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Regulations for the Conservation of Petroleum Resources

The Purpose Of The Regulations For The Conservation Of Petroleum Resources (Hereinafter Referred As The Regulation) Is To Implement Law No. 19 Of The Year 1973 Concerning The Conservation Of Petroleum Resources (Hereinafter Referred To As The Law).

The Law Has Been Promulgated By The State Of Kuwait To Assure Maximum Ultimate Recovery Of Its Hydrocarbon Resources To Prevent Waste Or Pollution To Achieve Safe And Efficient Practices And To Acquire Useful Information Regarding Petroleum Operations .



The Regulations are set out For General Application Within The State Of Kuwait And Those Land And Offshore Areas Under The Jurisdiction And Administration Of The State Of Kuwait. The Regulations Shall Apply To Every Well Drilled Within The State Of Kuwait And To Any Product Obtained Or Obtainable Therefrom; To Every Production Or Injection Operation; To Every Petroleum Processing And Refining Operations And The Productions Derived Therefrom; And To The Transportation And Marketing Of Crude Oil, Natural Gas, And Products Derived Therefrom .

These Regulations Shall Be Implemented By The Technical Affairs (TA) Of The Ministry Of Oil Of The State Of Kuwait .

Annex 1

Law No. 19 Of The Year 1973 Concerning The Conservation Of Petroleum Resources *

We, Sabah Al Salem Al Sabah, Amir Of Kuwait, Having Noted Articles 21, 65 And 152 Of The Constitution, The National Assembly Has Passed The Following Law And We Have Sanctioned And Promulgated It:

Article 1:

In The Implementation Of The Provisions Of This Law, The Term "Petroleum" Shall Mean All Natural Hydrocarbons Whether In Solid, Liquid Or Gaseous State Which Are Or Can Be Produced From The Surface Of The Ground Or From Underground And All Hydrocarbons Or Other Kinds Of Fuels Derived Therefrom.



The Term "Petroleum Operation" Or "Petroleum Operations" Shall Mean Reconnaissance And Exploration For Petroleum ;The Development Of Fields, The Drilling Of Wells; The Production Of Petroleum ,Its Treatment, Refining, Processing, Storing, Transporting, Loading And Shipping; Constructing, Installing And Operating Facilities For Water, Power, Housing And Camps Or Any Other Facilities Or Installations Or Equipment Necessary For Accomplishing The Aforementioned Purposes, And All Administrative Activities Relating Thereto.

The Term "Authorized Operator" Shall Mean Any Person Either An Individual Or A Corporate Body Legally Authorized To Carry Out Any Petroleum Operation.

Article 2:

All Petroleum Operations Shall Be Subject To the Provisions Of This Law And Its Implementing Regulations.

Petroleum Operations Must Be Carried Out In The Best Manner Using Efficient And Reasonable Methods And Good Techniques As Would Be Expected From A Person Fully Experienced In Such Operations Under Similar Circumstances And Conditions .

Article 3:

Authorized Operators Shall Take All Measures And Precautions Necessary To Prevent Any Damage Or Danger Which Might

Result From Petroleum To Human Life, Public Health, Properties, Natural Resources, Cemeteries Or Archaeological, Religious And Tourist Sites. They Must Also Take All Necessary Precautions To Prevent Pollution Of Air And Surface And Underground Waters.

Article 4:

All Machinery, Equipment And Materials Used In Petroleum Operations Must Conform To Recognised Internationally Acceptable Specifications Meet Safety Requirements And Serve Its Purpose In Accordance With The Best Techniques In Practice.

Article 5:

Authorized Operators Shall Submit Periodically To The Minister Of Finance And Oil The Programmes, Reports, Statements And Information Relating To Their Petroleum Operations. Officials Designated By The Minister Of Finance And Oil Shall Have The Right To Inspect The Offices Of An Authorized Operator And The Sites Of His Operations And To Examine His Documents And Records To Ascertain That The Reports Statements And Information Submitted Under The Preceding Paragraph Are In Conformity With The Facts .

