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The Gazette of the Democratic Socialist Republic of Sri Lanka  
EXTRAORDINARY

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**PART I : SECTION (I) — GENERAL**

L.D.B. 10/2008.

**PETROLEUM RESOURCES ACT, No. 26 OF 2003**

REGULATIONS made by the Minister of Petroleum and Petroleum Resources Development under Section 27 read with Sections 6(i), 7 and 34 of the Petroleum Resources Act, No. 26 of 2003.

A. H. M. FOWZIE,  
Minister of Petroleum and Petroleum  
Resources Development.

Colombo,  
October 03, 2008.

**Regulations**

1. These regulations may be cited as the Sri Lanka Petroleum Exploration License Regulations, No. 1 of 2008.
2. No Contractor shall commence any petroleum exploration activity in Sri Lanka except under the authority of an Exploration License issued in that behalf by Petroleum Resources Development Committee (hereinafter referred to as PRDC) in accordance with the provisions of the Petroleum Resources Act, No. 26 of 2003, hereinafter referred to as the "Act".
3. Every Contractor shall, upon entering into a Petroleum Resources Agreement submit not later than fifteen working days from the date of the execution of such Agreement an application for the issuance of an Exploration License in respect of the area of the exploration block specified in such Agreement.
4. Every application made under regulation 3 for an Exploration License shall be made to the Chairman of the PRDC substantially in the Form set out in Schedule I hereto.
5. Upon the receipt of the application under regulation 4 the PRDC shall taking into consideration the number of license being granted at any particular time and any other requirements specified in the Act, issue an Exploration License to the Contractor which authorizes him to commence petroleum exploration activities.

6. Every Exploration License shall be substantially in the Form set out in the Schedule II hereto and such Exploration License shall, unless revoked earlier, be valid for a period of eight years commencing from the date of issue and shall be subject to such terms and conditions as may be specified therein.

7. No amendment or variation of any condition of the Exploration License shall be made without the prior written approval of the PRDC.

8. An Exploration License issued under regulations 5 may be suspended by the PRDC, where it is brought to the notice of the PRDC that the licensee has contravened the provisions of the Act or any regulation made thereunder.

9. (1) An Exploration License issued under regulation 5 may be cancelled by the PRDC, where a licensee—

- (a) contravenes the conditions attached to the Exploration License ;
- (b) fails to comply with any direction issued by the PRDC ;
- (c) fails to conduct exploration activities according to agreed work programme forming part of the relevant Petroleum Resources Agreement ;
- (d) has abandoned or consistently abandons the Exploration License by failure to diligently conduct the petroleum operation in the area of the exploration block covered by the Exploration License ;
- (e) surrenders the Exploration License ; or
- (f) has been convicted of an offence under the Act or of any other written law.

(2) The PRDC shall, within seven days from the date of its decision to suspend or cancel an Exploration License under these regulations, communicate its decision in writing under registered cover to the licensee.

10. Any Contractor aggrieved by a decision of the PRDC effecting the suspension or cancellation of an Exploration License, may within thirty (30) days of the date of receipt of the written communication under paragraph (2) of regulation 9 may have recourse to Arbitration for resolution as specified in the relevant Petroleum Resources Agreement :

11. Any person who contravenes the provisions of these regulations shall be guilty of an offence, and liable to fine or to imprisonment in accordance with the provisions of Section 29 of the Act.

12. For the purposes of the regulation—

“Contractor” shall have the meaning assigned to it by the Act ;

“effective date” means the date of issuance of the Exploration License ; and

“petroleum operations” shall have the meaning assigned to it by the Act.

SCHEDULE I

(Regulation 3)

**PETROLEUM RESOURCES ACT, No. 26 OF 2003**

**Application for Exploration License under paragraph (i) of Section 6**

**PART I - PARTICULARS OF CONTRACTOR**

DETAILS OF THE CONTRACTOR

1. Name :

Participating Interest :

Registered Address :

Postal Address :

Authorized representative :

Contract Telephone Number :

Fax Number :

Email Address :

2. Name :

Participating Interest :

Registered Address :

Postal Address :

Authorized representative :

Contract Telephone Number :

Fax Number :

Email Address :

(In case of more than 2 parties, Please attach a separate sheet showing the above details).

