

LEGAL NOTICE NO.

THE PETROLEUM ACT

(Cap. 308)

IN EXERCISE of the powers conferred by Sections 101 and 126 of the Petroleum Act, 2019 the Cabinet Secretary for Energy and Petroleum on recommendation of the Authority makes the following Regulations–

THE PETROLEUM (MIDSTREAM CRUDE OIL AND NATURAL GAS PIPELINE AND STORAGE OPERATIONS) REGULATIONS, 2025

PART I – PRELIMINARY	
Citation	These Regulations may be cited as the Petroleum (Midstream Crude Oil and Natural Gas Pipeline and Storage Operations) Regulations, 2025.
Interpretation	<p>1. In these Regulations, unless the context otherwise requires–</p> <p>“Act” means the Petroleum Act (Cap.308) and any amendments thereto;</p> <p>“Authority” means the Energy and Petroleum Regulatory Authority (EPRA) established under Section 9 of the Energy Act(Cap.314) or its successor;</p> <p>"Best Petroleum Industry Practices" means such practices, methods, standards and procedures generally accepted and followed internationally by prudent, diligent, skilled and experienced operators in midstream petroleum operations, including practices, methods, standards and procedures intended to:</p> <ul style="list-style-type: none">a) transport and store petroleum by maximizing efficiency in a technically and economically sustainable manner;b) promote operational safety and prevention of accidents; andc) protect the environment by minimizing the impact of midstream petroleum operations; <p>“Common User” means a person who receives an approval from the Authority to enter into a transportation or storage agreement with a Licensee to utilise a common user facility;</p> <p>“Ceiling Tariff” means the highest possible tariff set by the Authority to govern transportation and storage agreements between Licensees and Common Users;</p> <p>“Emergency Response Plan” means specific written procedures to respond to an actual or imminent event, outside the scope of normal operations, that requires prompt and coordinated actions and resources to protect the health, safety or welfare of people or to limit damage to property or the environment;</p>

	<p>“Energy and Petroleum Tribunal” means the tribunal established under section 25 of the Energy Act(Cap.314) or its successor;</p> <p>“Environmental Authority” means the National Environment Management Authority (NEMA) established under the Environmental Management and Co-ordination Act (Cap. 387) or its successor;</p> <p>“Kenya Maritime Authority” means the Kenya Maritime Authority established under section 3 of the Kenya Maritime Authority (Cap. 370) or its successor;</p> <p>“National Land Commission” means the National Land Commission (NLC) established under the National Land Commission Act(Cap. 281) or its successor;</p> <p>“Midstream Operations” has the same meaning as provided for in the Act, except as limited by Regulation 3;</p> <p>“Permit Holder” means a person who has been issued a permit from the Authority to construct commission a pipeline or a storage depot;</p> <p>“Licensee” means a person who receives a licence from the Authority to operate a constructed and commissioned pipeline or storage depot;</p> <p>“National Construction Authority” means the National Construction Authority established under section 3 of the National Construction Authority Act (Cap. 118) or its successor;</p> <p>“National Environment Tribunal” means the tribunal established under section 125 of the Environmental Management and Co-ordination Act (Cap. 387) or its successor;</p> <p>"Pipeline" has the same meaning as provided for in the Act in relation to midstream operations under these Regulations.</p> <p>“Project Proponent” means a person who applies to the Authority to construct and commission a midstream pipeline or a storage depot;</p> <p>“Safety Case” means the document required under these Regulations demonstrating that there are effective means of reducing risk at a facility or during activities to the required level;</p> <p>“Storage Depot” means a midstream facility consisting of one or more tanks for storing crude oil and/or natural gas;</p> <p>“Tariff” means a set of prices, rates, charges, and any cost associated with capacity, transport and storage of crude oil and natural gas by means of midstream pipeline or depot and may include any adjustments, as approved by the Authority.</p>
Application	2. These Regulations shall apply to the construction and operation of crude oil and natural gas pipeline and storage facilities and jetty in Kenya, including;-

	<p>a) permits to construct pipelines and storage depots; and b) licences to operate pipelines and storage facilities;</p>
PART II –RESPONSIBILITIES AND OBLIGATIONS	
Cabinet Secretary	<p>3.(1) The Cabinet Secretary may give clearance to midstream projects where they affect matters of international boundaries. (1) The Cabinet Secretary shall prior to giving clearance under sub-regulation (1) above, consult with the Authority. (2) Where the project proponent requires to carry out feasibility studies, they shall seek approval from the Authority in the form prescribed in the Fifth Schedule and by paying the fees prescribed in the Sixth Schedule.</p>
Authority	<p>4.(1) The Authority is responsible for issuance and management of: - (a) permits for construction of a pipeline or a storage depot; (b) licenses for operation of a commissioned pipeline or a storage depot; (c) specific approvals to a project proponent, Licensee or Common User as required by these Regulations; and (d) determination and declaration that specific pipelines or storage depots are designated as common user facilities. (2) The Authority shall make a determination on an application under these Regulations within the timeline specified in Sections 73 and 86 of the Act.</p>
PART III CONSTRUCTION PERMITTING PROCESS	
Construction permit	<p>5.(1) A person shall not undertake construction works or modification of crude oil and natural gas pipelines and bulk storage facilities, except in accordance with the terms and conditions of a valid Construction Permit issued by the Authority under the Petroleum Act; (2) The Authority may direct a person to cease the construction of crude oil and natural gas pipelines and bulk storage facilities where – (a) the construction is being undertaken without a valid Construction Permit issued by the Authority; (b) the construction is in breach of the terms and conditions set forth by the Authority; or (c) the approval of the Construction Permit was based on false information or forged documents.</p>
Application For A Construction Permit	<p>6.(1) A person who undertakes the construction of crude oil and natural gas pipelines and bulk storage facilities without a valid Construction Permit issued by the Authority commits an offence and is liable on conviction to the fines and penalties set out in the Eighth Schedule. (2) A person who wishes to construct crude oil and natural gas pipelines and bulk storage facilities shall apply for a Construction Permit to the Authority in the prescribed manner. (3) An application under sub-regulation (1) and as set out in Part I of the First Schedule, shall be accompanied by:- (4) specify the name and address of the project proponent;</p>

(5) be accompanied by;-

- (a) the business registration certificate and tax documents of the project proponent; and
- (b) evidence of sufficient technical and financial capacity to undertake the construction works, including relevant past experience in similar projects.

