

Climate Technology Centre and Network (CTCN)

# Formulation of Geothermal Energy Policy, Legal and Regulatory Framework in Uganda

*CTCN Request: 2015-022/UGA*

## GEOHERMAL RESOURCES DEVELOPMENT ACT (Final Draft)

Carbon Counts Company (UK) Ltd

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Our Ref: 073



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ARRANGEMENT OF SECTIONS

PART I—PRELIMINARY

1. Purpose of the Act.
2. Interpretation.
3. Vesting of rights in geothermal resources.
4. Declaration of geothermal area.
5. Prohibition of geothermal resource exploitation activities without authorization.

PART II—INSTITUTIONAL ARRANGEMENTS

*The Minister*

6. Functions of the Minister.
7. Directions by the Minister.

*The Geothermal Resources Director and Commissioner*

8. The Geothermal Resources Director and Commissioner.
9. Functions of the Geothermal Resources Director and Commissioner.
10. Conduct of functions of the Geothermal Resources Director and Commissioner.
11. Directions by the Geothermal Resources Commissioner.

PART III—LICENSING

12. Geothermal resource development activities undertaken by the Geothermal Resources Department, and agreements with Government.

*Geothermal reconnaissance licence*

13. Application for geothermal reconnaissance licence.
14. Grant of geothermal reconnaissance licence.
15. Activities authorized by geothermal reconnaissance licence.
16. Duration of geothermal reconnaissance licence.

*Geothermal Exploration Licence*

17. Announcement of areas for geothermal exploration licensing.
18. Direct applications.
19. Application for geothermal exploration licence.
20. Publication of notice of applications.
21. Objection to proposed geothermal exploration activity.
22. Duration for processing of applications for geothermal exploration licence.
23. Grant of geothermal exploration licence.

24. Contents of geothermal exploration licence.
25. Rights conferred by geothermal exploration licence.
26. Duration of geothermal exploration licence.
27. Application for renewal of geothermal exploration licence.
28. Renewal of geothermal exploration licence.
29. Exploration for geothermal resources.
30. Notification of discovery of geothermal resource.
31. Direction that discovery area ceases to be part of exploration area.

#### *Geothermal Production Licence*

32. Application for geothermal production licence.
33. Announcement of areas for licensing.
34. Report on reservoir and steam field development plan.
35. Duration for processing application for geothermal production licence.
36. Criteria for granting geothermal production licence.
37. Restrictions on grant of geothermal production licence.
38. Grant of geothermal production licence.
39. Content of geothermal production licence.
40. Duration of geothermal production licence
41. Rights conferred by geothermal production licence.
42. Duties of a holder of geothermal production licence.
43. Renewal of geothermal production licence.

#### *Drilling and Designation of Wells*

44. Licence to operate drilling rig.
45. Approval to drill a well.
46. Designation of wells.

#### PART IV—CESSATION OF GEOTHERMAL ACTIVITIES

47. Decommissioning Plan.
48. Decommissioning Fund.
49. Notification of termination of use.
50. Disposal of decommissioned facilities.
51. Removal of property by licensee.
52. Removal and sale of property.
53. Liability for damages for disposal of decommissioned facility.
54. Encumbrances.
55. Takeover of facilities by Government.

#### PART V—STATE PARTICIPATION AND NATIONAL CONTENT

56. State participation in geothermal activities.
57. Provision of goods and services by Ugandan entrepreneurs.
58. Training and employment of Ugandans.
59. Training and technology transfer.

## PART VI—USE OF LICENCE AS SECURITY

60. Use of licence as security.

## PART VII—RESTRICTIONS AND SURFACE RIGHTS

- 61. Restrictions and rights of others.
- 62. Right to surface activities.
- 63. Right to subsurface activities.
- 64. Acquisition of exclusive rights.
- 65. Compensation for disturbance of rights, etc.

## PART VIII—HEALTH AND SAFETY

- 66. Safety.
- 67. Safety precautions.
- 68. General requirements for emergency preparedness.
- 69. Emergency preparedness against deliberate attacks.
- 70. Safety zones.
- 71. Suspension of geothermal activities.
- 72. Qualifications.
- 73. Commission of inquiry.

## PART IX—LIABILITY FOR DAMAGE DUE TO POLLUTION

- 74. Liability of licensee for pollution damage.
- 75. Liability for pollution damage caused without a licence.
- 76. Jurisdiction.

## PART X—INFORMATION AND DOCUMENTATION

- 77. Information, data, reports and records.
- 78. Records to be kept.
- 79. Duties on termination of licence.
- 80. Availability of information to the public.
- 81. Confidentiality of data.
- 82. Prohibition against disclosure of information.

## PART XI—PAYMENTS AND ROYALTIES

- 83. Royalty on steam.
- 84. Annual fees.
- 85. Signature bonus.
- 86. Payment terms.
- 87. Penalty for late payments.
- 88. Recovery of payments under this Act.

## PART XII—OFFENCES

- 89. Obstruction of authorized officer.

90. Obstruction of licencee.
91. Conflict of interest.
92. Offences committed by body corporate.
93. Contravention of decisions and orders issued under this Act.
94. Miscellaneous offences.

#### PART XIII—MISCELLANEOUS

95. Regulatory supervision of geothermal activities.
96. Survey of wells and facilities.
97. Maintenance of property.
98. Agreements between affiliated companies.
99. Security for fulfillment of obligations.
100. Information required by Minister.
101. Powers of Geothermal Resources Commissioner.
102. Indemnity of the Republic of Uganda.
103. Regulations.
104. Code of practice.
105. Supremacy of this Act.
106. Compliance with conditions of licence.
107. Compliance with environmental principles.
108. Transfer of licence.
109. Surrender of licence.
110. Suspension and cancellation of licence.
111. Consequences of cancellation, surrender of rights or lapse for other reasons.
112. Force majeure.
113. Administrative and Judicial review
114. Use of geothermal resources for generation of electricity
115. Minerals discovered or extracted from geothermal activities
116. Amendment and savings.

#### PART XIV—TRANSITIONAL PROVISIONS

117. Continuation of licences.

### **SCHEDULES**

#### SCHEDULE 1—CURRENCY POINT

**THE DRAFT GEOTHERMAL RESOURCES DEVELOPMENT ACT, 20....**

**An Act to regulate geothermal exploration, development and production; to empower the Geothermal Resources Department of the Ministry of Energy and Mineral Development to participate in the development of geothermal resources and to regulate the licensing and participation of private entities in geothermal activities; to provide for an open, transparent and competitive process of licensing; to create a conducive environment for the promotion of exploration, development and production of Uganda's geothermal resources potential; to provide for efficient and safe geothermal activities; to provide for the cessation of geothermal activities and decommissioning of infrastructure; to provide for the payments arising from geothermal activities and for related matters.**

DATE OF ASSENT: .....

Date of Commencement: .....

BE IT ENACTED by Parliament as follows:

## PART I—PRELIMINARY

### 1. Purpose of the Act.

The purpose of this Act is to operationalize the Geothermal Resources Policy of Uganda by;

- a) establishing an effective legal framework and institutional structures to ensure that the exploration and utilization of geothermal resources of Uganda is carried out in a sustainable manner that guarantees optimum benefits for all Ugandans, both the present and future generations;
- b) creating a conducive environment for the efficient management of geothermal resources of Uganda;
- c) establishing institutions to manage the geothermal resources and regulate the geothermal activities;
- d) ensuring public safety and protection of public health and the environment in geothermal activities;
- e) supporting the development of State participation and national content in geothermal resource development in Uganda; and
- f) ensuring transparency and accountability in the conduct of all activities regulated under this Act.

### 2. Interpretation.

In this Act, unless the context otherwise requires—

“Act” means the Geothermal Resources Development Act;

“authorized officer” means an officer or other person acting under the authority of the Minister or the Commissioner under this Act;

“best geothermal industry practices” means the best available practices that are generally accepted as good, safe, transparent and efficient in carrying out geothermal activities and that can be applied globally under similar circumstances;

“code of practice” means a code of practice issued by the Minister.

“Commissioner” means the Geothermal Resources Commissioner of the Geothermal Resources Department of the Ministry of Energy and Mineral Development of Uganda.

“currency point” has the value assigned to it in Schedule 1;

“development” means the planning, placement, construction and installation of facilities needed for production of a geothermal resource;

“development area” means an area constituted within a geothermal area or geothermal areas which, following a commercial discovery of geothermal resources, has been delineated for production according to the terms of the geothermal resource agreement;

“Director” means the Geothermal Resources Director of the Geothermal Resources Department of the Ministry of Energy and Mineral Development of Uganda.

“discovery” means geothermal resources, not previously confirmed to have existed, and ascertained through drilling of a well or other means, and which are recoverable and can be measured by geothermal industry methods “discovery area” means the part of an exploration area comprising the geological feature, as outlined by the relevant geological or geophysical data, in which a discovery is located;

“drilling” means the perforation of the earth’s surface for purposes of making a discovery, establishing the extent of a discovery, or production of the discovered geothermal resource;

“exploration” means the undertaking of activities, whether on land or water, for the purpose of discovering geothermal resources and includes geological, geophysical and geochemical surveys, and drilling of wells for the purpose of making a discovery and its appraisal;

“exploration area” means an area constituted within a geothermal area or geothermal areas that is, or can be, subject to a geothermal exploration licence;

“facility” means any structure, device or other associated installations or infrastructure and equipment constructed, placed or used in order to carry out geothermal resource production and development activities;

“geothermal activity” means planning, preparation, installation or execution of activities related to geothermal resources including reconnaissance, exploration, development, production, direct use of geothermal steam, transportation, and cessation of activities or decommissioning of facilities;

“geothermal area” means acreage which may be delineated for geothermal activities and includes part of a geothermal area as constituted;

“geothermal resource” means any product derived from and produced within the earth by natural heat; and includes steam, water and water vapour and a mixture of any of them that has been heated by natural heat whether as a direct product or resulting from other material introduced artificially into an underground formation and heated by natural heat;

“geothermal resource agreement” means an agreement for the purpose of geothermal resource activities entered into by Government and another person in accordance with this Act;

“land owner” means a person who holds or occupies land in accordance with the Land Act;

“licence” means a licence issued under this Act;

“licencee” means a person to whom a licence is granted under this Act;

“mineral” has the meaning assigned to it under the Mining Act, 2003;

“Minister” means the Minister responsible for Energy and Mineral Development;

“NEMA” means the National Environment Management Authority;

“operator” means a licensee or any other entity carrying out on behalf of one or several licensees, the day to day management of geothermal activities;

“pollution” means any direct or indirect alteration of the physical, thermal, chemical, biological or radioactive properties of any part of the environment by discharging, emitting or depositing wastes or emitting noise so as to affect any beneficial use adversely, to cause a condition which is hazardous or potentially hazardous to public health, safety or welfare or to animals, birds, wildlife, fish or aquatic life, land and water sources or to plants or to cause a contravention of any condition, limitation or restriction which is subject to a licence under this Act;

“pollution damage” means damage or loss caused by pollution;

“production” means all activities relating to extracting geothermal resources from a reservoir or well and preparing it for evacuation from the steam field;

“reconnaissance” means the undertaking of preliminary geothermal activities for the purpose of acquiring geoscientific data on geothermal resource potential in a given area.

“regulations” means regulations made under this Act;

“reservoir” means a naturally occurring accumulation of underground geothermal resources;

“steam field” means a development area which hosts one or more reservoirs or wells from which geothermal resource production and development may be commercially undertaken;

“steam field development plan” means the steam field development plan referred to in section 34;

“transportation” means the movement of geothermal resource from the wellhead to the delivery point;

“Ugandan company” means a company locally incorporated in Uganda and having its majority shareholding comprised of Ugandan citizens, or where the majority shareholder is a company or companies, their majority shareholding is comprised of Ugandan citizens.

