



Citizens Guide to Petroleum Contracts in Ghana



Africa
Centre for
Energy Policy



GLOSSARY

- a. **Appraisal occurs after petroleum is discovered.** It involves drilling and other activities to measure the quantity and quality of oil and gas for commercial purposes.
- b. **Authorisation for Expenditure** is when the Minister approves the commencement of costs for the operator's development plan by the operator.
- c. **Bidding Procedure** is when international oil companies are granted access to exploit the resources underground.
- d. **Commercial Discovery** is a discovery that is considered commercial as per the Petroleum Agreement.
- e. **Development Plan** is the plan outlining production after commercial quantities of petroleum have been discovered. The plan must be approved by the Minister for Energy and Petroleum.
- f. **Dutch Disease** is the negative effect (or curse) on a nation's economy caused by large sums of money drawn from a single industry sector.
- g. **Exploitation** is exploration, development and production of natural resources.
- h. **Exploration Title** authorises the permit holder to explore for petroleum in the permit area. This type of licence is usually for seismic contractors to collect data to sell to bigger petroleum companies, rather than to exploit the natural resources themselves.
- i. **Infrastructure Licence** is required to construct or operate infrastructure for the exploration or production of petroleum in the licence area. This licence does not include pipelines, which require a separate licence.
- j. **Joint Operating Agreement** combines the resources of multiple operating parties for the commercial and mutual benefits of the parties and to get maximum gain out of a

project.

- k. **Operator** is the member of the joint operating agreement who is selected by the joint partners to undertake the day-to-day petroleum operation. The operator must be approved by the government.
- l. **Petroleum Agreement** is an agreement between the State (or national oil company acting on behalf of the State) and one or more private investors. The agreement lists the rights and obligations of the private investor, including the right to carry out exploration, development, and production activities, the sharing of costs, and the right to receive a share of production from a successful project.
- m. **Petroleum Commission** is the petroleum industry regulator as per law. Their tasks include authorising the petroleum licence holders to carry out petroleum exploration operations. The Commission also monitors some permits and operations relating to the recovery of petroleum in the licence area.
- n. **Petroleum Exploration and Development Licence (PEDL)** authorises the licensee to explore, develop and produce petroleum in the licence area.
- o. **Petroleum Law** for the purposes of this Citizens Guide means the Petroleum (Exploration and Production) Law, 1983 (PNDC Law 84) as well as the draft Petroleum (Exploration and Production) Bill, 2014. This is because the Guide was produced at a stage of transition from PNDC Law 84 to the new Bill, soon to be passed into Law.
- p. **Pipeline Licence** authorises the licensee to construct and operate a pipeline.
- q. **Production Licence** authorises the licensee to carry out petroleum recovery operations in the licence area.
- r. **Prospecting Licence** authorises the licensee to explore for petroleum in the licence area, but not to make a well.
- s. **Recoverable Reserves** is the quantity of the natural resources underground that can be recovered as per the current technology and fiscal regime.
- t. **Retention Lease** occurs after petroleum has been found in a licence area, and is granted if the recovery of petroleum is not currently commercially viable, but is likely to become commercially viable soon.