(6) be accompanied by a description of the project, including;-

- (a) proposed location;
- (b) detailed layout plans and specifications prepared by a professional engineer;
- (c) physical planning approvals from concerned County Governments;
- (d) a copy of the detailed engineering designs and specifications prepared by a professional engineer or firm(s) registered as such; the engineering designs in sub-regulation (6)(a) shall, at the minimum, take into consideration the provisions of the relevant Kenya Standards for crude oil and natural gas pipelines and bulk storage facilities;
- (e) a priced bill of quantities prepared by the respective class of Engineers;
- (f) an outline of the methods of financing the project;
- (g) proof of ownership of the land on which the crude oil and/or natural gas pipelines and/or bulk storage facilities are to be constructed;
- (h) a letter of allotment from the relevant Authority in case the title deed is yet to be issued;
- (i) a duly registered lease for a minimum period of twenty-five (25) years shall be provided in case the title deed is not in the name of the entity undertaking the development;
- (j) an Environmental and Social Impact Assessment license issued by NEMA;
- (k) an approval from the relevant County Government;
- (l) relevant permits, licences or approvals as the case may be from relevant authorities.
- (m) an environment liability policy; and
- (n) any other document that may assist the Authority to make proper determination on the application
- (o) be accompanied by a safety case as prescribed by environment, safety and health regulations under the Act;
- (p) be accompanied by a contractor's all risk insurance policy as specified in guidelines

	<p>issued and amended from time to time by the Authority;</p> <p>(7) The Authority shall consider every application received under this regulation and may, if satisfied that the project proponent meets the prescribed requirements, grant to it, within forty-five (45) days, the permit to construct and commission a pipeline.</p> <p>(8) The Authority shall, in granting or rejecting an application for a permit, take into consideration the factors under section 75 and sub-section 87(1) of the Act.</p> <p>(9) The application in sub-regulation (1) shall be accompanied by proof of payment of the prescribed fees set out in the Sixth Schedule.</p>
<p>Form and Validity of a Construction Permit.</p>	<p>7.(1) Where no construction works have commenced after issuance of a Construction Permit, the permit shall be valid for a period of twelve (12) months from the date of issue or until such date of extension as allowed by the Authority shall expire.</p> <p>(2) Where construction works have commenced within the validity period of the permit, the Construction Permit shall be valid for a maximum period of sixty (60) months from the date of issue.</p> <p>(3) The Construction Permit holder may make an application for extension of the validity period by providing documents as required by the Authority.</p> <p>(4) The extension of the validity period of a Construction Permit shall be to a maximum of –</p> <p>(a) six (6) months where construction works have not commenced; and</p> <p>(b) twenty-four (24) months where construction works have commenced.</p> <p>(5) A Construction Permit holder shall be required to make a fresh application where the Construction Permit cannot be extended further as provided for in sub-regulation (5).</p>
<p>Determination of application for a Construction Permit.</p>	<p>8.(1) The Authority shall determine an application for a Construction Permit within forty-five (45) days of receipt of such an application;</p> <p>(2) Provided that the application is materially complete, does not offend the provisions of any written law and meets the prescribed requirements, the Authority may grant a Construction Permit to the applicant;</p> <p>(3) The Authority may, prior to making a determination to grant a Construction Permit, take into consideration suitability of the site after due assessment;</p> <p>(a) The Construction Permit issued under sub-regulation (2) shall contain such terms and conditions that the Authority may deem fit based on the site location and scale of the project;</p> <p>(b) The Authority shall, prior to issuing the permit, notify the applicant of the nature of the terms and</p>

	<p>conditions proposed to be imposed in the construction permit;</p> <p>(c) The applicant shall within thirty (30) days of receiving a notification of the nature of the conditions proposed to be imposed, give a written undertaking to the Authority that as the permit holder, the applicant shall abide by the stipulated terms and conditions of the Construction Permit;</p> <p>(4) The undertaking in sub-regulation (6) shall be in the format prescribed in Part I , Part II and Part III of the Second Schedule;</p> <p>(5) The Authority shall only issue the Construction Permit once the applicant has executed the undertaking in sub-regulation (6) failing which any Construction Permit granted shall be null and void;</p> <p>(6) The Authority shall reject an application under these Regulations where the application does not meet the requirements for granting a Construction Permit;</p> <p>(7) The Authority shall notify the applicant of such rejection in sub- regulation (9), specifying the reasons thereof within seven (7) days of such rejection;</p> <p>(8) Where the rejection in sub-regulation (10) relates to –</p> <p>(a) incomplete information, the applicant may make a fresh application providing the requisite information or documents; and</p> <p>(b) the unsuitability of the site, the decision of the Authority shall be final and if the applicant is not satisfied with the Authority’s decision, they may appeal to the Tribunal;</p>
<p>Obligations of a construction permit holder</p>	<p>9.(1) In undertaking construction of a pipeline or storage depot, the Construction Permit holder shall –</p> <p>(a) comply with the terms and conditions of the Construction Permit as stipulated by the Authority;</p> <p>(b) as applicable, engage only contractors who are licensed by the relevant authorities for their class of work;</p> <p>(c) ensure that the construction project is supervised by a Practising Professional Engineer at a minimum;</p> <p>(d) comply with the Environmental Impacts Mitigation Plan approved by the relevant authorities;</p> <p>(e) comply with Government policy on local content; and</p> <p>(f) comply with directions issued by the Authority from time to time;</p>
<p>Validity of the construction permit</p>	<p>10.(1) A construction permit is valid, subject to sub-regulations (9) and (10), for five (5) years and shall be in the form prescribed in the Second Schedule of these Regulations.</p> <p>a. Where no construction has commenced, a construction permit shall be valid for a period of twenty-four (24) months.</p>

