

**P.N.D.C.L. 84****PETROLEUM (EXPLORATION AND PRODUCTION) ACT, 1984**

## ARRANGEMENT OF SECTIONS

*Petroleum Rights*

## SECTION

1. Petroleum property of the Republic.
2. Exploration, development, production of petroleum.
3. Petroleum operations, to conform to best international practices.
4. Preparation of reference map of blocks.
5. Right of Corporation over blocks.
6. Right to enter land.
7. Compensation.
8. Non-assignment of petroleum agreement.
9. Notification and appraisal of petroleum discovery.
10. Development plans, annual and long-term production programme.

*Petroleum Agreements*

11. Application.
12. Validity of petroleum agreement.
13. Review of terms and conditions.
14. Relinquishment of portions of an area.
15. Minimum work and expenditure obligations.
16. Production of natural gas.
17. Participating interest.
18. Rental payments.
19. Payment of tax.
20. Payment of royalties.
21. Transfer of assets to Corporation.

*Rights and Obligations of Contractors*

22. Petroleum subcontracts.
23. Obligations of contractors.
24. Rights of a contractor.

*Miscellaneous*

25. Transactions between contractor and affiliates.
26. Auditing.
27. Inspection.
28. Restoration of affected lands.
29. Secretary to request information.
30. Exclusion of exemptions granted under Act 437.
31. Offences and penalties.
32. Regulations.

## SECTION

33. Interpretation.
34. Affected legislation.
35. Transitional provisions relating to prospecting and mining licenses.
36. Commencement

---

**P.N.D.C.L. 84****PETROLEUM (EXPLORATION AND PRODUCTION) ACT, 1984<sup>1</sup>**

**AN ACT to provide for the exploration, development and production of petroleum and for related matters.**

*Petroleum Rights***1. Petroleum property of the Republic**

(1) In accordance with clause (6) of article 257 of the Constitution, the petroleum existing in its natural state within the jurisdiction of the Republic is the property of the Republic and is vested in the President on behalf of the people.

(2) Subsection (1) does not affect a right granted, conferred, acquired, recognised by or saved in this Act to explore for or produce petroleum.

(3) The Minister responsible for Fuel and Power shall represent the Republic in negotiations for and entry into petroleum agreements.

(4) A petroleum agreement entered into by the Minister is subject to article 75 of the Constitution.

(5) The entry into a petroleum agreement by the Minister under this section constitutes a requisite and sufficient authority over the land in relation to which the terms of the agreement are to be carried out.

**2. Exploration, development, production of petroleum**

(1) A person, other than the Ghana National Petroleum Corporation established under the Ghana National Petroleum Corporation Act, 1983,<sup>2</sup> shall not engage in the exploration, development or production of petroleum except in accordance with the terms of a petroleum agreement entered into between that person, the Republic and the Corporation pursuant to subsection (4) of section 5 or any other authority granted or recognised under this Act.

(2) Without prejudice to section 1, a person who intends to negotiate for a petroleum agreement for the exploration, development or production of petroleum shall submit an application to the Minister in accordance with the Regulations and the prescribed competitive bidding procedure.

- 
1. The Act was issued as the Petroleum (Exploration and Production) Law, 1984 (P.N.D.C.L. 84) made on the 1st day of June, 1984 and notified in the *Gazette* on 29th June, 1984.
  2. P.N.D.C.L. 64.

(3) Copies of the application shall be forwarded by the applicant to the National Energy Board, the Lands Commission, the Forestry Commission in cases where forest resources are to be affected by the petroleum operations envisaged, the Public Agreements Board and the Minerals Commission.

### **3. Petroleum operations to conform to best international practices**

(1) The operations undertaken under a petroleum agreement or any other authority granted under this Act shall be carried out in accordance with the Regulations and with the best international practices in comparable circumstances relating to exploration and production of petroleum, including secondary recovery and the prevention of and waste of petroleum, so as to maximise the ultimate recovery of petroleum from a petroleum field.

(2) The practices referred to in subsection (1) include reasonable steps to secure the safety, health and welfare of persons engaged in the operations and shall be in accordance with the directions given, restrictions imposed or requirements made by the Minister to ensure compliance with the Regulations.

