

LEGAL NOTICE NO.

THE PETROLEUM ACT
(No. 2 of 2019)

IN EXERCISE of the power conferred by Section 126 (1) of the Petroleum Act, 2019, the Cabinet Secretary for Energy and Petroleum and on the recommendation of the Authority makes the following Draft Regulations for public comments—

**DRAFT PETROLEUM (UPSTREAM PETROLEUM MANAGEMENT AND
ADMINISTRATION) REGULATIONS, 2025**

PART 1 – PRELIMINARY

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| Citation | 1. These Regulations may be cited as the Petroleum (Upstream Petroleum Management and Administration) Regulations, 2024. |
| Interpretation | 2. In these Regulations, unless the context otherwise requires,

“Act” means the Petroleum Act, No. 2 of 2019;

“Advisory Committee” means National Upstream Petroleum Advisory Committee as provided in the Act;

“Participating interest” means an interest held by the Government of Kenya directly or through an appointee in the conduct of upstream petroleum operations;

“Permit holder” means any person who holds a non-exclusive exploration permit;

“Petroleum policy” means the national petroleum policy provided for under Section 5 of the Act;

“Strategic plan” means the national upstream petroleum strategic plan. |
| Application | 3. These Regulations shall apply to the management and administration of upstream petroleum. |

PART 2 – CONSTITUTION OF BLOCKS

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| Opening areas for petroleum operations and Constitution of blocks | 4. (1) The Cabinet Secretary in consultation with the Advisory Committee may divide or redivide any unlicensed onshore or offshore areas into blocks.

(3) When constituting petroleum blocks the Cabinet Secretary shall ensure the potential for efficient exploration using prudent exploration methods is realised. |
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- (4) In establishing the size, shape and location of blocks due consideration shall be given to—
 - (a) any existing rights, uses or other restrictions relating to the areas in question;
 - (b) available technical data;
 - (c) any individual topographical features that may require special consideration in the division of blocks;
 - (d) retaining as far as practically possible a uniform size and shape for each block; and,
 - (e) any other matter the Cabinet Secretary may deem relevant.
- (5) Blocks shall be organised into numbered areas defined by specific geographical co-ordinates.
- (6) Following the establishment of any new block or a change in the constitution of any block, the newly constituted blocks;
 - (a) shall be published in the Kenya Gazette;
 - (b) shall be published in the website of the Ministry;
 - (c) may be published in any electronic media or at least two newspapers of national circulation.

PART 3 – NATIONAL PETROLEUM STRATEGIC PLAN

Development Procedure for the National Petroleum Strategic Plan

5. (1) The Cabinet Secretary, upon the publication of the national petroleum policy shall commence the development or review of, the national petroleum strategic plan which shall guide the implementation of the national petroleum policy.
- (2) The Cabinet Secretary, shall within forty-five (45) days after the publication of a national petroleum policy;
 - (a) identify all relevant stakeholders in the petroleum operations.
 - (b) inform all stakeholders of the procedure and methodology for the iteration of the strategic plan;
 - (c) communicate to stakeholders the scope of the strategic plan.
 - (d) Assess the impact of petroleum operations to the local community.
 - (e) Assess the potential environmental, economic and, social impact of petroleum operations.
 - (f) Assess Environmental, Social and Governance (ESG) values applicable for petroleum operations

- (3) The Cabinet Secretary shall ensure proper records are maintained of any proceedings or submissions in relation to development or review of the strategic plan.

Stakeholder consultation

6. (1) During the stakeholder consultation, the Cabinet Secretary shall publish a notice of stakeholder consultation on the website of the Ministry, any electronic media, any two newspapers of nationwide circulation, and the Kenya Gazette.
- (2) A notice to relevant stakeholders concerning consultation on a strategic plan shall—
- (a) set out a summary of the strategic plan in sufficient detail to enable stakeholders to engage effectively in the consultation.
 - (b) explain how stakeholders may access the details of strategic plan.
 - (c) invite written comments on or objections to the strategic plan.
 - (d) specify the person or body to which the comments are to be submitted and any required format for submissions; and
 - (e) specify a date by which the comments are required to be received in order to be considered in the consultation, which shall allow a reasonable time period for the submission of comments after publication of the notice.
- (3) In the course of any stakeholder consultation required under these Regulations, the Cabinet Secretary shall make arrangements for the public to obtain copies, at a reasonable cost, of relevant documents relating to the strategic plan which are in the possession of the Cabinet Secretary.
- (4) The Cabinet Secretary shall ensure that comments or objections, received through the consultation process, are properly documented and considered.

Content of the National Petroleum Strategic Plan

7. (1) The strategic plan shall contain such information as the Cabinet Secretary may consider appropriate which may include the following—
- (a) any initiatives designed to achieve the objectives and priorities identified in the national petroleum policy on operations;
 - (b) The budgetary requirements for the implementation of the strategic plan;
 - (c) an elaboration of the state institutions and parties with responsibility for implementing elements of the strategic plan;
 - (d) implementation matrix of the strategic plan;

- (e) elaboration of any potential challenges to implementing the actions and consider any possible strategies to mitigate the effects of those challenges;
 - (f) Monitoring and evaluation criteria of the strategic plan.
- Publication of final strategic plan**
8. The Cabinet Secretary shall:
- a. publish the final strategic plan on the Ministry's Website; and,
 - b. Inform the public through the website of the Ministry, any electronic media or in at least two newspapers of national circulation of the publication of the document and how the document may be accessed.
- Implementation Report**
9. (1) The Cabinet Secretary shall within three (3) months after the end of each financial year, prepare and publish on the Ministry's website a report on the implementation of the strategic plan.
- (2) The report on the implementation of the petroleum strategic plan shall provide sufficient information to assess the progress and effectiveness of actions undertaken with respect to each element of the strategic plan.

PART 4 – LICENSING

- Initiating licensing**
10. (1) The Cabinet Secretary may, from time to time, initiate a licensing exercise for the allocation of petroleum rights, through issuance of a non-exclusive exploration permit or entering into a petroleum agreement where the Cabinet Secretary is satisfied that—
- (a) there are open areas or blocks that are suitable for licensing;
 - (b) licensing the areas or blocks shall be in accordance with the Act and any applicable national petroleum policy and strategy; or,
 - (c) any other preliminary assessment the Cabinet Secretary may require has been carried out and any other results of such assessment(s) have been sufficiently considered.

Non-exclusive exploration permits

**Form of
Application for a
Non-exclusive
Exploration
Permit**

- 11.** (1) An application for a non-exclusive exploration permit under regulations 15, 16 or 17 shall be made by a juridical person by completing and submitting the application form in the First Schedule to the Authority for issuance of a permit in accordance with the Act and these Regulations.
- (2) The information provided with the form shall be sufficiently detailed to enable a proper consideration of—
- (a) the purpose of the application;
 - (b) the identity of the applicant;
 - (c) the proposed area;
 - (d) the proposed work plan;
 - (e) potential environment, social and economic impacts, including proposed mitigations in respect of the proposed non-exclusive exploration activity.
 - (f) the technical capacity of the applicant;
 - (g) the financial capacity of the applicant;
 - (h) the legal capacity of the applicant;
 - (i) the financial capacity of the applicant;
 - (j) detailed information on the technology to be applied; and,
 - (k) any proposed commercial arrangements with respect to the use and marketing of data obtained under the non-exclusive exploration permit.
- (3) All applications shall be accompanied by the requisite fee as specified in Eighth Schedule.
- (4) The Authority shall, in evaluating other criteria in an application under sub-regulation 1, satisfy itself that an applicant possesses the technical, financial, legal and professional capacity to undertake the petroleum operations in the proposed area.

**Issuance of a
Non-Exclusive
Exploration
Permit**

- 12.** (1) A non-exclusive exploration permit issued under these Regulations shall be issued by the Authority in the form provided under the Second Schedule and shall—
- (a) Identify with reasonable precision the geographical area to which the permit applies;
 - (b) state the permitted activities for data collection;
 - (c) allow data collection activities for a specified duration not longer than three (3) years; and,
 - (d) state any other such restrictions and conditions as the Authority may deem fit.

- (2) The Authority shall inform the County Government affected by the non-exclusive exploration activities of the nature and status of such non-exclusive exploration activities.

Accompanying Agreement

13. (1) Prior to issuing a non-exclusive exploration permit, the Authority and an applicant shall enter into an agreement governing aspects of permitted activities and the use of data generated by those activities, the duration of which may extend beyond the period of the permit's validity, and on any other matter the Authority may require to be included.
- (2) A summary of the terms and conditions of the agreement may be attached to the permit with such exclusions as may be deemed necessary to preserve the confidentiality of commercially sensitive material.
- (3) In the event of a conflict arising from the interpretation or application between the provisions of a non-exclusive exploration permit and the accompanying agreement, the provisions the accompanying agreement shall take precedence.