	<p>b. Where construction work has commenced within the initial validity period under sub-regulation (9), a construction permit shall be valid for a maximum period of sixty (60) months.</p>
Application for extension of construction permit	<p>11.(1) A midstream permit holder may apply, at least sixty (60) days before expiry of the permit, by providing justification and supporting documents as may be required by the Authority, to extend the validity period of its construction permit to a maximum of;-</p> <ul style="list-style-type: none"> (a) another two (2) years under sub-regulation 9; or (b) three (3) years under sub-regulation 10. <p>(2) An application under sub regulation (11) shall be accompanied by;-</p> <ul style="list-style-type: none"> i. updated documents as required under sub-regulation 9(2); ii. a summary of the project management timeline and milestones achieved during construction ; iii. a justification for the renewal application and the required extension; and iv. a fee prescribed in the Sixth Schedule. <p>(3) A midstream permit holder shall make a new application under this regulation where its construction permit cannot be extended beyond the maximum periods provided by sub-regulation (11).</p> <p>(4) If the Authority rejects an application, it shall notify the project proponent and grant it thirty (30) days from the delivery of said notification to stop the construction .</p>
Application for Amendment of Construction Permit	<p>12.(1) Where the Authority requires a midstream permit holder to, or where a midstream permit holder requires to amend construction permit, the midstream permit holder shall apply to the Authority to amend a construction permit</p> <p>(2) The construction permit may be amended to;-</p> <ul style="list-style-type: none"> (a) update its corporate name; (b) increase the maximum pipeline or storage capacity; (c) modify the pipeline route or the location of a pipeline facility or of a storage depot; (d) change a design approved under regulation 18; (e) make operational changes that alter the capacity of the pipeline or the storage depot; or (f) Make any other justifiable change. <p>(3) An application under sub-regulation (15) shall be accompanied by updated documents as required under sub-regulation 9(2) when seeking to amend a construction permit; or</p> <p>(4) An application under sub regulations (15) and (16) shall be accompanied by a fee prescribed in the Sixth Schedule.</p> <p>(5) The Authority shall retain the same expiry date of a permit on its amendment.</p>
Emergency works	<p>13.(1) A construction permit shall be subject to the terms and conditions prescribed by the Authority and shall allow regular maintenance and emergency works.</p>

	<p>(2) After the completion of emergency works the contractor shall notify the Authority within thirty (30) days giving details of the works carried out.</p>
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PART IV LICENCING PROCESS

<p>Application for an operating license</p>	<p>(3) A person who wishes to operate a crude oil and natural gas pipeline and/or storage facility shall, before commencing such operation, obtain an operating license from the Licensing Authority.</p> <p>(4) The application shall be in the form prescribed in the Second Schedule, and shall be accompanied by;-</p> <ul style="list-style-type: none"> (a) a disclosure of the nominal capacity of the midstream pipeline or storage depot and the capacity available to Common Users. (b) an environmental liability policy providing insurance cover against damage caused by pollution and clean-up expenses, with a limit stipulated in guidelines issued and amended from time to time by the Authority. (c) a contractor's all risk insurance policy as specified in guidelines issued and amended from time to time by the Authority; (d) policy providing insurance cover against damage caused by pollution and clean-up expenses, with a limit stipulated in guidelines issued and amended from time to time by the Authority. (e) a chart of the Licensee's organization and operational structure; (f) a construction integrity and quality certificate from a qualified independent organisation; (g) a decommissioning plan; (h) a local content plan under section 50 of the Act for the period of operation; (i) a proposed tariff and methodology for Common Users under Part VII of these Regulations; and (j) a fee prescribed in the Sixth Schedule. <p>(5) The Authority may, within thirty (30) days of receiving the application—</p> <ul style="list-style-type: none"> (a) grant an operating licence and set a ceiling tariff accordingly, either without conditions or subject to such conditions as the Authority may deem fit; or (b) justifiably reject an application for grant of such licence. <p>(6) An operating licence is valid for a maximum of twenty-five (25) years, subject to annual audits under regulation 32, and shall be in the form prescribed in the Third Schedule of these Regulations.</p>
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	<p>(7) An operating licence shall be renewed by the Authority under Regulation 12 for as many times as necessary to meet the end of a pipeline or storage depot operating life.</p>
<p>PART V OPEN ACCESS</p>	
<p>Common User Facilities</p>	<p>14.(1) A Common User shall, before entering into a transportation or storage agreement with a Licensee, apply to the Authority for an approval.</p> <p>(2) The licensee of a common user facility shall develop and submit to the Authority for approval a standard agreement to be signed by users.</p> <p>(3) The agreement in sub-regulation (2) shall contain the minimum requirements listed in the Eighth Schedule.</p> <p>(4) An application under sub-regulation (1) shall;-</p> <ul style="list-style-type: none"> (a) specify the name and address of the Common User; (b) be accompanied by the registration documents of the Common User; (c) state the corporate name of the Licensee; (d) state the name and route of the pipeline or the name and address of the storage depot; (e) state the volume of crude oil or natural gas to be transported or stored; (f) provide a declaration of the name plate capacity of the midstream pipeline or storage depot and the capacity that is available to Common Users; (g) be accompanied by an initialled final draft of the transportation or storage agreement; and (h) be accompanied by a fee prescribed in the Sixth Schedule. <p>(5) The Authority shall consider every application received under this regulation and may, if satisfied with the information provided by the Common User, grant to it, within forty-five (45) days, an approval to use the common facility and to execute the transportation or storage agreement.</p> <p>(6) The Authority shall, in granting or rejecting an application under sub-regulation (3), analyse the draft agreement provided by the applicant and its compliance with the requirements prescribed by guidelines issued and amended from time to time by the Authority.</p>
<p>Access to common user facilities</p>	<p>15.(1) A Common User who intends to access a common user facility shall apply to the Authority under regulation 11.</p> <p>(a) A Licensee shall provide open access to its facility and apply tariffs equal to or lower than the ceiling tariff set by the Authority, provided that the Common User–</p> <ul style="list-style-type: none"> (a) Notifies the Licensee and requests access to spare capacity available in its pipeline or storage depot; (b) Submits a copy of the notification under paragraph(a)(i) to the Authority, within seven (7) days from its delivery to the Licensee;