### **4. Preparation of reference map of blocks**

(1) The Minister shall prepare a reference map showing areas of potential petroleum fields within the jurisdiction of the Republic, divided into numbered areas and each of which shall be described as a block.

(2) Subject to the guidelines issued by the Minister in respect of the maximum number of blocks or portions of a block or of different blocks that may be held under a petroleum agreement, a petroleum agreement may be entered into or authority obtained, in respect of the number of blocks or portions of a block or of different blocks specified in the agreement or the other authority.

(3) The Minister may decide to close certain blocks, other than those covered by petroleum agreements or other authority provided for under this Act, redefine the boundaries of open blocks, or give notice in the *Gazette*, or in any other manner as the Minister thinks fit, of the opening of new blocks.

(4) A decision of the Minister to close or redefine the boundaries of open blocks shall not become operative until after the expiration of ninety days after a notice of the closure or redefinition of the boundaries of open blocks has been published in the *Gazette* or in any other manner determined by the Minister.

(5) Within the period of ninety days the parties with an interest in a petroleum agreement or other authority for petroleum operations may make representations to the Minister regarding the decision to close or redefine open blocks.

(6) A closure or redefinition of open blocks shall not operate to reduce the area which, at the time of the closure or redefinition, is subject to a petroleum agreement.

(7) Where a petroleum field extends beyond the boundaries of an area covered by a petroleum agreement or other authority granted or recognised under this Act, the Minister may determine that the petroleum field shall be developed as a single unit and may give appropriate direction to the Corporation or the contractor or any other person concerned.

**5. Right of Corporation over blocks**

(1) Subject to the Regulations and subsections (3) and (4) of this section, the Corporation has a right to undertake exploration, development and production of petroleum over the blocks declared by the Minister as open for petroleum operations over which a petroleum agreement does not exist.

(2) Subject to section 35, the rights granted to the Corporation under subsection (1) of this section shall not effect a right granted to a person under a licence or an authority given under the Minerals Act, 1962 (Act 126) for prospecting and production before the coming into force of this Act.

(3) Where the exploration, development and production of petroleum under subsection (1) of this section is carried out by the Corporation not in association with a contractor under the terms of a petroleum agreement, the operations of the Corporation shall be carried out in accordance with the terms and conditions prescribed in the Regulations and in accordance with a long-term exploration and production programme and annual programme drawn up by the Corporation in respect of each block and approved by the Minister.

(4) Where the exploration, development and production of petroleum is carried out by the Corporation in association with a contractor, the contractor shall first enter into a petroleum agreement, in accordance with subsection (1) of section 2, with the Republic and the Corporation to specify the terms and conditions under which the petroleum operations shall be carried out.

(5) A petroleum agreement entered into under subsection (4) shall include the provisions required by sections 11 to 21.

**6. Right to enter land**

(1) Subject to this Act and the Regulations the Corporation or a contractor or subcontractor has the right to enter on a land to carry out petroleum operations.

(2) A person holding a title to or an interest in land on which the Corporation or a contractor or sub-contractor proposes to enter and to carry out petroleum operations shall, after consultation with the Corporation, permit the carrying out of the operations.

(3) For the purposes of subsection (2),

- (a) before the commencement of the operations the persons having a title to or interest in the land on which the operations are to be carried out shall be notified of the purpose, nature and location of the proposed operations; and
- (b) a person having a title to or an interest in that land who suffers a loss or damage as a result of the petroleum operations is entitled to the compensation that may be determined by law.

**7. Compensation**

(1) The owner or occupier of a land on which the Corporation or the contractor or subcontractor has carried out petroleum operations, shall apply to the Corporation or subcontractor for compensation for a disturbance of the owner's or occupier's surface rights and for the damage to the surface of the land, building, works or improvements or to livestock, crops and trees as a result of the petroleum operations.

(2) The application for compensation shall be copied to the Minister and the Land Valuation Board.

(3) The amount of compensation payable under subsection (1) shall, subject to the approval of the Land Valuation Board, be determined by agreement between the parties, or if the parties are unable to reach an agreement as to the compensation, the matter shall be referred to the Minister who shall, in consultation with the Land Valuation Board, determine the compensation payable.

#### **8. Non-assignment of petroleum agreement**

A petroleum agreement entered into under this Act shall not directly or indirectly be assigned, in whole or in part, by the holder of the agreement to another person without the prior consent in writing of the Minister.

