

PETROLEUM LAW, 5712 - 1952

PART ONE - PRELIMINARY

ARTICLE ONE: DEFINITIONS

INTERPRETATION 1 *(Amendment 1989)*

In this law -

petroleum means any petroleum fluid, whether liquid or gaseous and includes oil, natural gas, natural gasoline, condensates and related fluid hydrocarbons and also asphalt and other solid petroleum hydrocarbons when dissolved in and producible with fluid petroleum;

petroleum field means the land and all geologic formations underlying it beneath which is a known accumulation of petroleum capable of being produced in commercial quantities;

petroleum exploration means -

- (1) the drilling of test wells for the purpose of finding petroleum, or ascertaining the size or boundaries of a petroleum field (hereinafter test drilling);
- (2) any other operation in search for petroleum, including geological, geophysical, geochemical and like investigations and tests and drilling solely for obtaining geological information;

discovery means the discovery of a petroleum field;

preliminary permit means a permit granted under section 7;

licence means a licence granted under section 16;

lease means a lease granted under sections 26 or 28;

petroleum right means a licence or lease;

development means the drilling and equipment of the area of a petroleum right for the purpose of determining its productive capacity and producing and marketing petroleum;

petroleum production means the production of petroleum from a petroleum field and all operations incidental thereto, including handling and treatment thereof and conveyance thereof to tankage, a pipeline or a refinery in or in the vicinity of the field;

commercial quantities means quantities of petroleum sufficient to permit production thereof on a commercial basis;

due diligence means such measure of diligence, skill, efficiency, prudence and foresight as a person experienced in petroleum exploration and production would exercise under the circumstances prevailing;

waste means such act or omission in connection with the exercise of a petroleum right as causes such loss, dissipation, contamination, deterioration or misuse of petroleum, petroleum products, reservoir energy for petroleum production, water or other minerals, as would not normally occur if due diligence were exercised;

unsafe act means such act or omission in connection with the exercise of a petroleum right as endangers or is likely to endanger the life, limb or health of a person lawfully in or near the place where such act or omission occurs;

land includes land intermittently or permanently submerged beneath inland waters or the sea;

the Minister means a member of the Government upon whom the Government, by notice published in *Reshumot*, has conferred the power to implement this Law ¹;

the Court means the District Court of Jerusalem.

**PETROLEUM
COMMISSIONER
AND COUNCIL**

1A (1)

The Minister shall appoint a person to be in Charge of Petroleum Affairs (hereinafter - the **Petroleum Commissioner**).

(Amendment 1989)

- (2) (a) The Minister shall appoint an Advisory Council comprising nine members (hereinafter - the **Council**), of whom at least five shall represent the public. Members shall be appointed for a three year period and may be reappointed.
- (b) The Minister shall appoint one of the members to serve as Chairman.
- (c) Notice of the appointment of the Council shall be published in **Reshumot**.
- (d) The Council shall fulfill the functions imposed upon it by this Law and shall advise the Minister and the Petroleum Commissioner as to any matters brought before it.
- (e) Five members of the Council shall constitute a **quorum**.
- (f) The Council shall determine its own schedule.
- (g) Disclosure of deliberations of the Council or of any material provided it is prohibited unless so done by the Council Chairman.
- (3) The word "Council" shall replace the word "**Authority**" wherever used in this Law.

2-3 Sections 2 and 3 were repealed in the National Energy Authority Law, 5737-1977.

ARTICLE TWO: ADMINISTRATION

LAYING DOWN POLICY FOR GRANT OF LICENCES

4 The Minister may, after consultation with the Authority lay down the policy for petroleum exploration and the minimum monetary investment required for the receipt of a licence.

(Amendment 1965)

OPEN AREA

5 The Minister may, after consultation with the Authority by notice published in **Reshumot**, declare any area within the State to be an area open for petroleum exploration and production (hereinafter open area) and he

(Amendment 1965)

may, in the same manner, close the whole or any part of an open area.

