



DEMOCRATIC REPUBLIC OF TIMOR-LESTE
GOVERNMENT

Decree-Law No. _1_/2016
of 09 February

**First amendment to Decree-Law No. 20/2008, of 19 June, which created the
National Petroleum Authority**

The Government of the Democratic Republic of Timor-Leste is determined in continuing to create the necessary conditions for the socio-economic development of the Country so that current and future generations may gradually benefit from more business and employment opportunities;

The adequate regulation of the mining sector is a pivotal element to achieve said purposes and, for said reason, the Government is in the final stages of approving a new set of rules aimed at providing the country with an integrated legal framework for the effective carrying out of mining operations in the country;

It is therefore expected that, in the short term, the existing rudimentary legal framework that governs the carrying out of mining operations in the country will be replaced by a new set of modern rules in line with the best international practices, which amongst other aspects, requires a strong and capable regulatory authority, entrusted with the powers to license and supervise the mining sector in the public interest;

Considering that Decree-Law No. 20/2008, of 19 June, which created the Autoridade Nacional do Petróleo (ANP), entrusted the same with, amongst others, the responsibility for regulating and supervising the sectors/industries pertaining to the petroleum and natural gas and their derivatives in the country, thus acting as the country's regulatory authority for said sector;

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Taking into consideration that the Government is committed to promoting the decentralization of powers and responsibilities and making the best use of the country's existing human resources and technical know-how;

Also taking into account that the Country currently has very limited human resources capable of addressing highly complex projects in a very specialized sector of activity, such as those pertaining to the carrying out of mining operations, and that this fact may be an obstacle to the immediate development of the mining sector in the Country;

Acknowledging that, since its creation, the ANP has gathered and developed a wide range of both human and technical resources, as well as the necessary knowledge and experience to deal with large-scale and complex projects, being therefore capable and suitable to also act as the country's mining regulatory authority;

Considering that it is of the public interest to put said human and technical resources gathered by the ANP at the service of the mining sector, the Government has decided to entrust the ANP with the powers and responsibilities to act as the country's mining regulatory authority;

Further acknowledging that, 6 years after the approval of Decree-Law No. 20/2008, it is advisable to introduce certain amendments thereto so as to improve the management of the petroleum sector and clarify certain provisions;

Now therefore, under the terms of Articles 115.1 (e) and 115(3) of the Constitution of the Democratic Republic of Timor-Leste, the Government hereby enacts into law, the following:

Article 1
Designation of the NPMA

All references included in Decree-Law No. 20/2008, of 19 June, to the National Petroleum Authority and the "(NPMA)", shall hereinafter be replaced by the "National Petroleum and Minerals Authority" and the "NPMA".

Article 2
Amendments

Articles 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 13,14, 15, 16, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30 and 31 of Decree-Law No. 20/2008, of 19 June, shall now read as follows:

"Article 1
Nature

1. The National Petroleum and Minerals Authority (NPMA) is a public institute vested with administrative and financial autonomy, a budget and property rights of its own, that abides by the regulatory framework regulating the financial administration of autonomous self-financed institutions, the object of which is to act as the regulatory

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authority for the petroleum and natural gas and related products, and mining industries, in accordance with the provisions of the Petroleum Activities Law, Petroleum Mining Code and Timor Sea Treaty, Ministerial Diploma 1/2008, of 30 July, as amended by Ministerial Diploma 1/2009, of 12 August and Ministerial Diploma 2/2014, of 19 February, and any other future legislation governing the petroleum and mineral resources sectors and this Decree-Law.

2. [...]

3. Without prejudice to Timor-Leste and Australia's positions in regards to the validity of the Treaty on Certain Maritime Arrangements in the Timor Sea (CMATS), in matters relating to the Joint Petroleum Development Area (JPDA), this Decree-Law shall be interpreted consistently with the Timor Sea Treaty, and any other international Treaty or Agreement in force from time to time.

Article 2 Supervision and Control

1. Without prejudice to its administrative and financial autonomy, the NPMA shall operate under the supervision of the member of the Government responsible for petroleum and mineral resources-related matters, and the following shall be submitted for his/her ministerial control:

- a) [...];
- b) [...].

2. [...].

Article 3 Powers and Functions

1. As part of its responsibilities, the NPMA regulate, contract, supervise and control of the economic activities related to petroleum and of the petroleum operations in the upstream sector, in line with the policies defined by the Government for the sector.

2. Non-financial management functions, the NPMA:

- a) and exploitation of any available blocks or areas offered for bidding in the areas under the exclusive jurisdiction of Timor-Leste, or in the Joint Petroleum Development Area (JPDA), pursuant to the provisions of the Timor Sea Treaty;
- b) b) to prepare calls for tender, manage tenders and award petroleum contracts as well as supervise the technical and economic performance of operators in the areas under exclusive jurisdiction of Timor-Leste while observing principles of transparency, fair competition, quality and economic value (cost-based), without prejudice to the inclusion of national production factors;

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c) to access, consolidate and disseminate on an annual basis all the information pertaining to national petroleum reserves whose submission will be mandatory on operators; and to disseminate such information, including providing access to non-confidential data to the general public.

3. Financial management functions:

a) to ensure that procedures and methods for the measurement/quantification of oil production are rigorous for the purposes of determining the royalties that are due for contracts awarded, and the share in the profits to be paid to the State, as well as the tax to be imposed;

b) to receive royalties and the share in the profits that is due to the State, as provided for in Shared Exploitation Contracts or in any other petroleum contracts;

c) to monitor and approve the costs recovery plans provided for in Shared Exploitation Contracts or in any other petroleum contracts.

4. In the downstream sector, NPMA shall promote the efficient and optimal use of installed capacity in petroleum infrastructures such as pipelines, terminals, transport and communications infrastructures, encouraging the shared use of equipment and giving access to and enabling the use of existing access capacity. The NPMA shall also ensure national energy security and monitor and regulate all petroleum activities so as to guarantee satisfactory supply and quality levels of petroleum products to consumers.

5. It shall also be incumbent upon NPMA:

a) to identify and establish the limits of areas required for the exploitation, development and production of petroleum as well as for the exploration, prospecting and mining of mineral resources, and to coordinate the necessary administrative procedures for the expropriation of such areas in the territory and the areas under the exclusive jurisdiction of Timor-Leste, pursuant to the law;

b) to ensure that the best practices regarding conservation and the rational and sustained use of petroleum, its derivatives and mineral resources are adopted, in accordance with the legal requirements for the protection and preservation of the environment that are in force;

c) to stimulate research, introduction and use/application of new technologies in all petroleum and mining operations;

d) to compile, organise and manage the technical data relating to the petroleum and mining sectors/industries;

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e) to determine, in accordance with the general conditions provided for in the law and subject to the policy directions issued by the member of the Government responsible for the petroleum and mineral resources sectors, the specific contractual terms for exploration and exploitation of petroleum and mineral resources and mining licenses.

6. In all modalities of petroleum and mining activities, the NPMA shall determine and implement regulations and administrative decisions requiring specified levels of national contribution to the petroleum and mining sectors, as well as maximal use by the petroleum and mining industries of the national installed capacity in goods and services.

7. The NPMA shall ensure compliance with public health standards and environmental legislation and/or subsidiary regulations in all petroleum and mining operations, as well as good environmental practices by minimising discharges and emissions.

8. For the purpose of the Article 3.7, the NPMA shall be responsible for conducting environmental license administrative procedures related with petroleum and mining operations, in coordination with the competent environmental authorities of Timor-Leste, and subject to the final approval of the Minister responsible for the petroleum and mineral resources sector.

