

Ku dhaqan Xafiis D.

FAAFINTA

الرسمية

OFFICIAL



RASMIGA AH

الجريدة

BULLETIN

EE JAMHUURIYADDA SOOMAALIYA

Sanadka 12aad

Muqdisho,

07 April 2025

Lr. 1

Waaxda Maamulka Faafinta Rasmiga ah

Ee Xafiiska Garyaqaanka Guud ee Dawladda

FAAFIN BIL SOO BAXA

Qiimaha waa \$XXX Dollar, lambar waliba – **RUKUNKA**: Sanaddii waa \$XXX Dollar, Soomaaliya gudaheeda – Dibaddeedana waa \$XXX Dollar. Rukunka la weydiisto waqtiga loo gooyay wuxuu ka bilaabmaa 1 Janaayo. Qiimaha Qoritaanku F.R halkii sadar iyo wixii ka yar waa \$XXX Dollar – Rukunka iyo Qoritaanku waxaa la weydiistaa Laanta Maamulka Faafinta Rasmiga ah – Lacagta waxaa lagu bixiniyaa Xafiiska Canshuuraha ee Wasaaradda Maaliyadda.

KOBNIIN

BOGGA KOOWAAD

SHARCI

W.M

BOGGA LABAAD

XEER

BOGGA SEDDEXAAD

TALOoyin, ISGAARSIIN, OGAYSIIIS, IWM

Bilaha

JAN - March

2025



SUMMAD/WBM/XW/ 018 /2025

Taariikh: 20/03/2025

Ku: Garyaqaanka Guud ee Dowladda
Og: Ra'iisul Wasaaraha XFS

Ujeeddo: Soo gudbin Xeer-nidaamiyaha Hawlgallada Batroolka

Mudane Garyaqaan,

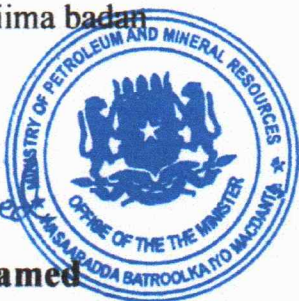
Waxaan halkan kugu soo gudbinayaa Xeer-nidaamiyaha Hawlgallada Batroolka oo lagu soo saaray si waafaqsan Qodobka 45aad ee Sharciga Batroolka iyo Qodobbada 51aad(1) iyo 57aad ee Xeer-nidaamiyaha Nidaamka Xukuumadda si aad ugu faafiso Faafinta Rasmiga ah ee Jamhuuriyadda Federaalka Soomaaliya.

Mudane Garyaqaan, Xeer-nidaamiyaha ayaa ah mid ku qoran afka Ingiriiska maaddaama ujeedku yahay in lagu dhaqo laguna maareeyo hawlgallada batroolka oo ay fulinayaan maalgeliyeyaal shisheeye.

Sidaa daraaddeed, waxaan si xurmad leh kaaga codsanaynaa inaad Xeer-nidaamiyahan ku lifaaqan soo gudbintan ka gudato waajibkaada sharciga ah kuna soo saarto Faafinta Rasmiga ah ee Dowladda si waafaqsan shuruucda nidaaminaysa Faafinta Rasmiga ah ee Dowladda.

Iga gudoon salaam qiima badan

Haalimohamed



Daahir Shire Maxamed
Wasiirka Batroolka iyo Khayraadka Macdanta.

Arag Lifaaqa

Ag. Shamsi
22/03/2025

XAFIISKA GARYAQAANKA
GUUD EE DOWLADDA

GALID

Taariikh 22/03/2025



Ref/MoPMR/OM/0017/2025

Date: 20th March 2025

SUBJECT: ISSUANCE AND APPROVAL OF THE GENERAL REGULATION GOVERNING PETROLEUM OPERATIONS N.001

THE MINISTER OF PETROLEUM AND MINERAL RESOURCES OF FEDERAL GOVERNMENT OF SOMALIA

Having Seen	Article 102 (1) of the Federal Constitution of the Federal Republic of Somalia;
Having Seen	Article 31 of the Federal Constitution of the Federal Republic of Somalia;
Having Seen	Article 42 and 43 of the Law N. 19 of 8 th February 2020, Petroleum Law;
Having Seen	Article 45 of the Law N. 19 of 8 th February 2020, Petroleum Law;
Having Seen	Article 51(1) and 57 of the Regulation of Organisation of the Government issued 2025
Having Considered	the proposal of Somali Petroleum Authority

Hereby issues the following Decree:

Article 1

Issuance and approval of the General Regulation of Petroleum Operation N. 001

1. The General Regulation of Petroleum Operations, attached to this Ministerial Decree and bearing the Minister's initials on right side bottom of each page, is hereby issued and approved.
2. This regulation shall enter into force upon the signature of the Minister of Petroleum and Mineral Resources of Federal Government of Somalia and shall be published on the official bulletin of the Federal Republic of Somalia and the official website of the Ministry of Petroleum and Mineral Resources.

H.E Dahir Shire Mohamed

Minister of Petroleum and Mineral Resources – Federal Government of Somalia





GENERAL REGULATION GOVERNING PETROLEUM OPERATIONS

Regulation No. 001 2025

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Chapter One: Preliminary Matters and Institutional Arrangements

Article 1: name and Scope of application of the regulation

1. This regulation shall be cited as “the General Regulation governing petroleum operations”.
2. This Regulation applies to upstream petroleum activities of the Federal Republic of Somalia.

Article 2: Enforcement of this Regulation

Under the supervision and guidance of the Ministry of petroleum and Mineral Resources, Somali Petroleum Authority (hereinafter referred as “SPA”) shall be responsible for the enforcement of this regulation to petroleum activities.

Article 3: Protection and conservation of the environment

1. The Contractor shall conduct all Petroleum Operations in a manner that ensures the protection of the environment, human health, and natural resources, in accordance with the applicable environmental laws, the provisions of the Production Sharing Agreement (PSA), and best international practices. The Contractor is required to take all necessary and prudent measures to prevent pollution, minimize ecological disturbances, and mitigate any adverse environmental impacts resulting from its operations.
2. The Contractor must employ up-to-date techniques, technologies, and operational methods to prevent environmental damage, control waste, and avoid the unnecessary depletion of natural resources. All Petroleum Operations must be carried out in compliance with Somali environmental laws, regulations, and any approved Development Plan. Strict adherence to international environmental standards, particularly regarding the disposal of hazardous waste, emissions control, and biodiversity protection, is mandatory.
3. In the event of any environmental pollution or damage resulting from Petroleum Operations, whether due to an accident or operational failure, the Contractor must immediately implement all necessary remedial actions to contain, control, and eliminate the damage. The Contractor shall also notify the Ministry of Petroleum and Mineral Resources and the Somali Petroleum Authority (SPA) without delay and provide a detailed report on the nature, extent, and mitigation measures undertaken. If pollution or environmental damage is caused due to negligence or willful misconduct on the part of the Contractor or its subcontractors, all associated costs shall be borne solely by the Contractor and shall not be cost recoverable under the PSA.
4. Prior to commencing Petroleum Operations, the Contractor must conduct an Environmental and Social Impact Assessment (ESIA) in accordance with Somali environmental laws and regulations and submit it for approval to the governmental authority responsible for the protection and conservation of the environment. The Contractor shall also submit it to the Ministry of Petroleum and Mineral Resources and Somali Petroleum Authority. The ESIA must include risk assessments, mitigation strategies, and a plan for monitoring environmental impacts. The Contractor must also establish and maintain an Environmental Management Plan (EMP) that outlines procedures for waste management, emissions control, water use, and habitat conservation.
5. For major drilling and production activities, the ESIA must include an assessment of geological, hydrological, and ecological conditions in the Contract Area. It should also evaluate risks associated with waste disposal, emissions, spills, and potential groundwater contamination. The



Contractor must propose a detailed environmental management plan (EMP) to mitigate identified risks, specifying preventive measures, monitoring protocols, and emergency response strategies.

6. In cases where Petroleum Operations are planned in areas of high environmental sensitivity, such as marine ecosystems, protected areas, or regions with significant local populations, a more extensive strategic environmental and social assessment may be required. This assessment should consider cumulative and long-term effects and ensure that the proposed activities do not adversely affect livelihoods, biodiversity, or water resources.
7. The Contractor is responsible for ensuring that all employees, subcontractors, and personnel involved in Petroleum Operations receive adequate environmental training and are made aware of their obligations under Somali environmental laws and regulations. Additionally, the Contractor must implement environmental monitoring programs to assess the impact of its operations on air quality, water resources, soil integrity, and biodiversity, with periodic reports submitted to the Ministry and the SPA.
8. Following the approval of the ESIA, the Contractor is required to implement all recommended mitigation measures and comply with the approved EMP throughout the duration of Petroleum Operations. Any deviation from the approved environmental measures must be justified and approved by the relevant authorities and notified the Ministry and SPA. The Contractor must also submit periodic environmental performance reports detailing compliance with the ESIA, monitoring results, and any corrective actions taken in response to environmental incidents. All costs related to conducting the ESIA shall be borne by the Contractor, but these costs may be classified as cost-recoverable under the terms of the Agreement.
9. If the Contractor fails to take necessary corrective actions in the event of environmental damage, the Ministry and SPA may intervene to conduct the necessary remediation at the Contractor's expense. Any such costs incurred by the Government shall not be recoverable under the PSA. The Contractor must also ensure that appropriate financial provisions are in place to cover potential environmental liabilities, including but not limited to, compensation for affected communities, remediation of contaminated sites, and restoration of degraded ecosystems.
10. Upon completion of Petroleum Operations, the Contractor shall undertake site rehabilitation and restoration measures in accordance with its approved Decommissioning Plan. This includes removing infrastructure, restoring natural habitats, and mitigating any long-term environmental risks. The Contractor shall be responsible for ensuring that the relinquished areas meet environmental safety standards before final closure is approved by the Ministry and SPA.
11. Failure to comply with the environmental safeguards set out in this Article may result in termination of the Contract. The Government reserves the right to impose additional environmental obligations if necessary to address emerging risks or changes in environmental conditions. The Contractor must at all times prioritize environmental sustainability, taking all necessary steps to ensure the protection of Somalia's natural resources and ecosystems for the benefit of present and future generations.

Chapter Two: Award of contracts

Article 4: Powers of Ministry

1. The Ministry is responsible for the award of all Contracts in accordance with Petroleum Law and these Regulations.
2. The Ministry shall only enter into Contracts with Persons having suitable technical and financial capability, as well as proven experience in the oil and gas industry.
3. The Ministry may in its discretion award Contracts by means of a competitive international public tender system or by means of a direct negotiation in accordance with the Petroleum Law.

Article 5: Form of Contract for the exploration and production of petroleum resources

1. The Ministry may in its discretion develop, negotiate and award Contracts in a different form.
2. Any form of contract for the exploration and production of petroleum resources developed by the Ministry shall be subject to prior approval of the Inter-Ministerial Concession Committee.

Article 6: Graticulation of blocks

The Minister of Petroleum and Mineral Resources, having heard the recommendation of Somali Petroleum Authority, shall divide onshore and offshore areas of the Federal Republic of Somalia into blocks where each block shall not be more than 5,000-kilometre square.

Article 7: Competitive International Public Tender

1. The Ministry shall develop rules for the award of Contracts by means of competitive international public tender that ensures concurrence and competition between potential Contractors, in accordance with international standards of transparency.
2. The rules or tender protocols developed for the award of production sharing contract by means of competitive international public tender shall be subject to the prior approval of the Inter-Ministerial Concession Committee in accordance to the harmonised interpretation of the Petroleum Law and Public Procurement Law regulation approved by the Inter-ministerial Concession Committee.
3. In the conduct of the tender the Ministry shall:
 - a. conduct a rigorous pre-qualification process by which a Person is only qualified to bid for a Contract, either as a sole operator or a member of a consortium, if it has proved its technical and financial ability to fulfil the terms of the Contract and has published its ultimate beneficial ownership and audited accounts.
 - b. publish, in advance of the tender, in the Ministry's bulletin or on the Ministry's website, information on the terms of the tender, including but not limited to a list of pre-qualified Persons and the terms established for the bids, including a map of the area up for tender, the schedule for submission deadlines and award, any fees required of bidders, non-negotiable fiscal terms and operational requirements and biddable items;
 - c. ensure that bids are made or opened in public at the announced date and time; and

- d. publish, on the Ministry's website or other publications, the results of the tender, including the identity of the winning Person or consortium, the bid terms offered by the winning Person or consortium and all other bidders, and an explanation of the basis upon which the winning Person or consortium was selected.

Article 8: Direct Negotiation or Award

1. If the Ministry, in its discretion, decides to award production sharing contract by direct negotiation, the Ministry shall publish on the Ministry's website the details of the award, including without limitation:
 - a. the definition and description of the Contract Area;
 - b. the identity of the contractor;
 - c. reasons for the award and all fiscal terms including taxes and non-taxes commercial terms.
 - d. the identity of the parties comprising the Contractor.
2. Pursuant to the Regulation for harmonisation of interpretation of the Petroleum Law and Public Procurement Law approved by the Inter-Ministerial Concession Committee. Any negotiated production sharing contract shall be subject to the approval of the Inter-Ministerial Concession Committee

Article 9: Effective Date of the Production Sharing Contract

In accordance with the Petroleum Law, a Production Sharing Contract shall only come into force after it has been approved by the Inter-Ministerial Concession Committee.