PART TWO - EXPLORATION AND PRODUCTION

ARTICLE ONE: PROHIBITIONS

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| PROHIBITION OF UNAUTHORIZED EXPLORATION AND PRODUCTION | 6 | <ul style="list-style-type: none">(a) No person shall explore for petroleum except under a preliminary permit, licence or lease.(b) No person shall produce petroleum except under a licence or lease.(c) No petroleum exploration, prospecting, development, mining or production right granted otherwise than under this Law shall be valid, whether it is alleged to have originated before or after the commencement of this Law. |
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ARTICLE TWO: PRELIMINARY PERMITS

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|---------------------------|----|--|
| PRELIMINARY PERMIT | 7 | <ul style="list-style-type: none">(a) A person desiring a preliminary permit for carrying out preliminary investigations, not including test drilling, in order to ascertain the prospects for discovering petroleum, shall apply therefor to the Commissioner; the Commissioner may, in respect of such area and on such conditions as he may think fit, grant him a permit or may refuse the application.(b) A person who has applied for a preliminary permit and considers himself aggrieved by a decision of the Commissioner may, within thirty days from the day on which the decision was delivered to him, demand that his application be brought before the Authority for consideration. The Authority shall consider the application and forward its recommendations to the Commissioner, who shall reconsider and decide on the application; the Commissioner shall not make a decision deviating from the Authority's recommendations, except with the approval of the Minister. |
| PRIORITY FOR | 7A | <ul style="list-style-type: none">(a) The Minister may, after advance notice to the |

**RECEIPT OF
PERMIT**
(Amendment 1965)

Authority or, after consultation with the Authority if a member of the Authority notifies his opposition, within thirty days from the date of such notice, grant the holder of a preliminary permit, on application in the manner and form prescribed by the regulations, priority for the receipt of a petroleum right in the area for which the preliminary permit was granted him (hereinafter **priority right**), if he undertakes, to the satisfaction of the Commissioner, to carry out preliminary investigations under a plan of operations based on principles approved by the Authority and to invest in petroleum exploration an amount not less than the amount which the Minister, after consultation with the Authority, has prescribed in respect of that case.

- (b) The period of the priority right shall be such as the Minister may determine, but shall not exceed eighteen months.
- (c) So long as a priority right exists in respect of any area, no petroleum right shall be granted in that area to any other person.
- (d) A person to whom a priority right has been granted shall pay a fee at the rate and times prescribed by the Minister after consultation with the Economic Committee of the Knesset.

RIGHT OF ENTRY TO LAND 8

- (a) The holder of a preliminary permit and his agents may enter any land in respect of which the permit has been granted, other than a building or courtyard and do therein any act reasonably required for carrying out the preliminary investigations specified in the permit.
- (b) The holder of a preliminary permit shall not, within the area of a petroleum right, conduct investigations interfering with the operations of the holder of such right, or enter upon a well site or land on which geophysical work is being done by such holder, except with his

consent.

**RESTORATION TO
PREVIOUS
CONDITION** 9

When the holder of a preliminary permit has terminated his operation in a particular place, he shall, unless the Commissioner otherwise directs, as far and as speedily as possible, restore the land and everything thereon to the condition prevailing prior to the commencement of such operations; if he fails to do as aforesaid, the Commissioner may do so at the expense of the holder of the permit.

**COMPENSATION
FOR DAMAGE** 10

(a) The holder of a preliminary permit is liable to a person who is the owner or who has the enjoyment of the land on which the preliminary investigations are carried out for any physical damage to property and for loss caused by the prevention of such person's normal enjoyment of the property.

(b) A claim for compensation for damage as aforesaid may be submitted to the Court at any time after the damage has been caused, but not later than ninety days after publication of a notice of the expiration of the preliminary permit.

**SECURITY FOR
COMPENSATION
AND EXPENSES** 11

(a) No preliminary permit shall be granted until the applicant has given reasonable security or guarantee, to the satisfaction of the Commissioner, for compensation for which he may become liable under section 10 and for outlays incurred at his expense under section 9.

(b) The Commissioner may, at any time, require the holder of a preliminary permit reasonably to alter or increase the security or guarantee given by him; if the holder of the permit fails to comply with such a requirement within the time prescribed by the Commissioner, the permit shall expire.

**PUBLICATION IN
RESHUMOT** 12

Notice of the expiration of a preliminary permit shall be published in ***Reshumot***.

