for the grant or renewal of licences;
  - e) the construction, erection, maintenance, operation or use of installations or equipment;
  - f) the prevention of the escape of water or drilling fluid or a mixture of water and drilling fluid or any other substance;
  - g) the prevention and control of and the liability for petroleum pollution;
  - h) (h) the removal of structures, equipment and other property brought into Uganda in connection with the exploration for or the production or conveyance of petroleum that are not used or intended to be used in connection with that exploration, production or conveyance;
  - i) the pressure maintenance in, or the repressuring of, a petroleum reservoir and recycling of petroleum;
  - j) the secondary or tertiary recovery of petroleum from a petroleum reservoir and the methods to be used in such recovery;
  - k) the use of wells and the use of the subsurface for the disposal of petroleum, water and other substances produced in association with the exploration for or the recovery of petroleum;
  - l) the rates, or the method of setting the rates, at which petroleum and water may be recovered from any well or petroleum reservoir;
  - m) the methods to be used for the measurements of petroleum, water and other substances from a well;
  - n) the safety and welfare standards and the health and safety of persons employed in or in connection with the exploration for or the production or conveyance of petroleum;
  - o) the taking, preserving and furnishing to the Minister or the commissioner of cores, cuttings and samples of petroleum and water;
  - p) the production to the Minister of reports, returns and other information;
  - q) the registration of instruments and the effect of the registration of, or failure to register, instruments;
  - r) the transfer of licences or interests in licences;
  - s) the taking of logs or directional surveys or making other downhole investigations;
  - t) the annual charges payable under this Act;
  - u) the fees to be paid in respect of any matter or thing done under this Act;
  - v) the division of the geographic area of Uganda into graticular sections; and
  - w) generally for better carrying out the purposes of this Act.

- 2) The power under this section to make regulations may be exercised—
  - a) either in relation to all cases to which the power extends, or in relation to all of those cases subject to specified exceptions or in relation to any specified cases or class of cases; and
  - b) so as to make, as respects the cases in relation to which it is exercised—
    - (i) the same provision for all those cases, a different provision for different cases or classes of cases, or different provisions as respects the same case or class of cases for different purposes of this Act; or
    - (ii) any such provision either unconditionally or subject to any specified condition.



## **SCHEDULES**

### *First Schedule.*

#### **Graticulation of the surface of the earth**

##### **1. Reference map.**

- 1) The commissioner shall cause to be prepared a reference map showing the geographical area of land in Uganda, divided into blocks constituted as provided in this Schedule.
- 2) For the purpose of the preparation of the reference map pursuant to subparagraph (1), the surface of the earth shall be deemed to be divided into blocks—
  - a) by the meridian of Greenwich and by meridians that are at a distance from that meridian of five minutes of longitude or a multiple of five minutes of longitude; and
  - b) by the equator and by parallels of latitude that are at a distance from the equator of five minutes of latitude or a multiple of five minutes of latitude, each of the blocks being bounded by portions of—
- c) two of those meridians that are at a distance from each other of five minutes of longitude; and
- d) two of those parallels of latitude that are at a distance from each other of five minutes of latitude.
- 3) Where any block as so constituted would be partly inside and partly outside the geographical area of land in Uganda, the block shall be treated as being constituted by the part that is inside that area.
- 4) Each block on the reference map prepared pursuant to subparagraph (1) shall be given on the map a number or a letter or both, for the purpose of identification.
- 5) The manner of the depiction of the geoid for the purpose of the division referred to in subparagraph (2) shall be determined, from time to time, by the commissioner by notice published in the Gazette.

##### **2. Map to be deposited and taken as evidence.**

- 1) The reference map prepared pursuant to paragraph 1 shall be deposited at such office as may, from time to time, be determined by the commissioner by notice published in the Gazette.
- 2) The commissioner may, from time to time, certify a map to be a true copy of the reference map prepared pursuant to paragraph 1, and any such copy shall be received in proceedings before any court or tribunal as evidence of the contents of the reference map so prepared.

### **3. References in licenses to identified block.**

Any reference in a petroleum exploration licence or in a petroleum production licence to an identified block shall be treated as a reference to the block so identified on the reference map prepared pursuant to paragraph 1.

#### *Second Schedule.*

s. 37.