“waste” includes any matter prescribed to be waste and any matter whether liquid, solid, gaseous or radioactive which is discharged, emitted or released to the environment in such a volume, composition or manner as to cause an alteration of the environment;

“well” means a borehole obtained by the perforation of the earth’s surface using conventional drilling either in a vertical, inclined or horizontal configuration, and drilled with the aim of making a discovery, an appraisal or production of geothermal resource.

### **3. Vesting of rights in geothermal resources.**

- (1) In accordance with the Constitution, the entire property in, and the control of geothermal resources in their natural condition in, on or under any land or waters in Uganda is vested in the Government on behalf of the Republic of Uganda.
- (2) For the avoidance of doubt, the Government of Uganda shall hold geothermal resource rights on behalf of and for the benefit of the people of Uganda.

### **4. Declaration of geothermal area.**

The Minister may, by notice in the Gazette, declare that any area of land where geothermal resources have been discovered or which is a source or is believed to be a source of geothermal resources shall be a geothermal area.

### **5. Prohibition of geothermal activities without authorization.**

- (1) Geothermal activities under Ugandan Jurisdiction shall not be conducted without an authorization, licence, licence or approval in accordance with this Act.
- (2) A person who contravenes subsection (1) commits an offence and is liable on conviction—
  - a) if an individual, to a fine not exceeding one hundred thousand currency points or imprisonment not exceeding ten years or both; and
  - b) if a body corporate, to a fine not exceeding one million currency points.

## **PART II—INSTITUTIONAL ARRANGEMENTS**

### *The Minister*

### **6. Functions of the Minister.**

The Minister shall be responsible for;

- a) administrative review of decisions by the Director concerning the grant and revocation of licences;
- b) initiating, developing and implementing the geothermal resource policy;
- c) submitting draft legislation to Parliament;

- d) issuing geothermal resource regulations;
- e) promoting and sustaining transparency in the geothermal resources sector; and
- f) any other function incidental or consequential to his or her functions.

**7. Directions by the Minister.**

- (1) The Minister may give directions in writing to the Commissioner with respect to the policy to be observed and implemented by the Commissioner.
- (2) The Minister shall cause a copy of any directions given to the Commissioner under subsection (1) to be published in the Gazette.

*The Geothermal Resources Director and Commissioner*

**8. The Geothermal Resources Commissioner.**

The Act shall be administered by the Geothermal Resources Director and Commissioner who shall be the regulators of the geothermal resources sector.

**9. Functions of the Geothermal Resources Director and Commissioner.**

- (1) The function of the Director shall be to grant and revoke licenses for geothermal activities in consultation with the Commissioner.
- (2) The function of the Commissioner is to promote the development and use of geothermal resources, monitor the exploration, development and production of geothermal resources in Uganda.
- (3) Without limiting the generality of subsection (1), the Commissioner shall—
  - a) undertake promotion and development of geothermal activities through the Geothermal Resources Department with a view to increasing knowledge and understanding of the geothermal resource potential of the country
  - b) monitor and regulate geothermal activities;

- c) review steam field development plans and make recommendations to the Director for approval, amendment or rejection of the plans;
  - d) negotiation and endorsement of geothermal resource agreements;
  - e) ensure that licencees uphold laws, regulations, rules and contract terms;
  - f) administer geothermal resource agreements;
  - g) ensure optimal levels of production of geothermal resources;
  - h) promote well planned, executed and cost-efficient operations;
  - i) ensure the establishment of a central database of persons involved in geothermal activities, manage geothermal resource data and provide periodic updates and publication of the status of geothermal activities;
  - j) take such action as is necessary to enforce the requirements in a licence or any regulations and to protect the health and safety of workers and the public;
  - k) monitor conditions of licencees and their trade practices to ensure that competition and fair practice is maintained;
  - l) provide information to the relevant department for the collection of taxes and fees from geothermal activities;
  - m) ensure compliance by the licencees with this Act and regulations made under the Act; and
  - n) perform any other function incidental or consequential to its functions under this Act.
- (4) The Commissioner shall, to the greatest extent possible and consistent with this Act, consult and co-operate with ministries, departments and agencies of Government having duties, aims or functions related to those of the Commissioner.

**10. Conduct of functions of the Geothermal Resources Director and Commissioner.**

- (1) The Director and Commissioner shall perform his or her functions and exercise his or her powers in a manner that—
- a) is open and objective;
  - b) is fair and reasonable;

- c) is non- discriminatory; and
  - d) promotes fair competition.
- (2) Notwithstanding the general effect of subsection (1), the Commissioner shall, in the performance of his or her functions—
- a) promote efficiency, economy and safety on the part of licencees and the efficient and safe conduct of geothermal activities;
  - b) ensure that licencees carry out the geothermal activities which they are licenced to perform;
  - c) promote competition in geothermal resource activities;
  - d) ensure transparency in relation to the activities of the geothermal resource sector and the Commissioner; and
  - e) ensure a fair balance of the interests of the Government and other participants in the geothermal resource sector.

#### **11. Directions by the Geothermal Resources Commissioner.**

The Commissioner shall, by notice in writing served on a licencee, give to the licencee directions consistent with applicable law and best geothermal industry practices to ensure proper and optimal development of geothermal resources and to encourage best conservation practices in licenced areas.

### PART III—LICENSING

#### **12. Geothermal resource development activities undertaken by the Geothermal Resources Department, and agreements with Government.**

- (1) Notwithstanding any provision of this Act, the Geothermal Resources Department shall not be required to obtain any licence for purposes of carrying out geothermal activities.
- (2) The Geothermal Resources Department may carry out geothermal activities with the consent of the Minister, on its own or in partnership with the private sector in accordance with the provisions of the Public Private Partnerships Act, 2015.
- (3) The Director may, in addition to granting any licence, enter into a geothermal resources agreement on behalf of the Government relating to geothermal activities and, consistent with this Act, with any person with respect to the following matters—

- a) the grant of a licence;
  - b) the conditions for granting or renewing a licence;
  - c) the conduct by a person, of geothermal activities on behalf of any person to whom a licence is granted; and
  - d) any other matter incidental or connected to the matters in paragraphs (a), (b) and (c).
- (4) The Director shall develop or cause to be developed a model production sharing agreement or any other model agreement as may be entered into by the Commissioner under this section which shall guide negotiations of any future agreements under this section.

#### *Geothermal Reconnaissance Licence*

### **13. Application for geothermal reconnaissance licence.**

- (1) A person intending to carry out reconnaissance surveys shall apply to the Director for a geothermal reconnaissance licence.
- (2) An application for a geothermal reconnaissance licence shall be in the manner prescribed by regulations and shall be accompanied by the prescribed fee.

### **14. Grant of geothermal reconnaissance licence.**

- (1) The Director may, on application duly made for a geothermal reconnaissance licence under section 13, issue the licence within ninety days after receipt of the application in such a manner and on such conditions as the Director may determine.
- (2) A geothermal reconnaissance licence shall be for a geographically delineated area.
- (3) Geothermal reconnaissance licences are exclusive and shall not be issued to different persons in respect of reconnaissance activities in the same area or areas.
- (4) A geothermal reconnaissance licence shall state—
  - a) the date of issue of the licence;

- b) the area to which the licence relates;
  - c) the type of survey activity, data, and expected results for which the licence is issued;
  - d) the conditions on which the licence is issued; and
  - e) the duration of confidentiality of the data collected.
- (5) It shall be a condition of every geothermal reconnaissance licence that the licensee gives the Commissioner free of charge a copy of the data collected.
- (6) The Commissioner shall announce all reconnaissance activities in the local languages, on local media, of the area where the licence applies and shall designate a local contact office from which or a person from whom the public can access information or register their concerns.

**15. Activities authorized by geothermal reconnaissance licence.**

- (1) A geothermal reconnaissance licence may apply to a particular type of survey and may authorise shallow drilling for data calibration purposes.
- (2) Where reconnaissance activities are to be carried out in an area that is a gazetted habitat for wildlife, they shall be conducted in a manner that takes into account the breeding and migratory patterns of the wildlife in the area.

**16. Duration of geothermal reconnaissance licence.**

Subject to this Act, a geothermal reconnaissance licence, unless otherwise determined under this Act, shall remain in force for eighteen months from the date of issue.

*Geothermal Exploration Licence*

**17. Announcement of areas for geothermal exploration licensing.**

- (1) The holder of a geothermal reconnaissance licence granted under Section 14, shall be entitled to apply for a geothermal exploration licence for the geothermal area over which the geothermal reconnaissance licence was granted, before or within three months after the expiry of the geothermal reconnaissance licence, provided he or she has complied with all terms and conditions of the geothermal reconnaissance licence to the satisfaction of the Commissioner.
- (2) Where a holder of a geothermal reconnaissance licence over a given geothermal area or areas does not apply for a geothermal exploration licence in accordance with subsection (1), or

where reconnaissance activities have been carried out by the Geothermal Resources Department over a given geothermal area or areas and the Geothermal Resources Department does not intend to carry out exploration activities in those areas, the Director shall announce those geothermal areas as being open for bidding for a geothermal exploration licence under this Act.

- (3) The announcement referred to in subsection (2) shall be published in the Gazette and in newspapers of national and international circulation and in other electronic and print media.
- (4) The announcement shall—
  - a) state the geothermal area open for geothermal exploration;
  - b) stipulate a period for making applications; and
  - c) contain such information as the Director may consider necessary.
- (5) The bidding process shall be carried out in accordance with this Act and regulations made under this Act.

#### **18. Direct applications.**

- (1) Notwithstanding section 17, the Director may, in exceptional circumstances, in consultation with the Minister, receive direct applications for a geothermal exploration licence.
- (2) For purposes of subsection (1), the exceptional circumstances may include—
  - a) where invitations for bids have been sent out and no application has been received;
  - b) where the application is in respect of a reservoir within a licenced geothermal area which extends into an unlicenced geothermal area;
  - c) Any other circumstances which in the reasonable opinion of the Director upon consent from the Minister, justifies direct applications.

#### **19. Application for geothermal exploration licence.**

- (1) A person intending to carry out geothermal exploration activities shall apply to the Director for a geothermal exploration licence upon completion of reconnaissance activities in accordance with Section 17 (1), or in response to announcement under section 17 (1) or as a direct application under section 18.

- (2) An application for a geothermal exploration licence shall be in writing and shall be accompanied by the prescribed fee.
- (3) An application for a geothermal exploration licence shall—
- a) give in respect of the applicant or, if there is more than one applicant, of each applicant, making the application—
    - i. in the case of an individual, his or her full name and nationality;
    - ii. in the case of a body corporate, its name and place of incorporation, the names and nationality of the directors or equivalent officers and, if the body corporate has share capital, the name of any person who is the beneficial owner of more than five percent of the issued share capital;
  - b) identify the geothermal area or geothermal areas in respect of which it is made;
  - c) give or be accompanied by a statement giving particulars of work and the minimum expenditure proposed for the geothermal area or geothermal areas over which the licence is sought;
  - d) give information on the financial status and the technical and industrial competence and experience of the applicant; and
  - e) give or be accompanied by a statement giving particulars of the applicant's proposals with respect to the employment and training of citizens of Uganda, and may set out any other matter which the applicant wishes the Director to consider.
- (4) The Director shall, within sixty days after receipt of an application for a geothermal exploration licence, confirm in writing to the applicant that the application is complete in all aspects.
- (5) Where the application is incomplete, the Director shall inform the applicant accordingly—
- a) where there was a bidding round, the application will be rejected by the Director; and
  - b) where there was no bidding, the applicant may re-submit the application.
- (6) The Director shall require an applicant—

- a) to make arrangements as may be satisfactory to the Director for the execution of a bond or other form of security for the performance and observance of the conditions to which the licence may be subject; and
- b) to take the necessary insurance policies to protect against liabilities that may arise as a result of activities done under the geothermal exploration licence.

