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SAO TOME AND PRINCIPE

SPECIAL FRAMEWORK TO SIMPLIFY THE TERMS OF PRODUCTION SHARING AGREEMENTS

A Special Framework to Simplify (“SFS”) the terms of Production Sharing Agreements (“PSA”) was enacted by the Council of Ministers last 17 June 2020.

Under the SFS, the Executive Director of Sao Tome and Principe’s Oil National Agency (“ANP-STP”) was awarded full powers to execute PSA amendments extending the term of Exploration Periods (“EP”) provided:

- The extension does not exceed a maximum 12-month period;
- Contractor notifies ANP-STP of its interest in extending the EP and in performing/resuming performance of the PSA;
- Compliance with the obligations under the PSA is not delayed, interrupted or prevented due to Force Majeure; and
- Contractor did not breach the PSA.

This extension only applies to the EP schedule, not impacting the remaining terms and conditions of the PSA. Exception to this rule are modifications to the PSA’s Minimum Work Programme (“MWP”) and Minimum Financial Commitment (“MFC”). Full powers are likewise granted to the ANP-STP’s Executive Director to execute amendments modifying the PSC’s MWPs and MFCs.

The enactment of the SFS qualifies as a measure to mitigate the impact caused in the oil industry by the COVID-19 Outbreak and applies to oil blocks’ PSA located in the Economic Exclusive Zone.

The SFS was enacted by way of the Council of Ministers’ Resolution No. 25/2020, published in the State’s Official Gazette on 23 June 2020. The Resolution entered into force on the date of its enactment and will remain valid until 30 September 2020.