

CHAPTER 328
THE PETROLEUM (EXPLORATION AND PRODUCTION) ACT

[PRINCIPAL LEGISLATION]

ARRANGEMENT OF SECTIONS

Section

Title

PART I
PRELIMINARY PROVISIONS

1. Short title.
2. Application to continental shelf.
3. Act not to apply to certain minerals.
4. Petroleum vested in United Republic.
5. Interpretation.
6. Service of documents.
7. Graticulation of earth's surface and constitution of blocks.

PART II
ADMINISTRATION

8. Commissioner for Petroleum Affairs.
9. Performance of Commissioner's functions, etc.
10. Prohibition against disclosure of information.
11. Public officer not to acquire or hold certain rights.
12. Indemnity.

PART III
LICENCES

(a) – General

13. Restriction on person to whom licence may be granted.
14. Agreement with respect to grant of licence.
15. Applications to be made to the Minister.
16. Power of Minister to obtain information.
17. Form of licence.
18. Reservation of blocks.

(b) – Exploration Licences

19. Application for exploration licence.
20. Content of exploration licence.
21. Disposal of application for exploration licence.
22. Notice of decision on application for exploration licence.
23. Contents of exploration licence.
24. Rights conferred by exploration licence.

25. Term of exploration licence.
26. Application for extension of exploration licence.
27. Application for extension to be in respect of reduced area.
28. Grant or refusal of extension of exploration licence.
29. Extension of exploration license in respect of location.
30. Conditions of grant of exploration licence.

(c) – Discovery of Petroleum in Exploration Area

31. Discovery of petroleum to be notified.
32. Directions of Minister on discovery of petroleum.
33. Declaration of location.
34. Investigations of locations.

(d) – Development Licences

35. Application by holder of exploration licence for development licence.
36. Content of application for development licence.
37. Disposal of application for development licence.
38. Restriction on grant of development licence.
39. Notice of decision on application for development licence.
40. Content of development licence.
41. Rights conferred by development licence.
42. Term of development licence.
43. Application for extension of development licence.
44. Grant or refusal of extension of development licence.
45. Revocation of declaration of location.
46. Unit development.
47. Directions as to recovery of petroleum.

(e) – Restriction on Exercise of Rights under Licence

48. Restriction on exercise of rights.

(f) – Surrender, Cancellation and Suspension of Licences

49. Surrender.
50. Effect of certificate of surrender.
51. Suspension or cancellation of licence.

(g) – Transfers and Registration

52. Records.
53. Interest in licence to be created by instrument in writing.
54. Transfer of licence to be approved by Minister, etc.
55. Minister may require information.
56. Evidentiary provision.

(h) – Miscellaneous Duties with respect to Submitting Report

57. Application of First Schedule.

(i) – Miscellaneous

58. Work practices for holder of licence.
59. Work practices for holder of instrument of consent.
60. Penalty for breach of section 58 or 59
61. Maintenance, etc., of property.
62. Drilling near boundaries.
63. Directions.
64. Compliance with directions.
65. Removal of property by holder of licence, etc.
66. Removal and sale of property by Minister, etc.
67. Penalty for late payments.
68. Further information to be furnished.
69. Failing to furnish information.
70. Survey of wells.
71. Scientific investigations.
72. Control over companies not to be given without consent of Minister.

**PART IV
SURFACE RIGHTS**

73. Right to graze stock.
74. Compensation for disturbance of rights.
75. Rights over unalienated land.

**PART V
DISPUTES**

76. Commissioner may decide disputes.
77. Enforcement of Commissioner's decrees and orders.
78. Appeal to High Court.
79. Jurisdiction of courts excluded.
80. Regulations with respect to proceedings.

**PART VI
FINANCIAL PROVISIONS**

81. Royalty on petroleum obtained under a development licence.
82. Prohibition on disposal of petroleum.
83. Remission of royalty.
84. Annual charges in respect of licence.
85. Security for compliance.
86. Minister may require information to be furnished.
87. Failure to furnish information under section 86.
88. Recovery of royalty, etc.

**PART VII
MISCELLANEOUS PROVISIONS**

- 89. Power of entry.
- 90. Offences in relation to section 89.
- 91. Obstruction of holder of licence.
- 92. Offence committed by company or corporation.
- 93. Miscellaneous offences.
- 94. Regulations.

**PART VIII
TRANSITIONAL PROVISIONS, SAVINGS, REPEAL AND AMENDMENTS**

- 95. Transitional provisions and savings.
- 96. [Repeal of R.L. Cap. 399.]
- 97. [Incorporated into Cap. 123.]

SCHEDULES

**CHAPTER 328
THE PETROLEUM (EXPLORATION AND PRODUCTION) ACT**

An Act to make provision with respect to exploring for and producing petroleum and for related matters.

[15th July, 1981]
[G.N. No. 88 of 1981]

Act No. 27 of 1980

**PART I
PRELIMINARY PROVISIONS (ss 1-7)**

1. Short title

This Act may be cited as the Petroleum (Exploration and Production) Act, and applies to Mainland Tanzania as well as Tanzania Zanzibar.

2. Application to continental shelf

This Act shall apply to and in respect of the sea-bed and subsoil of the continental shelf.

3. Act not to apply to certain minerals

No right to search for or mine any mineral (as defined in section 4 of the Mining Act *(1)), shall be granted or exercised under this Act.

4. Petroleum vested in United Republic

(1) The entire property in and control over petroleum in any land to which this Act applies are vested in the United Republic; but without prejudice to any right to explore for or produce petroleum granted, conferred, acquired or saved by or under this Act.

(2) Subject to section 71, no person shall carry on in any land to which this Act applies any operations relating to the exploration or production of petroleum except under and in accordance with a licence granted, conferred, acquired or saved by or under this Act.

(3) Any person who contravenes subsection (2) shall be guilty of an offence and liable on conviction—

- (a) in the case of an individual, to a fine not exceeding ten thousand shillings or to imprisonment for a term not exceeding two years, or to both that fine and imprisonment; or
- (b) in the case of a company or a corporation, to a fine not exceeding one hundred thousand shillings.

5. Interpretation

(1) In this Act, unless the context otherwise requires—

"authorised officer" means a person designated as such under section 9(2);

"block" means a block constituted as provided by section 7;

"Commissioner" means the Commissioner for Petroleum Affairs;

"company" means a body corporate incorporated under the Companies Act *(2);

"conditions" includes terms, limitations and stipulations;

"corporation" means a body corporate incorporated in or outside Tanzania, but does not include a company;

"development area" means an area of land subject to a development licence;

"development licence" means a licence granted under section 37;

"development operations" means operations for or in connection with the production of petroleum;

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

"exploration area" means an area of land subject to an exploration licence;

"exploration licence" means a licence granted under section 21;

"exploration operations" means operations for or in connection with the exploration for petroleum;

"good oilfield practices" means all those things that are generally accepted as good, safe and efficient in the carrying on of exploration or development operations;

"graticular section" means a section referred to in section 7;

"in default" means in breach of any provision of this Act, or of any condition of a licence, or of any provision of a relevant agreement of a kind referred to in section 14;

"land" includes land beneath water;

"land to which this Act applies" means—

- (a) land in Tanzania (including land beneath territorial waters); and
- (b) the continental shelf;

"licence" means an exploration licence and a development licence;

"location" means the blocks in respect of which a declaration under section 33 is in force;

"Minister" means the Minister responsible for petroleum affairs;

"petroleum" means—

- (a) any naturally occurring hydrocarbon, whether in gaseous, liquid, or solid state;
- (b) any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid, or solid state; or
- (c) any naturally occurring mixture of one more hydrocarbons whether in a gaseous, liquid, or solid state and any other substance,

and includes any petroleum as defined by paragraph (a), (b) or (c) that has been returned to a natural reservoir, but does not include coal, or any substance that may be extracted from coal, or other rock;

"petroleum reservoir" means a naturally occurring discrete accumulation of petroleum in any form whatsoever;

"registered holder", in relation to a licence, means the person whose name is for the time being recorded pursuant to section 52(2) or 54(5);

"regulations" means the regulations made under section 94;

"T.P.D.C." means the Tanzania Petroleum Development Corporation established by paragraph 3 of the Tanzania Petroleum Development Corporation (Establishment) Order *(3);

"this Act" includes the regulations;

"well" means a hole in land or the subsoil of land, made by drilling in connection with exploration operations or development operations, but does not include a seismic short hole.

(2) In this Act, a reference to the term of a licence is a reference to the period during which the licence remains in force and includes the period of any extension of the licence, and a reference to the date of expiration of a licence is a reference to the day on which the licence ceases to have effect.

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

(4) In this Act, a reference to a licence is a reference to the licence as varied for the time being under this Act.

6. Service of documents

(1) A document or notice required or permitted to be served on or given to a person under of for the purposes of this Act, may be served or given—

- (a) in the case of service on an individual (other than the Minister or the Commissioner), by serving it personally upon the individual or by sending it by post to him at his usual or last known place of abode or business or at the address kept pursuant to section 57(2);
- (b) in the case of service on the Minister or the Commissioner, in the manner prescribed;
- (c) in the case of service on a body corporate—
 - (i) by leaving it at the registered or principal office of the body corporate with some individual apparently employed by the body corporate and apparently not less than eighteen years of age;
 - (ii) by sending it by post to the body corporate at the registered or principal office of the body corporate; or
 - (iii) by delivering it to some individual in the employment or acting on behalf of the body corporate who is authorised by the body corporate, or agrees, to accept service of or to receive the document or any document.

(2) For the purposes of subsection (1)(c), the principal office of a body corporate

incorporated outside Tanzania shall be its principal office within Tanzania or the address kept pursuant to section 57(2).

(3) Where a person has more than one place of abode or business, a document or notice may be served on, or given to, the person under this section at any of those places.

(4) Where a document or notice is sent by post pursuant to this section, service or notice shall be deemed to have been effected or given under this section, unless the contrary is proved, at the time at which the document or notice would be delivered in the ordinary course of post.

7. Graticulation of earth's surface and constitution of blocks

(1) For the purpose of this Act, the surface of the earth shall be deemed to be divided into sections—

- (a) by the meridian of Greenwich and by meridians that are at a distance from that meridian of five minutes, or multiple of five minutes, of longitude; and
- (b) by portions of two of those meridians that are at a distance from the equator of five minutes, or a multiple of five minutes, of latitude,

each of which is bounded—

- (i) by portions of two of those meridians that are at a distance from each other of five minutes of longitude; and
- (ii) by portions of two of those parallels of latitude that are at a distance from each other of five minutes of latitude,

and each such section constitutes a block.

(2) Where the area in respect of which a licence is in force includes one, or more than one, portion of a block constituted as provided by subsection (1)—

- (a) the area of that portion or those portions shall constitute a block; and
- (b) the area of the remaining portion or portions of the first-mentioned block (but not including any part of that area in respect of which a licence is in force) shall constitute a block.