CONTENTS

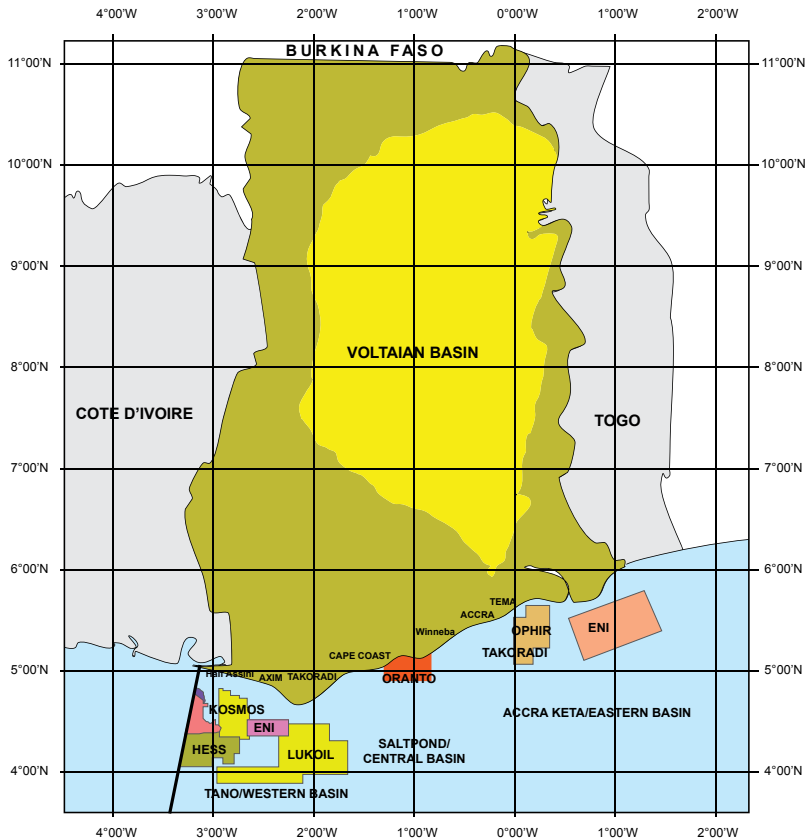
1.0	Introduction.....	4
1.1	What is a Petroleum Contract?.....	6
1.2	What does a Petroleum Contract do?.....	6
1.3	Why do Countries enter into Petroleum Contracts?.....	6
2.0	Ghana's Offshore Petroleum Legal Framework.....	7
2.1	Petroleum (Exploration and Production) Law 1983 (PNDC Law 84).....	8
2.2	Petroleum Income Tax Law 1987 (PNDC Law 188).....	8
2.3	Petroleum Commission Act 2011 (Act 821).....	9
2.4	Petroleum (Local Content and Local Participation) Regulations, 2013 (LI2204).....	9
3.0	Overview of Licensing System.....	11
3.1	Types of Licences.....	12
3.1.1	Exploration Title.....	12
3.1.2	Retention Lease.....	12
3.1.3	Development Permit.....	12
3.1.4	Production Licence.....	13
3.1.5	Pipeline Licence.....	13
3.1.6	Prospecting Licence.....	13
3.1.7	Work Permit.....	14
3.1.8	Reconnaissance Licence.....	15
3.2	What is the Process to Acquire a Petroleum Licence?.....	15
3.3	Procedure for Award.....	15

3.4	Licence Assignment.....	18
3.5	Change of Control.....	18
3.6	Equity Interest.....	18
3.7	Joint Operating Agreement (JOA).....	18
3.8	Pre-emption Arrangement.....	19
3.9	Charges on Licences.....	19
4.0	Exploration, Appraisal and Exploitation.....	20
4.1	Exclusive and Non-Exclusive Rights.....	21
4.2	Duration of Exploration.....	21
4.3	Carry Forward of Exploration Obligations.....	21
4.4	Contract Area and Relinquishment.....	21
4.5	Notice of Discovery.....	22
4.6	Appraisal.....	22
4.7	Determination of Commerciality.....	22
4.8	Development and Production Plan.....	23
4.9	Information and Data as State Property.....	24
4.10	Conservation Strategy.....	24
5.0	Oil and Gas Licensing- Country Comparison.....	25
6.0	Relevant Petroleum Legislation in Ghana.....	32

1.0

INTRODUCTION

Ghana has five petroleum sedimentary basins. These include the inland Voltain Basin, the offshore Accra – Keta/Eastern Basin with an onshore extension, the offshore Saltpond/Central Basin and the offshore Tano/Western Basin with an onshore extension as shown in fig 1. These basins are all considered as prospective basins.



Ghana's Petroleum Policy is an important part of the National Energy Policy. The Petroleum Policy aims to "sustain and optimise the exploitation and utilisation of Ghana's oil and gas endowment for the overall benefit and welfare of all Ghanaians, present and future". Government objectives include maximising the tax revenue over the life of petroleum projects with a predictable level of revenue. The Petroleum Policy also looks at low cost of revenue collection and low level of risk for any government funds invested.

¹The Ghana National Energy Policy

1.1 What is a Petroleum Contract?

A petroleum contract is a written agreement between the owner of oil and gas resource and the proponent who wants to explore for and/or produce that oil and gas. In the case of Ghana, petroleum contracts are made between the Government of Ghana (through the Ministry of Energy and Petroleum) on behalf of Ghana citizens and oil companies. A petroleum contract is also sometimes called a petroleum agreement.

1.2 What does a Petroleum Contract do?

A petroleum contract outlines the rules and responsibilities for both the owner and the proponent about exploration and / or production activities for oil and gas. Among other things, it sets out rules for the area of the license, the duration of a license period, the financial terms, local content and environmental impact assessment obligations

1.3 Why do Countries enter into Petroleum Contracts?

Countries enter into petroleum contract so that they have certainty about the conditions under which their oil and gas is being explored and/ or produced. A petroleum contract helps government bodies to monitor, or regulate, that the company is responsibly exploiting the country's oil and gas resources because there are agreed conditions. Financially, it also helps the government of a country budget as they can estimate the revenue that may be generated from each oil and gas area because of the petroleum contract.