**20. Publication of notice of applications.**

- (1) The Director shall, within fourteen days after receiving an application under section 17 (1) or a direct application under section 18, cause a notice of the application to be published in the Gazette and in at least one national newspaper of wide circulation in Uganda.
- (2) A notice published under subsection (1) shall—
  - a) indicate the receipt of the application for a geothermal exploration licence;
  - b) contain a description of the nature and location of the proposed undertaking;
  - c) inform members of the public that the application may, within the limits of commercial confidentiality, be inspected at the offices of the Director; and
  - d) invite directly affected persons and local authorities in areas affected by the application who object to the granting of the licence, whether on personal, environmental or other grounds, to lodge with the Director an objection in writing within a specified time.

**21. Objection to proposed geothermal exploration activity.**

- (1) A person affected by a proposed exploration activity may lodge with the Director an objection in writing to the grant of a geothermal exploration licence, setting out the grounds of the objection.
- (2) The Director shall consider the objection raised under subsection (1) and make a decision within fourteen days.
- (3) Where the Director upholds the objection, the geothermal exploration licence shall not be granted.
- (4) Where the Director dismisses the objection, the Director may grant the geothermal exploration licence.

- (5) A person aggrieved by the decision of the Director under subsection (2) after having lodged an objection under subsection (1), may seek administrative review against the decision in accordance with Section 113.

c)

## **22. Duration for processing of applications for geothermal exploration licence.**

The Director shall process all applications for exploration licences expeditiously and in any case not later than one hundred and eighty days after receipt of the application.

## **23. Grant of geothermal exploration licence.**

- (1) Subject to the provisions of this Act, the Director may on an application duly made, grant, on such conditions as it may determine, a geothermal exploration licence in respect of any geothermal area or geothermal areas.
- (2) A geothermal exploration licence shall not be granted in respect of a geothermal area which is, comprised in a licence already granted.

## **24. Contents of geothermal exploration licence.**

- (1) A geothermal exploration licence shall state—
  - a) the date of grant of the licence;
  - b) the exploration area to which the licence relates; and
  - c) the conditions on which the licence is granted.
- (2) There may be included in a geothermal exploration licence, a provision with respect to the exercise by the Government, or a person identified in the licence, of an option to acquire on stipulated terms, or on terms to be agreed, an interest in any venture for the production of geothermal steam which may be carried on in any geothermal area or geothermal areas to which the licence relates.

## **25. . Rights conferred by geothermal exploration licence.**

A geothermal exploration licence shall confer on the licensee, subject to the provisions of this Act and to the conditions specified in the licence or to which the licence is otherwise subject, the exclusive right to explore for geothermal resources, and to carry on such geothermal activities and execute such works as may be necessary for that purpose, in the exploration area.

## **26. Duration of geothermal exploration licence.**

Subject to this Act, a geothermal exploration licence unless otherwise determined under this Act shall remain in force—

- a) for the period stipulated in the licence but not exceeding two years after the date of the grant of the licence;
- b) for a subsequent period not exceeding two years where the licence is renewed except that the licence shall not be renewed more than twice;

## **27. Application for renewal of geothermal exploration licence.**

- (1) The holder of a geothermal exploration licence may apply for renewal of the licence.
- (2) An application for the renewal of a geothermal exploration licence shall be made not later than ninety days before the day on which the licence is due to expire; but the Director may, where he or she reasonably deems fit, accept an application for the renewal of a geothermal exploration licence made later than ninety days before, but not in any case after, the date of expiry of the licence.
- (3) An application for the renewal of a geothermal exploration licence shall be accompanied by—
  - a) particulars of the work carried out in and the amount of money expended in respect of the exploration area during the term of the licence up to and including a date that is not earlier than fourteen days prior to the date of the application, or where the application is for a second renewal of the licence, during the period of the first renewal of the licence up to and including a date that is not earlier than fourteen days prior to the date of the application;
  - b) the applicant's proposals for minimum work programmes and expenditure in respect of the licence area and, in particular, details of the programme to be carried out in the first year of the renewal period being applied for; and
  - c) any other information that the applicant wishes the Director to consider.

## **28. Renewal of geothermal exploration licence.**

- (1) Subject to subsection (2), on application duly made for the renewal of a geothermal exploration licence, the Director may grant a renewal of the licence.

- (2) The Director shall decline to renew a geothermal exploration licence where the licensee has violated the provisions of this Act or any conditions of the licence.
  
- (3) The Director shall not refuse to grant a renewal of a geothermal exploration licence on the ground that the application for renewal does not meet the requirements of section 27(3) unless—
  - a) he or she has notified the licensee of his or her intention to do so, specifying the respects in which the application fails to meet those requirements; and
  - b) he or she has given the licensee an opportunity, within such reasonable time as the Director may specify, to amend the application or to submit a fresh application.

**29. Exploration for geothermal resources.**

A geothermal exploration licensee shall—

- a) commit to and carry out a minimum work programme in both the primary exploration term and any subsequent extension;
- b) explore the licenced area, using geological, geophysical and any other acceptable methods of exploration for the purpose of identifying prospects;
- c) in accordance with the work programme, commence seismic surveying which shall continue until the licence area has been fully surveyed;
- d) drill a minimum number of wells after the primary exploration period;
- e) submit to the Commissioner quarterly, or at such other intervals as may be prescribed, exploration activity reports and such other information as may be prescribed; and
- f) carry out any other exploration activity stipulated in the minimum work programme.

**30. Notification of discovery of geothermal resource.**

- (1) Where a discovery of geothermal resources is made by the licensee in an exploration area, the licensee shall—
  - a) immediately inform the Commissioner of the discovery;

- b) within a period of thirty days after the date of the discovery, submit to the Commissioner particulars in writing of the discovery;
  - c) promptly run tests in respect of the discovery and undertake a technical evaluation of the discovery; and
  - d) submit the technical evaluation report to the Commissioner as soon as it is complete.
- (2) The licensee shall, within two years take all steps that are reasonable, in the circumstances relating to the discovery, to draw up and carry out an appraisal programme for the purpose of delineating and confirming the geothermal reservoir to which that discovery relates in terms of estimating the quantity of recoverable geothermal resources in the reservoir.
- (3) The Commissioner may upon application by the licensee, extend the appraisal period referred to in subsection (2) for a period not exceeding two years.
- (4) The licensee shall submit the programme for the appraisal in subsection (2) to the Commissioner for approval and the Commissioner shall within sixty days either approve the programme or direct for further clarifications or modifications to be made to the programme prior to approval.
- (5) Notwithstanding subsection (2), the licensee shall not be under any obligation to appraise a discovery if, within thirty days from the date on which the technical evaluation report has been submitted to the Commissioner pursuant to section 30(1) d), the licensee has, by notice in writing, informed the Commissioner that the discovery is of no commercial interest and no potential commercial interest.
- (6) Where geothermal resources are discovered in an exploration area, the Commissioner may require by notice in writing served on the licensee from time to time to submit in writing within the period specified in the notice particulars of any matter relating to the discovery specified by the Commissioner in the notice.

### **31. Direction that discovery area ceases to be part of exploration area.**

- (1) Where, following the discovery of geothermal resources in a geothermal exploration area, the holder of the geothermal exploration licence—
- a) has informed the Commissioner, by notice in writing that the discovery is of no commercial interest and no potential commercial interest; or
  - b) does not within the period specified in section 32 (2) apply, in respect of that discovery, for a geothermal production licence,

the Commissioner may, subject to any applicable terms and conditions set out in a geothermal resource agreement, by notice in writing to the licensee, direct that the discovery area in which that discovery is located shall cease to form part of the geothermal exploration area.

- (2) A direction by the Commissioner under subsection (1) shall be given—
- a) in the case referred to in subsection (1)(a), not later than six months after the date on which the licensee gives the notice in writing to the Commissioner;
  - b) in the case referred to in subsection (1) (b), not later than six months after the date on which the period referred to expires.

### *Geothermal Production Licence*

## **32. Application for geothermal production licence.**

- (1) The holder of a geothermal exploration licence who has made a discovery of geothermal resources in his or her exploration area shall have the first option to apply for the grant of a geothermal production licence over such exploration area which is shown to contain a commercially viable geothermal reservoir or part of a commercially viable geothermal reservoir.
- (2) An application under subsection (1) shall be made within one year after the date on which the technical evaluation of the test results was submitted to the Commissioner or within such longer period as the Director may allow or as may be stipulated in the geothermal resource agreement.
- (3) Subject to subsection (1), a person may apply for a geothermal production licence under this section in respect of an exploration area which he or she satisfies the Director that it contains a geothermal reservoir or part of a geothermal reservoir notwithstanding that he or she does not hold a geothermal exploration licence in respect of the exploration area.
- (4) An application under subsection (3) shall be made after the Director has made an announcement in accordance with section 34.
- (5) An application for a geothermal production licence shall be made to the Director in the manner prescribed by regulations and shall be accompanied by the prescribed fee.

## **33. Announcement of areas for licensing.**

- (1) Where the holder of a geothermal exploration licence does not apply for a production licence under section 32 and the Geothermal Resources Department does not intend to undertake geothermal production in that area, the Director may announce that the area of such

geothermal exploration licence is open for bidding for a geothermal production licence and the areas may be appropriately divided.

- (2) The announcement referred to in subsection (1) shall be published in the Gazette and in newspapers of national and international circulation and in other electronic or print media; and shall—
  - a) stipulate the deadline for making applications; and
  - b) contain such information as the Director may consider necessary.

#### **34. Report on reservoir and steam field development plan.**

- (1) An application for the grant of a geothermal production licence under section 32 shall be accompanied by—
  - a) a report on the geothermal reservoir;
  - b) a steam field development plan;
  - c) any relevant information that the Director may reasonably require, including information relating to alternative proposals for development and production not included in the development plan; and
  - d) any other information that the applicant wishes the Director to consider.
- (2) The report on the geothermal reservoir referred to in subsection (1) (a) shall contain particulars of—
  - a) an estimate of the production capacity of the geothermal reservoir;
  - b) an evaluation of the geothermal reservoir and adjoining areas;
  - c) any geological, geophysical and geochemical data and other relevant information relating to the geothermal reservoir; and
  - d) an assessment of the potential effects of the geothermal activities on the environment, social and other relevant activities.
- (3) The steam field development plan referred to in subsection (1) (b) shall contain particulars of—
  - a) the applicant's proposals for the development of and production from the reservoir.
  - b) the manner in which the development of and production from the reservoir is to be financed;

- c) the applicant's proposals relating to the spacing, drilling and completion of wells and , the facilities required for the production of the geothermal resource including—
  - i. the estimated number of production wells;
  - ii. the particulars of production equipment and facilities;
  - iii. the particulars of other technical equipment required for the operations;
- d) the cost estimates of capital and recurrent expenditures of the project;
- e) the economic feasibility studies carried out by or for the licensee in respect of the discovery, taking into account any relevant data and evaluation of that data;
- f) the safety measures to be adopted in the course of the development and production of geothermal resources, including measures to deal with emergencies;
- g) the necessary measures to be taken for the protection of the environment;
- h) the applicant's proposals for the employment and training of citizens of Uganda;
- i) the applicant's proposals with respect to the procurement of goods and services within Uganda;
- j) the estimate of the time required to complete each phase of the development plan;
- k) the effects on land use;
- l) information as to how the facilities may be disposed of when geothermal activities have ceased; and
- m) where the development is planned in two or more phases, the applicant shall provide information on the full development to the extent possible.

**35. Duration for processing application for geothermal production licence.**

- (1) The Director shall process all applications or bids for a geothermal production licences expeditiously and in any case not later than one hundred and eighty days after the Director receives each application.
- (2) For avoidance of doubt, the applicant for a geothermal production licence shall not enter into any substantial contractual obligations or commence construction work until a steam field development plan has been approved.

### **36. Criteria for granting geothermal production licence.**

A geothermal production licence shall be granted on the basis of—

- a) the technical competence and capacity, experience and financial strength of the applicant;
- b) the applicant's demonstrated understanding of the steam field;
- c) presentation of a detailed steam field development plan and geothermal reservoir report;  
and
- d) other conditions as determined by the Director.