ARTICLE THREE: LICENCES

RIGHTS OF LICENCEE

- 13 Subject to the provisions of this Law, a licence confers upon the licensee-
- (1) the right to explore for petroleum in the licenced area;
 - (2) the right to do exploration work outside the licenced area bearing on the petroleum prospects of the licenced area, to such extent and subject to such conditions as the Commissioner may prescribe; with respect to such right the licensee shall be in the position of a holder of a preliminary permit;
 - (3) the exclusive right to conduct test or development drilling in the licenced area and to produce petroleum therefrom;
 - (4) the right to obtain a lease after having made a discovery in the licenced area.

LICENCES IN OPEN AREAS ONLY

- 14 No licence shall be granted except in respect of an open area.

APPLICATION FOR LICENCE
(Amendment 1965)

- 15 (a) A person desiring a licence shall submit an application therefor to the Commissioner, complying with such requirements and accompanied by such fee as shall be prescribed by the regulations.
- (a1) The application shall indicate, *inter alia* -
- (1) a plan of operations for petroleum exploration in the area of the licence;
 - (2) the capital available to the applicant for carrying out the plan of operations;
 - (3) the preliminary investigations to be carried out to determine the sites for the test drillings;
 - (4) the estimated date for the commencement of drillings.

- (b) Where an application has been submitted otherwise than as aforesaid, the Commissioner may reject it or call for its amendment to his satisfaction.
- (c) Where an application relates to land wholly within an area other than an open area, the Commissioner may reject the application; where an application relates to land partly in an open area and partly in an area other than an open area, the Commissioner may reject the application or call for its amendment to his satisfaction or deal with it as if it were an application relating only to the land in the open area.
- (d) The Commissioner may reject an application which does not contain a plan of operations and scheme of financing conforming to the petroleum exploration policy and the minimum monetary investment required for the receipt of a licence which have been announced by the Minister under section 4.
- (e) A person who considers himself aggrieved by a decision of the Commission under sub-section (d) may demand that the application be brought before the Authority for further consideration, and if, in the opinion of the Authority, it contains the items mentioned in that sub-section to the extent required for entertaining it, the Authority may deal with the application as if it had been referred to it by the Commissioner.

**LICENCE BY
COMPETITIVE
BIDDING**
(Amendment 1965)

15A

- (a) Where the company referred to in section 80A has carried out preliminary investigations on any land in respect of which no priority right or petroleum right exists, with a view to ascertaining the prospects for discovering petroleum thereon, and after publication of the results of the investigations more than one licence is sought in respect of that land, the Minister may, after consultation with the Authority, notify in **Reshumot** that that land will be available for competitive bidding, and so long as the notice is in force no priority right or petroleum right shall be granted in respect of that land save by competitive bidding.

- (b) The procedure for bidding and for the grant of a licence in pursuance thereof shall be prescribed by the regulations.
- (c) Bids for a licence shall be brought before the Authority, which shall forward them with its recommendations to the Commissioner for consideration; and the Commissioner shall decide upon the bids. The Commissioner shall give no decision deviating from the recommendations of the Authority, save with the approval of the Minister.
- (d) There shall be no obligation to accept the highest or any bid.
- (e) Where the grant of a licence in pursuance of competitive bidding has been decided upon, the Commissioner shall issue the licence.

DECISION ON APPLICATION FOR LICENCE

16

- (a) An application for a licence which has not been rejected under section 15 shall be forwarded by the Commissioner to the Authority, together with all the documents relating thereto. The Authority, after studying the material, shall refer the matter to the Commissioner, accompanied by its recommendations as to the grant of a licence and the extent and conditions of such grant or as to the rejection of the application. The Commissioner may thereupon decide to grant a licence to such extent and on such conditions as he may think fit or to reject the application. The recommendations of the Authority and the decision of the Commissioner - whether it conforms to or deviates from those recommendations - shall be notified to the applicant in writing.
- (b) The application shall be brought before the Authority for further consideration if -
 - (1) the decision of the Commissioner deviates from the recommendations of the Authority;
 - o r
 - (2) the applicant has notified the Commissioner, within thirty days from

the day on which the recommendations of the Authority and the decision of the Commissioner are delivered to him, that he demands such further consideration.

- (c) After further consideration as aforesaid, the Authority shall forward its recommendations to the Commissioner, who shall reconsider the application and transmit it, with his recommendations, to the Minister. The Minister shall decide on the application and his decision shall be final.
- (d) Where two or more pending applications relate in whole or in part to the same lands, such applications shall be dealt with together and disposed of in one decision.
- (e) Where it has been decided to grant a licence, such licence shall be issued by the Commissioner.