**PART II - PARTICULARS OF THE EXPLORATION AREA**

Area applied for :

(provide written description of the application area)

<i>Block No.</i>	<i>Grid</i>	<i>Sections</i>

Attach a map clearly depicting the application area.

<i>Points</i>	<i>Longitudes</i>	<i>Latitudes</i>

**PART III - WORK PROGRAMME AND ESTIMATED EXPENDITURE**

FOR FIRST EXPLORATION PHASE

<i>Work programme for the first exploration phase</i>	<i>Itemized minimum expenditure</i>
<i>Total estimated expenditure</i>	

FOR SECOND EXPLORATION PHASE

<i>Work programme for the second exploration phase</i>	<i>Itemized minimum expenditure</i>
<i>Total estimated expenditure</i>	

FOR THIRD EXPLORATION PHASE

<i>Work programme for the third exploration phase</i>	<i>Itemized minimum expenditure</i>
<i>Total estimated expenditure</i>	

.....  
Signature/s

.....  
Date:

SCHEDULE II

(Regulation 5)

**PETROLEUM RESOURCES ACT, No. 26 OF 2003**

**Petroleum Exploration License under Paragraph (i) of Section 6**

License No. ....

(1) By virtue of the powers vested in the Petroleum Resources Development Committee (PRDC) under paragraph (i) of Section 6 of the Petroleum Resources Act, No. 26 of 2003, I, ..... Chairman of the Petroleum Resources Development Committee do hereby grant Exploration License to ..... of ..... subject to the following terms and conditions :-

- (i) The exploration license is applicable to the area of the exploration block described hereto and shall commence on the effective date and shall, not exceed total period of eight consecutive years and shall consist of three Exploration Phases.
- (ii) The period of the First Exploration Phase shall not exceed three (3) consecutive years (hereinafter referred to as the **“First Exploration Phase”**) from the effective date.
- (iii) The period of the Second Exploration Phase shall not exceed two (2) consecutive years from the end of the First Exploration Phase (hereinafter referred to as the **“Second Exploration Phase”**).

- (iv) The period of the Third Exploration Phase shall not exceed three (3) consecutive years from the end of the Second Exploration Phase (hereinafter referred to as the “**Third Exploration Phase**”).
- (v) At the expiry of any Exploration Phase of the specified period, where the Contractor has completed the Minimum Work Programme for such Exploration Phase, the Contractor shall have two options, exercisable by giving a written notice to the PRDC at least thirty (30) days prior to the expiry of the relevant Phase, Either :—
- (a) to proceed to the next Exploration Phase on presentation of the requisite guarantees ;
- (b) to relinquish the entire area of the exploration block except for any Discovery Area and any Development area and to conduct Development Operations and Production Operations in relation to any Commercial discovery in accordance with the terms of the relevant Petroleum Resources Agreement and the Contractor shall have no further obligation in respect of the Minimum Work Programme attached hereto as Annexure I for any subsequent Exploration Phase of the Exploration Period.
- (vi) If neither of the options specified in paragraph (v) is exercised by the Contractor, the Exploration License shall be deemed to be cancelled at the end of the prevailing Exploration Phase.
- (vii) The Contractor shall commence Petroleum Operations not later than six (6) months from the effective date of this Exploration License and during the First Exploration Phase the Contractor shall complete the Minimum Work Programme, attached hereto as Annexure I

02. This Exploration License shall come into effect on this ..... day of ..... 2008.

Chairman,  
Petroleum Resources Development Committee.

EXPLORATION AREA

MAP OF THE AREA TO WHICH EXPLORATION LICENSE RELATES

ANNEXURE I - MINIMUM WORK PROGRAMME.

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