#### **9. Notification and appraisal of petroleum discovery**

(1) The Corporation or a contractor shall furnish the information requested by the Minister and submit periodic reports on an exploration carried out under a petroleum agreement in accordance with the Regulations.

(2) Where a petroleum discovery is made as a result of an exploration, the Corporation or the contractor,

- (a) shall notify the Minister and the National Energy Board within a period of thirty days after the date of the discovery; and
- (b) shall, in addition, furnish full particulars in writing of the discovery to the Minister and the Board as soon as practicable indicating whether the discovery merits appraisal or not.

(3) The Corporation or the contractor shall, after indicating that the discovery merits appraisal, prepare and submit to the Minister and the National Energy Board a programme and time-table to carry out an adequate and effective appraisal of the discovery for the purpose of enabling a determination to be made as promptly as possible whether the discovery constitutes a commercial field, and the petroleum agreement shall specify the period for carrying out the appraisal.

(4) Where a commercial field is established, the field shall be developed promptly by the Corporation or the contractor, in accordance with the Regulations and with the best international techniques and practices prevailing in the petroleum industry, in order to ensure the most efficient, beneficial and timely use of those petroleum resources.

(5) Where a contractor declares a discovery to be non-commercial, the area which comprises the geological structure in which the discovery is located shall be relinquished by the contractor.

#### **10. Development plans, annual and long-term production programme**

(1) The Corporation or a contractor shall submit to the Minister and the National Energy Board a development plan in respect of a petroleum field to be developed directly

by the Corporation the contractor or in accordance with the terms of a petroleum agreement and the Regulations.

(2) An operation shall not commence to implement a development plan unless the plan has been approved by the Minister.

(3) The Corporation or a contractor shall submit for the approval of the Minister long-term production programmes in respect of a petroleum field to be developed directly by the Corporation the contractor or in accordance with the terms of a petroleum agreement and the Regulations.

(4) The Minister may direct the Corporation or a contractor to take the necessary and practical steps to increase or reduce the rate at which petroleum is being recovered to a rate that will enhance the ultimate recovery of petroleum from the field and not to exceed the capacity of existing production facilities in accordance with the Regulations.

### *Petroleum Agreements*

#### **11. Application**

Section 12 to 21 apply to petroleum agreements entered into by the Republic, the Corporation and a contractor pursuant to subsection (4) of section 5.

#### **12. Validity of petroleum agreement**

(1) A petroleum agreement entered into under this Act is valid for a total period not exceeding thirty years, but the agreement shall terminate at an earlier time provided for in the agreement and where a commercial discovery of petroleum is not made within seven years from the effective date of the agreement or the lesser period stipulated in the agreement.

(2) The period commencing from the effective date of a petroleum agreement until the date of termination of the agreement where a commercial discovery is not made as specified in subsection (1) constitutes the exploration period and the period shall be divided into an initial exploration period and one or more periods of extension.

(3) Where a discovery of petroleum is made during the last year of the period specified in subsection (1) for termination of an agreement where a commercial discovery is not made, the Minister may grant an extension of the period in respect of the reduced area comprising the geological structure in which the discovery is located on the terms and conditions that the Minister thinks fit for the purpose of enabling a determination to be made within the period of extension whether the discovery of petroleum constitutes a commercial field.

#### **13. Review of terms and conditions**

A petroleum agreement shall provide for a review of its terms where a significant change occurs in the circumstances prevailing at the time of the entry into the agreement or the last review of the agreement.

**14. Relinquishment of portions of an area**

(1) A petroleum agreement shall provide for the relinquishment in a phased manner of portions of an area to which the agreement relates after the expiration of the initial exploration period specified in the agreement or after the extension of that period.

(2) An area relinquished in accordance with the terms of a petroleum agreement shall, in so far as it is possible, be contiguous and compact and of the size and shape as will permit the effective carrying out of petroleum operations in the relinquished area and shall be in accordance with the Regulations.

(3) The area to be retained at the end of the exploration period shall, in so far as possible, include the petroleum reservoirs for the discoveries of petroleum which may have been made in the agreement area and shall be of the size and shape that the Minister shall approve, except as may otherwise be provided in accordance with the terms of a petroleum agreement.