(3) Where a licence ceases to be in force in respect of an area referred to in subsection (2)(a), the Minister may, by instrument in writing, determine that the area shall be amalgamated with another block or blocks, being a block or blocks—

- (a) constituted as provided by this section;
- (b) forming part of the graticular section of which the area forms part; and

- (c) that is or are either–
 - (i) a block or blocks in respect of which a licence is in force; or
 - (ii) a block or blocks constituted under subsection (2)(b).
- (4) Where a determination is made under subsection (3)–
 - (a) the area and blocks, both of which are the subject of the determination, cease to constitute separate blocks and their areas together shall constitute a single block; and
 - (b) in respect of the area and a block in respect of which there is a licence in force, the block constituted by the determination shall be a block for the remainder of the term of that licence.
- (5) In this Act–
 - (a) a reference to a block that is constituted by a graticular section includes a reference to a block that is constituted by the area of a part of a graticular section; and
 - (b) a reference to a graticular section that constitutes a block includes a reference to a graticular section part only of which constitutes a block.

PART II

ADMINISTRATION (ss 8-12)

8. Commissioner for Petroleum Affairs

(1) There shall be a Commissioner for Petroleum Affairs who shall be appointed by the President.

(2) The President may appoint such other persons as he may consider necessary to be officers for the administration of this Act.

9. Performance of Commissioner's functions, etc.

(1) Anything required or permitted by or under this Act to be done by the Commissioner may be done by any public officer who is authorised, either specially or generally, in that behalf in writing by the Commissioner, and for the purpose of doing so that officer shall be deemed to be the Commissioner.

(2) The Commissioner may designate any person in the service of the United Republic to be an authorised officer for the purposes of this Act.

10. Prohibition against disclosure of information

(1) No person shall disclose any information obtained by him in, or in connection with, the administration of this Act, unless the disclosure is made–

- (a) for or in connection with the administration of this Act;
- (b) to any agency of the United Republic of information obtained in respect of operations under a licence in any case where, under that licence, the agency has a right to acquire an interest in any venture;
- (c) for or in connection with the preparation of official statistics;
- (d) with the consent of the person from whom the information was obtained;
- (e) for the purpose of any legal proceedings;
- (f) for the purpose of any investigation or inquiry conducted under this Act; or
- (g) for or in connection with any purpose which may be prescribed.

(2) Where an area has been, but no longer is, subject to a licence, nothing in subsection (1) shall operate to prevent the disclosure by or on behalf of the Government of any geological information or matter concerning that area.

(3) Where, pursuant to the regulations, the T.P.D.C. is given the custody and care of any records or reports, that does not constitute a disclosure of information for the purpose of this section.

(4) Any person who contravenes subsection (1) shall be guilty of an offence and liable on conviction to a fine not exceeding ten thousand shillings or to imprisonment for a term not exceeding two years, or to both.

(5) In proceeding on a prosecution for an offence under this section, it shall be a sufficient defence if the accused person proves that the information disclosed and to which the prosecution relates, was without that disclosure generally known.

11. Public officer not to acquire or hold certain rights

(1) Any instrument which purports to give to, or vest in, a person (in his private capacity) who is a public officer, a licence shall be, to the extent that it purports to do so, of no effect.

(2) No public officer (in his private capacity) shall acquire, attempt to acquire or hold—

- (a) a licence or an interest in a licence; or
- (b) a share in a company or a corporation that is carrying on exploration or development operations in land to which this Act applies.

(3) Any person who contravenes subsection (2) shall be guilty of an offence and liable on conviction to a fine not exceeding five thousand shillings or to imprisonment for a term not exceeding twelve months, or to both.

(4) In proceedings on a prosecution for an offence under this section of acquiring a share of

a kind referred to in subsection (2)(b), it shall be a sufficient defence if the accused person proves—

- (a) that the share was acquired by operation of law; and
- (b) that all reasonable steps necessary to dispose of the share have been, and are continuing to be, taken.

(5) In proceedings on a prosecution for an offence under this section of holding a right, interest or share of a kind referred to in subsection (2), it shall be a sufficient defence if the accused person proves—

- (a) that—
 - (i) the right, interest or share was acquired before he became a public officer; or
 - (ii) the interest or share was acquired before the company or corporation became entitled to carry on exploration or development operations; and
- (b) that since he became a public officer or since the company or corporation became so entitled, as the case may be, all reasonable steps necessary to dispose of the right, interest or share have been, and are continuing to be, taken.

(6) For the purpose of this section, the acquisition or holding of a right, interest or share of a kind referred to in subsection (2) by a member of the family (not himself or herself being a public officer) of a public officer shall be deemed to be an acquisition or holding by the public officer.

(7) In this section, "member of the family", in relation to a public officer, means—

- (a) the husband or wife, or reputed husband or wife; and
- (b) the son or daughter (being a minor) whether born in or outside wedlock, of the public officer.

12. Indemnity

A public officer or an authorised officer shall not incur any liability in respect of anything done by him in good faith under, for the purpose of, or in connection with, the administration of this Act.

PART III LICENCES (ss 13-72)

(a) - General (ss 13-18)

13. Restriction on person to whom licence may be granted

No licence—

- (a) shall be granted to an individual unless he is a citizen of Tanzania;
- (b) being an exploration licence, shall be granted to a body corporate unless the body corporate is–
 - (i) a company;
 - (ii) a corporation registered under the Companies Act; or
 - (iii) a corporation incorporated by or under a law (other than the Companies Act) in force in Tanzania *(4); or
- (c) being a development licence, shall be granted to a body corporate unless the body corporate is–
 - (i) a company; or
 - (ii) a corporation incorporated by or under a law (other than the Companies Act) in force in Tanzania *(5).

14. Agreement with respect to grant of licence

The Minister on behalf of the United Republic may enter into an agreement (not inconsistent with this Act) with any person with respect to all or any of the following matters, namely–

- (a) the grant to the person, or to any person identified in the agreement, of a licence;
- (b) conditions to be included in the licence as granted or as extended; or
- (c) any matter incidental to or connected with the foregoing.

15. Applications to be made to the Minister

Any application under this Part–

- (a) shall be made to the Minister, or if it is so provided in this Act, to the Commissioner;
- (b) shall be in or to the effect of a form approved by the Minister;
- (c) may be withdrawn by the applicant giving to the Minister or, in the case of an application made to the Commissioner, to the Commissioner, notice of withdrawal.

16. Power of Minister to obtain information

(1) The Minister may, by instrument served on an applicant for the grant of a licence require the applicant to furnish in writing within such reasonable time as is specified in the instrument–

- (a) such further information in connection with the application as the Minister may reasonably require; and

(b) if the applicant, or any of the applicants, is a company or corporation, such information as the Minister may reasonably require to enable him to ascertain to what extent the controlling power (whether direct or indirect) in the direction of the affairs of the company or corporation is a corporation incorporated outside Tanzania, or an individual resident outside Tanzania.

(2) To enable him to dispose of an application for the grant of a licence, the Minister may cause such investigations, negotiations or consultations to be made or carried on as he considers necessary.

(3) The Minister may, subject to any conditions which he may impose in the instrument of authority, authorise the T.P.D.C. to conduct or carry on or on his behalf any such investigations, negotiations or consultations as are referred to in subsection (2).

17. Form of licence

A licence shall be in accordance with such form as the Minister may approve.

18. Reservation of blocks

(1) The Minister may, by notice published in the *Gazette*, declare that a block or blocks identified in the notice (not being a block or blocks in respect of which a licence is in force) shall not be the subject of a licence.

(2) While a declaration under subsection (1) remains in force in respect of a block or blocks, a licence shall not be granted in respect of that block or those blocks.

(3) The Minister may, by notice published in the *Gazette*, vary or revoke any notice published under this section.

(4) The power under subsection (1) or (3) may be exercised by the Minister either on his own motion or on the advice of the T.P.D.C.

(b) - Exploration Licences (ss 19-30)

19. Application for exploration licence

(1) A person may make an application for the grant of an exploration licence in respect of any block or blocks.

(2) The Minister may, by notice published in the *Gazette*—

(a) invite applications for the grant of an exploration licence in respect of the block or blocks specified in the notice; and

(b) specify the period during which an application may be made.

20. Content of exploration licence

- (1) An application made under, or as a result of an invitation under section 19—
- (a) shall give in respect of the person or, if there is more than one person, each person, making the application—
 - (i) in the case of an individual, his full name and nationality; or
 - (ii) in the case of a company or a corporation, its corporate name, and in the case of a corporation the place where it was incorporated;
 - (b) shall, subject to subsection (2), be in respect of not more than sixty blocks;
 - (c) shall be accompanied by—
 - (i) the proposals of the applicant for work and minimum expenditure in respect of the block or blocks specified in the application;
 - (ii) particulars of the technical and industrial qualifications of the applicant and of his employees;
 - (iii) particulars of the technical and industrial resources available to the applicant;
 - (iv) particulars of the kinds of financial resources available to the applicant, including capital, credit facilities and guarantees so available;
 - (v) proposals with respect to the training and employment of citizens of Tanzania; and
 - (d) may set out any other matters that the applicant wishes the Minister to consider.

(2) The Minister may consider an application in respect of more than sixty, but not more than two hundred, blocks where he is satisfied that special circumstances exist for his doing so.

(3) The blocks specified in an application for the grant of an exploration licence shall be constituted by graticular sections that—

- (a) form a single area; and
- (b) are such that each graticular section in that area has a side in common with at least one other graticular section in that area.

21. Disposal of application for exploration licence

(1) Subject to this Act, on application duly made, the Minister may grant on such conditions as he may determine, or refuse to grant, an exploration licence in respect of any block or blocks constituted by land to which this Act applies.

(2) No exploration licence shall be granted in respect of a block that is, at the time the application for the licence is made—

- (a) comprised in a licence; or
- (b) reserved by declaration under section 18.

22. Notice of decision on application for exploration licence

(1) The Minister shall give notice to an applicant for the grant of an exploration licence of his decision on the application and; if he is prepared to grant the licence, he shall give in the notice details of the proposed licence.

(2) If an applicant, within sixty days after he is given notice pursuant to subsection (1) that the Minister is prepared to grant an exploration licence, fails to give notice to the Minister of his willingness to accept the proposed licence, his application shall lapse.

23. Contents of exploration licence

- (1) An exploration licence shall—
 - (a) state the date of the grant of the licence;
 - (b) identify the exploration area; and
 - (c) state the conditions (additional to those referred to in section 30) on which the licence is granted.

(2) There may be included in an exploration licence provision with respect to the exercise by the United Republic, of its agency, of a right to acquire on terms stipulated in an agreement of a kind referred to in section 14 or in the licence, or on terms to be agreed, an interest in any venture to explore for or recover petroleum which may be carried on in any block or blocks in the exploration area.

24. Rights conferred by exploration licence

An exploration licence, while it remains in force, confers on the registered holder of the licence, subject to this Act and to the conditions specified in the licence or to which the licence is otherwise subject, the exclusive right to explore in the exploration area for petroleum, and to carry on such operations and execute such works as are necessary for that purpose.

25. Term of exploration licence

Subject to this Part and to any conditions specified in the licence or to which the licence is otherwise subject, an exploration licence remains in force—

- (a) for a period of four years commencing on and including the date on which the licence is granted, as stated in the licence;
- (b) where the licence is extended under section 28, for a further period of four years in respect of a first extension, and a further period of three years in respect of a second

extension; and

- (c) where the licence is extended under section 29, for the further period specified by the Minister upon the grant of the extension.

26. Application for extension of exploration licence

(1) Subject to this section and to section 27, the registered holder of an exploration licence may apply for the extension of the licence in respect of any blocks in the exploration area.

