

1923

KENYA

C.O.  
42781

Mr. G. Downing

1128

DATE

23 July 1923

Rec'd

Rec'd 28 AUG 23

FOR CIRCULATION:

Mr. Parkinson

Mr.

Mr.

A.C. U.S. of S.

Sir G. Grant

Parl. U.S. of S.

Parl. U.S. of S.

Secretary of State

SUBJECT

308

OIL PRODUCTION BILL 1922

Enclosed 4 copies of revised draft  
 Regs. under - embodying the suggestions of  
 the Petroleum Dept., States. As it was not  
 considered necessary to amend the Bill itself,  
 will communicate tele. instructions to the respective  
 Div. Engineers.

Previous Paper

56

MINUTES

On B.T. 3406/123 the Petroleum Dept.  
 did not offer any observations on the  
 Bill itself.

As to the Dept's suggestions on the regulations,

(iii) and (iv) in the Schedule (No 485)

No 3475/123 have been adopted  
 in Regulations 23(e) and 13  
 respectively. In the rest (1, 2, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 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11 Jan' 23 (3406/23) have been adopted in the Regt., in Regs. 33(6) and 132 respectively with regard to the other points raised in their letter, while attention to the O & G's despatch and Say 585 w. be glad to learn whether they wish to offer further Shows. [Saying with regard to paras 3 and 4 of the despatch So far would be denoted. When the Pet. Dept. gave serious objection to agree with the views of the O & G.]

Say that in the event of the Petroleum Dept. not wishing to offer any further Shows on the draft Bill and Regulations of 5/23 further to reply by tel. to the O&G. an requested affording the Regt. a general permission for the introduction of the Bill into the Leg. Council.

Ack received & reply

SD

30.8.23

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[Ans. Mr. Birchard has already stated - 12/iii/23 in 3475/23 that he has no objection the Oil Bill].

The Col. Govt. have accepted the more important suggestions of the Petroleum Dept. : the 10 sq. miles area in cl. 27 for a base is by far the most important.

At the same time it is rather difficult of these being agreed to set up the committee of enquiry in the Pet. Dept. May 1923 against clause 7 of the

O&G

as to press  
the suggestion  
so as the  
Col. Govt. may  
not adopt it.

KENYA.

NO. 1139.



GOVERNMENT HOUSE,

NAIROBI,

KENYA.

310

C O

42781

July 23rd, 1923.

REC

Reu. 28 AUG 23

My Lord Duke,

With reference to Your Grace's despatch No. 485 of the 31st of March last, on the subject of the "Oil Production Bill, 1922" and Draft Regulations thereunder, I have the honour to transmit a revised set of Regulations in which, as Your Grace will observe, effect has been given to the 3rd and 4th suggestions of the Petroleum Department of the Board of Trade.

2. That Department's suggestions were referred to Executive Council which considered, in regard to the first comment, that a licensee would be unlikely to go to the expense of drilling until he had obtained from the Crown a greater measure of security than that contained in a prospecting licence. If however the insertion of a clause to prevent drilling is pressed I should be glad if the Petroleum Department could be asked to indicate not only the extent to which excavations may be allowed so as to enable the licensee to decide whether he is justified in going to the expense of advancing to the next stage provided by law but also in that next stage to lay down a limit more clearly and technically defined than "exploratory drilling".

3. With reference to the second suggestion it appeared to Executive Council more convenient to make such provisions in the Regulations rather than to

S GRACE

reiterate

THE DUKE OF DEVONSHIRE, K.G., P.C., G.C.M.G., G.C.V.O.,

SECRETARY OF STATE FOR THE COLONIES,

TOWNING STREET, LONDON, S.W.,

reiterate them in each licence, which would cause the latter to be needlessly long: the inclusion of such points in Regulations has proved better in practice.

4. The 5th suggestion is generally accepted and clause 27 has been altered accordingly but it is submitted that it should be left open to the Governor to grant as many leases as he may think to be a fair reward for work done and money spent. A statutory must be an arbitrary figure and I trust Your Grace will concede an exercise of discretion by the Governor on this point.

5. It did not appear that the Bill itself required amendment by reason of the Petroleum Department's suggestions and I should be grateful for a telegraphic expression of Your Grace's approval of the revised Regulations 4 copies of which are transmitted with this despatch and Your Grace's permission to introduce the Bill at the next session of Legislative Council.

I have the honour to be,

My Lord Duke,

Your Grace's most devoted  
and most obedient servant,



ACTING GOVERNOR.

Regulations issued by His Excellency the Governor under the powers conferred by the Oil Production Regulations.

**Governor**

**Title.**

These regulations may be cited as the Production Regulations 1959.

In the construction of these regulations except where the subject matter or context requires a different construction the terms to which specific meanings are assigned by the Ordinance shall wherever they occur in these Regulations have the same meanings as are so assigned to them in said Ordinance.