Article 10: Guarantees of Performance

1. Within thirty (30) days after the Effective Date of each Contract, each of the parties comprising the Contractor, other than Somali National Oil Company, shall provide to the State, at the sole discretion of the Ministry, either:
 - a. a parent company guarantee in the form set out in the Contract or in such other form as the Ministry may agree, or
 - b. an irrevocable standby letter of credit, in form and substance acceptable to the Ministry, from a first-class international financial institution acceptable to the Ministry which corresponds to that party's share of the minimum expenditure obligations of the Contractor in the Exploration Period, which shall remain valid and effective for twelve (12) months after the end of the Exploration Period.
2. If the parties comprising the Contractor, other than Somali National Oil Company, fail to deliver the required parent company guarantee or letter of credit within sixty (30) days after the Effective Date, the Contract shall be considered null and void without further procedure.
3. The Ministry shall not accept any other form of guarantee other than those provided in sub-article 1 and 2 of this article.
4. The requirement for the provision of parent company guarantee or letter of credit shall not be suspended, deferred or waived at all.

5. The Ministry may call upon the parent company guarantee or letter of credit provided by a Contractor if the Contractor incurs a liability to the Ministry or to a third party under the terms of the Contract which the Contractor fails to discharge within the period provided.

Article 11: Joint Operating Agreements

1. When the Contractor comprises more than one Person, the Contractor shall, within ninety (90) days after the Effective Date of the Contract (or any other period specified in the Contract or according to the discretion of the Ministry), submit to SPA, for its review and approval, a draft of the Joint Operating Agreement related to the Contract. That draft of the Joint Operating Agreement shall be in a form agreed by all the parties comprising the Contractor.
2. Within the sixty (60) days following the reception of the Joint Operating Agreement draft, SPA shall notify the Contractor the approval or the rejection of the draft. If the SPA rejects the draft, the reason for the rejection shall be included in the notification to the Contractor; and the parties that constitute the Contractor shall modify it, in order to answer the objections from the SPA and present it to the SPA for its revision and approval.
3. The parties that constitute the Contractor shall execute the Joint Operating Agreement in the form approved by the SPA and shall provide to the SPA a copy of the executed Joint Operating Agreement.
4. Any amendment to the executed Joint Operating Agreement shall require the prior written approval of the SPA.

Chapter Three: Petroleum Explorations and production operations

Article 12: Opening up of areas

The Ministry of Petroleum and Mineral Resources may collaborate with relevant agencies and ensure that an evaluation is undertaken of the various interests involved in a new area and that preliminary geological, geophysical and environmental assessments are undertaken before the opening up of a new area with a view to the grant of a Reconnaissance Authorisation.

Article 13: Application for Reconnaissance Authorisation

1. An application for a Reconnaissance Authorisation in terms of Article 23 of the Petroleum Law must complete the prescribed form and must be lodged with the SPA.
2. The application contemplated in sub-article (1) must contain -
 - a. the full particulars of the applicant;
 - b. in the case of a company or closed, documentary proof that the applicant has obtained the necessary authority to make the application in a representative capacity on behalf of the company or closed, as the case may be;
 - c. a plan showing the land, area or offshore area to which the application relates stipulated in WGS84 coordinate framework;
 - d. a cadastral description of the area to which the application relates;
 - e. a clear statement of the technical motivation;
 - f. the period for which the permit is required;
 - g. a reconnaissance work programme with estimated expenditure during the reconnaissance operations;

- h. a proposal outlining knowledge and skill transfer of the Somali nationals in regards to conducting reconnaissance activities;
 - i. a proposal outlining the procurement of the services and goods of Somali nationals for the purpose of carrying out reconnaissance activities;
 - j. documentary proof of the applicant's technical ability or access thereto to enable the applicant to conduct the proposed reconnaissance survey and to mitigate and rehabilitate relevant environmental impacts;
 - k. a description of how the applicant's technical ability will be provided by making use of in-house expertise, contractors and consultants on the proposed reconnaissance operation;
 - l. a budget and documentary proof of the applicant's financial ability or access thereto which may include but is not limited to the following:
 - i. loan agreements entered into for the proposed reconnaissance operation;
 - ii. resolution by a company to provide for the finances required for the proposed reconnaissance operation; and
 - iii. any other mechanism or scheme providing for the necessary finances for the proposed reconnaissance operation.
 - m. a list of existing rights and permits held by the applicant to be compiled in a table format that indicates the location with regard to the land name or offshore area and the existing right or permit number for petroleum exploration or production;
 - n. any other information, data or documentation that the Ministry may require in connection with information required under paragraphs (a) to (k).
3. The application must be lodged together with the application fee specified by the Minister.
 4. SPA shall confirm in writing to the applicant that the application is complete within sixty (60) days after receipt of the application for a Reconnaissance Permit;
 5. Where the application is incomplete, SPA the Authority shall request the applicant to re-submit the application;
 6. SPA shall process each application for a Reconnaissance Authorisation expeditiously and in any case not later than sixty (60) days after receipt of the application.

Article 14: Terms and conditions for Reconnaissance Authorisation

The terms and conditions of a Reconnaissance Authorisation agreed upon will be approved by the Ministry.

Article 15: Reconnaissance work programme

1. A reconnaissance work programme must contain
 - a. an outline of the geological, geochemical, geophysical and other work to be performed;
 - b. technical data detailing the reconnaissance method or methods to be implemented for the proposed reconnaissance programme;
 - c. an estimate of the expenditure to be incurred, which must include costs pertaining to the rehabilitation and management of environmental impacts.
2. The reconnaissance work programme contemplated in sub-article (1) shall form part of the Reconnaissance Authorisation where such Reconnaissance Authorisation is granted.

Article 16: Activities authorised by Reconnaissance Authorisation

1. A Reconnaissance Authorisation shall authorize geophysical, geological, petrophysical,

geochemical and geotechnical activities including shallow drilling for data calibration purposes.

2. The Authority may limit an individual Reconnaissance Authorisation to apply to particular types of exploration.
3. The data and information obtained by an Authorised Person as a result of Petroleum activities and the geological, geophysical, technical, financial and economic reports, studies, interpretations and analysis prepared by or on behalf of an Authorised Person or in connection with the Petroleum Operations of the Authorised Person are the property of the Federal Republic of Somalia and a single copy of all data will be provided to SPA. This data copy will be in the standard industry data formats prescribed in the terms of the Reconnaissance Authorisation.
4. The Authority may stipulate conditions for implementation of exploration activities under the Reconnaissance Authorisation.

Article 17: Annual fee

The Authorised Person shall pay an annual fee as determined by the Minister.

Article 18: Power of SPA to amend a Reconnaissance Authorisation

1. Subject to the approval of the Minister, SPA may:
 - a. extend the duration of a Reconnaissance Authorisation, or
 - b. an Authorised Person may request changes to the conditions of the Reconnaissance Authorisation after it has been issued.
2. Where the applicant is or has been a holder of a Reconnaissance Authorisation within Somalia or any other country, SPA may take into consideration any form of inadequate efficiency or inadequate responsibility that may have been demonstrated by the applicant as an Authorised Person;
3. The criteria for granting a Reconnaissance Authorisation shall be applied in a not discriminatory manner among the applicants.

Article 19: Application for Production Sharing Agreement

1. A person who intends to carry out Petroleum production shall apply to SPA for a Production Sharing Agreement.
2. A Person who intends to apply for a Production Sharing Agreement shall submit a draft of same based upon the Model Production Sharing approved by the Inter-Ministerial Concession Committee to SPA.
3. In addition to (1), an application for a Production Sharing Agreement in accordance with Article 24 of the Petroleum Law must be completed in the form prescribed by SPA, and must be lodged at the office of SPA.
4. The application contemplated in sub-article (3) must contain -
 - a. the full particulars of the applicant;
 - b. documentary proof that the applicant has obtained the necessary authority to make the application in a representative capacity on behalf of the legal Person;
 - c. a plan showing the land, area or offshore area to which the application relates

- stipulated in WGS84 coordinate framework and include Block number
- d. a cadastral description of the area to which the application relates;
 - e. a clear statement of the technical and commercial motivation;
 - f. the period for which the Authorisation is required;
 - g. documentary proof of the applicant's technical ability or access thereto to enable the applicant to carry out all phases of the Production Sharing Agreement as well as the ability mitigate and rehabilitate relevant environmental impacts;
 - h. a description of how the applicant's technical ability will be provided by making use of in-house expertise, contractors and consultants on the proposed reconnaissance operation;
 - i. a budget and documentary proof of the applicant's financial ability or access thereto which may include but is not limited to the following:
 - i. a list of existing rights and permits held by the applicant to be compiled in a table format that indicates the location with regard to the land name or offshore area and the existing right or permit number for petroleum exploration or production; and
 - ii. Details of the applicants' full history in oil and gas activities in areas outside the Federal Republic of Somalia.
 - j. any other information, data or documentation that SPA may require in connection with information required under paragraphs (a) to (l).
5. The application form, together with the Model Production Sharing Agreement documents must be lodged together with the application fee specified in this Regulation
 6. The Authority shall confirm in writing to the applicant that the application is complete within sixty (60) days after receipt of the application for a Reconnaissance Permit;
 7. Where the application is incomplete, SPA shall request the applicant to re-submit the application;
 8. The Authority shall process each application for a Production Sharing Agreement expeditiously and in any case not later than one hundred and twenty (120) days after receipt of the application.

Article 20: Terms and conditions for Production Sharing Agreement

The terms and conditions of a Production Sharing Agreement will be approved by the Inter-Ministerial Concession Committee upon recommendation from the Minister of Petroleum and Mineral Resources.

Article 21: Criteria for the grant of a Production Sharing Agreement

1. A Production Sharing Agreement shall be granted on the basis of the overall technical competence, experience and financial capacity of the applicant and the applicant's plan for exploration and production in the area for which an Authorisation is sought, as defined in the Model Production Sharing Agreement, as well as the suitability of the fiscal terms proposed by the applicant in the Production Sharing Agreement.
2. The Initial Exploration Work Programme should be defined in the applicant's draft version of the Model Production Sharing Agreement and should contain the following:
 - a. the full particulars of the applicant;
 - b. a plan showing the area to which the application relates;

- c. a cadastral description of the area to which the application relates;
 - d. the start date for which the Authorisation is required;
 - e. an outline of the geological, geochemical, geophysical, exploration drilling and other work to be performed;
 - f. technical data detailing the exploration method or methods to be implemented and the time required for each stage of the proposed exploration operation;
 - g. an estimate of the expenditure to be incurred for each stage of the exploration operation where the expenditure must be broken down into -
 - i. exploration costs; and
 - ii. costs pertaining to the rehabilitation and management of environmental impacts.
3. The Model Production Sharing Agreement will also define the management of the appraisal and Development Plan, and the Decommissioning Plans, defining details as far as can be known, at the time of submission, of the following
- a. the type of Petroleum products to be produced;
 - b. a comprehensive feasibility study including details of the measured Petroleum resource;
 - c. technical data detailing the production method to be used;
 - d. details in respect of the envisaged production rate, processing, and marketing arrangements;
 - e. a financing plan that must contain -
 - i. the details and costing of the production technique, technology and production rates applicable to the proposed production operation;
 - ii. the details and costing of the technological process applicable to the extraction or preparation of the Petroleum to comply with market requirements;
 - iii. the details and costing of the technical skills, expertise and associated labour implications required to conduct the proposed Petroleum Operations;
 - iv. the details and costing of regulatory requirements in terms of the Law and other applicable law, relevant to the proposed production operation;
 - v. the details regarding other relevant costing, capital expenditure requirements, and expected revenue applicable to the proposed Petroleum Operations;
 - vi. a detailed cash flow forecast and valuation, excluding financing of the proposed production operation, which forecast must clearly indicate how the applicable regulatory costs will be accommodated therein;
 - vii. the details regarding the applicant's financial resources or proposed mechanisms to finance the proposed Petroleum Operations and the details regarding the impact of such financing arrangements on the cash flow forecast; and
 - viii. provision for the execution of the Local Content plan; and
 - ix. provision for an assessment of the reserves carried out by a competent person approved by SPA; and
 - x. an assessment of the development programme carried out by a competent person approved by SPA.

Article 22: Reports in respect of a Production Sharing Agreement

1. A holder of a Production Sharing Agreement must submit punctual, accurate progress reports

to SPA on a monthly and annual basis.

2. Monthly progress reports must be submitted in the English language within seven (7) days of month-end:
 - a. the numbers of local and expatriate persons employed;
 - b. Quantitative and detailed descriptions of work done and money expended on all operations;
 - c. the site and depth of every well drilled or being drilled;
 - d. the formations penetrated and particulars regarding any occurrence of petroleum or any other mineral of potential value encountered; and
 - e. statement reflecting rehabilitation work completed and the rehabilitation work uncompleted, where applicable.
3. Annual progress reports must be submitted in the English and Somali language within sixty (60) days of calendar year end and must include -
 - a. a full report of all operations carried out during the year;
 - b. a detailed statement of all expenditure incurred during the year;
 - c. a description of all operations planned for the following year;
 - d. a budget for all operations planned for the following year; and
 - e. a statement reflecting rehabilitation work completed and rehabilitation work uncompleted.

Article 23: Supply of data in respect of exploration activities

A holder of a Production Sharing Agreement must, during the exploration phases of the Authorisation, supply to SPA in a format and medium defined by the Production Sharing Agreement and these regulations, geological samples, digital data, and where appropriate, hard copies of all data generated, as soon as possible after the completion of the exploration operations.

Article 24: Surface Rental Fee

1. An Authorised Person shall pay an annual fee calculated per square kilometre for all types of permits. The fee shall be determined through negotiation, with SPA retaining full discretion to establish the minimum applicable fee.
2. The surface rental fee shall be paid at the commencement of the period of the validity of the Authorisation;
3. Claims for fees with accrued interest and charges are grounds for enforcement of distraint.