- (c) Undertakes to comply with access standards and criteria required by the Licensee and approved by the Authority; and
- (d) receives an approval under regulation 11;
- (e) the Licensee evaluates if its pipeline or storage terminal has sufficient available capacity to transport or store the volumes requested by the Common User; and
- (f) Negotiates with the Common User and agrees, within ninety (90) days from receiving a notification under paragraph(i)(1), the tariffs and contractual terms and conditions applicable to the access;
- (g) The Common User notifies the Authority, immediately after the period under paragraph (ii)(2), the result of the negotiation and evaluation under this regulation.

- (b) And, where applicable, the Authority—
- (c) successfully mediates any commercial, technical, or legal disagreement between the Licensee and the Common User, within thirty (30) days from receiving a notification under sub-regulation (2)(b)(iii); or
- (d) adjudicates an unresolved disagreement between the Licensee and the Common User, with the support of expert witnesses sponsored by the Licensee or the Common User.
- (e) The Authority shall direct a Licensee or a Common User, as the case may be, to—
- (f) adjust the terms of an agreement under regulation 11(5)(g) that breach an operating licence or that the Authority considers unreasonable or otherwise inappropriate;
- (g) allocate to Common Users any spare capacity in a facility; and
- (h) provide and implement solutions to technical issues that prevent transportation or storage for a Common User on an open access basis.
- (i) A Licensee shall inform the Authority when any action under sub-regulation (2)—;
- (a) increases the operating expense of a pipeline or storage depot;
- (b) requires additional capital expense to increase transportation or storage capacity; or
- (c) creates insurmountable integrity and safety risks
- (j) The Authority shall consider any information under sub-regulation (4) and take appropriate action which may include adjusting the ceiling tariff of an operating licence to make the access of a Common User commercially viable.
- (k) A Licensee or any of its employees or agents who provides false or misleading information to the Authority under sub-regulation (5) commits an offence under the Act and these Regulations.

Terms and Conditions for Open Access	i. The terms and conditions for open access shall be in accordance with X Schedule. The same shall be reviewed from time to time by the Authority.
Tariffs	i. The Authority shall set ceiling tariffs in accordance with regulation 10(3)(a) and the Licensee shall provide accounting and any other relevant information to the Authority to support its assessment of costs and determination of tariffs.
Application for Renewal and Amendment	<p>18.(1) A permit holder, Licensee or Common User who intends to renew an; -</p> <ul style="list-style-type: none"> (a) operating licence; or (b) approval to use common facilities; <p>shall apply to the Authority at least thirty (30) days before its expiry date.</p> <p>(2) An application under sub regulation (1)(a) shall be accompanied by;-</p> <ul style="list-style-type: none"> (a) updated documents as required under sub-regulation 10(2); (b) a summary of the integrity management system of the operating asset, highlighting its fit-for-service condition and remaining life; (c) information on the operational history of the facility, including details of incidents, if any; (d) environmental audit reports; (e) an updated decommissioning plan; (f) history of legal disputes in the past five (5) years; and (g) a fee prescribed in the Sixth Schedule. <p>(3) An application under sub regulation (1)(b) shall be accompanied by a fee prescribed in the Sixth Schedule.</p> <p>(4) An operating licence or an approval to use common facilities remains valid from the date of application under sub-regulation (1) to the date the Authority approves or rejects its renewal.</p> <p>(5) If the Authority is satisfied that the project proponent, Licensee, or Common User continues to meet the requirements of the permit, licence or approval, the Authority will renew it within thirty (30) days of receiving the application.</p> <p>(6) If the Authority rejects an application, it shall notify the Licensee or Common User and grant it thirty (30) days from the delivery of said notification to stop the cooperation, or use.</p> <p>(7) Where the Authority requires a Licensee to, or where a Licensee requires to amend operating license, the Licensee shall apply to the Authority to amend an operating license.</p> <p>(8) A licensee shall apply to the Authority to amend an operating licence to;-</p> <ul style="list-style-type: none"> (2) adjust the maximum pipeline and storage capacity; (3) modify the pipeline route or the location of a pipeline facility or of a storage depot; (4) Update its corporate name; (5) make operational changes that alter the capacity of the pipeline or the storage depot (6) modify pipeline or storage tariffs; or (7) Make any other justifiable change.