**15. Minimum work and expenditure obligations**

A petroleum agreement shall provide for a minimum work and expenditure obligations to be fulfilled by a contractor during the initial exploration period and each subsequent extension of the period.

**16. Production of natural gas**

(1) A petroleum agreement shall provide that natural gas produced in association with crude oil may be used in petroleum operations, but that use shall be in accordance with the Regulations and with good petroleum industry practice and approved production plans.

(2) Natural gas produced by a contractor in association with crude oil which is not used in petroleum operations pursuant to subsection (1) and the natural gas produced other than in association with crude oil are the property of Corporation except as may otherwise be agreed on by the Corporation and the contractor in accordance with the terms of a petroleum agreement.

**17. Participating interest**

A petroleum agreement shall provide that the Corporation shall have within a specified period of time from the date that a discovery is declared to be commercial, the option to acquire up to the percentage of the interest in the rights and obligations of the petroleum operations on the terms that may be agreed between the Corporation and the contractor in the petroleum agreement.

**18. Rental payments**

A contractor shall pay to the Republic the prescribed annual rental charges except as may otherwise be provided in accordance with the terms of a petroleum agreement in respect of the area to which the agreement relates during the initial exploration period or an extension of that period.

**19. Payment of tax**

A contractor shall, subject to this Act, pay company income tax in accordance with the laws of Ghana, except as may otherwise be provided in accordance with the terms of a petroleum agreement.

**20. Payment of royalties**

(1) There shall be payable to the Republic royalty in respect of petroleum produced in the Republic, except as may otherwise be provided in accordance with the terms of a petroleum agreement.

(2) Petroleum produced by the Corporation carrying out petroleum operations pursuant to subsection (3) of section 5 is subject to the payment of royalty at the prescribed rates.

(3) Petroleum produced pursuant to a petroleum agreement is subject to the payment of royalty at the rates specified in the agreement, and the Corporation is liable for that payment of the royalty as is due in respect of the petroleum.

**21. Transfer of assets to Corporation**

(1) A petroleum agreement shall provide for the transfer to the Corporation of the physical assets purchased, installed, constructed by the contractor for petroleum operations and the cost of which has been included in the exploration expenditures, but the contractor shall have the use of the assets for the purposes of operations under a petroleum agreement and shall remain liable for maintenance, insurance and any other cost associated with the use.

(2) Without prejudice to subsection (1), after the termination of petroleum operations in an area, the contractor shall give the Corporation an option to acquire the movable and immovable assets used for the petroleum operations, and the operation of section 28 may be modified accordingly at the request of the Corporation.

(3) This section does not require the contractor to transfer to the Corporation equipment or any other assets rented or leased by the contractor which is imported into Ghana for use in petroleum operations and subsequently re-exported there from, and which is of the type customarily leased for the use in accordance with petroleum industry practice.

*Rights and Obligations of Contractors***22. Petroleum subcontracts**

A contractor or subcontractor shall not assign, directly or indirectly the rights and obligations under a petroleum subcontract, in whole or in part, to a third party without the prior written consent of the Minister.

**23. Obligations of contractors**

(1) A contractor or subcontractor shall conduct petroleum operations under a petroleum agreement or petroleum subcontract, with due diligence and efficiency and in accordance with the Regulations and with the best international techniques and practices prevailing in the petroleum industry, in a workman-like manner, observing sound engineering and technical practices and using appropriate advanced technology and effective equipment, machinery, methods and materials.



(2) The date and information obtained by a contractor or subcontractor as a result of petroleum operations and the geological, geophysical, technical, financial and economic reports, studies, interpretations and analysis prepared by or on behalf of a contractor or subcontractor in connection with the petroleum operations are the property of the Corporation.

(3) A contractor or subcontractor shall not retain or export or permit the retention or export of the data or documents referred to in subsection (2) without the prior approval in writing of the Corporation, and where the data or documents are exported, the contractor or subcontractor shall, at the written request of the Corporation, re-export them to the Republic.

(4) Where the interpretations or analysis referred to in subsection (2) are done outside the Republic, copies of the reports shall be forwarded to the Corporation by the contractor or subcontractor responsible for the interpretations or analysis.