### **37. Restrictions on grant of geothermal production licence.**

(1) A geothermal production licence shall not be granted to an applicant unless—

- a) the development plan of the applicant demonstrates that the applicant shall ensure the most efficient and beneficial use of the geothermal resources concerned;
- b) the development plan of the applicant takes proper account of best geothermal industry practices and safety factors;
- c) the applicant has adequate financial resources and technical and industrial competence and experience to carry on effective production operations;
- d) the applicant is able and willing to comply with the conditions on which a licence is to be granted;
- e) the applicant's proposals for the employment and training of citizens of Uganda are satisfactory;
- f) the applicant's proposals with respect to the procurement of goods and services available in Uganda are satisfactory.
- g) The applicant has obtained all other permits and authorizations required under the law.

(2) A geothermal production licence shall not be granted to an applicant in respect of a geothermal area which is comprised in a licence already granted to a person other than the applicant.

(3) The applicant who is dissatisfied with the decision of the Director under this section may request the Director to give reasons for the refusal to grant a geothermal production licence.

**38. Grant of geothermal production licence.**

- (1) Subject to section 37, the Director may on application duly made for a geothermal production licence, grant to the applicant a geothermal production licence, in such manner and on such conditions as the Director may determine.
- (2) The Director may limit the grant of a geothermal production licence to individual reservoirs or stages of development in the reservoir.

**39. Content of geothermal production licence.**

A geothermal production licence shall—

- a) state the date of the grant of the licence;
- b) identify the geographical areas to which the licence relates;
- c) state the conditions on which the licence is granted; and
- d) require the licensee to carry out an environmental impact assessment.

**40. Duration of geothermal production licence**

- (1) A geothermal production licence shall continue in force-
  - a) for the period for which the application has been made but not exceeding twenty years after the date of the grant of the licence;
  - b) for any period for which the licence is renewed under this Act and
  - c) for any period added under this Act to the term of the licence.
- (2) Where the holder of a geothermal production licence has applied for renewal of the licence, the licence shall not, by reason of anything contained in subsection (1), cease to be in force in respect of any geothermal area subject to the licence to which the application relates until the application is finally dealt with by the grant or refusal to grant the renewal.

**41. Rights conferred by geothermal production licence.**

A geothermal production licence, while it remains in force, confers on the licensee, subject to this Act, and to the conditions specified in regulations, exclusive rights—

- a) to carry on geothermal activities in the development area;
- b) to sell or otherwise dispose of the licensee's share of geothermal steam recovered in accordance with the steam field development plan; and
- c) to carry on operations and execute works in the development area necessary for or in connection with any matter referred to in paragraphs (a) and (b).

#### **42. Duties of a holder of geothermal production licence.**

- (1) A geothermal production licensee shall carry out activities in accordance with the licence, this Act, regulations and directions issued under this Act.
- (2) Subject to subsections (3) and (4), a licensee shall in relation to the development area meet the requirements with respect to work programmes and expenditure set out in the licence and in a geothermal resource agreement.
- (3) A licensee shall—
  - a) not later than one month before the anniversary in any year of the grant of a geothermal production licence; or
  - b) one month before such other date as may be agreed between the Commissioner and the licensee,  
  
submit to the Commissioner, a detailed programme of work and expenditure to be carried out or made in the year of the term of the licence immediately following that anniversary or agreed date.
- (4) A licensee may, with the approval of the Commissioner, amend the details of the programme of work and expenditure submitted under subsection (3), but the amendment shall not have effect so as to reduce the minimum requirements relating to work and expenditure set out in the licence or geothermal resource agreement.

#### **43. Renewal of geothermal production licence.**

- (1) The holder of a geothermal production licence may apply for the renewal of the licence.
- (2) An application for the renewal of a geothermal production licence shall be made not later than twelve months before the day on which the licence is due to expire; but the Director may where he or she deems fit, accept an application for the renewal of a geothermal production

licence made later than twelve months before, but not in any case, after the date of expiry of the licence.

- (3) An application for the renewal of a geothermal production licence shall be accompanied by—
  - a) particulars of the work carried out and the amounts expended and received in respect of the development area up to and including a date not earlier than three months immediately preceding the date of the application;
  - b) adequate proposals for work programme and minimum expenditure in respect of the development area during the renewal period being applied for; and
  - c) any other information that the applicant wishes the Director to consider.
- (4) Subject to subsection (5), on application duly made for the renewal of a geothermal production licence, the Director, may grant the renewal of the licence and where the licensee has relinquished part of the development area, the licence shall stipulate what part of the development area the licence applies to.
- (5) The Director shall not renew a geothermal production licence where the licensee has contravened any provision of this Act or a condition of the licence.
- (6) A geothermal production licence shall be renewed for five years.
- (7) The Director may, upon application by the licensee, extend the renewal of a production licence for another period on such conditions as the Director may determine.

#### *Drilling and Designation of Wells*

#### **44. Licence to operate drilling rig.**

- (1) A licensee shall not operate a drilling rig without a valid licence issued by the Commissioner in accordance with terms and conditions specified in regulations issued under the Act.
- (2) The procedure for application for a licence to operate a drilling rig shall be prescribed in regulations.

#### **45. Approval to drill a well.**

- (1) Subject to the provisions of the National Environment Management Act and the Water Act, a licensee shall not drill a well without the written approval of the Commissioner.

- (2) A licensee shall carry out drilling operations in accordance with regulations made under this Act.
- (3) A licensee shall before the drilling of any well, submit to the Commissioner, a detailed report on the technique to be employed, an estimate of the time to be spent, the material to be used and the safety measures to be employed, in the drilling of the well.
- (4) A Licensee shall submit to the Commissioner, reasonable notice of the licensee's intention to abandon any well.
- (5) The closure or plugging of a well shall be carried out only with the prior written consent of and in a manner approved by the Commissioner.

**46. Designation of wells.**

- (1) The designation of a well shall be stipulated by regulations made under this Act and shall consist of the name of the prospect, reservoir or steam field in which the well is to be drilled, followed by the serial number which indicates the chronological order in the drilling sequence for the prospect or steam field.
- (2) Every well shall be identified by a unique designation for which the licensee shall obtain the prior written approval of the Commissioner.

PART IV—CESSATION OF GEOTHERMAL ACTIVITIES

**47. Decommissioning Plan.**

- (1) A licensee shall in accordance with subsection (7) hereunder submit a decommissioning plan to the Commissioner—
  - a) before a geothermal production licence expires or is surrendered; or
  - b) before the use of a facility is terminated permanently.
- (2) The plan referred to in subsection (1) shall contain proposals for continued production or shut down of production, decommissioning of facilities and any other information prescribed by regulations.
- (3) The decommissioning of facilities referred to in subsection (2) may constitute further use of the facilities in the geothermal activities, other uses, complete or part removal and disposal or abandonment.
- (4) The plan shall contain the information and evaluations deemed necessary in order to make a direction under section 50(1).

- (5) The Commissioner may on receipt of the plan require further information and evaluations, or may require a new or amended decommissioning plan.
- (6) The licensee shall update the decommissioning plan—
  - a) in conjunction with any subsequent application for a licence, to make additions or substantial changes to the facilities;
  - b) whenever the expected method or costs of carrying out the decommissioning work have changed significantly as a result of new techniques for the work becoming available;
  - c) where the previously assumed techniques are no longer permissible or considered adequate; or
  - d) when requested by the Commissioner, within a reasonable time limit specified in the request.
- (7) Unless the Commissioner consents to or directs otherwise, the decommissioning plan shall be submitted at the earliest four years, but at the latest two years before the time when the use of a facility is expected to be terminated permanently.

**48. Decommissioning fund.**

- (1) There shall be established a decommissioning fund for each development area or for other facilities operated in relation to a licence or licence under this Act for the purpose of costs related to the implementation of a decommissioning plan.
- (2) The decommissioning fund shall be applied to the implementation of activities approved in the decommissioning plan.
- (3) Payments into the decommissioning fund shall commence from the calendar quarter in whichever of the following situations occurs—
  - a) five years before the expiry of the licence; or
  - b) on notice of surrender.
- (4) For every subsequent calendar quarter in which geothermal steam is produced or a facility operated, the Commissioner shall charge the licensee a portion of the estimated future cost for decommissioning of facilities to be deposited in the fund.

- (5) The amount deposited in the decommissioning fund shall be charged as operating costs subject to the cost recovery limitations stipulated in the geothermal resource agreements or as may be provided by Regulations.
- (6) Where the decommissioning fund is not sufficient to cover the implementation of the decommissioning plan, the licensee, and where applicable, the owner of the facilities shall cover the costs and expenses.
- (7) Where any amount remains in the decommissioning fund after the decommissioning plan has been implemented, such funds shall accrue to the Government.
- (8) The decommissioning fund shall be managed by the Commissioner, in a manner prescribed by regulations.

**49. Notice of termination of use.**

The licensee shall notify the Commissioner of the time of termination of a facility if the use of the facility is expected to terminate permanently before the expiry of the licence.

**50. Disposal of decommissioned facilities.**

- (1) The Commissioner may issue directions relating to the disposal of decommissioned facilities and shall stipulate a time limit for the implementation of the directions.
- (2) Directions issued under subsection (1) shall be based, among other factors, on technical, safety, environmental and economic aspects as well as on consideration for other users.
- (3) The Commissioner may stipulate specific conditions in connection with the directions.
- (4) The licensee and the owner of a facility shall ensure that a direction relating to disposal is carried out, unless otherwise directed by the Commissioner.
- (5) The obligation to carry out the direction relating to disposal applies even where the direction is made or is to be implemented after the expiry of the licence.
- (6) Where the direction is to the effect that the facility shall continue to be used in the geothermal activities or for other purposes, the licensee, owner and user are jointly obliged to ensure that future directions on disposal are carried out, unless otherwise directed by the Commissioner.
- (7) Where a direction relating to disposal of a facility is not carried out within the stipulated time, the Commissioner may take the necessary measures on behalf of the licensee or other responsible parties.

- (8) Where the Commissioner takes any measures under subsection (7) on behalf of a licensee or other responsible parties, any risks or costs incurred arising out of that measure, shall be borne by the licensee or other responsible party.

**51. Removal of property by licensee.**

- (1) Where a licence has been surrendered or has expired, or has by reason of relinquishment ceased to comprise any area subject to the licence, the Minister, shall by notice in writing served on the person who is or was the licensee, direct that person, within the period specified in the notice—
- a) to remove or cause to be removed from the area which was, but no longer is, subject to the licence all property brought into that area by any person engaged or concerned in the geothermal activities authorized by the licence, or to make arrangements that are satisfactory to the Commissioner with respect to that property;
  - b) to plug or close off, to the satisfaction of the Commissioner, all wells drilled in that area by any person engaged or concerned in those operations; and
  - c) to make provision, to the satisfaction of the Commissioner, for the conservation and protection of the natural resources in that area.
- (2) A direction given under subsection (1) shall be consistent with best geothermal industry practices, and nothing in this section or in any direction shall be construed as requiring any person who is or was the licensee to do anything which is not in accordance with best geothermal practices.
- (3) A person to whom a direction under subsection (1) is given who refuses or fails to comply with the direction within the period specified in the notice, commits an offence and is liable on conviction to a fine not exceeding ten thousand currency points.

