



**AN ACT TO AMEND AND RESTATE THE
NEW PETROLEUM LAW OF LIBERIA 2002
THEREBY ESTABLISHING THE NATIONAL
OIL COMPANY OF LIBERIA (NOCAL) ACT 2014**

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**An Act to Amend and Restate the New Petroleum Law
Of Liberia 2002 thereby Establishing
THE NATIONAL OIL COMPANY OF LIBERIA,
(NOCAL) ACT 2014**



REPUBLIC OF LIBERIA

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Preamble

WHEREAS, the Petroleum (Exploration and Production) Act of 2014 has revised the legal and institutional framework governing the upstream petroleum sector, consisting of petroleum exploration development and production operations, in the Republic of Liberia;

WHEREAS, it is desirable that the provisions of the Act to Amend the Executive Law of 1972 to provide for the Establishment of the National Oil Company of Liberia (NOCAL), as amended by the Act of 20th April 2000, be further amended to conform to the purposes and functions assigned to NOCAL under the Petroleum (Exploration and Production) Act of 2014 and to enhance its governance, and that the aforesaid act be restated;

NOW THEREFORE, it is enacted by the Senate and House of Representatives of the Republic of Liberia in Legislature Assembled.

1. Short Title

This Act shall be cited as the NOCAL Act of 2014.

2. Amendment of Existing Law

The Act to amend the Executive Law of 1972 to provide for the establishment of the National Oil Company of Liberia, promulgated in 2000, is hereby amended and restated to read as set forth below.

3. Definitions

- (a) Terms used without other definition in this Act have the respective definitions assigned thereto in the Petroleum (Exploration and Production) Act of 2014.
- (b) For the purposes of this Act, the following terms have the respective meanings set forth below:

“2002 Petroleum Law” means the Act Adopting the New Petroleum Law of the Republic of Liberia 2002.

“2002 production sharing agreement” means a production sharing contract entered into pursuant to the 2002 Petroleum Law.

“2014 Petroleum Law” means the Act Adopting the Petroleum (Exploration and Production) Law of 2014.

“Authority” means the Liberia Petroleum Regulatory Authority established pursuant to the 2014 Petroleum Law.

“CBL” means the Central Bank of Liberia.

“LRA” means the Liberia Revenue Authority.

“petroleum” means crude oil and natural gas or a combination of both.

“petroleum agreement” means a production sharing contract entered into pursuant to the 2014 Petroleum Law.

“President” means the president of the Republic of Liberia.

“President and Chief Executive Officer” means the president and chief executive officer of the corporation.

“Public Finance Management Act” means the Public Finance Management Act of 2009 and the regulations promulgated thereunder, as each of them may from time to time be amended, modified or supplemented, and “Consolidated Fund” means the fund provided in said Act.

4. Corporation Established

There is hereby created and established a wholly-owned State Corporation with the name and style, the National Oil Company of Liberia, or “NOCAL”, which shall be an agency and instrumentality of the Liberian State with its principal office in the city of Monrovia, and with additional offices in such other places within and without the State as the Board of Directors may deem necessary in order to carry out the purposes of the corporation.

5. Purposes of the Corporation

The corporation is established as a commercial entity for the purposes of:

- (a) Applying for, obtaining and exercising petroleum rights under the 2014 Petroleum Law, and pursuant thereto, undertaking on behalf of the State reconnaissance activities, petroleum operations and petroleum transportation system operations, alone or in combination with others;
- (b) Promoting exploration and orderly and planned development of the petroleum resources of Liberia and ensuring that Liberia obtains the greatest possible benefit from the development of its petroleum resources;
- (c) Ensuring the training of Liberian citizens, especially the youths, in the development of national capabilities in all aspects of petroleum operations;

- (d) Helping to build capacity and engage in human resource development to enable the corporation prepare for commercial activities in the exploration and production of petroleum products with the objective of developing into an international exploration and production oil and gas company.

