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PETROLEUM AND GASEOUS LICENCES GRANTED UNDER TANZANIAN LAWS

INTRODUCTION

In Tanzania petroleum and gaseous operations are categorized into three, namely; upstream, midstream and downstream operations. The upstream operations include geophysical exploration, exploration for development petroleum, constructing and operating of wells, production of petroleum, constructions, operating and use of storage reservoir, construction and operation of pipelines and other special infrastructure for petroleum. Midstream operation these are activities related to petroleum processing refining, liquefaction, storage, and transportation. Downstream operations are transportation, distribution, storage, regasification, and marketing of gas and petroleum products.

All operations under upstream are managed and supervised by the Petroleum Utility Regulatory Authority (PURA) and all operations that falls under midstream and downstream are managed by Energy and Water Utilities Regulatory Authority (EWURA). This article intends to demonstrate various licenses granted under all streams.

LICENCES AND PERMITS GRANTED UNDER UPSTREAM OPERATIONS

I. RECONNAISSANCE PERMIT

It permits a person to conduct geo-scientific and geo-technical activities along the preliminary evaluation of hydrocarbon potential in an area including acquisition and interpretation of potential data, surface geology, geo chemical data, seismic data in shallow drilling. This permit is granted on not more than three years and a person holding the permit shall be allowed to commence reconnaissance activities when he has complied with the environmental management Act.

A reconnaissance permit can be issued to different persons in respect of different reconnaissance activities in the same area.



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II. EXPLORATION LICENSE

This license is granted in connection with exploration for petroleum it also include geological, geophysical, surveys and studies and aerial surveys. The holder of this right is allowed to assign the contractor exclusive rights to conduct exploration activities/operations, when petroleum is discovered in an exploration area, the holder of a license has to report the discovery within 48 hours to the minister responsible and to the PURA.

III. DEVELOPMENT LICENSE

This is a license which confer the rights to carry on development operations, a holder of exploration license may within two years apply for the development license in case of crude oil and with three years in case of a natural gas from the date in which blocks were declared. A life span of this license is for twenty five years and it may be renewed for the period that shall not exceed twenty years. The application has to be accompanied with development plan.

The development must contain;-

- i. An adequate financial report, technical, and industrial competence.
- ii. Proposal to ensure timely use of petroleum resources.
- iii. A statement that the applicant is willing to comply with conditions of license.

NB; the license holder and constructors ought to carry out all exploration & development activities/operations in proper & safe way in accordance with the best petroleum in accordance with the best petroleum industrial practice and they all have to take a reasonable step to secure safety, health & welfare of a person engaged in those operations.

LICENCES AND PERMITS GRANTED UNDER MIDSTREAM & DOWNSTREAM OPERATIONS

General requirements for undertaking mid & downstream activities

An applicant for the licenses has to make an application to EWURA and sign an integrity pledge and within sixty days of receiving application; EWURA shall, if



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satisfied grant a license to the applicant. The license shall be valid for twenty five years and any assignment or transfer of the license must be approved by EWURA.

1. PROCESSING, TRANSPORTATION AND STORAGE LICENSE

In order for an applicant to be granted this license has to:-

- i. Take into account future development of gas industry and its potential for competition.
- ii. Sufficient demonstrated assessment and accommodation of potential future market.
- iii. Declare that during application that a gas processing facility shall be located onshore.

After the grant of a license (transportation license), a licensee has to:-

- a) Enter into arrangement with any person for conveyance of gas through gas pipeline and provide access to other user (third party access).
- b) Maintain a public emergence place.
- c) Interconnect one or more gas pipelines networks to allow for the conveyance of natural gas.
- d) Pertain to the prices to be charged by the licensee for use of gas pipelines network owned by or under the management or control of another licensee.

2. LIQUEFACTION, SHIPPING AND RE GASIFICATION LICENSE

Conditions for an applicant to be granted liquefaction license are:-

- i. An applicant has to operate, maintain and develop a safe reliable & efficient liquefaction facility.
- ii. A liquefaction facility has to be connected to the transmission system.
- iii. Prepare and submit to PURA annual financial plan, approval a liquefaction facility development plan and disaster management plan.

3. DISTRIBUTION LICENSE

Conditions for an applicant to be granted distribution license:-

- i. Operate, maintain, and develop self reliable and efficient distribution system.
- ii. Connect to the distribution system eligible end users.



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- iii. Establish and secure the work of dispatcher centre for operation of distribution system.
- iv. Prepare and submit for approval to EWURA the disaster management plan.
- v. Maintain gas quality parameter & gas delivery quality parameter.

Upon the grant of a license (distribution license), a licensee has to:-

- a) Ensure safe, reliable, affordable, and sufficient supply of natural gas to end users.
- b) Secure such right for conveyance of gas through gas pipeline.
- c) Act as a supplier in the event of the failure or default of another gas supplier.
- d) Pertain to the prices to be charged by the licensee and methods by which such charges are determined.

NB; - The national oil company is having exclusive rights to undertake natural gas midstream and downstream value chain regulated activities, therefore any person wishing to carry out the regulated activities of natural gas in midstream and downstream he ought to apply for consent to the national oil company and upon receipt of the consent, a person shall apply for the license to EWURA.

GENERAL CONDITIONS FOR A PERSON TO OBTAIN IMPORT, TRANSIT AND EXPORT APPROVAL OF NATURAL GAS

A person wishing to obtain an approval for importation, transition and exportation of natural gas ought to have a valid license for the respective regulated activity. The application is made to EWURA supported with:-

- i. Proof of financial capability including financial plan to carry out the activity.
- ii. Proof of technical capability to carry out the activity.
- iii. Details of shareholders of the applicant.



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- iv. Certified copy of tax identification number.
- v. Certified copy of tax clearance certificate.
- vi. Certified copy of certificate of registration for value added tax.
- vii. A local content plan.
- viii. Integrity pledge.
- ix. Environmental and social impact assessment certificate or environmental audit certificate.
- x. A business plan describing the scope of the activity.
- xi. The anticipated use and location of natural gas within mainland Tanzania.
- xii. Details of the sources and destinations of natural gas for import transit or export.
- xiii. Details of volumes by which such natural gas shall be imported, transited or exported.
- xiv. A list and description of facilities proposed to be used for the activity.

ABOUT US

AEGIS LEGAL CONSULTANTS is the full services law firm dedicated to providing top notch legal services specializing in corporate and commercial law. Our team provides uncompromised legal services to clients and helps them to navigate the complexity of law across all sectors.

DISCLAIMER

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