9. [Previously number 8]

10. The powers and functions of the NPMA, in its capacity as Designated Authority for the purpose of the Treaty, shall include:

(a) day-to-day management and overall regulation of petroleum activities in accordance with the Timor Sea Treaty and any instruments adopted or ratified under the Treaty;

(b) the preparation of the annual estimates of income and expenditure of the NPMA that are strictly related to activities and operations in, or connected to the Joint Petroleum Development Area (JPDA) for submission to the Joint Commission;

(c) the preparation of annual reports to be submitted to the Joint Commission;

(d) requesting the assistance of the appropriate Australian and Timorese authorities in the joint exploration area, consistent with the Timor Sea Treaty

i. for search and rescue operations in the JPDA;

ii. in the event of a terrorist threat to the ships and structures involved in the petroleum operations in the JPDA; and

iii. for air traffic services in the JPDA;

(e) requesting the assistance of the appropriate Australian and Timorese authorities, or other bodies or persons, in connection with anti-pollution preventive measures, including the requisition of equipment and support or the activation of emergency procedures;

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- (f) establishing of safety zones and restricted access zones, consistent with international law, in order to ensure the safety of navigation and petroleum operations;
- (g) controlling movements into within and out of the JPDA of vessels, aircraft and structures and other equipment employed in exploration for and exploitation of petroleum resources in a manner consistent with international law;
- (h) subject to the customs, quarantine (public health) and migration (aliens and borders) provisions of the Timor Sea Treaty, authorise access to the JPDA by employees of contractors and by their subcontractors, and other persons;
- (i) issuing regulations, directives or instructions to operators, in accordance with the Timor Sea Treaty, on all matters related to the supervision and control of petroleum activities, including on public health, labour, safety of persons and property, environmental protection and assessment and best practices, pursuant to the Petroleum Mining Code applicable to the JPDA;
- (j) exercising such other powers and functions as may be identified in Annexes to the Timor Sea Treaty.

11. In respect of the mineral resources sector, the NPMA's powers and responsibilities also include:

- (a) promoting a prudent management and efficient use of mineral resources;
- (b) granting licenses, authorizations and permits to, as well as entering into contracts with, natural and legal persons to carry on mineral operations, in accordance with the applicable law and ancillary regulations;
- (c) supervising compliance with all laws and regulations applicable to mining operations;
- (d) carrying out inspections and audits to sites, buildings, facilities and equipment where or through which mining operations are performed;
- (e) organizing and preparing sanctioning proceedings and application of fines and other measures and additional sanctions for breach of the applicable laws and ancillary regulations;
- (f) organizing, managing and maintaining a mineral registry aimed at recording certain information related to mining operations, in accordance with the applicable law and ancillary regulations;
- (g) advising the Government in all mineral resources-related issues, including the issuance of opinions and recommendations on management and efficient use of mineral resources, classification of certain minerals as strategic minerals and the establishment of special measures in case of national emergency and pricing policies;

(h) ensuring all equipment used in mining operations is in accordance with applicable laws and regulations and the best industry practices;

(i) establishing of safety zones and restricted access zones, in order to ensure the safety of mining operations;

(j) requesting from the Government, within the scope of the NPMA's activities, the declaration of public interest in expropriations of land or other assets required for the performance of mining operations;

(k) any other matters connected with the regulation and supervision of the mineral resources sector;

(l) exercising the other powers and attributions that may be entrusted to it by law.

12. The powers and competences foreseen in Articles 3.4, 3.5 and 3.10, with the exception of those relating to the Upstream Petroleum sector and strategic minerals may be granted by law, and to the extent foreseen therein, to the authorities created to manage special administrative regions, including the Authority for the Oe-cusse Ambeno Special Administrative Region, and any other such administrative area or region to be created.

Article 4

Powers and Prerogatives of the Administrative Authority (jus imperi)

1. The NPMA shall be vested and exercise State powers and prerogatives in order to comply with its regulatory and supervisory functions, which are limited to:

a) the supervision of facilities, equipment and documents of entities operating in the petroleum, natural gas and derivatives, and mining industries/regulated sectors;

b) [...];

c) [...];

d) the imposition of administrative sanctions to operators, or the direct execution of penalties provided for in contracts or in the applicable law or regulations whenever a breach of applicable rules or the breach of contractual obligations occurs including, but not restricted to, immediate suspension of all exploitation-related activities or, with regards to the exploration and exploitation equipment, their sealing for a fixed period. Where prior authorization for suspension of activities is required from the Minister responsible for the petroleum and mineral resources sector, NPMA should obtain it prior to proceeding with the suspension.

2. The NPMA shall issue, in the exercise of its regulatory powers, regulations which establish the administrative procedures and obligations to be complied with by entities in the mining and petroleum and natural gas industries and their derivatives, operating in the regulated sectors.

3. The NPMA shall apply the principle of due process in enforcement proceedings and in so doing shall ensure that offenders are entitled to make representations in their own defence. Throughout the administrative proceedings, the offenders in breach of any applicable legislation or provisions included in a contract shall be entitled to make representations in person or in writing in their own defence as operators.

Article 5. Arbitration and Resolution of Disputes

The regulations to be approved by the NPMAM shall make provisions regarding the administrative procedures to be adopted in order to hear the parties in arbitration procedures or to resolve disputes between the parties involved, with an emphasis on conciliation and arbitration.

Article 6 Bodies

The NPMA shall have the following bodies:

- a) Board of Directors;
- b) President of the NPMA (Chairperson of the Board of Directors);
- c) Vice President – Mineral Exploration and Exploitation;
- d) Single Auditor.

Article 7 Board of Directors

1. [...]

2. The Board of Directors shall consolidate with NPMA's overall budget the budget dedicated to activities developed within and in association with the JPDA, once said budget has been duly approved by the Joint Commission.

3. Without prejudice to the provisions in paragraph 7.2 above, any delay in the international approval of said component of the consolidated budget shall not represent an impediment to the national/internal procedure of approval of NPMA's overall budget without its JPDA component.

4. The budget allocations referred to in paragraph 7.3 above shall be consolidated with the overall budget of the NPMA once approved by the Joint Commission.

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5. The Board of Directors of the NPMA shall be comprised of its Chairperson (the President of the NPMA) a Vice President responsible for Mineral Exploration and Exploitation, and three other Board members.

6. The President of the NPMA, and another director will sit on this Board following their designation by the Government, and the other three will be the Vice President responsible for Mineral Exploration and Exploitation, and the two ex officio members of the Board because of positions held as NPMA's executive directors, responsible for upstream and downstream petroleum operations respectively.

7. The Government-designated members shall be nominated and appointed by the member of the Government in charge of petroleum and mineral resources for a renewable 4-year term of office, upon approval of their designation by the Council of Ministers.

8. The two ex officio members of the board shall be appointed for 1 year term renewable once. However, should the duration of their employment contract as executive directors for the petroleum upstream and downstream directorates be less than 1 year, their term of office will have the same duration as of the remaining time of their employment contract.

9. [...]

10. Any board member might be dismissed under the following circumstances:

a) Trânsito em julgado de sentence judicial;

b) [...]

c) In the case of executive directors for the directorates responsible for upstream and downstream petroleum sectors on the grounds of non-renewal or forced termination of contract (dismissal).

Article 8

Powers and Functions of the Board of Directors

The Board of Directors shall:

a) define the mission and general orientation and direction of the NPMA, within the limits of the public nature of the institution;

b) approve strategic and business plans and ensure compliance therewith;

- c) approve the internal regulations of the NPMA and any other external regulations necessary for the Authority's supervisory and regulatory activity notwithstanding Article 3.9 (i);
- d) approve for submission to the member of the Government supervising the NPMA its annual work plan and budget, pursuant to Article 2.2 (a);
- e) commission an annual external audit of the institution, or pursuant to Article 2.2.

Article 9

Proceedings of the Board of Directors

1. The Board of Directors shall meet ordinarily once a month and extraordinarily whenever convened by its Chairperson or at the request of its other members or the Single Auditor.
2. Whenever consensus is unattainable the Board of Directors shall deliberate by using the simple majority rule and the Chairperson will have the power to exercise his/her casting vote.