(5) A contractor or subcontractor shall keep the data acquired and an existing data released to the contractor or subcontractor by the Republic or the Corporation confidential and shall not disclose the data to a third party without permission from the Minister except as may otherwise be provided in accordance with the terms of a petroleum agreement or petroleum subcontract.

(6) A contractor or subcontractor shall maintain in the Republic, complete and accurate records of the operations carried out by the contractor or subcontractor and also complete and accurate books of account, records and registers relating to the activities.

(7) A contractor or subcontractor

- (a) shall furnish to the Corporation at regular intervals, reports on petroleum operations being carried out by the contractor or subcontractor, and
- (b) shall furnish to the Corporation the data, information or reports that the Corporation may request.

(8) A contractor or subcontractor shall provide the Corporation with the performance bonds and guarantees that may be required in accordance with the Regulations and in accordance with the terms of a petroleum agreement or petroleum subcontract entered into under this Act in order

- (a) to ensure the fulfilment of the obligations undertaken by the contractor or subcontractor or the discharge of the liabilities arising out of the operations under the petroleum agreement or petroleum subcontract, and
- (b) to ensure compliance with this Act and the Regulations.

(9) A contractor or subcontractor shall keep the Corporation indemnified against claims arising from the operations of the contractor or subcontractor brought by third parties.

(10) A contractor or subcontractor shall, in accordance with the Regulations and with the terms of a petroleum agreement or petroleum subcontract, ensure that opportunities are given as far as is possible for the employment of citizens having the requisite expertise or qualifications in the various levels of the operations.

(11) A contractor or subcontractor shall not engage in a discriminatory practice on grounds of race, nationality or sex in the conditions of service provided for personnel.

(12) A contractor or subcontractor shall, as far as practicable, in accordance with the Regulations and the petroleum agreement or subcontract use goods and services produced or provided in the Republic for the operations in preference to foreign goods and services.

(13) A contractor or subcontractor shall, in consultation with the Corporation, prepare and implement, in accordance with the Regulations and in accordance with the terms of the petroleum agreement or petroleum subcontract, plans and programmes for training citizens in the job classifications and in any other aspect of petroleum operations.

(14) A contractor or subcontractor shall, while carrying out petroleum operations, prepare and implement plans for the transfer to the Corporation of advanced technological know-how and skills relating to petroleum operations, but this provision shall not be interpreted to disable the contractor or subcontractor from protecting their competitive position in the petroleum industry or requiring the Corporation also to take steps to protect that competitive position.

(15) Except for the subcontractors exempted from the requirements of this subsection by the Regulations, a contractor or subcontractor which is not an incorporated company in the Republic under the Companies Act, 1963 (Act 179) shall

- (a) register an incorporated company in the Republic under the provisions of the Companies Act, 1963 (Act 179), and will be authorised to only conduct petroleum operations in respect of which a petroleum agreement or petroleum subcontract has been entered into under this Act and the company shall be signatory to a petroleum agreement;
- (b) maintain an office or establishment in the Republic to carry out petroleum operations and shall have in charge of the office or establishment a representative with full authority to act and to enter into binding commitments on behalf of the contractor or subcontractor; and
- (c) in respect of the petroleum operations, open and maintain an account with a bank in the Republic.

(16) A contractor or subcontractor shall not transfer a share in its incorporated company in the Republic to a third party directly or indirectly without the written approval of the Minister if the effect of the transfer would be to give the third party control of the company or to enable the third party to take over the interests of a shareholder who owns five percent or more of the shares in the company.

(17) A contractor or subcontractor carrying out petroleum operations shall maintain at the work-site an establishment capable of dealing adequately with fire, oil spills, blow-outs, accidents or any other emergency situations so as to prevent or control those situations and to minimise loss or damage from them.

(18) A contractor or subcontractor carrying out petroleum operations is responsible for pollution or damage caused by or resulting from the operations as well as pollution or damage caused by or resulting from petroleum operations undertaken by an agent or employee of the contractor or subcontractor and shall take the necessary measures to remedy the pollution or damage so caused.

(19) Where a contractor or subcontractor fails to carry out petroleum operations in a safe manner in accordance with the Regulations and with the best international techniques and practices prevailing in the petroleum industry in comparable circumstances,

the Corporation may, after giving the contractor or subcontractor, a notice that is reasonable in the circumstances, take the measures necessary to ensure safety and may recover the costs and expenses of so doing from the contractor or the subcontractor.

