

# Petroleum Bill has lift off at last

South Africa's gas potential, and interest from investors, meant government was under pressure to forge ahead with its legislative reforms needed to address upstream issues - which, until yesterday, have been in limbo.



Megan Rodgers, director, Cliffe Dekker Hofmeyr

In a media statement released on 13 May 2021, the Ministry in the Presidency announced that Cabinet has approved the submission of the draft Upstream Petroleum Resources Development Bill to Parliament.



## Second significant gas discovery in SA waters

29 Oct 2020



"The Upstream Petroleum Bill was first published in the Government Gazette on 24 December 2019. Written submission from industry stakeholders were submitted by 21 February 2020. Government consultations on the industry submissions were conducted by the Department of Mineral Resources and Energy and the Petroleum Agency between April and May 2020. In September 2020 Government verbally presented its proposed amendments to the Upstream Petroleum Bill to industry stakeholders, which amendments aimed to address the concerns of raised by industry stakeholders," says Megan Rodgers, director at Cliffe Dekker Hofmeyr (CDH) and head of the firm's oil and gas sector.



## Slow progress on petroleum bill is hampering development

James Chester 1 Feb 2021



"A significant and welcomed amendment to the Upstream Petroleum Bill, would be the introduction of the petroleum right, which will govern the key terms of both the exploration and production phase. We expect to see the introduction of a retention permit which is to be granted in instances where development and production of petroleum not possible owing to unfavourable market or economic conditions and to enable a petroleum right holder to undertake gas market development, if so applicable. We also expect to see the end of granting of technical cooperation permits.

"We hope to see black-owned oil and gas companies having the right to dilute both shareholding equity and participating interest in order to raise funding to meet its participating share of costs," said Rodgers.

She added that CDH would like to see recoverability on the state carry with a percentage of the state's annual share of production to be allocated for repayment of its proportionate share of exploration and production costs. "We also hope to see all references to production bonus and petroleum rent tax removed from the Upstream Petroleum Bill, given these fiscal terms had not been fully formed and created investor uncertainty."

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