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

(3) An application under this section—

- (a) shall, subject to subsection (4), be made not later than ninety days before the day on which the licence is due to expire;
- (b) shall be accompanied by—
 - (i) particulars of the work carried out in, and the amount expended in respect of, the exploration area during the term of the licence up to and including the date of the application or, where the application is for a second extension of the licence, during the period of the first extension of the licence up to and including the date of the application; and
 - (ii) adequate proposals of the applicant for work and minimum expenditure in respect of the block or blocks identified in the application during the extension period applied for; and

(c) may set out any other matters that the applicant requires the Minister to consider.

(4) The Minister may accept an application for the extension of an exploration licence later than ninety days before, but not in any case after, the date of expiry of the licence.

(5) The requirement in subsection (3)(b)(ii) with respect to adequate proposals shall be deemed to have been met in any case where the proposals accompanying an application pursuant to subsection (3)(b)(ii) satisfy the requirements (if any) with respect to work and expenditure contained in a relevant agreement of a kind referred to in section 14.

27. Application for extension to be in respect of reduced area

(1) Subject to a relevant agreement of a kind referred to in section 14, the number of blocks in respect of which an application for the extension of an exploration licence may be made shall not exceed the number that is the sum of—

- (a) the number of the blocks (if any) the subject of the licence that, at the date on which

the licence would expire if not extended, were a location; and

- (b) one half of the number of blocks in respect of which the licence was issued or last renewed as the case may be.

(2) Subject to a relevant agreement of a kind referred to in section 14, the blocks specified in an application for the extension of an exploration licence shall be blocks that relate to graticular sections that—

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

28. Grant or refusal of extension of exploration licence

(1) Subject to subsection (2), on application duly made under section 26 for the extension of an exploration licence, the Minister shall grant an extension of the licence.

(2) The Minister shall refuse to grant the extension of an exploration licence if the registered holder of the licence is in default (unless the Minister considers that special circumstances exist which justify the granting of the extension notwithstanding the default), or if the proposals with respect of work and expenditure during the extension period accompanying the application pursuant to section 26(3)(ii), are not adequate.

(3) The Minister shall not refuse to grant the extension of an exploration licence on application being duly made under section 26—

- (a) unless he has given to the applicant notice of his intention to do so—
 - (i) giving in the notice particulars of the ground for the intended refusal; and
 - (ii) stating a date before which the applicant may take remedial action or make representations in relation to that ground; and
- (b) the applicant has not, before that date, remedied the default or, in a notice given to the Minister, made appropriate amendments to his application or made representations which, in the opinion of the Minister remove the ground for the intended refusal.

(4) The Minister shall give notice to an applicant for the extension of an exploration licence of his decision on the application and, if he is prepared to grant the extension, he shall give particulars of any variation of the conditions of the licence which are required to give effect to the application for extension (including amendments thereto) and which will have effect on the grant of the extension.

(5) If an applicant, within sixty days after he is given notice pursuant to subsection (4) that the Minister is prepared to grant the extension of an exploration licence, fails to give notice to the Minister of his willingness to accept the extension of the licence as proposed, his application

shall lapse.

(6) Where—

- (a) an application for the extension of an exploration licence has been duly made; and
- (b) the licence expires—
 - (i) before the Minister grants, or refuses to grant the extension of the licence; or
 - (ii) before the application lapses under subsection (5),

the licence shall be deemed to continue in force until the Minister grants or refuses to grant the extension of the licence, or the application so lapses, which first occurs, unless the licence is cancelled under this Act or the application for extension is withdrawn.

29. Extension of exploration licence in respect of location

(1) Where—

- (a) petroleum is discovered in an exploration area within the period of two years before the date of expiration of an exploration licence that has been extended twice under section 28; and
- (b) the Minister has made a declaration of a location under section 33, or the registered holder of the licence has nominated a block under that section for the purpose of a declaration of a location,

the Minister may grant a further extension of the licence in respect of the block to which paragraph (b) applies.

(2) A further extension granted under subsection (1)—

- (a) shall be for a period not exceeding three years; and
- (b) shall be subject to any conditions that the Minister thinks fit and specifies in the licence.

(3) Where, before the expiration of an exploration licence that included blocks that constitute a location, the registered holder of the licence—

- (a) makes application for an extension or a further extension of the licence in respect of some or all of those blocks; and
- (b) satisfies the Minister that—
 - (i) the blocks contain all or part of a petroleum reservoir; and
 - (ii) the construction, establishment and operation of facilities for the recovery of petroleum is not economically feasible,

the Minister may grant an extension or a further extension of the period not exceeding one year.

(4) An extension under subsection (3) of a licence shall be for a period not exceeding one year.

30. Conditions of grant of exploration licence

(1) In addition to conditions included in an exploration licence under section 23(1), or any extension of that licence under section 28 or 29 the licence is subject to the conditions—

- (a) that not later than one month before the anniversary in any year of the grant of licence the registered holder of the licence shall submit to the Minister in detail an adequate programme with respect to work and expenditure to be carried out or made in the year of the licence immediately following, and the programme so submitted shall be deemed to constitute a requirement of the licence with respect to work and expenditure; and
- (b) that in, or in relation to, the exploration area, the registered holder of the licence shall, subject to subsection (3), meet the requirements (whether deemed or otherwise), with respect to work and expenditure, of his licence.

(2) The requirement in subsection (1)(a) that the programme submitted shall be adequate shall be deemed to have been met where the programme submitted pursuant to subsection (1)(a) satisfies the requirements (if any) with respect to work and expenditure contained in a relevant agreement of a kind referred to in section 14.

(3) The Minister may, on application made to him by the registered holder of an exploration licence, limit, reduce, vary or suspend any obligation arising pursuant to subsection (1) (b), either conditionally or unconditionally.

(c) - Discovery of Petroleum in Exploration Area (ss 31-34)

31. Discovery of petroleum to be notified

(1) Where petroleum is discovered in an exploration area, the registered holder of the licence—

- (a) shall forthwith inform the Commissioner of the discovery; and
- (b) shall, within a period of thirty days after the date of the discovery, furnish to the Minister particulars in writing of the discovery.

(2) Where petroleum is discovered in an exploration area, the Commissioner may, from time to time, by instrument in writing served on the registered holder of the licence, direct the holder to furnish to him, within the period specified in the instrument, particulars in writing of—

- (a) the chemical composition and physical properties of the petroleum;

- (b) the nature of the subsoil in which the petroleum occurs; and
- (c) any other matters relating to the discovery that are specified by the Commissioner in the instrument.

(3) A person to whom a direction is given under subsection (2) and who fails or refuses to comply with the direction shall be guilty of an offence and liable on conviction to a fine not exceeding ten thousand shillings.

32. Directions of Minister on discovery of petroleum

(1) Where petroleum is discovered in an exploration area, the Minister may, by instrument in writing served on the registered holder of the licence, direct the holder to do, within the period specified in the instrument, such things as the Minister thinks necessary and specifies in the instrument, to ascertain the chemical composition and physical properties of the petroleum.

(2) Subject to subsection (3), where petroleum is discovered in an exploration area the registered holder of the licence shall take promptly all steps that are reasonable, in the circumstances relating to the discovery, to ascertain the quantity of the petroleum—

- (a) in the petroleum reservoir to which the discovery relates; or
- (b) if part only of that reservoir is within the exploration area, in the part of that reservoir that is within the exploration area.

(3) The Minister may exempt, wholly or partly, from the requirement of subsection (2) the registered holder of a licence either unconditionally or subject to such conditions as are specified in the instrument of exemption.

(4) A person to whom a direction is given under subsection (1) and who fails or refuses to comply with the direction shall be guilty of an offence and liable on conviction to a fine not exceeding ten thousand shillings.

33. Declaration of location

(1) Where petroleum has been discovered in a block within an exploration area (not being a block that is or is included in a location) the Minister—

- (a) shall, on receipt of a request from the registered holder of the licence; and
- (b) may in any case declare by notice published in the *Gazette*—
 - (i) in a case referred to in paragraph (a), the discovery block and not more than eight adjoining blocks within the exploration area that are nominated by the holder;
 - (ii) in any other case, the discovery block and such adjoining blocks (not exceeding eight in number) as the Minister thinks proper,

to be a location for the purposes of this Act.

(2) At the request of the registered holder of an exploration licence the Minister may, by notice published in the *Gazette*—

- (a) include in a location additional adjoining blocks; or
- (b) revoke the declaration of a location in respect of one, or more than one, block,

but a location may not at any time include more than nine blocks.

(3) For the purposes of this section, a block adjoins a discovery block if the graticular section that constitutes or includes the first-mentioned block has a side in common with, or touches—

- (a) the discovery block; or
- (b) any block that has a side in common with, or touches, the discovery block.

(4) In this section, "discovery block" means a block in which petroleum has been discovered.

34. Investigations of locations

(1) Where a location has been declared under section 33, the Minister may, by written notice served on the registered holder of an exploration licence, direct that the holder carry out, within a period specified in the notice of not less than two years, such appropriate investigations and studies as the Minister thinks proper to assess the feasibility of the construction, establishment and operation of an industry for the recovery of petroleum from the location.

(2) The investigations and studies referred to in subsection (1) may include, if appropriate—

- (a) technical and economic feasibility studies relating to the recovery, processing and transport of petroleum from the location;
- (b) studies of proposed sites for facilities that would be required by the industry referred to in subsection (1);
- (c) studies of port or berthing facilities, and roads, pipelines or other transportation facilities; and
- (d) investigations into—
 - (i) suitable water facilities and reticulation systems for industrial and town purposes;
 - (ii) the location and design of a suitable airstrip and associated landing and terminal facilities, if so required for that industry; and
 - (iii) the generation and transmission of electricity as so required for that industry;
- (e) investigations into the development, if so required, of a suitable town for the industry

referred to in subsection (1), including the design of housing facilities and associated civic, cultural and social facilities;

- (f) investigations of any other works, services or facilities that may be so required for that industry in relation to the location;
- (g) studies of future labour requirements for the industry; and
- (h) physical impact studies into the possible effects of that industry on the environment.

(3) The registered holder of an exploration licence shall furnish to the Minister, within the period specified in the notice under subsection (1), such reports, analyses and data resulting from the investigations and studies carried out under this section as the Minister, by written notice on the holder, may require.

(d) - Development Licences (ss 35-47)

35. Application by holder of exploration licence for development licence

(1) A registered holder of an exploration licence whose licence is in force in respect of the blocks that constitute a location may, within two years after the date on which the blocks were declared to be a location, or such further period as the Minister allows, make application for the grant of a development licence in respect of such of the blocks as the holder satisfies the Minister contain a petroleum reservoir or a part of a petroleum reservoir.

(2) A registered holder of an exploration licence may, during the term of the exploration licence, make application for the grant of a development licence in respect of any block or blocks within the exploration area—

- (a) if he satisfies the Minister that the block contains or the blocks contain, as the case may be, a petroleum reservoir or part of a petroleum reservoir; and
- (b) if the block does not or the blocks do not, as the case may be, at the time of the making of the application constitute a location.

(3) A person who is not the registered holder of an exploration licence in respect of the block or blocks may make application for the grant of a development licence in respect of a block or blocks—

- (a) if he satisfies the Minister that the block contains or the blocks contain, as the case may be, a petroleum reservoir or part of a petroleum reservoir; and
- (b) if the block is not a block or the blocks are not blocks, as the case may be, in respect of which an exploration licence or a development licence is in force at the time of the application.