Terms and Conditions for Non-Exclusive Exploration Operations

14. (1) A non-exclusive exploration permit or any accompanying agreement shall prescribe the terms governing the following aspects as applicable—
- (a) the date of issue of the permit;
 - (b) the duration of the permit;
 - (c) the area to which the permit relates;
 - (d) the type of non-exclusive exploration activity for which the permit is issued;
 - (e) the required work plan and deliverables;
 - (f) required work standards;
 - (g) the revenue sharing mechanism;
 - (h) the performance security;
 - (i) liability for environmental damage;
 - (j) health and safety obligations;
 - (k) data reporting;
 - (l) data licensing rights and any restrictions;
 - (m) model licensing agreements;
 - (n) transfer and assignment;
 - (o) cost management
 - (p) any other terms or conditions the Authority may prescribe.

Non-Commercial

15. The Authority may issue a non-exclusive exploration permit to a juridical person who wishes to use the data obtained for scientific,

**Non-Exclusive
Exploration
Operations**

research or educational purposes, on direct application by that person, provided that the petroleum operations authorized under such permit shall not be for any commercial purposes.

**Direct
application for
non-exclusive
exploration
permit**

16. (1) Where the Authority receives a direct application for a non-exclusive exploration permit for any commercial purpose, the Authority shall make a determination, in accordance with these Regulations, as to whether there are sufficient grounds to justify engaging in direct negotiations with the applicant.
- (2) Upon making a determination to engage in direct negotiations with an applicant under sub-regulation (1), the Authority shall publish a public notice in its website or any two (2) newspapers of national circulation and any other electronic media following the form in the Third Schedule —
- (a) providing the details of the applicant with whom the Authority intends to enter into direct negotiations;
 - (b) inviting any objections that a person may have with respect to the intended negotiations within fourteen (14) days of publication;
 - (c) inviting any party who may have a competing interest in the area under consideration to register an interest with respect to that area within fourteen (14) days of the publication of the notice.
- (3) Where one or more additional persons register a credible interest in the area under consideration, the Authority shall conduct a competitive licensing in accordance with the Act and these Regulations.
- (4) If, upon the end of the notice period, the Authority is satisfied that—
- (a) no reasonably justified additional competing interest in the area has been registered within the required notice period; and,
 - (b) no reasonably justified objection has been registered within the required notice period,
- then the Authority shall commence direct negotiations with the applicant.

**Competitive
licensing for a
non-exclusive
exploration
permit**

17. (1) Notwithstanding Regulation 16, the Authority shall conduct a competitive licensing process for a non-exclusive exploration permit where:
- (a) more than one applicant has applied for a non-exclusive exploration permit for the same area and activity;
 - (b) there is sufficient data in relation to an exploration area to warrant competition;

- (c) or under any other circumstance that may warrant competition.
- (2) The Authority shall, in conducting competitive licensing under sub-regulation (1), appoint committees to carry out bid opening, evaluation, negotiations, or implementation monitoring.
- (3) The Authority shall prepare and avail to interested applicants competitive licensing documentation with respect to each competitive licensing, block or area and such documentation shall—
 - (a) outline a description of activities that may be conducted by the successful applicant under the non-exclusive exploration permit;
 - (b) establish the required terms and conditions for participation in the competitive licensing including—
 - (i) the legal, technical and financial qualification criteria and required evidence; and
 - (ii) any financial security instruments required;
 - (c) establish the technical, financial and legal parameters that bids shall be subjected to; and
 - (d) establish a timeline for the receipt of bids, evaluation and the negotiation of the final terms and conditions of the permit with a successful applicant.
- (4) The Authority shall publish a notice of the competitive licensing process in its website and in at least two (2) newspapers of national circulation. The notice shall—
 - (a) provide a general description of the subject and the required submissions;
 - (b) set out the method and conditions to obtain bid documents; and,
 - (c) contain any other relevant matter.
- (5) The bid opening committee shall, following the closing of the period for submitting applications, open received applications, and record the names, addresses and other necessary details. Representatives of the applicants may attend the bid opening and a register of attendees shall be maintained.
- (6) The evaluation committee shall evaluate each received application in the following sequential stages—
 - (a) confirmation of the applicant's eligibility to participate in the process;
 - (b) confirmation of the applicant's compliance with the conditions set out in the competitive licensing documentation under sub-regulation (3);

- (c) evaluation of the applicant's technical capacity;
- (d) evaluation of the applicant's legal capacity; and
- (e) evaluation of the applicant's financial capacity.
- (7) The evaluation committee shall ensure that each stage in the conduct of the tender and the evaluation process is properly documented.
- (8) During the evaluation, the Authority may openly request any further information or clarification from all of the applicant's as deemed necessary to evaluate the applications.
- (9) Upon conclusion of the evaluation, the committee shall prepare a detailed evaluation report which shall include appropriate recommendations to the Authority.
- (10) Following the evaluation process the Authority shall—
 - (a) inform all applicants of the outcome of the evaluation; and,
 - (b) invite the successful applicant to negotiate the terms and conditions for the award of the non-exclusive exploration permit.
- (11) In the event that there are two (2) or more indistinguishable applications received on the same area such that there is no clear successful applicant, the Authority may invite the relevant applicants to submit an enhanced bid in order to determine the successful bidder.
- (12) In the event that negotiations with a successful applicant are not concluded within thirty (30) days from the date of the notice of intention to award, the Authority may within fourteen (14) days invite the next highest ranked applicant on the relevant area to enter into negotiations for the award of the non-exclusive exploration permit.
- (13) Upon the successful conclusion of negotiations, the parties shall execute the finalised agreement and the Authority shall formally issue the non-exclusive exploration permit in accordance with the law.
- (14) The Authority shall publish in its website the details of all awards of a non-exclusive exploration permit including details of the identities of the permit-holders, the permit areas, the duration of the permit, the activities permitted and any further details as the Authority may deem fit.

Operations

- 18.** (1) A non-exclusive exploration permit holder shall comply with the provisions of the Petroleum (Upstream Petroleum Operations) Regulations in conducting petroleum operations

Permit Extension

- 19.** (1) The permit holder may apply in writing to the Authority for an extension of the duration of the non-exclusive exploration permit no later than ninety (90) days prior to the expiry of the non-exclusive exploration permit. Any extension period granted by the Authority

shall not exceed a cumulative period of fifty percent (50%) of the initial duration of the permit.

(2) The permit holder's application shall—

- (a) Outline its performance of its obligations up until the date of expiry of the non-exclusive exploration permit;
- (b) State its justifications for requiring an extension to complete the work plan;
- (c) Outline any further work it may propose to add to the work plan, if applicable; and,
- (d) Provide an acceptable performance security for the intended extension period.

(3) The Authority shall, if satisfied that the permit holder has performed the obligations under the non-exclusive exploration permit grant the extension subject to any conditions that it may deem appropriate.

Revocation or suspension of a non-exclusive exploration permit

20. (1) Where the permit holder has breached any of the obligations under the permit, the Authority may suspend or revoke a non-exclusive exploration permit in accordance with section 81 of the Act.

(2) A suspension or revocation of a permit shall not abdicate the permit holder from complying with any other order or direction issued by the Authority in accordance with the Act or these Regulations

Awarding petroleum agreements

Qualifications

21. (1) The Cabinet Secretary may award rights through a petroleum agreement to an applicant if the Cabinet Secretary is satisfied the applicant is sufficiently qualified to undertake the proposed activities under a petroleum agreement as provided for in the Act.

(2) Prior to any licensing, the Cabinet Secretary shall assess the financial, technical, and legal capacity of applicants to perform activities under the petroleum agreement.

(3) The Cabinet Secretary shall require applicants to submit detailed and relevant information to enable a proper assessment of the applicants' suitability to conduct petroleum operations. Information required shall include the information outlined in Fifth Schedule covering an applicant's—

- (a) legal and administrative capacity;
- (b) financial capacity; and
- (c) technical capacity.

(4) Applicants shall provide accurate and up-to-date information. Any applicant shall immediately inform the Cabinet Secretary

of any material changes affecting its capacity that occur during the licensing process or the duration of any petroleum agreement.