<p>RESTRICTIONS ON GRANT OF LICENCE</p> <p><i>(Amendment 1965)</i></p>	<p>17</p>	<p>(a) No single licence shall be granted in respect of an area exceeding four hundred thousand dunams².</p> <p>(b) Save with the prior approval of the Authority, no person shall hold more than twelve licences or hold licences for an aggregate area exceeding four million dunams.</p> <p>(c) No licence shall be granted unless its area conforms with such requirements as to contiguity, compactness and ratio of length to width as may be prescribed by the regulations.</p>
<p>TERM OF LICENCE</p> <p><i>(Amendment 1965)</i></p>	<p>18</p>	<p>(a) The original term of a licence is three years.</p> <p>(b) The term of a licence is, upon application being made therefor, liable to extension as follows:</p> <p style="padding-left: 40px;">(1) so long as the licensee has not made a discovery in the licenced area, the Commissioner may extend the term of the licence if it appears to him that there is good and satisfactory cause for doing so; and he shall do so if no discovery has as yet been made in that licenced area and the licensee is doing test drilling with due diligence and in accordance with the time-table set out in the conditions of the licence or the extensions given by the Commissioner, provided that the total term of the licence shall not exceed seven years from the date of the grant thereof.</p> <p style="padding-left: 40px;">(2) Where the licensee has made a discovery in the licenced area, the Commissioner shall extend the term of the licence for such time as will give the licensee a sufficient period, not exceeding two years, within which to define the petroleum field.</p>
<p>LICENCE FEE</p> <p><i>(Amendment 1965)</i></p>	<p>19</p>	<p>A licensee shall pay a licence fee in such installments and at such times as the Minister shall prescribe, and the Minister may prescribe different fees having regard</p>

to the period of validity of the licence, the location and size of the licenced area and other similar factors, all after consultation with the Economic Committee of the Knesset.

DUTY TO EXPLORE	20	A licensee shall commence petroleum exploration within four months from the day on which the licence is granted and shall continue the same with due diligence as long as the licence is in force.
TEST DRILLING <i>(Amendment 1965)</i>	21	A licensee shall commence test drilling on the date prescribed therefor in the conditions of the licence and not later than two years after the grant of the licence and shall continue such drilling with due diligence until he makes a discovery; the interval between the completion of the drilling of one well and the commencement of the drilling of another well shall not exceed four months.
PROGRESS REPORTS	22	<p>(a) A licensee shall submit to the Commissioner, in such form, at such times and in such detail as may be prescribed by the regulations, reports on the petroleum exploration carried out by him; the licensee may require that the information supplied by him in the report shall be kept secret to the extent that it relates to prospects of discovering petroleum.</p> <p>(b) A licensee shall at the time of drilling, carry out tests and measurements and take samples and retain samples and forward them to the Commissioner as the Commissioner may demand, having regard to the other tests and measurements carried out by the licensee and to the damages which may be caused by complying with the demand.</p>
FINAL REPORT <i>(Amendment 1965)</i>	23	<p>(a) When the licensee surrenders part of the licenced area or when his licence expires or when he applies for a lease, he shall submit to the Commissioner, in such form and detail as may be prescribed by the regulations, a report on all the petroleum exploration carried out by him in the surrendered or licenced area, as the case may be, and on its results, accompanied by samples.</p> <p>(b) A licensee surrendering part of the licenced area</p>

may require that any information supplied by him shall be kept secret until expiration of his licence. A licensee applying for a lease may require that any information supplied by him relating to the area of the requested lease shall be kept secret until his application is decided and that any information supplied by him

relating to the area for which lease has been granted to him shall be kept secret until the expiration of the lease.

**DEVELOPMENT
AND
PRODUCTION
UNDER LICENCE**

24

Where a licensee has made a discovery in the licenced area he shall, unless there is sufficient cause to the contrary, with due diligence produce petroleum, define the field and develop it as if he were a lessee. He shall, in respect of such operations and the petroleum produced, be subject to all the obligations of a lessee; but this shall not derogate from his obligations as a licensee.

