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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

L.D.B. 5/2021

PETROLEUM RESOURCES ACT, No. 21 OF 2021

REGULATIONS made by the Minister of Power and Energy under Section 48 read with section 19(2) of the Petroleum Resources Act, No. 21 of 2021.

KANCHANA WIJESEKERA,
Minister of Power and Energy.

Colombo,
15th July, 2024.

Regulations

- These regulations may be cited as the Petroleum Resources (Joint Study Agreements) Regulations No. 3 of 2024.
- The Petroleum Development Authority of Sri Lanka (hereinafter referred to as the “Authority”) may call for expression of interest (hereinafter referred to as the “interest proposal”) from any person who is desirous of engaging in and carrying out one or more joint studies with the Authority, within one or more designated areas, defined and demarcated for joint studies (hereinafter referred to as the designated block) by the Authority, in accordance with the Petroleum Resources Exploration and Development Block Map of Sri Lanka.



3. Any person who is desirous of engaging in and carrying out a joint study with the Authority within one or more designated blocks, shall be required to submit his interest proposal in a Form set out in Schedule hereto, together with the payment of hundred United State Dollars (100US\$) as an administrative fee, to the Director-General of the Authority (in these regulations referred to as the “Director General”)
4. The interest proposal referred to in regulation 3, shall include the following information:
 - (a) proposed work program of the joint study be undertaken jointly with the Authority for one or more designated blocks by the Authority;
 - (b) expected time frame for completion of the joint study for which the interest proposal is or is to be submitted;
 - (c) past experience in handling similar studies (supported by documentary evidence);
 - (d) financial capability to undertake the joint study (supported by documentary evidence);
 - (e) designated block be selected for joint study with the Authority;
 - (f) proof of having experienced personnel capable of performing key functions required for the joint study; and
 - (g) proof of having equipment and resources essential for the execution of the work programmes of the joint study.
5. Upon the receipt of an interest proposal under regulation 2, the Director General shall refer all such interest proposals to a Committee appointed by the Board of Directors of the Authority (in these regulations referred to as the “Board”) consisting of the following persons for evaluation of each interest proposal:-
 - (a) one person among the Board of Directors who shall be the Chairperson of the Committee;
 - (b) one person nominated by the Director General among the staff of the Authority who is knowledgeable in handling similar studies on oil exploration;
 - (c) one person nominated by the Secretary to the Ministry of the Minister assigned the Subject of Energy not below the rank of Senior Assistant Secretary;
 - (d) one officer of the Department of Public Enterprises or Department of National Planning of the General Treasury not below the rank of Director nominated by the Secretary to the Ministry of the Minister assigned the subject of Finance; and
 - (e) one officer of the Central Bank of Sri Lanka not below the rank of Director, nominated by the Governor of the Central Bank of Sri Lanka.
6. Upon the receipt of the interest proposal to the Committee under regulation 5, the Committee shall submit its report within a period of one month to the Director General and the Director General shall submit such report along with his observations on the findings and recommendations of the Committee, for the consideration of the Board.
7. (1) Upon receipt of the report and the observations under regulation 6, the Board may -
 - (a) grant approval to proceed, if the Board is satisfied with the findings and recommendations of the Committee and the observations of the Director General;
 - (b) request the Committee to re-consider such areas and re-submit the evaluation report along with its findings and recommendations, if the Board is of the view that further aspects of applicants shall be looked into; or