**52. Removal and sale of property.**

- (1) Subject to section 55 and to the approval of the Minister, where a direction given under section 50(1) or 51(1) has not been complied with, the Commissioner may—
- a) do or cause to be done all or any of the things required by the direction to be done;
  - b) remove or cause to be removed, in such manner as the Commissioner deems fit, all or any of the property from the area concerned;

- c) dispose of, in such manner as the Commissioner deems fit, all or any of the property from the area concerned; and
  - d) if the Commissioner has served a copy of the notice by which the direction was given on a person to whom the Commissioner is satisfied to be an owner of the property or part of the property, sell or cause to be sold by public auction or otherwise as the Commissioner deems fit, all or any of the property referred to in this section that belongs, or that the Commissioner believes, belongs to that person.
- (2) The Commissioner may deduct from the proceeds of a sale of property under subsection (1)—
- a) the costs and expenses incurred by the Commissioner under that subsection in relation to that property;
  - b) the costs and expenses incurred by the Commissioner in relation to the doing of any act required by a direction under section 50(1) or 51(1) to be done by the person, notwithstanding that the person has been convicted of an offence under section 51(3); and
  - c) the fees or amounts due and payable by the person under this Act for a licence.
- (3) The costs and expenses incurred by the Commissioner under subsection (1)—
- a) where incurred in relation to the removal, disposal or sale of property, is a debt due by the owner of the property to the Government; and
  - b) if incurred in relation to the doing of anything required by a direction under section 50(1) to be done by a person who is or was a licensee, is a debt due by that person to the Government, and to the extent to which they are not recovered under subsection (2), may be recovered in a court of competent jurisdiction.
- (4) Subject to subsection (3), no action shall lie in respect of the removal, disposal or sale of property under this section.

**53. Liability for damages for disposal of decommissioned facility.**

- (1) A person under obligation to implement a decision relating to disposal of a decommissioned facility under section 50 is liable for damage or inconvenience caused in connection with the disposal of the facility or other implementation of the decision.
- (2) Where the licensee or owner abandons a facility, the licensee or owner is liable for damage caused in connection with the abandoned facility.

(3) Where there is more than one party liable under subsection (1) or (2), they shall be jointly and severally liable for all financial obligations.

(4) Where it is decided to abandon the facility, it may be agreed among the licencees and the owners and the Government, that future maintenance, responsibility and liability shall be taken over by the State, based on an agreed financial compensation.

#### **54. Encumbrances.**

(1) Where the Government requires the removal of a facility, any lien, charge or encumbrance on the facility shall lapse.

(2) Subsection (1) applies where the Government takes over the facility under section 55, except that in any such case, any right of use established with the consent of the Minister shall remain in force.

#### **55. Takeover of facilities by government.**

(1) The Government may take over the facilities of the licensee when—

a) a licence expires;

b) a licence is surrendered or cancelled;

c) the licensee's costs have been fully recovered; or

d) the use of the facility has been terminated permanently.

(2) In the event of takeover of a facility subject to private property rights, compensation shall be paid where required by law and in accordance with the procedure prescribed by regulations.

(3) Where the Government takes over a facility, the facility with its accessories shall be kept in such condition as adequate maintenance to ensure functional capability for operation would require.

(4) Any dispute regarding subsection (2) and, where applicable, regarding the compensation to be paid to the Government for lack of maintenance, shall be determined by the Chief Government Valuer.

(5) Where the Government takes over a facility under this section, the licensee may continue operating the facility upon payment of the prescribed fee where the licensee is not in default.

(6) The takeover of facilities under this section shall not apply to properties or facilities that do not belong to the licensee.

PART V—STATE PARTICIPATION AND NATIONAL CONTENT

**56. State participation in geothermal activities.**

Government may participate in geothermal activities under this Act in accordance with section 9 (2) and section 12 of this Act.

**57. Provision of goods and services by Ugandan entrepreneurs.**

- (1) The licensee, its contractors and subcontractors shall give preference to goods which are produced or available in Uganda and services which are rendered by Ugandan citizens and companies.
- (2) The licensee, its contractors and subcontractors shall ensure that the entities referred to in subsection (1) are—
  - a) notified of the quality, health, safety and environment standards required by the licensee; and
  - b) notified of the upcoming contracts as early as practicable.
- (3) The entities referred to in subsection (1) shall—
  - a) have a proven track record of providing goods and services that meet the health, safety and environment standards of the geothermal activities carried out by the licensee;
  - b) be approved in accordance with criteria prescribed by the Minister by regulations.
- (4) Within sixty days after the end of each calendar year, the licensee shall provide the Commissioner with a report of its achievements and its contractors and subcontractors' achievement in utilizing Ugandan goods and services during that calendar year.

**58. Training and employment of Ugandans.**

- (1) The licensee shall, within twelve months after the grant of a licence, and on each subsequent anniversary of that grant, submit to the Commissioner for approval, a detailed programme for recruitment and training of Ugandans.
- (2) The programme shall provide for the training and recruitment of Ugandans in all phases of geothermal activities and shall take into account gender, equity and host communities.

- (3) In this section, “host communities” mean the inhabitants of the district in which geothermal activities take place.
- (4) Where a programme or a scholarship proposed to be awarded under this section has been approved by the Commissioner, it shall not be varied without the permission of the Commissioner.
- (5) The licensee shall submit to the Commissioner a report on the execution of the programme under this section annually.

**59. Training and technology transfer.**

- (1) A licence shall include a clearly defined training programme for the Ugandan employees of the licensee, which may be carried out in or outside Uganda and may include scholarships and other financial support for education.
- (2) A licence shall include a commitment by the licensee to maximize knowledge transfer to Ugandans and to establish in Uganda, management and technical capabilities and any necessary facilities for technical work, including the interpretation of data.
- (3) Regulations made under section 103 shall prescribe the requirements for technology transfer of knowledge and skills relating to geothermal industry to Ugandans to be employed by the licensees.
- (4) The technology transfer required under sub section (2) shall be a shared responsibility between the Government and the licensee.

PART VI—USE OF LICENCE AS SECURITY

**60. Use of licence as security.**

- (1) The Commissioner may consent to the use of a production licence by a licensee under this Act as security of his or her share of the licence as part of the financing of the activities associated with the production licence in a manner prescribed by regulations.
- (2) The security referred to in subsection (1) shall only be in relation to the licensee’s share or entitlement of the future revenue obtained from production of geothermal resources as provided for in the agreement.

PART VII—RESTRICTIONS AND SURFACE RIGHTS

**61. Restrictions and rights of others.**

- (1) A licensee shall not exercise any right under a licence—
  - a) without the written consent of the relevant department, upon any land dedicated or set apart for a public purpose or for a place of burial, or upon land over which a mining lease, an exploration licence or a right to cultural site has been granted;
  - b) without the written consent of the land owner—
    - i. upon any land which is the site of or which is within two hundred meters of any inhabited, occupied or temporarily unoccupied house or building;
    - ii. within fifty metres of any land which has been cleared or ploughed or otherwise bona fide prepared for the growing of agricultural crops or on which agricultural crops are growing;
    - iii. upon any land from which, during the year immediately preceding, agricultural crops have been reaped; or
    - iv. upon any land which is the site of or which is within one hundred metres of a cattle dip-tank, dam or water used by human beings or cattle.
  - c) in a national park or wildlife reserve without the written consent of the Uganda Wildlife Authority;
  - d) in a forest reserve without the written consent of the National Forestry Authority;
  - e) upon any land reserved for the purposes of a railway track or within fifty meters of any railway track, without the written consent of the railway administration concerned;
  - f) upon any land within two hundred metres of, the boundaries of any township, without the written consent of the local council concerned;
  - g) upon any street, road, public place or aerodrome without the written consent of the Minister or other authority having control of the street, road, public place or aerodrome; or
  - h) in a fish breeding area without the written consent of the authority responsible for fisheries.
- (2) The licensee shall take into account the interests of the community after obtaining consent under subsection (1).
- (3) Where the parties fail to agree under subsection (1), the matter shall be referred to the Minister within 15 days from the date the parties failed to agree.

- (4) The Minister shall within 15 days after receipt of a matter referred to him or her under subsection (3), in consultation with the Commissioner consider the matter by taking into account the concerns of each party.
- (5) Following the consideration by the Minister under subsection (4), the Minister shall make his or her decision and communicate to the parties.
- (6) A person exercising any right under a licence shall produce evidence of the possession of the licence to the land owner of any land upon which the right is to be exercised upon being asked for it.
- (7) Where a person does not produce the evidence under subsection (6), he or she may be treated as a trespasser.

**62. Right to surface activities.**

- (1) A land owner in an exploration or development area shall retain the right to graze stock upon or to cultivate the surface of the land insofar as the grazing or cultivation does not interfere with geothermal activities or safety zones in the area.
- (2) In the case of a development area, the land owner within the area shall not erect any building or structure on the land without the written consent of the licensee or, if the consent is unreasonably withheld, the written consent of the Minister in consultation with the Commissioner.
- (3) The rights conferred by a licence shall be exercised reasonably so as to affect as little as possible the interests of any land owner of the land on which the rights are exercised; and geothermal activities shall be carried out in a proper manner.

**63. Right to subsurface activities.**

A land owner or licensee with a different licence other than one under this Act shall, with regard to an exploration or development area, retain the right to movement and other activities where the subsurface activities do not interfere with an exclusive right, or with geothermal activities in the area.

**64. Acquisition of exclusive rights.**

- (1) Subject to section 61 and to any law relating to acquisition of land, a holder of a geothermal production licence may, if he or she requires the exclusive use of the whole or any part of a development area, obtain a lease of the land or other rights to use it upon such terms as to the rent to be paid for the land, the duration and extent or area of the land to which the lease or other right of the lease shall relate as may be agreed upon between the holder of a licence and the land owner.

- (2) Where the holder of a licence and the land owner under subsection (1) fail to agree, the matter shall be referred to the Chief Government Valuer for determination.
- (3) In assessing any rent payable under this section—
  - a) account shall be taken of any compensation necessary for the termination of any lawful occupancy in accordance with any other written law for the time being in force;
  - b) an expert referred to in subsection (2) shall determine the matter in relation to values applicable at the time of determination of the matter in the area to which the licence relates for land of a similar nature to the land concerned but without taking into account any enhanced value due to the presence of geothermal resources.

**65. Compensation for disturbance of rights, etc.**

- (1) A licensee shall, on demand being made by a land owner, pay the land owner fair and reasonable compensation for any disturbance of his or her rights and for any damage done to the surface of the land due to geothermal activities, and shall, at the demand of the owner of any crops, trees, buildings or works damaged during the course of the activities, pay compensation for the damage; but—
  - a) payment of rent to or compensation to a land owner for termination of his or her lawful occupancy shall be deemed to be adequate compensation for deprivation of the use of the land to which the rent or compensation relates;
  - b) in assessing compensation payable under this section, account shall be taken of any improvements effected by the licensee or by the licensee's predecessor in title, the benefit of which has or will accrue to the land owner; and
  - c) the basis upon which compensation shall be payable for damage to the surface of any land shall be the extent to which the market value of the land for which purpose it shall be deemed saleable upon which the damage occurred has been reduced by reason of the damage, but without taking into account any enhanced value due to the presence of geothermal resources.
- (2) Where the licensee fails to pay compensation under this section, or if the land owner of any land is dissatisfied with any compensation offered, the dispute shall be determined by the Chief Government Valuer.
- (3) A claim for compensation under subsection (1) shall be made within four years from the date when the claim accrued failing which, notwithstanding any provision of any other written law, the claim shall not be enforceable.
- (4) For avoidance of doubt, the licensee shall, in addition to the compensation referred to under subsection (1), restore that land to as near as possible to its original state in accordance with the National Environment Management Act.

## **66. Safety.**

- (1) Geothermal activities shall be conducted in such a manner as to enable a high level of safety to be maintained and further developed in accordance with technological developments, best geothermal industry practices, the Occupational Health and Safety Act, 2006 and any other applicable law.
- (2) A licensee shall—
  - a) identify the hazards and evaluate the risks associated with any work performed in the course of geothermal activities carried out under the licence which constitute a hazard to the health of persons employed for the purposes of that work and the steps that need to be taken to comply with the provisions of this Act and regulations made under this Act; and
  - b) as far as reasonably practicable, prevent the exposure of the persons referred to in paragraph (a) to the hazards.