#### **24. Rights of a contractor**

(1) A contractor shall have, subject to this Act and in association with the Corporation, a right to carry out petroleum operations and execute the works that are expedient in the area, the subject of a petroleum agreement.

(2) The exercise of the rights of the contractor conferred by subsection (1) are subject to restrictions in specified areas which shall be prescribed in the Regulations.

(3) Subject to subsection (4), a contractor shall be permitted to export from the Republic petroleum to which the contractor is entitled to export under the terms of a petroleum agreement.

(4) Where there is war or any other emergency affecting energy supplies, the Minister may require a contractor to sell all or part of the quantity of petroleum produced at the prevailing market prices to the Republic or an agency of the Republic.

#### *Miscellaneous*

#### **25. Transactions between contractor and affiliates**

Subject to this Act, a transaction between a contractor or subcontractor and an affiliate in relation to petroleum operations to be carried out under this Act shall be on the basis of prevailing international competitive prices and any other terms and conditions that would be fair and reasonable if that transaction had taken place between the contractor or subcontractor and a non-affiliate.

#### **26. Auditing**

Subject to article 187 of the Constitution, an auditor appointed by the Corporation, or a person authorised by the Corporation shall have the right at reasonable times to inspect, test and audit, as appropriate, the works, equipment, operations and financial books of account, records and registers relating to petroleum operations performed by a contractor or a subcontractor under this Act and to make abstracts or copies of a document pertaining to those operations.

#### **27. Inspection**

(1) The Minister may authorise a person to inspect any petroleum operations and to ensure that the petroleum operations are carried out in accordance with this Act and the Regulations and in accordance with the terms and conditions of the applicable petroleum agreement or petroleum subcontract.

(2) A person authorised by the Minister under subsection (1) has the right at reasonable times to

- (a) enter the areas, structure, platform, vehicles installation, vessel, aircraft, facilities, offices or buildings used by the Corporation, a contractor or subcontractor for petroleum operations;

- (b) inspect, test and audit, as appropriate, the works, equipment, operations and financial books of account, records and registers of a contractor or subcontractor or the Corporation relating to or used in the petroleum operations;
- (c) take and remove for the purposes of analysis or testing samples of petroleum, water or any other substances from a well;
- (d) inspect, take extracts from, and make copies of a document relating to the operations; and
- (e) make the examinations and inquiries that are necessary to ensure that this Act and the Regulations are complied with.

(3) A contractor or subcontractor or the Corporation, shall provide a person authorised by the Minister under subsection (1) with the reasonable facilities and assistance to enable the effective and timely performance of the inspection functions under this section.

#### **28. Restoration of affected lands**

- (1) After the termination of petroleum operations in an area,
- (a) the Corporation, in the case of operations pursuant to subsection (3) of section 5, or
  - (b) the contractor in the case of operations pursuant to a petroleum agreement in accordance with subsection (4) of section 5,

shall restore the affected areas and remove the causes of damage or danger to the environment in accordance with the Regulations.

(2) The restoration shall include removal of the property brought into the affected area but are not required for further petroleum operations, the plugging or closing off of the abandoned wells in the manner provided by the Regulations, and the conservation and protection of the natural resources in that area.

#### **29. Secretary to request information**

(1) The Minister may, for the purposes of this Act, request a person in writing to furnish, within the period specified in the request, the information and documents specified in the request.

(2) A person requested to furnish an information or a document under subsection (1) shall comply with the request within the period specified in the request.

#### **30. Exclusion of exemptions granted under Act 437**

Despite the provisions of the Ghana Investment Promotion Centre Act, 1994 (Act 478), relating to the mining industry, the provisions of this Act or of a petroleum agreement or petroleum subcontract entered into under that Code does not entitle a contractor or subcontractor

- (a) to the exemption from payment of company tax granted under paragraph (1) (b) (i) of subpart B of Part Two of the Third Schedule to the Investment Code, 1981 (Act 437); or
- (b) to the guarantee of extended management control granted under paragraph (2) (b) (ii) of subpart B of Part Two of that Third Schedule; or

- (c) to the exemption from payment of company tax granted under paragraph (2) (b) (iii) of subpart B of Part Two of that Third Schedule; or
- (d) to the benefits granted to approved enterprises generally under subpart A of Part Two of that Third Schedule.