Article 25: Operator

1. The Authority shall approve an Operator when granting a Production Sharing Agreement;
2. A change of Operator must be approved by SPA and when warranted for particular reasons, SPA may order a change of Operator;
3. An Operator shall be one of the Authorised Persons.

Article 26: Grant of renewal of Reconnaissance Authorisation

1. The holder of a petroleum reconnaissance authorization may apply for renewal.
2. An application for the renewal of a reconnaissance authorization shall be made no later than ninety days before the day on which the authorization is due to expire; but the Minister may, where he or she deems fit, accept an application for the renewal of reconnaissance authorization made later than ninety days before, but not in any case after, the date of expiry

of the authorization.

3. An application for the renewal of Reconnaissance Authorization shall be accompanied by:
 - a. particulars of the work carried out in and the amount expended in respect of the reconnaissance area during the term of the authorization 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 authorization, during the period of the first renewal of the authorization up to and including a date that is not earlier than fourteen days prior to the date of the application;
 - b. the applicant's proposals for minimum work programmes and expenditure in respect of the reconnaissance area 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 wants the Minister to consider.

Article 27: Transfer of Reconnaissance Authorisation

1. A Reconnaissance Authorisation shall not be transferred without the written consent of the Minister and in accordance with the Petroleum Law and this regulation.
2. An Authorised Person shall apply to the Minister and SPA in the prescribed form and manner, for the transfer of a Reconnaissance Authorisation or a Production Sharing Agreement;
3. The application shall be accompanied with the application for transfer of the person to whom the Authorised Person intends to transfer the Reconnaissance Authorisation in the prescribed form and the applicant shall pay the prescribed transfer fee;
4. The Authority shall examine and decide the suitability of the person in terms of legal, technical and financial competence of the person to whom the Reconnaissance Authorisation is to be transferred and shall submit the Minister a written report on its finding;
5. The Minister shall not withhold consent to an application to transfer an exploration license without cause unless it has reason to believe that the public interest or safety is likely to be prejudiced by the transfer;
6. Transfer of a Reconnaissance Authorisation includes the acquisition of control by the person to whom the Reconnaissance Authorisation or a Production Sharing Agreement is transferred; and "control" as used with respect to any person, means the possession, directly or indirectly of the power to direct or cause the direction of the management by that person whether through the ownership of shares, voting, securities, partnership or other ownership interests, agreements by any other method.
7. This article applies to any other direct or indirect transfer of interest or participation in the license including other assignments of shareholdings and -other ownership shares which may provide decisive control of an Authorised Person possessing a participating interest in an authorisation;
8. The transfer of a group of Authorised Persons' right of ownership to fixed Facilities shall not take place without the approval of SPA;
9. Sub-article (8) applies to establishing a mortgage in a Facility; which, in accordance with a

Reconnaissance Authorisation under this Regulation, has been placed subject to private property rights.

Article 28: Relinquishment of Blocks

1. The Authorised Person shall relinquish portions of an area to which the Production Sharing Agreement relates in a phased manner after the exploration in the initial exploration period specified in the agreement or after an extension period;
2. The Block relinquished in accordance with the terms of a Production Sharing Agreement shall, in so far as it is possible, be contiguous and compact and of the size and shape that will permit the effective carrying out of Petroleum Operations in the relinquished area and shall be in accordance with Regulations;
3. The Block 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 Authorised Area and shall be of the size and shape that SPA shall approve, except may otherwise be provided in accordance with the terms of a Production Sharing Agreement;
4. The Authority shall require the obligations stipulated in the Production Sharing Agreement and the conditions in which it has been granted to be fulfilled before relinquishment.
5. The Block shall be returned to the Government after the expiry of the permit and, after the Decommissioning Plan is completed to the satisfaction of SPA.

Article 29: Conduct of Exploration and Production Operations

1. All Exploration and Production Operations in the territory of the Federal Republic of Somalia shall be conducted in accordance with the Petroleum Law, these Regulations, and all other applicable laws of the Federal Republic of Somalia and in accordance with generally accepted practices in the international petroleum industry.
2. Exploration and Production Operations may be conducted by the Ministry in its own name, when necessary, or when so designated by Somali National Oil Company.

Article 30: Working Conditions

The Contractor shall provide acceptable working conditions and access to medical attention and nursing care for all of its local and international personnel and those of its subcontractors while undertaking Exploration and Production Operations. The Contractor shall also provide living accommodation for personnel based on offshore installations and an additional accommodation allowance in the remuneration of personnel based onshore.

Article 31: Standard of Equipment and Facility Construction and Use of Surface

1. The Contractor shall ensure that all equipment, plant, installations and materials used by it comply with the Petroleum Law and these Regulations and generally accepted engineering standards, and that they are duly constructed and maintained in good condition.
2. The Contractor shall build, maintain, and operate all necessary facilities for the proper performance of the Contract and the conduct of Petroleum Operations as stipulated in the Production Sharing Agreement (PSA) and the Somalia Petroleum Law. Prior to the construction of

any facility, the Contractor shall obtain the necessary authorization from the Ministry of Petroleum and Mineral Resources (Ministry) and other applicable governmental authorities, in accordance with the applicable laws and regulations of the Federal Republic of Somalia. The Contractor shall be responsible for any damage caused during the construction and operation of such facilities and shall undertake necessary repairs in compliance with best international practices and applicable laws.

3. In order to conduct Petroleum Operations under the Contract, the Contractor shall have the right to occupy the necessary land, subject to the provisions of this Article, for the construction and operation of facilities, personnel accommodations, and other related infrastructure. The Contractor may undertake or procure the development of infrastructure necessary for Petroleum Operations, including but not limited to roads, storage facilities, telecommunications, pipelines, and transportation networks. Additionally, the Contractor may develop and maintain water supply systems for personnel and operational needs, in compliance with water resource management regulations, and extract and utilize non-hydrocarbon subsoil resources necessary for Petroleum Operations, subject to relevant regulatory approvals. The Contractor shall notify the Ministry of any intended occupation of community land for the purpose of Petroleum Operations and shall comply with the legal requirements for land acquisition and use.
4. The Contractor shall submit a request to the Ministry detailing the intended use of the land, including a map of the location and a description of the planned facilities. The Ministry shall review and approve such requests in accordance with applicable laws and regulations. If the land required for Petroleum Operations is owned by the State, the Federal Government shall grant the Contractor the right to use the land for a fee and on terms to be agreed upon, with such costs being recoverable under the PSA. If the land is privately owned, the Contractor shall enter into agreements with the legal owner, occupant, or tenant for temporary or permanent occupation, with all payments and compensation being recoverable under the PSA. If an agreement cannot be reached between the Contractor and the landowner or occupant, the Ministry shall mediate. If mediation fails, the dispute shall be resolved in accordance with the laws of Somalia. The Federal Government may, subject to applicable laws and due process, expropriate land for Petroleum Operations when deemed necessary. In such cases, fair and reasonable compensation shall be determined by an independent valuation and paid to the landowner, with such costs being recoverable under the PSA. The relinquishment of a Contract Area, in whole or in part, shall not affect the Contractor's right to continue using facilities constructed on the land, provided such facilities remain necessary for ongoing Petroleum Operations in the retained area and are covered under an existing Contract.
5. The Contractor shall be the owner of all movable and immovable assets acquired for Petroleum Operations, except those leased or otherwise provided by third parties. Subject to prior written consent from the Ministry, the Contractor shall have the right to construct access roads, water wells, storage tanks, transmission pipelines, and other necessary infrastructure within and outside the Contract Area, provided that excess capacity may be made available for use by other contractors as determined by the Ministry. The Federal Government shall, at the request of the Contractor, facilitate the provision of land necessary for Petroleum Operations and shall grant wayleaves, easements, and other permissions needed for transportation and infrastructure development. The Contractor shall allow reasonable third-party use of its facilities upon payment of reasonable compensation, provided such use does not interfere with Petroleum Operations. Upon termination or expiration of the Agreement, the Contractor shall, within 365 days, either remove all facilities at its own cost or, upon written request from the Ministry, transfer ownership of such facilities to the Federal Government without charge. The Federal Government shall ensure the Contractor has the right of ingress and egress to and from the Contract Area and all related

facilities necessary for Petroleum Operations, subject to national security and immigration regulations. Subject to the national security and immigration laws of Somalia, the Federal Government shall not unreasonably refuse or delay the issuance or renewal of entry and work permits for the Contractor's technical and managerial personnel engaged in Petroleum Operations.

6. The Contractor shall ensure that all construction, operation, and decommissioning activities comply with environmental, safety, and social standards in accordance with best international practices and applicable Somali laws. The Contractor shall conduct Environmental and Social Impact Assessments (ESIA) prior to the commencement of any facility construction and implement mitigation measures as required by regulatory authorities. All Petroleum Operation structures and installations shall be decommissioned in accordance with the approved Decommissioning Plan, ensuring the safe removal or transfer of assets as required by law. Any disputes arising from the implementation of this Article shall be resolved through mediation by the Ministry. If unresolved, such disputes shall be referred to the courts of Somalia or resolved in accordance with dispute resolution provisions in the PSA.

Article 32: Duration and Phases of Contracts

1. The phases of the Contract comprising the Exploration, Appraisal, Development and Production phases shall be further set out in each Contract.
2. The Ministry may, if it deems appropriate, agree Initial Exploration Periods and Extension Periods of a shorter or longer duration than those contemplated in the Model Production Sharing Contract.

Article 33: Contracts for Production Period Only

If the Ministry so determines a Contract may be awarded in respect of the Development and Production phases or in respect of the Production phase only.

Article 34: Exploration Risk

Except where the National Company elects to take up a paid interest, the risk of investing during the Exploration phase and the Appraisal phase shall be borne by the Contractor. A Contractor shall not be entitled to recover that investment if no commercially viable Discovery is made.

Article 35: Exploration Periods

The duration of the initial Exploration Period, the first and second additional Exploration Period shall be specified in a production sharing Contract and shall not be more than seven (7) years.

Article 36: Extension of Exploration Periods

1. If upon expiry of the initial Exploration Period, the Second Exploration Period, and the third Exploration Period, any Appraisal work program with respect to a Discovery is still in progress, the Contractor shall be entitled to an additional extension of the then current Exploration Period necessary to complete the Appraisal work in progress.
2. Furthermore, where Appraisal work has not yet been completed by the Contractor, the requirement to relinquish shall be suspended until such time as the Contractor completes that Appraisal work, commerciality is determined and, if applicable, the related establishment of a Field is approved or denied.

3. Any additional extension granted under this shall not exceed one (1) Year, or such a longer period as may be approved by the Ministry, plus the period of time established under Article 51 necessary for the preparation of a Development and Production Plan and the Ministry's response.
4. In such an event, the Contractor shall file a request for an extension with the Ministry at least two (2) months prior to the expiry of the current Exploration Period.

Article 37: Minimum Exploration Work Obligations

1. The minimum work obligations be conducted by the Contractor during the initial Exploration Period, the first and second additional Exploration Period shall be specified in each production sharing contract, including in each case the minimum work and expenditure for that period in US Dollars or in any other currency acceptable to the Ministry and specified in the Contract.
2. The completion of the minimum work obligations required under the Contract in respect of any Exploration Period shall be a precondition to the commencement of the next succeeding Period.
3. If the Contractor fails to perform the minimum work obligations which the Contractor is required under the Contract to perform during any part of the Exploration Period, the Contractor shall, within such time period as the Ministry may require, pay the Ministry an amount in US Dollars (or other currency specified in the Contract) equal to the minimum expenditure set out in the Contract in respect of the unperformed obligations.
4. If the Contractor fails to pay that amount to the Ministry within the time period required by the Ministry, the Ministry may call for and take that unpaid amount from the parent company guarantee or the letter of credit provided by the Contractor under 10.

Article 38: Obligatory Exploration Wells

1. Each Exploration Well which the Contractor is required to drill as part of the minimum work obligations under the Contract must be drilled to the minimum depth specified in the Contract, unless discontinuing drilling is justified by one of the following reasons:
 - a. the economic basement is encountered at a depth less than the minimum depth specified in the Contract;
 - b. continued drilling is clearly dangerous because of abnormal pressure in the formation;
 - c. rock formations are encountered, the hardness of which makes it impracticable to continue drilling with appropriate equipment; or
 - d. Hydrocarbon bearing formations are encountered that require the installation of protective casings which exclude the possibility of reaching the minimum depth specified in the Contract.
2. For the purposes of this, economic basement means any stratum in and below which the geological structure or physical characteristics of the rock sequence do not have the properties necessary for the accumulation of Hydrocarbons in commercial quantities and which also reflects the maximum depth at which any accumulation of this type can be reasonably expected.
3. Except in circumstances where a prudent operator would immediately cease drilling operations, the Contractor shall obtain the approval of the Ministry prior to the interruption or cessation of any drilling.

4. The Ministry shall respond as soon as practicable and in any event within thirty (30) Business Days from the date of receipt of such request. The granting of such approval may not be unreasonably withheld or delayed, provided that the Ministry is in receipt of sufficient information to enable it to make an informed decision.
5. If any obligatory Exploration Well is abandoned due to insurmountable technical problems as set out in this and, at the time of such abandonment, the Exploration Costs for that Well have equalled the costs of that Well set out in the Annual Budget approved by the Ministry, for all purposes of the Contract, the Contractor shall be deemed to have fulfilled the obligation to drill that Exploration Well.
6. If any obligatory Exploration Well is abandoned due to insurmountable technical problems, and, at the time of such abandonment, the Exploration Costs for that Well are less than the monetary amount specified in the Contract, then the Contractor shall have the option to either:
 - a. drill a substitute Exploration Well at the same or another location to be agreed with the Ministry; or
 - b. pay the Ministry an amount equal to the difference between the costs actually spent in connection with that Exploration Well and the costs of that Well set out in the Annual Budget approved by the Ministry.