2.0

GHANA'S PETROLEUM LEGAL FRAMEWORK



2.1 Petroleum (Exploration and Production) Law 1983 (PNDC Law 84)

The Petroleum (Exploration and Production (E&P) Law 1983 regulates upstream petroleum exploration and production. It vests the right of ownership of Ghana's petroleum resources in the Provisional National Defence Council (PNDC), which was the Military Government at the time the law was passed. However, this is now inconsistent with Article 257 of the 1992 Constitution of the Republic of Ghana which vests the ownership of all mineral resources of the country in the President who holds them in trust for the Ghanaian people. Because the 1992 Constitution is the primary law in Ghana, this overrides PNDC Law 84 meaning that Ghana's petroleum resources are vested in the President on behalf of the people.

PNDC Law 84 allows contractors (petroleum companies), to carry out petroleum operations as outlined in a Petroleum Agreement (PA), to exercise such rights subject to regulations, and to export from Ghana any petroleum they are entitled to under terms in the Petroleum Agreement. PNDC Law 84 also has a domestic supply obligation clause, which requires contractors to supply petroleum for Ghana's domestic requirement in the case of war or any other emergency at the prevailing market prices.²

2.2 Petroleum Income Tax Law 1987 (PNDC Law 188)

The Petroleum Income Tax Law provides the framework for assessment and collection of taxes from petroleum companies. These include corporate taxes, withholding taxes, and personal income taxes. Petroleum companies are allowed a capital allowance of 20% in each year for 5 years starting from the year that production begins. This is to allow companies to recover their investments. By law, petroleum income tax rate is fixed at 50% but the Government of Ghana has negotiated 35% in all the petroleum agreements signed so far with petroleum companies. To encourage

²Petroleum (Exploration and Production) Law, 1984 (PNDC Law 84)

investment in Ghana's petroleum industry, petroleum companies are exempted from import and export duties, and value added tax (VAT).

2.3 Petroleum Commission Act 2011 (Act 821)

The Petroleum Commission (PC, or the Commission) was created by the Petroleum Commission Act 2011 (Act 821) to regulate and manage the use of petroleum resources and to co-coordinate policies relating to petroleum. The PC was designed to take over regulatory responsibilities to the upstream petroleum sector that were previously performed by the Ministry of Energy and Petroleum (MOEP) with advice from the Ghana National Petroleum Corporation (GNPC). The Commission's functions include: ensuring compliance with health and safety and environmental standards; regulating petroleum operations; receiving applications and issuing permits for specific petroleum activities; promoting local content and local participation in petroleum activities; and assessing and approving appraisal plans. The Commission is independent because it is not under the direct control of the Minister for Energy and Petroleum or any other authority. Under law, the Minister is not allowed to interfere with the Commission's operations. Act 821 sets rules for the Board of the Commission, appointing the Chief Executive Officer and other staff, conditions of office and other administrative issues for the Commission to operate.

2.4 Petroleum (Local Content and Local Participation) Regulations, 2013 (LI2204)

Ghana's guiding document about inclusion of its indigenous workforce and businesses in the petroleum sector is the Petroleum (Local Content and Local Participation) Regulations, 2013 (LI 2204).

The purpose of these regulations is to:

- a. increase value-addition and job creation through the use of local expertise, goods and services, businesses and financing in the

petroleum industry value chain and encourage their retention in the country;

- b. develop local capacities in the petroleum industry value chain through education, skills transfer and expertise development, transfer of technology and know-how and active research and development programmes;
- c. achieve the minimum local employment level and in-country spend for the provision of the goods and services in the petroleum industry value chain as specified in the First Schedule;
- d. increase the capability and international competitiveness of domestic businesses;
- e. create petroleum and related supportive industries that will sustain economic development;
- f. achieve and maintain a degree of control for Ghanaians over development initiatives for local stakeholders;
- g. provide for a robust and transparent monitoring and reporting system to ensure delivery of local content policy objectives;
- h. provide for the submission of the local content plan and related sub-plans by contractors, subcontractors, licensees and any other allied entity involved in the petroleum industry including
 - i. the provision of goods and services;
 - ii. the transfer to the GNPC or the PC and Ghanaians of advanced technology and skills related to petroleum activities;
 - iii. a recruitment and training programme; and
 - iv. supervision coordination, implementation and monitoring of local content.⁴

⁴LI 2204, Section 1.