ARTICLE FOUR: LEASES

**RIGHTS OF
LESSEE**

25

Subject to the provisions of this Law, a lease confers upon the lessee the exclusive right to explore for and produce petroleum in the area of the lease so long as the lease is in force.

GRANT OF LEASE
(Amendment 1965)

26

A licensee, who has made a discovery in the licenced area and has during the period of the licence made an application therefor in accordance with this Law and the regulations, is entitled, subject to the conditions of the licence and of section 27, to be granted by the Commissioner a lease in respect of any area chosen by him within the licenced area. The lease shall be subject to the conditions stipulated in the licence and upon the grant thereof the licence shall expire and the State shall be regarded as the lessee of the remainder of the area.

**TRANSFER OF
LEASED AREAS
BY THE STATE**

26A

(a) The State may, on such conditions as it may think fit, transfer to another person lease rights vested in it under section 26.

(Amendment 1965)

- (b) Where the State transfers lease rights under sub-section (a), the transferee shall be deemed to have been granted, as from the date of the transfer, a lease for the areas in respect of which the rights have been transferred to him; and he shall be subject to all the conditions and obligations imposed on a lessee by this Law, including the giving of security under section 57.

**RESTRICTIONS
ON THE GRANT
OF A LEASE**
(Amendment 1965)

27

- (a) No lease shall be granted for an area exceeding two hundred and fifty thousand dunams.
- (b) Save with the prior approval of the Authority, no person shall hold leases for an area exceeding three million dunams.
- (c) No lease in pursuance of a licence shall be granted unless its area complies with such requirements as to contiguity, compactness and ratio of length to width as may be prescribed by the regulations.

**LEASE BY
COMPETITIVE
BIDDING**

28

- (a) The Minister may, after consultation with the Authority, announce by notice published in ***Reshumot*** that land in respect of which no petroleum right exists and which is not included in a pending application for a petroleum right shall be available for competitive bidding for a lease; while such a notice is in force, no petroleum right in respect of such land shall be granted, other than a lease by competitive bidding.
- (b) The procedure for competitive bidding and for the grant of a lease in pursuance thereof shall be prescribed by the regulations.
- (c) Bids for a lease by competitive bidding shall be brought before the Authority; the Authority, after considering the bids, shall forward them with its recommendations to the Commissioner, who shall consider them and decide thereon. The Commissioner shall not make a decision deviating from the recommendations of the Authority, except with the approval of the Minister.
- (d) There shall be no obligation to accept the highest or any bid.
- (e) Where it has been decided to grant a lease by competitive bidding, such lease shall be issued by the Commissioner.

TERM OF LEASE

29

- (a) The term of a lease shall be thirty years from

the date of the grant thereof, except that where a lease is granted pursuant to a licence extended after a discovery in the licenced area, the said term shall run from the date on which the licence would have expired but for such extension.

- (b) Where a lessee has complied with his obligations as a lessee, his lease shall be renewable for an additional term of twenty years on reasonable terms fixed by the Minister after consultation with the Authority.
- (c) Where a lessee has not within the first three years from the grant of the lease produced petroleum from the leased area in commercial quantities and the Minister after expiration of the said period has given him notice requiring production in commercial quantities to be commenced within a stated period of not less than sixty days, the lease shall expire at the end of the stated period unless production is commenced as required by the notice.
- (d) Where a lessee has produced petroleum in commercial quantities from the leased area and production has thereafter ceased, the Minister may, at any time after the expiration of the first three years from the grant of the lease and while the cessation of production continues, give the lessee notice requiring production in commercial quantities to be resumed within a stated period of not less than sixty days, and if production is not resumed as required by the notice, the lease shall expire at the end of the stated period; provided that no notice shall be given before the expiration of six months from the cessation of production; and provided further that no notice shall be given before the expiration of two years from the cessation of production while test or development drilling is being done on the leased area with due diligence.
- (e) A lessee considering himself aggrieved by an act of the Minister under this section may appeal to the Court within thirty days from

the date on which such act came to his knowledge.

- (f) Nothing in this section shall derogate from the provisions of section 33.