Article 10

President of the NPMA/Chairperson of the Board of Directors

1. [...]
2. [...]
3. The President of the NPMA will be assisted by the Vice President of the NPMA for Mineral Exploration and Exploitation, and the executive directors to help him/her in carrying out his/her duties.
- 4 The President of the NPMA shall establish a Management Committee which will consist of the Vice President and all executive directors.
5. The position of President of the NPAM is entrusted by the Government, who appoints him/her. The President's contractual obligations are then regulated under a contract of mandate. In his/her capacity as a public manager, the President of the NPAM, can have his/her mandate revoked by the Government at any time.
- 6 For the purpose of the paragraph 10.4 above, the Government can only revoke the mandate on grounds of serious failure to fulfil his/her obligations, gross negligence or a negative evaluation of his/her management performance.

Article 11

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Powers and Functions of the President of the NPMA/Chairman of the Board of Directors

The President of the NPMA/Chairperson of the Board of Directors shall:

- a) represent the NPMA in court or other legal proceedings;
- b) after seeking the non-binding views of the Joint Commission, appoint an executive director with exclusive responsibility for JPDA matters;
- c) after competitive procurement of positions of Director, appoint the executive Directors of the NPMA;
- d) head and supervise the day-to-day operations of the NPMA, including the approval of any instructions;
- e) chair all meetings of the Board of Directors and Management Committee and ensure proper implementation of all deliberations and decisions;
- f) coordinate the activities of the Board and the Executive Directors, including allocation of responsibilities to its members, and ensure hierarchical compliance with decisions taken.

Article 13 Appointment and Term of Office

The Single Auditor shall be appointed by a joint order of the member of the Government responsible for the petroleum and mineral resources sectors and the Minister of Finance for a renewable 3 (three)-year term of office, and can only be removed from office on grounds of serious failure to fulfil his/her obligations or gross negligence.

Article 14 Functions of the Single Auditor

1. The Single Auditor shall:

- a) as the organ responsible for financial control, audit the economic, financial and patrimonial management of the NPMA;
- b) periodically inspect the books and accounting records of the NPMA;

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- c) issue recommendations prior to the acquisition and disposal of immovable assets;
- d) produce a technical opinion on NPMA's budget and a report on budgetary execution including technical recommendations to be submitted to the Board of Directors;
- e) issue recommendations on internal procedures for control;
- f) inform the member of the Government supervising NPMA and the Minister of Finance about any irregularities detected in the course of his/her activities.

2. [...]

Article 15

Employment of Staff

1. The NPMA's staff, other than statutory appointed Board members and auditor, are subjected to competitive procurement in their recruitment process in accordance with the principles of transparency, fair competition and best practices in the sector.
2. Without prejudice of the provisions in Article 15.1 above, the contractual conditions shall be agreed by the parties within the limits of the labour law and the administrative and financial autonomy of the NPMA, notwithstanding the transitional one-year provisions under Article 31 of this Decree-Law.
3. Contracts of employment shall be primarily governed and interpreted by the rules of the contract and complemented by the Timor-Leste labour law approved by means of Law 4/2012, of 21 February.
4. The current employees of the Designated Authority may be recruited into NPMA upon cessation of the TSDA. Their recruitment shall be subject to a new contract and agreement between the NPMA and each individual employee of the former TSDA on the terms and conditions of their employment.
5. The current staff employed by the National Directorate of Minerals of the Ministry of Petroleum and Mineral Resources may, at the NPMA's discretion, be employed by the NPMA under the terms set forth in Article 31.2 .
6. Notwithstanding Articles 15.4 and 15.5 above, the NPMA shall not be the TSDA's or Ministry of Petroleum and Mineral Resources' successor as employer.

Article 16

Assets

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1. The official and initial patrimony of the NPMA shall comprise the property and assets and all of the technical data of the preceding authority (TSDA), as well as other transfers by State institutions and agencies, particularly the Secretariat of State for Natural Resources, once the transfer procedure has been duly completed.

2. [...]

Article 18

Expenditures

1. [...]

2. All charges paid by contractors in relation to the JPDA shall be expended in accordance with the budget for the JPDA, approved by the Joint Commission.

Article 19

Legal Entitlement to Rights

1. Timor Leste's petroleum and natural gas exploitation, development and production rights in the areas under exclusive jurisdiction of Timor-Leste shall be administered by the NPMA.

2. Without prejudice to Timor-Leste and Australia's positions in regards to the validity of the CMATS, the petroleum and natural gas exploitation, development and production rights in the JPDA are shared between Timor-Leste and Australia pursuant to the Timor Sea Treaty and shall be administered by the NPMA in accordance with the provisions in the Timor Sea Treaty, and any other international Treaty or Agreement in force from time to time.

Article 21

Petroleum Contracts/Agreements

The NPMA will enter into Contracts/Agreements for the exploitation, development and production of petroleum and natural gas in areas under exclusive jurisdiction of Timor-Leste in accordance with the Petroleum Activities Law and its subsidiary regulations, and in JPDA areas in accordance with the Petroleum Mining Code.

Article 22

Submission of Bids

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1. Any undertaking or consortium, which complies with the legal requirements and regulations may submit bids to the NPMA for the construction and operation of petroleum refineries, or of its products, natural gas processing and stocking units, as well as for expanding the capacity thereof.
2. The NPMA shall establish technical, commercial and socio-economic requirements, such as the level of local employment creation and of purchase/use of local goods and services, that shall be mandatory for bidders; and project requirements in terms of environmental quality and protection, industrial safety and the safety of the public at large.
3. The provisions of the preceding number having been complied with, the NPMA shall grant an authorisation.
4. [...]

Article 23

Transport Authorisations

1. Provided that the provisions of the relevant laws are complied with, any undertakings or consortium of undertakings, which comply with the legal requirements and regulations may be granted permission by the NPMA to construct facilities/infrastructures or to effect any form of transport of petroleum, petroleum products or natural gas, whether for domestic supply or import-export.
2. The NPMA shall approve rules regarding qualification and approval of interested parties and conditions for the granting of authorisation and for the transfer thereof, in accordance with environmental protection and traffic safety requirements.

Article 24

Use of Pipelines

1. The NPMA shall promote an optimal and efficient use of the oil infrastructure, in particular pipelines, terminals and communications infrastructures, encouraging the sharing of such facilities whenever possible, with a view to allowing all operators to access and use unused or available capacity as a matter of priority.
2. The NPMA shall agree with owners the tariffs to be charged for the use of such infrastructures in the areas under exclusive jurisdiction of Timor-Leste and may permit any interested party to use the excess capacity of pipelines and sea terminals in exchange for the payment of an appropriate rent/sum to the owner of the facilities.
3. In the event that there is no agreement between the parties, the NPMA shall fix the appropriate amount and payment method and shall confirm that the referred amount is compatible with the market.

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Article 25

Granting of Authorisations

The NPMA may grant to any undertakings or consortium of undertakings, which comply with the legal requirements and regulations, an authorisation to import, export and market petroleum or its derivative products and/or natural gas.

Article 26

Transfer of Powers and Functions

1. Powers and functions of a regulatory nature, and rights and obligations related to petroleum and gas and related products, and mining industries, which were originally granted by law or contract, directly or in representation, to the Ministry in charge of the petroleum and mineral resources sectors as the public contracting party and licensing authority, shall be vested in the NPMA, including but not limited to, Articles 9 to 14, except paragraph (b) and (c) of Article 13.1, Articles 18 to 21, 23 and 24, Article 25.2, Articles 26 to 32, except Article 31.1, Articles 38, 42 and 43 of the Petroleum Activities Law, and subject to the guidelines issued by the member of the Government responsible for the mineral resources sector, the powers and attributions foreseen in Article 28.1 paragraphs (b), (c), (d), (h) and (j) of Decree-Law no. 6/2015, of 11 March , the power to approve all licenses and authorizations foreseen in Ministerial Diploma 1/2008, of 30 July , as amended by Ministerial Diploma 1/2009, of 12 August, and Ministerial Diploma 2/2014, of 19 February.