Bidding Rounds

Initiating a bidding round

22. (1) Where the Cabinet Secretary has decided to initiate a bidding round for purposes of entering into a petroleum agreement, the Advisory Committee shall advise the Cabinet Secretary in accordance with section 13 of the Act on relevant matters with respect to the bidding round including —

- (a) the strategic and policy objectives of the bidding round which may include—
 - (i) providing further understanding of Kenya's petroleum resources;
 - (ii) the responsiveness of the applicant to the policy objective of the bid round;
 - (iii) the proposed work program on any minimum requirements to set out to the invitation to bid or tender documents;
 - (iv) the proposal for the initial participating interest and additional participating interests to be held by the Government;
 - (v) promotion and marketing of open acreage and petroleum potential;
 - (vi) promoting security of oil and gas supply;
providing opportunities for development of local content; and
 - (vii) any other objectives as the Cabinet Secretary may consider appropriate.
- (b) key parameters of the bidding round including—
 - (i) the areas to be made available for licensing;
 - (ii) fiscal terms that reflect value for Kenya and the objectives of the bidding round;
 - (iii) pre-qualification criteria and procedures;
 - (iv) bid evaluation criteria; and
 - (v) model terms and conditions to apply to petroleum agreements.
- (c) key administrative aspects of the bidding round including—
 - (i) bid submission procedures;

- (ii) bidding round schedule for the receipt and consideration of bids;
- (iii) details of required submissions;
- (iv) details of any financial security required;
- (v) the establishment of committees to assist the Cabinet Secretary in the tender process; and
- (d) any other relevant matter.

Pre-qualification 23. Subject to Regulation 22, the Cabinet Secretary shall commence the bidding round through pre-qualification and —

- (a) issue a notice on the Ministry's website, two (2) newspapers of wide national circulation and any other electronic media inviting interested applicants to apply for prequalification and outlining the following information—
 - (i) an overview of the proposed bidding round schedule and offered areas;
 - (ii) the qualification criteria;
 - (iii) the mode of application for prequalification including the submission timeframe, location and fees; and,
 - (iv) any other information that the Cabinet Secretary deems necessary.
- (b) assess the applications received to develop a list of prequalified applicants;
- (c) inform any applicants who do not meet the requirements for prequalification; and,
- (d) invite successfully prequalified applicants to participate in the bidding round.

Bidding round documentation 24. (1) Following the pre-qualification process, the Cabinet Secretary shall issue the bidding round documentation to all pre-qualified applicants.

- (2) The bidding round documentation shall contain sufficient information to enable applicants to participate in the bidding and may include, , the categories of information outlined in Sixth Schedule 6 including—
 - (a) an overview of the proposed bidding round schedule and offered areas;
 - (b) qualification criteria and required submissions;
 - (c) the availability and conditions of access to relevant geological or geophysical data;
 - (d) bid security conditions;
 - (e) bid evaluation criteria;

- (f) the applicable fiscal terms that that bidders should quote;
- (g) local content;
- (h) the terms and conditions for the preparation and submission of bids;
- (i) the application fees applicable to the bidding round;
- (j) the model terms and conditions for petroleum agreements; and
- (k) any other categories deemed necessary or desirable.

**Bid Evaluation
Procedure**

- 25.** (1) The Cabinet Secretary shall appoint a bid opening committee which shall, following the closing of submissions for the bidding round, open received bids and record the names, addresses and other necessary details.
- (2) Representatives of the bidders may attend the tender opening and a register of attendees will be kept.
- 26.** (1) The Cabinet Secretary shall appoint an evaluation committee which shall, following the opening of bids, evaluate each bid in the following sequential stages;
- (a) confirmation of the eligibility of the bidding entity as pre-qualified;
 - (b) confirmation that the bid complies with all administrative conditions and is accompanied by evidence of the required security;
 - (c) assessment and ranking of the bids on the basis of technical, financial and legal capacity in accordance with the established bidding criteria.
- (2) During the evaluation, the Cabinet Secretary may openly request any further information or clarification from all of the applicants as is deemed necessary to evaluate the bids.
- (3) The Cabinet Secretary shall ensure that all bids are properly ranked according to the established bidding criteria for the bidding round and shall determine the successful bidder for each available block.
- (4) Upon conclusion of the evaluation, the committee shall prepare a detailed evaluation report which shall include appropriate recommendations to the Cabinet Secretary.
- (5) In the event that there are two (2) or more indistinguishable bids received on the same block such that there is no clear successful bidder, the Cabinet Secretary may invite the relevant bidders to submit an enhanced bid in order to determine the successful bidder.

**Notice of
intention to
award**

- 27.** (1) Upon considering the evaluation report, the Cabinet Secretary shall—

- (a) inform all bidders through a notice of intention to award of the identity of any bidder selected to commence negotiation for the award of a petroleum agreement;
 - (b) publish the results of the bid evaluation on the Ministry's website, or two (2) newspapers of wide national circulation and any other electronic media; or,
 - (c) take any other appropriate action in accordance with these Regulations and the Act.
- (2) Where an unsuccessful bidder considers there are grounds to appeal the results of the bid evaluation, the unsuccessful bidder may appeal to the Energy and Petroleum Tribunal within fourteen (14) days of receiving the notice of the intention to award.

Negotiations and execution

28. (1) The petroleum agreement shall be negotiated and finalised in good faith on the basis of submitted bids and, the model contractual terms and conditions.
- (2) In the event that negotiations with a selected bidder are not concluded within thirty (30) days from the date of the notice of intention to award, the Cabinet Secretary may within fourteen (14) days invite the next highest ranked bidder on the relevant block to enter into negotiation for the award of a petroleum agreement.
- (3) Upon the successful conclusion of negotiations, the Cabinet Secretary shall execute the finalised agreement in accordance with the Act and publish the details of the successful bidders on the Ministry's website or a two (2) newspaper of national circulation and any other electronic media.

Direct Negotiations

Initiating direct negotiations

29. (1) The Cabinet Secretary may initiate direct negotiations in respect of a petroleum agreement on the recommendations of the Advisory Committee, in accordance with section 18 of the Act and these Regulations.
- (2) The Cabinet Secretary upon receipt of applications for direct negotiations, shall confirm that applicants meet the appropriate financial, technical, legal, and administrative capacity requirements to be awarded a petroleum agreement prior to initiating the notice required under this Regulation.
- (3) Upon confirmation that the applicants in sub regulation (2) meet the requirements, the Cabinet Secretary shall submit the applications to the Advisory Committee for consideration.
- (4) The Cabinet Secretary may, upon the recommendation of the Advisory Committee make a determination as to whether there are sufficient grounds to justify engaging in direct negotiations

for a petroleum agreement with an applicant as provided for in the Act.

- (5) Upon determination to engage in direct negotiations with an applicant, Cabinet Secretary shall publish a public notice in the Ministry website or any two (2) newspapers of national circulation and any other electronic media following the form in Fourth Schedule—
 - (a) providing the details of the applicant with whom the Cabinet Secretary intends to enter into direct negotiations;
 - (b) inviting any objections that a person may have with respect to the intended negotiations within fourteen (14) days of publication;
 - (c) inviting any party who may have a competing interest in the area under consideration to or register an interest with respect to that area within fourteen (14) days of the publication of the notice.
- (6) Where one or more additional parties register a credible interest in the block under consideration, the Cabinet Secretary shall conduct the licensing exercise by means of a competitive bidding round in accordance with the Act and these Regulations.
- (7) If, upon the end of the notice period, the Cabinet Secretary is satisfied that—
 - (c) no reasonably justified additional competing interest in the block has been registered within the required notice period; and,
 - (d) no reasonably justified objection has been registered within the required notice period,

then the Cabinet Secretary shall commence direct negotiations with the applicant interested in the block with the advice of the Advisory Committee.

Conduct of direct negotiations

- 30.** (1) Where the Cabinet Secretary is advised to enter into direct negotiations with an applicant for the award of a petroleum agreement, the Advisory Committee shall recommend to the Cabinet Secretary an appropriate criteria for the negotiation of the petroleum agreement.
- (2) The Cabinet Secretary, shall—
 - (a) establish suitable objectives for the negotiation that include but are not limited to the following—
 - (i) achieving work commitments and timeframes that achieve the objectives of the negotiation;
 - (ii) achieving acceptable fiscal criteria that reflect value for Kenyans;

(iii) ensuring acceptable technical, financial, legal and administrative capability to safeguard Kenya's interests; and

(iv) ensuring acceptable safety and environmental arrangements considering the risks associated with petroleum operations under the petroleum agreement.

(b) establish the information required from an applicant applying to enter into direct negotiations that comply with the information outlined in Fifth Schedule , including payment of an application fee; and

(3) The Advisory Committee shall review the outcome of the concluded negotiations and make recommendations to the Cabinet Secretary.

(4) Upon the execution of the petroleum agreement, the Cabinet Secretary shall publish details of the contractor on the Ministry's website and the Kenya Gazette.