36. Content of application for development licence

An application under section 35–

- (a) shall be accompanied by detailed proposals by the applicant for the construction, establishment and and operation of all facilities and services for and incidental to the recovery, processing, storage and transportation of petroleum from the proposed development area;
- (b) shall be accompanied by detailed proposals with respect to the training and employment of citizens of Tanzania; and
- (c) may set out any other matters that the applicant wishes the Minister to consider.

37. Disposal of application for development licence

(1) Subject to this section, section 38 and to any relevant agreement of a kind referred to in section 14–

- (a) on application duly made under section 31(1) or (2), the Minister shall grant, on such conditions as are necessary to give effect to the application for the licence (including amendments thereto) the development licence applied for; or
- (b) on application duly made under section 35(3), the Minister may grant on such conditions as he may determine, or refuse to grant, a development licence in respect of any block or blocks constituted by land to which this Act applies.

(2) To enable him to dispose of an application for the grant of a development licence, the Minister may, by notice given to the applicant require the applicant to furnish, within a period specified in the notice, such proposals, in addition to or by way of alteration to any proposals that have already been furnished as the Minister specifies in the notice, including proposals relating to any of the matters referred to in section 34(2).

38. Restriction on grant of development licence

(1) No development licence shall be granted to an applicant unless–

- (a) the proposals of the applicant will ensure the most efficient beneficial and timely use of the petroleum resources concerned;
- (b) the applicant has adequate financial resources, and technical and industrial competence and experience to carry on effective production operations;
- (c) the applicant would be able and willing to comply with the conditions on which the licence would be granted;
- (d) the applicant's proposal for the employment and training of citizens of Tanzania are satisfactory;
- (e) any relevant right given pursuant to section 23(2) has been exercised and given effect

to or that satisfactory arrangements have been made for that purpose, or the right has been waived; and

(f) the applicant is not in default.

(2) The Minister shall not refuse an application for the grant of a development licence on a ground referred to in subsection (1) unless he has—

- (a) given notice to the applicant of his intention to refuse, to grant the licence on that ground (giving particulars);
- (b) specified in that notice a date before which the applicant may make appropriate proposals to remove the ground for refusal or, as the case may be, remedy the default, or make representations in relation thereto, and the applicant has not, before that date—
 - (i) given notice to the Minister containing proposals or representations which the Minister accepts; or
 - (ii) as the case may be, remedied the default.

39. Notice of decision on application for development licence

(1) The Minister shall give notice to an applicant for the grant of a development licence of his decision on the application and, if he is prepared to grant the licence, he shall give in the notice details of the proposed licence.

(2) If an applicant, within sixty days after he is given notice pursuant to subsection (1) that the Minister is prepared to grant a development licence, fails to give notice to the Minister of his willingness to accept the proposed licence, his application shall lapse.

40. Content of development licence

(1) A development licence shall—

- (a) state the date of the grant of the licence;
- (b) identify the development area;
- (c) state the conditions on which the licence is granted; and
- (d) contain matter giving effect to subsection (2).

(2) There shall be included in a development licence conditions with respect to the duty, and the extent of duty, of the registered holder of a development licence to supply petroleum to meet the local need of Tanzania.

41. Rights conferred by development licence

A development licence, while it remains in force, confers on the registered holder of the licence, subject to this Act and to the conditions specified in the licence or to which the licence is otherwise subject, exclusive rights—

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

42. Term of development licence

Subject to this Part and to any conditions specified in the licence or to which the licence is otherwise subject, a development licence remains in force—

- (a) for the period of twenty-five years commencing on and including the date on which the licence is granted, as stated in the licence; and
- (b) where the licence is extended under section 44, for such further period, not exceeding twenty years, as the Minister determines is reasonably required to recover from the development area the maximum amount of petroleum, the recovery of which is consistent with good oilfield practices.

43. Application for extension of development licence

(1) The registered holder of a development licence may apply for an extension of the licence.

(2) An application under this section may be made once only in respect of any development licence.

(3) An application under this section—

- (a) shall, subject to subsection (4), be made not later than twelve months before the day on which the licence is due to expire;
- (b) shall be accompanied by particulars of—
 - (i) the work carried out, the petroleum recovered, and the amounts expended and received in respect of the development area up to and including a date not earlier than one month immediately proceeding the date of the application; and
 - (ii) the proposals of the applicant for work and expenditure in respect of the development area during the extension period being applied for; and

(c) may set out any other matters that the applicant requires the Minister to consider.

(4) The Minister may accept an application for the extension of a development licence later than twelve months before, but not in any case after, the date of expiry of the licence.

44. Grant or refusal of extension of development licence

(1) Subject to subsection (2), on application duly made under section 43 for the extension of a development licence, the Minister shall grant an extension of the licence.

(2) The Minister shall refuse to grant the extension of a development licence if the registered holder of the licence is in default unless the Minister considers that special circumstances exist which justify the granting of the extension notwithstanding the default.

(3) The Minister shall not refuse to grant the extension of a development licence on application being duly made under section 43—

- (a) unless he has given to the applicant notice of his intention to do so—
 - (i) giving in the notice particulars of the ground for the intended refusal; and
 - (ii) stating a date before which the applicant may take appropriate action or make representations in relation to that ground; and
- (b) if the applicant has not, before that date, remedied the default or, in a notice given to the Minister, made representations which, in the opinion of the Minister, remove the ground for the intended refusal.

(4) The Minister shall give notice to an applicant for the extension of a development licence of his decision on the application and, if he is prepared to grant the extension, he shall give particulars of any variation of the conditions of the licence which are required to give effect to the application for extension (including amendments thereto) and which will have effect on the grant of the extension.

(5) If an applicant, within sixty days after he is given notice pursuant to subsection (4) that the Minister is prepared to grant the extension of a development licence, fails to give notice to the Minister of his willingness to accept the extension of the licence as proposed, his application shall lapse.

(6) Where—

- (a) an application for the extension of a development licence has been made; and
- (b) the licence expires—
 - (i) before the Minister grants, or refuses to grant, the extension of the licence; or
 - (ii) before the application lapses under subsection (5),

the licence shall be deemed to continue in force until the Minister grants or refuses to grant the extension of the licence, or the application so lapses, whichever first occurs.

45. Revocation of declaration of location

(1) Where, in respect of a block included in a location, the registered holder of the exploration licence, does not within—

- (a) a period of two years following the declaration of the location under section 33 (1); or
- (b) any further period that the Minister allows under section 35 (1), apply for a development licence,

the Minister may, subject to any relevant agreement of a kind referred to in section 14, by notice published in the *Gazette*, revoke the declaration of the location.

(2) Where the declaration of a location is revoked under subsection (1), that part of the location which consists of—

- (a) the block that was the discovery block within the meaning of section 33(4); and
- (b) any adjoining blocks in which the presence of petroleum has been established when that declaration is revoked,

shall cease to be subject to the exploration licence concerned.

(3) Where all applications made under section 35(1) for a development licence in respect of a block that is included in a location have lapsed, the exploration licence is revoked in respect of that block.

(4) Where an exploration licence is revoked under subsection (3), the Minister shall, by notice published in the *Gazette*, revoke the declaration of the location so far as it included that block.

46. Unit development

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

(2) A registered holder of a development licence may, from time to time, enter into an agreement in writing for or in relation to the unit development of a petroleum reservoir.

(3) The Minister may on his own motion, or on application made to him in writing by a registered holder of a development licence in whose development area there is a part of a particular petroleum reservoir, for the purpose of securing the more effective recovery of

petroleum from that petroleum reservoir, direct any such holder whose development are a included part of that petroleum reservoir to enter into an agreement in writing with the person or persons and within the period specified by the Minister for or in relation to the unit development of the petroleum reservoir, and to lodge the agreement with the Minister forthwith for approval and registration in accordance with Division (g) of this Part.

(4) Where—

- (a) a registered holder who is directed under subsection (3) to enter into an agreement for or in relation to the unit development of a petroleum reservoir does not enter into such an agreement within the specified period; or
- (b) a registered holder enters into such an agreement but the agreement is not lodged with the Minister in accordance with subsection (3), or if so lodged is not approved under section 54,

the Minister may, by instrument in writing served on the registered holder, direct him to submit to the Minister, within the period specified in the instrument, a scheme for or in relation to the unit development of the petroleum reservoir.

(5) An agreement under this section is an instrument to which Division (g) of this Part shall apply.

47. Directions as to recovery of petroleum

(1) Where petroleum is not being recovered in a development area and the Minister is satisfied that there is recoverable petroleum in that area, he may, by instrument in writing served on the registered holder of the development licence, direct the holder to take all necessary and practicable steps to recover that petroleum.

(2) Where the Commissioner is not satisfied that a registered holder to whom a direction has been given under subsection (1) is taking all necessary and practicable steps to recover petroleum, the Commissioner may, by instrument in writing served on the holder, give to the holder such specific directions as the Commissioner thinks necessary for or in relation to the recovery of petroleum in the development area.

(3) Where petroleum is being recovered in a development area, the Minister may by instrument in writing served on the registered holder of the development licence, direct the holder to take all necessary and practicable steps to increase or reduce the rate at which the petroleum is being recovered to such rate not exceeding the capacity of existing production facilities.

(4) Where the Commissioner is not satisfied that a registered holder to whom a direction has been given under subsection (3) is taking all necessary steps to increase or reduce, as the case may be, the rate at which petroleum is being recovered, the Commissioner may, by instrument in writing served on the holder, give to the holder such specific directions as the Commissioner thinks necessary for or in relation to the increase or reduction of the rate at which petroleum is

being recovered in the development area.

(5) Nothing in this section, or in any direction given under this section by the Commissioner, shall be construed as requiring the registered holder of a development licence to do anything which is not in accordance with good oil field practices.