- (c) reject the evaluation report in total or part, with reasons assigned therefor, if the Board is of the view that the findings of the Committee do not reflect the requirement of the Authority.
- (2) If there is a disagreement among the members of the Board on the recommendation of the Committee, the majority decision of the Board shall prevail.
8. Upon approval of the Board under regulation 7, the Director General shall initiate discussions with the selected person (hereinafter referred to as the “Joint Study Partner”) for the relevant designated block (hereinafter referred to as the “specified designated block”) on terms and conditions especially applicable to the specified designated block for joint study, including the terms of payment specified in regulation 9, for the finalization of the draft Joint Study Agreement.
9. (1) The joint study licence fee of thousand United States Dollar Currency (1000 US\$) or in any other foreign currency acceptable by the Central Bank of Sri Lanka shall be paid.
- (2) The compulsory payment of annual ground rental, at the rate of twenty United States Dollars (20 US\$) or any other foreign currency acceptable by the Central Bank of Sri Lanka per one square kilometer unit, shall be paid for the entire square area of the specified designated block.
- (3) The licence fee as applicable for permitting accessibility to the petroleum data shall be determined according to the provisions of the Petroleum Resources (Data Licensing) Regulations No. 2 of 2024 published in the *Gazette Extraordinary* No. 2374/17 dated March 5, 2024.
10. It shall be the duty of the Authority to issue such petroleum data to the Joint Study Partner, upon payment made by the Joint Study Partner in United States Dollar currency or any other foreign currency acceptable by the Central Bank of Sri Lanka before execution of the Joint Study Agreement for the specified designated block.
11. Where two or more persons are interested in the same “designated block” for joint study within a period in which the same designated block under question is open, the Authority may contact the relevant Joint Study Partners and request them to consolidate their individual interest proposals into a single Joint Interest Proposal.
12. If the Joint Study Partners are unable to reach a mutual agreement on the same designated block, the Authority may take decision to assign the relevant designated block for joint study to the most suitable Joint Study Partner. The decision of the Authority which shall be taken after considering the proposed scopes of work and any other material factors, and be considered as final and conclusive.
13. (1) Upon selecting a suitable Joint Study Partner for the specified designated block under regulation 8, the Board shall submit the relevant draft Joint Study Agreement for the consideration of the Minister.
- (2) The Minister shall upon being satisfied with the terms and conditions of the Joint Study Agreement, grant the approval to enter into Joint Study Agreement.
14. The Joint Study for a specified designated block shall be subjected to the terms and conditions specified in the Joint Study Agreement in any matter including drilling, geotechnical, environmental, local content, and data confidentiality as applicable to the proposed scope of work. The Authority may amend such terms and conditions specified in the Joint Study Agreement with the prior notice to the Joint Study Partner.
15. Once started the work program in the specified designated block according to the Joint Study Agreement, if the Joint Study Partner finds -
- (a) that commercially viable hydrocarbon deposits exist within any part of the specified designated block covered by the Joint Study Agreement, the Joint Study Partner shall, by written notice to the Authority, request to commence exclusive negotiations on a Petroleum Resource Agreement subject to such conditions as specified

in the Joint Study Agreement in respect of the specified designated block for joint study. These discussions shall be concluded within one year unless extended by mutual agreement; and

- (b) any other energy potential or mineral potential within the specified designated block covered under the Joint Study Agreement, the Joint Study Partner shall by a written notice inform the Authority regarding such findings, and the Authority shall inform regarding such findings to the relevant regulatory entity. The relevant regulatory entity shall independently take its decision pertaining to such energy potential or mineral potential which shall be final.

16. (1) The Authority and the Joint Study Partner shall endeavor to enter into a Petroleum Resources Agreement for the specified designated block for the joint study within the period during which the Joint Study Agreement is in force.
- (2) Where the Authority and the Joint Study Partner fail to come to an agreement under paragraph (a) of regulation 15, the Authority may call for investment proposals locally or internationally for all or any part of such specified designated block.

17. In these regulations unless the context otherwise requires -

“Petroleum Resources Exploration and Development Block Map of Sri Lanka” means the map which describes the areas demarcated by the Petroleum Development Authority of Sri Lanka for the purpose of exploration, development and production of hydrocarbons and revised from time to time, which shall be used as the source of demarcation of areas in which agreements covering hydrocarbon exploration and other integrated energy projects conducted between the State and one or more contractors or service providers or scientific institutions entered into, with the objective of studying and evaluating the energy potential of a defined area;

“Joint Study Agreement” shall have the same meaning assigned to it by the Petroleum Resources Act, No. 21 of 2021;

“Joint Study Partner” means the person selected by the Authority, following the selection process as described in regulations 1 to 6 by inviting interest proposals through public notification from any person who wishes to join with the Authority to undertake a joint study for a designated area defined and demarcated for a joint study; and

“Petroleum Resources Agreement” shall have the same meaning assigned to it by the Petroleum Resources Act, No. 21 of 2021.

18. The Petroleum Resources (Joint Study Agreement) Regulations No. 1 of 2023 published in the *Gazette Extraordinary* No. 2313/47 dated January 5, 2023 is hereby rescinded without prejudice to any thing duly done under those regulations.