### **31. Offences and penalties**

(1) A person who

- (a) undertakes petroleum operations otherwise than in accordance with this Act,
- (b) unlawfully interferes with or obstructs the Corporation or a contractor or subcontractor or their agents or employees in the exercise of a right under this Act,
- (c) wilfully obstructs, hinders or assaults any other person in the exercise of a right, power or in the performance of a function under this Act, or
- (d) otherwise contravenes any other provision of this Act,

commits an offence and is liable on conviction to a fine not exceeding one thousand penalty units and, where the offence continues, to a fine not exceeding fifty penalty units for each day during which the offence continues or to a term of imprisonment not exceeding six months or to both the fine and the imprisonment.

(2) Where an offence is committed by a body of persons,

- (a) in the case of a body corporate, every director or officer of the body shall be deemed to have committed that offence; and
- (b) in the case of a partnership, every partner or officer of that body shall be deemed to have committed that offence.

(3) A person shall not be convicted of an offence by virtue of subsection (2) if it is proved that the offence was committed without the knowledge of that person or that due care and diligence was exercised to prevent the commission of the offence, having regard to the circumstances.

### **32. Regulations**

(1) The Minister may, by Legislative Instrument, make Regulations prescribing the matters that by this Act are required or permitted to be prescribed or are necessary or convenient to be prescribed for carrying out or giving effect to this Act.

(2) Without prejudice to the generality of subsection (1), the Minister may make Regulations for or with respect to

- (a) ensuring the safe construction, maintenance and operation of installations and facilities used in connection with petroleum operations;
- (b) the safety, health and welfare of persons employed in petroleum operations and generally for the necessary safety measures;
- (c) the prevention of pollution and the taking of remedial action in respect of pollution which may occur in connection with petroleum operations;

- (d) the inspection of areas in which petroleum operations are being carried out and of the plant, machinery and equipment within those areas;
- (e) the reporting of and inquiries into accidents arising out of petroleum operations;
- (f) the keeping and the inspection of records, accounts, statistics and plans with respect to petroleum operations;
- (g) the relinquishment of portions of areas subject to the petroleum agreement;
- (h) the protection of fishing, navigation, and any other activities carried out within or in the vicinity of an area in which petroleum operations are being carried out;
- (i) the making and submission of reports, returns and programmes;
- (j) the standards for petroleum and petroleum products and their transportation;
- (k) the rates of royalty payable in respect of petroleum production, the methods of calculation of the amount of royalty and the manner and times of payment;
- (l) the reference map of numbered areas, each of which shall be described as a "block", and guidelines on the maximum number of blocks that may be held under a petroleum agreement by an applicant;
- (m) competitive bidding procedures for petroleum agreements;
- (n) determining the value of crude oil and natural gas;
- (o) requiring the Corporation and a contractor to submit to the National Energy Board and the Minister their investment programme;
- (p) the conservation of natural resources and the avoidance of waste, whether petroleum or otherwise, of the land to which this Act applies;
- (q) the accounting procedures to be followed and reporting of petroleum operations;
- (r) the minimum conditions of service for workers engaged in petroleum operations;
- (s) the terms and conditions of petroleum agreements pursuant to subsection (2) of section 2;
- (t) the rates or methods of setting the rates at which petroleum and water may be recovered from a well or petroleum reservoir;
- (u) the methods to be used for the measurement of petroleum, water and any other substances from a well;
- (v) the pressure maintenance in, or repressurising of a petroleum reservoir and the recycling of petroleum;
- (w) the terms and conditions under which the Corporation shall undertake the exploration, development and production of petroleum not in association with a contractor pursuant to subsection (3) of section 5;

- (x) the specified areas in which the exercise of rights of a contractor under subsection (1) of section 23 to carry out petroleum operations shall be restricted; and
- (y) the penalties for offences against the Regulations.