	<p>(9) An application under sub-regulation (7) shall be accompanied by updated documents as required under sub-regulation 10(2) when seeking to amend an operating licence.</p> <p>(10) A Common User may apply to the Authority to amend an approval to use common facilities to update its corporate name, and its application shall be accompanied by updated documents as required under sub-regulation 10(2).</p> <p>(11) An application under sub-regulations (7), (8) or (9) shall be accompanied by a fee prescribed in the Sixth Schedule.</p> <p>(12) The Authority shall retain the same expiry date of a licence on its amendment.</p>
Transfer of a license or permit	<p>19.(1) A licensee shall not transfer or otherwise divest any rights, powers or obligations conferred or imposed upon the licensee by the licence or permit without the consent of the licensing authority.</p> <p>(2) The licensing authority may, on application by any of the following persons, transfer a licence or permit-</p> <ul style="list-style-type: none"> (a) in the case of a death of the licensee, to the legal representative; (b) in the case of the bankruptcy of the licensee or assignment for the benefit of the licensee's creditors generally, to the lawfully appointed trustee or assignee; (c) in the case of a corporation in liquidation, to the lawfully appointed liquidator; (d) in any case where the licensee becomes subject to a legal disability, to any person lawfully appointed to administer the licensee's affairs; or (e) in the case of voluntary transfer of the undertaking, to the new owner of the undertaking. <p>(3) The licensing authority shall satisfy itself of the legal, technical and financial competence of the transferee to carry out the undertaking.</p> <p>(4) The transferee shall undertake in writing to comply with the conditions of the licence or permit.</p> <p>(5) The licensing authority shall not withhold any consent to any application to transfer unless it has reason to believe that public interest is likely to be prejudiced by the transfer.</p>
Suspension and revocation	<p>20.(1) The licensing authority may suspend or revoke an operating licence or construction permit where—</p> <p>(2) The undertaking or the execution of the works related thereto has not commenced at the expiry of the period specified in the licence or permit, or at the expiry of any extended period which the Authority may allow;</p> <ul style="list-style-type: none"> (a) it is satisfied that the licensee is either not operating in accordance with the terms and conditions of the licence, permit or the provisions of this Act; or (b) the licensee is adjudged bankrupt. <p>(3) Unless otherwise specified in the licence or permit, the licensing authority may give a licensee fourteen days' notice to show cause why the licence or permit should not be revoked.</p>

	<p>(4) A notice under sub- regulation (2) shall—set out the relevant condition of the licence or permit or the requirement of the Act to which the breach relates;</p> <p>(a) specify the acts, omissions or other facts which, in the opinion of the Authority or the licensing authority, constitute a contravention of the conditions of the licence or permit or requirements of the Act, and the reasons why the licensing authority is of the opinion that any of the circumstances mentioned under subsection (1) have occurred or arisen; and</p> <p>(b) be served upon the licensee at the licenses’ principal place of business and shall take effect from the date of service.</p> <p>(5) The licensing authority shall determine the matter within thirty (30) days from the expiry of the notice.</p> <p>(6) A suspension or revocation of a licence or permit shall not indemnify the licensee against any penalties for which such person may have become liable under the Act</p>
Display of licenses and permits	<p>21.(1) A licensee or permit holder shall cause to be displayed within the premises, the licence or permit, or a certified copy.</p> <p>(2) A licensee or permit holder who contravenes subsection (1) commits an offence and shall be liable on conviction to a fine not exceeding one million shillings</p>
Grievance redress	<p>22.(1) Where the licensing authority refuses to grant a permit under this section, it shall notify the applicant of such refusal specifying the reasons thereof and shall deliver such notice to the applicant.</p> <p>(2) Where the applicant is aggrieved by the decision of the Licensing Authority, the applicant may appeal to the Tribunal within thirty (30) days of receipt of such conditions or decision.</p>
Standards	<p>23. An applicant shall prepare detailed layout plans and specifications in accordance with Standards approved by the Kenya Bureau of Standards (KEBS) and Best Petroleum Industry Practices, as the case may be.</p>
Location and route	<p>24. The applicant shall provide a detailed survey map of the pipeline route, and the proposed storage facility location as stipulated in the Petroleum Land Access Regulations, 2025.</p>
Construction	<p>25.(1) The construction permit holder shall comply with the relevant Laws, Regulations, Standards approved by the Kenya Bureau of Standards (KEBS) and Best Petroleum Industry Practices during the construction.</p> <p>(2) The construction permit holder shall inform the Authority, at least seven (7) days in advance, of the planned construction and detail to start the construction of its pipeline or storage depot;</p>
Operation and maintenance	<p>26. The licensee shall undertake operation, and maintenance works in compliance with the relevant Laws, Regulations, Standards approved by the Kenya Bureau of Standards (KEBS) and Best Petroleum Industry Practices.</p>
Decommissioning	<p>27. The licensee shall undertake decommissioning in compliance with the Petroleum Operations Decommissioning Regulations.</p>
Record Keeping and Reports	<p>28.(1) A Licensee shall keep accurate records according to best petroleum industry practices as prescribed in schedule XX</p>

	<p>(2) A Licensee shall, unless otherwise directed by the Authority, keep the records under sub-regulation (1) for a period of seven (7) years from the date the record is made.</p> <p>(3) The Authority may request copies of any record kept by the Licensee shall submit certified copies as prescribed by the Authority within thirty (30) days.</p>
<p>Inspectors</p>	<p>29.(1) The Authority may appoint qualified representatives to act as technical inspectors and provide them with an identification document stating–</p> <ul style="list-style-type: none"> (a) that he or she is an inspector for the purposes of the Act and these Regulations; (b) the term of his or her appointment; and (c) the geographical jurisdiction of his or her technical inspections. <p>(3) A technical inspector may, after providing necessary identification documents–</p> <ul style="list-style-type: none"> (a) enter any area and facility under a permit or licence; (b) inspect and test any pipeline or storage depot; (c) take samples of any substance being transported by a pipeline or stored in a tank; (d) require a Licensee to produce books, records, documents, maps, or plans relating to a pipeline or a storage depot; and (e) inspect, take extracts from, and make copies of any of books, records, documents, maps, or plans under sub-regulation 2 (d).
<p>Audits and inspections</p>	<p>30.(1) A pipeline or a storage depot shall be periodically inspected by its Licensee, in accordance with best petroleum industry practices, the standards under regulation 17 or following the recommendation of a manufacturer, to verify compliance.</p> <p>(2) The Authority may carry out random or scheduled technical inspections, and an inspector performing said inspection shall provide a copy of their report to the Licensee as soon as reasonably practicable and in any event no later than thirty (30) days from the end of the inspection.</p> <p>(3) The Authority shall carry out a comprehensive operational audit of the midstream pipeline or storage depot at least once every twelve (12) months.</p> <p>(4) A Licensee shall give an inspector free access to its pipeline or storage depot, including any related records, equipment, ancillary installations, and infrastructures.</p> <p>(5) A Licensee or any of its employees or agents who obstruct, interfere with or refuse to provide an inspector access to any premises or documents commits an offence under the Act and these Regulations.</p> <p>(6) If an inspector becomes aware, during an operational audit or technical inspection, of problems in the pipeline or storage depot or of any non-compliance with the Act, these Regulations or the terms and conditions of a midstream operating licence, the Authority shall–</p>