6. Powers of the Corporation

The corporation shall have the following powers in furtherance of its corporate purposes:

- (a) To sue and be sued;
- (b) To adopt a corporate seal;
- (c) To have succession in its corporate name;
- (d) To enter into, perform and modify contracts, leases, agreements or other transactions on such terms as may be deemed appropriate with any agency or instrumentality of the State, with any foreign governmental agency, or with any other person, partnership, association, corporation, organization or other entity, public or private;
- (e) To borrow or raise money for any legitimate or lawful purpose of the corporation, subject to the prior authorization of the Minister of Finance and Development Planning;
- (f) To collect or settle any obligations assigned or held by any legal equitable rights accruing to the corporation;
- (g) To acquire, hold and dispose of rights in property, tangible or intangible;
- (h) To establish welfare and provident funds for the benefit of its employees;
- (i) To take any and all actions determined by the Board of Directors to be necessary or desirable to carry out the functions of the corporation;
- (j) To have all powers, rights and privileges specifically granted or conferred upon corporations by the laws of the State now or hereinafter in force; and
- (k) To do any and all things legally necessary and appropriate in carrying out these powers.

7. Functions

The corporation shall have the following functions which are deemed to be encompassed within the statement of the functions of the corporation set forth in Section

9 and 10 of the 2014 Petroleum Law:

- (a) Engaging in petroleum exploration, development and production activities on behalf of the State;
- (b) Lifting and marketing on behalf of the State the State's entitlements of petroleum attributable to the State's share of production pursuant to the production sharing provisions of any petroleum agreement or 2002 production sharing agreement in the event such share is taken in kind;
- (c) Holding and managing, on behalf of the State, all participating interests acquired by the State in petroleum agreements and 2002 production sharing agreements, and lifting and marketing the share of petroleum accruing to such participating interests;
- (d) Managing any citizen participation participating interest acquired by the State in petroleum agreements or production sharing agreements for the benefit of the citizens' fund specified therein or designated by applicable law, and lifting and marketing for the account of any such participating interest the share of petroleum accruing to it under the relevant petroleum agreement or 2002 production sharing agreement;
- (e) Administering in consultation with the Authority reconnaissance licenses issued under the 2014 Petroleum Law or previously granted;
- (f) Managing data obtained pursuant to such licenses, making such data available to the Authority in a useful and timely manner, and marketing such data in accordance with the applicable terms of the relevant license independently or pursuant to bid rounds established and administered by the Authority under the 2014 Petroleum Law;
- (g) Encouraging the development of national capabilities in all aspects of petroleum exploration, development and production, including obtaining the effective transfer to Liberia of appropriate technology relating to petroleum operations, and the training of Liberian citizens especially the youth; and
- (h) exercising the transition powers set forth in section 78 of the 2014 Petroleum Law in accordance with such limitations and restrictions as are set forth therein.

8. Capitalization and Funding

- (a) The corporation is authorized to issue a maximum of one hundred (100) shares of stock, all of which shall be of no par value. All of the corporation's shares shall be owned by the State.

- (b) The corporation shall have an initial stated capital of two hundred and fifty thousand US dollars (US \$250,000). The President is authorized to provide in the National Budget for an increase in the capital of the corporation from time to time, as may be deemed necessary. Such amounts as are actually appropriated shall be paid to the corporation by the Minister of Finance and Development Planning as per the National Budget and in the manner provided by law.
- (c) The funds of the corporation shall consist of:
- (i) Fees and commissions earned on account of its marketing activities under subsections 7(b) and 7(d) of this Act, as provided in a marketing agreement with the State represented by the Liberia Petroleum Regulatory Authority and the Ministry of Finance and Development Planning;
 - (ii) Revenue derived from the State's participating interests held and managed by the corporation and referred to in subsection 7(c) of this Act;
 - (iii) Amounts received in connection with the activities referred to in subsection 7(f) of this Act;
 - (iv) Amounts transferred to NOCAL by the Authority pursuant to subsection 7.13(c) of the 2014 Petroleum Law;
 - (v) Loans obtained in accordance with subsection 6(e) of this Act, and
 - (vi) Any other income derived by the corporation from its commercial activities.
- (d) The fees and commissions referred to in subsection (c)(i) of this Section 8 shall be commensurate with the service rendered and consistent with fees paid to independent international providers of similar services. These fees shall be transparently established and shall be published on the corporation's website.
- (e) The funds of the corporation shall be applied for the settlement of:
- (i) Its share of costs and expenses incurred under any petroleum agreement or 2002 production sharing agreement in which it is a participant,;
 - (ii) The repayment of any sums borrowed pursuant to subsection 6(e) of this Act, including interest thereon;
 - (iii) Any tax due by the corporation;

