



GNPC

THE GHANA NATIONAL PETROLEUM CORPORATION
LAW, 1983

P.N.D.C.L. 64

GHANA NATIONAL PETROLEUM CORPORATION

LA W, 1983

IN pursuance' of the Provisional National Defence Council (E's-tablishment) Proclamation, 1981 this Law is here by made:

1. (1) There is hereby established a body corporate to be known as the Ghana National Petroleum Corporation (hereafter referred to in this Law as "the Corporation").

(2) The Corporation shall have perpetual succession and a common seal and may sue and be sued in its corporate name.

(3) The Corporation may for and in connection with the carrying out of its objects, acquire, hold and dispose of movable and immovable property and may enter into any contract or other transactions.

(4) Where there is any hindrance to the acquisition by the Corporation of any property, such property may be acquired for the Corporation under the State Property and Contracts Act, 1960 (C.A.6), or, as the case may be, under the State Lands Act, 1962 (Act 125), and each such Act shall, as the case may be apply to any such acquisitions with such modifications as may be necessary to provide for the vesting of the property acquired thereunder in the Corporation and for the cost of such acquisition to be defrayed by the Corporation.

2. (1) The objects'of the Corporation are to undertake the exploration, development, production and disposal of petroleum.

(2) Without limiting the generality of subsection (1) of this section the Corporation shall:

- (a) promote the exploration and the orderly and planned development of the petroleum resources of Ghana;
- (b) ensure that Ghana obtains the greatest possible benefits from the development of its petroleum resources;
- (c) obtain the effective transfer to Ghana of appropriate technology relating to petroleum operations;
- (d) ensure the training of citizens of Ghana and the development of national capabilities in all aspects of petroleum operations; and
- (e) ensure that petroleum operations are conducted in such manner as to prevent adverse effects on the environment, resources and people of Ghana.

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(3) Subject to the provisions of this Law and any enactment for the time being in force the Corporation may:

- (a) advise the Secretary and the National Energy Board on matters relating to petroleum operations;
- (b) engage in petroleum operations, either alone or in association with others;
- (c) enter into petroleum exploration and production agreements and other petroleum contracts providing for the assistance, participation or co-operation of contractors in connection with petroleum operations;
- (d) either alone or in association with others, buy, sell, trade, store, exchange, import or export petroleum and for this purpose, acquire or operate any installations, facilities or means of transportation;
- (e) engage in research and development programme related to petroleum; and
- (f) engage in such other activities, either alone or in association with others, as may be necessary or desirable for the carrying out of petroleum operations.

3. The Corporation shall for the attainment of its objects under section 2 exercise the following powers:-

- (a) with the approval of the Secretary, form subsidiary and affiliate companies, branches or agencies in or outside Ghana to carry out activities which the Corporation is authorised to undertake;
- (b) enter into contracts and agreements with individuals or firms in or outside Ghana and with the approval of the Secretary purchase or own shares in other companies engaged in activities related to the objects of the Corporation or sell or transfer such shares;
- (c) purchase, lease, establish, complete, expand, repair and manage such factories, plants, installations and facilities as are necessary in connection with the exploration, development, production and disposal

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of petroleum and subject to such approval as may be required by any enactment, provide and manage road, marine and aviation communications as well as means of transport and other facilities;

- (d) to execute service or work contracts or consultancy agreements with firms or individuals, either Ghanaian or otherwise;
- (e) to own patent rights and to acquire licences and leases and the right to obtain and use any kind of information concerning inventions, designs and processes relating to the petroleum industry;
- (f) to execute agreements with purchasers for the export of crude oil and natural gas;
- (g) where expedient, to employ agents or contractors to carry out petroleum operations on its behalf;
- (h) to establish welfare and provident funds for the benefit of its employees; and
- (i) to do such other things and perform such other functions as may be necessary or expedient for the purpose of attaining its objects and carrying out its activities.

4. (1) The Corporation shall conduct its affairs on sound commercial lines and, in particular, shall take all necessary steps to ensure that, taking one year with another, its revenues are sufficient to produce on the fair value of its assets, a reasonable return.