	<p>(a) notify the Licensee;</p> <p>(b) specify the problem found or the provision breached;</p> <p>(c) set a timeframe in accordance with the license for the Licensee to rectify the problem or cure the breach; and</p> <p>(d) commence a process under regulation 15 to suspend or revoke the license, if applicable.</p> <p>(7) The Authority may also appoint a qualified technical inspector to continuously monitor the progress of the construction of a midstream pipeline or storage depot.</p> <p>(8) A permit holder shall give free access to a technical inspector appointed under sub-regulation (7) to carry out scheduled or random inspections at its construction site, including access to any related records, equipment, ancillary installations, and infrastructures.</p> <p>(9) A permit holder or any of its employees or agents who obstruct, interfere with, or refuse to provide a technical inspector access to any premises or documents commits an offence under the Act and these Regulations.</p>
Inspection report	<p>31.(1) The Authority shall, within thirty (30) days from technical inspection under regulation 32(2), issue an inspection report to a Licensee.</p> <p>(2) The inspection report issued under sub-regulation (1) is valid based on the recommendations, without prejudice to any further inspections carried out by the Authority.</p> <p>(3) The Authority shall, within thirty (30) days from an technical and EHS audit under regulation 32 (3), issue an audit report to a Licensee.</p> <p>(4) The audit report issued under sub-regulation (3) is valid for one (1) year, without prejudice to any further audits carried out by the Authority.</p>
PART X – OFFENCES AND PENALTIES	
General Penalties	<p>32.(1) The Authority may, without prejudice to any penalty, imprisonment, suspension or revocation that may be imposed under the Act to a permit holder, Licensee, Common User or any of its employees and agents, suspend or revoke a licence, permit or approval issued to a permit holder, Licensee or Common User who contravenes any provision of these Regulations</p> <p>(2) A person who contravenes any provisions of these regulations commit an offence and shall be liable upon conviction to a fine not exceeding 1 million (Offences Schedule)</p>
Disclosure of information	<p>33. No person shall obstruct, hinder, withhold information or provide false information as may be requested by the Authority</p> <p>A person who contravenes sub-regulation (1) commits an offence and shall be liable on conviction to the fines and penalties prescribed in the Eighth Schedule</p>
Appeals.	<p>34.(1) A person has the right to appeal against the decision of the Authority, where the Authority:</p> <p>(a) refuses to grant or renew a licence, permit or certificate or revokes a licence, permit or certificate; or</p>

	<p>(b) imposes conditions on a licence, permit or certificate; or</p> <p>(c) refuses to replace or amend a licence, permit or certificate; or</p> <p>(d) suspends or revokes a license, permit or certificate.</p> <p>(2) A person aggrieved by the reasons in sub-regulation (1), may appeal to the Tribunal within thirty (30) days of receipt of the Authority's decision</p>
PART XI – MISCELLANEOUS	
Ownership	<p>35.(1) A Licensee shall be a body corporate registered under the laws of Kenya.</p> <p>(2) Any assignment, transfer or change in voting rights or sale of shares in the entity owning a midstream pipeline or storage depot or a Licensee shall be approved by the Cabinet Secretary as recommended by the Authority.</p>
Procurement	<p>36. A permit holder or a Licensee shall procure all goods, works and services required for the construction or operation of a pipeline or storage depot in accordance with its local content plan under regulations 9(2)(i) and 10(2)(i).</p>
Confidentiality	<p>37.(1) Information obtained by the Cabinet Secretary or the Authority relating to any matter under these Regulations may be published or otherwise disclosed to a third-party—</p> <p>(a) when the project proponent or Licensee from whom the information was obtained gives a prior approval to the Cabinet Secretary or the Authority; or</p> <p>(b) when the disclosure and use of such information is for an authorised purpose established under section 104 of the Act.</p> <p>(2) Disclosure of any information under this regulation is subject to the provisions of the Access to Information Act (Cap. 7M).</p>
Register of licences and permits	<p>38.(1) The Authority shall keep a register of all construction permits and operating licenses it issues and shall individually record their—</p> <p>(a) terms and conditions;</p> <p>(b) amendments;</p> <p>(c) duplicates;</p> <p>(d) suspensions or revocations; and</p> <p>(e) accompanying fees paid to the Authority.</p> <p>(2) Any person may, inspect the register during the Authority's working hours.</p> <p>(3) Before a person gains access to the register, he or she shall pay a fee prescribed in the Sixth Schedule.</p> <p>(4) The fee under sub-regulation (3) does not apply to government ministries and government departments and constitutional and statutory bodies carrying out investigative, research and oversight responsibilities.</p>
Monetary correction	<p>39.(1) The Authority may, from time to time, update fees to capture any material escalation of its administrative costs, currency fluctuation or inflation.</p> <p>(2) The Cabinet Secretary may, from time to time, update fines set under these Regulations.</p>

	(3) Fees and fines under these regulations shall be paid via bank transfer into a designated government account to be informed by the Authority.
Lacunae	40. Matters not covered in the Act, these Regulations, permits or licences and which concern midstream petroleum operations shall be determined by the Authority on a case-by-case basis.
Guidelines	41. The Cabinet Secretary and the Authority may issue and update guidelines from time to time for the implementation of these Regulations.