Termination of licensing process

31. (1) Proceedings relating to a competitive licensing process, competitive bidding or direct negotiations process with respect to a non-exclusive exploration permit or a petroleum agreement shall terminate-

(a) Where the process concludes with the issuance of a non-exclusive exploration permit and execution of the accompanying agreement with respect to such permit or the execution of a petroleum agreement in accordance with these Regulations;

(b) Where the Cabinet Secretary or the Authority, as the case may be, on the advice of a committee or the Advisory Committee so declares;

(c) Upon the occurrence of any event or condition that results in termination as may be expressly provided for in the bid documentation;

Provided that the Cabinet Secretary or the Authority, as the case may be, shall notify any participating applicant, bidder or entity of the termination of such proceedings and the notification shall be published in the Ministry's website and Kenya Gazette.

(2) The Cabinet Secretary or the Authority, as the case may be, shall discharge any bid security that is still in place on the date of the notification in sub-regulation (1).

Performance security

32. (1) A contractor shall provide and maintain a security for the performance of the contractor's minimum work and expenditure obligations.

(2) Any performance security under sub-regulation (1) shall be-

(a) be agreed in the petroleum agreement; .

- (b) drawn in favour of the Cabinet Secretary for a specified amount;
 - (c) include terms providing for the immediate and unconditional release or payment of the secured amount;
 - (d) in the form of a local bank guarantee, parent company bank guarantee, or a combination thereof; and,
 - (e) valid throughout the duration of each phase of the exploration period.
- (3) The contractor shall submit the performance security to the Cabinet Secretary, within ninety (90) days after execution of the petroleum agreement but before the commencement of the initial exploration period.
 - (4) The Cabinet Secretary shall, in writing, either confirm that the performance security is acceptable or provide justifications for rejecting the security within fourteen (14) days of receiving the proposed performance security.
 - (5) The contractor may, no later than sixty (60) days prior to the commencement of a subsequent exploration phase, request the Cabinet Secretary to exchange the security or otherwise alter the terms of the security to reduce the secured amount in proportion to the obligations already performed by the contractor and confirmed by the Authority as having been fully performed.
 - (6) The contractor shall submit supporting documents that confirm the extent of the obligations already performed under the petroleum agreement.

PART 5 – REQUIREMENTS AND PROCEDURES FOR UNITIZATION

Unitization

33. (1) Where a contractor has informed the Cabinet Secretary of a discovery that extends into more than one contract area within Kenya, the Cabinet Secretary shall confer with the Authority to enable the Authority to make a decision as to whether to require joint development of the discovery between the affected contractors in accordance with a unitization agreement. The Authority shall inform the affected contractors of its decision within ninety (90) days.
- (2) Within ninety (90) days of receiving a decision requiring contractor(s) to proceed with the joint development of a discovery in accordance with regulation 31, the affected contractor(s) shall negotiate and submit to the Authority a pre-unitization agreement covering—
 - (a) the proposed initial interests of the contractor(s);
 - (b) allocation of responsibility for the preparation of draft work programmes and budgets;
 - (c) the procedures for review and approval of any pre-unitization operations; and

- (d) the procedures for negotiation of the unitization agreement.
 - (3) Following the submission of the pre-unitization agreement, the contractor(s) shall expeditiously negotiate a unitization agreement with a view to maximizing the economic recovery of petroleum from the reservoir(s).
 - (4) The unitization agreement shall include the following matters—
 - (a) a process to prepare and submit a joint development plan for the reservoir(s) to the Authority;
 - (b) procedures for evaluating reserves and their distribution in the joint development area;
 - (c) principles for apportionment of produced petroleum from the reservoir(s) to each contractor;
 - (d) designation of an operator;
 - (e) procedures governing the frequency and methods for re-evaluating the parties' respective interests during the development including procedures for the resolution of any technical or other disputes; and
 - (f) any other terms the Authority may require.
 - (5) The contractor(s) shall submit the unitization agreement and any other related documents affecting joint operations between the contractor(s) to the Authority for approval within 24 months.
 - (6) If the contractors propose to redetermine their interests in the joint development or to amend a unitization agreement or any other document affecting joint operations, the details of such redetermination or amendment shall be submitted to the Authority for prior approval.
 - (7) Where a discovery extends beyond the contractor's license area into an unlicensed area within Kenya, the Authority shall deliberate as to the most effective and beneficial way to ensure the additional area is licensed to enable efficient development of the discovery.
 - (8) Where a discovery extends beyond the contractor's license area into a neighbouring country's territory, the Cabinet Secretary shall, following the advice of the Advisory Committee, expeditiously initiate steps, to reach an agreement between Kenya and the neighbouring country establishing a legal framework for development of the discovery.
- 34.** (1) The parties to a unitization agreement shall submit a joint development plan to the Authority for the reservoir(s) within eighteen (18) months from the approval of the unitization agreement, or such longer time as the Authority may approve.
- (2) The joint development plan shall conform to the requirements of the Act relating to field development plans.

**Joint
Development
Plan**

- (3) The Contractors shall propose an allocation criterion for costs in the joint development plan.
- (4) Where a joint development plan is not submitted within the time limit established, the Authority may contract an independent third-party expert to prepare the joint development plan, in accordance with best petroleum industry practices and at the expense of the contractors.
- (5) The relevant Contractors shall be jointly and severally liable for the costs incurred under sub-regulation (4).
- (6) Where the contractor(s) fail to cooperate with the independent third-party expert in the preparation of the joint development and production plan or where the contractors fail to agree to jointly implement the joint development and production plan in sub-regulation (4), the provisions of section 36 (7) of the Act shall apply..

PART 6 – TRANSFER OR ASSIGNMENT OF PETROLEUM RIGHTS

Transfer or assignment of rights under a petroleum agreement

- 35. (1) An application for approval of an assignment pursuant to section 26 of the Act shall be submitted to the Cabinet Secretary by the Contractor using the form provided in Seventh Schedule.
- (2) The contractor and proposed transferee shall provide to the Cabinet Secretary—
 - (a) a report on the status of work carried out under the petroleum agreement against the approved work programme;
 - (b) copies of all relevant documentation relating to the proposed transfer including copies of all agreements;
 - (c) all documentation necessary to establish the prospective transferee's technical, financial, legal and administrative capacity to hold petroleum rights in Kenya and to perform contractors obligations under a petroleum agreement; and
 - (d) any such other information as the Cabinet Secretary may request to enable a fully informed decision on the proposed transfer.
- (3) Once the Cabinet Secretary receives the transfer of interest, the Cabinet Secretary shall seek advice from Authority.
- (4) Upon receipt of recommendation from the Authority, the Cabinet Secretary shall refer the application and recommendation to the Advisory Committee within fourteen (14) days to assess suitability of transferee and the acceptability of the proposed transfer; and
- (5) The Cabinet Secretary may grant permission for a proposed transfer if he is satisfied that—

- (a) the contractor is not in default of any obligation under the petroleum agreement, the Act and any other relevant Kenyan law;
 - (b) the prospective transferee has provided sufficient financial security for the execution of obligations under the petroleum agreement;
 - (c) the proposed transferee possesses technical, financial, legal and administrative capacity to hold petroleum rights in Kenya and to perform contractor's obligations under a petroleum agreement
 - (d) there is no reason to believe that the transfer of that interest shall be against Kenyan public interest or safety as provided under the Kenyan law;
 - (e) the Kenya Revenue Authority has assessed the taxes payable with respect to the transfer; and
 - (f) the Authority has had sufficient opportunity to examine the proposed transfer and make recommendations.
- (6) The contractor and the proposed transferee shall ensure the continuity of effective insurance arrangements to cover the risks of operations under the petroleum agreement as required by the Act and the applicable contract.
 - (7) The Cabinet Secretary shall require an assignee to provide a performance security in accordance with Regulation 32 for the performance of the obligations of the contractor as a condition precedent of the approval of any transfer.
 - (8) The Cabinet Secretary shall issue a written decision to approve or reject the transfer.
 - (9) Where the Cabinet Secretary rejects the recommendations of the Authority under this section, the Cabinet Secretary shall provide his reasons for the rejection in writing to the Authority, within fourteen (14) days.

PART 7 – TERMINATION OF PETROLEUM RIGHTS

Termination of petroleum agreements

- 36. (1) A petroleum agreement shall specify the procedure for termination of the petroleum agreement including criteria that entitle the parties to terminate the agreement.
- (2) Where the Authority has reached a determination that there are sufficient grounds to justify the suspension or termination of a petroleum agreement under the terms of that petroleum agreement or the Act, it shall notify the Advisory Committee of this decision, outlining its reasoning and providing any relevant information supporting its view along with any relevant additional evidence.