2. [...]

3. [...]

4. Pursuant to the Timor Sea Treaty and the subsequent agreements between the Governments of Timor-Leste and Australia on the postponement of the TSDA cessation, the TSDA will cease to exist as from and including July, 1, 2008.

5. Without prejudice to the powers and attributions of the Institute of Petroleum and Geology, I.P., created by means of Decree-Law 33/2012, of 18 July, the assets and technical data of the Ministry of Petroleum and Mineral Resources related to mineral resources and mining activities shall become the assets and technical data of the NPMA.

Article 27

Legislative Changes

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Proposed new legislation or amendments to existing legislation which affect the rights of economic agents or of consumers and users of goods and services of the petroleum and mining industries shall be preceded by a public hearing convened and conducted by the NPMA.

Article 28

Transposition of JPDA Regulations and Official Gazette

1. Upon approval by the Joint Commission, the international regulations that have a bearing on the activities undertaken in the JPDA shall be transposed to Timor-Leste's legal system by means of decree-laws, so as to become mandatory for national administrative authorities, including NPMA, and be enforced by them.
2. The international regulations that have a bearing on the JPDA and were approved before June 30, 2008 shall be considered in force in that international area. It shall be the responsibility of NPMA, as Designated Authority, to act in conformity with these regulations during the execution of any activities in that area or any related activities.
3. All external regulations issued by the National Petroleum and Minerals Authority (NPMA) within the scope of its regulatory powers under the present Decree-Law shall be published in the official gazette.

Article 29

Transition of Regimes and Supervision of Existing Activities

1. Undertakings which are lawfully engaged in any of the activities described in Articles 23, 25 and 25-A of this Decree-Law, shall re-register with the newly established institution, the NPMA, within 120 days after its entry into force.
2. All activities included within the scope of the NPMA's powers under this Decree-Law that are being carried out on the effective date hereof shall hereafter be subject to the regulation and supervision of the NPMA.

Article 30

Preservation of Acquired Rights

The provisions of this Decree-Law shall not affect third party rights that were acquired prior to its entry into force pursuant to contracts entered into with the preceding Designated Authority (TSDA) in accordance with the laws in force, and shall not annul the acts of the member of Government supervising petroleum-related matters.

Article 31

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NPMA's Staffing Table

1. Competitive recruitment procedures will be used at all times when employing staff to work in the NPMA. In particular, such procedures shall abide by the principles of transparency, fair competition, non-discrimination, quality and economic value (cost-based).
2. Upon transfer of the mineral licensing and regulatory powers to the NPMA, the current employees of the National Directorate of Minerals of the Ministry of Petroleum and Mineral Resources may participate in an NPMA public recruitment tender to select the staff that will be allocated to the new regulatory functions. Such recruitment shall be subject to a new employment contract and agreement between the NPMA and each such individual on the terms and conditions of their employment, which shall take into account NPMA's employment policies and regulations applicable at that time.

Article 3 New Articles and Annex

A new article 11-A, a new Chapter IX, with Articles 25-A and 25-B, a new Article 31-A, and a new Annex I are added to Decree-Law No. 20/2008, of 19 June 2008, as follows:

"Article 11-A Vice President of the NPMA/Mineral Exploration and Exploitation

1. The Vice President of the NPMA is responsible for coordinating the day-to-day activities related to the regulation and administration of Mineral Exploration and Exploitation within the Jurisdictions of the NPMA.
2. The Vice President of the NPMA is responsible for preparing all necessary plans of actions, annual programme and budget, regulations and legal framework needed for regulating the exploration and the exploitation of Minerals for the approval of the Board of Directors.
3. The Vice President of the NPMA also sits as one of the members of the Board of Directors of the NPMA, representing the executive directors responsible for Mineral Exploration and Exploitation.
4. The Vice President of the NPMA shall be appointed by the member of Government responsible for mineral resources for a four year renewable term of office, and can only be removed from office on grounds of serious failure to fulfil his/her obligations, gross negligence, or a negative evaluation of his/her management performance.

Article 25-A

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Legal Entitlement to Rights

Timor-Leste's mineral resources and the activities of prospecting, exploring, evaluating, processing and marketing of mineral resources shall be administered, supervised and regulated by the NPMA.

Article 25-B Licensing of Mining Operations

The granting of licenses permits and/or authorizations and the entering into contracts for exploration, prospecting and mining of minerals is made in accordance with the procedures and requirements set forth in the applicable law and ancillary regulations.

Article 31-A ANPM Logo

1. The ANPM Logo builds on the combination of some of the features of the colors of the national symbols, symbols of the culture of Timor-Leste and symbols that are representative of the Petroleum and Mining Industries.
 2. The ANPM Logo has round shape, symbolizing life as a whole, integrity and responsibility, and comprises three circular arcs and a circle, namely in the red-colored external upper part symbolizing attention, in the black-colored internal upper part symbolizing authority and with the inscriptions "Autoridade Nacional do Petróleo e Minerais" in white symbolizing purity and honesty, a golden-colored centered circle, inspired by the *belak*, symbolizing the sun, with the abbreviation "ANPM" inscribed in blue color symbolizing the sea, and two golden-colored drops in the letters "A" and "P" symbolizing the concern to manage the oil and gas resources in benefit of the current and future generations and, in the external bottom part, a golden-colored circular arc inspired by the *kaibauk*, symbolizing the Crescent Moon.
 3. The representation of the logo is featured in Annex I to the present diploma, of which it forms an integral part."
-
2. A new Chapter IX titled "RESEARCH, PRODUCTION AND MARKETING OF MINERAL RESOURCES" is added to Decree-Law n. 20/2008, of June 19, and includes articles 25-A and 25-B.
 3. An annex titled Annex I is added to Decree-Law n. 20/2008, of June 19, under the terms of the annex to the present diploma.

Article 4
Repeal

All legislation or regulations in force prior to the effective date hereof that contradict the rules contained herein are hereby repealed.

Article 5
Re-enactment

Decree Law No. 20/2008, of 19 June 2008, with the amendments introduced by this Decree-Law, is republished in its current drafting in an annex to this Decree-Law, of which it is an integral part.

Article 6
Effective Date

This Decree-Law is effective on the day following its publication in the Jornal da República.

Approved by the Council of Ministers on 10 November 2015

The Prime Minister,

Dr. Rui Maria de Araújo

Promulgated on 04 February 2016

Be it Published,

The President of the Republic,

Taur Matan Ruak

ANNEX I
ANPM LOGO
(mentioned in Article 31-A)

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ANNEX II

Re-enactment of Decree-Law No. 20/2008, of 19 June, under Article 5 of Decree-Law No. 1/2016, of 9 February

Decree-Law No. 20/2008, of 19 June, as amended by Decree-Law No. 1/2016, of 09 February

Under Timor-Leste's Constitution the State is entitled to all natural resources that are vital to the economy that exist in the soil and subsoil of Timor-Leste, including petroleum. These resources are to be efficiently managed for the benefit of the people of Timor-Leste as a whole.

In order to manage and supervise the exploration, development and production of these resources, Timor-Leste has enacted the Petroleum Activities Law for the areas under Timor-Leste's exclusive jurisdiction, and the Petroleum Mining Code in the Joint Petroleum Development Area.

Considering that the petroleum resources owned by Timor-Leste are a strategic component of its economy, and have potentially a high economic value that if managed properly will generate significant revenues and direct benefits to the economy of the country.

Noting the importance of regulating this sector prudently and supervising its the activities in such a way that all petroleum exploration, development and production contribute to maximise the overall benefit to the country and its people while adopting measures aimed at protecting the environment.

The Government hereby creates the National Petroleum Authority (NPA) in order to establish and supervise compliance with the enacted rules and regulations covering the exploration, development, production, transportation and distribution of petroleum and natural gas resources.