**Prospecting Licence**

(a) The Commissioner of Mines may, with approval of the Governor, grant licences to prospect for oil.

**Application for prospecting licence**

The application for a prospecting licence shall be submitted by the applicant to the Commissioner of Mines and shall contain a description of the area to be prospected and a map or plan required to prospect, and shall also contain sufficient evidence to identify the boundaries.

(b) Nationality and race of applicant.

(c) Proof of means to the extent of 25/- for each square mile of the area under application.

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(4) A fee of one shilling for each square mile applied for, provided that the Governor may reduce this fee at his sole discretion; or he may authorise the refund of a portion of this fee after the licence has been granted. If the application is refused the whole of the fee will be returned.

Terms and conditions.

5. A prospecting licence shall be for such term and subject to such conditions as the Governor may direct, and shall be for a maximum term of one year renewable as herein-after provided.

Surface rights.

6. A prospecting licence shall confer surface rights such as are absolutely necessary for adequate prospecting for oil.

Mineral rights.

7. A prospecting licence may confer the sole right of prospecting for oil, but shall not debar, or be construed as debarring, prospectors from entering the land to prospect for mine or vein minerals.

Survey.

8. The Commissioner of Mines may require the licensee to have the area of his licence surveyed under the direction of the Director of Surveys, and to supply plans of the area, at the sole cost of the licensee.

Right of application for protection areas.

9. A prospecting licence shall confer upon the licensee a preferential right, during the currency of the licence, to oil protection areas.

Transfer.

10. A licensee shall not assign his licence or any interest thereunder without

3.

The written consent of the Commissioner of Mines, for which consent a fee of ten shillings shall be paid by the licensee.

Notice  
in Gazette.

11. The Commissioner of Mines shall cause notice of every prospecting licence granted to be published in the Gazette.

Compliance  
with condi-  
tions and  
reporting  
discoveries.

12. A licensee shall furnish the Commissioner of Mines, whenever required by him, with satisfactory evidence of compliance with the provisions of his licence; and shall report forthwith to the Commissioner of Mines the discovery of oil, ~~or any~~ bearing strata.

Extension  
of term.

13. The Commissioner of Mines may, with the approval of the Governor, issue a proclamation in the Gazette, extending the term of any prospecting licence; provided that a further fee is paid in accordance with section 4(d) thereof shall be payable on the date of such extension, and the duration of each extension shall not exceed one year.

#### ACT II.

##### Oil Protection Areas.

Protection  
areas.

14. The Commissioner of Mines may, with the approval of the Governor, issue a proclamation establishing oil protection areas.

Method of  
application.

15. An application for the establishment of oil protection areas shall be made in the following particulars:-

(a) sketch showing the land over which protection is desired, and a description sufficient to identify the land, and its boundaries.

- (b) Nationality and race of applicant.  
 (c) Proof of means to the extent of one pound for each acre of the area under application.  
 (d) A fee of one shilling for each acre applied for.

16. Sections 5, 6, 8, 10, 11, 12 and 13 of these Regulations shall apply also to protection areas.

~~Mineral rights.~~

17. A protection area shall confer the sole right of prospecting for oil, but shall not debar, so far as construed as debarring, prospectors from entering the land in prospect for mine or win minerals.

~~Right of application for oil leases.~~

18. A protection area shall confer upon the grantee a preferential right, during the currency of the grant, to oil leases.

~~Right to oil areas.~~

19. A protection area shall confer upon the grantee the right of using any oil discovered for further oil prospecting or mining operations, but shall not confer the right to sell oil outside the area.

~~Right to sell oil.~~

20. The Governor may grant permission to the grantee of a protection area, to sell or export oil from the area, subject to the payment of royalties as prescribed and contained under section.

~~Working conditions.~~

21. The grantee may make working conditions to be observed by the grantee.

PART IIIOil Leases.Oil leases.

22. The Governor may grant oil leases to the holders of protection areas.

Method of application.

23. Applications for leases shall be made to the Commissioner of Mines and shall be accompanied by:-

- (a) A sketch of the area applied for and a description sufficient to identify the land, and its boundaries.
- (b) Proof of means to the extent of five pounds for each acre of the area under application.
- (c) If not already submitted, satisfactory evidence of compliance with the terms and conditions which attached to the Protection Area.
- (d) The first years' rent of two shillings per acre.
- (e) A deposit of £5 for each lease applied for, towards the cost of preparation of the lease, stamp duty, and registration fees, etc.

Survey

24. So soon as the applicant has been informed that a lease will be granted to him, he shall cause the land to be surveyed at his own cost, and shall furnish the Commissioner of Mines with suitable plans countersigned by the Director of Surveys for attaching to the lease.