- (3) Upon receiving a notification from the Authority under sub-regulation (1), the Advisory Committee shall promptly consider the information provided by the Authority and make appropriate recommendations to the Cabinet Secretary.
- (4) Upon receiving the advice of the Advisory Committee under sub-regulation (3), the Cabinet Secretary shall promptly consider the information provided by the Advisory Committee.
- (5) If the Cabinet Secretary deems it necessary, he may conduct any additional inquiries necessary to determine whether to proceed with a formal notice to suspend or terminate the contractor as provided in the Act or in the petroleum agreement.

Notice of suspension or termination of petroleum agreements

- 37.** (1) If the Cabinet Secretary determines that there are sufficient grounds to justify the suspension or termination of a petroleum agreement, he may issue a formal notice to the contractor in accordance with the Act or the petroleum agreement.
- (2) The notice shall stipulate—
- (a) the grounds for termination;
 - (b) any information supporting the Cabinet Secretary’s decision to issue the notice; and
 - (c) if applicable under the petroleum agreement—
 - (i) any actions required to remedy the circumstances forming grounds for termination; and
 - (ii) the date by which such actions must occur to allow the Cabinet Secretary to withdraw the notice.

Withdrawal of notice of suspension or termination

- 38.** (1) If, after serving a formal suspension or termination notice to the contractor, the Cabinet Secretary is satisfied that the contractor has undertaken remedial action within the prescribed notice period, the Cabinet Secretary will formally withdraw such notice.
- (2) The Cabinet Secretary shall notify the Advisory Committee of its decision on the withdrawal of a notice of suspension or termination.

Suspension

- 39.** Where a notice of suspension has been issued and the Cabinet Secretary is not satisfied that the circumstances that warranted commencing suspension procedures have been adequately remedied so as to justify withdrawing the notice within the time period stipulated in the notice of suspension, the Cabinet Secretary may commence the process to terminate the petroleum agreement in accordance to the Act and these Regulations.

Termination

- 40.** Where a notice of termination has been issued and the Cabinet Secretary is not satisfied that the circumstances that warranted commencing termination procedures have been adequately remedied so as to justify withdrawing the notice within the time period stipulated in the notice of termination, the Cabinet Secretary

may terminate the petroleum agreement in accordance to the Act and these Regulations. The Cabinet Secretary shall formally notify the contractor that he has terminated the petroleum agreement.

Post termination obligations

41. (1) Where a petroleum agreement or non-exclusive exploration permit terminates or otherwise expires—

- (a) the transfer of ownership or responsibility for the contract area and facilities to any party or the decommissioning of and rehabilitation of the contract area or permit area and facilities shall proceed as contemplated under the petroleum agreement or non-exclusive exploration permit and the Act;
- (b) the contractor or permit holder shall, within thirty (30) days of the date of termination, deliver to the Cabinet Secretary and the Authority, in the required format: —
 - (i) all records including financial statements, contracts with respect to the petroleum agreement or non-exclusive exploration permit and activities executed or planned under the petroleum agreement or non-exclusive exploration permit;
 - (ii) all plans or maps of the contract area or permit area which were prepared by or on the instructions of the contractor or permit holder;
 - (iii) all technical data, diagrams, models, profiles, and charts which were prepared by the contractor or permit holder in relation to activities executed or planned under the petroleum agreement or non-exclusive exploration permit; and
 - (iv) other documents and information as the Cabinet Secretary or Authority may require.
- (2) A contractor or permit holder shall ensure that, upon termination of a petroleum agreement or non-exclusive exploration permit and before cessation of production, all wells and facilities are left in a state of good repair to the satisfaction of the Authority and in accordance with the Law.
- (3) Notwithstanding the termination or expiry of a petroleum agreement or non-exclusive exploration permit, a contractor or permit holder shall not be relieved of environmental liability.
- (4) The liability of a contractor in respect to decommissioning shall survive the petroleum agreement in accordance with the Law.

PART 8 – TRANSPARENCY AND ACCOUNTABILITY

Access to information

- 42.** (1) The Cabinet Secretary and the Authority shall publish in their respective websites a summary of the applicable procedures for the allocation of petroleum rights as provided for in the Act and other Laws on information access.
- (2) The Cabinet Secretary shall, from time to time, publish the details of how citizens may access information required to be stored under these Regulations in accordance with the prevailing national government policy concerning publication of upstream licensing and operations.

Maintenance of information

- 43.** (1) The Cabinet Secretary shall maintain a register of up-to-date information on upstream petroleum operations and related activities in secure formats as provided for in the transparency and accountability framework established in accordance with section 119 of the Act and any other information as the Cabinet Secretary may require, including—
- (a) identifying information on the applicable petroleum agreement and its location;
 - (b) identifying information on the corporate entities (including the beneficial owners of such entities and their representatives) or individuals holding or applying for petroleum agreement;
 - (c) relevant dates of operations, submissions and any significant event in relation to the award of the petroleum agreement; and
 - (d) any information on assignment of petroleum rights, transfer, extensions, termination or any other significant dealing or event related to the petroleum agreement.

PART 9 – FISCAL OBLIGATIONS

Signature bonus

- 44.** (1) A contractor shall pay a signature bonus prior to the award of a petroleum agreement,
- (2) The Cabinet Secretary shall;
- i. Specify the amount of the signature bonus to be paid in sub-regulation (1) or
 - ii. Allow for competitive bidding of the amount of signature bonus in sub-regulation (1)
- (3) A contractor shall pay the bonus to the National Government.

Surface fees

- 45.** (1) The contractor shall pay an annual surface fee for the contract area calculated per square kilometre for the acreage held under a petroleum agreement at the beginning of each contract year.
- (2) The surface fees specified in sub regulation (1) above shall apply during exploration, development and production phases.

- (3) The contractor shall pay the amount calculated in sub regulation (1) to the Ministry.
 - (4) The contractor shall submit to the Authority evidence of payments under the Act and these Regulations.
- Administration of surface fees, signature bonus and other fees**
46. (1) The accounting officer of the Ministry shall collect and administer signature bonus, surface fees, and other fees as may be prescribed under the petroleum agreement.
- (2) The accounting officer shall open a bank account with a reputable local bank which is solely dedicated to the fees.
- (3) The fees shall be deposited by the contractor in the account specified in sub regulation (2).
- (4) All funds under sub regulation (3) shall be utilised by the Ministry to promote upstream petroleum operations except for training.
- (5) Before funds may be withdrawn the accounting officer shall sufficiently document the following—
- a) the purpose and relevance of the activity.
 - b) the anticipated costs for the activity.
 - c) any necessary incidental expenses related to the proposed activity.
- (6) The accounting officer shall cause to be maintained accurate books of accounts and other records in relation to the fund of all activities and undertakings financed from the fund.
- (7) No later than three (3) months after the end of each financial year, the accounting officer shall prepare and sign statement of accounts for the fees relating to that financial year in accordance with the relevant laws.

PART 10- TRAINING FUND

- Sources of Funds**
47. (1) The training fund established under subsection 52(2) of the Act may comprise—
- (a) such training fees prescribed under petroleum agreements;
 - (b) such monies as may be appropriated by the National Assembly out of the Consolidated Fund;
 - (c) any grants, gifts, donations or bequests;
 - (d) any interest earned on the moneys in the fund;
 - (e) any authorized reallocations into the fund;
 - (f) such monies as may be allocated for that purpose from investments, fees or levies imposed or administered by the Cabinet Secretary or the Authority for training and development; and,
- (2) monies accruing to or received by the Cabinet Secretary or the Authority from any other source and set aside for training.
- Objective of the fund**
48. The training fund shall be used to finance the training of Kenyans and the development of institutional academic capacity in upstream petroleum operations and related programmes through-

- (a) Any level of academic training;
- (b) Local and international programmes;
- (c) Tailor-made and existing programmes;
- (d) Developing institutional frameworks and programmes;
- (e) Supporting initiatives for institutional capacity improvement; and,
- (f) Any other means that support the objective of the training fund.

Guiding principles

49. The fund shall be managed, administered, and operated in accordance with the national values and principles of governance, principles of public finance and values and principles of public service.

Administration of the Fund

50. (1) The administration, management and operations of the training fund is vested in the Ministry.

(2) The accounting officer of the Ministry or a person designated by him in writing shall be the administrator of the training fund.

(3) There is established the Upstream Petroleum Training Fund Committee which shall support the administration, management, and operations of the training fund.