Once it is fully operational, the NPA will be able to ensure the petroleum and gas security of the country by managing the country's minimum strategic fuel stock requirements and will also be able to ensure minimum quality standards for petroleum products available in the domestic market and minimum standards of compliance with consumers security.

The Government accordingly decrees the following, in accordance with paragraph "e" of no. 1 and no. 3 of article 115^o of the Constitution of the Democratic Republic of Timor-Leste:

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NATIONAL PETROLEUM AND MINERALS AUTHORITY

CHAPTER I

GENERAL PROVISIONS

Article 1

Nature

1. The National Petroleum and Minerals Authority (NPMA) is a public institute vested with administrative and financial autonomy, a budget and property rights of its own, that abides by the regulatory framework regulating the financial administration of autonomous self-financed institutions, the object of which is to act as the regulatory authority for the petroleum and natural gas and related products, and mining industries, in accordance with the provisions of the Petroleum Activities Law, Petroleum Mining Code and Timor Sea Treaty, Ministerial Diploma 1/2008, of 30 July, as amended by Ministerial Diploma 1/2009, of 12 August and Ministerial Diploma 2/2014, 19 February, and any other future legislation governing the petroleum and mineral resources sectors and this Decree-Law.

2. The regulatory powers of the NPMA are restricted to the regulated sectors and to setting technical and operational standards and administrative requirements or to regulating noncompliance with such standards and requirements, in accordance with enacted legislation.

3. Without prejudice to Timor-Leste and Australia's positions in regards to the validity of the Treaty on Certain Maritime Arrangements in the Timor Sea (CMATS), in matters relating to the Joint Petroleum Development Area (JPDA), this Decree-Law shall be interpreted consistently with the Timor Sea Treaty, and any other international Treaty or Agreement in force from time to time.

Article 2

Supervision and Control

1. Without prejudice to its administrative and financial autonomy, the NPMA shall operate under the supervision of the member of the Government responsible for petroleum and mineral resources-related matters, and the following shall be submitted for his/her ministerial control:

a) The annual activities plan and budget;

b) The activities report and the budgetary implementation report.

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2. The member of the Government under whose supervision NPMA operates may request at any time that the institution be subject to external audits.

CHAPTER II

POWERS AND FUNCTIONS

Article 3

Powers and Functions

1. The NPMA shall be responsible for the regulation, contracting, supervision and control of the economic activities related to petroleum and of the petroleum operations in the upstream sector, in line with the policies defined by the Government for the sector, in particular:

2. Non-financial management functions:

a) to undertake surveys and research with a view to promoting interest in the exploration and exploitation of any available blocks or areas offered for bidding in the areas under the exclusive jurisdiction of Timor-Leste, or in the Joint Petroleum Development Area (JPDA), pursuant to the provisions of the Timor Sea Treaty;

b) to prepare calls for tender, manage tenders and award petroleum contracts as well as supervise the technical and economic performance of operators in the areas under exclusive jurisdiction of Timor-Leste while observing principles of transparency, fair competition, quality and economic value (cost-based), without prejudice to the inclusion of weighting and correcting criteria that will take into account the competitive limitations of national production factors;

c) to access, consolidate and disseminate on an annual basis all the information pertaining to national petroleum reserves whose submission will be mandatory on operators; and to disseminate such information, including providing access to non-confidential data to the general public.

3. Financial management functions:

a) to ensure that procedures and methods for the measurement/quantification of oil production are rigorous for the purposes of determining the royalties that are due for contracts awarded, and the share in the profits to be paid to the State, as well as the tax to be imposed;

b) to receive royalties and the share in the profits that is due to the State, as provided for in Shared Exploitation Contracts or in any other petroleum contracts;

c) to monitor and approve the costs recovery plans provided for in Shared Exploitation Contracts or in any other petroleum contracts.

4. In the downstream sector, NPMA shall promote the efficient and optimal use of installed capacity in petroleum infrastructures such as pipelines, terminals, transport and communications infrastructures, encouraging the shared use of equipment and giving access to and enabling the use of existing access capacity. The NPMA shall also ensure national energy security and monitor and regulate all petroleum activities so as to guarantee satisfactory supply and quality levels of petroleum products to consumers.

5. It shall also be incumbent upon NPMA:

a) to identify and establish the limits of areas required for the exploitation, development and production of petroleum as well as for the exploration, prospecting and mining of mineral resources, and to coordinate the necessary administrative procedures for the expropriation of such areas in the territory and areas under the exclusive jurisdiction of Timor-Leste, pursuant to the law;

b) to ensure that the best practices regarding conservation and the rational and sustained use of petroleum, its derivatives and mineral resources are adopted, in accordance with the legal requirements for the protection and preservation of the environment that are in force;

c) to stimulate research, introduction and use/application of new technologies in all petroleum and mining operations;

d) to compile, organise and manage the technical data relating to the petroleum and mining sectors/industries;

e) to determine, in accordance with the general conditions provided for in the law and subject to the policy directions issued by the member of the Government responsible for the petroleum and mineral resources sectors, the specific contractual terms for exploration and exploitation of petroleum and mineral resources and mining licenses.

6. In all modalities of petroleum and mining activities, the NPMA shall determine and implement regulations and administrative decisions requiring specified levels of national contribution to the petroleum and mining sectors, as well as maximal use by the petroleum and mining industries of the national installed capacity in goods and services.

7. The NPMA shall ensure compliance with public health standards and environmental legislation and/or subsidiary regulations in all petroleum and mining operations, as well as good environmental practices by minimising discharges and emissions.

8. For the purpose of the Article 3.7, the NPMA shall be responsible for conducting environmental license administrative procedures related with petroleum and mining operations, in coordination with the competent environmental authorities of Timor-Leste, and subject to the final approval of the Minister responsible for the petroleum and mineral resources sector.

9. In matters relating exclusively to the Joint Petroleum Development Area (JPDA) established by the Timor Sea Treaty, the NPMA, as Designated Authority, shall be

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answerable to the Joint Commission and shall exercise the regulatory powers that were conferred upon it as manager/administrator of petroleum operations.

10. The powers and functions of the NPMA, in its capacity as Designated Authority for the purpose of the Treaty, shall include:

(a) day-to-day management and overall regulation of petroleum activities in accordance with the Timor Sea Treaty and any instruments adopted or ratified under the Treaty;

(b) the preparation of the annual estimates of income and expenditure of the NPMA that are strictly related to activities and operations in, or connected to the Joint Petroleum Development Area (JPDA) for submission to the Joint Commission;

(c) the preparation of annual reports to be submitted to the Joint Commission;

(d) requesting the assistance of the appropriate Australian and Timorese authorities in the joint exploration area, consistent with the Timor Sea Treaty

i. for search and rescue operations in the JPDA;

ii. in the event of a terrorist threat to the ships and structures involved in the petroleum operations in the JPDA; and

iii. for air traffic services in the JPDA;

(e) requesting the assistance of the appropriate Australian and Timorese authorities, or other bodies or persons, in connection with anti-pollution preventive measures, including the requisition of equipment and support or the activation of emergency procedures;

(f) establishing of safety zones and restricted access zones, consistent with international law, in order to ensure the safety of navigation and petroleum operations;

(g) controlling movements into within and out of the JPDA of vessels, aircraft and structures and other equipment employed in exploration for and exploitation of petroleum resources in a manner consistent with international law;

(h) subject to the customs, quarantine (public health) and migration (aliens and borders) provisions of the Timor Sea Treaty, authorise access to the JPDA by employees of contractors and by their subcontractors, and other persons;

(i) issuing regulations, directives or instructions to operators, in accordance with the Timor Sea Treaty, on all matters related to the supervision and control of petroleum activities, including on public health, labour, safety of persons and property, environmental protection and assessment and best practices, pursuant to the Petroleum Mining Code applicable to the JPDA;

(j) exercising such other powers and functions as may be identified in Annexes to the Timor Sea Treaty.