(2) In determining what constitutes a reasonable return, the Corporation shall take into account all relevant economic and financial considerations, including but not limited to the need to generate net operating income in an amount sufficient:

- (a) to meet interest payments on borrowings and to provide for the repayment of loans made to the Corporation;
- (b) to provide for a reasonable proportion of the funds needed for expanding the Corporation's activities and for increasing its working capital;

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- (c) to provide reserves for replacement of fixed asset and equipment, expansion or other purposes as required under section 18 of this Law and to the extent that the Board of Directors of the Corporation may deem necessary;
- (d) to provide for contributions to any welfare or provident fund established by the Corporation; and
- (e) to make such payments into the Consolidated Fund as may be required under section 21 of this Law.

5. (1) The governing body of the Corporation shall be a Board of Directors which shall consist of:

- (a) a chairman appointed under paragraph (c) of this subsection;
- (b) the Managing Director of the Corporation;
- (c) six other persons appointed by the Council on the advice of the Secretary, one of whom shall be appointed as chairman,

(2) No person shall qualify for appointment as a member of the Board of Directors unless he is qualified in terms of section 6 of this Law.

(3) The Chairman and the other members to be appointed under subsection (1) (c) of this section shall be appointed from among persons who by virtue of their careers in the government or public service or of their specialized knowledge are capable of contributing to the work of the Board of Directors.

(4) The remuneration of the members of the Board of Directors shall be determined by the Council on the advice of the Secretary,

(5) A member of the Board of Directors appointed under subsection (1) (c) of this section shall hold office for a term of three years or such shorter term as may be determined by the Council and shall continue in office until a successor is appointed or shall cease to hold office upon his resignation or removal.

(6) Any such member shall be eligible for reappointment on expiration of his term of office.

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(7) The Council, on the re-commendation of the Secretary, may remove any member of the Board of Directors from office before the expiration of his term of office if in the opinion of the Council it is in the national interest to do so.

(8) A member appointed under subsection (1) (c) of this section may at any time resign his office by giving notice in writing addressed to the Council, and in the event of the death, resignation or removal of any such member another person shall, subject to the provisions of the Law, be appointed in his place to hold office until the expiration of the term of office of such member.

6. No person shall qualify to be appointed a member of the Board of Directors or the Managing Director of the Corporation who:-

- (a) is not citizen of Ghana;
- (b) has been sentenced to death or to a term of imprisonment exceeding twelve months without the option of a fine;
- (c) has been convicted of an offence involving dishonesty and has not been granted a free pardon;
- (d) has been declared an insolvent or a bankrupt under any law for the time being in force in Ghana;
- (e) is adjudged to be a person of unsound mind.

7. (1) All meetings of the Board of Directors shall be held at such time and place as the Chairman may determine but the Board shall meet at least once in every month.

(2) All meetings of the Board of Directors shall be held upon written notice to all members thereof and the notice shall state the agenda for the meeting.

(3) The notice shall be delivered to each member of the Board of Directors at least seven days prior to the meeting to which the notice relates unless a majority of the members of the Board of Directors decide to waive the requirements in respect of the notice under subsection (2).

(4) Subject to subsections (2) and (3) of this section the meetings of the Board of Directors shall be called by the chairman

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thereof or at the written request of the Managing Director or of any four directors; but when the Chairman is absent the meetings may be convened by the Managing Director.

(5) The quorum at every meeting of the Board of Directors shall be such number as the Board may determine.

(6) All decisions of the Board of Directors shall be taken at its meetings and the vote of a majority of the members present at such meetings shall be the act of the Board of Directors.

(7) The minutes of all meetings of the Board of Directors shall be kept by a secretary appointed for that purpose by the Board of Directors and shall be signed by the Chairman of the Board of Directors and kept in the custody of the Secretary.

(8) At every meeting of the Board of Directors the Chairman shall preside and, in his absence, a member appointed by those present shall preside.

(9) The Board of Directors may adopt rules not inconsistent with this Law for the proper conduct of their meetings.