### 33. Interpretation

In this Act, unless the context otherwise requires,

**“affiliate”** means a shareholder of a contractor or subcontractor owning five per cent or more of the shares in the business of the contractor or subcontractor or an entity which controls, is controlled by or is under common control with, the contractor or subcontractor;

**“citizen”** means a citizen of the Republic of Ghana;

**“contractor”** means a person, firm, body corporate or any other entity which has entered into a petroleum agreement with the Republic and the Corporation pursuant to subsection (4) of section 5;

**“Corporation”** means the Corporation established under the Ghana National Petroleum Corporation Act, 1983;<sup>3</sup>

**“crude oil”** includes hydrocarbons which are solid or liquid under normal atmospheric conditions and condensates and distillates obtained from natural gas;

**“development”** includes the building and installation of facilities for the production of petroleum and the drilling of development wells;

**“discovery”** means petroleum not previously known to have existed, recovered at the surface in a flow measurable by conventional industry testing methods;

**“exploration”** means the search for petroleum by geological, geophysical and any other means, and drilling of exploration wells, including appraisal wells, and activities connected with them;

**“Minister”** means the Minister responsible for Fuel and Power;

**“natural gas”** includes the hydrocarbons which are gaseous under normal atmospheric conditions and wet gas, dry gas and residue gas remaining after the extraction of liquid hydrocarbons from wet gas;

**“petroleum”** means crude oil or natural gas or a combination of both;

**“petroleum agreement”** means an agreement entered into between the Republic, the Corporation and a contractor pursuant to subsection (4) of section 5 for the exploration, development and production of petroleum by the Corporation in association with the contractor;

**“petroleum subcontract”** means a contract between the Corporation and a third party or between a contractor and a third party for the provision of services for petroleum operations, but does not include a petroleum agreement;

**“petroleum operation”** means the exploration, development or production of petroleum;

---

3. P.N.D.C.L. 64.

**“petroleum product”** means a product derived from petroleum by a refining or treatment process;

**“prescribed”** means prescribed by this Act or the Regulations;

**“production”** means the extraction and disposal of petroleum, including development operations and any other works and services connected with them;

**“Regulations”** means the Regulations made under section 32 or pursuant to section 15 of the National Energy Board Act, 1983<sup>4</sup> or the Regulations made under the Minerals Act, 1962 (Act 126) in respect of petroleum;

**“Republic”** includes the Government;

**“subcontractor”** means a third party with whom the Corporation or a contractor has entered into a petroleum contract for the provision of services for petroleum operations.

#### 34. Affected legislation

(1) Except as otherwise provided in this Act, the provisions of the Minerals Act, 1962 (Act 126) shall, to the extent that they apply to petroleum, cease to be operative on the coming into force of this Act, and accordingly, a reference in that Act to petroleum is hereby repealed.

(2) Despite subsection (1), Regulations made under the Minerals Act, 1962 (Act 126) in respect of petroleum shall, to the extent that they are consistent with this Act, continue in force until amended or revoked under this Act.

(3) *Spent.*<sup>5</sup>

#### 35. Transitional provisions relating to prospecting and mining licences

*Spent.*<sup>6</sup>

#### 36. Commencement

*Spent.*<sup>7</sup>

---

4. P.N.D.C.L. 62.

5. The subsection provided for the repeal of the Petroleum (Exploration and Production) Law, 1984.

6. The section provided that:

“(1) Notwithstanding section 34 of this Law any oil prospecting licence or oil-mining licence granted under the Minerals Act, 1962 (Act 126) and which is in effect on the coming into force of this Law shall continue to be in operation in accordance with the terms and conditions of the licence for a period of six months following the coming into force of this Law or after such longer period as the Secretary may allow.

(2) During such period of operation, the holder of any such licence shall negotiate with the Republic and the Corporation for a petroleum agreement over all or part of the area the subject of such licence, and no petroleum agreement relating to any part of such area shall be entered into with any party other than the holder of such licence prior to the expiration of such period.

(3) Where assets have been acquired for petroleum production under a licence of the kind referred to in subsection (1) of this section, such assets may only be removed from a site after an inspection of the site authorised by the Secretary and an approval in writing of such removal has been granted.

(4) The petroleum operation relating to any production well in existence before the coming into force of this Law shall not be terminated except with the approval in writing of the Secretary.”

7. The section provided the 1st day of October, 1983 as the day the Law shall be deemed to have come into effect.