(e) - Restriction on Exercise of Rights under Licence (s 48)

48. Restriction on exercise of rights

(1) The registered holder of a licence shall not exercise any of his rights under his licence or under this Act—

- (a) without the written consent of the responsible Minister in respect of—
 - (i) any land dedicated or set apart for any public purpose (other than mining);
 - (ii) any land dedicated as a place of burial;
 - (iii) any land which is the site of or is within one hundred metres of any building, reservoir or dam owned by the Government;
 - (iv) any land forming part of a licensed or Government aerodrome or of any Government landing ground, or which is within one thousand metres of the boundaries thereof;
 - (v) any land on which there is a defence installation, or on land which is within one hundred metres of the boundaries thereof; or
 - (vi) any reserved area, or any protected monument, declared under the Antiquities Act ^{*}(6);
- (b) without the written consent of the lawful occupier thereof in respect of—
 - (i) any land which is the site of, or which is within two hundred metres of, any inhabited, occupied or temporarily occupied house or building;
 - (ii) any land within fifty metres of land which has been cleared or ploughed or otherwise prepared in good faith for the growing of agricultural crops or upon which agricultural crops are growing;
 - (iii) any land from which, during the year immediately preceding, agricultural crops have been reaped; or
 - (iv) any land forming part of an aerodrome, other than an aerodrome referred to in paragraph (a)(iv),

but where any consent so acquired is, in the opinion of the Minister, being unreasonably withheld, the Minister may, on such conditions (if any) as he may impose, direct that the need

for the consent shall be dispensed with, and in that event this paragraph shall not have effect in so far as it requires the consent of the lawful occupier to be given;

- (c) in respect of land in a national park declared under the National Parks Act *(7), in any forest reserve declared under the Forests Act *(8), in any game reserve declared under the Wildlife Conservation Act *(9), in a range development area declared under the Range Development and Management Act *(10), or in the conservation area established under the Ngorongoro Conservation Area Act *(11) except with the written consent of the authority having control over the park, or reserve area;
- (d) in respect of any land reserved for the purpose of any railway, or which is within one hundred metres of the boundaries of any land so reserved, without the written consent of the responsible railway authority;
- (e) in respect of any land within any city, municipality, township, minor settlement or demarcated trading settlement, except with the written consent of holders of surface rights, and of the responsible Minister or the authority having control over trading settlement;
- (f) in respect of any street, road or highway, and any, within one hundred metres of any bridge, public ferry, culvert or drift in any street, road or highway, pipeline or power line, except with the written consent of the responsible Minister or of the authority having the control of the street, road, highway, bridge, ferry, culvert, drift, pipeline or power line;
- (g) in respect of any land over which a mining licence has been granted or saved under the Mining Act *(12), and is still subsisting, without the written consent of the Minister; or
- (h) in respect of any area of land which is specified under Division B of Part IV, as defined in section 53 of the Mining Act *(13).

(2) Any dispute as to whether or not subsection (1)(b) applies in respect of any land, shall be decided by the Minister whose decision shall be final.

(3) Any consent by the Minister or the responsible Minister under this section may be given unconditionally or subject to such conditions as are specified in the instrument of consent.

(4) In this section, "the responsible Minister" in relation to any matters, means the Minister for the time being having responsibility for that matter.

(f) - Surrender, Cancellation and Suspension of Licences (ss 49-51)

49. Surrender

(1) The registered holder of a licence who wishes to surrender all or any of the blocks subject to the licence shall apply to the Commissioner for a certificate of surrender, in respect of the block or blocks, not less than ninety days before the date on which he wishes the surrender to

have effect.

(2) An application under subsection (1)–

- (a) shall state the date on which the applicant wishes the surrender to have effect;
- (b) shall, if some only of the blocks subject to the licence are to be surrendered, identify the blocks to be surrendered;
- (c) shall give particulars of exploration or development operations carried on since the licence was granted or last extended, whichever is the later, in respect of the blocks to be surrendered; and
- (d) shall be supported by such records and reports in relation to those operations as the Commissioner may reasonably require.

(3) Subject to subsection (4) and (5), on application duly made under subsection (1) the Commissioner shall issue a certificate of surrender either unconditionally, or subject to such conditions as are specified in the certificate, in respect of the blocks to which the application relates.

(4) On application duly made under subsection (1) the Commissioner shall consult with the Minister.

(5) The Commissioner shall not issue a certificate of surrender–

- (a) to an applicant who is in default;
- (b) to an applicant who fails to comply with any reasonable requirement of the Commissioner for the purposes of subsection (2)(d); or
- (c) if the Commissioner is not satisfied that the applicant will leave the blocks to be surrendered and on which exploration or development operations have been carried on in a condition which is safe and which accords with good oilfield practices.

50. Effect of certificate of surrender

(1) Where, pursuant to section 49(3), a certificate of surrender is issued, the Commissioner–

- (a) shall, if not all of the blocks subject to an exploration licence or a development licence are surrendered, amend the licence accordingly; or
- (b) shall, in any other case, cancel the licence,

and in either case the Commissioner shall give notice to the applicant for the certificate of surrender of the amendment or, as the case may be, the cancellation, and of the issue of the certificate of surrender.

(2) Any block in respect of which a certificate of surrender is issued shall be treated as

having been surrendered with effect from the date on which notice of the surrender is given pursuant to subsection (1) to the applicant for the certificate.

(3) The surrender of any block does not affect any liability incurred before the date on which the surrender has effect in respect of the block, and any legal proceedings that might have been commenced or continued in respect of the liability against the applicant for the certificate may be commenced or continued against that applicant.

51. Suspension or cancellation of licence

(1) Subject to this section, where the registered holder of a licence is in default the Minister may, by notice in writing served on the registered holder of the licence, suspend or cancel the licence.

(2) The Minister shall not, under subsection (1), suspend or cancel a licence on the ground of any default unless—

- (a) he has, by notice in writing served on the registered holder of the licence, given not less than thirty days notice of his intention to so suspend or cancel the licence on that ground;
- (b) he has, in the notice, specified a date before which the registered holder of the licence may, in writing, submit any matter which he wishes the Minister to consider; and
- (c) he has taken into account—
 - (i) any action taken by the registered holder of the licence to remove that ground or to prevent the recurrence of similar grounds; and
 - (ii) any matters submitted to him by the registered holder of the licence pursuant to paragraph (b).

(3) The Minister shall not, under subsection (1), suspend or cancel a licence on the ground of any default in the payment of any amount payable under this Act if, before the date specified in a notice referred to in subsection (2), the registered holder of the licence pays the amount of money concerned to gather with any interest payable pursuant to section 67.

(4) The Minister may, by notice in writing served on the registered holder of a licence, cancel the licence—

- (a) if the holder (being an individual) is—
 - (i) adjudged bankrupt; or
 - (ii) enters into any agreement or scheme of composition with his creditors or takes advantage of any law for the benefit of debtors; or
- (b) if, in the case of a holder that is a company or corporation, an order is made or a

resolution is passed winding up the affairs of the company or corporation, unless the winding up is for the purpose of amalgamation and the Minister has consented to the amalgamation, or is for the purpose of reconstruction and Minister has been given notice of the reconstruction.

(5) Where two or more persons constitute the registered holder of a licence the Minister shall not, under subsection (4), cancel the licence on the occurrence, in relation to one or some only of the persons constituting the registered holder, of an event entitling the Minister to so cancel the licence, unless any other person or persons constituting the registered holder satisfy the Minister that the person or those persons, as the case may be, is or are willing and would be able to carry out the duties and obligations of the registered holder of the licence.

(6) On the cancellation of a licence, the rights of the registered holder of the licence thereunder cease, but the cancellation does not affect any liability incurred before the cancellation and any legal proceedings that might have been commenced or continued against the former registered holder of the licence may be commenced or continued against him.

(g) - Transfers and Registration (ss 52-56)

52. Records

(1) The Commissioner shall cause a record to be kept of every licence granted and of any dealing with, or affecting, a licence.

(2) When a licence is granted the Commissioner shall cause the name of the person to whom the licence is granted to be recorded as the registered holder of the licence.

53. Interest in licence to be created by instrument in writing

(1) A legal or equitable interest in, or affecting, a licence, is not capable of being created, transferred, assigned, effected or dealt with, whether directly or indirectly, except by instrument in writing.

(2) The creation of a legal or equitable interest in or affecting, a licence, does not affect the liability of the registered holder of the licence for any breach of the conditions of the licence or of any of the provisions of this Act.

54. Transfer of licence to be approved by Minister, etc.

(1) Unless the Minister approves—

- (a) the transfer of a licence; or
- (b) an instrument by which a legal or equitable interest in, or affecting a licence is created, assigned, effected or dealt with, whether directly or indirectly,

the transfer, or the instrument (in so far as it operates as provided in paragraph (b)), shall be of

no effect.

(2) An application for the approval by the Minister under subsection (1) of transfer of an instrument shall be made to the Commissioner in accordance with the regulations.

(3) Subject to subsections (4) and (5), on application duly made under subsection (2), the Minister may give, or refuse to give, his approval, or give his approval subject to such conditions as he deems necessary in the circumstances to impose.

(4) The Minister shall give his approval to the transfer of an exploration licence when the transferee—

- (a) is a person controlling, controlled by, or under common control with, the transferor; and
- (b) is not a person disqualified under any provision of this Act from holding an exploration licence.

(5) If the Minister gives his approval to the transfer of a licence the Commissioner shall cause the name of the transferee to be recorded as the registered holder of the licence but legal proceedings that might have been commenced or continued against him may be commenced or continued against him notwithstanding the transfer.

(6) The reference in subsection (1)(a) to "the transfer of a licence" includes a transfer of a licence by operation of law.

55. Minister may require information

The Minister may require any person making application under section 54 to the Commissioner to furnish to the Commissioner such information as the Minister may reasonably require to enable him to dispose of the application, and the applicant shall comply with the requirement.

56. Evidentiary provision

(1) The Commissioner may give a certificate with respect to any matter referred to in subsection (2).

(2) A certificate of the Minister—

- (a) that a licence was granted, transferred, suspended or cancelled on, or with effect from, a date specified in the certificate;
- (b) that any block identified in the certificate, is or was on a date specified in the certificate, subject to a licence;
- (c) that any condition specified in the certificate is, or was, on a date so specified, a condition of a licence;

- (d) that a certificate of surrender was issued in respect of a block identified, on a date specified in the certificate given by the Commissioner;
- (e) that any condition specified in the certificate is a condition on which a certificate of surrender was issued or on which any consent or approval so specified was given;
- (f) that a person named in the certificate is, or was, on a date specified in the certificate, the registered holder of a licence; or
- (g) that a direction specified in the certificate was given to a person identified in the certificate by a person so identified on a date specified in the certificate,

shall be received in proceedings before any court or tribunal as evidence of that fact, but without prejudice to the right to adduce evidence in rebuttal.

(h) - Miscellaneous Duties with respect to Submitting Report (s 57)

57. Application of First Schedule

(1) The First Schedule to this Act shall apply with respect to the duty of the registered holder, or former registered holder, of a licence to furnish information, submit reports or keep records and accounts.

(2) The registered holder of a licence—

- (a) shall establish immediately after the grant of the licence, and keep established while the licence subsists, an address in Tanzania; and
- (b) shall give notice of that address to the Minister and of any variation of the address which may be made from time to time.

(i) - Miscellaneous (ss 58-72)

58. Work practices for holder of licence

(1) The registered holder of a licence—

- (a) shall carry out all exploration and development operations in the exploration or development area in a proper, safe and workman-like manner and in accordance with good oilfield practices;
- (b) shall take all reasonable steps necessary to secure the safety, health and welfare of persons engaged in those operations in or about the exploration or development area; and
- (c) shall act in accordance with the regulations and with any directions given under section 63 and with any direction given, restriction imposed or requirement made by an inspector under this Act.

(2) In particular, and without limiting the generality of subsection (1), a registered holder of a licence shall—

- (a) control the flow and prevent the waste or escape in the exploration or development area of petroleum, gas (not being petroleum), or water;
- (b) prevent the escape in the exploration or development area of any mixture of water or drilling fluid and petroleum or any other matter;
- (c) prevent damage to petroleum bearing strata in an area in respect of which the licence is not in force;
- (d) keep separate in the manner prescribed—
 - (i) each reservoir discovered in the exploration or development area; and
 - (ii) such of the sources of water (if any) discovered in the exploration or development area, as the Minister, by instrument in writing served on the holder, directs;
- (e) prevent water or any other matter entering any petroleum reservoir through the well in the exploration or development area except when required by, and in accordance with, good oilfield practices;
- (f) prevent the pollution of any water-well, spring, stream, river, lake, reservoir, estuary, harbour or area of sea by escape of petroleum, salt water, drilling fluid, chemical additive, gas (not being petroleum) or any other waste product or effluent;
- (g) furnish to the Commissioner prior to the drilling of any well, a detailed report on the technique to be employed, an estimate of the time to be taken, the material to be used and the safety measures to be employed, in the drilling of the well.