3.0

OVERVIEW OF LICENSING SYSTEM

=====

In Ghana, the right to minerals embedded in the subsurface is detached from the surface rights of persons who have interest in land. The 1992 Constitution of the Republic of Ghana provides that every mineral (including petroleum) in its natural state within any land in Ghana, the exclusive economic zone and any area covered by the territorial sea or continental shelf is the property of Ghana and shall be vested in the president on behalf of and in trust for the people of Ghana. The government can grant licences that give exclusive rights to “search and bore for and get” petroleum over a limited area and for a limited period

3.1 Types of Licences

No person other than the GNPC⁵ shall engage in the exploration, development or production of petroleum unless that person has entered into a petroleum agreement with the Republic of Ghana and the GNPC. This provision implies that there must be a permit to explore for petroleum in Ghana.

3.1.1 Exploration Title

An exploration title is a permit authorising the permit holder to explore for petroleum in the permit area. This permit is granted on the basis of a work program. All petroleum exploration must be accompanied by an exploration permit, because it is an offence to explore for petroleum in Ghana without a permit. An exploration permit authorises the permit holder to explore for not more than 7 years. The petroleum law allows the contractor to undertake additional exploration operations during the exploration phase provided that the minimum work obligation is completed.

3.1.2 Retention Lease

Retention leases are granted over blocks in offshore areas where the block contains petroleum, and the recovery of petroleum is not currently possible but is likely to become commercially viable after some time or under different fiscal regimes. The Minister of Energy and Petroleum, in consultation with relevant agencies, grants retention leases.

3.1.3 Development Permit

No petroleum production operations can begin until a plan of development has been submitted and approved. Submitted plans of development are assessed by the Minister, in consultation with the PC, based on cost and all relevant technical field data. If the Minister and

⁵The Ghana National Petroleum Corporation (GNPC) is referred to as "the Corporation" in PNDC Law 64

PC are satisfied, they will approve the plan of development, and issue a development permit, which allows the contractor to develop infrastructure.

3.1.4 Production Licence

After infrastructure has been installed and technically assessed by the PC, a production licence is necessary for petroleum to be removed from its natural environment for commercial sale. A production licence is only granted subject to general conditions, requiring the licence holder to explore the licence area with a view to determine the additional recoverability of petroleum in the licence area, and to recover the petroleum if it is commercially viable.

3.1.5 Pipeline Licence

A pipeline is often constructed to transport petroleum from the offshore platform to a suitable storage facility located onshore, or for loading petroleum onto ships. A licence is required to construct or operate a pipeline in an offshore area. The Petroleum Commission manages the upstream industry for pipeline licensing, and the Energy Commission manages the downstream industry.

3.1.6 Prospecting Licence

A special prospecting licence permits petroleum exploration operations as specified by the Regulator, but this does not permit the drilling of a well. The Regulator has a wide scope and discretion in granting a licence. A special prospecting licence may be granted over a petroleum block, so long as no exploration, retention lease or production licence is currently over the block. The new proposed Petroleum (Exploration and Production) Bill, 2014 addresses this licence but the current law has no such provision.

3.1.7 Work Permit

According to section 3(c) of the Petroleum Commission Act, 2011 (Act 821), the Petroleum Commission (PC) is responsible for monitoring and ensuring compliance of national policies, laws, regulations and agreements for petroleum activities. The PC also receives applications and issues permits for specific petroleum activities as required by law and regulations. A work permit is necessary to work in the upstream petroleum sector in Ghana. The PC must assist the Ghana Immigration Service (GIS) to issue work permits in this sector. The procedure for granting of the work permit is as shown in the fig 2 below

Fig 2: Procedure for Issuance of Work Permit



3.1.8 Reconnaissance Licence

The Minister may, in consultation with the PC, grant a person a reconnaissance licence. A reconnaissance licence allows the licence holder the non-exclusive right to undertake data collection including seismic data, shallow drilling, processing, interpretation or evolution of petroleum data for the licence area. In special cases, the Minister may grant a person an exclusive right to undertake reconnaissance activities in a defined area not covered by an existing reconnaissance licence. However, this exclusive right does not affect any propriety rights of the State to access data and it does not block government agencies (the PC or GNPC) from also undertaking reconnaissance or other petroleum activities in this same area.

