

GHANA LICENSE APPLICATION PROCESS AND AVAILABLE ACREAGE

- A)
- 1) Application Forms from Ministry of Energy
\$10,000.00 Application Fee to Government on submission of application
 - 2) Preliminary Work by Company indicating Leads/Prospects identified in Blocks of Interest
 - 3) Limits on Open/Available Blocks applied for
 - 4) Minimum Work Obligations (must be Commensurate with the Size of the Block)
 - 5) Minimum Expenditure Requirement
 - 6) Financial and Technical Capability Requirements
 - 7) Completed application will be forwarded to GNPC for review
 - 8) - Negotiation of a Petroleum Agreement after GNPC's review
- Approval of Petroleum Agreement by Board and Cabinet
- Ratification of the negotiated Petroleum Agreement by Parliament
- Signing of the Petroleum Agreement
- B) **Model Petroleum Agreement** - This Model is synthesis of the above three (3) Laws. It is the basic negotiating document.

Exploration Period of Seven (7) years allowed for the shelf area, and proposed ten (10) years for Deep Water.

Highlights:

- (i) Income Tax, Royalty and Rate of Return (ROR) Model
- (ii) GNPC's Carried Interest and Minor Negotiated Paying Interest
- (iii) Work Obligation in each phase of Exploration
- (iv) Modest Surface Rental (SR) Payment to Government
- (v) Graduated SR according to the various Exploration Phases
- (vi) Total Exploration and Production Period of thirty (30) years

- (vii) Parties to the Petroleum Agreement:
 - Government or State represented by Minister of Energy
 - GNPC
 - Oil Companies (Contractor)
- (viii) Key Factors concerning discoveries and appraisal
- (ix) State/GNPC: Ownership of all Technical Data
 - State's Ownership of Crude in its natural state
- (x) Additional Oil Entitlement at pre-negotiated Rate of Return ROR)
- (xi) Training and Technology Transfer, hence GNPC'S involvement in each phase of the project
- (xii) Training & Equipment Allowance

- C) **Three (3) LAWS:**
- GNPC Law 1983, PNDCL 64
 - Petroleum Exploration & Production Law 1984, PNDCL 84
 - Petroleum Income Tax Law 1987, PNDCL 188

NB: These laws regulate all issues related to upstream petroleum activities in Ghana

D) Data Availability in Areas of Interest

Four (4) Regions of Sedimentary Basins:

- i) Western Region/Basin → Tano–Cape Three Points Basin
- ii) Central Region/Basin → Saltpond/Central Basin
- iii) Eastern Region/Basin → Accra-Keta Basin
- iv) Northern Region/Basin → Voltaian Basin

Extensive 2D and 3D Seismic Data are available. Well data and commissioned reports are also available. In-house technical data review is allowed every working day of the week. Data can also be licensed and taken away for further evaluation of the Block. Licensing of data is preceded by signing of Confidentiality Agreement and Data (Seismic, Well and Reports) Licensing Agreements.

Activity Map showing the Licensed Blocks and Open Acreages

NB: Review of Fiscal and Legal regime is approved by GNPC Board, especially for Deep-water areas thereby apart from concessions on Royalty, Tax and Capital Allowance, the Exploration Period may be increased from 7 to 10 years.

June 19, 2003