Article 39: Exploration

1. During the Exploration Period, the Contractor shall carry out exploration activities throughout the Contract Area on a regular basis in accordance with the requirements of the Contract and the applicable Annual Work Program.
2. During the drilling of any Exploration Well the Contractor shall submit to SPA daily geological and drilling reports.
3. Within forty-five (45) days after completing the drilling of any Exploration Well, the Contractor shall submit to the Ministry a full well completion report on that Well. The well completion report shall include, without limitation:
 - a. a full geological description of the formations encountered,
 - b. log interpretations,
 - c. the results of any testing undertaken,
 - d. samples (if taken), and
 - e. such other information as the Ministry may require, all in accordance with generally accepted practices in the international petroleum industry and any specific requirements of the Ministry.
4. The Contractor shall also notify SPA of any discovery of other mineral resources, including fresh water and salts.
5. Within six (6) months of the conclusion of the Initial Exploration Period, the Contractor shall submit to the Ministry the data, reports and findings from the Exploration operations carried out during that phase.
6. In relation to any reports, data or findings submitted under this, SPA may request any additional information or assessments.

Article 40: Drilling of Wells

1. A contractor shall submit an application to SPA for a permit to undertake drilling.
2. The contractor shall commence drilling operations after the contractor has received a drilling permit from SPA.
3. In the drilling of any Well the Contractor shall conform to generally accepted practices in the international petroleum industry, including without limitation their casing and cementing.
4. Each Well shall be identified by a name or number agreed by the Minister, which shall be indicated on all maps, plans or similar records produced by or on behalf of the Contractor.
5. No Well may be drilled to an objective which is outside the vertical projection of the boundaries of the Contract Area.
6. A Well drilled from outside the Contract Area to an objective within the Contract Area may only be drilled with the prior approval of the Ministry and on such terms and conditions as the Ministry may establish. For the purposes of the Contract such a Well approved by the Ministry shall be considered as a Well drilled within the Contract Area.
7. The Contractor shall notify the Ministry at least ten (10) Business Days prior to the commencement of drilling any Well or prior to the resumption of drilling of any Well that has been suspended for more than six (6) months.
8. On the proposal of SPA, the Minister shall issue a detailed guideline on conducting drilling activities within 6 months starting the date which this regulation enters into force.
9. The contractor shall commence drilling operations after complying with environmental laws.

Article 41: Prospecting Operations in Adjacent Areas

1. Whenever the conduct of Exploration operations in an area adjacent to the Contract Area is of established interest to the study of the Hydrocarbon potential of the Contract Area, whether or not the adjacent area is covered by a Contract, SPA may on receipt of a duly justified request from the Contractor authorise the Contractor for a given period of time to carry out such operations.
2. Such operations shall not comprise the drilling of a Well by the Contractor outside its own Contract Area.
3. If the adjacent area is covered by a different Contract, such operations shall not jeopardise or interfere with Exploration and Production Operations in the adjacent area.

Article 42: Mandatory Relinquishment

1. At the end of the Initial Exploration Period, a Contractor must relinquish a minimum of forty (25) percent of the initial Contract Area, or such other percentage as the Ministry may agree to include in the Contract.
2. At the end of the Second Exploration Period, a Contractor must relinquish to the State a minimum of twenty-five (25) percent of the remaining Contract Area, or such other percentage as the Ministry may agree to include in the Contract.
3. For the purpose of determining the percentage of the Contract Area to be relinquished, the following areas shall be excluded:
 - a. any designated Appraisal Area;
 - b. any designated Development and Production Area;
 - c. any area for which the approval of a Development and Production Plan is pending;
 - d. the area of any Field, including any Field which may be subject to unitisation or joint development discussions;
 - e. any area in relation to which the Contractor is engaged in discussions with the Ministry concerning the Appraisal of a Discovery of Unassociated Natural Gas.

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4. At the end of the Third Exploration Period a Contractor must relinquish to the State the remainder of the Contract Area, with the exception of:
 - a. any designated Development and Production Area;
 - b. any area for which the approval of a Development and Production Plan is pending;
 - c. the area of any Field, including any Field which may be subject to unitisation or joint development discussions;
 - d. any area in relation to which the Contractor is engaged in discussions with the Ministry concerning the Appraisal of a Discovery of Unassociated Natural Gas.
5. If for the purposes of this article, there is doubt whether a Field may be subject to unitisation or joint development discussions or whether the Contractor is engaged in discussions concerning the Appraisal of a Discovery of Unassociated Natural Gas, the determination of the Ministry on that issue shall be final.

Article 43: Voluntary Relinquishment

1. Contractor may voluntarily relinquish all or any part of a Contract Area at any time provided that all mandatory work obligations and all other obligations under the Contract in relation to all or that part of the Contract Area have been fulfilled.
2. Notice of voluntary relinquishment shall be given to SPA at least three (3) months prior to the proposed date of relinquishment.
3. The relinquishment of the Contract Area shall not be effective if the facilities located in the Contract Area have not been decommissioned.

Article 44: Unfulfilled obligation and liabilities of the contractor

1. No relinquishment under articles 42 or 43 shall relieve the Contractor of any liabilities or obligations under the Petroleum Law, these Regulations or the relevant Contract which are accrued but unperformed at the date of relinquishment.
2. In any relinquishment the Contractor shall, in accordance with good oilfield practice, propose the geographic location of that portion of the Contract Area that it proposes to retain, which shall have a continuous geometric shape going from North to South and East to West delimited as a minimum by one minute (1') of latitude or longitude or by political boundaries. Each such area shall be subject to the approval of the Ministry.

Article 45: Discovery

If a Contractor discovers Hydrocarbons in the Contract Area, it shall notify the Minister and SPA as within 24 hours of the discovery being made. This notice shall include all relevant information in accordance with generally accepted practices in the international petroleum industry including particulars of any logging or production testing programme which the Contractor has carried out or proposes to carry out.

Article 46: Non-Commercial Discovery

1. If a Contractor makes a Discovery which it does not wish to appraise, the area of that Discovery shall be included in the area to be relinquished in the next mandatory relinquishment.
2. If the Contractor considers that a Discovery is not in itself commercial but can be commercially

developed in conjunction with one or more other reservoirs, the Contractor shall advise the Ministry and SPA of its intention to conduct studies or operations aimed at the joint development of those reservoirs, as well as the nature and expected duration of those studies or operations.

Article 47: Appraisal Program

1. If the Contractor considers that the Discovery merits Appraisal, it shall diligently submit to the Ministry and SPA a detailed Appraisal work program and corresponding budget no later than ninety (90) days following the date on which the Discovery was notified to the Ministry (or such later date as the Ministry may in its discretion agree).
2. The SPA shall review the submitted Appraisal Work Programme and Budget and within one hundred and twenty (120) days of submission, and may submit to the Contractor suggested modifications and revisions thereto, specifying in reasonable detail his or her reasons for the suggested modifications. The Contractor shall consider the inclusion of such suggested modifications and revisions against Best International Practice and shall provide the SPA with a revised Appraisal Work Programme and Budget.
3. The Appraisal work program shall specify the estimated size of the Hydrocarbon reserves of the Discovery, the area proposed to be designated as the Appraisal Area and shall include all seismic, drilling, testing and Appraisal operations necessary to carry out an appropriate Appraisal of the Discovery.
4. The duration of the Appraisal work program in the case of Crude Oil shall not exceed twelve (12) months. The duration of the Appraisal work program in the case of Natural Gas shall be determined in accordance with 47 (4).
5. If the Appraisal work programme submitted by a Contractor under Article 47(3) in respect of a Discovery of Unassociated Natural Gas has a duration exceeding that of the Initial Exploration Period or any extension thereof, the Contractor may request the Ministry for an extension of the relevant Exploration Period with respect to the Appraisal Area for a period of up to four years (or such longer period as the Ministry may grant) starting from the expiry of the Initial Exploration Period or any extension thereof. Such request shall be made no later than sixty (60) days prior to the expiry of the relevant period.
6. The Appraisal work program, corresponding budget and designated Appraisal Area are subject to the review and approval of the SPA in accordance with the procedures set out in Chapter four of these Regulations.
7. The Contractor shall diligently carry out the approved Appraisal work program.
8. The approved Appraisal work program shall be incorporated in the corresponding Annual Work Program and Annual Budget.

Article 48: Appraisal Report

1. Within six (6) months after completion of the approved Appraisal work program, and in any event no later than thirty (30) days prior to the expiry of the Exploration Period, the Contractor shall submit to the Ministry a detailed report ("Appraisal Report") giving all the technical and economic information on the Discovery and confirming whether, in the Contractor's opinion, such Discovery



is a Commercial Discovery.

2. An Appraisal Report shall include without limitation the following information:
 - a. geological and petrophysical characteristics of the Discovery;
 - b. estimated geographical extent of the Discovery;
 - c. thickness and extent of productive layers;
 - d. pressure, volume and temperature data (PVT);
 - e. (e) productivity index of wells tested;
 - f. characteristics and quality of Petroleum discovered;
 - g. preliminary estimates of Hydrocarbons in place and reserves;
 - h. enumeration of other important characteristics and properties of the deposits and fluids discovered;
 - i. the preliminary economic study with regard to the exploitation of the Discovery;
 - j. such additional information and assessments as the Ministry may require.

Article 49: Commercial Discovery

1. If the Appraisal Report submitted to the Ministry confirms that in the Contractor's opinion the Discovery is a Commercial Discovery, that confirmation constitutes the declaration of a Commercial Discovery.
2. If the Appraisal Report confirms that in the Contractor's opinion the Discovery is a Commercial Discovery, that declaration may not be revoked or withdrawn.

Article 50: Development and Production Period

1. A declaration of a Commercial Discovery marks the beginning of the Development and Production Period in respect of the Development and Production Area set out in the definitive demarcation established under article 53.
2. At least one (1) Year prior to the expiration of the production sharing contract of and on condition that the Contractor has fulfilled all of its obligations under the Contract and can demonstrate that commercial Production from the Field is still possible after the expiry of that Period, the Contractor may by written notice to the Ministry request that the Development and Production Period be extended for an additional period of up to ten (10) Years.
3. The Minister may in his/her discretion extend the Development and Production Period for a further set period or periods if it is satisfied that the extension is in the interest of the State. The extension of Development and Production Period of the Minister shall be subject to approval of Inter-ministerial Concession Committee.
4. In the case of a Contract covering the Development and/or Production phases only, the Development and Production Period or the Production Period (as the case may be) shall commence on the date when the Contract takes effect.

Article 51: Submission of Development and Production Plan

1. Following the declaration of a commercial discovery, the contractor shall commence the preparation of a development and production plan in respect of that commercial discovery.
2. Within one hundred and eighty (180) days after the declaration of a commercial discovery, the contractor shall submit the development and production plan to SPA for its review and approval.

Article 52: Contents of Development and Production Plan

1. The Development and Production Plan to be submitted to the Ministry shall include, without limitation, the following details:
 - a. a technical report characterizing and describing the accumulation of Crude Oil and Natural Gas, detailing, among others, estimates of Hydrocarbons in place, the range of reserves, maps of productive horizons, chrono-stratigraphical features, depositional environment, poro-perm characteristics and fluid saturations;
 - b. proposal for the demarcation of the Development and Production Area, in accordance with Article 53;
 - c. presentation of the different technical solutions examined, including, when applicable, a description of the successive development phases, together with the existing or planned possibilities of joint use and/or development with neighbouring fields;
 - d. a statement of intent with regard to any parts of the proposed Field that are not addressed by the Development and Production Plan;
 - e. appraisal and economic parameters which justify the selection of the proposed development type;
 - f. development work program, detailing drilling, production and injection facilities and equipment, including the number and type of wells to be drilled;
 - g. description of the facilities planned for the transport, storage, measurement and export of the Hydrocarbons produced;
 - h. information on operation and maintenance of the facilities concerned;
 - i. a detailed budget giving the anticipated costs of the Development and Production Plan and each item in it, including without limitation life-of-field capital expenditure plans and related financing proposals and costs, the costs of Wells, production units, storage systems and the disposal of production, life-of-field operating expenditures detailing fixed costs, transportation costs and any other applicable costs;
 - j. expected date of start of commercial production, production profiles and possible factors of uncertainty;
 - k. environmental impact assessment, focusing in particular on technical solutions for preventing, minimizing and fighting pollution;
 - l. health and safety at work plan to be implemented;
 - m. plan for use of any Associated Natural Gas;
 - n. projected plan for abandoning facilities at the end of the useful life of the field, and the provision of funds needed for decommissioning;
 - o. information on the permits obtained, indicating those which approval is still pending;
 - p. plan for use of Somali goods and services;
 - q. specific and comprehensive insurance for all materials and equipment referred to in the Development and Production Plan;
 - r. a detailed life-of-field annual cash flow forecast showing revenue, royalty, capital expenditure, operating expenditure, abandonment costs, bonus payments, training fees, surface rentals, cost recovery, Contractor's profit oil, the State's profit oil, depreciation, income tax, withholding tax, net cash flow and contributions to social projects and to the Somali Petroleum Authority;
 - s. a plan for the training of national employees of the Contractor hired or to be hired for the purposes of the Development and Production Plan; and
 - t. such additional information and assessments as the Ministry may require and other details required by applicable law.



2. If any of the information or documents referred to above is missing, the Ministry may notify the Contractor to provide the missing details within thirty (30) days.