- (iv) All other expenditures, including administrative costs and personnel costs, of the corporation incurred in accordance with approved budgets in carrying out the functions described in Section 7 of this Act; and
 - (v) Any dividend payable by the corporation to the State in accordance with subsection (f) of this Section 8.
- (f) In addition, at such time as the corporation has funds available in excess of 110% of the unexpended amount of the corporation's approved budget for the current fiscal year plus the lesser of its total approved budget for the current fiscal year and the amount of its approved budget for the following fiscal year (if such budget then exists), it shall transfer to the Authority in support of the regulatory responsibilities of the Authority such amounts as are necessary to result in the Authority holding funds equal to the unexpended amount of the Authority's approved budget for the current fiscal year plus the lesser of its total approved budget for the current fiscal year and the amount of its approved budget for the following fiscal year (if such budget then exists). The corporation shall declare and pay dividends only at such time as no amounts are transferrable to the Authority pursuant to this subsection.
- (g) Subject to subsection 8(f) of this Act, the Board of Directors shall declare and pay dividends to the State in accordance with a dividend policy set by the President. The dividend policy shall ensure that the retained earnings of the corporation shall be sufficient to cover known and reasonably anticipated financial requirements of the corporation as set forth in the current approved budget of the corporation and shall ensure that dividends are paid to the State. All dividend payments shall be made directly to the Consolidated Fund.
- (h) Application of the funds of the corporation is subject to the corporation's multi-year budgeting and other fiscal provisions of section 14 of this Act.

9. Board of Directors

- (a) The governing body of the corporation shall be a Board of Directors. The Board of Directors shall be responsible for the general policies, oversight and direction of the affairs of the corporation. The Board of Directors shall consist of not less than three (3) nor more than seven (7) members, as established from time to time in the by-laws of the corporation. There shall initially be five (5) directors.
- (b) The Minister of Finance and Development Planning and the Minister of Lands, Mines and Energy shall be ex officio members of the Board of Directors. As and when a Ministry of Petroleum is established, the Minister thereof shall replace the Minister of Lands, Mines and Energy as an ex-officio member of the Board of Directors. The remaining directors shall be appointed by the President with the

consent of the Senate; shall be persons of high integrity without prior conviction in the Republic of Liberia or elsewhere for an offense relating to dishonesty and shall have qualifications and experience relevant to geosciences, engineering, management, law or taxation and finance. A majority of the directors shall not be officials or employees of the State or a State-owned corporation. The President shall designate the chairperson of the Board of Directors. At least one Presidential appointee shall be a person with training and experience in the Geosciences or geo-engineering in relation to the exploration for, development of, or production of petroleum resources.

- (c) Each member of the Board of Directors other than the ex-officio members shall serve at the pleasure of the President for a maximum term of 4 years. No such member shall serve more than two (2) consecutive terms.
- (d) The remuneration and setting of a stipend or any per diem or allowance to be granted to Members of the Board of Directors for the duties carried out on behalf of the Corporation or for travel outside of Liberia on business for the purpose of the Corporation are subject to the Public Finance Management Act and must form part of the approved budget of the Corporation

10. Power of the Board of Directors

In furtherance and not in limitation of the powers conferred to directors by the laws of the Republic of Liberia governing corporations, the Board of Directors shall have the following powers:

- (a) To formulate policies and direction of management of the corporation;
- (b) To make, approve, alter, amend and repeal the by-laws of the corporation after consultation with the Ministry of Justice;
- (c) To recommend for consideration to the President the removal from office of the President and Chief Executive Officer of the corporation for gross breach of duty, proven misconduct, proven incompetence or demonstrable inability to perform;
- (d) To approve the annual budget of the corporation prior to submission to the Ministry of Finance and Development Planning;
- (e) To approve, subject to the Public Finance Management Act, the establishment of all bank accounts of the corporation;
- (f) To authorize the management of the corporation to borrow or obtain other financing with the consent of the Minister of Finance and Development Planning within or without the State for the purposes of financing cash contributions

required to be made by the corporation to contractors in which the corporation holds a participation or otherwise to fund projects, programs or the operations of the corporation, provided that in the absence of specific law to the contrary, any such borrowing or other financing shall comply with laws generally applicable to the financial affairs of state-owned corporations;

- (g) To authorize any officer(s) or agent(s) to enter into any contract, or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances;
- (h) To set apart, from time to time, out of any funds of the corporation, a reserve or reserves for any lawful purpose(s) and to abolish any such reserve(s), subject to the Public Finance Management Act and in accordance with generally accepted accounting principles in Liberia;
- (i) To set the remuneration of members of the Board of Directors who are not officers or employees of the State for their service as directors, subject to subsection 9(d) of this Act and any applicable requirements of the Public Finance Management Act and after consultation with the Minister of Finance and Development Planning;
- (j) To approve the compensation and other terms of employment of senior personnel referred to in subsection 12 (e) of this Act and to approve other employee matters as set forth in subsection 12(f) of this Act subject to any applicable requirements of the Public Finance Management Act;
- (k) To declare and pay dividends to the Republic of Liberia in accordance with a dividend policy set in accordance with subsection 8(f) of this Act;
- (l) To make recommendations to the President in respect of the appointment of the President and Chief Executive Officer of the corporation; and
- (m) To exercise all other rights and powers of the Board of Directors expressly set forth in this Act.

11. Meetings of the Board of Directors

- (a) The Board of Directors shall hold its meetings at such places within the Republic of Liberia as provided in the by-laws, but in any event shall meet at least once a month unless for any month a majority of the members and the President and Chief Executive Officer agree that there is no matter to bring before the Board.

- (b) The Board of Directors shall act by a vote of the majority of the number of directors than authorized under this act and the by-laws of the corporation and such majority shall constitute a quorum of the Board of Directors.
- (c) Other than as provided under subsection 10(i) of this Act, a member of the Board of Directors shall receive no compensation for his or her services on the Board of Directors other than actual expenses in connection with meetings not held in Monrovia.

12. President and Chief Executive Officer

- (a) The day-to-day affairs of the corporation shall be managed by a President and Chief Executive Officer who shall be appointed by the President of Liberia with the consent of the Senate.
- (b) The President and Chief Executive Officer shall be a citizen of the Republic of Liberia and a person of high integrity without prior conviction in the Republic of Liberia or elsewhere for an offense relating to dishonesty with no conviction for an offense involving dishonesty and who has qualification and experience in geosciences, engineering, management, law or taxation and finance and in the management of organizations.
- (c) The President and Chief Executive Officer shall not be a member of the Board of Directors, shall be a full time employee of the corporation and shall be responsible for the day-to-day operations of the corporation under the general supervision and direction of the Board of Directors.
- (d) The President and Chief Executive Officer shall serve at the pleasure of the President and may also be removed, as provided in section 10(c) of this Act. If the President and Chief Executive Officer resigns, dies or is removed or unable to continue to serve, the Board of Directors shall designate an executive officer of the corporation as the acting President and Chief Executive Officer pending the appointment by the President of a replacement.
- (e) The President and Chief Executive Officer shall, subject to approval by the Board,
 - (i) appoint a vice president in charge of operations and such other vice presidents as he or she may deem necessary, a treasurer, and a corporate secretary, and may delegate to them such authority as is approved by the Board of Directors, and
 - (ii) establish conditions of service for senior management and senior technical personnel at levels sufficient to attract and retain qualified professionals with appropriate petroleum industry experience, taking into account the

specialized nature of the work to be performed by each employee, the need to ensure financial prudence of the corporation and the salaries paid in the private sector to individuals with equivalent responsibilities, expertise and skill.