11. In respect of the mineral resources sector, the NPMA's powers and responsibilities also include:

- (a) promoting a prudent management and efficient use of mineral resources;
- (b) granting licenses, authorizations and permits to, as well as entering into contracts with, natural and legal persons to carry on mineral operations, in accordance with the applicable law and ancillary regulations;
- (c) supervising compliance with all laws and regulations applicable to mining operations;
- (d) carrying out inspections and audits to sites, buildings, facilities and equipment where or through which mining operations are performed;
- (e) organizing and preparing sanctioning proceedings and application of fines and other measures and additional sanctions for breach of the applicable laws and ancillary regulations;
- (f) organizing, managing and maintaining a mineral registry aimed at recording certain information related to mining operations, in accordance with the applicable law and ancillary regulations;
- (g) advising the Government in all mineral resources-related issues, including the issuance of opinions and recommendations on management and efficient use of mineral resources, classification of certain minerals as strategic minerals and the establishment of special measures in case of national emergency and pricing policies;
- (h) ensuring all equipment used in mining operations is in accordance with applicable laws and regulations and the best industry practices;
- (i) establishing of safety zones and restricted access zones, in order to ensure the safety of mining operations;
- (j) requesting from the Government, within the scope of the NPMA's activities, the declaration of public interest in expropriations of land or other assets required for the performance of mining operations;
- (k) any other matters connected with the regulation and supervision of the mineral resources sector;
- (l) exercising the other powers and attributions that may be entrusted to it by law.

12. The powers and competences foreseen in Articles 3.4, 3.5 and 3.10, with the exception of those relating to the Upstream Petroleum sector and strategic minerals may be granted by law, and to the extent foreseen therein, to the authorities created to manage special administrative regions, including the Authority for the Oe-cusse Ambeno Special Administrative Region, and any other such administrative area or region to be created.

Article 4

Powers and Prerogatives of the Administrative Authority (jus imperi)

1. The NPMA shall be vested and exercise State powers and prerogatives in order to comply with its regulatory and supervisory functions, which are limited to:

a) the supervision of facilities, equipment and documents of entities operating in the petroleum, natural gas and derivatives, and mining industries/regulated sectors;

b) the collection of the tariffs (public prices) and services charges due as a consequence of its regulatory and supervisory activity;

c) within the limits of the Constitution and general law, and exclusively in what concerns the regulated sectors, the coercive enforcement of its administrative decisions by requesting the intervention of other administrative or police authorities if necessary;

d) the imposition of administrative sanctions to operators, or the direct execution of penalties provided for in contracts or in the applicable law or regulations whenever a breach of applicable rules or the breach of contractual obligations occurs including, but not restricted to, immediate suspension of all exploitation-related activities or, with regards to the exploration and exploitation equipment, their sealing for a fixed period. Where prior authorization for suspension of activities is required from the Minister responsible for the petroleum and mineral resources sector, NPMA should obtain it prior to proceeding with the suspension.

2. The NPMA shall issue, in the exercise of its regulatory powers, regulations which establish the administrative procedures and obligations to be complied with by entities in the mining and petroleum and natural gas industries and their derivatives, operating in the regulated sectors.

3. The NPMA shall apply the principle of due process in enforcement proceedings and in so doing shall ensure that offenders are entitled to make representations in their own defence. Throughout the administrative proceedings, the offenders in breach of any applicable legislation or provisions included in a contract shall be entitled to make representations in person or in writing in their own defence as operators.

Article 5

Arbitration and Resolution of Disputes

The regulations to be approved by the NPMA shall make provisions regarding the administrative procedures to be adopted in order to hear the parties in arbitration procedures or to resolve disputes between the parties involved, with an emphasis on conciliation and arbitration.

CHAPTER III
STRUCTURE OF THE NPMA

Article 6

Bodies

The NPMA shall have the following bodies:

- a) Board of Directors;
- b) President of the NPMA (Chairperson of the Board of Directors);
- c) Vice President – Mineral Exploration and Exploitation;
- c) Single Auditor.

Article 7

Board of Directors

1. The Board of Directors is the collective organ in the organisation responsible for defining the general direction of the organisation in accordance with sector-related policies issued by the Government of Timor-Leste; approving technical regulations and directives; approving the NPMA's consolidated work plan and budget.
2. The Board of Directors shall consolidate with NPMA's overall budget the budget dedicated to activities developed within and in association with the JPDA, once said budget has been duly approved by the Joint Commission.
3. Without prejudice to the provisions in Article 7.2 above, any delay in the international approval of said component of the consolidated budget shall not represent an impediment to the national/internal procedure of approval of NPMA's overall budget without its JPDA component.
4. The budget allocations referred to in Article 7.3 above shall be consolidated with the overall budget of the NPMA once approved by the Joint Commission.
5. The Board of Directors of the NPMA shall be comprised of its Chairperson (the President of the NPMA), a Vice President responsible for Mineral Exploration and Exploitation, and three other board members.
6. The President of the NPMA, and another director will sit on this Board following their designation by the Government and the other three will be the Vice President responsible for Mineral Exploration and Exploitation, and the two ex officio members of the Board because of positions held as NPMA's executive directors, responsible for upstream and downstream petroleum operations respectively.
7. The Government-designated members shall be nominated and appointed by the member of the Government in charge of petroleum and mineral resources for a

renewable 4-year term of office, upon approval of their designation by the Council of Ministers.

8. The two ex officio members of the board shall be appointed for a 1 year term renewable once. However, should the duration of their employment contract as executive directors for the upstream and downstream directorates be less than 1 year, their term of office will have the same duration as of the remaining time of their employment contract.

9. The members of the Board of Directors shall not have any financial interests or holdings in undertakings in the regulated sectors while they are in office and for the period of 1 (one) year after they cease to be board members.

10. Any board member might be dismissed under the following circumstances:

a) adjudication of judicial decision;

b) in the case of Government appointees, on the grounds of serious failure to fulfil their functional duties, gross negligence or a negative evaluation of his/her performance by the appointing body ;

c) in the case of executive directors for the directorates responsible for upstream and downstream petroleum sectors, on the grounds of non-renewal or forced termination of contract (dismissal).

Article 8

Powers and Functions of the Board of Directors

The Board of Directors shall:

a) define the mission and general orientation and direction of the NPMA, within the limits of the public nature of the institution;

b) approve strategic and business plans and ensure compliance therewith;

c) approve the internal regulations of the NPMA and any other external regulations necessary for the Authority's supervisory and regulatory activity notwithstanding Article 3.9 (i);

d) approve for submission to the member of the Government supervising the NPMA its annual work plan and budget, pursuant to Article 2.2 (a);

e) commission an annual external audit of the institution, or pursuant to Article 2.2.

Article 9

Proceedings of the Board of Directors

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1. The Board of Directors shall meet ordinarily once a month and extraordinarily whenever convened by its Chairperson or at the request of its other members or the Single Auditor.

2. Whenever consensus is unattainable the Board of Directors shall deliberate by using the simple majority rule and the Chairperson will have the power to exercise his/her casting vote.

Article 10

President of the NPMA/Chairperson of the Board of Directors

1. The President of the NPMA is the executive organ of the NPMA in charge of day-to-day management and administration of the organisation.

2. The President of the NPMA shall be the chairperson of the Board of Directors ex officio.

3. The President of the NPMA will be assisted by the Vice President of the NPMA for Mineral Exploration and Exploitation, and the executive directors to help him/her in carrying out his/her duties.

4 The President of the NPMA shall establish a Management Committee which will consist of the Vice President and all executive directors.

5. The position of President of the NPMA is entrusted by the Government, who appoints him/her. The President's contractual obligations are then regulated under a contract of mandate. In his/her capacity as a public manager, the President of the NPMA, can have his/her mandate revoked by the Government at any time.

6 For the purpose of the Article 10.4 above, the Government can only revoke the mandate on grounds of serious failure to fulfil his/her obligations, gross negligence or a negative evaluation of his/her management performance.