3.2 What is the Process to Acquire a Petroleum Licence?

Any person who wants to enter into a petroleum agreement for a particular oil block must submit an application to the Minister. The Petroleum Commission (PC) is technically responsible for administering the application process, which involves reviewing, evaluating and making recommendations for the award of petroleum agreements. However, in practice the GNPC continues to be involved in the review and negotiation of the terms of draft Petroleum Agreements.

3.3 Procedure for Award

At present, the awarding system for petroleum licences has largely been administrative. This system vests discretionary power in the Minister and tender evaluators (the PC and the GNPC), who consider various financial, technical and managerial aspects of the applicant. Ghana is in the process of finalising a new Petroleum (Exploration and Production) Bill, 2014 which will contain a competitive bidding process. Until this Bill is passed by Parliament, however, the current awarding process is as outlined below.

Fig 3: Exploration Licence Awarding Process

STAGES



STAGE 1: Letters of interest, usually from more than one company (applicant), are addressed to the Minister for Energy and Petroleum to acquire exploration block.

STAGE 2: The MOEP notifies the Petroleum Commission (PC) that they have received the application. The PC then formally writes to the applicants to do a presentation of their companies to the PC, after which they are invited to visit the data room at a fee of USD\$10,000.00 (ten thousand US dollars).

STAGE 3: In the current existing process, applicants identify blocks of interest and formally apply for these blocks. However, this process will change at the passing of the new Petroleum (Exploration and Production) Bill 2014, which requires an open and competitive bidding process. This means the Minister will advertise available blocks to allow all interested companies to bid as applicants.

STAGE 4: An evaluation committee, consisting of personnel from the GNPC, the PC and the MOEP review the applications based on, among other things, the technical track record and financial competences of these companies. This evaluation committee then sends its report and recommendations to the Minister for Energy and Petroleum who makes a decision based on the committee's recommendations.

STAGE 5: If the application is considered successful, a Government negotiation team made up of the MOEP, the GNPC, the Attorney General's (AG) department, the Ministry of Finance (MOF), the Environmental Protection Agency (EPA), Ghana Revenue Authority (GRA) and the PC is constituted to negotiate a Petroleum Agreement (PA) with the applicant. If the application is unsuccessful, the applicant is advised accordingly.

STAGE 6: A draft PA is prepared following successful negotiation by the MOEP, PC and GNPC.

STAGE 7: The Ministers for Energy and Petroleum, Finance, Justice and Science and Environment consult on the draft PA.

STAGE 8: The Minister for Energy and Petroleum then sends the draft PA to Cabinet for approval

STAGE 9: The Cabinet approved draft PA is then sent to Parliament for ratification.

STAGE 10: The PA becomes effective on the date of Parliamentary ratification

3.4 Licence Assignment

Section 8 of PNDC Law 84, states that any direct or indirect assignment that is whole or part of a petroleum agreement must have the prior written consent of the Minister for Energy and Petroleum. Also, under article 25.1 of the Model Petroleum Agreement, any such assignment requires the prior written consent of GNPC. The consent of both GNPC and the Minister are not to be unreasonably withheld or delayed. If a licence is granted without obtaining prior consent, this is considered grounds for reversal of the licence under 23.4(b) of the Model Petroleum Agreement.

3.5 Change of Control

A contractor or sub-contractor can only change control with the written approval of the Minister and the PC.

3.6 Equity Interest

The Government of Ghana through the GNPC is mandated to have 10% carried interest in all the Petroleum Agreements. There is also a provision to buy more interest (back-in interest), which is a paid interest by GNPC.

3.7 Joint Operating Agreement (JOA)

There is no express provision for the regulation of joint operating agreement in the petroleum industry in Ghana. Membership and operation of joint ventures is regulated by the standard rules of contract and other petroleum laws. The Model Petroleum Agreement allows the parties to form a joint management committee 30 days after the effective date of the Petroleum Agreement.