(3) Where the consent in writing of the Commissioner has been obtained, nothing in this section shall prevent a registered holder of a licence from flaring natural gas in accordance with the terms of the instrument of consent.

(4) Nothing in this section shall prevent a registered holder of a licence from flaring natural gas where, in an emergency, flaring is required to safeguard the health and safety of persons in the exploration or development area to prevent damage to the property of any person in the exploration or development area.

(5) A registered holder of a licence shall furnish to the Commissioner such notice as is prescribed of his intention to abandon any well, and the closure or plugging of any well shall be carried out only with the prior consent in writing of the Commissioner and in the prescribed manner.

59. Work practices for holders of instrument of consent

A person who is the holder of an instrument of consent under section 71 shall carry out all

exploration operations in the area in respect of which the instrument of consent is in force in a proper and workman-like manner and in accordance with good oilfield practices, and shall take all reasonable steps to secure the safety, health and welfare of persons engaged in those operations in or about that area.

60. Penalty for breach of section 58 or 59

(1) A registered holder of a licence or holder of an instrument of consent under section 71 who contravenes or fails or neglects to comply with a requirement of section 58 or 59, as the case may be, shall be guilty of an offence and liable on conviction to a fine not exceeding one hundred thousand shillings.

(2) In proceedings on a prosecution for an offence under this section, it shall be a sufficient defence if the accused person proves that he promptly took all reasonable steps to comply with the requirements of the relevant section applicable to him.

61. Maintenance, etc., of property

(1) A registered holder of a licence or a holder of an instrument of consent under section 71 shall—

- (a) maintain in good condition and repair all structures, equipment and other property in the area subject to the licence or in respect of which the instrument of consent is in force and used in connection with the operations in which he is engaged;
- (b) remove from that area all structures, equipment and other property that are not either used or to be used in connection with the operations in which he is engaged; and
- (c) take reasonable steps to warn persons who may, from time to time, be in the vicinity of any such structure, equipment or other property of the presence of the structure, equipment or other property and the possible hazards resulting therefrom.

(2) Subsection (1) does not apply in relation to any structure, equipment or other property that was not brought into the area subject to a licence or, as the case may be, in respect of which an instrument of consent is in force, by or with the authority of the registered holder of the licence or, as the case may be, the holder of the instrument.

(3) A registered holder of a licence or holder of an instrument of consent under section 71 who contravenes subsection (1)(a), (b) or (c) shall be guilty of an offence and liable on conviction to a fine not exceeding one hundred thousand shillings.

62. Drilling near boundaries

(1) A registered holder of a licence shall not drill a well any part of which is less than one thousand metres from a boundary of the area subject to the licence except with the consent in writing of the Commissioner and in accordance with such conditions, if any, as are specified in

the instrument of consent.

(2) Where a registered holder of a licence does not comply with subsection (1), the Commissioner may, by instrument in writing served on the holder direct him to do one or more of the following within the period specified in the instrument, namely—

- (a) to plug the well;
- (b) to close off the well;
- (c) to comply with such direction relating to the drilling or maintenance of the well as are specified in the instrument.

(3) A person who fails or neglects to comply with a direction given under subsection (2) shall be guilty of an offence and liable on conviction to a fine not exceeding one hundred thousand shillings.

63. Directions

(1) The Commissioner may, by instrument in writing served on the registered holder of a licence, give to the holder a direction as to any matter with respect to which regulations may be made under section 94, but a direction that does not comply with good oilfield practices shall not be given and, if given, need not be complied with to the extent that it does not so comply.

(2) A direction under subsection (1) has effect and shall be complied with notwithstanding anything in the regulations and, to the extent to which the regulations are inconsistent with the direction, the person to whom the direction is given is not obliged to comply with the regulations.

(3) A person who fails or neglects to comply with a direction given under subsection (1) shall be guilty of an offence and liable on conviction to a fine not exceeding one hundred thousand shillings.

(4) In proceedings on a prosecution for an offence under subsection (1), it shall be a sufficient defence if the accused person proves that he promptly took all reasonable steps to comply with the direction.

64. Compliance with directions

(1) Subject to section 63(1), where a person fails or neglects to comply with a direction given to him under section 63 the Commissioner may cause to be done all or any of the things required by the direction to be done.

(2) Costs and expenses incurred by the Commissioner under subsection (1) in relation to a direction shall be a debt due by the person to whom the direction was given to the United Republic and may be recovered in a court of competent jurisdiction.

65. Removal of property by holder of licence, etc.

(1) Where a licence has been wholly or partly determined, wholly or partly cancelled or has expired, the Minister may, by instrument in writing served on the person who is or was the registered holder of the licence direct that person—

- (a) to remove or cause to be removed from the relinquished area concerned, all property brought into that area by any person engaged or concerned in the operations authorised by the licence, or to make arrangements that are satisfactory to the Commissioner with respect to that property;
- (b) to plug or close off, to the satisfaction of the Commissioner, all wells made in that area by any person engaged or concerned in those operations; and
- (c) to make provisions, to the satisfaction of the Minister, for the conservation and protection of the natural resources in that area.

(2) Nothing in this section, or in any direction given under this section by the Minister, shall be construed as requiring any person who is or was the registered holder of a licence to do anything which is not in accordance with good oilfield practices or to refrain from doing anything which is in accordance with good oilfield practices.

(3) A person to whom a direction under subsection (1) is given who refuses or fails to comply with the direction within the period specified in the instrument by which the direction was given shall be guilty of an offence and liable on conviction to a fine not exceeding one hundred thousand shillings.

66. Removal and sale of property by Minister, etc.

(1) Subject to section 65(2), where a direction under section 65 has not been complied with, the Minister may—

- (a) do or cause to be done all or any of the things required by the direction to be done;
- (b) remove or cause to be removed, in such manner as he thinks fit, all or any of the property from the relinquished area concerned;
- (c) dispose of, in such manner as he thinks fit, all or any of the property referred to in paragraph (b); and
- (d) if he has served a copy of the instrument by which the direction was given on a person who he believed to be an owner of the property or part of the property, sell or cause to be sold by public auction or otherwise as he thinks fit, all or any of the property referred to in paragraph (b) that belongs, or that he believes to belong, to that person.

(2) The Minister may deduct from the proceeds of a sale of property under subsection (1) that belongs, or that he believes to belong, to a particular person all or any part of any—

- (a) costs and expenses incurred by him under that subsection in relation to that property;

(b) costs and expenses incurred by him in relation to the doing of anything required by a direction under section 65 to be done by the person; and

(c) fees or amounts due and payment under this Act by the person.

(3) The costs and expenses incurred by the Minister under subsection (1)–

(a) if incurred in relation to the removal, disposal or sale of property, shall be a debt due by the owner of the property to the United Republic; or

(b) if incurred in relation to the doing of anything required by a direction under section 65 to be done by a person who is or was a registered holder of a licence shall be a debt due by that person to the United Republic,

and to the extent to which they are not recovered under subsection (2) may be recovered by the United Republic as a debt.

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

67. Penalty for late payments

(1) Where the liability of a person under this Act to pay an amount is not discharged on or before the time when the amount is payable, there is payable by that person an additional amount calculated at the rate of 1/3 of one *per centum* per day, upon so much of that amount as from time to time remains unpaid, to be computed from the time that the amount become payable until it is paid.

(2) The Minister may, in a particular case, for reasons that in his opinion are sufficient, remit the whole or part of an amount under this section.

68. Further information to be furnished

(1) Where the Commissioner has reason to believe that a person is capable of giving information or producing documents relating to exploration or development operations, he may, by instrument in writing served on that person, require that person–

(a) to furnish that information to him in writing within the period and in the manner specified in the instrument; or

(b) to attend before him or person specified in the instrument at such time and place as is so specified and there to answer questions relating to the operations and to produce such documents relating to those operations as are so specified.

(2) A person is not excused from furnishing information, answering a question or producing a document when required to do so under this section on the grounds that the information so furnished, the answer to the question or the production of the document might tend to incriminate him or make him liable to a penalty, but the information so furnished or his answer to

the question shall not be admissible in evidence against him in any proceedings other than proceedings for an offence against section 69.

69. Failing to furnish information

Any person who—

- (a) refuses or fails to comply with a requirement in an instrument under section 68(1) to the extent to which he is capable of complying with it;
- (b) in purported compliance with a requirement referred to in paragraph (a), knowingly or recklessly furnishes information that is false or misleading in a material particular; or
- (c) when attending before the Commissioner or any other person under a requirement referred to in paragraph (a), knowingly or recklessly makes a statement or produces a document that is false or misleading in a material particular,

shall be guilty of an offence and liable on conviction to fine not exceeding ten thousand shillings or to a term of imprisonment not exceeding two years, or to both.

70. Survey of wells

(1) The Commissioner may, at any time, by instrument in writing served on a registered holder of a licence, direct the holder—

- (a) to carry a survey of the position of the well, structure or equipment specified in the instrument; and
- (b) to furnish promptly to the Commissioner a report in writing of the survey.

(2) Where the Commissioner is not satisfied with a report of a survey furnished to him under subsection (1) by the registered holder of a licence, he may, by instrument in writing served on the holder, direct the holder to furnish prompt information in writing in connection with the survey.

(3) If a person to whom a direction is given under subsection (1) (a) fails or neglects to comply with the direction, the Commissioner may cause to be carried out any survey specified in the instrument containing the direction.

(4) Costs and expenses incurred pursuant to subsection (3) in carrying out a survey are a debt due to the United Republic and are recoverable in a court of competent jurisdiction notwithstanding that the registered holder concerned is convicted of an offence under subsection (5).

(5) A person to whom a direction is given under subsection (1) or (2) who fails or neglects to comply with the direction shall be guilty of an offence and liable on conviction to a fine not exceeding fifty thousand shillings.

71. Scientific investigations

(1) The Minister may, by instrument in writing, consent to the carrying on by any person of exploration operations in the course of a scientific investigation.

(2) An instrument of consent shall be subject to such conditions (if any) as are specified in the instrument.

(3) An instrument of consent under this section authorises the person to whom it is issued to carry on the exploration operations specified in the instrument—

- (a) in the area; and
- (b) subject to the conditions (if any) specified in the instrument, in the course of scientific investigation.

72. Control over companies not to be given without consent of Minister

(1) Where a development licence is granted to a company, the company shall not, after the date of the grant of the licence without the written consent of the Minister—

- (a) register the transfer of any share or shares in the company to any particular person or his nominee; or
- (b) enter into any agreement with any particular person, if the effect of doing so would be to give to the particular person or his nominee control of the company.

(2) On application made to him for his consent under this section the Minister shall give his consent if he considers that the public interest would not be prejudiced, but otherwise shall refuse to give his consent; and for the purpose of considering any such application the Minister may call for and obtain such information as he considers necessary.