FIRSTSCHEDULE
Regulations 9(2) and 9(8)

CONSTRUCTION PERMIT

APPLICATION FORM

This application is hereby submitted under the Petroleum (Midstream Crude Oil and Natural Gas Pipeline and Storage Operations) Regulations, 202X for the construction of a pipeline or storage depot as follows.

Project proponent: <i>(full corporate name)</i>	
Address: <i>(full corporate address)</i>	
Nature: <i>(transportation pipeline or storage)</i>	
Product: <i>(crude oil or natural gas)</i>	
Volume: <i>(maximum pipeline or storage capacity)</i>	
Location: <i>(pipeline route or address of storage depot)</i>	

Enclosed documents

(tick the boxes as appropriate)

- copy of registration and tax documents
- detailed layout plans and specifications prepared by a professional engineer
- county government approvals

- National Construction Authority approvals
- safety case
- evidence of technical and financial capabilities
- local content plan
- contractor's all risk insurance policy or a preliminary policy accompanied by an undertake to provide a contractor's all risk insurance policy within sixty (60) days after the date of the grant of a permit
- points between which the pipeline is to run
- copy of environment impact assessment licence
- copy of authorisation from the Cabinet Secretary
- land survey
- marine survey
- copy of fee payment receipt
- Electronic data files with Global Positioning System (GPS) latitude and longitude coordinates of the proposed pipeline route or the storage depot.

The electronic versions of the documents listed above shall be submitted in the form and manner prescribed by the Authority

Declaration

1. I have read and understood the relevant sections of the Petroleum Act, 2019 and the Petroleum (Midstream Crude Oil and Natural Gas Pipeline and Storage Operations) Regulations, 2021 and agree to abide by them.
2. I hereby certify that the information given above is to my knowledge true and accurate.
3. I understand that it is an offence to give false information in an application for a construction permit.
4. I commit to conduct an honest midstream petroleum business.
5. I acknowledge that our company shall only construct and commission a pipeline or storage depot as approved by the Authority.
6. I acknowledge that our company shall not start constructing a pipeline or storage depot before obtaining a permit from the Authority.

Date: *(dd-mm-yyyy)*

Signature: *(project proponent's representative)*

FORM OF PERMIT

Construction permit no.: xxxx/yyyy

This construction permit is hereby granted under the Petroleum (Midstream Crude Oil and Natural Gas Pipeline and Storage Operations) Regulations, 202x exclusively to the named midstream permit holder to carry on midstream petroleum businesses as follows.

Midstream permit holder:	
<i>(full corporate name)</i>	
Address:	

<i>(full corporate address)</i>	
Expiry date: <i>(dd-mm-yyyy of first expiry date)</i>	
Renewal: <i>(dd-mm-yyyy of new expiry date in case of renewal)</i>	
Nature: <i>(transportation pipeline or storage)</i>	
Product: <i>(crude oil or natural gas)</i>	
Volume: <i>(maximum pipeline or storage capacity)</i>	
Location: <i>(pipeline route or address of storage depot)</i>	

Terms and conditions

1. The midstream permit holder shall—

- (a) start works within twenty-four (24) months from issuance of this permit, unless when an unforeseen circumstance arises;
- (b) inform the Authority about an unforeseen circumstance that can delay the start of works and may request an extension to the period of twenty-four (24) months mentioned above;
- (c) carry out its regular works and not deviate from its approved project unless during an emergency;
- (d) notify the Authority as soon as practicable after starting any emergency works;
- (e) submit detailed information and drawings of any emergency works to the Authority within sixty (60) days from starting said works for the Authority's approval in reasonable time;
- (f) carry out a satisfactory test before notifying the Authority about the completion of the project's construction ;
- (g) comply with all applicable environment, safety and health laws and regulations and Environment I mpact Assessment licenses; and
- (h) shall pay all necessary fees associated with this permit on a timely basis.

2. The Licensee is allowed to—

- (a) construct and commission a pipeline or a storage depot—
 - (i) of the product and volume specified in this permit;
 - (ii) of the design specified in its approved project;
 - (iii) along the route or in the position specified in its approved project, including in relation to the seabed; and
- (b) carry out works and do all other things in the location specified in this permit as are necessary for, or incidental to, the construction .

3. The Licensee is subject to liability under tort and the contract laws.

4. This permit is valid for five (5) years and may not be altered, revised, or modified, except with the consent of the project proponent.

Date of issuance: *(dd-mm-yyyy of issuance)*

Signature: *(Authority's representative)*

DRAFT

SECOND SCHEDULE
Regulations 10(2) and 10(4)

OPERATING LICENCE

APPLICATION FORM

This application is hereby submitted under the Petroleum (Midstream Crude Oil and Natural Gas Pipeline and Storage Operations) Regulations 202x for the operation of a pipeline or storage depot as follows.

Midstream permit holder: <i>(full corporate name)</i>	
Address: <i>(full corporate address)</i>	
Nature: <i>(transportation pipeline or storage)</i>	
Product: <i>(crude oil or natural gas)</i>	
Volume: <i>(maximum pipeline or storage capacity)</i>	
Location: <i>(pipeline route or address of storage depot)</i>	
Construction permit: <i>(number)</i>	

Enclosed documents

(tick the boxes as appropriate)

- a declaration of the nominal capacity of the midstream pipeline or storage depot and the capacity that is available to Common Users.
- copy of environmental liability policy
- copy of construction integrity and quality certificate
- copy of fee payment receipt
- third party all risks insurance policy or a preliminary policy accompanied by an undertake to provide a third party all risk insurance policy within sixty (60) days after the date of the grant of a licence
- organizational structure
- local content plan
- proposed tariff and methodology for Common Users
- Electronic data files with Global Positioning System (GPS) latitude and longitude coordinates of the proposed pipeline route or the storage depot.

The electronic versions of the documents listed above shall be submitted in the form and manner prescribed by the Authority.

Declaration

1. I have read and understood the relevant sections of the Petroleum Act, 2019 and the Petroleum (Midstream Crude Oil and Natural Gas Pipeline and Storage Operations) Regulations, 202X and agree to abide by them.
2. I hereby certify that the information given above is to my knowledge true and accurate.