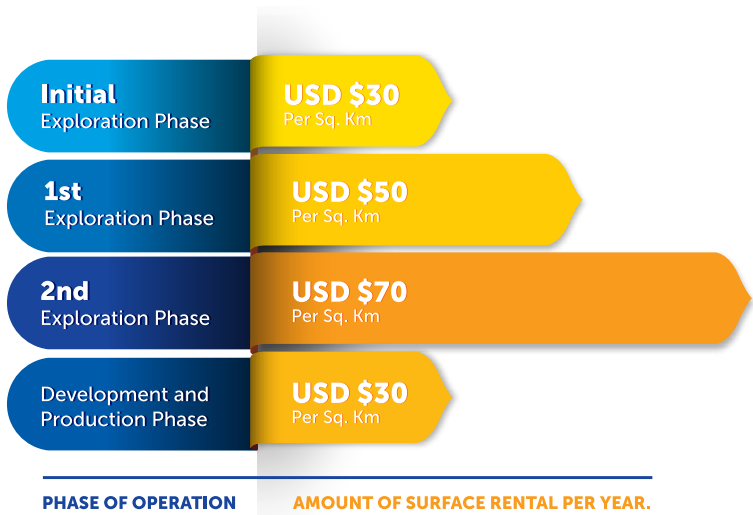
3.8 Pre-emption Arrangement

Pre-emption arrangement relates to the transfer of stake and change in control by operating parties. This issue is controlled by pre-emption rights which outlines the processes of transferring ownership rights. Current petroleum laws do not make any direct provision for pre-emption rights. However the Model Petroleum Agreement provides that there shall be no change in the scope of the operation without the prior approval in writing of the Minister as long as this is not unduly withheld or delayed.

3.9 Charges on Licences

In accordance with petroleum law, the Model Petroleum Agreement makes provision for payment of surface rentals to the State as follows;

Fig 3: Exploration Licence Awarding Process



4.0

EXPLORATION, APPRAISAL AND EXPLOITATION.



4.1 Exclusive and Non-Exclusive Rights

The Model Petroleum Agreement grants exclusive rights to conduct petroleum operation in the contract area. Exclusive rights mean that no other applicant (another oil company) except for the licence holder can operate in that contract area. In the pending Petroleum (Exploration and Production) Bill, 2014, non-exclusive rights only apply to reconnaissance licenses. All other forms of licences are exclusive.

4.2 Duration of Exploration

The PNDC Law 84 fixes the maximum period for petroleum exploration at 7 years. The Model Petroleum Agreement states that this is normally divided into an initial 3 years phase followed by two phases of 2 years each. Depending on the size of the contract area, these phases can be negotiated.

4.3 Carry Forward of Exploration Obligations

The petroleum law makes provision for carry forward of work obligations. Article 4 of the Model Petroleum Agreement states that if there is an excess of work or expenditures for a set period, this excess may be applied as credits (carried forward) for future periods.

4.4 Contract Area and Relinquishment

The contractor is required to relinquish (to give up) part of its contract area after a period of 7 years if they fail to make a discovery in commercial quantities. Depending on the size of the contract area, the contractor will be required to relinquish 20% of the contract area. For a smaller area, relinquishment may be between 10% and 15%. The percentage of relinquishment is a subject of negotiation. Relinquishment may take place as a result of a dry hole (where oil is not found) or as a result of a discovery that does not make economic sense. Relinquishment may also be triggered at the end of the exploration period.

4.5 Notice of Discovery

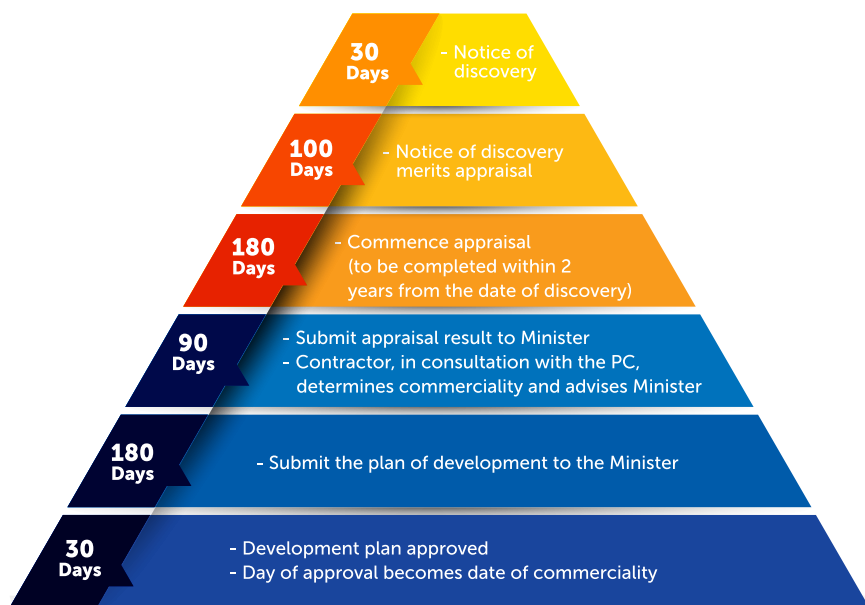
The Model Petroleum Agreement provides that the contractor shall notify the Minister and GNPC in writing as soon as possible after any discovery is made, but not later than 30 days after the date of the discovery.