Private land.

25. Before a lease is granted over private land, the applicant shall give to the Commission of the Commissioner of Mines that

6.  
He has made satisfactory arrangements with the land owner with which all parties are agreed.

Terms.

26. A lease shall be for ten years, subject to renewal for further periods of ten years each upon compliance with the terms and conditions of the lease.

Area.

27. The maximum area for each lease shall be 10 square miles.

Rights of lessee.

28. A lease shall confer upon the lessee inter alia the following rights:-

(a) Such surface rights as are absolutely necessary for the effective winning and disposal of oil both by searching and obtaining and by the manufacture and refining of the crude product.

(b) The right to search, get, win, obtain, possess, make merchantable, sell, use and export oil or its products found in the area of the lease.

29. A lessee shall be bound inter alia by the following covenants:-

(a) To pay the annual rent on the first of January in each year.

(b) To pay royalty as and when it becomes due.

(c) Not to use the land leased for purposes other than mining or treating oil as authorised by law.

(d) To comply with the working conditions as prescribed from time to time by Regulation.

- (e) To furnish the Commissioner of Mines as prescribed by regulation with full and true returns of all oil won and treated.

Refinery.

30. No person shall erect an oil refinery in the Colony and Protectorate of Kenya without the sanction of the Governor.

PART IV.

Miscellaneous.

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Regulations.

31. The Governor may make regulations for the better carrying out of the provisions of these regulations and for the following particular purposes:-

- (a) Royalties payable under leases.
- (b) For regulating safety in mining operations, protection of employees, mode of inspection and powers and duties of inspectors, water and timber rights, drainage, pollution of land and water, repair to land on abandonment.
- (c) Working conditions to be observed under prospecting licences, protection areas, or leases.

Regulations  
to be  
published.

32. Every regulation made by the Governor under the authority of these regulations, when published in the Gazette shall have the force of law.

Rights of  
His Majesty's  
Government.

33. All licences, protection areas, and leases shall be granted only on the implied agreement by the licensee grantee and lessee with the following:-

- (a) That His Majesty's Government shall

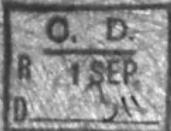


SCHEDULE

Court fees as prescribed by  
Mining Ordinance 1922.

Prospecting Licence	Rs.1/- for each square mile.
Protection area	1/- for each acre.
Permission to transfer licence or Protection Areas	10/-
Preparation of Lease	£10.

\* In addition to stamp duty on the consideration  
paying, according to current stamp law.



321

OAG. 42781/  
123 Kenya.

forwarded

3<sup>rd</sup> Sept  
August 1923

DRAFT.

The Director  
Petroleum Dept.  
Board of Trade

Sir,

and # 5271

With reference to the

Letter from this Dept. No

OAG. Seal 31/8/23  
(46)

31/8/23, of the 4<sup>th</sup> of April,

I am etc to Gramine Co  
the 1<sup>st</sup> of the month,  
you, for the conveyance of the

the acc<sup>9</sup> copy of a  
despatch from the Acting

Governor of Kew-i-z.

forwarding  
transmitting a revised  
Draft  
~~set~~ of Regulations to

OAG. 23 July, enclosure  
Petroleum Bill 3rd/123

Opposition Bill  
(for a return)

D. Davis will in the  
first part of the  
supplement number 1 (5<sup>th</sup>)

17<sup>th</sup> of January, 1900 am 32°

I invite your attention

to the drawings contained  
in the ~~bulletin~~ <sup>enclosed</sup> forward

despatch. The Doctor of

Devonshire would be

glad to receive either

you with D. M. further

drawings made points.

M. Davis.

J. Grindle.

G. Ross.

Yours sincerely  
D. M. Devonshire to  
The other ~~bulletin~~ <sup>despatch</sup>

as I understand it

3406/3 note of the 22nd of February

Enclosed for further reference,  
if necessary, and return. In  
the event of ~~your having not~~  
<sup>any</sup> time being given to offer further  
views on the Draft Bill or  
Regulations, or to have  
the suggestions contained

in your letter of the 18<sup>th</sup> Jan.<sup>st</sup> which have not been  
adopted by the Col. Govt.,

the Govt. proposes to reply  
<sup>by telegraph, as requested</sup>  
in the enclosed despatch,  
approving the Dr. Regulations  
and giving permission for  
the introduction of the Bill  
at the next session of

the Legislative Council.

4. I am to request

that you will be sure to  
receive <sup>an early</sup> a copy  
of this letter at <sup>as early</sup>  
~~date~~  
~~convenience.~~

(Signed) G. GRINDLE

DRAFT.

MINUTE.

Mr. Date.

Mr. G. Grindle.

Mr. H. Read.

J. Westerton Smith

Orangeman

of Devonshire.