8. (1) The Board of Directors shall subject to the provisions of this Law, have general control of the management, property, business and funds of the Corporation and any other affairs and concerns thereof.

(2) Without prejudice to subsection (1) of this section the Board shall:

- (a) submit to the Secretary the annual report and the annual balance sheet and the profit and loss statement of the Corporation not later than three months following the end of the financial year of the Corporation or such earlier date as may be specified by the Secretary;
- (b) advise the Secretary and the National Energy Board on the terms and conditions for the sale, distribution and export of crude oil and petroleum products;
- (c) prepare and submit to the National Energy Board for review, before the end of each financial year of the Corporation by a date specified by the Board, the budget and work programme for the succeeding financial year;

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- (d) approve items of income and expenditure in the budget subject to such guidelines as may be established by the Secretary;
- (e) adopt regulations concerning employment, retirement, administrative and technical matters, accounting and auditing;
- (f) subject to such guidelines and directives as the Secretary may issue, act as conciliator or appoint arbitrators in the settlement of disputes or claims affecting the Corporation and, in general, take any appropriate action of a legal nature for safeguarding the Corporation's interests;
- (g) execute contracts on behalf of the Corporation;
- (h) recommend to the Secretary the formation of affiliate or subsidiary companies;
- (i) administer the rights and powers vested in the Corporation by this Law;
- (j) administer, invest and utilise the welfare and provident funds of the Corporation's employees, with due regard for the interests of such employees, provided that:
 - (i) the welfare and provident funds of the Corporation's employees shall not constitute part of the Corporation's assets and funds; and
 - (ii) the Board of Directors shall submit to the Secretary an annual comprehensive report on all actions taken with respect to the welfare and provident funds;
- (k) submit proposals to the Secretary with respect to the utilisation of the Corporation's general reserves; and
- (l) do such other acts, not inconsistent with this Law or any other Law as may be expedient or necessary for the achievement of the objects of the Corporation.

9. (1) The Board of Directors may delegate any of its functions under this Law to the Managing Director of the Corporation.

(2) The Managing Director shall be responsible to the Board for the due execution of any functions delegated to him under subsection (1) of this section

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10. (1) The Corporation shall have a Managing Director who shall be the Chief Executive of the Corporation and shall, subject to directions of the Board of Directors, be responsible for the day-to-day business of the Corporation, for the implementation of the policy and decisions of the Board of Directors and for the administration, organisation and control of all the employees of the Corporation.

(2) Subject to section 6 of this Law the Managing Director shall be appointed by the Council on the advice of the Secretary given in consultation with the Public Services Commission and shall hold office for a period of five years upon such terms and conditions as the Council may specify in his instrument of appointment, and may be re-appointed for further period of five years.

(3) The appointment of the Managing Director may be terminated by the Council by six months' notice or the payment to him of six months' emoluments in lieu of such notice and in addition he shall be entitled to receive all benefits that had accrued to him at the time of such termination.

(4) The Managing Director may, by writing, addressed to the Council, resign his appointment by giving six months' notice.

(5) Where the office of the Managing Director becomes vacant the Board of Directors shall notify the Secretary who shall, subject to section 6 of this Law, recommend another person for appointment by the Council.

(6) A senior officer of the Corporation shall be designated by the Board of Directors to perform the functions of the Managing Director in the event of where the office of the Managing Director has become vacant or the Managing Director is temporarily absent or is otherwise incapable of performing the functions of his office.

(7) Subject to the general directions of the Board of Directors, the Managing Director may delegate to any senior officer of the Corporation any of its functions under this Law and may impose such conditions with respect to the exercise of such delegated functions as he may think fit, but nothing in this subsection shall be construed so as to absolve the Managing Director from ultimate responsibility for any act done by any person in pursuance of any such delegation.

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11. (1) Subject to the provisions of section 17 of the Provisional National Defence Council (Establishment) Proclamation (Supplementary and Consequential Provisions) Law, 1982 (P.N.D.C.L. 42) the Corporation shall engage such employees as may be necessary for the efficient discharge of its functions under this Law.

(2) The terms and conditions of service of such employees shall be governed by regulations made in respect thereof by the Board of Directors under section 27 of this Law.