4.6 Appraisal

When the contractor indicates that the discovery merits appraisal (makes economic sense), the contractor shall submit to the Minister an appraisal program to be carried out by the contractor in respect of the discovery. The Model Petroleum Agreement provides that unless otherwise stated, the appraisal period shall take 2 years from the date of discovery to complete.

4.7 Determination of Commerciality

Article 8 of the Model Petroleum Agreement gives provisions for what constitutes a commercial discovery of petroleum. The date of commercial discovery is considered as the date that the Minister gives approval for the development plan. This date comes a maximum of 30 days after the contractor submits the plan of development to the Minister. The procedure for establishing commerciality is as follows in Fig. 4.



4.8 Development and Production Plan

Production cannot commence until the plan of development has been approved by the Minister of Energy and Petroleum. Where there has been significant change from the original production plan, the MOEP may require a new or amended plan to be submitted for approval. Where production is planned in two or more stages, the plan must, as far as possible, be made up of a total development plan rather than a staged development plan. The development plan is necessary to go ahead with petroleum operation in Ghana. This plan must contain an account of the economic, resource, technical, commercial and environmental aspects of the production, and must address decommissioning (disposal of the installations) once production has ceased.

4.9 Information and Data as State Property

The petroleum law states that all data and information collected by a contractor or sub-contractor as a result of petroleum operations is the property of the State. It also states that all geological, geophysical, technical, financial and economic reports, studies, interpretations and analysis prepared by or on behalf of a contractor or sub-contractor in connection with such petroleum operations shall be the property of the State.

4.10 Conservation Strategy

Petroleum production must be conducted in accordance with sensible production technologies and good economic principles, to make sure that petroleum resources are not wasted and that production benefits the people of Ghana. Because of this, the licensee must submit a plan for development to the MOEP for approval prior to the production of petroleum in the licence area. When considering the plan of development, the Minister may direct the GNPC or a contractor to take all necessary and practical steps to increase or reduce the rate at which petroleum is being recovered to achieve a rate that will enhance the best recovery of petroleum from the field and does not exceed the capacity of existing production facilities.

5.0

OIL AND GAS LICENSING- COUNTRY COMPARISON



The rights to petroleum resources, the regulatory mechanisms and the licensing procedures differ from one country to another. The table below presents regulatory details from some selected countries in the oil and gas sector.

ITEM	GHANA	NIGERIA	NORWAY
Who Regulates the Industry?	The Ministry of Energy and Petroleum (MOEP) through the Petroleum Commission (PC).	The Ministry of Petroleum through the Department of Petroleum Resources (DPR).	The Ministry of Petroleum and Energy (MPE) through the Norwegian Petroleum Directorate (NPD).
What Regulatory Regimes Apply?	Petroleum (Exploration and Production) Law 1983 (PNDC Law 84) and Petroleum Commission Act 2011 (Act 821).	Petroleum Act 1969 and all amendments, subsidiary legislation, regulations and instruments enacted under it.	Petroleum Activities Act 1996 and the associated Petroleum Activities Regulations 1997.
How are Rights to Oil and Gas Held?	Petroleum resources in Ghana belong to the people but are held in trust by the President on their behalf	The entire ownership and control of petroleum resources in, under and on any land in Nigeria, its territorial waters and its exclusive economic zone is vested in the Federal Government of Nigeria (FGN).	The rights to the petroleum resources are vested in the State. Companies are granted rights to explore for and produce petroleum through licensing.

EQUATORIAL GUINEA	UNITED KINGDOM (UK)
The Ministry of Mines, Industry and Energy (MMIE) is the industry's main regulator.	The Department of Energy and Climate Change (DECC).
Decree Law No. 8/2006 of November 2006 (Hydrocarbons Law) and Petroleum Regulation of the Republic of Equatorial Guinea No. 4/2013 (Petroleum Regulation).	The Petroleum Act 1998 establishes the regulatory regime applying to oil and gas exploration and production
Production sharing contract model (PSC).	The rights to all oil and gas in the UK belong to the State. Act 1934 gave the UK Government the exclusive right to grant licences to explore for and exploit oil and gas resources in its territories.