3. I understand that it is an offence to give false information in an application for an operating licence.
4. I commit to conduct an honest midstream petroleum business.
5. I acknowledge that our company shall only operate a pipeline or storage depot as approved by the Authority.
6. I acknowledge that our company shall not put a pipeline or storage depot into operation before obtaining a licence from the Authority.

Date: *(dd-mm-yyyy)*

Signature: *(Licensee's representative)*

FORM OF LICENCE

Operating licence no.: *xxxx/yyyy*

This operating licence is hereby granted under the Petroleum (Midstream Crude Oil and Natural Gas Pipeline and Storage Operations) Regulations, 202X exclusively to the named Licensee to carry on midstream petroleum businesses as follows.

Licensee: <i>(full corporate name)</i>	
Address: <i>(full corporate address)</i>	
Expiry date: <i>(dd-mm-yyyy of first expiry date)</i>	
Renewal: <i>(dd-mm-yyyy of new expiry date in case of renewal)</i>	
Nature: <i>(transportation pipeline or storage)</i>	
Product: <i>(crude oil or natural gas)</i>	
Volume: <i>(maximum pipeline or storage capacity)</i>	
Location: <i>(pipeline route or address of storage depot)</i>	
Pipeline tariffs or storage charges: <i>(if any)</i>	

Terms and conditions

1. The Licensee shall—
 - (a) start operations within six (6) months from issuance of this licence, unless when an unforeseen circumstance arises;
 - (b) inform the Authority about an unforeseen circumstance that can delay the start of operations and may request an extension to the period of six (6) months mentioned above;
 - (c) comply with all applicable environment, safety and health laws and regulations;
 - (d) pay all necessary fees associated with this licence on a timely basis;

- (e) notify the Authority as soon as practicable after starting any emergency works; and
- (f) submit detailed information and drawings of any emergency works to the Authority within sixty (60) days from starting said emergency works for the Authority's approval in reasonable time.

2. The Licensee is allowed to—

- (a) operate the pipeline or storage depot specified in this licence;
- (b) operate any station, system, equipment, installation, and infrastructure associated with the pipeline or storage depot; and
- (c) carry out works and do all such other things in the location specified in this licence as are necessary for, or incidental to, the operation.

3. The Licensee is subject to liability under tort and the contract laws.

4. This licence is valid for twenty-five (25) years and may not be altered, revised, or modified, except with the consent of the Licensee.

Date of issuance: *(dd-mm-yyyy of issuance)*

Signature: *(Authority's representative)*

DRAFT

THIRD SCHEDULE

Regulations 4(3), 6(2), 9(2), 10(2), 11(5)(h), 9(17), 12(2)(g), 12(3), 12(10), 15(4), and 39(3)

FEES

The Authority may update any and all fees from time in accordance with regulation 43, and the updated fees shall take effect on the day of their publication on the Authority's website or in the Gazette, whichever occurs first.

Regulation	Description	Fee (KSh)
4(3)	Approval for reconnaissance studies	500,000.00
6(2)	Authorisation for midstream projects	1,000,000.00
9(2)	Construction permit	2,000,000.00
10(2)	Operating licence	2,000,000.00
11(5)(h)	Approval to use common facilities	500,000.00
9 (17)	Renewal of construction permit	1,000,000.00
12(2)(g)	Renewal of operating licence	1,000,000.00
12(3)	Renewal of approval to use common facilities	500,000.00
12(10)	Amendment of permits, licences and approvals	500,000.00
15(4)	Replacement of permits and licences	100,000.00
39(3)	Access to register of licences and permits	15,000.00

FOURTH SCHEDULE

Regulations 6(7), 15(4), 25(3), 27(6), 31(5), 31(9) and 33(2)

OFFENCES AND PENALTIES

The Cabinet Secretary may update any and all penalties from time in accordance with regulation 43, and the updated penalties shall take effect on the day of their publication on the Authority's website or in the Gazette, whichever occurs first.

Regulation	Offence	Penalty (KSh)
6(7)	Undertaking a midstream pipeline or storage project without authorisation	No less than 10,000,000.00
15(4)	Failure to display a licence or permit	No more than 1,000,000.00
25(3)	Obstruction, encroachment, squatting or interference with land	No less than 1,000,000.00
27(6)	False or misleading information to increase a ceiling tariff	No more than 10,000,000.00
31(5)	Failure to give access to Licensee's premises or documents during inspection	No less than 10,000,000.00
31(9)	Failure to give access to midstream permit holder's premises or documents during inspection	No less than 10,000,000.00
33(2)	General offence	No less than 5,000,000.00

FIFTH SCHEDULE

Regulations 11 (2), (3), and (4)

A Common User Facility Licensee shall enter into a service agreement with Users and shall, on the minimum, contain the following provisions as prescribed by Regulation 11(2), (3) and (4) of these Regulations –

1.	Licensee obligations and responsibilities.
2.	Users' obligations and responsibilities
3.	Ownership of products and custodial responsibilities
4.	Processes and responsibilities for settlement of payments due to Kenya Revenue Authority and any other statutory payments levied on products
5.	Procedures for receipt of products including receipt scheduling, quantity measurements, product quality specifications and certification
6.	Procedures for coordination and scheduling of products deliveries
7.	Stock accounting procedures, including measurements, stock variances, and reporting
8.	Allowable stock losses for each logistics service contracted
9.	Product quality management including standards, specifications, methods for determination
10.	Procedures for handling of off-specification products and dispute resolution process
11.	A list of tariffs for each logistics service offered, billing, and payments
12.	Process for handling disputes and claims
13.	Situations constituting Force Majeure.
14.	Procedures for governing facility access, security, safety, environment, and hygiene

The electronic versions of the documents listed above shall be submitted in the form and manner prescribed by the Authority