BOUNDARY MARKS	30	Within three months from the date on which a lease is granted, or the date on which the area of a lease is altered under sections 48 or 49, the lessee shall, in accordance with rules prescribed by the regulations, erect boundary marks on the leased area, and he shall maintain them throughout the period of the lease.
OBLIGATIONS OF LESSEE	31	A lessee shall commence the drilling of a development well within six months from the date on which the lease is granted, and thereafter shall, with due diligence, define the petroleum field, develop the leased area, produce petroleum therefrom, seek markets for such petroleum and market the same.
ROYALTIES <i>(Amendment sub-sections (a), (a1), (e) 1965)</i>	32	<p>(a) A lessee is liable for a royalty of one-eighth of the quantity of petroleum produced from the leased area and saved, excluding the quantity of petroleum used by the lessee in operating the leased area; and he shall also be liable to a leasehold fee for the leased area at a rate equal to the highest rate of the licence fee prescribed by Section 19(a1). A lessee who pays a royalty under sub-section (a) shall be exempt from a leasehold fee for a continuous area of fifty thousand dunams, to be selected by him, around each new well in the leased area and the configuration of which shall be approved by the Commissioner (hereinafter production area) provided that no new production area or part thereof shall anywhere coincide with an earlier production area or part thereof.</p> <p>(b) The lessee shall pay to the Treasury, at such periods of payment as shall be prescribed by the regulations, the market value at the wellhead of the royalties due from him.</p> <p>(c) In the first month of any period of payment, the Commissioner may notify the lessee that in the next following period of payment he wishes to receive the royalty or part thereof in kind in lieu of payment therefor under sub-section (b); in this case, the lessee shall deliver to the Commissioner the quantity of</p>

petroleum due to the Treasury in tankage or pipelines designated by the Commissioner and not farther from the well than those of the lessee. Where facilities are available for the conveyance of the petroleum produced by the lessee, the Commissioner may require him to deliver all or part of the petroleum due to the Treasury as royalty in kind at such terminal point as the Commissioner may designate, provided that the cost of conveyance in excess of the cost of delivery as prescribed above shall be borne by the Treasury. The lessee is not bound to store gaseous petroleum due to the Treasury as royalty in kind or to store liquid petroleum due to the Treasury as aforesaid in his own tankage or storage for more than thirty days from the date of production.

(d) Notwithstanding as above provided, the royalty due from the lessee shall not, in any year, be less than the minimum amount prescribed for such year under sub-section (e); and if it appears that it is less than such minimum amount, the lessee shall, after such year within such time as shall be prescribed by the regulations, pay the difference between the royalty and the minimum amount. For the purpose of this provision, the royalty due from the lessee is the amount due from him under sub-section (b) plus the market value at the wellhead of the petroleum due from him under sub-section (c).

(e) (1) The minimum amounts payable by the lessee for a particular year, in respect of each one thousand dunams of his production area, shall be the value at the end of that year of a number of barrels of petroleum as specified hereunder:

For the 1st year of the lease - 4 barrels

For the 2nd year of the lease - 6 barrels

For the 3rd year of the lease - 12

barrels

For the 4th year of the lease - 20 barrels

For the 5th and each succeeding year of the lease - 32 barrels

- (2) For the purpose of this provision, the number of dunams in respect of a particular year shall be the number of dunams in the production area at the end of that year; and the value of a barrel of petroleum shall be the price of a barrel of Middle East crude oil at the terminal point of a pipeline on the eastern coast of the Mediterranean.

**DUTY TO
PRODUCE FOR
ISRAELI
CONSUMPTION**

33

- (a) The Minister may, after consultation with the Authority, require lessees to supply first, at the market price, out of the petroleum produced by them in Israel and the petroleum products produced therefrom, such quantity of petroleum and petroleum products as, in his opinion, is required for Israeli consumption, and to refine it in Israel as far as they have refining facilities and to sell it in Israel. For this purpose, the Minister may require lessees to produce petroleum from their existing wells at a rate sufficient for the said purposes; provided that no lessee shall be required-
- (1) to produce from any well at more than its maximum efficient rate of production;
- o r
- (2) to supply towards the required quantity a percentage of his production exceeding the percentage required from any other lessee, unless the Minister sees fit to deviate from this rule when this is in his opinion required for reasons of State security or in order to prevent waste or inequity towards a particular lessee.
- (b) **Israeli consumption** includes the bunkering of ships in Israel ports and the fueling of aircraft in Israel.