(3) For the purpose of this section—

- (a) a person shall be deemed to have control of a company—
 - (i) if the person or his nominee holds, or the person and his nominee hold, a total of, twenty *per centum* or more of the equity shares in the company; or
 - (ii) if the person or his nominee is, or the person and his nominee are, entitled to appoint, or prevent the appointment of, a sufficient number of directors to form a quorum at meetings of directors;
- (b) "equity shares", in relation to a company, means shares in the company having voting rights, and includes preference share other than preference shares not having voting rights; and
- (c) "preference shares" means shares which carry the right to payment of a dividend of a

fixed amount, or not exceeding a fixed amount, in priority to payment of a dividend on another class or other classes of shares, whether with or without other rights.

PART IV SURFACE RIGHTS (ss 73-75)

73. Right to graze stock

(1) The lawful occupier of any land in an exploration or a development area retains any right which he may have when the licence concerned is granted to graze stock upon or to cultivate the surface of the land, except in so far as the grazing or cultivation interferes with exploration or development operations in any such area.

(2) The lawful occupier of land in a development area shall not erect any building or structure in the area without the consent of the registered holder of the development licence concerned, but if the Minister considers that the consent is being unreasonably withheld, he may give his consent to the lawful occupier doing so and, in that event, the lawful occupier may do so.

(3) The rights conferred by a licence or an instrument of consent under section 71 shall be exercised reasonably so as to affect as little as possible the interests of any lawful occupier of the land subject to the licence consistent with the reasonable and proper conduct of operations pursuant to the licence or instrument of consent.

(4) Without limiting the generality of subsection (3) a person carrying on operations under a licence, or instrument of consent under section 71, shall take no action that in any way interferes with—

- (a) fishing;
- (b) navigation; or
- (c) any other operation being lawfully carried on, by way of exploration for, recovery of or conveyance of petroleum or minerals,

unless he gives prior notice in writing to the Commissioner of the expected nature and duration of such interference.

74. Compensation for disturbance of rights

(1) Where, in the course of exploration or development operations, disturbance of the rights of the lawful occupier of any land or damage to any crops, trees, buildings, stock or works thereon is caused, the registered holder of the licence, by virtue of which the operations are carried on, is liable to pay to the lawful occupier fair and reasonable compensation in respect of the disturbance or damage according to the right or interest (if any) of the lawful occupier in the property concerned.

(2) Where the value of any land has been enhanced by exploration or development

operations, compensation payable pursuant to subsection (1) in respect of the land shall not exceed any amount which would be payable if the value had not been so enhanced.

(3) Where the amount of compensation to be paid pursuant to subsection (1) in any particular case is in dispute, either party may refer the matter to the Commissioner who shall, subject to section 76 (2), deal with the matter in accordance with Part V.

75. Rights over unalienated land

The President may, if he is satisfied that it is necessary to do so for development purposes or for purposes ancillary to development grant, upon such terms and conditions as he may think fit, to the registered holder of a licence—

- (a) a right of occupancy of any unalienated land; or
- (b) rights over any unalienated land.

PART V DISPUTES (ss 76-80)

76. Commissioner may decide disputes

(1) The Commissioner may inquire into and decide all disputes between persons engaged in exploration or development operations, either among themselves or in relation to themselves and third parties (other than the Government) not so engaged, in connection with—

- (a) the boundaries of any exploration area or development area;
- (b) any act committed or omitted, or alleged to have been committed or omitted, in the course of, or ancillary to, exploration or development operations;
- (c) the assessment and payment of compensation pursuant to this Act; or
- (d) any other matter which may be prescribed.

(2) The Commissioner may, in his discretion, refuse to decide any dispute referred to him under this Part and, if he does so, he shall notify the parties to the dispute in writing accordingly.

(3) The Commissioner may make any decree or order which may be necessary for the purpose of giving effect to his decision in proceedings pursuant to this Part, and may order the payment, by any party to a dispute, of such compensation as may be reasonable, to any other party to the dispute.

77. Enforcement of Commissioner's decrees and orders

(1) The Commissioner may send a copy, certified under his hand, of any decree or order made by him to any court within the local limits of whose jurisdiction the subject-matter of the decree or order is situated, and, subject to any appeal, the civil court shall enforce the decree or

order of the Commissioner in the same manner in which it would enforce its own decrees or orders.

(2) The fees payable upon the enforcement of a decree or order are those which would be payable upon the enforcement of a like decree or order made by the court concerned.

78. Appeal to High Court

(1) Any person aggrieved by a decision, decree or order of the Commissioner made or given pursuant to this Part, may appeal to the High Court within the period of sixty days after the decision, decree, or order is given or made.

(2) No appeal lies to a court against a decision of the Commissioner under section 76(2).

79. Jurisdiction of courts excluded

No person shall commence proceedings in a court in respect of any dispute of a kind referred to in section 76 unless the Commissioner has refused pursuant to subsection (2) of that section to decide the dispute.

80. Regulations with respect to proceedings

The regulations may make provision with respect to the initiation and conduct of proceedings under section 76, and keeping of records and notes of evidence concerning any such proceedings.

PART VI FINANCIAL PROVISIONS (ss 81-88)

81. Royalty on petroleum obtained under a development licence

(1) Subject to this Act, the registered holder of development licence shall, in accordance with his licence and this Act, pay royalty in respect of petroleum obtained by him in the development area.

(2) Where provision is made in a licence for the payment of royalty in kind, the word "pay" and cognate expressions in this Part shall be construed accordingly.

82. Prohibition on disposal of petroleum

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

83. Remission of royalty

(1) The Minister may, after consultation with the Minister of Finance, remit, in whole or in part, any royalty payable on any petroleum obtained from a particular development area, for such period as he may determine, if he considers it expedient in the interests of the production of the petroleum to do so.

(2) The Minister may, on application made to him by the registered holder of a development licence, defer payment of any royalty due from the holder for such period and subject to such conditions as he may determine.

84. Annual charges in respect of licence

(1) There shall be payable to the Government by the registered holder of any licence an annual charge of such amount as may be calculated in such manner as may be prescribed.

(2) The annual charge payable pursuant to subsection (1) shall be payable on the grant of a licence and thereafter annually on the anniversary of the grant until the termination of the licence.

85. Security for compliance

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

86. Minister may require information to be furnished

(1) Where the Minister has reason to believe that a person is capable of giving information or producing or making available books or documents relating to petroleum obtained from an exploration or a development area or the value of petroleum so obtained, he may, by instrument in writing served on that person, require that person—

- (a) to furnish to him in writing, within the period and in the manner specified in the instruments, any such information;
- (b) to attend before him or a person specified in the instrument at such time and place as is so specified and there to answer questions relating to petroleum obtained or the value of petroleum obtained; or
- (c) to make available to a person specified in the instrument at such time and place as is so specified books or documents, or copies thereof, in his custody or power relating to petroleum obtained or the value of petroleum obtained.

(2) A person is not excused from furnishing information, answering a question or making available books or documents when required to do so under this section on the ground that the information so furnished, the answer to the question, or the production of, making available, any

books or documents, or copies thereof, might tend to incriminate him or make him liable to a penalty, but the information so furnished shall not be admissible in evidence against him in any proceedings other than proceedings for an offence against section 87.

(3) Where books or documents are made available pursuant to a requirement under subsection (1)(c) the person to whom the books or documents are made available may make copies of, or take extracts from, the books or documents.

87. Failure to furnish information under section 86

Any person who—

- (a) refuses or fails to comply with a requirement in an instrument under section 86(1) to the extent to which he is capable of complying with it;
- (b) in purported compliance with such a requirement, knowingly or recklessly furnishes information that is false or misleading in a material particular;
- (c) when attending before the Minister or any other person in pursuance of such a requirement, knowingly or recklessly makes a statement or produces a document that is, or produces books that are, false or misleading in a material particular; or
- (d) when making available books or documents in pursuance of such a requirement, knowingly or recklessly makes available books that are, or a document that is, false or misleading in a material particular,

shall be guilty of an offence and liable to a fine not exceeding ten thousand shillings or to a term of imprisonment not exceeding two years, or both.

88. Recovery of royalty, etc.

(1) Subject to subsection (3), royalty payable under section 81 and any annual charge payable under section 84 shall be debts due to the United Republic and may be recovered in a court of competent jurisdiction.

(2) A certificate of the Minister certifying that a specified amount of royalty, or an annual charge of a specified amount, is payable by a specified person shall, in any proceedings instituted against that person for the recovery of any such royalty or charge, be *prima facie* proof of that fact, but without prejudice to the right to adduce evidence in rebuttal.

(3) Subsection (1) shall not apply in any case where the royalty concerned is payable in kind.

PART VII MISCELLANEOUS PROVISIONS (ss 89-93)

89. Power of entry

(1) For the purposes of this Act, the Commissioner or an authorised officer, at all reasonable

times–

- (a) may enter any area, structure, vehicle, vessel, aircraft or building that, in his opinion, has been is being or is to be used in connection with–
 - (i) exploration operations; or
 - (ii) development operations;
- (b) may inspect and test, or have tested by a qualified person, any machinery or equipment that, in his opinion, has been, is being or is to be used in connection with any of the operations referred to in paragraph (a);
- (c) may take or remove for the purpose of analysis or testing or for use in evidence in connection with an offence against this Act, samples of petroleum, water or other substances from a well;
- (d) may inspect, take extracts from, and make copies of, any document relating to any of the operations referred to in paragraph (a);
- (e) may with respect to the health and safety of persons employed by a registered holder of a licence in or in connection with any of the operations referred to in paragraph (a) issue directions to and impose restrictions on the holder, or any persons so employed, by instrument in writing;
- (f) may order, by instrument in writing–
 - (i) the cessation of operations on or in, and the withdrawal of any person from, any area, structure or building that is being used in connection with any of the operations referred to in paragraph (a); or
 - (ii) the discontinuance of the use of any machinery or equipment,
which he considers unsafe, unless and until such action as is necessary for safety as specified in the instrument is taken and completed;
- (g) may make such examinations and inquiries as are necessary to ensure that the provisions of this Act, and any direction issued, restrictions imposed or orders made under this Act, are being complied with; and
- (h) may obtain and record statements from witnesses, and appear at or conduct inquiries held regarding accidents occurring in the course of any of the operations referred to in paragraph (a), and appear at inquests, and call and examine and cross-examine, witnesses.

(2) Before exercising any of his powers under subsection (1), if there is any person present who is or appears to be in charge of the area, structure, vehicle, vessel, aircraft, building, machinery, equipment or matter or thing in respect of which the power is about to be exercised,

the Commissioner or authorised officer shall identify himself to that person and to any person to whom he is about to give an order or a direction.

(3) Any person who is aggrieved by a decision, direction or order of the Commissioner or an authorised officer made under this section may appeal in writing to the Commissioner or, in the case of a decision, direction or order made by the Commissioner, to the Minister, who shall, as soon as practicable, hear and dispose of the appeal, but the bringing of the appeal does not affect the execution and operation of the decision, direction or order appealed from pending disposition of the appeal.

(4) On appeal under subsection (3), the Commissioner or the Minister, as the case may be, may rescind or affirm the decision, direction or order appealed from or may make a new decision, direction or order in substitution therefor, and that decision, direction or order shall not be subject to further appeal.

(5) In exercising his powers under subsection (1), the Commissioner or an authorised officer may be accompanied by any person who the Commissioner or the officer, as the case may be, believes has special or expert knowledge of any matter being inspected, tested or examined.