## **67. Safety precautions.**

A licensee—

- a) shall take such precautions as are necessary to—
  - i. ensure the safety of any person employed or otherwise present at or in the vicinity of any installation in accordance with the Occupational Health and Safety Act, 2006 and any other relevant law; and
  - ii. protect the environment and natural resources, including taking precautions to prevent pollution; and
- b) ensure that the persons referred to in paragraph (a) (i) are duly informed of those precautions.

## **68. General requirements for emergency preparedness.**

- (1) A licensee and any other participant in geothermal activities shall, at all times maintain efficient emergency preparedness with a view to dealing with accidents and emergencies which may lead to loss of life or personal injury, pollution or major damage to property.
- (2) The licensee shall ensure that necessary measures are taken to prevent or reduce harmful effects, including the measures required in order, to the extent possible, to return the environment to the condition it had been in before the accident occurred.

- (3) The Minister may issue directions for the implementation of the measures referred to in subsection (1).

**69. Emergency preparedness against deliberate attacks.**

- (1) The licensee shall initiate and maintain security measures to contribute to avoiding attacks against facilities and shall at all times have contingency plans to deal with such attacks.
- (2) The licensee shall place facilities at the disposal of the relevant authorities for emergency and security drills and shall, where necessary, participate in such drills.
- (3) The Minister may direct the implementation of the measures referred to in subsections (1) and (2).

**70. Safety zones.**

- (1) There shall be a safety zone surrounding every facility carrying out geothermal activities, unless otherwise determined by the Commissioner.
- (2) The Commissioner may, in cases of accidents and emergencies, establish or extend the safety zones under subsection (1).
- (3) The extent of the safety zones referred to in subsections (1) and (2) shall be determined by the Commissioner; except that where a safety zone extends across the border line with another state, the Commissioner shall consult the Minister.
- (4) The Commissioner may direct that—
  - a) a zone corresponding to the safety zone shall be established in reasonable time before the placing of facilities as mentioned in subsection (1); or
  - b) there shall be a safety zone around and above abandoned or dumped facilities, or parts of the facilities.
- (4) A person shall not carry out unauthorized activity in the safety zones.

**71. Suspension of geothermal activities.**

- (1) Where an accident or an emergency referred to in section 69 occurs, the licensee or other person responsible for the operation and use of the facility shall, to the extent necessary, suspend the geothermal activities for as long as the requirement of prudent operations warrants.

- (2) Where special circumstances exist, the Commissioner may order that geothermal activities be suspended to the extent necessary, or may impose particular conditions to allow continuation of the activities.
- (3) Where the Commissioner makes an order under subsection (2) based on circumstances not caused by the licensee, the Commissioner may, upon application, extend the period of time for which the licence applies and, to a reasonable extent, mitigate the obligations of the licensee.

#### **72. Qualifications.**

- (1) The licensee and other persons engaged in geothermal activities shall be persons who possess the necessary qualifications to perform the work in a prudent manner.
- (2) The licensee shall ensure that any person carrying out work for the licensee complies with subsection (1).

#### **73. Commission of inquiry.**

- (1) Where an accident occurs which the Minister considers to be serious in connection with geothermal activities to which this Act applies, the Minister may appoint a commission of inquiry in accordance with Commissions of Inquiry Act to inquire into the accident.
- (2) Subsection (1) applies to incidents in the activities which have led to serious danger including loss of life or major damage to property or pollution of the environment.

### PART IX—LIABILITY FOR DAMAGE DUE TO POLLUTION

#### **74. Liability of licensee for pollution damage.**

- (1) A licensee is liable for pollution damage without regard to fault.
- (2) Where it is demonstrated that an inevitable event of nature, act of war, exercise of public authority or a similar force majeure event has contributed to a considerable degree to the damage or its extent under circumstances which are beyond the control of the licensee, the liability may be reduced to the extent it is reasonable, with particular consideration to—
  - a) the scope of the activity;
  - b) the situation of the party that has sustained the damage; and
  - c) the opportunity for taking out insurance on both sides.

#### **75. Liability for pollution damage caused without a licence.**

- (1) Where pollution damage occurs during a geothermal activity and the activity has been conducted without a licence, the party that conducted the geothermal activity is liable for the damage, regardless of fault.
- (2) The same liability rests on any other person who has taken part in the geothermal activity, and who knew, or should have known, that the activity was conducted without a licence.

## **76. Jurisdiction.**

Legal action for compensation for pollution damage shall be brought before a competent court in the area where the effluence or discharge of waste takes place or where damage is caused.

### PART X—INFORMATION AND DOCUMENTATION

## **77. Information, data, reports and records.**

- (1) All geothermal data generated from geothermal activities under this Act shall be owned by the State.
- (2) The licensee shall give copies of data generated under subsection (1) to the Commissioner free of charge.
- (3) The licensee shall keep at the address referred to in section 78, accurate geological maps and plans, geophysical records, and interpretations relating to the licence area.
- (4) The licensee shall submit to the Commissioner, in such form as the Commissioner may require—
  - a) at half-yearly intervals commencing six months after the grant of the licence—
    - i. a summary of all geological, geochemical and geophysical work carried out;
    - ii. a summary of all drilling activity and results obtained;
    - iii. copies of maps, tapes or reports of other geological, geochemical and geophysical data prepared for the licensee, in or in respect of, the period concerned;
  - b) within sixty days after the end of each year of the term of the licence—
    - i. a record describing the results of all geothermal activities carried out by the licensee in the year to which the licence relates;
    - ii. estimates, if any, of economically recoverable geothermal resources and

- c) summaries of wells drilled, within three months after the completion of drilling or, in the case of information that cannot reasonably be obtained in that period, as soon as possible after the completion of drilling.
- (5) The licensee shall disclose to the Government, the technology necessary for the evaluation and understanding of any raw data, processed data or interpreted data resulting from the licensee's work in the licence area.

**78. Records to be kept.**

A licensee shall keep at an address in Uganda notified to the Commissioner, complete and accurate records containing full particulars of—

- a) the drilling, operation, plugging or abandonment of wells;
- b) the strata and subsoil through which wells are drilled;
- c) the casing inserted in wells and any alteration to the casing;
- d) any geothermal resource, water and minerals or dangerous substances encountered and any significant discovery of any mineral;
- e) the areas in which any geological, geophysical or geochemical work has been carried out;
- f) well cores, core samples, or other physical samples collected during geothermal activities.

**79. Duties on termination of licence.**

Where a licence is terminated or revoked or expires, the person who was the licensee immediately before the termination, revocation or expiration of the licence shall immediately deliver to the Commissioner in a format acceptable to the Commissioner—

- a) all records with respect to the licence;
- b) all plans or maps of the licence area which were prepared by or on the instructions of the licensee;
- c) all tapes, diagrams, profiles and charts which were prepared by the licensee; and
- d) other documents as the Commissioner, may, by notice given to the licensee, require him or her to deliver.

**80. Availability of information to the public.**

- (1) The Commissioner may, in accordance with the Access to Information Act, 2005, make available to the public—
  - a) details of all agreements, licences and any amendments to the licences or agreements whether or not terminated or valid;
  - b) details of exemptions from, or variations or suspensions of, the conditions of a licence;
  - c) approved steam field development plan; and
  - d) all assignments and other approved arrangements in respect of a licence.
- (2) The information referred to in subsection (1) shall be available to any person upon payment of the prescribed fee.

**81. Confidentiality of data.**

- (1) Subject to the Access to Information Act, 2005, all data submitted to the Commissioner by a licensee shall be kept confidential and shall not be reproduced or disclosed to third parties by any party under this Act except—
  - a) in the case of disclosure by the licensee, with the prior written consent of the Commissioner; or
  - b) in the case of disclosure by the Commissioner prior to the relinquishment of the area to which they relate, with the prior written consent of the licensee.
- (2) Consent under subsection (1) (a) or (b) shall not be unreasonably withheld or delayed.
- (3) The provisions of subsection (1) shall not prevent disclosure—
  - a) by the Commissioner upon fifteen days prior written notice to the licensee identifying the parties to which disclosure will be made—
    - i. to an agency or organ of or retained by the Government;
    - ii. to a financial institution or person acting as a consultant or professional adviser to the Commissioner;
    - iii. to arbitrators and experts appointed under this Act or under an agreement made under this Act;
    - iv. for statistical purposes; or

- v. in connection with the award of new acreage;
  - b) by the licensee or one or more of the subsidiaries of the licensees to—
    - i. a licensee affiliated company, its home Government or any department or, agency or as required by any law;
    - ii. a recognized stock exchange on which shares of the licensee or its affiliated companies are traded;
    - iii. financial institutions and professional advisers and arbitrators and experts appointed under this Act;
    - iv. bona fide prospective assignees of a participating interest;
    - v. a corporation with which the licensee is conducting bona fide negotiations directed towards a merger or consolidation.
- (4) All data disclosed to third parties shall be disclosed on terms, which to the extent possible ensure that they are treated as confidential by the recipient for so long as the data remains subject to the confidentiality undertakings.

## **82. Prohibition against disclosure of information.**

- (1) Information furnished, or information in a report submitted under this Act by a licensee shall not be disclosed to any person who is not a Minister or an officer in the public service except with the consent of the licensee.
- (2) Nothing in subsection (1) operates to prevent the disclosure of information when the disclosure is made—
- a) after the licence concerned has ceased to have effect, or has ceased to have effect over the land to which the disclosure relates;
  - b) for and in connection with the implementation of this Act;
  - c) for the purpose of or in connection with any legal proceedings;
  - d) to any consultant employed to advise the Government on matters relating to geothermal resources;
  - e) for or in connection with the preparation by or on behalf of the Government of statistics in relation to geothermal activities;

- f) to a financial institution for or in connection with financial arrangements or advice in relation to geothermal activities;
  - g) for or in connection with the determination of any liability of the licensee to make any payment to the Government; or
  - h) for or in connection with any matter, or for any purpose, prescribed in a geothermal resources agreement.
- (3) A person shall not while still in the public service or service of the Geothermal Resources Department in the geothermal industry or when he or she ceases to be public servant or member of the Geothermal Resources Department, disclose any information which he or she may have obtained in the course of his or her employment for a period of ten years.
- (4) Any person who contravenes subsection (1) or (3) commits an offence and is liable on conviction to a fine not exceeding five hundred currency points or imprisonment not exceeding five years or both.
- (5) In proceedings on a prosecution for an offence under this section, it shall be a sufficient defense if the person charged proves that the information disclosed and to which the prosecution relates was, without that disclosure, generally known to the public or national interest.

#### PART XI—PAYMENTS AND ROYALTIES

### **83. Royalty on steam.**

- (1) Subject to this Act, the licensee shall pay royalty to Government on geothermal steam recovered at the delivery point as may be stipulated in the geothermal resources agreement, or as may be otherwise determined by the Commissioner.
- (2) Where the licensee fails to pay any royalty payable by the licensee, on or before the due date the Commissioner may, by notice in writing served on the licensee, prohibit the removal of, or any dealings in or with, any geothermal steam from the development area concerned, or from any other development area subject to a licence held by that licensee, or from both, until all outstanding royalty has been paid or until an arrangement has been made and accepted by the Commissioner for the payment of the royalty; and the licensee shall comply with the order of the Commissioner.
- (3) A certificate of the Commissioner certifying that a specified amount of money is payable by a person specified in the certificate shall, in any proceedings instituted against that person for the recovery of any royalty, be received as evidence of that fact, but without prejudice to the right to adduce evidence in rebuttal.

- (4) The Commissioner shall in each financial year prepare an annual statement stating the value of certificates issued in accordance with this Act.

**84. Annual fees.**

- (1) The holder of a geothermal exploration or production licence shall pay annual fees in respect of the licence as may be prescribed by regulations.
- (2) The annual fees payable under subsection (1) shall be payable on the grant of a licence and thereafter annually on the anniversary of the grant until the termination of the licence.
- (3) Where the licensee fails to pay the annual fees prescribed under subsection (1), his or her licence shall be cancelled.