Article 11

Powers and Functions of the President of the NPMA/Chairperson of the Board of Directors

The President of the NPMA/Chairperson of the Board of Directors shall:

- a) represent the NPMA in court or other legal proceedings;
- b) after seeking the non-binding views of the Joint Commission, appoint an executive director with exclusive responsibility for JPDA matters;
- c) after competitive procurement of positions of Director, appoint the executive Directors of the NPMA;

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- d) head and supervise the day-to-day operations of the NPMA, including the approval of any instructions;
- e) chair all meetings of the Board of Directors and Management Committee and ensure proper implementation of all deliberations and decisions;
- f) coordinate the activities of the Board and the Executive Directors, including allocation of responsibilities to its members, and ensure hierarchical compliance with decisions taken.

Article 11-A

Vice President of the NPMA/Mineral Exploration and Exploitation

1. The Vice President of the NPMA is responsible for coordinating the day-to-day activities related to the regulation and administration of Mineral Exploration and Exploitation within the jurisdictions of the NPMA.
2. The Vice President of the NPMA is responsible for preparing all necessary plans of actions, annual programme and budget, regulations and legal framework needed for regulating the exploration and the exploitation of Minerals for the approval of the Board of Directors.
3. The Vice President of the NPMA also sits as one of the members of the Board of Directors of the NPMA, representing the executive directors responsible for Mineral Exploration and Exploitation
4. The Vice President of the NPMA shall be appointed by the member of Government responsible for mineral resources for a four year renewable term of office, and can only be removed from office on grounds of serious failure to fulfil his/her obligations, gross negligence, or a negative evaluation of his/her management performance.

Article 12

Single Auditor

The Single Auditor is the organ responsible for monitoring legality, regularity and proper financial and patrimonial management of the NPMA.

Article 13

Appointment and Term of Office

The Single Auditor shall be appointed by a joint order of the member of the Government responsible for the petroleum and mineral resources sectors and the Minister of Finance for a renewable 3 (three)-year term of office, and can only be

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removed from office on grounds of serious failure to fulfil his/her obligations or gross negligence.

Article 14

Functions of the Single Auditor

1. The Single Auditor shall:

- a) as the organ responsible for financial control, audit the economic, financial and patrimonial management of the NPMA;
- b) periodically inspect the books and accounting records of the NPMA;
- c) issue recommendations prior to the acquisition and disposal of immovable assets;
- d) produce a technical opinion on NPMA's budget and a report on budgetary execution including technical recommendations to be submitted to the Board of Directors;
- e) issue recommendations on internal procedures for control;
- f) inform the member of the Government supervising NPMA and the Minister of Finance about any irregularities detected in the course of his/her activities.

2. The functions of the Single Auditor are without prejudice to the appointment of external auditors under the Timor Sea Treaty exclusively for the purposes of that treaty.

CHAPTER IV

CONDITIONS OF EMPLOYMENT, ASSETS

AND FINANCE

Article 15

Employment of Staff

1. The NPMA's staff, other than statutory appointed Board members and auditor, are subjected to competitive procurement in their recruitment process in accordance with the principles of transparency, fair competition and best practices in the sector.

2. Without prejudice of the provisions in Article 15.1 above, the contractual conditions shall be agreed by the parties within the limits of the labour law and the administrative and financial autonomy of the NPMA, notwithstanding the transitional one-year provisions under Article 31 of this Decree-Law.

3. Contracts of employment shall be primarily governed and interpreted by the rules of the contract and complemented by the Timor-Leste labour law approved by means of Law 4/2012, of 21 February.

4. The current employees of the Designated Authority may be recruited into NPMA upon cessation of the TSDA. Their recruitment shall be subject to a new contract and agreement between the NPMA and each individual employee of the former TSDA on the terms and conditions of their employment.

5. The current staff employed by the National Directorate of Minerals of the Ministry of Petroleum and Mineral Resources may, at the NPMA's discretion, be employed by the NPMA under the terms set forth in Article 31.2 .

6. Notwithstanding Articles 15.4 and 15.5 above, the NPMA shall not be the TSDA's or Ministry of Petroleum and Mineral Resources' successor as employer.

Article 16

Assets

1. The official and initial patrimony of the NPMA shall comprise the property and assets and all of the technical data of the preceding authority (TSDA), as well as other transfers by State institutions and agencies, particularly the Secretariat of State for Natural Resources, once the transfer procedure has been duly completed.

2. Parties to the Timor Sea Treaty shall have access to the technical data on JPDA.

Article 17

Revenues

The following are NPMA's own revenue:

a) the sums in respect to the service charges payable for the provision of services within the scope of its powers and functions;

b) the sums with regard to authorisations, certificates, approvals and other licences granted in the exercise of NPMA's powers;

c) the proceeds of fines imposed for breaches of the laws, regulations, technical requirements applicable to the regulated sectors or contractual obligations;

d) budgetary allocations by the Government;

e) grants, inheritances or legacies;

f) income and proceeds from its own assets, the disposal thereof or from the establishment of rights over such assets;

g) any other income arising from its activity, or which belongs to it by law, internal regulation or contract.

Article 18

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Expenditures

1. The NPMA's expenditures shall be all expenditure which the Board of Directors internally approves as necessary for the performance of its functions and the exercise of its powers, the operation of its services, and the management of its assets.
2. All charges paid by contractors in relation to the JPDA shall be expended in accordance with the budget for the JPDA, approved by the Joint Commission.

CHAPTER V

EXPLOITATION AND PRODUCTION OF PETROLEUM, NATURAL GAS AND THEIR DERIVATIVES

Article 19

Legal Entitlement to Rights

1. Timor Leste's petroleum and natural gas exploitation, development and production rights in the areas under exclusive jurisdiction of Timor-Leste shall be administered by the NPMA.
2. Without prejudice to Timor-Leste and Australia's positions in regards to the validity of the CMATS, the petroleum and natural gas exploitation, development and production rights in the JPDA are shared between Timor-Leste and Australia pursuant to the Timor Sea Treaty and shall be administered by the NPMA in accordance with the provisions in the Timor Sea Treaty, and any other international Treaty or Agreement in force from time to time.

Article 20

Nature of the Technical Assets

The technical assets, which comprise data and information regarding the sedimentary basins of Timor-Leste, are also considered to be an integral part of the national petroleum resources and shall be collected, maintained and administered by the NPMA.

Article 21

Petroleum Contracts/Agreements

The NPMA will enter into Contracts/Agreements for the exploitation, development and production of petroleum and natural gas in areas under exclusive jurisdiction of Timor-Leste in accordance with the Petroleum Activities Law and its subsidiary regulations, and in JPDA areas in accordance with the Petroleum Mining Code.

CHAPTER VI

REFINING OF PETROLEUM AND PROCESSING OF NATURAL GAS

Article 22

Submission of Bids

1. Any undertaking or consortium, which complies with the legal requirements and regulations may submit bids to the NPMA for the construction and operation of petroleum refineries, or of its products, natural gas processing and stocking units, as well as for expanding the capacity thereof.
2. The NPMA shall establish technical, commercial and socio-economic requirements, such as the level of local employment creation and of purchase/use of local goods and services, that shall be mandatory for bidders; and project requirements in terms of environmental quality and protection, industrial safety and the safety of the public at large.
3. The provisions of the preceding number having been complied with, the NPMA shall grant an authorisation.
4. Authorisations may be transferred to third parties with prior express approval of the NPMA, provided that the new holder of the authorisation complies with the requirements given.

CHAPTER VII

TRANSPORT OF PETROLEUM, NATURAL GAS AND THEIR DERIVATIVES

Article 23

Transport Authorisations

1. Provided that the provisions of the relevant laws are complied with, any undertakings or consortium of undertakings, which comply with the legal requirements and regulations may be granted permission by the NPMA to construct facilities/infrastructures or to effect any form of transport of petroleum, petroleum products or natural gas, whether for domestic supply or import-export.
2. The NPMA shall approve rules regarding qualification and approval of interested parties and conditions for the granting of authorisation and for the transfer thereof, in accordance with environmental protection and traffic safety requirements.