12. (1) The books and accounts of the Corporation shall be audited each year by the Auditor-General or an auditor appointed by the Auditor-General.

(2) The Auditor-General or the auditor appointed by him shall:

- (a) ensure that the operations of the Corporation are in conformity with its approved budget;
- (b) examine the annual balance sheet and profit and loss account of the Corporation and certify that these are in conformity with the Corporation's records and submit a report on the operations of the Corporation to the Board of Directors, and the Secretary within three months after the end of the financial year of the Corporation.

(3) The books of account of the Corporation and its subsidiary and affiliate companies shall be kept in such form as may be determined by the Board of Directors on the advice of the Auditor-General.

(4) For the purpose of discharging his duties, the Auditor-General or the auditor appointed by him shall have access, during normal business hours to all books, records, and other documents of the Corporation and also inspect all projects being undertaken by the Corporation.

13. (1) The Corporation shall have an Internal Auditor who shall be appointed by the Board of Directors with the approval of the Secretary upon such terms and conditions as the Board of Directors may determine.

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(2) Subject to the provisions of this Law, the Internal Auditor shall be responsible to the Managing Director for the performance of his functions.

(3) The Internal Auditor shall, as part of his functions under this Law, at intervals of three months prepare a report on the internal audit carried out by him during the period of three months immediately preceding the preparation of the report and shall as soon as practicable after the preparation of the report, submit the report to the Managing Director.

(4) The Internal Auditor shall make in the report such observations as appear to him necessary regarding the conduct of the financial affairs of the Corporation during the period to which the report relates.

(5) The Managing Director shall as soon as practicable after receiving such report forward copies thereof to the Chairman of the Board of Directors and the Auditor-General.

14. The financial year of the Corporation shall be the same as the Government.

15. (1) Subject to the provisions of sub-section (2) of this section the Corporation may borrow sums required for the purpose of meeting any of its obligations or discharging any of its functions.

(2) The power of the Corporation to borrow money shall be exercisable only on the recommendation of the Secretary and with the approval of the Secretary responsible for Finance as to the amount, source of the loan and the term and conditions under which the loan may be effected.

(3) An approval given for the borrowing of any money under subsection (2) of this section may be either general or limited to a particular borrowing and may be with or without conditions.

(4) The Secretary responsible for Finance may approve the guarantee on such conditions as he thinks fit of the repayment of principal and the payment of interest on any authorised borrowing made under this section.

16. (1) The Government may from time to time approve advances and grants to the Corporation out of money provided by the Government for that purpose.

(2) The Council may, acting on the advice of the

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Secretary, approve such special levies as may be imposed on crude oil imported into Ghana to provide funds for the Corporation during the first five years of its establishment.

(3) The Corporation shall, at such times and in such manner as the Secretary responsible for Finance may direct, make payments of such amount as may be so directed in or towards the repayment of the advances made to the Corporation under subsection (1) of this section and the payments of interest on any sum outstanding for the time being in respect of such advances at such rate as the Secretary may direct.

17. The Corporation may, with the approval of the Secretary

- (a) create and issue debt securities for the purpose of exercising its borrowing powers under section 15;
- (b) establish a sinking fund for the redemption of any debt securities so created; and
- (c) suspend its contributions to the sinking fund for such periods of time and subject to such conditions as may be approved.

18. (1) The Corporation shall establish and maintain a reserve

fund to provide for expenditures which may reasonably be anticipated in the carrying out of the Corporation's long-term plan and the annual work programme approved by the Secretary.

(2) The management of the reserve fund, the sums to be carried from time to time to the credit thereto, the charges to be made against the fund and any other application of the fund shall be as the Secretary responsible for Finance may approve on the recommendation of the Secretary.

19. (1) The Corporation shall, with the approval of the Bank of Ghana, open a special foreign exchange account into which shall be paid all moneys received in foreign exchange by the corporation

(2) The Bank of Ghana, shall supervise and monitor the operation of the special foreign exchange account by the Corporation to ensure that it is in conformity with the approved purposes for which the account was established.

