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MOZAMBIQUE

NEW REGULATIONS ON THE LICENSING OF PETROLEUM FACILITIES AND OPERATIONS

By means of Decree No. 84/2020, of 18 September, the Government of Mozambique has approved the new regulations on the licensing of petroleum facilities and operations. This new Decree, which is part of an ongoing reform in the O&G sector, although not expressly revoking Ministerial Order No. 272/2009, of 30 December (Regulations on Licensing of Petroleum Installations and Activities), ends-up grandfathering the same.

Scope

The new Regulations set-forth the rules and procedures for the licensing of the construction, installation, modification, replacement, operation and demobilization of petroleum infrastructures, including the storage and transportation by road, sea, river or railway of petroleum products, as well as the relevant permits and authorizations. The rules set-forth therein apply to all petroleum infrastructures to be installed by petroleum concessionaires, operators, their contractors and subcontractors and other legal entities engaged in the carrying-out petroleum operations within the territory of Mozambique.

Mandatory Licensing, Authorization and Registration

The construction, installation, modification, operation, demobilization of any infrastructure used for the carrying-out of petroleum operations (offshore and onshore), as well as those related to development wells, drilling rigs, production, storage and transportation by vehicles, are now subject to mandatory licensing with INP – National Petroleum Institute (“INP”).

Moreover, the (i) installation of petroleum infrastructures during the prospecting phase, (ii) installation and operation of petroleum infrastructures for a period below 180 days, (iii) replacement of parts or components of a petroleum infrastructure, as well as (iv) the transportation of petroleum by road, sea, river or railway, is now dependent on INP’s authorization.

Furthermore, the (i) installation of petroleum infrastructures during the prospecting phase, and the (ii) installation and operation of petroleum infrastructures for a period below 180 days, is also subject to registration with INP.

With the enactment of this new Regulations, INP sees its authority in terms of licensing and permitting in the O&G sector expanded.

Key Licenses

The key licenses to consider are:

- (a) *Demobilization License*: grants to its holder the right to initiate the closure of activities, removal or reuse of petroleum infrastructures and the restoration of the area where the underlying petroleum operations took place, or which were impaired by the same;
- (b) *Installation License*: grants to its holder the right to commence the works for the construction, renovation, modification, replacement, maintenance and expansion of petroleum infrastructures;
- (c) *License for the Construction and Operation of Storage Facilities*: grants to its holder the right to build and operate storage facilities for petroleum products;
- (d) *Operation License*: being dependent on a prior and favorable inspection to the relevant facilities, this license grants to its holder the right to operate/start operating a petroleum infrastructure;
- (e) *Transportation License*: grants to its holder the right to transport petroleum products by road, sea, river or railway.

Securing the relevant licenses or permits is subject to the payment of a fee that can go up to 4.800.000,00 MTS.

Recording System

With the coming into force of this new Decree, INP is responsible for keeping up-to-date records on all data and licenses issued to those involved in the carrying-out of petroleum operations, including on:

- (a) the Concessionaire, Operator, other license holders;
- (b) petroleum installations in operation and their location;
- (c) activities to be developed;
- (d) technicians accredited for the issuance certificates of quality;
- (e) any additional information that is deemed to complete the relevant registration.

Concessionaires and other licensees are now required to provide on a yearly basis information on the standing of the relevant infrastructures.

Regime applicable to infrastructures already in operation

Holders of petroleum infrastructures in operation before the entry into force of this Regulation shall regularize their standing (rights) and apply for the relevant licenses by 17 September 2021.

Fines

The infringement of the provisions of this new Regulations may imply the assessment of fines and other penalties.