**RIGHT TO DEAL
WITH
PETROLEUM AND
PETROLEUM
PRODUCTS**

34

A lessee may, subject to the regulations, import petroleum and petroleum products into Israel and may refine petroleum, whether produced in Israel or imported from abroad and may process, transport, export and trade in such petroleum and petroleum products. For these purposes, he may erect installations and install other facilities required therefor.

**PETROLEUM
PIPELINES**

35

(a) A lessee may construct pipelines for the conveyance of petroleum and petroleum products and install other facilities required therefor.

- (b) No lessee shall construct a petroleum pipeline, other than gathering pipelines leading to tankage, within or within the vicinity of the leased area, except along a route approved by the Commissioner.
- (c) The construction of a petroleum pipeline shall be in accordance with plans showing in detail the approved route, the lands in which the pipeline is to be laid, the pumping stations and other installations. The plans shall require the prior approval of the Commissioner which shall not be unreasonably withheld.

**PIPELINE AS
COMMON
CARRIER**

36

The Commissioner may, after consultation with the Authority, require the owner of a pipeline constructed in accordance with section 35 to convey the petroleum of a specified person to the extent that the pipeline is not required by its owner for the conveyance of his own petroleum and on such reasonable conditions as the Commissioner may prescribe.

**ACCOUNTS,
RECORDS,
SAMPLES AND
INFORMATION**

37

- (a) A lessee shall maintain accounts and records and shall keep samples, as prescribed by the regulations and he shall provide the Commissioner, in such form, at such times and in such detail as prescribed by the regulations, with information as to the nature, extent and results of his operations in the area of the lease and shall supply samples from all wells drilled and of all petroleum produced or sold or otherwise disposed of.
- (b) If the lessee requests that the results of his operations not be disclosed, they shall not be published or disclosed to any person other than authorized officials and members of the Authority, but this shall not preclude the publication of information concerning the location of wells or the disclosure of the driller's logs and casing, records or the publication of general geological information and general production figures.

UNITIZATION OF OPERATIONS 38

- (a) Lessees, the areas of whose leases are situated wholly or in part in one petroleum field, may unitize their operations in such a field if such unitization is likely to prevent waste or to increase production or lower production costs. Unitization of operations is subject to the approval of the Commissioner, which shall not be unreasonably withheld, and the Commissioner may attach reasonable conditions to his approval.
- (b) Subject to the conditions of the approval, the owners of the unitized undertaking may do whatever is necessary for its efficient operation as one unity and pay a single royalty for the aggregate production.
- (c) Drilling and production in the unitized undertaking by any of the owners thereof shall, unless the Commissioner in his approval otherwise stipulates, constitute compliance with that owner's duty to drill and produce in the area of his lease.
- (d) Unitization shall not affect the extent of the area held by each of the lessees before the unitization or the rights and obligations of each of them severally under his lease, save insofar as altered in virtue of this section.

PART THREE - RIGHTS, POWERS AND RESTRICTIONS

ARTICLE ONE: RIGHTS IN LAND

RIGHTS IN LAND 39

- (a) A petroleum right does not by itself affect any right which any person has in land situated in the area of the petroleum right; and the holder of a petroleum right may not enter upon land not belonging to him within the area of the petroleum right except by virtue of the Lands (Acquisition for Public Purposes) Ordinance, 1943, or by virtue of a surface lease granted him under sections 40 or 41.
- (b) Notwithstanding that land is held by a holder

of a petroleum right by virtue of the said Ordinance or by virtue of a surface lease as aforesaid, any authority may do any act which it would be authorized to do if the land were not so held, to such extent as this involves no interference with the operations of the holder of the petroleum right by virtue of this Law.