(6) A person who is an occupier or person in charge of any building, structure or place, or the person in charge of any vehicle, vessel, aircraft, machinery or equipment referred to in subsection (1), shall provide the Commissioner or an authorised officer with all reasonable facilities and assistance (including the provision of necessary means of transport) for the effective exercise of the powers under this section.

90. Offences in relation to section 89

Any person who—

- (a) without reasonable excuse, obstructs, molests or hinders the Commissioner or an authorised officer in the exercise of his powers under section 89;
- (b) knowingly or recklessly makes a statement or produces a document that is false or misleading in a material particular to the Commissioner or an authorised officer engaged in carrying out his duties and functions under section 89; or
- (c) with intent to mislead or deceive the Commissioner or an authorised officer when so engaged, does any act or withholds any information,

shall be guilty of an offence and liable on conviction to a fine not exceeding ten thousand shillings or to imprisonment for a term not exceeding two years or to both.

91. Obstruction of holder of licence

Any person who, without reasonable excuse, obstructs, molests, hinders or prevents the registered holder of a licence in or from the doing of any act which that holder is authorised to do by this Act shall be guilty of an offence and liable on conviction to a fine not exceeding five

thousand shillings or to imprisonment for a term not exceeding six months, or to both.

92. Offence committed by company or corporation

When an offence which has been committed by a company or a corporation is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, a director, manager, secretary or other similar officer of the company or corporation, or any person who was purporting to act in any such capacity, he, as well as the company or corporation, shall be guilty of that offence and liable to be proceeded against and punished accordingly.

93. Miscellaneous offences

Any person who—

- (a) in, or in connection with any application under this Act knowingly or recklessly gives information which is false or misleading in a material particular;
- (b) in any report, return or affidavit submitted in pursuance of any provision of this Act, knowingly or recklessly includes or permits to be included any information which is false or misleading in a material particular; or
- (c) places or deposits, or is accessory to the placing or depositing of, any mineral or substance in any place with the intention of misleading any other person as to the petroleum possibilities of that place,

shall be guilty of an offence and liable on conviction—

- (i) in the case of an individual, to imprisonment for a term not exceeding three years; or
- (ii) in the case of a company or corporation, to a fine not exceeding one hundred thousand shillings.

94. Regulations

(1) The Minister, may make regulations prescribing all matters that by this Act are required or permitted to be prescribed or are necessary or convenient to be prescribed for carrying out or giving effect to this Act, including in particular provisions for or with respect to—

- (a) the exploration for petroleum and the carrying on of operations, and the execution of works, for that purpose;
- (b) the recovery of petroleum and the carrying on of operations, and the execution of works, for that purpose;
- (c) conserving, and preventing the waste of, the natural resources, whether petroleum or otherwise, of the land to which this Act applies;

- (d) the construction and operation of pipelines, water lines, pumping stations, tank stations, valve stations or other installations for the carrying on of the operations, and the carrying on of operations and the execution of works, for any of those purposes;
- (e) the construction, erection, maintenance, operation or use of installations or equipment;
- (f) the control of the flow and the prevention of the escape of petroleum, water, gases (other than petroleum) or other noxious or deleterious matter;
- (g) the prevention of the escape of water or drilling fluid or the mixture of water or drilling fluid or any other matter;
- (h) the removal of structures, equipment and other property brought into the United Republic in connection with exploration for, or the recovery or conveyance of, petroleum that are not used or intended to be used in connection with that exploration, recovery or conveyance;
- (i) the pressure maintenance in, or the repressuring of, a petroleum reservoir and the re-cycling of petroleum;
- (j) the secondary or tertiary recovery of petroleum from a petroleum reservoir and the methods to be used in such recovery;
- (k) the use of wells and the use of the subsurface for the disposal of petroleum, water and other substances produced in association with the exploration for or the recovery of petroleum;
- (l) the rates, or the method of setting the rates, at which petroleum and water may be recovered from any well or petroleum reservoir;
- (m) the methods to be used for the measurement of petroleum, water and other substances from a well;
- (n) the control of the tariffs charged for the use of any pipeline and the conditions of use of pipelines;
- (o) safety standards and the health and safety of persons employed in or in connection with the exploration for or the recovery or conveyance of petroleum;
- (p) taking, preserving and furnishing to the Commissioner cores, cuttings and samples from wells and samples of petroleum and water;
- (q) giving to the Commissioner reports, returns and other information;
- (r) taking of logs or directional surveys or making other down-hole investigations;
- (s) penalties not exceeding fines of five thousand shillings for offences against the

regulations;

- (t) fees;
- (u) the manner of payment of any royalty;
- (v) the care and custody of records and reports; or
- (w) amending the First Schedule to this Act.

(2) The power under this section to make regulations may be exercised—

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

PART VIII

TRANSITIONAL PROVISIONS, SAVINGS, REPEAL AND AMENDMENTS (ss 95-97)

95. Transitional provisions and savings

The transitional provisions and savings in the Second Schedule shall have effect.

96. Repeal of R.L. Cap. 399

[Repeals the Mining (Mineral Oil) Ordinance.]

97. Incorporation into Cap. 123

[Incorporated into the Mining Act.]

FIRST SCHEDULE RECORDS, REPORTS AND ACCOUNTS

(Section 57)

1. Records

(1) Subject to this Schedule, the registered holder of a licence shall keep at the address referred to in section 57(2)(a) full and accurate records containing full particulars of the following matters, namely—

- (a) the drilling, operation, deepening, plugging or abandonment of wells;
- (b) the strata and subsoil through which wells are drilled;
- (c) the casing inserted in wells and any alteration to such casing;
- (d) any petroleum, water and other economic minerals or dangerous substances encountered;
- (e) the areas in which any geological or geophysical work has been carried out; and
- (f) such other matters as may be prescribed.

(2) The registered holder of a licence shall keep at the address referred to in section 57(2) accurate geological maps and plans, geophysical records, and interpretations hereof, relating to the area subject to the licence.

2. Reports

The registered holder of a licence shall give to the Minister—

- (a) at half-yearly intervals commencing six months after the grant of the licence—
 - (i) a summary of all geological and geophysical work carried out;
 - (ii) a summary of all drilling activity and results obtained; and
 - (iii) a list of maps, of reports and of other geological and geophysical data prepared for the holder, in or in respect of the period concerned;
- (b) within sixty days after the end of each year of the term of the licence—
 - (i) a record describing the results of all exploration and development operations carried out by the holder in the year concerned; and
 - (ii) estimates (if available) of economically recoverable reserves of crude oil and natural gas at the end of year concerned;
- (c) summaries of exploration wells drilled, including lithological groups, letter classification boundaries and hydrocarbon zones, within six months of the completion of drilling or, in the case of information that cannot reasonably be obtained in that period, as soon as possible; and
- (d) at such intervals as may be prescribed, such information as may be prescribed.

3. Duties on termination of licence

Subject to this Schedule, where a licence is determined or cancelled or expires, the person who was the registered holder of the licence immediately before the determination, cancellation

or expiration of the licence shall forthwith deliver to the Minister—

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

4. Accounts

Subject to this Schedule, the registered holder of a licence shall keep at the address referred to in section 57(2)(a), full and accurate accounts containing full particulars of the following matters, namely—

- (a) the gross quantity of any crude oil and natural gas won and saved from the area subject to the licence;
- (b) the grades and gravity of any crude oil produced and the composition of natural gas produced;
- (c) any quantities of—
 - (i) crude oil;
 - (ii) natural gas;
 - (iii) each refined petroleum product, including liquefied petroleum gases; and
 - (iv) sulphur, in any form, or any other minerals in any form or any other gases, liquids or solids,

disposed of by way of sale or otherwise, the consideration received, the quantity disposed of and the name of the person to whom any such quantity was disposed;
- (d) the quantity of petroleum injected into the formation of—
 - (i) crude oil;
 - (ii) natural gas;
 - (iii) each refined petroleum product, including liquefied petroleum gases; and
 - (iv) other liquids or gases;
- (e) the quantity consumed for drilling and other production operations (other than

quantities reported under paragraph (d) and consumed in pumping to field storage and refineries in Tanzania of–

- (i) crude oil;
 - (ii) natural gas; and
 - (iii) each refined petroleum product, including liquefied petroleum gases;
- (f) the quantity of crude oil refined by or on his behalf in Tanzania;
- (g) the quantity of natural gas treated in Tanzania by him or on his behalf for the removal of liquids and liquefied petroleum gases and the quantity of–
- (i) butane;
 - (ii) propane; and
 - (iii) any other liquids or gases or any solids, obtained from it;
- (h) the quantity of natural gas flared; and
- (i) such further information as may be prescribed.

5. Modification of duties under Schedule

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

SECOND SCHEDULE TRANSITIONAL PROVISIONS AND SAVINGS

(Section 95)

1. Meaning of "licence" and savings with respect of Licences

(1) In this paragraph, "licence" means an oil prospecting licence identified in the Appendix hereto.

(2) Each Licence shall be deemed to be an exploration licence granted under this Act on the commencement for the unexpired term of the licence as at the commencement.

(3) Where he considers it necessary or desirable, the Minister may make rules under this paragraph to facilitate the application of this Act with respect to all or any of the licences, and for that purpose the rules may modify or exclude the application of any provision of this Act in the circumstances or for any purpose stated in the rules.

2. Meaning of "the Agreement" and savings with respect to the Agreement

(1) In this paragraph, "the Agreement" means the Petroleum Exploration, Prospecting and Production Contracting Agreement entered into on the 14th April, 1969 between the Government and AGIP S.p.A. as modified by a supplementary agreement entered into on the 12th December, 1970, between the Government, the T.P.D.C. and AGIP S.p.A.

(2) Subject to subparagraph (3), the Minister may make rules to give effect to the Agreement and to ensure that the provisions of the Agreement are not rendered nugatory by this Act; and for those purposes the rules may modify or exclude the application of any provision of this Act in the circumstances or for any purpose stated in the rules.

(3) The Minister shall not make any rules under subparagraph (2) unless he has consulted the T.P.D.C. and AGIP S.p.A. with respect to the proposed rules.

APPENDIX

1. O.P.L. Block 32.
2. O.P.L. Block 33.
3. O.P.L. Block 34.
4. O.P.L. Block 35.
5. O.P.L. Block 36.
6. O.P.L. Block 37.
7. O.P.L. Block 38.
8. O.P.L. Block 39.
9. O.P.L. Block 40.
10. O.P.L. Block 41.
11. O.P.L. Block 42.
12. O.P.L. Block 43.
13. O.P.L. Block 44.

Endnotes

1 (Popup - Popup)

Cap. 123

2 (Popup - Popup)

Cap. 212

3 (Popup - Popup)

G.N. No. 40 of 1969

4 (Popup - Popup)

Cap. 212

5 (Popup - Popup)

Cap. 212

6 (Popup - Popup)

Cap. 333

7 (Popup - Popup)

Cap. 282

8 (Popup - Popup)

Cap. 323

9 (Popup - Popup)

Cap. 283

10 (Popup - Popup)

Act No. 51 of 1964

11 (Popup - Popup)

Cap. 284

12 (Popup - Popup)

Cap. 123

13 (Popup - Popup)

Cap. 123