### **Miscellaneous duties with respect to submitting reports, etc**

#### **1. Records, etc.**

- 1) Subject to this Schedule, the holder of a licence shall keep at an address in Uganda notified to the commissioner full and accurate records containing full particulars of the following matters—
  - a) the drilling, operation, deeping, plugging or abandonment of wells;
  - b) the strata and subsoil through which wells are drilled;
  - c) the casing inserted in wells and any alteration to such casing;
  - d) any petroleum, water and other economic minerals or dangerous substances encountered and any significant discovery of any mineral (as defined in the Mining Act); and
  - e) the areas in which any geological or geophysical work has been carried out.
- 2) The holder of a licence shall keep at the address referred to in subparagraph (1) accurate geological maps and plans, geophysical records, and interpretations thereof, relating to the area subject to the licence.
- 3) The holder of a licence shall give the commissioner, in such form as the commissioner may direct—
  - a) at half-yearly intervals commencing six months after the grant of the licence—
    - (i) a summary of all geological and geophysical work carried out;
    - (ii) a summary of all drilling activity and results obtained; and
    - (iii) copies of maps, tapes or reports and of other geological and geophysical data prepared for the holder, in or in respect of the period concerned;
  - b) within sixty days after the end of each year of the term of licence—
    - (i) a record describing the results of all exploration and production operations carried out by the holder in the year concerned; and
    - (ii) estimates, if any, of economically recoverable reserves of crude oil and natural gas at the end of the year concerned; and
  - c) summaries of exploration wells drilled, including lithological groups, letter classification boundaries and hydrocarbon zones, within six months of the completion of drilling or, in the case of information that cannot reasonably be obtained in that period, as soon as possible after the completion of drilling.

## **2. Duties on termination of licence.**

Subject to this Schedule, where a licence is determined or cancelled or expires, the person who was the holder of the licence immediately before the determination, cancellation or expiration of the licence shall immediately deliver to the commissioner—

- a) all records which the former holder maintained pursuant to this Schedule with respect to the licence;
- b) all plans or maps of the area that was subject to the licence and which were prepared by or on the instructions of the former holder;
- c) all tapes, diagrams, profiles and charts which were so prepared; and
- d) such other documents as the commissioner may, by notice given to the former holder, require the former holder to so deliver.

## **3. Records to be kept.**

Subject to this Schedule, the holder of a licence shall keep at an address in Uganda notified to the commissioner full and accurate accounts containing full particulars of the following matters—

- a) the gross quantity of any crude oil and natural gas won and saved from the area subject to the licence;
- b) the grades and gravity of any crude oil produced and the composition of natural gas produced;
- c) the quantities of—
  - (i) crude oil;
  - (ii) natural gas;
  - (iii) each refined petroleum product, including liquidified petroleum gases; and
  - (iv) sulphur, in any form, or any other minerals in any form or any other gases, liquids or solids, disposed of by way of sale or otherwise, the consideration received, the quantity disposed of and the name of the person to whom any such quantity was disposed;
- d) the quantity of petroleum injected into the formation of—
  - (i) crude oil;
  - (ii) natural gas;
  - (iii) each refined petroleum product, including liquidified petroleum gases;
- e) the quantity consumed for operations, other than quantities reported under subparagraph (d), and consumed in pumping to field storage and refineries in Uganda of—
  - (i) crude oil;
  - (ii) natural gas; and
  - (iii) each refined petroleum product, including liquidified petroleum gases;
- f) the quantity of crude oil refined by him or her or on his or her behalf in Uganda;
- g) the quantity of natural gas treated in Uganda by him or her or on his or her behalf for the removal of liquids and liquidified petroleum gases, and the quantity of—
  - (i) butane;
  - (ii) propane; and
  - (iii) any other liquids or gases or solids obtained from it; and
- h) the quantity of natural gas flared.

#### **4. Modification of duties.**

The commissioner may, on application made to him or her by the holder or former holder of a licence, by instrument in writing, dispense with or modify any of the requirements of this Schedule in their application to that holder or former holder to the extent and on the conditions, if any, stated in the instrument.

**History:** Act 7/1985; S.I. 89/2000.

#### **Cross References**

Companies Act, Cap.110.

Mining Act, Cap. 148.

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