Article 24

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Use of Pipelines

1. The NPMA shall promote an optimal and efficient use of the oil infrastructure, in particular pipelines, terminals and communications infrastructures, encouraging the sharing of such facilities whenever possible, with a view to allowing all operators to access and use unused or available capacity as a matter of priority.
2. The NPMA shall agree with owners the tariffs to be charged for the use of such infrastructures in the areas under exclusive jurisdiction of Timor-Leste and may permit any interested party to use the excess capacity of pipelines and sea terminals in exchange for the payment of an appropriate rent/sum to the owner of the facilities.
3. In the event that there is no agreement between the parties, the NPMA shall fix the appropriate amount and payment method and shall confirm that the referred amount is compatible with the market.

CHAPTER VIII

IMPORT/EXPORT AND MARKETING OF PETROLEUM, NATURAL GAS AND THEIR DERIVATIVES

Article 25

Granting of Authorisations

The NPMA may grant to any undertakings or consortium of undertakings, which comply with the legal requirements and regulations, an authorisation to import, export and market petroleum or its derivative products and/or natural gas.

CHAPTER IX

EXPLORATION, PRODUCTION AND MARKETING OF MINERAL RESOURCES

Article 25-A

Legal Entitlement to Rights

Timor-Leste's mineral resources and the activities of prospecting, exploring, evaluating, processing and marketing of mineral resources shall be administered, supervised and regulated by the NPMA.

Article 25-B

Licensing of Mining Operations

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The granting of licenses permits and/or authorizations and the entering into contracts for exploration, prospecting and mining of minerals is made in accordance with the procedures and requirements set forth in the applicable law and ancillary regulations.

CHAPTER X

FINAL PROVISIONS

Article 26

Transfer of Powers and Functions

1. Powers and functions of a regulatory nature, and rights and obligations related to petroleum and gas and related products, and mining industries, which were originally granted by law or contract, directly or in representation, to the Ministry in charge of the petroleum and mineral resources sectors as the public contracting party and licensing authority, shall be vested in the NPMA, including but not limited to, Articles 9 to 14, except paragraph (b) and (c) of Article 13.1, Articles 18 to 21, 23 and 24, Article 25.2, Articles 26 to 32, except paragraph 1 of Article 31, Articles 38, 42 and 43 of the Petroleum Activities Law, and subject to the guidelines issued by the member of the Government responsible for the oil and gas and mineral resources sector, the powers and attributions foreseen in Article 28.1 paragraphs (b), (c), (d), (h) and (j) of Decree-Law no. 6/2015, of 11 March, and the power to approve all licenses and authorizations foreseen in Ministerial Diploma 1/2008, of 30 July , as amended by Ministerial Diploma 1/2009, of 12 August , and Ministerial Diploma 2/2014, of 19 February .
2. All powers, functions, rights and obligations of the preceding Designated Authority (TSDA) pursuant to the Timor Sea Treaty shall be vested in the NPMA as from July, 1, 2008.
3. The assets and technical data of the TSDA shall become the assets and technical data of the NPMA as from and including July 1, 2008
4. Pursuant to the Timor Sea Treaty and the subsequent agreements between the Governments of Timor-Leste and Australia on the postponement of the TSDA cessation, the TSDA will cease to exist as from and including July, 1, 2008.
5. Without prejudice to the powers and attributions of the Institute of Petroleum and Geology, I.P., created by means of Decree-Law 33/2012, of 18 July, the assets and technical data of the Ministry of Petroleum and Mineral Resources related to mineral resources and mining activities shall become the assets and technical data of the NPMA.

Article 27

Legislative Changes

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Proposed new legislation or amendments to existing legislation which affect the rights of economic agents or of consumers and users of goods and services of the petroleum and mining industries shall be preceded by a public hearing convened and conducted by the NPMA.

Article 28

Transposition of JPDA Regulations and Official Gazette

1. Upon approval by the Joint Commission, the international regulations that have a bearing on the activities undertaken in the JPDA shall be transposed to Timor-Leste's legal system by means of decree-laws, so as to become mandatory for national administrative authorities, including NPMA, and be enforced by them.
2. The international regulations that have a bearing on the JPDA and were approved before June 30, 2008 shall be considered in force in that international area. It shall be the responsibility of NPMA, as Designated Authority, to act in conformity with these regulations during the execution of any activities in that area or any related activities.
3. All external regulations issued by the National Petroleum and Minerals Authority (NPMA) within the scope of its regulatory powers under the present Decree-Law shall be published in the official gazette.

Article 29

Transition of Regimes and Supervision of Existing Activities

1. Undertakings which are lawfully engaged in any of the activities described in Articles 23, 25 and 25-A of this Decree-Law, shall re-register with the newly established institution, the NPMA, within 120 days after its entry into force.
2. All activities included within the scope of the NPMA's powers under this Decree-Law that are being carried out on the effective date hereof shall hereafter be subject to the regulation and supervision of the NPMA.

Article 30

Preservation of Acquired Rights

The provisions of this Decree-Law shall not affect third party rights that were acquired prior to its entry into force pursuant to contracts entered into with the preceding Designated Authority (TSDA) in accordance with the laws in force, and shall not annul the acts of the member of Government supervising petroleum-related matters.

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Article 31 NPMA's Staffing Table

1. Competitive recruitment procedures will be used at all times when employing staff to work in the NPMA. In particular, such procedures shall abide by the principles of transparency, fair competition, non-discrimination, quality and economic value (cost-based).
2. Upon transfer of the mineral licensing and regulatory powers to the NPMA, the current employees of the National Directorate of Minerals of the Ministry of Petroleum and Mineral Resources may participate in an NPMA public recruitment tender to select the staff that will be allocated to the new regulatory functions. Such recruitment shall be subject to a new employment contract and agreement between the NPMA and each such individual on the terms and conditions of their employment, which shall take into account NPMA's employment policies and regulations applicable at that time.

Article 31-A ANPM Logo

1. O logótipo da ANPM inspira-se na combinação de alguns atributos das cores dos O logótipo da ANPM inspira-se na combinação de alguns atributos das cores dos símbolos nacionais, símbolos da cultura de Timor-Leste e símbolos representativos das Indústrias do Petróleo e dos Minerais;
2. O logótipo da ANPM tem forma redonda, simbolizando a vida na sua globalidade, a integridade e a responsabilidade, e é formado por três arcos de círculo e um círculo, nomeadamente na parte superior externa de cor vermelha simbolizando a atenção, na parte superior interna de cor preta simbolizando a autoridade e com as inscrições "Autoridade Nacional do Petróleo e Minerais" em branco simbolizando pureza e honestidade, um círculo centrado, inspirado no belak, de cor dourada, simbolizando o sol, com as inscrições da abreviatura "ANPM" em cor azul simbolizando o mar e duas gotas de cor dourada nas letras "A" e "P" simbolizando a preocupação em gerir os recursos petrolíferos em benefício da geração atual e futura e, na parte inferior externa, um arco de círculo inspirado no kaibauk, de cor dourada, simbolizando a lua Quarto Crescente.
3. A representação do logótipo é ilustrada no Anexo I ao presente diploma, do qual faz parte integrante."

Article 32 Entry into force

This Decree-Law shall come into force on the day following its publication in the Official Gazette, without prejudice to the provisions referred to in Articles 26.2, 26.3 and 26.4 of this Decree-Law which will come into effect as from July, 1.

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Approved by the Council of Ministers, on the 18 June 2008.

The Prime Minister,

Kay Rala Xanana Gusmão

The Minister of Finance,

Emilia Pires

Promulgated on 19/6/08,

To be published.

The President of the Democratic Republic of Timor-Leste,

Jose Ramos Horta

ANNEX I
ANPM LOGO
(mentioned in Article 31-A)



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