Article 53: Demarcation of Development and Production Area

1. The Development and Production Plan submitted to the Ministry shall define the proposed Development and Production Area by direct reference to the Hydrocarbon reservoir which has been appraised and shall include a map using an appropriate scale. The proposed Development and Production Area shall have a continuous geometric shape going from North to South and East to West delimited as a minimum by one minute (1') of latitude or longitude or by political boundaries.
2. The Ministry may propose amendments or modifications to the proposed Development and Production Area in accordance with Article 55.

Article 54: Extension of Field beyond Development and Production Area

1. If work performed after approval of a Development and Production Plan indicates that the Field extends outside the demarcated Development and Production Area, the Contractor shall so notify SPA and the Minister providing supporting evidence of that extension.
2. SPA may extend the Development and Production Area to embrace that extension, on condition that the extension is within the Contract Area in effect at that time.
3. If the Field extends beyond the boundaries of the Contract Area in effect at that time, then the provisions of Article 32 of the Petroleum Law and Chapter five of these Regulations shall apply.

Article 55: Review and Approval of Development and Production Plan

1. By notice to the Contractor within one hundred and twenty (120) days of submission of the Development and Production Plan, SPA may approve, reject or propose amendments or modifications to that Development and Production Plan, including the proposed Development and Production Area, setting out the reasons for those proposed amendments or modifications. In that event, SPA and the Contractor shall meet as soon as possible to review the amendments or modifications proposed by the Ministry and to establish the Development and Production Plan by mutual agreement.
2. If SPA and the Contractor do not reach written agreement within one hundred and eighty (180) days after the date on which the Ministry proposed amendments or modifications (or such longer period as the Ministry may in its discretion agree), or if the Ministry notifies the Contractor that it does not approve the establishment of a Field, the Field shall not be established and any extension granted under this regulation shall expire.
3. SPA's written approval of a Development and Production Plan shall authorise and oblige the Contractor to carry out the approved Development and Production Plan.
4. If the Ministry considers that the Hydrocarbon reservoir to be developed extends significantly outside the Contract Area of the Contractor, it shall reject that Development and Production Plan and chapter Five of these Regulations shall apply.

Article 56: Modifications Development and Production Plan

1. When the results obtained from Development and Production Operations require modifications to the approved Development and Production Plan, the Contractor may submit its proposed modifications to SPA.
2. At any time during the Development and Production phases, the Contractor may propose to SPA revisions to the approved Development and Production Plan to allow additional Development and Production Operations to be conducted.
3. The procedure for the Ministry's approval of modifications or revisions to the approved Development and Production Plan shall be the same as the procedure for the approval of the initial Development and Production Plan set out in Article 55.

Article 57: Mandatory Relinquishment and Future Operations

1. At any time during the Exploration Period, the Ministry may, on giving the Contractor at least six (6) month notice, require the Contractor to relinquish promptly, without any compensation or indemnification, all of its rights over an area encompassing a Discovery, including all its rights to Hydrocarbons which may be produced from that Discovery, if:
 - a. the Contractor makes a Discovery that it does not wish to appraise;
 - b. the Contractor makes a Discovery and does not submit within the period specified in this regulation an Appraisal Work Program and Budget,
 - c. the Contractor submits an Appraisal Report indicating that the Contractor does not consider the Discovery to be commercial, or
 - d. does not within one (1) Year after completion of the Appraisal of a Discovery of Un-associated Natural Gas establish the Discovery as a Field.
2. In that event the Contractor shall forthwith relinquish to the State all of its rights over that area. The Ministry may perform or cause to be performed any Exploration and Production Operations in respect of that Discovery without any compensation or indemnification to the Contractor, provided however that those Exploration and Production Operations shall not interfere with the Exploration and Production Operations conducted by the Contractor in the Contract Area.
3. The Ministry shall be permitted to use (free of charge) all facilities and equipment of the Contractor that are not used for the Contractor's continuing Exploration and Production Operations in the Contract Area.

Article 58: Development and Production Operations

1. Development and Production Operations may not be commenced before a Development and Production Plan has been approved by the Ministry. Exceptionally the Ministry may authorise a Contractor to perform certain activities included in a Development and Production Plan before that plan is formally approved.
2. The Ministry's approval of a Development and Production Plan shall authorise and oblige the Contractor to carry out the approved Development and Production Plan.
3. Within six (6) months after the Ministry's approval of the Development and Production Plan, the Contractor shall commence Development and Production Operations in accordance with the approved Development and Production Plan.

4. The Contractor shall perform at its own expense and risk all Development and Production Operations required to bring a Field into Production in accordance with the approved Development and Production Plan.
5. The Contractor shall perform all Development and Production Operations in accordance with the provisions of the Petroleum Law, these Regulations and the Contract and in accordance with generally accepted practices in the international petroleum industry.

Article 59: Commencement of Commercial Production

1. Before Production begins from any Field the Contractor and the Ministry shall agree and establish the Maximum Efficient Production Rate for the Field, and shall agree the dates on which such Rate shall be re-examined and potentially revised.
2. No later than ninety (90) days prior to the commencement of commercial production from a Hydrocarbon reservoir, the Contractor shall apply to the Ministry for authorisation to commence commercial production, including a report on the execution of the Development and Production Plan. Commercial production may only commence after authorisation has been granted by the Ministry.
3. The Ministry shall grant its authorisation to commence commercial production provided that it is satisfied that the Development and Production Plan has been properly conducted according to its terms and in accordance with all relevant laws and regulations of Federal Republic of Somalia and that the Contractor has not committed any material breach of such laws and regulations. The Ministry's authorisation to commence commercial production shall not be unreasonably withheld or delayed.
4. The Contractor shall keep the Ministry informed on a daily basis of the volumes of Hydrocarbons produced from the Contract Area.

Article 60: Title to Hydrocarbons

The point of transfer to the Contractor of its share of Hydrocarbons produced shall be specified in the relevant Contract and shall be situated beyond the wellhead and the metering point for Hydrocarbons produced shall be located immediately prior to the point where ownership is transferred.

Article 61: Disposal of Hydrocarbons

1. Each Contractor may freely dispose of all Hydrocarbons to which it is entitled under the terms of the relevant Contract.
2. The government shall dispose of their share of Hydrocarbons to which it is entitled under the terms of the relevant Contract in accordance with the rules set out by the Ministry for this purpose.

CHAPTER FOUR: WORK PROGRAMME AND PETROLEUM OPERATIONS BUDGET

Article 62: Publication of Work Programme and Petroleum Operations Budget

SPA shall publish all work programme and annual budgets approved for the purpose of undertaken petroleum operation in accordance with the Petroleum Law and this regulation.

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Article 63: Submission of Annual Work Programme and Annual Budget

1. No Exploration and Production Operations may be conducted except under an Annual Work Programme and corresponding Annual Budget approved by SPA.
2. No later than ninety (90) days prior to the beginning of each Calendar Year, or for the first Calendar Year no later than sixty (60) days after the Effective Date of the Contract, the Contractor shall prepare and submit to SPA for its review and approval a detailed and itemised Annual Work Programme divided into Quarters, along with the corresponding Annual Budget, setting forth the Exploration and Production Operations that the Contractor proposes to carry out under the Contract during that Calendar Year.

Article 64: Form of Annual Work Programme and Annual Budget

1. Each Annual Work Programme and Annual Budget shall identify separately, and as applicable, the Exploration, Appraisal, Development and Production operations that the Contractor proposes to carry out in the Contract Area during that Calendar Year.
2. For the purposes of this Part four, an Annual Work Programme and Annual Budget which covers more than one of the Exploration, Appraisal, Development and Production phases shall constitute a separate Annual Work Programme and Annual Budget in respect of each such phase.
3. The annual work programme and budget shall be presented in the official format provided by the Ministry.

Article 65: Review and Approval of Annual Work Programme and Annual Budget

1. SPA shall review each Annual Work Programme and Annual Budget and may by written notice to the Contractor reject or propose amendments or modifications to that Annual Work Programme and Annual Budget, including reasons for such rejection, amendments or modifications.
2. In that event, SPA and the Contractor shall meet as soon as possible to review the rejection, amendments or modifications proposed by the SPA and establish by mutual agreement the Annual Work Programme and Annual Budget.
3. The Contractor shall diligently and properly perform each operation included in an Annual Work Programme approved by SPA in accordance with the Petroleum Law, these Regulations and the terms of the Contract.

Article 66: Modifications to Annual Work Programme and Annual Budget

1. If the technical results of the work performed or unforeseen changes in circumstances may justify modifications to an approved Annual Work Programme and Annual Budget, the Contractor shall promptly notify SPA in writing of its proposed modifications.
2. SPA shall review the proposed modifications and approve or reject those modifications. If SPA does not respond within that period, the proposed modifications shall be deemed to have been approved by the SPA.

Article 67: Unauthorised Expenditures

1. If a Contractor incurs expenditures which are not within an approved Annual Work Programme and Annual Budget, those expenditures shall not be cost recoverable under the Contract nor deductible for tax purposes.
2. In no event shall the Contractor incur any expenditure which exceeds an approved Annual Budget without the express prior approval of SPA. Expenditures incurred in excess of that figure without

the approval of the SPA shall not be cost recoverable under the Contract nor deductible for tax purposes.

Article 68: Emergency or Accident

1. In the event of an emergency or accident requiring urgent action, the Contractor shall take all steps and measures as may be prudent and necessary in accordance with good oilfield practice to protect its interests and those of the State and the property, life and health of any Person, the environment and the safety of Exploration and Production Operations.
2. The Contractor shall promptly notify the Ministry and SPA of such emergency or accident and the steps it has taken in response.
3. All costs incurred by the Contractor in accordance with this Article shall be cost recoverable under the Contract, provided that all costs incurred by the Contractor in the cleaning up of pollution or damage to the environment caused by the negligence or wilful misconduct of the Contractor, its subcontractors or any Person acting on its or their behalf shall not be cost recoverable under the Contract nor deductible for tax purposes.
4. In the event of an emergency or accident attributable to the Contractor, it shall be penalised according to the extent of the damage and its effects.

Article 69: Content of Annual Work Programme for Exploration Phase

1. During the Exploration phase of a Contract, the Annual Work Programme shall set out the Exploration activities to be conducted during the following Year and shall include, as a minimum and without limitation, all the minimum work obligations required by the Contract to be performed in that Year.
2. The Annual Work Programme shall include without limitation:
 - a) data on the area to be prospected and explored, indicating the location of facilities and equipment;
 - b) data on seismic and other surveys and on the drilling of wells;
 - c) work schedule;
 - d) prospecting and exploration methods;
 - e) equipment to be used, movement of equipment, ports and airports for unloading and to be used as support bases for prospecting and exploration;
 - f) form in which findings will be available;
 - g) environmental impact assessment;
 - h) A detailed plan for the procurement of local good and service;
 - i) A detailed plan for skill and knowledge transfer for the benefit of government and national staff;
 - j) a detailed budget giving the anticipated costs of the Annual Work Programme and each item in it.
 - k) any other required by the SPA.
3. The Contractor may add other data that it deems of interest for the knowledge of the geological potential of the Contract Area.

Article 70: Content of Annual Work Programme for Appraisal Phase

1. During the Appraisal phase of a Contract the Annual Work Programme shall set out the Exploration activities to be conducted during the following year and shall include, without limitation:

- a. aims of the appraisal strategy;
 - b. geological context of the discovery (including respective location map);
 - c. geophysical survey programmes;
 - d. number and type of Wells to be drilled; and
 - e. a detailed budget giving the anticipated costs of the Annual Work Programme and each item in it.
 - f. any other required by the Ministry and/or SPA.
2. The Contractor may add other data that it deems of interest for the knowledge of the geological potential of the area under Appraisal.

Article 71: Annual Work Programme for Development Phase

1. During the Development phase of a Contract the Annual Work Programme shall comprise those parts of the approved Development and Production Plan for that Hydrocarbon reservoir which are scheduled under the approved Development and Production Plan to be performed during the following year.
2. SPA shall only reject the Annual Work Programme for the Development phase if the Annual Work Programme and budget submitted is inconsistent with the current approved Development and Production Plan, the Petroleum Law, these Regulations, other applicable laws of the Federal Republic of Somalia or generally accepted practices of the international petroleum industry.

Article 72: Annual Work Programme for Production Phase

1. During the Production phase of a Contract the Annual Work Programme shall set out the Production activities to be conducted during the following year and shall include, without limitation:
 - a. the projects and other works to be undertaken;
 - b. the proposed daily production levels for Crude Oil or Natural Gas as appropriate;
 - c. well workovers and other scheduled maintenance;
 - d. any shut-down periods scheduled for the purposes of maintenance;
 - e. forecast for flaring and loss of Natural Gas;
 - f. forecast for injection of special fluids with a view to enhanced recovery;
 - g. forecast for production and management of solid waste;
 - h. a detailed budget giving the anticipated costs of the Annual Work Programme and each item in it;
 - i. a detailed life-of-field annual cash flow forecast showing revenue, royalty, capital expenditure, operating expenditure, abandonment costs, bonus payments, training fees, surface rentals, cost recovery, Contractor's profit oil, the State's profit oil, depreciation, income tax, withholding tax, net cash flow and contributions to community development fund; and
 - j. such other forecasts and information as are necessary or appropriate or as the Ministry may require.
2. Approval of the Annual Work Programme shall authorise and oblige the Contractor to produce Hydrocarbons in accordance with the production levels contained in it.
3. Provided that it is in the national interest or necessary to ensure the efficient use of reservoirs, facilities and/or transportation systems, the Ministry may on its own initiative impose any reasonable increase in or reduction to the production levels contained in any current approved Annual Work Programme. In this case the Ministry shall give the Contractor a reasonable period to submit and implement an amended Annual Work Programme.