(4) The Training Fund Committee shall comprise-

- (a) the administrator of the fund or an authorized representative who shall be the chairperson;
- (b) the person in charge of human resources management at the Ministry or an authorized representative who shall be the secretary;
- (c) the person in charge of petroleum at the Ministry or an authorized representative;
- (d) the person in charge of upstream petroleum at the Authority or an authorized representative;
- (e) three (3) employees in the department responsible for upstream petroleum in the Ministry who shall be appointed by the accounting officer in a manner to reflect diversity in seniority, expertise, gender;

(5) The administrator may, on recommendation of the training fund committee, co-opt not more than three (3) persons who are knowledgeable in the matters prescribed for under these Regulations or any other relevant matter. The co-opted persons shall serve for specific purpose and time.

(6) The Training Fund Committee established under sub-regulation (3) shall be responsible for-

- (a) developing the Training Fund Manual;
- (b) developing the annual training work plan and budget;
- (c) preparing annual reports;
- (d) developing procedures and criteria for beneficiaries, programmes, initiatives fund allocation;
- (e) overseeing the utilization of the fund;

(7) The Training Fund Committee shall prepare procedures or other instruments to govern its proceedings.

Training fund manual

51. (1) The training fund manual under the Ninth Schedule shall govern the operations of the fund and shall at the minimum provide for-

- (a) procedures for and considering making applications for funding;
- (b) criteria for the identification of beneficiaries, programmes and initiatives;
- (c) criteria for allocation of funds;
- (d) responsibilities and obligations of the Training Fund Committee, administrator, secretary and beneficiaries;
- (e) dispute resolution;
- (f) a framework for monitoring and evaluation;
- (g) standard documents to be used;

(2) The training fund committee shall review the training fund manual from time to time.

Training Fund Account

52. (1) On the recommendation of the Training Fund Committee, the administrator shall maintain a bank account with a reputable local bank to collect and administer moneys of the fund.

(2) The bank account shall not be used for any other purposes than as provided for in these Regulations.

(3) The bank account shall be jointly operated with the express authority of the Training Fund Committee by at least two (2) of its members and the person in charge of accounts in the Ministry.

(4) Training Fund Committee shall authorize the closure of any bank account of the fund.

Budget

53. (1) At least three months before the commencement of each financial year, the Training Fund Committee shall prepare estimates of all income and expenditure required for the purposes of these Regulations for the following year and shall present such estimates to the Cabinet Secretary for approval.

(2) Training Fund Committee may prepare supplementary estimates and shall present such estimates to the Cabinet Secretary for approval.

- (3) No funds of the training fund shall be reallocated to any other programmes or votes of other budgets.

Annual training plan

- 54.** (1) At least three months before the commencement of each financial year, the Training Fund Committee shall submit a plan for the specific proposed training activities during the following year to the Cabinet Secretary for approval.
- (2) The annual training plan shall outline—
- (a) the total expected available funds for the relevant year;
 - (b) the proposed training needs and programs for Kenyans for the relevant year;
 - (c) the proposed institutional development initiatives of academic institutions for the relevant year;
 - (d) the purpose and relevance of any proposed training programs or institutional development initiatives;
 - (e) the proposed recipients of the training or development initiatives;
 - (f) the anticipated costs for the proposed training or institutional development initiatives;
 - (g) the providers of the proposed training or institutional development initiatives;
 - (h) the proposed dates and duration for the training or institutional development initiatives;
 - (i) any necessary incidental expenses related to the proposed activities; and,
 - (j) any other relevant information.

Responsibilities of Recipients

- 55.** (1) Any Kenyan national or academic institution desiring to undertake a programme or initiative for which the training fund is established may make an application to the Ministry as may be prescribed by the manual or Training Fund Committee and shall provide the complete, relevant and accurate information to support an application in a timely manner.
- (2) A person who is a recipient of funds from the fund shall abide by these Regulations and any other applicable requirements as may be prescribed in writing.
- (3) A person who is a recipient of the fund shall be held liable for the loss or misuse of such funds and shall indemnify the fund thereof.

Maintenance of database

- 56.** (1) The administrator shall maintain a database containing all expertise, skills, knowledge acquired to the country's upstream petroleum knowledge base.
- (2) The administrator shall maintain a register of all beneficiaries of the fund in sufficient detail.

Management of the Fund

- 57.** (1) The administrator shall cause to be kept accurate books of accounts and other books and records in relation to the Fund of all receipts, activities and undertakings financed from the Fund.
- (2) Financial records shall be maintained in manual and electronic form.
- (3) The administrator shall develop mechanisms to ensure that financial records are safeguarded, accurate, reliable and free from fraud.
- (4) Any alteration or deletion of any financial record or data whether electronic or manual must be authorised and approved in writing by the administrator on the recommendation of the Training Fund Committee.
- (5) All Journal entries and vouchers shall be supported by sufficient explanations, authorizations, and documentation to facilitate the accounting adjustments.
- (6) All receipts and payment vouchers shall be properly supported by the appropriate authorization and documentation.
- (7) All receipts and payment vouchers shall be, or made out, in indelible ink and shall contain adequate narration of the particulars of the services, goods or works procured and being paid for.
- (8) The administrator shall ensure that proper control systems exist for safe keeping of assets.
- (9) The administrator shall put in place proper processes and procedures, both electronic and manual, for the effective, efficient, economical, and transparent use of the Fund's assets.
- (10) No later than three (3) months after the end of each financial year, the administrator shall prepare, sign and a statement of accounts for the training fund relating to that financial year in accordance with the relevant laws.

PART 11– OFFENCES AND PENALTIES**Penalties**

- 58.** A person who contravenes provision of these Regulations for which no specific penalty is provided for, the provisions of section 124 of the Act shall apply.

PART 12- MISCELLANEOUS PROVISIONS**Guidelines**

- 59.** The Cabinet Secretary in consultation with the Authority may issue any further guidelines, processes, instructions, forms, or templates to contractors as may be considered necessary, practical, or prudent for the effective operationalization of these Regulations.

Land access and acquisition

- 60.** A contractor or any person requiring access to land or an interest in land for upstream petroleum operations shall comply with the provisions of the Act, applicable laws and guidelines as may be issued by Cabinet Secretary and the Authority.

PART 13 – SAVINGS AND TRANSITIONAL PROVISIONS

- | | |
|---|---|
| Repeal of Legal Notices
number 193/1984
and 132/2006 | 61. (1) Subject to regulation 62, the Petroleum (Exploration and Production) Regulations, 1984 (L.N. 193/1984) are repealed.
(2) Subject to regulation 54 and sub-regulation (3), the Petroleum (Exploration and Production) (Training Fund) Regulations, 2006 (L.N. 132/2006) are repealed.
(3) The administrator of the fund shall cause to be transitioned into the fund established under these Regulations, any monies, books of accounts and other records of the fund established under the Petroleum (Exploration and Production) (Training Fund) Regulations, 2006 (L.N. 132/2006). |
| Savings | 62. Notwithstanding regulation 61, anything done under the provisions of the Petroleum (Exploration and Production) Regulations, 1984 (L.N. 193/1984) and the Petroleum (Exploration and Production) (Training Fund) Regulations, 2006 (L.N. 132/2006) before the commencement of these Regulations shall be deemed to have been done under the provisions of these Regulations, provided that it is consistent with these Regulations. |
| Effective date | 63. These Regulations shall come into force on the date of their publication in the Kenya Gazette. |

FIRST SCHEDULE

Regulation 11

APPLICATION FORM FOR NON-EXCLUSIVE EXPLORATION PERMIT

Information to accompany non-exclusive exploration permit application under these Regulations—

APPLICANT OVERVIEW		
LEAD APPLICANT/PERMIT HOLDER		
	Name	Percentage participation
1		
OTHER CONSORTIUM MEMBERS (if applicable)		
2		
3		
4		
...		
Date of application:		

APPLICANT DETAILS (provide for all consortium members)	
Name:	
Nationality:	
Home office address:	
Phone	
Email:	

Website:	
Applicant Representative Details in Kenya	
Name	
Phone:	
Address:	
Email:	
Website:	
Physical address in Kenya:	
Parent company information (if applicable)	
Provide information on ownership structure the group and parent company up to the ultimate controlling entities (include all details as outlined above)	

PROPOSED PERMIT AREA(S) UNDER APPLICATION			
	Area Details		
	Location and Coordinates	Size (km ²)	Order of preference
A			
B			
...	(Add rows if necessary)		
	Include a map of the proposed permit area(s).		
	Objectives of the proposed data acquisition/proposed exploration:		

A	
B	
...	(Add rows if necessary)
	Technical understanding of the area(s)
	A summary of the geology of the permit area.
	Results of any known previous prospecting and exploration work in relation to the permit area
	Play or plays to be addressed in the permit and a description of the critical risks associated with them that demonstrates the applicant's understanding of the petroleum system.
	(Add rows if necessary)

PROPOSED WORK PROGRAMME & BUDGET	
Outline the objectives of the proposed activities	
Provide a statement of the proposed minimum work programme that— <ul style="list-style-type: none"> - states its objectives and estimated cost; - identifies the technical rationale, milestones, and deliverables of the programme; and - details of the technology to be applied in the execution of the work programme. 	