- (f) The President and Chief Executive Officer shall, with the prior approval of the Board of Directors, establish (i) the organizational structure and staffing levels of the corporation and (ii) subject to any applicable law respecting the applicability of civil service salary levels to State corporations, the salary structure for all employees of the corporation other than senior management and senior technical personnel. The President and Chief Executive Officer shall be responsible for the hiring of all such employees.
- (g) The President and Chief Executive Officer shall attend all meetings of the Board of Directors but may be excused from a meeting in order to enable the Board of Directors to consider matters relating to the performance of the President and Chief Executive Officer.

13. Indemnification

The corporation shall indemnify its directors, officers or former directors, or any person who may have served at its request as a director or officer of another corporation in which it owns shares or capital stock or of which it is a creditor against expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they, or any of them, are made parties, or party, by reason of being or having been directors or officers, except in relation to a matter as to which in any action, suit or proceeding they are held to be liable for negligence or misconduct in performance of their duty. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, or otherwise.

14. Application of the Public Finance Management Act to the Corporation and Other Fiscal Matters

- (a) The corporation shall be subject to and shall comply with the provisions of the Public Finance Management Act as are applicable to State-owned enterprises, including but not limited to:
 - (i) Financial reporting requirements to the Minister of Finance and Development Planning, the Liberia Revenue Authority, the Auditor General and the Bureau of State Enterprises;
 - (ii) Rules governing the maintenance of funds of the corporation and application by the corporation of surplus funds;

- (iii) The incurrence and reporting of borrowings by the guarantees issued by the corporation;
 - (iv) Accounts and audits; and
 - (v) The preparation of budgets, which may be on a multi-year basis, and which may provide for expenditure approvals valid over two or more budget years.
- (b) The corporation shall be subject to law of general application in accordance with the Revenue Code of Liberia.
 - (c) The Board of Directors shall ensure the efficient management of the financial resources of the corporation, including the collection and receipts of moneys due to the corporation. The corporation shall maintain its financial books and records in accordance with international financial reporting standards, and shall prepare annual financial statements including a balance sheet, a sources and uses of funds statement and an income statement.
 - (d) In addition to any audits which the Auditor General may conduct of the books and accounts of the corporation, the annual financial statements of the corporation shall be audited by a reputable international accounting firm with experience in oil and gas auditing and operating with a branch situated in the Republic of Liberia within four (4) months after the expiry of each financial year.
 - (e) The audited financial statements of the corporation and the audit report shall be published on the corporation's website and published in at least two (2) national newspapers within 90 days of their delivery to the corporation.
 - (f) The corporation shall cause all amounts received by it pursuant to subsection 8(c)(ii) of this Act to be deposited in an account of the corporation and may be utilized only to discharge liabilities of the corporation incurred under a budget of the corporation approved by the Minister of Finance and Development Planning
 - (g) The corporation shall cause all amounts accruing as a result of participation on behalf of the citizens of the State in a contractor under a petroleum agreement or a 2002 production sharing agreement to be deposited with the designated third-party trustee or agent, after deduction of the marketing fees and commissions accruing to the corporation as provided in subsection 8(c)(i) of this Act.
 - (h) The corporation shall cause all amounts due on account of the lifting and marketing by the corporation of petroleum to which the state is entitled under the terms of the relevant petroleum agreement or 2002 production sharing agreement to be deposited in the Consolidated Fund with notice to the Liberia Revenue

Authority after deduction of the agreed marketing fees and commissions accruing to the corporation as provided in subsection 8(c)(i) of this Act.