CHAPTER FIVE: JOINT DEVELOPMENT AND UNITISATION

Article 73: Joint Development and Production

Joint development and production of a Field or Fields provided for in this Part Five is intended to assure efficient management of Hydrocarbon resources and to avoid economic and physical wastage, and at the same time to guarantee and protect the interests of the State and the parties involved.

Article 74: Notification of discovering hydrocarbon reservoir

A Contractor shall immediately notify the Ministry and SPA as soon as:

- a. it discovers in its Contract Area a Hydrocarbon reservoir capable of commercially viable development which extends beyond the Contract Area into an adjacent area or areas;
- b. it discovers in its Contract Area a Hydrocarbon reservoir which can only be commercially developed when in conjunction with a Hydrocarbon reservoir existing in an adjacent area or areas; or
- c. it considers that a Discovery in the Contract Area should, for technical and economic reasons, be developed jointly with a Discovery in an adjacent area or areas.

Article 75: Joint Development Agreement and Joint Development Plan

1. In the event that the adjacent area or areas are covered by Contracts, the Ministry may, by means of a written notice to the Contractors concerned, determine that the Discoveries be developed and produced on a joint basis.
2. In that event the Contractors concerned shall cooperate in the preparation and agreement of:
 - (a) an agreement between the Contractors for the joint development and production of the Discoveries (a "Joint Development Agreement"), and
 - (b) a plan for the joint development and production of the Discoveries ("Joint Development Plan").
3. Within one hundred and eighty (180) days of receipt of the notice from the Ministry, or such a longer period as the Ministry may agree, the Contractors concerned shall submit the agreed Joint Development Agreement and Joint Development Plan to the Ministry for review and approval.
4. In the event that one or more of the adjacent areas are not covered by a Contract, the Ministry shall determine the strategy to be pursued in order to render the production of the Hydrocarbons in question possible.
5. In the event that one or more of the adjacent areas lies outside the territory of the Federal republic of Somalia, the provisions of Article 81 of this Regulation shall apply.

Article 76: Contents of Joint Development Agreement

1. A Joint Development Agreement shall include, without limitation, the following details:
 - a. participating interests of the parties;
 - b. proposed joint Development and Production Area;
 - c. procedures for assessing, reassessing and sharing reserves and production;
 - d. appointment of the Operator for the unitised area or joint Development and Production Area;
 - e. effective date of the Joint Development Agreement;
 - f. standardised health, safety and environmental management system;
 - g. safety case and emergency plans;

- h. proposed facilities and pipelines;
 - i. means of transportation of production;
 - j. provisions for the abandonment of the Field and facilities;
 - k. accounting procedures;
 - l. governing law and competent jurisdiction; and
 - m. other matters agreed between the parties.
2. If the Contractors concerned agree to include in the Joint Development Agreement a procedure for the redetermination of their respective interests in the unitised Field, any such redetermination shall, unless the Ministry agrees otherwise, be based on Hydrocarbons originally in place and not on moveable Hydrocarbons or recoverable reserves. The costs of any such redetermination exercise shall not be cost recoverable under any Contract, nor deductible for tax purposes.

Article 77: Contents of Joint Development Plan

A Joint Development Plan shall contain the details specified in Article 52 and such other matters as the parties shall agree to include.

Article 78: Review and Approval of Joint Development Agreement and Plan

If the Ministry disapproves all or any part of the Joint Development Agreement or the Joint Development Plan, it shall within forty-five (45) days after receipt thereof require that the Joint Development Agreement or the Joint Development Plan is revised, or else may make such amendments as it deems necessary to safeguard the interests of the State.

Article 79: Amendment of Approved Joint Development Agreement and Plan

Any amendments to an approved Joint Development Agreement or an approved Joint Development Plan shall require the approval of the Ministry.

Article 80: Preparation of Joint Development Agreement and Plan by Consultant

1. If the Joint Development Agreement and/or the Joint Development Plan is not agreed and submitted within the period required under Article 74, the Ministry may arrange for an independent consultant to prepare the Joint Development Agreement and/or Joint Development Plan in accordance with generally accepted practices in the international petroleum industry and at the expense of the Contractors in such proportions as the Ministry shall determine.
2. The consultant shall consult with and keep all the parties informed of his work at all times and shall take into consideration any representations received from the parties.
3. On completion of the Joint Development Agreement and/or the Joint Development Plan the consultant shall submit the same to the Ministry for its review and approval and shall make such amendments thereto as the Ministry may require. Once the Ministry is satisfied with the form and content of the Joint Development Agreement and/or Joint Development Plan it shall serve the same or cause it to be served on the Contractors concerned.
4. The Contractors shall execute the Joint Development Agreement and Joint Development Plan served on them, on the penalty of the Hydrocarbon reservoir or reservoirs in question reverting to the State.

Article 81: International Unitisation

1. In the event that one or more of the adjacent areas referred to in Article 74 is situated outside the territory of the Federal Republic of Somalia, the Ministry shall initiate negotiations with the Government that has jurisdiction over that adjacent area with a view to reaching an agreement acceptable to all parties for the Development and Production of the Discovery concerned.
2. That agreement must be approved by each of the governments involved. Production from the Discovery concerned shall not commence until those approvals have been obtained.

CHAPTER SIX: CLASSIFICATION AND DESIGNATION

Article 82: Classification of petroleum resources

SPA shall classify petroleum resources in accordance with the Petroleum Resources Management System of the Society of Petroleum Engineers or any other system specified by SPA.

Article 83: Naming of prospect

SPA shall name a prospect generated in accordance with the prospect naming convention of SPA as provided in these regulations.

Article 84: Application for name of well and name of wellbore

1. A Contractor shall apply for and obtain a name for a well or a wellbore from SPA as provided in guidelines or regulations before the commencement of drilling activities.
2. The contractor shall submit an application for the name of a well or a wellbore to SPA not later than four weeks before the estimated commencement of the drilling activity.
3. The application for the name of the well or wellbore shall, together with the drilling programme, provide satisfactory information on the well and planned data acquisition.
4. The Contractor shall obtain a new well or wellbore designation from SPA in the case of side-tracking to a new well or wellbore target.
5. The Contractor shall give each well or wellbore a unique identification which shall be referred to in the communication with SPA.

Article 85: Naming of well and wellbore

SPA shall name a well and a wellbore in accordance with the naming convention of SPA as provided in this regulation.

Article 86: Classification and reclassification of well

1. SPA shall approve the classification of a well upon application for the name of a well and the name of a wellbore in accordance with this chapter.
2. Where there is a need for reclassification, the Contractor shall, within thirty days before a change of use, submit an application in writing to SPA, which shall determine the new classification of the well

Article 87: Naming of discovery

A petroleum discovery shall be named followed by a hyphen and the word "discovery" in accordance with the naming convention of SPA with regards to a prospect as provided in guidelines issued under these regulations.

Article 88: Naming of petroleum facility

1. SPA shall name a permanently placed petroleum facility.

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2. A Contractor shall submit to SPA, an application in writing for a name for the petroleum facility.
3. SPA shall, within eight weeks before the completion of the petroleum facility, acknowledge receipt of the application and provide a response to the Contractor.

Article 89: Naming of field

1. A Contractor shall upon the declaration of the commerciality of a discovery or a cluster of discoveries, submit an application to SPA in writing for a name for the field where the discovery is located
2. SPA shall, within four weeks after an application for a name for the field where the discovery is located is made, acknowledge receipt of the application and provide a response to the Contractor.

CHAPTER SEVEN: DRILLING, MEASUREMENT AND TESTING OF HYDROCARBONS

Article 90: Permit for exploration drilling

1. A contractor shall submit an application to SPA for a permit to undertake exploration drilling.
2. The contractor shall submit the application to SPA for a permit within six weeks before the commencement of the exploration drilling.
3. The application for exploration drilling shall include
 - a. an environmental permit;
 - b. a rig security clearance;
 - c. a rig inspection report;
 - d. a specific well drilling or completion programme;
 - e. a modification to the well drilling programme; and
 - f. a permanent plug and abandonment programme.
4. The permit is valid for six months from the date of issue and is subject to renewal at the end of the period.
5. SPA shall revoke the permit where there is a deviation from the approved drilling programme without permission from SPA.

Article 91: Drilling programme

1. A Contractor shall submit the drilling programme to SPA upon application for the approval of the name for a well.
2. The drilling programme shall provide relevant geological and engineering information and contain provisions on health, safety and environment in the conduct of drilling activities.

Article 92: Plan for formation testing

A contractor shall submit a plan for formation testing to SPA not less than five days before the commencement of the testing activity.

Article 93: Reporting during drilling and well activity

A Contractor shall submit to SPA, daily reports from a drilling and well activity in accordance with the format provided by the SPA.

Article 94: Submission of geological and reservoir data from drilling and well activity

1. A Contractor shall ensure that samples in the nature of

- a. cuttings,
- b. conventional cores,
- c. sidewall cores,
- d. liquid and gas,
- e. logs, and
- f. test data

are collected and submitted to SPA as provided in guidelines issued by the Ministry or SPA.

2. SPA shall agree with contractor on the requirements for data acquisition, processing and analysis in each case.

Article 95: Collection of cuttings

1. A Contractor shall take samples of cuttings from an exploration well from a geological formation drilled.
2. Sampling shall commence as soon as returns of the drilling fluid have been established.
3. The contractor shall take samples of cuttings from a development well from the reservoir section.
4. The sampling interval shall not exceed ten metres for an exploration well.
5. The sampling interval in the reservoir shall not exceed five metres for an appraisal and development well if a conventional core is not taken.

Article 96: Collection of cores

1. A contractor shall take a conventional core
 - (a) for purposes of determining the reservoir properties; and
 - (b) from the entire reservoir section from
 - (i) each of the selected appraisal wells, and
 - (ii) a selected development well after a discovery has been made.
2. The Contractor may take a sidewall core where necessary.
3. The Contractor shall submit core data to SPA in accordance with guidelines issued by the Ministry or SPA.

Article 97: Collection of fluids

A contractor shall take a fluid sample during formation testing for analysis.

Article 98: Collection and testing of well logs

1. A Contractor shall take a well log in a selected well for analysis.
2. The contractor shall carry out formation testing in a selected well to establish
 - (a) the pressure gradient and type of fluids in a formation; and
 - (b) the production capability of the well.

Article 99: Transportation and storage of sample container

A Contractor shall ensure that

- (a) a sample container is suitable and safe for transportation and storage; and
- (b) requirements issued in applicable enactments on health, safety and the environment are complied with.

Article 100: Description, analyses and interpretation of well data

1. A Contractor shall submit to SPA, the results of analyses on well data not later than ninety days after the analyses on the well data is carried out by the Contractor.
2. Where the Contractor carries out an interpretation and update of the analyses, the Contractor shall submit to SPA the interpretation and update not later than ninety days after the interpretation and update of the analyses is carried out by the Contractor.

Article 101: Final reporting of geological and reservoir parameters

1. A Contractor shall submit a Final Well Report to SPA not more than six months after the well has been completed.
2. The Final Well Report shall, in addition to well data in electronic format, contain an overview of data collected including data that has been sent to research laboratories for further analysis.
3. The Contractor shall submit to SPA, in electronic format, both the prognosed and actual results in respect of exploration wells.
4. The Contractor shall, in the Final 'Well Report, ensure that
 - (a) depths are related to the Rotary Kelly Bushing;
 - (b) the logs indicate measured depth in metres and true vertical depth in metres; and
 - (c) information enabling the conversion of measured depth into vertical depth and the wellbore geometry is included.

Article 102: Measurement of Petroleum obtained

1. An Authorised Person shall measure, weigh or calibrate the Petroleum produced and saved from a license area by a method or methods customarily used in good oil field practices, approved from time to time by SPA.
2. An Authorised Person shall not make an alteration in the method of measurement, weighing or calibration used by the Authorised Person or in any appliance used for that purpose without the consent in writing of SPA and SPA may require that an alteration shall not be made except in the presence of a Person authorised by SPA.
3. The Authority may direct that weighing, measuring or calibrating appliances be tested or examined on the occasions or at the intervals and by the means specified in the direction.
4. If any measuring, weighing or calibrating appliance is found to be false or unjust after the consideration of a representation, the appliance shall be deemed to have existed in that condition during a period that is represented by half of the period from the last occasion when the appliance was tested or examined to the date when the appliance was found to be false or unjust and royalty and any other payments due to the Government, SPA or Somali National Oil Company under the contract for that period shall be adjusted accordingly.

Article 103: Inspection and sampling of Petroleum

The Authority may, by notice to the contractor, authorize an officer by name or by virtue of office enter any place where Petroleum is being transported, stored, produced, refined or blended and inspect or take samples for testing of any Petroleum found in that place.

Article 104: Purpose of testing and restrictions

1. The Authorised Person shall submit to SPA information on:



- (a) the volume of Petroleum produced and the composition of the Petroleum including test production and the extraction of Petroleum in connection with formation testing;
 - (b) use, injection, cold venting and burning of petroleum and the information shall, as far as possible, be based on metering;
- 2. Volumes and other results of monitoring as well as monitoring procedures and Petroleum exploration, development and production shall be submitted to SPA.

Article 105: Manner of testing

Tests of Petroleum shall be made with a test apparatus in respect of which there is a valid certificate and shall have due regard to any correction specified in that certificate and be carried out in accordance with rules by or under SPA of SPA.

Article 106: Certificate of testing

- 1. The authorised testing officer shall issue a certificate in the prescribed form after taking samples of Petroleum;
- 2. The testing officer shall on request give the Authorised person a certified copy of the certificate, on payment of the prescribed fee and the certified copy of the certificate may be produced in court as proof of the contents of the original certificate.