Article 6:

Before Starting To Carry Out Any Project Relating To Petroleum Operations, an Authorized Operator Shall Submit To The Minister Of Finance And Oil A Description Of The Project, Including The Plans Relating Thereto Its Location, Capacity, Estimated Costs, The Operating Methods To be Used, Engineering Data And Any Other Information. The Minister Shall Have The Right To Approve The Project, Reject It, Or Request That It Be Further Studied, Clarified Or Modified .

In The Event Of Approval Of The Project, The Authorized Operator Must Notify The Minister Of The Completion Of Each Of Its Stages So As To Enable The Minister To Ascertain That Each Stage Has Been Carried Out In Accordance With The Description And Plans On The Basis Of Which The Project Was Approved .

Article 7:

The Regulations Necessary For Implementing This Law Shall Be Issued By The Minister Of Finance And Oil . These Regulations Shall Cover All Aspects of Petroleum Operations With A View To Ensuring The Exploitation Of Petroleum Resources In Accordance With Sound Practices And Efficient Methods, The Prevention Of Loss Or Waste Of Such Resources And The Maximum Possible Yield Therefrom . These Regulations Shall Also Include The Necessary Measures For Regulating The Production Of Petroleum, Provisions For Safety Precautions, And Cover Statements, Information And Documents Which The Authorized Operator is required To Submit And The Procedures To Be Adopted In This Respect And The Methods And Procedures For Carrying Out All Petroleum Operations Including The Following :

- All activities relating to reconnaissance and exploration operations.
- All activities relating to drilling operations, including permission to Drill, well spacing and location, equipping of well, electrical logging, coring and testing, plugging, use, abandonment or suspension of wells, and completion and re-completion of wells.
- All activities relating to production operations including well performance testing and in-hole surveys, workover and maintenance of wells, reservoir behavior studies, enhanced recovery projects, underground storage of petroleum, separation of gas from oil, utilization of gas, disposal of salt water and reservoir unitization .In relation to the carrying out of these activities, the Minister of Finance And Oil May Notify An Authorized Operator Of The Actions To Be Taken And Specify For Him A Time Limit For Taking Them. If The Authorized Operator Does Not Comply With Such Notice Or If He Has complied but has Failed To Achieve The Required Effect The Minister Of Finance And Oil May Issue An Order To Shut In Production From One Well, Several Wells, Or From The Reservoir.
- All activities relating to treatment of petroleum, its refining, processing, storing, transporting, loading and shipping, which activities include measurements, Calibration and laboratory analyses and their evaluation.
- All activities relating to installations, Facilities and equipment for all petroleum operations.



These regulations shall also cover the measures necessary for the implementation of article 3 of this law.

Article 8:

An Authorized Operator shall render, free of charge, to the officials of the Ministry of Finance and Oil who are designated by the Minister of Finance and Oil to implement the provisions of this law, all necessary services including furnished offices, Suitable living accommodation, means of transportation, Necessary facilities to conduct laboratory tests and any other necessary services.

Article 9:

The Minister of Finance and Oil may, in certain special cases, entrust any person, individual or corporate, with the exercise of all or some of the powers vested in him under the provisions of this law and its implementing regulations. Whoever is so entrusted shall have the same rights and privileges as are granted to the officials of the Ministry of Finance and Oil designated by the Minister to implement the provisions of the law and its regulations.

Article 10:

An administrative penalty of not less than ten thousand dinars shall be imposed for a contravention of the provisions of this law or its implementing regulations. In the event of a similar contravention being committed within three years from the date of the previous contravention, the administrative penalty shall be doubled. Appropriate compensation shall be imposed in addition to the aforementioned penalty in all cases in which the contravention results in damage to petroleum resources. The imposition of an administrative penalty or compensation shall have no effect on any other sanctions or penalties mentioned in any other laws or regulations or provided for in contractual or international agreements.

Article 11:

