



# **LAWS OF MALAYSIA**

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**REPRINT**

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**Act 95**

## **PETROLEUM MINING ACT 1966**

*Incorporating all amendments up to 1 January 2006*

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**PETROLEUM MINING ACT 1966**

First enacted	...	...	...	...	...	...	1966 (Act No. 58 of 1966)
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# LAWS OF MALAYSIA

## Act 95

### PETROLEUM MINING ACT 1966

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## LAWS OF MALAYSIA

### Act 95

## PETROLEUM MINING ACT 1966

An Act to make provision with regard to mining for petroleum and for matters connected therewith.

*[Peninsular Malaysia—1 December 1966;  
Sabah and Sarawak—8 November 1969,  
P.U. (A) 467/1969]*

### Citation and application

1. (1) This Act may be cited as the Petroleum Mining Act 1966.

(2) This Act shall apply throughout Malaysia but in its application to Sabah and Sarawak it shall have effect only with respect to off-shore land.

### Interpretation

2. In this Act, unless the context otherwise requires—

“continental shelf” has the meaning assigned to it by section 2 of the Continental Shelf Act 1966 [*Act 83*];

“exploration licence” means a licence issued under section 7;

“exploration work” means any work carried out in connection with exploration for petroleum;

“foreshore” means all that land lying between the shore line and the low-water mark of ordinary spring tides;

“land”, in relation to the States in Peninsular Malaysia, means any area of on-shore land and includes off-shore land adjacent to and contiguous with the on-shore land and, in relation to the States of Sabah and Sarawak, means the area of off-shore land only;

“licensee” means the person to whom an exploration licence is issued and includes his successors in title and the persons deriving title under him;

“off-shore land” means the area of the continental shelf;

“on-shore land” includes the foreshores and submarine areas beneath the territorial waters of the States;

“petroleum” includes any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in strata but does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation;

“petroleum agreement” means an agreement entered into under sections 8 and 9;

“Petroleum Authority” has the meaning assigned to it by subsection 4(3);

“prescribed” means prescribed by regulations made under section 12.

### **Restriction on petroleum exploring, prospecting and mining**

**3.** (1) No person shall explore, prospect or mine for, or do any act with a view to exploring, prospecting or mining for, petroleum upon any land except by virtue of an exploration licence or a petroleum agreement.

(2) Any person who acts in contravention of this section or of any of the conditions of an exploration licence or a petroleum agreement issued to, or entered into, by him shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding twenty thousand ringgit or to imprisonment for a term not exceeding two years or to both; and all machinery, tools, plant, buildings and other property together with any minerals or other products which may be found upon or proved to have been obtained from the land so unlawfully explored, prospected or mined shall be liable to forfeiture.

### **Persons by whom application may be made**

**4.** (1) Any person desirous of exploring, prospecting or mining for petroleum may apply in accordance with this Act for an exploration licence or a petroleum agreement in respect of any area of land.

(2) Every application for an exploration licence or for a petroleum agreement shall be considered and approved or refused, as the case may be, by the Petroleum Authority.

(3) The Petroleum Authority shall—

- (a) in relation to an application in respect of an area of on-shore land, be the Ruler or the Yang di-Pertua Negeri of the State in which the area of on-shore land is situated; and
- (b) in relation to an application in respect of an area of off-shore land, be the Yang di-Pertuan Agong.

### **Manner in which application may be made**

5. (1) Every application for an exploration licence or for a petroleum agreement shall be made in writing in the form set out in the First Schedule and shall be addressed to the Menteri Besar or the Chief Minister of the State or, to the Minister for consideration by the Petroleum Authority.

(2) Every application shall be accompanied by such fees as may be prescribed.

(3) Every application shall be accompanied by two copies of a survey office map showing delineated thereon the boundaries of the area of the land in respect of which an exploration licence or petroleum agreement, as the case may be, is applied for; and in the case of an application for an exploration licence, the application shall be supported by evidence that the applicant intends to carry out exploration work in good faith.

(4) The applicant shall upon request by the Menteri Besar, the Chief Minister or, as the case may be, the Minister, furnish such evidence as the Petroleum Authority may consider necessary as to his financial position and technical qualifications and as to his ability to comply with any terms and conditions of the exploration licence or, as the case may be, the petroleum agreement; and if such evidence shall not have been furnished within three months of the request thereof, the application shall, unless the Petroleum Authority otherwise determines, be deemed to have been withdrawn.

(5) All information comprised in, or furnished to the Petroleum Authority in pursuance of, an application made under this Act shall be treated as confidential.

(6) Where any person requires an exploration licence or a petroleum agreement in respect of two or more separate areas, a separate application shall be made in respect of each such area.

### **Lapse of approval**

6. If a petroleum agreement is not executed within six months following the date of the approval of the application therefor, the right of the applicant to an agreement shall, unless the Petroleum Authority considers that the delay is not attributable to the fault of the applicant, be deemed to have lapsed.

### **Exploration licence**

7. (1) The Petroleum Authority may issue an exploration licence in respect of the whole or any part of the area of the land applied for, and every exploration licence issued under this Act may authorize the licensee thereof to explore for petroleum over the whole or any part of the area of the land specified in that licence:

Provided that—

- (i) an exploration licence shall not be issued in respect of an area of land which has already been covered by a petroleum agreement entered into under section 8; and
- (ii) nothing in this section shall prevent the Petroleum Authority from issuing in respect of the same area of land more than one exploration licence or another exploration licence or licences to other person or persons.

(2) Every licensee shall enjoy rights and liberty granted under his licence during the continuance thereof in common with other licensees to whom exploration licences in respect of the same area may have been issued or may thereafter be issued.

(3) Every exploration licence shall be for an initial period of two years and thereafter may be extended from time to time upon an application for the extension thereof made and supported by evidence that the licensee has in fact carried out during the currency of the licence exploration work upon a reasonable scale.

(4) The licensee may at any time apply to the Petroleum Authority for a petroleum agreement in respect of the whole or any part of the area held under his exploration licence; and upon the issue of a petroleum agreement covering the area or any part thereof all



exploration licences covering that area or any part thereof shall determine without the Petroleum Authority being liable to pay any compensation to licensees.

(5) An exploration licence shall be in the form set out in the Second Schedule:

Provided that the Petroleum Authority may make such modifications and exclusions and may add such additional clauses covering ancillary matters as the Petroleum Authority may deem fit.

### **Petroleum agreement**

**8.** (1) Upon an application made in that behalf by any person desirous of exploring, prospecting or mining for petroleum the Petroleum Authority may, subject to subsection (2) and section 9, enter into a petroleum agreement with that person in respect of any area of land included in the application.

(2) Save as provided in section 9, every petroleum agreement shall cover an area of land not exceeding 4,000 square miles, and shall be in the form and shall contain the terms and conditions of the model petroleum agreement under paragraph 12(1)(i):

Provided that the Petroleum Authority may make such modifications and exclusions and may add such additional clauses covering ancillary matters in respect of any particular petroleum agreement as to the Petroleum Authority may seem fit.

### **Single petroleum agreement for contiguous areas**

**9.** (1) Notwithstanding subsection 8(2) and subject to subsection (2), the Petroleum Authority may enter into a single petroleum agreement in respect of two or more contiguous areas of land although the total area covered by the agreement exceeds 4,000 square miles.

(2) Where the total area covered by a single petroleum agreement entered into in respect of two or more contiguous areas exceeds 4,000 square miles, the obligations with respect to expenditure commitments and fixed yearly payments under the agreement shall be increased proportionately in the proportion that the excess area bears to the area of 4,000 square miles.

(3) For the purpose of this section, “contiguous areas” means areas which are situated on the same geological structure or cover a group of geologically similar and related structures.

### **Grant of more than one exploration licence or petroleum agreement**

**10.** Nothing in this Act shall prevent more than one exploration licence or petroleum agreement being issued to, or being entered into with, or being in existence at the same time in favour of, the same person.

### **Notification of any execution, surrender, etc., of a petroleum agreement**

**11.** The Petroleum Authority shall, as soon as may be after the execution, surrender, determination or assignment of any petroleum agreement or the right thereunder under this Act, publish a notification in the *Gazette* of the fact stating the name of the person with whom the petroleum agreement was made, the name of any assignee and the situation of the area concerned.

### **Regulations**

**12.** (1) The Yang di-Pertuan Agong may make regulations generally for the purposes of carrying into effect this Act, and in particular the regulations may provide for—

- (i) the form and contents of the model petroleum agreement;
- (ii) the appointment, duties, privileges and powers of officers to enforce this Act including an exploration licence and any petroleum agreement issued or entered into thereunder;
- (iii) the fees to be paid in respect of anything to be done under this Act including the issue of an exploration licence and the entering into of a petroleum agreement;
- (iv) the prevention of fires in areas where oil mining is carried on;
- (v) the establishment of safety areas around any petroleum reserve installations erected on the sea bed:

Provided that no safety area around petroleum mining installations erected on off-shore land beyond territorial waters shall be required to exceed five hundred metres in radius;

- (vi) the general safety, health, working conditions and welfare of persons engaged in oil mining whether on-shore or off-shore; and
- (vii) the amendment of the First Schedule.

(2) Regulations made under paragraph (1)(i) to (iii), so far as they relate to the States, shall not take effect in any State until the same shall have been concurred to by the State Authority concerned; and any regulations made under paragraph (1)(vi) may provide that the regulations shall be in addition to or in substitution for the written law relating to labour and any regulations made thereunder relating to the matters specified in that paragraph.

### **Repeal and saving**

**13.** (1) All references to oil prospecting licences and oil mining leases in the Mining Enactments of the States in Peninsular Malaysia [*F.M.S. Cap. 147, J. No. 69, K. No. 67, Kn. 10/1939, Ps. 1/1340, Tr. 51/1356*] shall be deemed to have been repealed:

Provided that any oil prospecting licence or oil mining lease issued under any of those Enactments shall continue to subsist for the duration of time for which it is issued and shall not be affected by this Act.

(2) (a) The Mining Ordinance of Sabah [*Ord. 20 of 1960*], the Oil Mining Ordinance of Sarawak [*Cap. 85*] and any other State law in force in Sabah or Sarawak relating to mining shall continue in force except in relation to the exploration, prospecting or mining for petroleum in off-shore land and the provisions of the said Ordinances and any such law so far as they relate to the exploration, prospecting or mining for petroleum in off-shore land shall be deemed to have been repealed.

(b) Any prospecting licence, mining lease or agreement issued or made under any written law in force in Sabah or Sarawak immediately before 8 November 1969, for the exploration, prospecting or mining for petroleum on off-shore land shall continue to be in force subject to paragraphs (c), (d) and (e).

(c) All rights accrued or due to and all liabilities and obligations imposed on or borne by the Governments of Sabah and Sarawak under or by virtue of any prospecting licence, mining lease or agreement referred to in paragraph (b) shall accrue and be due to and shall be imposed on and borne by the Federal Government.

(d) The provisions of the prospecting licence, mining lease or agreement referred to in paragraph (b) shall be construed subject to this Act.

(e) The Yang di-Pertuan Agong may at any time before 31 December 1972, by order make such further transitional or saving provision as he may consider necessary or expedient.

### **Permission to enter upon alienated land**

**14.** (1) Where a licensee or a person who is a party to a petroleum agreement has been refused entry upon any alienated land by the owner thereof, the licensee or the person may make an application to the State Authority for permission to enter upon that land; and the State Authority may, subject to subsection (2), grant the permission applied for on condition that the applicant undertakes to pay compensation for all the damage which may be caused to the land or crops or property therein upon such entry or on such other conditions as the State Authority may deem fit to impose.

(2) Before granting the permission under subsection (1), the State Authority shall grant to the owner of the alienated land the right of being heard, and the permission so granted shall be final and shall not be questioned in any court of law.

(3) Upon the production to the owner of the alienated land of the permission granted under subsection (1), the owner shall allow the person in whose favour the permission is granted or a person authorized by him to enter upon that land.

(4) If, after the permission referred to under subsection (1) has been produced to him, the owner of the alienated land refuses or fails to allow entry upon his land by the person in whose favour the permission is granted or the person authorized by him, the owner shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding five hundred ringgit and a further fine not exceeding ten ringgit for every day during which the refusal or the failure continues.

(5) For the purpose of this section the expression “owner” includes chargee, lessee, occupier or any person having interest in the land; and the expression “entry” includes the exercising of any rights contained in the licence or the petroleum agreement.

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FIRST SCHEDULE

[Subsections 5(1) and paragraph 12(1)(vii)]

APPLICATION FOR AN EXPLORATION LICENCE OR FOR A  
PETROLEUM AGREEMENT

- (1) Name(s) of applicant(s) in full:
- (2) If application is by an individual or individuals—
  - (a) address:
  - (b) nationality:
  - (c) occupation:of each individual.
- (3) If application is by a company—
  - (a) law under which company is incorporated:
  - (b) principal place of business:
  - (c) if principal place of business is outside Malaysia, name and address of duly authorized agent in Malaysia:
  - (d) nature of business:
  - (e) name and nationality of each director:
  - (f) name of each principal shareholder and the amount of shares held by him:
- (4) Whether an on-shore petroleum agreement or an off-shore petroleum agreement or petroleum exploration licence is required:
- (5) Situation and approximate area of the land in respect of which application is made:
- (6) Brief particulars of previous experience in petroleum prospecting or oilfield development work:
- (7) Name and qualifications of technical experts or advisers:
- (8) Brief particulars of interest in and access to refining and marketing facilities outside Malaysia:
- (9) Amount of capital for operations under the exploration licence or petroleum agreement applied for—
  - (a) at present available:
  - (b) which applicant can make available and the source:

I/We hereby declare that all the foregoing particulars are correct.

*Signature(s) of Applicant(s)\**

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\*If the applicant is a company state capacity in which form is signed.

## SECOND SCHEDULE

## [Subsection 7(5)]

Government of .....

## EXPLORATION LICENCE

**Interpretation****1. (1) In this licence—**

“exploration area” means the area of off-shore/on-shore land specified in the Schedule hereunder, and where part of that area has ceased to be the subject of this licence in accordance with the terms and conditions thereof, the area as thereby reduced;

“licensee” means.....\* and includes his successors in title and the persons deriving title under him.

†“Petroleum Authority” means the  $\frac{\text{Ruler}^\dagger}{\text{Yang di-Pertuan Negeri}^\dagger}$  of the State and,

except in Clauses 2, 3, 4, 8(2), 25 and 26 includes the  $\frac{\text{Menteri Besar}^\dagger}{\text{Chief Minister}^\dagger}$  ;

†“Petroleum Authority” means the Yang di-Pertuan Agong and, except in Clauses 2, 3, 4, 8(2), 25 and 26, includes the Minister charged with the responsibility for lands and mines;

“well” includes borehole.

(2) Any obligations which are to be observed by the licensee shall at any time at which the licensee is more than one person be joint and several.

(3) Terms and expressions used in this licence which are not defined in this licence but which are defined in the Petroleum Mining Act 1966, shall have the meanings assigned to them in the Act.

**Right to search for petroleum**

**2.** In consideration of payments hereinafter provided and the performance and observance by the licensee of all the terms and conditions, LICENCE AND LIBERTY is granted under the Petroleum Mining Act 1966, to the licensee to search for petroleum in the exploration area during the continuance of this

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\*Insert name and address of licensee.

†Delete whichever is inapplicable.

licence in common with all other persons to whom the like right may have been granted or may be granted and subject to the provisions hereof:

Provided that in the event of the Petroleum Authority entering into a petroleum agreement in respect of the exploration area or any part thereof with the licensee or with any other person the rights hereby granted in respect of the area covered by the petroleum agreement shall forthwith determine without the Petroleum Authority being liable to pay any compensation to the licensee.

**Reservations relating to the power to work minerals, to grant licences, leases, *etc.***

**3.** (1) Save as provided in paragraph (2), the rights and powers granted under this licence are subject to the following reservations, that is to say there is hereby reserved—

- (a) liberty to the Petroleum Authority or any person authorized by the Petroleum Authority to search for, dig, work and get any coal or other minerals or substances including petroleum upon or under the exploration area or any part thereof;
- (b) liberty to the Petroleum Authority in respect of the whole of the exploration area to grant leases or licences to any person to search for, dig, work, mine and get any coal or other minerals (including petroleum) upon or under the exploration area or any part thereof;
- (c) liberty to the Petroleum Authority or any person authorized by the Petroleum Authority to enter in or upon such parts of the licensed lands as are State land or are vested in the Federal Government for purposes of exercising all rights conferred by law upon the Petroleum Authority including those granted to the licensee in Clause 2 and any right to grant leases or licences over all or any part thereof.

(2) The reservations in this Clause contained shall not be exercised in such a way as to hinder or interfere with or to allow any person or body to hinder or interfere with the rights and powers of the licensee under this licence.

**Power to exclude parts**

**4.** (1) Notwithstanding any of the foregoing provisions the Petroleum Authority shall have power at any time to exclude from the exploration area any part or parts which may from time to time be required for any public purpose whatsoever: provided that the parts excluded under this Clause shall continue to form part of the exploration area subject to this licence but none of the operations hereunder shall, without the permission in writing of the authorities controlling such excluded parts, be carried on, upon or within such parts.

(2) The licensee shall be relieved of all liabilities and obligations under this licence in respect of any part or parts excluded pursuant to this Clause except such liabilities and obligations as may have accrued before such exclusion.

**Restrictions on licensee's powers**

5. (1) Nothing in this licence shall authorize or permit the licensee to enter upon or occupy or to exercise any of the rights and powers conferred by Clause 2 in relation to—

- (a) any area held to be sacred (and for the purposes of this paragraph, if any question arises as to whether any area is held to be sacred, it shall be decided by the Menteri Besar\*/Chief Minister\* whose decisions shall be final);
- (b) unless and until permission in writing so to do shall have been obtained by the licensee from the Petroleum Authority (which permission shall be subject to such reasonable conditions as may be imposed, any of the following parts of the exploration area:
  - (i) any part set apart for or used or appropriated or dedicated to public purposes;
  - (ii) any part situate within or occupied by any township, town, village, market, burial ground or cemetery or occupied by the Federal Government or the Government of a State;
  - (iii) any part which is the site of or is within fifty yards of any building, installation, reservoir, dam, public road or tramway or which is appropriated for or situate within fifty yards of any railway; and
  - (iv) any part actually under cultivation;
- (c) any part consisting of alienated land (other than land coming within subparagraph (b) unless and until permission in writing so to do shall have been obtained by the licensee from the owner of the land, or, in the case of the owner refusing to give such permission, from the Menteri Besar\*/Chief Minister\*:

Provided that the licensee shall pay the owner of the land fair and adequate compensation for any damage to the land or crops growing thereon or to any property therein caused by the licensee or by any person acting on his behalf in connection with the operation permitted under this licence. In the event of any dispute as to who is in lawful occupation of, or is the owner of, that land, or as to the amount of compensation payable, the licensee shall deposit with the Menteri Besar\*/Chief Minister\* such sum as shall appear to him to be reasonable satisfaction in full or in part of whatever compensation the licensee may be found liable to pay to that person but without prejudice to his rights to recover any amount paid in excess of the said compensation.

(2) The licensee shall comply with all written laws in force in Malaysia.

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\*Delete whichever is inapplicable.



(3) The licensee shall not hinder or prevent any person from having access to or using at his own risk any road constructed in accordance with this licence:

Provided that—

- (a) where any person uses the road in such a manner as in the opinion of the licensee to do appreciable damage thereto or to increase substantially the cost of upkeep thereof, the licensee may prevent that person from having access to or the use of the road unless, after having been called upon so to do, the person pays reasonable contribution towards the cost of upkeep of the road; and
- (b) where any person uses the road in such manner as in the opinion of the licensee materially to interfere with the free use and enjoyment of the road by the licensee, the licensee may prevent that person from having access to or the use of the road unless, after having been called upon so to do, the person limits the use of the road so as to end that interference.

### **Prospecting methods**

6. The right to search for petroleum conferred by this licence shall include prospecting and carrying out geological surveys by geophysical, topographic and chemical means and drilling for the purpose of obtaining geological information about strata in the exploration area but shall not include any right to get petroleum or any right to drill wells for production of petroleum.

### **Term of licence**

7. This licence unless sooner determined or extended under any of the provisions thereof shall be and continue in force for the term of two years next after ..... 20.....

### **Right of licensee to determine licence**

8. (1) Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the licensee may at any time during the said term of two years determine this licence by giving to the Petroleum Authority not less than six months' previous notice in writing to that effect.

(2) If the licensee, not less than three months before the expiration of this licence, applies in writing for an extension of this licence the Petroleum Authority may in accordance with subsection 7(3) of the Petroleum Mining Act 1966, grant an extension of this licence in respect of the whole of the exploration area for the time being comprised in this licence or any part thereof for a further term of one year on the same terms and conditions as set out in this licence:

Provided that the licensee shall pay further consideration for the extension applied by him and shall have performed his obligation under this licence up to the date of such application.

(3) If any further extension is desired similar application shall be made and paragraph (2) shall apply to such application.

### **Payment of consideration for licence**

**9.** (1) The licensee shall pay to the Petroleum Authority on the grant of this licence the sum of ..... ringgit.

(2) The licensee shall not by reason of determination of the licence or of any reduction in the exploration area be entitled to be paid any compensation or allowed a rebate of any part of any sum payable pursuant to this licence.

### **Commencement and abandonment and plugging of wells**

**10.** (1) The licensee shall not commence or, after abandoning in manner hereinafter provided, shall not recommence the drilling of any well without the consent in writing of the Petroleum Authority.

(2) The licensee shall not abandon any well without prior notification in writing to the Petroleum Authority except as provided in paragraphs (5) and (6).

(3) The licensee shall comply with all conditions subject to which any consent under paragraph (1) is given.

(4) If a condition as is referred to in paragraph (3) relates to the position or depth of the well or its direction or if a condition under any of the foregoing paragraphs relates to any casing, plugging or sealing of the well, the Petroleum Authority may from time to time direct that the well and all records relating thereto shall be examined in such manner upon such occasions or at such intervals and by such persons as may be specified by the Petroleum Authority's direction and the licensee shall pay to any such person or to the Petroleum Authority such fees and expenses for the examination as the Petroleum Authority may specify.

(5) Where the licensee's right in any part of the exploration area determines by reason of the entry of a petroleum agreement by the Petroleum Authority with another person as is mentioned in the proviso to Clause 2, the licensee shall within one month thereafter plug any of the licensee's wells in that part of the exploration area.

(6) All the licensee's wells (other than wells to which paragraph (5) applies) in the exploration area shall, unless the Petroleum Authority otherwise determines, be plugged by the licensee not less than one month before the expiry or determination of the licensee's rights under this licence.

(7) The plugging of any well shall be done in accordance with a specification approved by the Petroleum Authority applicable to that well or to wells generally or to a class of wells to which that well belongs and shall be carried out in an efficient and workmanlike manner.

**Distance of wells from boundaries of exploration area**

**11.** No well shall except with the consent in writing of the Petroleum Authority be drilled or made so that any part thereof is less than one hundred and twenty-five metres from any of the boundaries of the exploration area.

**Avoidance of harmful methods of working**

**12.** (1) The licensee shall maintain all apparatus and appliances and all wells which have not been abandoned and plugged as provided by Clause 10 in good repair and condition and shall execute all operations in or in connection with the exploration area in a proper and workmanlike manner in accordance with methods and practice of exploration customarily used in good oilfield practice and without prejudice to the generality of the foregoing provision the licensee shall take all steps practicable in order—

- (a) to prevent the escape or waste of petroleum discovered in the exploration area;
- (b) to conserve the exploration area for productive operations;
- (c) to prevent damage to petroleum bearing strata;
- (d) to prevent the entrance of water through wells to petroleum bearing strata; and
- (e) to prevent the escape of petroleum into any waters in or in the vicinity of the exploration area.

(2) The licensee shall comply with all instructions from time to time given by the Petroleum Authority in writing relating to any of the matters set out in paragraph (1). If the licensee objects to any such instruction on the ground that it is unreasonable he may, within fourteen days from the date upon which the same was given, refer the matter to arbitration in the manner provided by Clause 27.

(3) The licensee shall give notice to the Petroleum Authority of any event causing escape or waste of petroleum, damage to petroleum bearing strata or entrance of water through wells to petroleum bearing strata within three days of the occurrence of that event.

**Cutting of timber**

**13.** (1) The licensee shall not cut or take any timber or protected tree except with the consent of the appropriate authority and on payment of the fees and royalties prescribed by law.

(2) If the licensee shall cut down or take any other productive tree, he shall pay fair and adequate compensation to the owner thereof:

Provided that in the event of any dispute or uncertainty as to the owner of any productive tree, or as to the amount of compensation payable, the licensee shall deposit with the Menteri Besar\*/Chief Minister\* such sum as shall appear to him to be reasonable satisfaction in full or in part of whatever compensation the licensee may be found liable to pay to the owner but without prejudice to his right to recover any amount paid in excess of the said compensation.

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\*Delete whichever is inapplicable.

**Fishing and navigation**

**14.** The licensee shall not carry out any operations authorized by this licence in or about the exploration area in such manner as in the opinion of the Petroleum Authority to interfere unjustifiably with navigation or fishing in the waters of the exploration area or with the conservation of the living resources of the sea.

**Safety, health and welfare of employees**

**15.** The licensee shall comply with all instructions from time to time given by the Petroleum Authority in writing for securing the safety, health and welfare of persons employed in or about the exploration area.

**Licensee to keep records**

**16.** (1) The licensee shall keep accurate records in a form from time to time approved by the Petroleum Authority of the drilling, deepening, plugging or abandonment of all wells and of any alterations in the casing thereof. The said records shall contain particulars of the following matters:

- (a) the site of and number assigned to every well;
- (b) the subsoil and strata through which the well was drilled;
- (c) the casing inserted in any well and any alteration to such casing;
- (d) any petroleum, water, mines or workable seams of coal or other minerals encountered; and
- (e) such other matters as the Petroleum Authority may from time to time direct.

(2) The licensee shall keep in Malaysia accurate geological and geophysical plans and maps relating to the exploration area and such other records in relation thereto as may be necessary to preserve all information which the licensee has about the exploration area.

(3) The licensee shall deliver copies of the said records, plans and maps referred to in paragraphs (1) and (2) to the Petroleum Authority as and when required.

**Returns**

**17.** (1) The licensee shall furnish to the Petroleum Authority every three months during which this licence is in force a return in a form from time to time approved by the Petroleum Authority of the progress of his operations in the exploration area. The return shall contain—

- (a) a statement of the areas in which any geological work, including surveys by any geophysical, topographic or chemical means, has been carried out;
- (b) the number assigned to each well, and in the case of any well the drilling of which was begun or the number of which was changed in that month, the co-ordinates of the site thereof;
- (c) a statement of the depth drilled in each well; and

- (d) a statement of any petroleum, water, mines or workable seams of coal or other minerals having economic value encountered in the course of the said operations.

(2) Within two months after the end of each calendar year in which this licence is in force and within two months after the expiration or determination of this licence the licensee shall furnish to the Petroleum Authority a return in a form from time to time approved by the Petroleum Authority of the operations conducted by him in the exploration area during that year or the period prior to such expiration or determination as the case may be together with a plan upon a scale approved by the Petroleum Authority showing the situation of all wells. The licensee shall also indicate on the said plan all works executed by him in connection with searching for petroleum.

(3) The licensee shall furnish to the Petroleum Authority such other information, including information in the form of maps and plans, as to progress of his operations in the exploration area as the Petroleum Authority may from time to time require.

#### **Notification of discovery of petroleum**

**18.** The licensee shall forthwith report to the Petroleum Authority the discovery of petroleum or petroleum bearing strata.

#### **Licensee to keep samples**

**19.** As far as reasonably practicable the licensee shall correctly label and preserve for reference for a period of twelve months samples of the sea bed and of the strata encountered in any of the licensee's wells and samples of any petroleum or water discovered in any of the licensee's wells in the exploration area. The Petroleum Authority or any person authorized by him shall be entitled to require that part of any such sample be delivered to him and to retain any sample or part thereof so delivered, and shall be entitled to inspect and analyse any samples kept by the licensee.

#### **Reports to be treated as confidential**

**20.** All records, returns, plans, maps and information which the licensee is or may be from time to time required to furnish under this licence shall be supplied at the expense of the licensee and shall not (except with the consent in writing of the licensee which shall not be unreasonably withheld) be disclosed during the currency of the licence and two years thereafter to any person not in the service or employment of the Government. The Petroleum Authority shall nevertheless be entitled at any time to make use of any information received from the licensee for the purpose of preparing and publishing such returns and reports as may be required.

#### **Power to inspect records**

**21.** Any person authorized by the Petroleum Authority may at all reasonable times inspect and make abstracts or copies of any records, returns, plans or maps which the licensee is required to keep or make in accordance with this licence.

**Rights of access**

**22.** Any person or persons authorized by the Petroleum Authority shall be entitled at all reasonable times to enter into and upon any of the licensee's installations and equipment used or to be used in connection with searching for petroleum in the exploration area for the purposes hereinafter mentioned—

- (a) to examine the installations, wells, plant, appliances and works made or executed by the licensee in pursuance of this licence and the state of repair and condition thereof; and
- (b) to execute any works or to provide and install any equipment which the Petroleum Authority may be entitled to execute or provide and install in accordance with this licence.

**Power to execute works**

**23.** If the licensee shall at any time fail to perform the obligations arising under any of the terms and conditions of Clauses 10, 12 and 15 of this licence then and in any such case the Petroleum Authority shall be entitled, after giving to the licensee reasonable notice in writing of his intention, to execute any works and to provide and install any equipment which in the opinion of the Petroleum Authority may be necessary to secure the performance of the said obligations or any of them and to recover the costs and expenses of so doing from the licensee.

**Indemnity against third party claims**

**24.** The licensee shall at all times keep the Government and the Petroleum Authority and all public officers of the Government effectually indemnified against all proceedings, costs, charges, claims and demands whatsoever which may be made or brought against the Government or the Petroleum Authority or any public officer of the Government by any third party in relation to or in connection with this licence or any matter or thing done or purported to be done in pursuance thereof.

**Agreement not to assign**

**25.** The licensee shall not without the consent of the Petroleum Authority in writing assign or part with any of the rights granted by this licence in relation to the whole or any part of the exploration area or grant any sub-licence in respect of any of such rights.

**Power of revocation**

**26.** (1) If any of the events specified in paragraph (2) shall occur then and in any such case the Petroleum Authority may revoke this licence and thereupon the same and all the rights hereby granted shall cease and determine but subject nevertheless and without prejudice to any obligation or liability incurred by the licensee or imposed upon him by or under the terms and conditions hereof.

(2) The events referred to in paragraph (1) are—

- (a) any consideration payable under the licence or any part thereof being in arrear or unpaid for two months next after any of the days whereon the same ought to have been paid;
- (b) any breach or non-observance by the licensee of any of the terms and conditions of this licence;
- (c) the bankruptcy of the licensee;
- (d) the making by the licensee of any arrangement or composition with his creditors;
- (e) if the licensee is a company, the appointment of a receiver or any liquidation whether compulsory or voluntary.

### **Arbitration**

**27.** (1) If at any time any dispute, difference or question shall arise between the Government and the Petroleum Authority and the licensee as to any matter arising under or by virtue of this licence or as to their respective rights and liabilities in respect thereof then the same shall, except where it is expressly provided by this licence that the matter or thing to which the same relates is to be determined, decided, approved or consented to by the Petroleum Authority, be referred to arbitration as provided by paragraph (2).

(2) The arbitration referred to in paragraph (1) shall be in accordance with the Arbitration Act 1952 [*Act 93*], \*by a single arbitrator who, in default of agreement between the Petroleum Authority and the licensee as to his appointment, shall be appointed by the Chief Justice of the Federal Court for the time being.

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### SCHEDULE

(Exploration Area)

Dated this ..... at ..... on ..... 20.....

.....  
*Minister/Menteri Besar/Chief Minister*

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\*NOTE—This Act is repealed by Arbitration Act 2005 [*Act 646*] with effect from 15-03-2006 via P.U. (B) 65/2006—see section 51 Act 646.

**LAWS OF MALAYSIA****Act 95****PETROLEUM MINING ACT 1966****LIST OF AMENDMENTS**

Amending law	Short title	In force from
P.U. (A) 467/1969	*Emergency (Essential Powers) Ordinance No. 10 1969	08-11-1969
Act 160	Malaysian Currency (Ringgit) Act 1975	29-08-1975
Act A885	Constitution (Amendment) Act 1994	24-06-1994

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**\*NOTE**

The Emergency (Essential Powers) Ordinance No. 10, 1969, amended the Continental Shelf Act, No. 57 of 1966 (revised as Act 83), and the Petroleum Mining Act, No. 58 of 1966 (revised as Act 95), to apply the two Acts, which previously had effect in the States of Malaya only, throughout Malaysia, Revised Acts 83 and 95 incorporate all the amendments made by Ordinance No. 10, 1969. When the Ordinance ceases to have effect under Article 150(7) of the Federal Constitution, the amendments made by Ordinance No. 10, 1969, will cease to have effect and the Acts will cease to apply outside the States of Malaya. In the States of Malaya the Acts will apply without the amendments introduced by the Ordinance.

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**LAWS OF MALAYSIA****Act 95****PETROLEUM MINING ACT 1966****LIST OF SECTION AMENDED**

Section	Amending Authority	In force from
Long title	P.U. (A) 467/1969	29-08-1975
1	P.U. (A) 467/1969	29-08-1975
2	P.U. (A) 467/1969	29-08-1975
3	Act 160	29-08-1975
13	P.U. (A) 467/1969	08-11-1969
14	Act 160	29-08-1975
2nd Schedule	Act 160	29-08-1975
	Act A885	24-06-1994

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