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(3) The purpose for which the special foreign exchange account may be used shall include-

- (a) repayment of principal and interest due in foreign exchange on any borrowings made under section 15 of this Law;
- (b) payment for goods and services imported from outside Ghana;
- (c) such other payments as are required to be made in foreign exchange in respect of transactions related to the objects of the Corporations.

(4) The Corporation shall, at the end of every period of ninety days, transfer to the Bank of Ghana from the credit balance of its special foreign exchange account such sums of money as are not required within the succeeding period of ninety days for the purposes specified in subsection (1) of this section.

20. (1) Except as otherwise provided in this Law, the Corporation shall be liable to pay tax under the appropriate enactment as if it were a company registered under the provisions of the Companies Code, 1963 (Act 179).

21. Upon approval by the Secretary of the annual profit and loss account, any surplus remaining after provision for taxes the reserve fund established under section 18 of this Law has been made shall be transferred to the Consolidated Fund.

22. (1) The Corporation may, subject to the requirements of any enactment relating to the importation of goods, import from outside Ghana materials, machinery and equipment that are exclusively required for its operations in Ghana, including component parts of machinery and plants, tools, instruments, spare parts, chemicals, minerals, means of transport, safety, and telecommunications facilities, pipelines and pumps, loading and jetty equipment, part installations, laboratory equipment, and such other items as the Secretary for Finance may from time to time approve.

(2) All materials, machinery and equipment imported by the Corporation under subsection (1) of this section shall not be liable to customs duties or other taxes and charges, but the Corporation shall be liable to pay handling and warehousing expenses and port dues and charges in respect of such items.

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(3) Any contractor or sub-contractor of the Corporation engaged in petroleum operations shall be exempted from import or export duty and any taxes, charges, fees, duties or other imports other than the normal charges payable in respect of service actually rendered by agencies of the State, with respect to the import into or export from Ghana of plant, material, goods or equipment of any kind which are to be used for petroleum operations and which will, on the conclusion of such operations, become the property of the Corporation or be re-exported from Ghana.

(4) No materials, machinery or equipment in respect of which an exemption has been granted under subsection (2) or (3) of this section shall be disposed of in Ghana or re-exported outside Ghana by the Corporation, a contractor or subcontractor of the Corporation without the approval in writing of the Ministry responsible for Fuel and Power.

(5) All materials, machinery and equipment in respect of which an exemption is granted under subsection (2) or (3) of this section shall not be sold in Ghana unless, prior to such sale, the seller thereof has paid to the Comptroller of Customs and Excise such import duty as he would otherwise have paid in respect of such items if he has not been granted the exemption under subsection (2) or (3) of this section.

(6) Notwithstanding the provisions of subsection (3) of this section the Secretary responsible for Finance may grant exemption in respect of fees and charges payable in respect of the import"; or export of goods to be used in connection with petroleum operations if in his opinion such exemption is necessary for the carrying out of the purposes of this Law.

(7) The personal and household effects other than those specified in the Schedule to this Law of a non-Ghanaian employee recruited from outside Ghana by any contractor engaged in petroleum operations shall not be liable to import duty if such personal and household effects were imported into Ghana within six months after the arrival in Ghana of that employee to assume duty.

(8) The Secretary responsible for Finance may from time to time by notice published in the *Gazette* amend the Schedule to this Law.

23. (1) No member of the Board of Directors, the Auditor-General or any auditor or an employee of the Corporation shall disclose or divulge any information which is considered by the Corporation to be of confidential nature to any person other than the

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Secretary, a member of the National Energy Board or of the Board of Directors or any employee or other appointee of the Corporation in the course of official business.

(2) In case of violation of subsection (1) of this section (a) where the offender is a member of the Board of Directors he shall be dismissed from such office by the Council on the advice of the Secretary;

(h) where the offender is an employee of the Corporation he shall be dismissed upon approval by the Board of Directors.

24. (1) The approval of the Secretary shall be required for any of the following acts of the Corporation:-

(a) entering into petroleum exploration and production

agreements:

(b) adopting long-term plans;

(c) adopting annual budgets; and

(d) approving the annual balance sheet and statement of accounts.