CHAPTER EIGHT: MATERIALS, DOCUMENTATION AND INFORMATION

Article 107: Formats and markings

- 1. A Contractor shall ensure that material and information submitted to, or made available to SPA has unambiguous identification and is accompanied by the necessary technical information with regard to quality and properties.
- 2. SPA may stipulate the manner in which material and information is submitted with the exception of physical samples, data and information required to be submitted to SPA shall be in hard copy and electronic copy.

Article 108: Submission of geophysical information, documentation and material

- 1. A Contractor and sub-contractor shall, not more than three months after the completion of the individual geophysical activity, submit the following to SPA:
 - a. field data, raw navigation data, and observers' logs;
 - b. processed seismic data, velocity data and navigation data;
 - c. processed gravimetric and magnetic data in electronic form;
 - d. maps in electronic format including:
 - i. Bouguer anomalies,
 - ii. free air anomalies, and
 - iii. total magnetic intensity;
 - e. processed seismic refraction measurements;
 - f. shallow seismic profiles; and
 - g. analysis results, maps and profiles showing the results from other geophysical or geological surveys such as heat flow measurements, Controlled Source Electromagnetic measurements and samplings.

2. A Contractor shall
 - a. submit raw data, processed data and interpreted data separately to SPA; and
 - b. clearly mark the raw data, processed data and interpreted data and ensure that the raw data, processed data and interpreted data are accompanied with a transmittal and the unique identification number of the survey.
3. SPA may require other data and results to be submitted in a format determined by SPA.
4. A variation to the submission timeline, content or format requires the prior approval of SPA.
5. A Contractor shall provide the following information in a transmittal to SPA:
 - a. the name of the Contractor;
 - b. the name of the survey;
 - c. a clear list of reports and data in accordance with guidelines issued under the Act;
 - d. contact details comprising the name, electronic mail address and phone number;
 - e. the full name of the survey;
 - f. an alias of the survey, where applicable;
 - g. the seismic line prefix; and
 - h. any licensed non-exclusive data as provided in guidelines issued under the Act for detailed formats and markings requirements.

Article 109: Fishery expert log

1. fishery expert on board a seismic vessel shall keep a log on marine mammals.
2. A Contractor shall make a copy of the log available to SPA not more than three months after the activities.

Article 110: Reporting of reconnaissance activity

A contractor shall

- a. submit a daily report of a reconnaissance activity to SPA;
- b. provide SPA with an end of activity report not more than three months after the raw data and processed data have been made available to the holder of the petroleum reconnaissance licence; and
- c. submit a copy of data acquired during a reconnaissance activity to SPA.

Article 111: Survey of pipeline route and other soil survey

1. A Contractor shall, before undertaking a track survey, submit to SPA a map that:
 - a. details the georeferenced pipeline route, showing the planned track and possible prospective areas; and
 - b. states the scale and the Coordinate Reference System of the map.
2. A Contractor shall submit a final "as-built map" to SPA not more than six months after the pipeline has been laid.
3. A Contractor shall provide the necessary geotechnical information on a soil survey to SPA not more than six months after completion of the survey.
4. SPA may periodically issue detailed specifications for reporting pipeline routes and other soil surveys.

CHAPTER NINE: ACCOUNTING AND AUDIT

Article 112: Maintenance of Books and Records by Contractors

1. A Contractor shall at all times maintain at its offices in the Federal republic of Somalia the original books and records of petroleum operations in accordance with all applicable laws and regulations of the Federal Republic of Somalia.
2. All books and records shall be maintained in English languages and be denominated in Dollars, or such other currency as the Ministry may stipulate from time to time. They shall be supported by detailed documents recording the expenses and receipts of the Contractor under the Contract. Such records and books and records shall be used to determine the Contractor's revenues, costs and net profits from Exploration and Production Operations and to establish the Contractor's income tax and other payment obligations. Such books and records shall also include the Contractor's accounts showing sales of Hydrocarbons.

Article 113: Submission of Accounts by Contractors

Within forty-five (45) days after the end of a Calendar Year, the Contractor shall submit to the Ministry detailed accounts showing the costs which the Contractor has incurred in petroleum Operations under the Contract during such Calendar Year. The Contractor may request the approval of SPA for an additional extension of up to thirty (30) days; such approval shall not be unreasonably withheld or delayed. The accounts shall be certified by an independent external auditor acceptable to the government of Somalia and the Contractor. The auditor's fees shall be met by the Contractor.

Article 114: Audit of Contractors by Ministry

1. After notifying the Contractor, the government of Somalia shall have experts of its choice or its own agents examine and audit any books and records relating to the petroleum operations. The government of Somalia has a period of ten (10) years from the date the Contractor submits to the Ministry such books and records in accordance with Article 83, to perform such examinations or audits in respect of that Calendar Year and submit its objections to the Contractor for any contradictions or errors found during such examinations or audits.
2. The Contractor shall provide to the Persons designated by the government of Somalia any necessary assistance for the foregoing purpose and facilitate the performance of their duties. The Contractor shall bear all reasonable expenses incurred in such examination or audit, which shall be cost recoverable under the Contract. However, any expenses incurred for the audit and inspection of accounting books and records outside the Federal Republic of Somalia due to the Contractor's non-compliance with this Part Six shall be borne by the Contractor and shall not be cost recoverable under the Contract nor deductible for tax purposes.
3. In the event of a disagreement between the government and the Contractor in relation to the results of any examination or audit, the dispute shall be determined in accordance with the applicable Somalia laws.

Article 115: Currency and Accounts under Contracts

All payments between the Parties under a Contract shall, unless otherwise agreed, be in Dollars, or such other currency as shall be requested by the Ministry from time to time. when the receiving Party is the State, payments shall be made to the Single Treasury of the State, and when the receiving Party is the Contractor, payments shall be made to a bank account designated by the Contractor and notified to the Ministry.

Article 116: Timing and Overdue Payments under Contracts

All payments under a Contract by the Contractor to the Ministry shall be made within thirty (30) days following the date on which the obligation to make such payment occurs. In the event of a delay in payment the amount due shall bear interest compounded monthly at the rate determined by the Minister in accordance with international best banking practice or such other rate as may be agreed between the parties and specified in the relevant Contract.

Article 117: Payment of Taxes by Contractors

Except as otherwise provided in any Contract, the Contractor, its subcontractors and their respective employees, agents, consultants and other personnel shall be subject to the Tax Law and all regulations passed pursuant thereto, as well as fiscal and customs laws of the Federal Republic of Somalia.

CHAPTER TEN: STATE PARTICIPATION AND DOMESTIC SUPPLY REQUIREMENTS

Article 118: Participation Interests

1. The State is entitled to invest or participate in any Contract Area either directly or through the National Oil Company, as determined by the Ministry. The terms of such investment or participation shall be negotiated between the Ministry and the Contractor and clearly set forth in each Contract.
2. The Participation Interest of the State participation in a Contract shall be up to twenty (20) percent which shall be carried and paid for in full by the other parties comprising the Contractor in proportion to their respective Participation Interests until such time as the National Company elects to convert its carried Participation Interest into a full working Participation Interest. From that point on, the National Company shall be responsible for all the costs, expenditures and obligations attaching to its Participation Interest.
3. The State may exercise its option to convert the carried interest of the State or National Company to a paid interest by giving the other parties comprising the Contractor at least thirty (180) days prior written notice. Following the effective date of that notice the State or National Company shall meet its Participation Interest share of all subsequent costs of Exploration and Production Operations under the Contract.
4. The costs, expenditures and obligations incurred by the other parties comprising the Contractor in respect of the National Company's Participation Interest shall be recoverable by them in the manner and to the extent provided in the Contract.

Article 119: Non-Transferability of Rights

1. Under no circumstances may a National Company transfer all or any of its rights or obligations under a Contract to any Person other than an entity owned by the State.
2. A National Company may not transfer all or any of its rights or obligations under a Contract to any other entity owned by the State without the prior written permission of the Ministry.
3. Any purported transfer by a National Company of all or any of its rights or obligations under a Contract which is not permitted under the terms of this Article shall be null and void.

Article 120: Representation on Joint Operating Committee

The State or National Company that is participating in a Contract Area shall be a full party to the Joint Operating Agreement with all the rights and obligations attaching to its Participation Interest including the right to vote its Participation Interest as provided therein.

Article 121: Satisfaction of Domestic Consumption Requirements

1. At any time, by giving prior notice of at least sixty (60) days, the Ministry may require any Contractor to sell and transfer to the State quantities of Crude Oil and/or Natural Gas to meet domestic consumption requirements.
2. That notice shall include, without limitation, the following details:
 - a. the quantities of Crude Oil and/or Natural Gas to be supplied, expressed either in terms of volumes or in terms of the percentage of production available to the Contractor;
 - b. the period of the supply, which may be either a fixed period specified in the notice or an indefinite period;
 - c. the identity of the entity or entities to which the Crude Oil and/or Natural Gas is to be supplied;
 - d. the Delivery Point for that supply; and
 - e. such other details as the Ministry considers appropriate.
3. Where the notice specifies a fixed supply period, the Ministry may by notice to the Contractor before the end of that period extend that period for a further specified period or for an indefinite period. Where the notice specifies an indefinite supply period, the Ministry shall give the Contractor not less than thirty (30) days' notice of the termination of that period.
4. Notwithstanding the contents of any such notice, the Ministry may at any time by prior notice to the Contractor amend the quantities of Crude Oil and/or Natural Gas to be supplied or any of the other details included in the notice.
5. In the case of Crude Oil, the Delivery Point shall be the outlet flange at the loading facility in the Federal Republic of Somalia at which that Crude Oil is routinely loaded into tankships, or any other point which may be agreed between the Ministry and the Contractor. In the case of Natural Gas the Delivery Point shall be the point within the Federal Republic of Somalia at which the Contractor routinely delivers Natural Gas to the National Gas Company or any other point which may be agreed between the Ministry and the Contractor.
6. The value of the Crude Oil supplied shall be calculated in accordance with the rules on the valuation of Crude Oil for fiscal purposes under the relevant applicable laws and Contract. The value of Natural Gas supplied shall be calculated in accordance with the guidelines established under the relevant applicable laws and Contract.
7. The price of Crude Oil and/or Natural Gas supplied shall be paid in internationally convertible currency within sixty (60) days after the end of the month during which Crude Oil and/or Natural Gas is lifted.

CHAPTER ELEVEN: ABANDONMENT PLAN AND DECOMMISSIONING

Article 122: Abandonment of Wells

1. Subject to the Contractor having fulfilled its obligations under the Contract, the Contractor may at any time abandon any Well not included in a Field on giving at least fourteen (14) days prior notice to SPA.
2. That notice shall include full details of the state of any Hydrocarbon reservoir and the facilities and equipment in the area and full details of the plan for the plugging of the Well and the removal or dismantling of such facilities and equipment, including all technical and financial information.
3. On receipt of the SPA's approval of that plan the Contractor shall abandon and plug the Well in accordance with the plan approved by the Ministry and in accordance with the Petroleum Law, these Regulations and with good oilfield practice.

4. The Ministry may issue guidelines to regulate the technical procedures to be followed in the abandonment of Wells.

Article 123: Abandonment of Fields and Field Facilities

1. The abandonment of any Field and the related facilities shall be conducted in accordance with an Abandonment Plan submitted to and approved by SPA in accordance with the Petroleum Law.
2. The Contractor shall notify the Ministry and SPA of the proposed abandonment of a Field no later than six (6) months prior to the proposed commencement of abandonment operations.

Article 124: Abandonment or Continuation of Exploration and Production Operations

1. The decision to abandon or continue Exploration and Production Operations in any facility shall be based on a general assessment of technical, economic, environmental and safety issues, together with the possibility of those facilities being used for other activities in the area in question, such as fisheries, agriculture and industry.
2. An Abandonment Plan shall provide the Ministry with sufficient technical, financial, safety and environmental information to assess the potential for the future use of the facilities.

Article 125: Contents of Abandonment Plan

1. An Abandonment Plan shall take the following into consideration:
 - (a) the possibility of continuing operations;
 - (b) abandonment of facilities;
 - (c) environmental and socio-economic impact assessment.
2. The Abandonment Plan shall include, without limitation, the following information:
 - a. history of the field;
 - b. the facility, including location, depth, type of material;
 - c. production and reservoir records;
 - d. technical, economic, environmental and safety aspects of the options for abandoning operations;
 - e. impact of the options of abandoning operations for other users of the sea and land, especially in the fields of fisheries, navigation, agriculture and industry;
 - f. recommended procedure for abandonment, including the procedure for plugging producing wells and the timeframe for implementation;
 - g. schedule of abandonment operations;
 - h. inventory of chemical materials presents in the facilities and plans for their removal;
 - i. details of the Reserve Fund to provide for all abandonment costs, including the amounts deposited or to be deposited and the timing of such deposits; and
 - j. other issues of relevance to the recommended abandonment procedure.
3. SPA shall conduct its own assessment of the Abandonment Plan and notify the Contractor of its approval or rejection of the Abandonment Plan within ninety (90) days of its submission.
4. If SPA rejects the Abandonment Plan submitted, it may request that it be reviewed and amended within forty-five (45) days, and also make any changes it deems necessary.

Article 126: Conduct of Abandonment Operations

1. Unless the Ministry exercises its right to take over the Exploration and Production Operations under Article 97, the Contractor shall implement and carry out the Abandonment Plan in the form approved by SPA in accordance with the approved Abandonment Plan, the Petroleum Law, these Regulations and with generally accepted practices in the international petroleum industry.
2. The Contractor shall duly plug all the Wells and decommission all facilities and equipment in order to avoid contamination and harm to the environment and possible damage to the reservoir, in accordance with the Petroleum Law, the other laws of the Federal Republic of Somalia and generally accepted practices in the international petroleum industry.