ITEM	GHANA	NIGERIA	NORWAY
What are the Lease/ Licence/	The lease or licence term must not exceed a period of 30 years but can be renewed and can also be terminated after seven years if there is no discovery.	The term of an Oil Mining lease (OML) cannot exceed 20 years. However, an OML may be renewed where the lease holder applies in writing to the Minister not less than 12 months before the expiry of the lease.	The lease or licence term may be up to a period of 30 years or even 50 years.
What are the types of licences?	Exploration and production licence, but there is the need for an authorisation permit to move to the next stage of the operation	There are three main types of licences; 1.Oil exploration licences (OELs), 2.Oil prospecting licences (OPLs) and 3. Oil mining leases (OMLs).	Exploration and production licences. The grant of an exploration licence does not automatically mean the applicant will get the right for a production licence for the exploration area.

EQUATORIAL GUINEA	UNITED KINGDOM (UK)
The lease or licence term must not exceed 25 years but can be renewed to a maximum period of 10 additional years	The earliest licences were granted in 1964, for a term of 46 years. Licences issued under the current licensing regime are issued for shorter periods. DECC has a policy of extending licences where the relevant criteria are met. There are three main types of licences: 1.Exploration licence. 2.Production licence. 3.Joint exploration and production licence.
Exploration and production licence.	There are three main types of licences: 1.Exploration licence. 2.Production licence. 3.Joint exploration and production licence.

ITEM	GHANA	NIGERIA	NORWAY
How are the Rights Transferred?	The assignment transfer requires prior written authorisation from the Minister.	Rights or interests in OML or OPL may be transferred by assignment. An assignment is only valid with consent from the Minister of Petroleum Resources.	The parties are free to agree to transfer the interest. The transaction must be approved by the MPE and the Ministry of Finance.
How are Such Licences Awarded?	The awarding system is largely discretionary. Though the law provides for a competitive bidding system this has not been the case in practice	OELs, OPLs and OMLs are granted by the Minister of Petroleum Resources under powers given by the Petroleum Act 1969 (PA).	Licensing rounds are announced and conducted by the MPE. Production licences are awarded by the King in Council.

EQUATORIAL GUINEA	UNITED KINGDOM (UK)
The assignment, transfer requires prior written authorisation from the MMIE	Licence assignments are prohibited unless they have the prior approval of the Secretary of State.
Competitive international public tender system.	Competitive international public tender system.

6.0

RELEVANT PETROLEUM LEGISLATION IN GHANA

At the time of publication, the following legislation was relevant to Ghana's petroleum sector:

- Constitution of the Republic of Ghana, 1992
- Ghana National Petroleum Law, 1983 (PNDC Law 64)
- Petroleum (Exploration and Production) Law, 1983 (PNDC Law 84)
- Petroleum Income Tax Law, 1987 (PNDC Law 188)
- Model Petroleum Agreement of Ghana, 2000
- Petroleum Revenue Management Act, 2011 (Act 815)
- Petroleum Commission Act, 2011 (Act 821)
- Petroleum (Local Content and Local Participation) Regulations, 2013 (LI 2204)
- Petroleum (Exploration and Production) Bill, 2014 (yet to be ratified)

ABBREVIATIONS

AG:	Attorney General
DECC:	Department of Energy and Climate Change (UK)
DPR:	Department of Petroleum Resources (Nigeria)
EPA:	Environmental Protection Agency
FGN:	Federal Government of Nigeria
GIS:	Ghana Immigration Service
GNPC:	Ghana National Petroleum Corporation. Also called "the Corporation" under the Ghana National Petroleum Corporation Law, 1983 (PNDC Law 64)
GRA:	Ghana Revenue Authority
IOCs:	International Oil Companies
JOA:	Joint Operating Agreement
MMIE:	Ministry of Mines, Industry and Energy (Equatorial Guinea)
MOEP:	Ministry of Energy and Petroleum
MOF:	Ministry of Finance
MPE:	Ministry of Petroleum and Energy (Norway)
OEL:	Oil Exploration Licence (Nigeria)
OML:	Oil Mining Lease (Nigeria)
OPL:	Oil Production Licence (Nigeria)
PA:	Petroleum Agreement
PC:	Petroleum Commission
PEDL:	Petroleum Exploration and Development Licence
PNDC:	Provisional National Defence Council
The Minister:	Unless specifically stated otherwise, "the Minister" refers to the Minister of Energy and Petroleum in this document.
VAT:	Value Added Tax



Avenue D, Hse. No. 119 D, North Legon
P. O. Box CT2121 Cantonment,
Accra-Ghana
Tel: 030-290 0730
facebook: Africa Centre for Energy Policy
twitter@AcepPower
www.acepghana.com