(2) The Secretary may, after consultation with the National Energy Board and with the Board of Directors and management of the Corporation prescribe policy guidelines to be followed by the Corporation in the conduct of its activities, and the Corporation shall comply with such guidelines.

25. (1) On the coming into force of this Law there shall be transferred to and vested in the Corporation assets and liabilities of the Petroleum Department of the Ministry of Fuel and Power and the Corporation shall exercise such rights and discharge such obligations as are related to these assets and liabilities.

(2) On or after the coming into force of this Law the Corporation shall be responsible for the discharge of such liabilities and contracts as may have been incurred or entered into by the Petroleum Department before the coming into force of this Law in respect of any of the functions to be discharged by the Corporation under this Law and any matters relating to such liabilities and contracts shall be carried out by the Corporation as if the Corporation incurred those liabilities or entered into those contracts.

26. There shall be transferred to the Corporation such members of staff of the Petroleum Department of the Ministry of Fuel and Power as the Secretary may consider necessary and such members of staff shall, subject to the provisions of this Law, be deemed to be employees of the Corporation.

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27. Subject to the provisions of this Law the Board of Directors may with the approval of the Council make regulations providing for the conditions of service of the Managing Director and other employees of the Corporation.

28. Until the Board of Directors of the Corporation is duly constituted under section 5 of this Law the governing body of the Corporation shall be an Interim Management Committee appointed in accordance with the Interim Management Committees (Public Boards and Corporations) Law, 1982 (P.N.D.C.L. 6) to perform the functions of the Board of Directors under this Law.

29. In this Law unless the context otherwise requires:

"affiliate company" means any 'shareholder of a contractor owing five *per centum* or more shares in the business of the contractor or any entity which controls, or is controlled by, or is under a common control with, the contractor;

"contractor" means any person, firm, body corporate or other entity which has entered into a petroleum agreement with the State and the Corporation to engage in the exploration and production of petroleum pursuant to the Petroleum (Exploration and Production) Law, 1983;

"Council" means the Provisional National Defence Council;

"crude oil" means hydrocarbons which are solid or liquid under normal atmospheric conditions and includes condensates and distillates obtained from natural gas;

"natural gas" means all hydrocarbons which are gaseous under normal atmospheric conditions and includes wet gas, dry gas and residue gas remaining after the extraction of liquid hydrocarbons from wet gas;

"Petroleum" means crude oil or natural gas or a combination of both;

"petroleum operations" means exploration, development, production, transportation and disposal of petroleum;

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"petroleum product" means any product derived from petroleum by any refining treatment process; "Secretary" means the Provisional National Defence Council Secretary responsible for Fuel and Power; "subsidiary company" means a subsidiary of the Corporation established under the Companies Code, 1963 (Act 179).

SCHEDULE

ITEMS NOT QUALIFIED FOR CUSTOMS EXEMPTION

Foodstuffs and alcoholic or non-alcoholic beverages for human consumption;

Tobacco, tobacco products and smokers' requisites;

Disinfectants and insecticides packed in containers of 10 litre contents or less;

Fuel and lubricating oils;

Medicines;

Soap and other detergents;

Tyres and tubes for passenger cars, motor cycles and motorized or non-motorized bicycles;

Unused leather and leather wares;

Wood and wood products;

Paper and paper articles;

Textiles other than those used for industrial purposes;

Unused clothing and footwear;

Glass and glaziers' requisites;

Hand tools;

Office requisites and office machinery;

Passenger cars for not more than 11 passengers, as well as spare parts and accessories thereof;

Motor bicycles;

Firearms and ammunition;

Office furniture;

Medical instrument;

Sanitary articles;

Unused air-conditioners, other than for working spaces;

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Unused furniture and other mechanical or non-mechanical appliances,
apparatuses and household articles;
Sports and pleasure craft and the engines thereof.
Made this 16th day of June 1983.

FLT.-LT. JERRY JOHN RAWLINGS
Chairman of the Provisional National Defence Council

Date of *Gazette* notification: 5th August, 1983.