**85. Signature bonus.**

- (1) Where the licensee has been granted a geothermal exploration or production licence under this Act, the licensee shall pay to the Government a signature bonus as may be prescribed by regulations.
- (2) In this section, "signature bonus" means a single, non-recoverable lump sum payment by the licensee to the Government upon the granting of the geothermal exploration or production licence.

**86. Payment terms.**

All payments due to Government under this Act shall be in an international and freely convertible currency.

**87. Penalty for late payments.**

Where a person does not make a payment under this Act on or before the time when the amount is payable, the person shall pay as a penalty, a surcharge of five percent of the amount in default for each day of default.

**88. Recovery of payments under this Act.**

Payments under this Act are a debt due to the Government and maybe recovered in accordance with the Income Tax Act.

PART XII—OFFENCES

**89. Obstruction of authorized officer.**

A person who—

- a) without reasonable excuse, obstructs, molests or hinders an authorized officer in the exercise of his or her powers under this Act; or
- b) knowingly or recklessly makes a statement or produces a document that is false or misleading in a material particular to an authorized officer engaged in carrying out his or her duties and functions under this Act, commits an offence and is liable on conviction to a fine not exceeding one hundred thousand currency points or imprisonment not exceeding ten years or both.

**90. Obstruction of licensee.**

A person who, without reasonable excuse, obstructs, molests, hinders or prevents a licensee in or from undertaking any activity which the licensee is authorized to do by this Act or by his or her licence, commits an offence and is liable on conviction to a fine not exceeding one thousand currency points or imprisonment not exceeding five years or both.

**91. Conflict of interest.**

- (1) An officer in the public service, engaged in the implementation of this Act shall not, in his or her private capacity, knowingly, directly or indirectly, acquire, attempt to acquire or hold—
  - a) a licence or an interest in a licence for geothermal activities;
  - b) a direct or indirect economic interest, participation interest or share in an entity that is authorized under this Act to carry out geothermal activities in Uganda; or
  - c) a direct or indirect economic interest, participation interest or share in a body corporate that is providing goods or services to a licensee under this Act.
- (2) A person who contravenes subsection (1) commits an offence and is liable on conviction to a fine not exceeding two hundred thousand currency points or imprisonment not exceeding ten years or both.
- (3) In proceedings for a prosecution for an offence under this section of acquiring or maintaining an interest of a kind referred to in subsection (1), it shall be a sufficient defense if the person charged proves that—
  - a) the interest was acquired by operation of law; and
  - b) all reasonable steps necessary to dispose of the interest have been and are continuing to be taken.

**92. Offences committed by body corporate.**

- (1) Where an offence committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of a director, manager, secretary or other similar officer of the body corporate or any person who was purporting to act in any such capacity, he or she, as well as the body corporate, commits that offence and is liable to be prosecuted and punished accordingly.
- (2) An individual who commits an offence under subsection (1), is liable on conviction, either in substitution for or in addition to the fine prescribed by the relevant section, to imprisonment not exceeding the equivalent of imprisonment to the fine prescribed by the relevant section calculated on the basis of two currency points being equivalent to imprisonment for one month.

### **93. Contravention of decisions and orders issued under this Act.**

A person who without reasonable excuse contravenes any directive issued under this Act commits an offence and is liable on conviction-

- a) in the case of an individual, to a fine not exceeding two hundred thousand currency points or imprisonment not exceeding ten years or both; or
- b) in the case of a body corporate, to a fine not exceeding five hundred thousand currency points.

### **94. Miscellaneous offences.**

A person who—

- a) in, or in connection with, any application under this Act or under a licence, or in response to any invitation or requirement of the Minister or Commissioner under this Act, knowingly or recklessly gives or permits to be given information which is false or misleading in a material particular; or
- b) in any report, return or affidavit submitted in accordance with this Act or a licence, knowingly or recklessly includes, or permits to be included, any information which is false or misleading in a material particular;

commits an offence and is liable on conviction—

- i. in the case of an individual, to a fine not exceeding five hundred currency points or imprisonment not exceeding five years or both; or
- ii. in the case of a body corporate, to a fine not exceeding five thousand currency points.

PART XIII—MISCELLANEOUS

**95. Regulatory supervision of geothermal activities.**

- (1) The Commissioner shall carry out regulatory supervision to ensure that this Act is complied with by all persons carrying out geothermal activities under this Act.
- (2) The Minister may issue orders necessary for the implementation of this Act.

**96. Survey of wells and facilities.**

- (1) The Commissioner may, at any time, by notice in writing served on a licensee, direct the licensee—
  - a) to carry out a survey of the position of any well or facility specified in the notice;
  - b) to submit promptly to the Commissioner, a report in writing of the survey.
- (2) Where the Commissioner is not satisfied with a report of a survey submitted by a licensee under subsection (1) (b) the Commissioner may, by notice in writing served on the licensee, direct the licensee to promptly submit further information in writing in connection with the survey.
- (3) Where a licensee to whom a direction is given under subsection (1) fails or neglects to comply with the direction, the Commissioner may cause to be carried out, any survey specified in the notice containing the direction.
- (4) The costs and expenses incurred under subsection (3) in carrying out a survey are a debt due to the Government and shall be recoverable in a court of competent jurisdiction notwithstanding that the licensee concerned is convicted of an offence under subsection (5).
- (5) A person to whom a direction is given under subsection (1) or (2) who fails or neglects to comply with the direction commits an offence and is liable on conviction to a fine not exceeding one hundred currency points or imprisonment not exceeding one year or both.

**97. Maintenance of property.**

- (1) A licensee shall—
  - a) maintain in good condition and repair, all structures, equipment and other property in the licence area and used in connection with the operations in which the licensee is engaged;and

- b) remove from the licence area, all structures, equipment and other property that are not either used or to be used in connection with those operations.
- (2) Subsection (1) shall not apply in relation to any structure, equipment or other property that was not brought into the area subject to a licence by or with the authority of the licensee.
- (3) A licensee who contravenes subsection (1) commits an offence and is liable on conviction to a fine not exceeding two thousand currency points.

**98. Agreements between affiliated companies.**

- (1) The Commissioner may, where particular reasons warrant, consent to the licensee entering into an agreement, authoring a parent company or a company with which the licensee is affiliated in similar manner, to undertake the activities on behalf of the licensee.
- (2) It shall be a condition for the consent referred to in subsection (1), that the arrangement will not result in less tax revenues to Uganda.

**99. Security for fulfillment of obligations.**

- (1) The Commissioner—
  - a) shall require an applicant to make arrangements as may be satisfactory to the Commissioner for the execution of a bond or other form of security for the performance and observance of the conditions to which the licence may be subject; and
  - b) shall require the applicant to take the necessary insurance policies to protect against liabilities that may arise as a result of geothermal.

**100. Information required by the Commissioner.**

- (1) Where the Commissioner is satisfied that a person is in possession of any information or data relating to geothermal activities or to geothermal resources recovered or to the value of the geothermal resources, the Commissioner may, by notice in writing, require that person—
  - a) to provide the Commissioner with that information or data within the period, and in the manner specified in the notice;
  - b) to attend before the Commissioner or a person identified in the notice at such time and place as may be specified and to answer questions relating to those geothermal activities or the geothermal resources recovered or to the value of the geothermal resources; or

- c) to provide to a person identified in the notice at such time and place as is so specified, the information or data in his or her custody or power relating to those activities or the geothermal resources recovered or to the value of the geothermal resources.
- (2) A person shall not be excused from providing information or data, or answering a question when required to do so under this section on the ground that the information or data so furnished or the answer to the question might tend to incriminate him or her to make him or her liable to a penalty.
- (3) Any information or data provided under subsection (2) or any answer to a question shall not be admissible in evidence against the person submitting it in any proceedings other than proceedings for an offence against this section.
- (4) Any person who—
- a) refuses or fails to comply with the requirement in a notice under subsection (1) to the extent to which he or she is capable of complying with it;
  - b) in purported compliance with any requirement referred to in subsection (1), knowingly or recklessly makes a statement or furnishes any information or data that is false or misleading in a material particular; commits an offence and is liable on conviction to a fine not exceeding one thousand currency points or to imprisonment not exceeding five years or both.

**101. Powers of the Geothermal Resources Commissioner.**

- (1) For the purposes of this Act, an authorized officer of the Commissioner may, at all reasonable times—
- a) with respect to the health and safety of persons employed by a licensee in or in connection with any geothermal activity, issue directions to and impose restrictions on the licensee or any persons so employed, by instrument in writing;
  - b) order, by instrument in writing—
    - i. the suspension of geothermal activities and the withdrawal of all persons from any structure or building that is being used in connection with any geothermal activities; or
    - ii. the discontinuance of the use of any machinery or equipment which the authorized officer considers unsafe, until such action as is necessary for safety and specified in the instrument is taken and completed; and

- c) make such examinations and inquiries as may be necessary to ensure that the provisions of this Act, and any directions issued, conditions imposed or orders made under this Act, are being complied with.
- (2) An authorized officer shall, before exercising any powers under subsection (1) identify himself or herself to any person who is or appears to be in charge of the area, structure, building, machinery, equipment or matter or thing in respect of which the power is about to be exercised, and to any person to whom he or she is about to give the order or direction.
- (3) Any person who is aggrieved by a decision, direction or order of an authorized officer made under this section may appeal in writing to the Minister, who shall, as soon as is practicable dispose of the appeal, but the bringing of the appeal shall not affect the operation of the decision, direction or order appealed from pending the disposition of the appeal.
- (4) On appeal being made under subsection (3), the Minister may rescind or affirm the decision, direction or order appealed from or may make a new decision, direction or order in substitution therefore, and that decision, direction or order shall be final.
- (5) In the exercise of powers under subsection (1), an authorized officer may be accompanied by any person whom the authorized officer, as the case may be, believes has special or expert knowledge of any matter being inspected, tested or examined.

**102. Indemnity of the Republic of Uganda.**

A licensee shall, at all times, keep the Government indemnified against all actions, claims and demands that may be brought or made against the Government by reason of anything done by the licensee in the exercise or purported exercise of the rights of the licensee under this Act or the licence.

**103. Regulations.**

The Minister may, by statutory instrument, make regulations generally for giving effect to the provisions of this Act and for its due administration.

**104. Code of practice.**

The Minister may, with the advice of the Commissioner, issue codes of practice for the purposes of setting or endorsing standards or specifications concerning the design, construction, installation and operation of geothermal and related facilities.

**105. Supremacy of this Act.**

Subject to the Constitution, the National Environment Act, the Water Act and the Access to Information Act, this Act shall take precedence over all existing Acts relating to geothermal

activities in Uganda and where there is a conflict between the provisions of this Act and any other written law, the provisions of this Act shall prevail.

**106. Compliance with conditions of licence.**

- (1) Where the Commissioner is satisfied that the licensee is contravening a condition of a licence or a requirement under this Act or regulations, codes or standards made under this Act, the Commissioner shall direct the licensee to comply with that condition or requirement.
- (2) A directive requiring a licensee to comply under subsection (1) shall be sent to the licensee and to other directly affected parties and shall—
  - a) contain the relevant condition of the licence or requirement of the Act or regulations to which the breach relates;
  - b) contain the acts, omissions or other facts which, in the opinion of the Commissioner, constitute a contravention of the condition or requirement;
  - c) specify a period, not exceeding sixty days from the date of receiving the notice, within which representations or objections may be made by the licensee or directly affected parties; and
  - d) specify the period within which the licensee may rectify the breach or contravention.
- (3) The Commissioner shall take into consideration all representations made before notifying the licensee and directly affected parties of the decision of the Commissioner either to—
  - a) uphold the order of compliance;
  - b) vary the original order of compliance; or
  - c) withdraw the order of compliance.

**107. Compliance with environmental principles.**

- (1) A licensee and any other person who exercises or performs functions, duties or powers under this Act in relation to geothermal activities shall comply with environmental principles and safeguards prescribed by the National Environment Management Act and other applicable laws.
- (2) A licensee shall ensure that the management of production, transportation, storage, treatment and disposal of waste arising out of geothermal activities is carried out in accordance with environmental principles and safeguards prescribed under the National Environment Management Act and other applicable laws.