PROPOSED WORK PROGRAMME	ESTIMATED COST
TOTAL	
ANY OTHER REVELANT INFORMATION	

	TIMING AND DURATION OF WORK PROGRAMME		
	Activity	Start date:	End date:
	(add rows if necessary)		

	TECHNICAL CAPACITY OF THE APPLICANT	
	Current analogous licenses held	
	Analogous licenses held over previous five (5) years	
	Technical qualifications (previous analogous experience)	
	Outline the equipment type and specifications to be used by the applicant:	
	(add rows if necessary)	

	FINANCIAL CAPACITY OF THE APPLICANT (For the last three (3) years)	year 1	year 2	year 3
A	Value of assets, in millions of USD			
B	Value of liabilities, in millions of USD			
C	Net value, in millions of USD (a - b)			
	Attach appropriate supporting documentation			

DETAILS OF FUNDING FOR PROPOSED WORK PROGRAMME	

(Add rows if necessary)	
-------------------------	--

Relevant Insurance Policies in place	
Evidence of appropriate insurance arrangements commensurate to the risks implicated by the proposed work programme.	Amounts
(Add rows if necessary)	

IMPACT OF THE PROPOSED EXPLORATION ACTIVITIES (Describe anticipated potential impacts and relevant mitigation measures)	
Details of NEMA licence:	
Economic:	
Social:	
Cultural:	
Environment:	
Other:	
PROPOSED MITIGATION MEASURES	
Economic:	
Social:	

Cultural:	
Environment:	
Other:	

DETAILS OF PROPOSED COMMERCIAL TERMS

(COMMERCIAL APPLICANTS ONLY)

(e.g., proposed revenue share arrangements or other commercial proposal)

(Add rows if necessary)	

RESEARCH PROPOSAL (NON-COMMERCIAL APPLICANTS ONLY)

(e.g., research subject, relevant background)

(Append additional supporting material if necessary)

RESEARCHER DETAILS (NON-COMMERCIAL APPLICANTS ONLY)

(Provide identity, professional titles, curriculum vitae and contact details of researchers)

(Append additional supporting material if necessary)	

AUTHORISED SIGNATORY OF THE APPLICANT	
Signature of applicant	Date
Signature of co-applicant(s) if applicable	Date

EVIDENCE OF PAYMENT OF APPLICATION FEES	

SECOND SCHEDULE

Regulation 12

NON-EXCLUSIVE EXPLORATION PERMIT TEMPLATE

Non-Exclusive Exploration Permit No. xxx

Petroleum (Upstream Petroleum Management and Administration) Regulations, 2024

Non-Exclusive Exploration Permit

Pursuant to the conditions set out in Section 23 of the Petroleum Act, 2019 (“the Act”) , the Petroleum (Upstream Petroleum Management and Administration) Regulations, 2024 and in this Non-Exclusive Permit, the Authority hereby grant to _____, a corporation duly organised and existing under the laws of _____ and registered at _____, (“permit-holder”) this Non-Exclusive Exploration Permit.

This Non-Exclusive Exploration Permit allows the permit-holder a non-exclusive right to conduct the activities with respect to the non-exclusive exploration area described in the attached Agreement.

The permit-holder shall conduct activities in accordance with the provisions of the Act, any relevant regulations, any conditions attached to the permit and the terms and conditions of any Agreement, which forms an integral part of this Permit.

This Non-Exclusive Exploration Permit commences from _____ for a term of [_____] years [subject to renewal]

Dated this _____ day of _____, 20__

Signed _____

Name _____

Designation _____

Non-Exclusive Exploration Agreement

A non-exclusive exploration permit under these Regulations shall include the following terms and conditions:

1. Agreement participants and operator designation
2. Non-exclusive exploration area
3. Agreement duration
4. Work plan and deliverables
5. Standard of work
6. Ownership and use of data
7. Government rights to access and use data
8. Permit-holder rights to license and use data
9. Data reporting;
10. Revenue sharing mechanism
11. Performance security;
12. Requirements for reporting;
13. Protection of the environment;
14. Environmental liability;
15. Safety standards
16. Confidentiality
17. Permit-holder's indemnification of the government
18. Termination provisions
19. Relevant fees, taxes, levies and duties;
20. Force majeure;
21. Dispute resolution
22. Model licensing agreements;
23. Cost management;
24. Transfer and assignment of interests;
25. Governing law and jurisdiction

THIRD SCHEDULE
NOTICE OF DIRECT NEGOTIATIONS (NON-EXCLUSIVE PERMITS)
Regulation 16

Notice of Direct Negotiations

1. The Authority intends to enter into direct negotiations for a non-exclusive exploration permit related to *[INSERT AREA DETAILS]* with the following applicant:

...

[INSERT APPLICANT DETAILS]

...

2. Any objections that a person may have with respect to the intended negotiations should be submitted within fourteen (14) days of publication of this notice to the address below:

...

[INSERT CONTACT DETAILS]

...

3. Any party who also wishes to register an interest with respect to that block within fourteen (14) days of publication should communicate their intention to:

...

[INSERT CONTACT DETAILS]

...

If the Authority deems that no or insufficient additional interest in the block or area has been demonstrated within the required time period, the Authority will commence the proposed direct negotiations with the applicant.

FOURTH SCHEDULE

Regulation 29

NOTICE OF DIRECT NEGOTIATIONS (PETROLEUM AGREEMENTS)

Notice of Direct Negotiations

1. The Cabinet Secretary intends to enter into direct negotiations for a petroleum agreement related to *[INSERT BLOCK DETAILS]* with the following applicant:

...

[INSERT APPLICANT DETAILS]

...

2. Any objections that a person may have with respect to the intended negotiations should be submitted within fourteen (14) days of publication of this notice to the address below:

...

[INSERT CONTACT DETAILS]

...

3. Any party who also wishes to submit a bid or register an interest with respect to that block within fourteen (14) days of publication should communicate their intention to :

...

[INSERT CONTACT DETAILS]

...

If the Cabinet Secretary deems that no or insufficient additional interest in the block has been demonstrated within the required time period, the Cabinet Secretary with advice of the Advisory Committee will commence the proposed direct negotiations with the applicant.

FIFTH SCHEDULE

Regulation 21, 30

APPLICATION FORM FOR A PETROLEUM AGREEMENT UNDER DIRECT NEGOTIATIONS

Applicants for a petroleum agreement under these Regulations shall provide information as outlined below (or as otherwise directed by the Cabinet Secretary):	
Applicant information	
1. If a consortium is proposed the information shall be provided for all consortium members.	
2. Applicant(s) name (corporate and legal name)	
3. Proposed interests	
4. Proposed lead contractor	
5. Director names, addresses	
6. Representative Contact details (Name, Address, Phone, Email)	
7. Parent company information (shareholders, place of incorporation, addresses, Phone, Email)	
8. Date of Application	
Block information	
1. Proposed license area(s) for negotiation.	
2. Statement of priority order interest for each block (if more than one block is applied for)	
Financial capacity	
1. Net value: assets and liabilities	

2. Audited financial statements for last three (3) years	
Technical capacity Information on the Applicants' ongoing and previous projects specifying:	
1. The total area held and location;	
2. The operated and non-operated production and investment for the last three (3) years;	
3. A short summary of the applicant's experience in relevant projects stating the role and level of responsibility for each project (i.e., as operator or consortium member).	
4. Declaration of any details (or absence thereof) of any regulator-imposed penalty or administrative measure applied to the applicant due to environmental damage over the past five (5) years.	
Evidence of environmental, safety and health operational competence	
Geological Assessment To the extent feasible, applicants shall provide:	
1. A description of the regional location and geological significance within the respective sedimentary basin / surrounding area.	
2. A written summary of the potential prospects observed in the areas under application, together with a forecast of hydrocarbon accumulation data and estimates of future production.	
3. Forecast of stratigraphy / lithology and target horizons.	