Article 127: Continuation of Exploration and Production Operations

1. The government of Somalia has the right to take over any Exploration and Production Operations proposed to be abandoned by a Contractor. If it wishes to exercise that right it shall so notify the Contractor within three (3) months after receipt of the Contractor's notice under Article 92. The government of Somalia may take over those Exploration and Production Operations and all the related facilities itself or award a new Contract over the area concerned to a National Company or to another Contractor.
2. If the government does not exercise the right to take over Exploration and Production Operations proposed to be abandoned by a Contractor, on the completion of the Abandonment Plan to the satisfaction of the Ministry the area abandoned shall be considered free and the Ministry may award a new Contract over the area concerned as provided by law.

Article 128: Decommissioning fund

1. There shall be established a Decommissioning fund for each development area for the purpose of costs related to the implementation of a Decommissioning plan.
2. Contributions into the Decommissioning fund shall commence on the calendar quarter immediately following the date of commencement of production.
3. For each subsequent calendar quarter in which Petroleum is produced, SPA shall charge a portion of the estimated future cost for Decommissioning.
4. The amount to be deposited in the Decommissioning fund per calendar quarter shall be charged as operating costs subject to the cost recovery limitation stipulated in the Production Sharing Agreement.
5. The contributions into the Decommissioning fund shall be paid into an escrow account opened at a bank agreed between the Authorised Person and the government of Somalia.
6. SPA shall require the Contractor to provide a financial guarantee in order to make provision for any shortfall in the Decommissioning fund.

Article 129: Disposal of Decommissioned facilities

1. SPA shall make a decision related to the disposal of Decommissioned Facilities and shall stipulate a time limit for the implementation of the decision.
2. In the evaluation on which the decision is based, emphasis shall, among other factors, be placed on technical, safety, environmental and economic aspects as well as on the consideration for other users.
3. SPA may stipulate specific conditions in connection with the decision.
4. A contractor is under obligation to ensure that a decision related to disposal is carried out, unless otherwise decided by SPA.
5. The obligation to carry out the decision related to disposal is applicable even if the decision is made or is to be implemented after the expiry of the Production Sharing Agreement.

6. Where the ownership of a Facility has been transferred, the Authorised Person is under an obligation to make sure that a decision related to disposal is carried out.
7. Where the decision is to the effect that the Facility shall continue to be used in Petroleum Operations or for other purposes, the Authorised Person, owner and user are jointly obliged to ensure that future decisions on disposal are carried out, unless otherwise determined by SPA.
8. Where a decision related to disposal is not carried out within the stipulated time, SPA may take the necessary measures on behalf of the Authorised Person or any other responsible party for their account and risk.

Article 130: Removal of property by Authorised Person

1. Where a Production Sharing Agreement has been surrendered or has expired, or has by reason of relinquishment ceased to comprise an area subject to the Production Sharing Agreement, SPA, by notice in writing served on the person who is or was the Authorised Person, may direct that person, within the period specified in the notice to
 - a. remove or cause to be removed from the area which was, but no longer is subject to the Production Sharing Agreement, the property brought into that area by any person engaged or concerned in the operations authorized by the Production Sharing Agreement or to make arrangements that are satisfactory to SPA with respect to that property;
 - b. plug or close off, to the satisfaction of SPA, all wells made in that area by any person engaged or concerned with those operations; and
 - c. make provision, to the satisfaction of SPA, for the conservation and protection of the natural resources in that area.
2. The direction given shall be consistent with International Best Practices and nothing in this section or in any direction shall be construed as requiring a person who is or was the holder of a license to do anything which is not in accordance with good oil field practice or to refrain from doing anything which is in accordance with good oil field practice.
3. A person to whom a direction is given who refuses or fails to comply with the direction within the period specified in the notice concerned, commits an offence.

Article 131: Removal and sale of property by SPA

1. SPA may:
 - a. do or cause to be done all or any of the things required by the direction for Decommissioning;
 - b. remove or cause to be removed, all or any of the property from the area concerned;
 - c. dispose of all or any of the property from the area concerned.
2. Where SPA has served or caused a copy of the notice which the direction was given to be served on a person who is believed to be the owner of the property or part of the property, SPA may sell or cause to be sold by public auction or otherwise all or any of the property that belongs to that person.
3. The Authority may deduct from the price of a sale of property
 - a. the costs and expenses incurred by SPA in relation to that property;
 - b. the costs and expenses incurred by SPA in relation to the doing of anything required by a direction despite the fact that the person has been convicted of an offence;
 - c. the fees or amounts due and payable by the person for a license under the Law or these Regulations,
 - d. the costs and expenses incurred by SPA in relation to the removal, disposal or sale of property, where the cost is a debt due by the owner of the property to the Government; and

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- e. if incurred in relation to the doing of anything to be done by a person who is or was a Contractor where there is a debt due by that person to the Government which may be recovered in Court.
4. An action shall not lie in respect of the removal, disposal or sale of property under this section by an Authorised Person.

Article 132: Liability

1. A person under obligation to implement a decision related to disposal of a decommissioned Facility is liable for damage or inconvenience caused wilfully or negligently in connection with the disposal of the Facility or other implementation of the decision.
2. Where the decision is abandonment, the Authorised Person is liable for damage or inconvenience caused wilfully or inadvertently in connection with the abandoned Facility, unless otherwise decided by SPA.
3. Where more than one party is liable, the parties shall be jointly and severally liable for financial obligations unless otherwise determined by SPA.
4. In the event of a decision for abandonment, it may be agreed between the Authorised Person on one side, and the Court on the other side that future maintenance, responsibility, and liability shall be taken over by the Court based upon agreed financial compensation.

Article 133: Assumption of ownership of facilities by Government

1. The Government may assume ownership of an Authorized Person's fixed Facility when a Production Sharing Agreement expires, is surrendered, or revoked, or where its costs have been fully recovered or when the use of the Facility has been terminated permanently.
2. The Authority in consultation with relevant authorities shall determine the compensation to be paid for the assumption of ownership by Government if any is due.
3. Where the Government has confirmed that it wishes to exercise its right to take over fixed Facilities, the takeover shall take effect six months after the time when the license has expired, or has lapsed for other reasons as decreed by SPA.
4. Where the Government takes over the Facility with appurtenances adequate maintenance to ensure functional capability for operation shall be provided by SPA.
5. A dispute as regards sub-article (4) and, where applicable, regards the compensation to be paid to the Government for lack of maintenance shall be determined by appraisal by the relevant authority.
6. Far the avoidance of doubt, irrespective of the assumption of ownership by the Government of the Authorised Person's Facilities, the responsibility to Decommission still lies with the Authorised Person.

Article 134: Safety and Emergency requirements

1. The Contractor shall implement and maintain rigorous safety protocols to prevent accidents, protect personnel, and minimize risks to the environment during Petroleum Operations. All operations must adhere to internationally recognized safety standards, Somali laws and regulations, and best industry practices. The Contractor is responsible for ensuring that all facilities, equipment, and procedures comply with safety requirements and that personnel receive proper training in emergency response and risk management.
2. If the Ministry of Petroleum and Mineral Resources or the Somali Petroleum Authority (SPA) determines that any installation, activity, or operation poses a threat to safety, property, or the environment, the Contractor shall take immediate corrective action. The Ministry and the SPA may issue directives requiring the Contractor to implement mitigation measures, and in cases of severe risk, may order the suspension of operations until compliance is achieved. Any failure by the Contractor to comply with safety directives shall be subject to penalties, including the suspension or revocation of operational approvals.
3. For offshore operations, the Ministry and the SPA may establish safety zones around platforms, wells, and other critical infrastructure. Unauthorized vessels, aircraft, or personnel shall be prohibited from entering these zones without prior approval from the Operator. Onshore, safety perimeters shall be established around facilities to ensure the secure execution of operations and to prevent unauthorized access.
4. In the event of an emergency, accident, or major safety incident, the Contractor must immediately notify the Ministry and the SPA in writing within twenty-four (24) hours and take all necessary actions to contain and mitigate the impact. The response shall align with the Contractor's approved emergency response plan, government emergency protocols, and best international practices. If the Contractor fails to take prompt action, the Ministry and the SPA may intervene and undertake necessary measures at the Contractor's expense. The Contractor shall bear all costs associated with emergency response, damage repair, and environmental remediation, which shall not be cost-recoverable under the Agreement.
5. If any Petroleum Operation endangers local communities, property, or protected areas, the Contractor must consult with the Ministry and the SPA to determine appropriate remedial actions. In cases of disputes over the required safety measures, the matter shall be referred to an expert for resolution in accordance with the Agreement. The Contractor shall also obtain additional approvals if operations are to be conducted in environmentally or culturally sensitive areas.
6. The Ministry and the SPA shall conduct periodic safety audits, inspections, and regulatory reviews to ensure compliance. The Contractor must fully cooperate with inspections and provide access to safety records, incident reports, and risk assessments. Non-compliance with safety regulations may result in financial penalties, mandatory corrective actions, or termination of the Contract.
7. Ensuring the safety of personnel, infrastructure, and the environment is a fundamental requirement for all Petroleum Operations. The Contractor must integrate safety considerations into all aspects of its activities, demonstrating a proactive approach to risk management and regulatory compliance.

Article 135: Transfer and Assignment of Rights

1. The Contractor may transfer or assign part or all of its rights and obligations under the Agreement, subject to obtaining prior written approval from the Somali Petroleum Authority (SPA) and the

Ministry of Petroleum and Mineral Resources. Any assignment or transfer must meet the following conditions:

- a. The assignee must demonstrate the necessary technical and financial capacity, as well as professional expertise, to undertake the obligations of the Agreement;
 - b. The assignee must accept and assume all terms and conditions of the Agreement, including any related Joint Operating Agreement and other agreements governing exploration and production operations;
 - c. The SPA may require the assignee to provide a guarantee or other financial security to ensure the fulfillment of contractual obligations.
 - d. The Contractor must provide the Ministry and SPA with the following documentation:
 - i. Copies of any preliminary agreements related to the proposed assignment;
 - ii. Proof of the financial and technical capacity of the proposed transferee;
 - iii. Details of any material changes in corporate structure, ownership, or financial standing of the Contractor or its parent company;
 - iv. Any additional guarantees or security required by the SPA to ensure compliance with contractual obligations.
2. Any change in control over an entity constituting the Contractor, including the acquisition or exchange of more than fifty percent (50%) of its shares, shall be deemed an assignment and will require prior written approval from the SPA. Such approval shall be granted or refused within thirty (30) days of the request. If no response is provided within the stipulated time, the approval shall be deemed granted.
3. All gains resulting from any assignment, transfer, or disposition of rights under the Agreement shall be subject to taxation in accordance with Somali tax laws. The assignor must fully disclose the transaction to the Somali tax authorities and ensure compliance with all applicable fiscal obligations.
4. Any assignment or transfer made without compliance with the conditions outlined in this Article shall be deemed null and void. The SPA retains the right to revoke or impose penalties on any transfer that does not adhere to the prescribed requirements.

Article 136: Obligations and Compliance Post-Termination

1. Upon termination for any reason, the Contractor must cease petroleum operations in an orderly manner, minimizing disruption and harm to the Federal Government and third parties. Termination shall not prejudice accrued rights and obligations, including decommissioning responsibilities and financial settlements.
1. Following termination, the Contractor must fulfill all outstanding obligations under the Agreement, including decommissioning, environmental remediation, and financial settlements. The Contractor is required to restore the contract area to a condition consistent with best international practices, ensuring that any environmental or operational liabilities are addressed. All data, reports, and technical information compiled during petroleum operations must be submitted to the SPA and the Ministry of Petroleum and Mineral Resources before termination takes effect.

2. Financial obligations, including outstanding taxes, royalties, and payments for unfulfilled work commitments, must be settled before termination is finalized. Any unresolved disputes arising from the termination process may be referred to arbitration under the dispute resolution provisions of the Agreement. The Contractor remains responsible for any liabilities arising from its petroleum operations, even after termination, including claims related to environmental damage, unpaid financial obligations, or regulatory violations. Compliance with these post-termination obligations ensures that the cessation of petroleum operations does not adversely impact the Federal Government, local communities, or the environment.
3. Upon termination or expiry of the Agreement, all assets, equipment, infrastructure for petroleum operations shall revert to the Federal Government of Somalia, without charge, in accordance with the terms of the Agreement. Any physical assets, including facilities, pipelines, and wells, must be handed over in an operational condition or decommissioned as per applicable regulations and best international practices.
1. The Contractor shall be responsible for completing all decommissioning and site restoration activities, ensuring that petroleum operations do not leave behind environmental or safety hazards. This includes the plugging and abandonment of wells, dismantling of equipment and infrastructure, remediation of contaminated sites, and any other measures necessary to return the contract area to a safe and stable condition. The Contractor must also submit a final decommissioning report to the SPA and the Ministry, detailing the measures taken and certifying compliance with all relevant laws and environmental standards.
2. The Contractor remains liable for any damages or claims resulting from its petroleum operations, even after termination, including those related to environmental degradation, third-party claims, or breaches of regulatory requirements. Furthermore, confidentiality obligations concerning proprietary data and operational information shall continue to apply beyond termination, ensuring that sensitive information remains protected as required by Somali petroleum laws. Failure to comply with these post-termination provisions may result in enforcement actions, including financial penalties or legal proceedings initiated by the Federal Government.