- (3) A licensee shall contract a separate entity to manage the transportation, storage, treatment or disposal of waste arising out of geothermal activities.
- (4) For the avoidance of doubt, the licensee shall remain responsible for the activities of the entity referred to under subsection (3).
- (5) The National Environment Management Authority in consultation with the Commissioner, may grant a licence for the management, transportation, storage, treatment or disposal of waste arising out of geothermal activities to an entity contracted by a licensee under subsection (3) on terms and conditions prescribed in the licence.
- (6) A person contracted by the licensee under subsection (3) shall not carry out those activities without a licence issued by the NEMA.
- (7) A person who carries on the management of the production, transportation, storage, treatment or disposal of waste arising out of geothermal activities without a licence or fails to comply with the terms and conditions prescribed in the licence issued under sub section (5) commits an offence and is liable on conviction to a fine not exceeding one hundred thousand currency points or imprisonment not exceeding ten years or both.
- (8) NEMA shall make regulations for the management of the production, transportation, storage, treatment and disposal of waste arising out of geothermal activities.
- (9) Without prejudice to the general effect of subsection (8), regulations made under this section shall prescribe, in respect of the contravention of the regulations, penalties not exceeding a fine of five thousand currency points or imprisonment not exceeding ten years or both; and may prescribe that the court that convicts the person shall order the forfeiture of anything used in the commission of the offence.

**108.           Transfer of licence.**

- (1) A licence issued under this Act shall not be transferred without the written consent of the Commissioner.
- (2) A licensee may apply to the Commissioner, in the prescribed form and manner, for the transfer of a licence and shall fulfill any other financial obligations under the laws of Uganda.
- (3) The Commissioner shall satisfy himself or herself of the legal and technical capacity, competence and financial strength of the person to whom the licence is to be transferred.

(4) Subject to subsections (2) and (3), the Commissioner shall not unreasonably withhold consent to an application to transfer a licence unless he or she has reason to believe that the public interest or safety is likely to be prejudiced by the transfer.

(5) In this section—

“transfer of licence” includes the acquisition of control by the person to whom a licence under this Act is transferred; and

“control” in relation to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management by that person, whether through the ownership of shares, voting, securities, partnership or other ownership or participation interests, agreements or otherwise.

(6) This section applies to any direct or indirect transfer of interest or participation in the licence, including, inter alia, assignment of shareholdings and other ownership shares which may provide decisive control of a licensee possessing a participating interest in a licence.

**109. Surrender of licence.**

(1) A licensee who wishes to surrender all or any of the geothermal areas subject to the licence shall apply to the Commissioner for a certificate of surrender—

- a) in the case of a geothermal exploration licence, not less than ninety days before the date on which he or she wishes the surrender to have effect; and
- b) in the case of a geothermal production licence, not less than one year before the date on which he or she wishes the surrender to have effect.

(2) An application for a certificate of surrender shall—

- a) state the date on which the applicant intends the surrender to have effect;
- b) identify the geothermal area to be surrendered;
- c) give particulars of the geothermal activities carried out since the licence was granted or last renewed, whichever is the latter, in respect of the geothermal area to be surrendered; and
- d) be supported by such records and reports in relation to those activities as the Commissioner may require.

(3) Subject to subsection (4), on application duly made under subsection (1), the Commissioner shall issue a certificate of surrender in respect of the geothermal areas to which the

application relates, either unconditionally or subject to such conditions relating to safety and the observance of accepted best geothermal industry practices as may be specified in the certificate.

- (4) The Commissioner shall not issue a certificate of surrender—
  - a) to an applicant who is in default;
  - b) to an applicant who fails to comply with any reasonable requirement of the Commissioner for the purposes of subsection (2)(d); or
  - c) if the Commissioner is not satisfied that the applicant will leave the geothermal areas to be surrendered in a condition which is safe and which accords with best geothermal industry practices.
- (5) Where a certificate of surrender is issued, the Commissioner shall—
  - a) if not all of the geothermal areas subject to the licence are surrendered, amend the licence accordingly; and
  - b) in any other case, cancel the licence, and in either case, the Commissioner shall give to the applicant for the certificate of surrender, notice of the amendment or, as the case may be, the cancellation, and of the issue of the certificate of surrender.
- (6) Any geothermal area in respect of which a certificate of surrender is issued shall be treated as having been surrendered with effect from the date on which the certificate of the surrender is given to the applicant under subsection (5).
- (7) The surrender of any geothermal area shall not affect any liability of the licensee incurred before the date on which the surrender has effect in respect of that geothermal area, and any legal proceedings that might have been commenced or continued in respect of the liability may be commenced or continued against that licensee.
- (8) The Commissioner shall require the obligations stipulated in a licence, including decommissioning costs and the conditions on which it has been granted, to be fulfilled up to the time of surrender.

**110. Suspension or cancellation of licence.**

- (1) Where a licensee is in default, because of violations of Ugandan law, the Director may by notice in writing served on the licensee, suspend or cancel the licence.

- (2) For the purposes of subsection (1), the licensee shall not be treated as in default unless the Director has served on the licensee a notice in writing giving the particulars of any default complained of and the licensee has not within a reasonable time specified in the notice remedied the default, or where the default cannot be remedied, offered to the Director in respect of the default, adequate compensation.
- (3) The Director may cancel the licence—
- a) if the licensee is adjudged bankrupt or enters into any agreement or scheme of composition with his or her creditors or takes advantage of any law for the benefit of debtors; or
  - b) where the licensee is a body corporate, an order is made or a resolution is passed winding up the affairs of the body corporate; except where the winding up is for the purpose of—
    - i. amalgamation and the Director has consented to the amalgamation; or
    - ii. reconstruction and the Director has been given notice of the reconstruction.
- (4) Where the licence is held by two or more persons, the Director shall not, cancel the licence under subsection (3), where one of the licensees satisfies the Director that he or she is willing and able to carry out the duties and obligations under the licence.
- (5) Where the holder of a geothermal production licence is a body corporate or where a body corporate is included among the persons who together constitute the licensee, and the body corporate either—
- a) registers the transfer of any equity share or shares in the body corporate to any person or his or her nominee; or
  - b) enters into an agreement, arrangement, or understanding, whether or not having legal or equitable force with any person, and the effect of doing so is to give to that person, or any other person, control of the body corporate, the Director, may, if he or she considers that the public interest would be prejudiced by the change of control, serve a written notice on the licensee stating that the Director proposes to cancel the licence under this section unless a change in the control of the body corporate as is specified in the notice takes place within a period of three months beginning with the date of service of the notice.
- (6) Where the change specified in the notice served by the Director under subsection (5) does not take place within three months, the Director may cancel the licence.
- (7) For the purposes of this section—

- a) a person is deemed to have control of a body corporate—
    - i. if the person or his or her nominee holds, or the person and his or her nominee hold, a total of 20 percent or more of the issued equity shares in the body corporate;
    - ii. if the person is entitled to appoint, or prevent the appointment of half, or more than half, of the directors of the body corporate;
    - iii. if the person is entitled to exercise, or control the exercise of, the right to cast votes in respect of not less than two fifths of the total number of votes in respect of issued equity shares in the body corporate;
  - b) “equity shares in relation to a body corporate” means shares in the body corporate carrying voting rights in all circumstances at a general meeting of the body corporate, and includes preference shares, other than preference shares which do not have voting rights;
  - c) “preference shares” means shares which carry the right to payment of a dividend of a fixed amount, or not exceeding a fixed amount, in priority to payment of the dividend on another class or other classes of shares, whether with or without other rights; and
  - d) the reference in paragraph (a)(iii) to the entitlement to control the exercise of the right to cast votes shall be read as including an entitlement to control the exercise of that right directly or indirectly, and includes control that is exercisable as a result of or by means of trusts.
- (8) On the cancellation of a licence, the rights of the holder of the licence under the licence shall cease, but the cancellation shall not affect any liability incurred before the cancellation, and any legal proceedings that might have been commenced or continued against the former holder of the licence may be commenced or continued against him or her.

**111. Consequences of cancellation, surrender of rights or lapse for other reasons.**

- (1) Revocation of a licence, surrender of rights or lapse of rights for other reasons does not discharge the licensee from the financial obligations under this Act, regulations issued under this Act or specific conditions attached to the licence.
- (2) Where a work obligation or other obligation including decommissioning has not been fulfilled, the licensee shall pay the amount which fulfillment of the obligation would have cost the licensee if the work had been completed.
- (3) The amount payable under subsection (2) shall be prescribed in the geothermal resources agreement.

**112. Force majeure.**

- (1) Any failure on the part of the licensee or Government to fulfill any of the conditions of a licence or to meet any requirement of this Act or of a geothermal agreement shall not constitute a breach of the licence or of this Act or the Agreement, insofar as the failure results from an act of war, hostility, insurrection, storm, flood, earthquake or such other natural phenomenon beyond the reasonable control of the licensee or Government as constituting force majeure.
- (2) Where a licensee fails to fulfill any of the conditions of a licence because of the occurrence of circumstances referred to in subsection (1), the licensee shall immediately notify the Commissioner, giving particulars of the failure and its cause.
- (3) Where a licensee is prevented from exercising any of the rights or discharging any obligations under the licence for any period because of the occurrence of circumstances of a kind referred to in subsection (1), then that period shall be added to the period during which the licensee would otherwise have been obliged to discharge those obligations.
- (4) This section does not apply with respect to any requirement under a licence or this Act to make any payment of royalty, annual charges, rent or fees.

**113. Administrative and Judicial Review**

- (1) Any person aggrieved by any decision of the Director or Commissioner may, within thirty days after being notified of the decision, request, in writing, an administrative review of the decision by the Minister.
- (2) The Minister may, within sixty days after receipt of a request for administrative review under this section, confirm, set aside or vary the decision complained of.
- (3) The Minister shall give reasons in writing for his or her decision on a review under this section.
- (4) Any person aggrieved by –
  - a) the rejection by the Minister of a request for administrative review under this section of this Act; or
  - b) any direction, decision or order by the Minister under this Act; or
  - c) any other act or omission by the Minister under this Act,

may, within forty five days after receipt of notification of the act, omission or decision complained of, or, if the Minister fails to decide on an administrative review,, within thirty days after the period prescribed under subsection (2), apply to the High Court for judicial review.

- (5) On an application to the High Court under this section, the High Court may make such orders as it may consider just.

**114. Use of geothermal resources for generation of electricity**

Where a licensee under this Act or any other person intends to utilize geothermal resources for purposes of generation of electricity, the provisions of the Electricity Act Cap 145 shall apply.

**115. Minerals discovered or extracted from geothermal activities**

Where a discovery of minerals is made by the licensee in an exploration area, or any mineral is extracted as a result of geothermal production activities, the licensee shall immediately inform the Commissioner of such discovery or extraction, and ownership of such minerals shall vest in the Government of Uganda.

**116. Amendment and saving.**

- (1) The definition of ‘mineral’ under the Mining Act, 2003, is accordingly amended to exclude geothermal resources.
- (2) Any statutory instrument relating to geothermal activities made under the Mining Act, 2013 and which is in force immediately before the commencement of this Act, shall remain in force, so far as it is not inconsistent with this Act, until it is revoked by a statutory instrument made under this Act and until that revocation, shall be deemed to have been made under this Act.

PART XIV—TRANSITIONAL PROVISIONS

**117. Continuation of licences.**

A licence issued under the Mining Act, 2003, which is in force immediately before the commencement of this Act—

- a) shall have effect from the commencement of this Act as if granted under this Act; and
- b) in the case of a licence for a specified period, shall remain in force, subject to this Act, for so much of that period as falls after the commencement of this Act.

## **SCHEDULES**

### **SCHEDULE 1**

#### *Section 2*

### **CURRENCY POINT**

A currency point is equivalent to twenty thousand shillings.