

1923

KENYA

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CO
42781

NAME
A. G. Howring

DATE
1128 23 July 1923

REC'D
REV 28 AUG 23

FOR CIRCULATION:-
Mr. *Parkinson*
Mr.
Mr.
A. S. U.S. of S.
[Signature]
Period U.S. of S.
Part U.S. of S.
Secretary of State

SUBJECT
OIL PRODUCTION BILL 1923 308

Encloses 4 copies of revised draft
Memorandum - embodying the suggestions of
the Petroleum Dept. States that it was not
considered necessary to amend the Bill itself
and suggests tele sanction to the Reg. Co.
has been granted.

Previous Paper

MINUTES

On 13/7/23 the Petroleum Dept.

did not offer any objections on the
Bill itself.

As the Dept's suggestions on the Regulations
(iii) and (iv) in the despatch (No 485)

on 3/4/23 have been adopted

in Regulations 33(c) and 13

respectively. In the rest of the

despatch for the Dept.

copy of despatch sent

to the Petroleum Dept. re: pte

of 4 April on 3/4/23

Observe that the suggestions
are (v)

in paras (2) and (4) of that Dept's letter

Subsequent Paper

[Signature]
11521

[Mr. Ehrhardt has already
stated - 12/11/23 on 3475/23
that he has no objection on the
oil Bill].

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

At the same time it is
rather childish of these
bureaus appears to set
up their own
in the Pet. Dept. 1923
against the Dept. of Geol.

Other

Jan 18 - (3406/23) have
been adopted in the Ref.
in Reg. 33(c) and 133 respectively.

With regard to the other
points raised in their letter,
draw attention to the OAG's
dispatch and say SAS wd.
be glad to learn whether they
wish to offer further views. [Say
with regard to paras 3 and 4
of the dispatch SAS would
be destroyed, unless the
Pet. Dept. gave serious
objection to agree with
the views of the OAG.]

Say that in the event
of the Petroleum Dept. not
wishing to offer any further
objection on the draft Bill
and Regulations, SAS
proposes to reply by tel. to
the OAG, in requested
affirming the Ref. & giving
permission for the introduction
of the Bill in the Leg. Council

AM for reply

as in press
the suggestions
are not in
Col. Gov. has
not adopted

KENYA

No. 1159.



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

310

C O
42781
REC
REL 28 AUG 23

July 23rd, 1923.

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 reiterate

GRACE

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

SECRETARY OF STATE FOR THE COLONIES,

DOWNING 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.

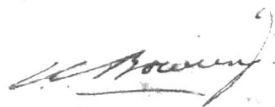
4. The 5th suggestion is generally accepted and clause 27 has been altered accordingly but it is submitted that it should be left open to the Governor to grant as many leases as he may think to be a fair reward for work done and money spent. A statutory must be an arbitrary figure and I trust Your Grace 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 1933.

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

Prospecting

3. The Commissioner of Mines may, with approval of the Governor, grant licenses for prospecting for oil.

Applications for prospecting licenses shall be accompanied by the fee and a description showing the area to be prospected and a plan required to prospect. The applicant 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.

(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 authorize 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.

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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 win 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

8.

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 conditions 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 gas~~ bearing strata.

Extension of term.

13. The Commissioner of Mines may, with the approval of the Governor, ~~extend the term of any prospecting licence, and may, in any such case, require the licensee to pay a further fee as prescribed in section 4(d), which shall be payable on or before the expiration of the term of such licence, and such extension shall not exceed one year.~~

ART II.

Oil Protection Areas.

Protection areas.

14. The Commissioner of Mines may, with the approval of the Governor, declare any area to be a protection area for oil.

Method of application.

15. Applications for 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, 7, 8, 9, 10, 11, 12 and 13 of these Regulations shall apply to protection areas.

Mineral rights.

17. A protection area shall confer the sole right of prospecting for oil, but shall not debar, or be construed as depriving, prospectors from entering the land to 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 sell oil.

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 or export any oil from 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 as provided under section.

Working conditions.

21. The Governor may direct, as a condition 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 £25 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 prove to the satisfaction of the Commissioner of Mines that

8.

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, all, use and export oil or its product found in the area of the lease.

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 authorized by law.
- (d) To comply with the working conditions as prescribed from time to time by regulation.

- (c) 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.

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	3h.1/- for each square mile.
Protection area	1/- for each acre.
X Permission to transfer licence or Protection Areas	10/-
Preparation of Lease	210.

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

... with in the
part of the
supplement number 57

13th of January / 19 am 322

Draw into your attention
to the Brown contained
in the ~~enclosed~~ ^{enclosed} ~~forward~~ ^{forward}

despatch. The Duke of
Devonshire would be
glad to discuss with
you with a view further
Brown on these points.

I have at
~~the Duke of Devonshire to~~

The Duke of Devonshire

...
was returned with your

note of the 22nd of February

3406/13

DRAFT

MINUTE.

M. Davis.

J. Grindle

G. Ross

is enclosed for further reference,
 if necessary, and return. In
 the event of ^{the Board} ~~the Board~~ ^{not} ~~not~~
 being willing to offer further
 amendments to the Draft Bill or
 Regulations, or to meet
 the suggestions contained
 in your letter of the 18th of
 Jan^r which have not been
 adopted by the Ct. for^r,
 the Grace proposes to reply
 by telegram, ^{to the Duke of Devonshire} as requested
 in the enclosed despatch,
 approving the proposed Regulations
 and giving permission for
 the introduction of the Bill
 at the next session of

the Legislative Council.

4. I am to request

that

the favour of a reply to my

letter is

to this letter at ^{an early} ~~your early~~
 date
 convenient.

(Signed) G. GRINDLE

DRAFT.

MINUTE.

- Mr. Davis.
 Mr. G. Grindle.
 Mr. H. Head.
 Mr. J. H. M. Spink.
 Mr. Ormsby.
 Mr. of Devonshire.