- (i) The corporation shall provide the Liberia Revenue Authority with all information relative to the revenues derived from the State and Citizen's shares and to also facilitate verification and audit by the Liberia Revenue Authority.
- (j) The corporation shall publish on its website quarterly all amounts received under subsection 8(c) of this Act.
- (k) The corporation shall publish on its website not more than forty-five (45) days after the end of each calendar quarter a statement of (i) all amounts received by the corporation (x) on account of the sale of its share of petroleum and (y) on account of the sale of the State's share of petroleum under all petroleum agreements and all 2002 production sharing agreements, and (ii) all amounts paid into the Consolidated Fund as required under subsection 14(h) of this Act. Such statement shall indicate separately for each sale (1) the date of each sale, (2) the volume of petroleum transferred in each sale, (3) the sales price per unit, (4) the total amount received, (5) whether the sale was made by the corporation or arranged for the corporation by the operator under the relevant petroleum agreement or 2002 production sharing agreement, and (6) if the sale was arranged by a trader or agent, the commission or other fee paid to each such trader or agent, and the particulars of such trader or agent. The publication following the fourth calendar quarter of each year shall also include the consolidated data for the calendar year then ended.
- (l) The corporation shall comply with the provisions of the Act establishing the Liberia Extractive Industries Transparency Initiative (LEITI) of 2009 and the Freedom of Information Act.

15. Transitional provisions

- (a) Within one hundred twenty (120) days after the effective date of this Act, the President shall designate in compliance with subsection 9(b) of this Act a new Board of Directors consisting of the ex officio member and three appointees, who may be appointed from the then-existing members of the Board of Directors. The existing Board of Directors shall continue to serve as the Board of Directors of the corporation until the initial Presidential appointee receives Senate consent, at which time the ex officio members and the initial appointee shall replace the existing Board of Directors and shall serve as the Board of Directors, subject to augmentation as the two remaining members are appointed and are consented to by the Senate.

- (b) Within ninety (90) days after the new Board of Directors assumes office, the Board of Directors shall, following consultation with the Ministry of Justice, adopt new by-laws consistent with this Act.
- (c) The individual serving as President and Chief Executive Officer of the corporation on the effective date of this Act shall continue to serve as President and Chief Executive Officer until such time as his or her successor is appointed and consented to pursuant to Section 12 of this Act.
- (d) The responsibilities of NOCAL with respect to all 2002 production sharing agreements are as set forth in the 2014 Petroleum Law from and after the effective date of such law.

16. Effective date

This Act shall take effect immediately upon publication in hand bills.

.ANY LAW TO THE CONTRARY NOTWITHSTANDING

2014

ATTESTATION

**“AN ACT TO AMEND AND RESTATE THE NEW PETROLEUM LAW OF
LIBERIA 2002 THEREBY ESTABLISHING THE NATIONAL OIL
COMPANY OF LIBERIA (NOCAL) ACT 2014”**



**VICE PRESIDENT OF THE REPUBLIC OF LIBERIA/PRESIDENT OF
THE SENATE**



THE SECRETARY, LIBERIAN SENATE



THE SPEAKER, HOUSE OF REPRESENTATIVES



THE CHIEF CLERK, HOUSE OF REPRESENTATIVES, R. L.



SECRETARY OF THE SENATE



The Liberian Senate

CAPITOL BUILDING, CAPITOL HILL, MONROVIA, LIBERIA
WEST AFRICA

2014

THIRD SESSION OF THE FIFTY-THIRD LEGISLATURE OF THE
REPUBLIC OF LIBERIA.

SCHEDULE OF SENATE'S ENROLLED BILL NO. 20 ENTITLED:

“AN ACT TO AMEND AND RESTATE THE NEW PETROLEUM LAW OF
LIBERIA 2002 THEREBY ESTABLISHING THE NATIONAL OIL
COMPANY OF LIBERIA (NOCAL) ACT 2014”

PRESENTED TO THE PRESIDENT OF THE REPUBLIC OF LIBERIA FOR
EXECUTIVE APPROVAL.

APPROVED THIS 5th DAY OF OCTOBER A.D. 2016

AT THE HOUR OF 5:35 P.M.

THE PRESIDENT OF THE REPUBLIC OF LIBERIA