(Regulation 3)

SCHEDULE

INTEREST PROPOSAL FOR A JOINT STUDY OR JOINT STUDIES		
1.1 Description of the Methodology, Technology and Work Plan for Executing the JSA		
Joint Study Proponent Report (JSPR) to provide a description of the methodology, technology and proposed work plan for performing the study. The benefit of any proprietary systems proposed should be explained.		
1.2 Minimum Work Programme		
1.2.1 Estimated Direct Expenditure		
JSPR must submit a Minimum Work Programme for each block/ area of interest and described as follows:		
	Quantity/ Cost	
	Unit	USD (\$)
e.g. (1) SEISMIC SURVEYS		
(a) 3-D (API) in sq km		
(b) 2-D (API) in line km		
Total Estimated Direct Expenditure		
1.2.2 Indirect Expenditure		
JSPRs may also describe the cost/benefit of other joint activities or opportunities offered to the GOSL under the terms of this agreement, introducing phases or contingencies as required. JSPR should submit such details in the format below for each block/ area of interest.		
	Quantity/ Cost	
	Unit	USD (\$)
.....		
Total Estimated Indirect Expenditure		
1.3 Activity (Work) Schedule		
1.3.1 Project Timeline		

Activity (Work)	Timeline						

1.3.2 Completion and Submission of Reports

Reports	Dates/ Milestones
1. Interim Progress Reports (1 year from Effective date)	
2. Additional Interim Progress Reports, as required	
3. Draft Final Report (Within 27 months of effective date)	
4. Final Report (Within 36 months from effective date)	
5. Other*	

* JSPRs should describe any other forms of deliverables from the Joint Study as known to them.

1.4 JSPRs’ Previous Experience in Similar Environments or Projects

Please describe and provide supporting evidence as necessary.

1.5 JSPRs’ References

1.5.1 Description of the JSPR’s Organization / Institution

The following is the typical information required from the JSPRs, subject to the nature of the organization or institution. In the case of any public listed companies’ submission of (c), (e), (f), (k), (l), (m), (n), (o) and (p) are not required. In the case of a consortium, each member of the consortium should provide this information separately.

	Parameters	Information required
(a)	The JSPR's legal name	
(b)	In case of a consortium, legal name of the lead member of the Consortium	

(c)	Place of incorporation or registration (Please provide a Certificate of Incorporation and a copy of the Memorandum and Articles of Association as applicable)	City
		State
		Country
		Year
		Zip
(d)	Authorized representative of the company or authorized leader or the Consortium for communication on the RFP	Name
		Designation
		Address
		Tel.
		E-mail
(e)	Names and address of the Chairman and Board of Directors	Name
		Address
		Tel.
		E-mail
(f)	The name and address of the Chief Executive Officer	Name
		Address
		Tel.
		E-mail
(g)	Structure and details of the group, if any, to which the JSPRs belong including information on affiliates/ parent company	
(h)	The business activities of the company	
(i)	Name(s) and address of Parent Company (Where applicable)	Name
		Address
		Tel.
		E-mail
(j)	Is Petroleum exploration and production activity included in the Memorandum and Articles of Association of the lead member of the consortium?	Yes/No
(k)	Submit annual report including the audited balance sheets and profit & loss statements along with the schedule of notes forming part of the balance sheet for the last three years in English, as applicable	Refer Item (1.5.2) below
(l)	Number of total corporate employees of the Company	
(m)	Details of judgments/ arbitral awards against Company or Consortium members or any corporate member of the group of companies to which the bidder belongs in the past 10 years. Please specify the nature of the case	

(n)	Has the JSRs previously worked in Sri Lanka? If yes, provide details	
(o)	International Agency Rating, if applicable	
(p)	Company HSE policy/case JSRs	
(q)	JSRs Consortium Agreement	<i>Yes/No</i>
(r)	Identity of key shareholders in the case of private limited liability companies.	1. 2. 3.

1.5.2 Proof of Financial Capability

Please attach proof of financial capability demonstrating the ability to execute the Minimum Work Programme. This may be in the form of audited accounts with financial data for previous 3 years, letters of good standing from banks or letters of conditional funding from financial institutions.

1.6 Profile of Key Personnel

Name	Position	Description of Role (with respect to the proposed Work Programme)

1.7 Submission of Interest Proposal

Application together with payment shall be made as per the directions of the Director General of the Authority, on dg@pdasl.gov.lk or postal address;

Petroleum Development Authority of Sri Lanka,
Level 6, Ceylinco House, Janadhipathi Mawatha, Colombo 01,
Sri Lanka.

25/03/2024

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