4. Structural map (or isopach map, if relevant for stratigraphic prospect) of each potential horizon.	
5. Brief description of prospects and leads.	
6. Estimation of potential future resources for each observed prospect.	
7. Report on the possible impacts of exploration and production on the environment, together with the planned mitigation, monitoring and rehabilitation measures.	
Proposed work programme according to proposed phases	
1. Seismic and other surveys (quantity and estimated cost)	
2. Reprocessing (quantity and estimated cost)	
3. Reprocessing (quantity and estimated cost)	
4. Details of technology to be applied in the proposed work programme.	
Assessment of impact on the environment	
Report on the possible impacts of exploration and production on the environment, together with the planned mitigation, monitoring and rehabilitation measures.	
Financial proposals	
Any fiscal terms proposed by the applicant:	
1. Bonuses	
2. Production sharing percentages between the applicant and the Government	

3. Cost recovery limit	
4. Any Other	
Other information	
Any other information deemed appropriate.	
Date-----	Signature of Applicant.....

SIXTH SCHEDULE

Regulation 24

CONTENT OF BID GUIDANCE DOCUMENT

A bid guidance document issued under these regulations shall contain the information below:
1.0 INTRODUCTION
2.0 REGULATORY FRAMEWORK
2.1. Overview of Licensing Authority and other relevant regulatory bodies
2.2. Overview of the laws and regulations applicable to the Bid Round
2.3. Overview of the legal instruments applicable to petroleum rights
3.0 FISCAL FRAMEWORK
3.1. Overview of applicable fiscal terms applicable rights awarded under the Bid Round
4.0 BLOCK OVERVIEW
4.1. Geological background
4.2. Description of the location and characteristics of blocks offered
4.3. Block map and designations
5.0 DATA ACCESS
5.1. Overview of available data for each block
5.2. Procedure for access to data
5.3. Requirements to purchase data (if applicable)
5.4. Confidentiality requirements
6.0 AWARD CRITERIA AND PROCEDURE
6.1. Overview of required bidding items
6.2. Bidding expectations including any minimum required bids

6.3. Evaluation criteria
6.4. Evaluation procedure
7.0 BID SUBMISSION MODALITIES
7.1. Required bid validity period
7.2. Required financial security and conditions
7.3. Overview of dispute resolution procedures
8.0 BID ROUND SCHEDULE
8.1. Deadline for submitting queries
8.2. Deadline for submission of bids
8.3. Date for announcement of winners
8.4. Intended timeline and procedures for negotiation and finalisation of agreement
9.0 APPLICATION CONTENT
Required submissions
9.1. Technical
<p>9.1.1. Geological and geophysical evaluation for block(s)</p> <ul style="list-style-type: none"> - A description of the regional location and geological significance within the respective sedimentary basin / surrounding area. - A written summary of the potential prospects observed in the areas under application, together with a forecast of hydrocarbon accumulation data and estimates of future production. - Forecast of stratigraphy / lithology and target horizons. - Structural map (or isopach map, if relevant for stratigraphic prospect) of each potential horizon. - Brief description of prospects and leads. - Estimation of potential future resources for each observed prospect. - Report on the possible impacts of exploration and production on the environment, together with the planned mitigation, monitoring and rehabilitation measures.
9.1.2. Proposed work programme in required format

<p>9.1.3. Overview of objectives for work programme</p> <p>An outline of the objectives for each element of the proposed work programme.</p>
<p>9.1.4. Evidence of technical competence relevant to proposed work programme</p> <p>Information on the Applicants' ongoing and previous projects specifying:</p> <ul style="list-style-type: none"> - the total area held and location; - the operated and non-operated production and investment for the previous three (3) years; - a short summary of the bidder's experience in relevant projects stating the role and level of responsibility for each project (i.e., as operator or consortium member). - Declaration of any details (or absence thereof) of any regulator-imposed penalty or administrative measure applied to the bidder due to environmental damage over the past five (5) years. -
<p>9.1.5. Evidence of environmental, safety and health operational competence</p>
<p>9.1.6. Details of technology to be applied in the proposed work programme.</p>
<p>9.2. Financial</p>
<p>9.2.1. Financial bids required by the terms of the bidding round</p> <p>For example:</p> <ul style="list-style-type: none"> - bonuses - production sharing percentages between the Contractor and the Government - cost recovery limit - other
<p>9.2.2. Evidence of financial capacity and/or funding to conduct proposed work programme</p>
<p>9.2.3. Certified financial statements detailing assets and liabilities</p>
<p>9.2.4. Required financial security for participation in the bidding round</p>
<p>9.2.5. Overview of procurement strategy</p> <p>Outline any initiatives that support local content.</p>
<p>9.3. Legal and administrative:</p>
<p>9.3.1. Composition of bidding entity, corporate structure and key personnel</p>

<p>If a consortium is proposed, the information shall be provided for all consortium members.</p> <ul style="list-style-type: none"> - Applicant(s) name <ul style="list-style-type: none"> Proposed interests Proposed lead company - Legal name and physical address - Director and shareholders names, addresses - Representative Contact details (Name, Address, Phone, Email, website) - Parent company information (shareholders, place of incorporation)Date of Application
9.3.2. Confirmation of prequalification
9.3.3. Evidence of payment of the required application fee
9.3.4. Evidence of purchased pre-bid data
9.3.5. Evidence of pre-qualification

SEVENTH SCHEDULE

Regulation 35

APPLICATION TO TRANSFER INTEREST IN A PETROLEUM AGREEMENT

Proposed Transfer Form
Applicant details
Petroleum Agreement/License
Contractor Details
Proposed Transfer information
Transferee details
Summary of transfer proposal
Reasons for proposed transfer
Agreement Status
Report on the status of work carried out under the petroleum agreement against the approved work programme;
Contractor's remaining interests in Kenya Petroleum Interests
Transferee Qualifications information
Proposed Transferee Legal and Administrative details as outlined in Fifth Schedule.
Proposed Transferee Technical Capacity as outlined in Fifth Schedule.
Proposed Transferee Financial Capacity as outlined in Fifth Schedule.
Overview of Proposed Transferee performance security and insurance arrangements
Undertaking
Undertaking that Transferor is in compliance with all Kenyan laws and regulations, no outstanding fees/taxes

EIGHTH SCHEDULE

Regulations 11

SCHEDULE OF FEES

Application	Amount (USD dollars)
Application for a Non-Exclusive Exploration Permit (Commercial applicants)	5,000
Application for a Non-Exclusive Exploration Permit (Non-Commercial applicants)	500
Application under a bidding round	20,000
Application for direct negotiations for a petroleum agreement	30,000

NINTH SCHEDULE
CONTENT OF THE UPSTREAM TRAINING FUND MANUAL

Regulation 51

1.0 Introduction

- 1.1 Purpose of the Manual
- 1.2 Scope of the Fund
- 1.3 Source of the training fund

2.0 Management and Administration

- 2.1 Guiding principles
- 2.2 Roles and Responsibilities
 - 2.2.1 Role of Administrator
 - 2.2.2 Upstream Training Fund Committee
- 2.3 Meeting and decision-making procedures
 - 2.3.1 Decision making process
 - 2.3.2 Conflict of Interest

3.0 Planning for training

- 3.1 Training Needs assessment
- 3.2 Training projections
- 3.3 Annual training plan
- 3.4 Modes of training

4.0 Training Programs

- 4.1 Guiding principles for identify training programs
- 4.2 Training programs evaluation process
- 4.3 Training plans
- 4.4 Quarterly reporting on Training

5.0 Training and Administration

- 5.1 Nomination of Kenyans and Institutions
 - 5.1.1 Criteria for Kenya Nationals (Individuals)
 - 5.1.2 Procedure for Selection
 - 5.1.3 Criteria for Institutions
 - 5.1.4 Procedure for selection
- 5.2 Application forms
- 5.3 Communication of decisions

6.0 Funding of Training Programs

- 6.1 Training budgets and approvals
 - 6.1.1 Budget preparation
 - 6.1.2 Budget review and approval
 - 6.1.3 Budget monitoring and reporting

7.0 Bonding requirements

- 7.1 Length and amount of Bond
 - 7.1.1 Bond period determined by course duration
 - 7.1.2 Bond Period determined by cost of training
- 7.2 Calculation of Bonding the amount
- 7.3 Components of the Bond
- 7.4 Liquidated Damages
- 7.5 Eligibility for Bonding
 - 7.5.1 Bonding Merger
 - 7.5.2 Concurrent Bonds

7.5.3	Forfeiture of Bonding agreements
7.5.4	Transfer of bond obligations
7.6	Sureties
7.6.1	Number of Sureties
7.6.2	Qualification of a Surety
7.6.3	Death of a Surety
7.6.4	Surety commitment
7.6.5	Release of a Surety
7.7	Bonding Instrument/Training Bond Form
8.0	Monitoring and Evaluation
8.1	Monitoring and evaluation reporting
8.2	Training Impact Assessments
8.3	Independent Audits
9.0	Review of the Training Fund Manual