**RIGHT OF
ACQUISITION**

40

The holder of a petroleum right shall, for the purpose of the Lands (Acquisition for Public Purposes) Ordinance, 1943, be considered as the holder of a concession whereunder he is entitled to require the Government to acquire land on his behalf and the conditions of the petroleum right shall be considered as providing, to the satisfaction of the Government, the terms upon which the land is to be acquired and held; provided that -

- (1) he shall only be considered as the holder of a concession as aforesaid in respect of land reasonably required by him for any petroleum purpose and situated within the area of the petroleum right or, if special circumstances so require adjacent to such area, and in respect of land situated elsewhere if such land is reasonably required by him for the laying of a petroleum pipeline under section 35;
- (2) ownership of land of the Keren Kayemeth LeYisrael shall not be acquired under the said Ordinance; but any other right in such land may be so acquired;
- (3) the right acquired under the said Ordinance shall be vested in the State, notwithstanding that it has been acquired at the expense of the holder of the petroleum right; and the Government shall lease it to him on the conditions prescribed in section 42;
- (4) the Minister may attach conditions to

such powers as may be vested in the holder of the petroleum right under section 4 of the said Ordinance.

- | | | |
|--|----|--|
| STATE LAND | 41 | Where State land is reasonably required by the holder of a petroleum right for a petroleum purpose, he may require of the Minister that the land or any right therein be leased to him on the conditions prescribed in section 42 and placed at his disposal. |
| PROVISIONS AS TO SURFACE LEASES | 42 | <p>The following provisions shall govern surface leases under sections 40 or 41;</p> <ol style="list-style-type: none">(1) in the case of a surface lease of State land which immediately prior to such lease was used for a specific purpose or of any right in such land, the rent shall be fixed at a rate to be determined by the rules laid down in section 12 of the Lands (Acquisition for Public Purposes) Ordinance, 1943; in the case of any other surface lease, the rent shall be merely nominal;(2) the contract of lease shall specify the petroleum purpose for which such lease is granted; where the holder of the petroleum right, without the written consent of the Commissioner, uses the leased land for any other purpose, he shall be considered to have infringed the conditions of the petroleum right;(3) the surface lease may be granted for an indefinite period or for a period fixed by the holder of the petroleum right; a lease for a specific period expires upon expiration of such period or upon expiration of the petroleum right in respect of the leased land, whichever is the earlier;(4) the contract of lease shall contain no conditions other than those specified in this section;(5) where a surface lease is granted to a licensee and he obtains, in pursuance of his licence, a lease comprising the land under such surface lease, the licence and the lease shall for the |

purposes of this section be considered as one and the same petroleum right.

**EXTENT OF
REQUIRED
LANDS**

43

No land shall be considered as required, within the meaning of sections 40 or 41, by the holder of a petroleum right, unless it is intended to be occupied in fact by him for his buildings, installations, equipment and workers, with the addition of a reasonable further area to enable him to carry out his operations under this Law;

**PETROLEUM
PURPOSES**

44

The following operations are petroleum purposes:

- (1) petroleum exploration;
- (2) the drilling and equipment of the area of a petroleum right, in order to ascertain its productive capacity and to produce petroleum therefrom;
- (3) the supply, installation and operation of tankage, pumps, drills, compressors, power installations, power lines and any installation or equipment of any kind whatsoever required for the purposes of items (1) or (2) or for the recovery, treatment, processing or storage of petroleum;
- (4) the erection of housing and camp facilities for the purposes of items (1), (2) or (3);
- (5) the construction of petroleum pipelines under section 35;
- (6) the drilling for water under section 45, its collection and storage and the erection of water works for this purpose;
- (7) any other operation declared by the Minister, by notice published in ***Reshumot***, to be a petroleum purpose;

WATER RIGHTS

45

- (a) The holder of a petroleum right is entitled -
 - (1) subject to any other relevant law, to drill and search for water in the area of his petroleum right and to use the water discovered by him either in drilling for water or in any of his other operations;
 - (2) to use any other water situated in the area of his petroleum right to the extent required for his operations, provided that he does not thereby prejudice any person having a right in such water or having the benefit thereof.

- (b) The holder of a petroleum right may require of the Minister that the quantity of water reasonably required for his operations be supplied to him, at the prevailing price, upon his paying all the expenses incidental to such supply and the installation of supply facilities and upon his supplying all the materials requisite therefor; the supply of water shall be subject to such conditions as may be prescribed by the Minister.

ARTICLE TWO: ADDITIONAL RIGHTS

IMPORT AND EXEMPTION FROM IMPORT DUTIES

(Amendments 1957, 1965)

- 46 (a) The holder of a petroleum right may import into Israel, himself or through an agent, free of customs and other import duties, all the machinery, equipment, installations, fuel, houses, transport facilities and like things required by him for a petroleum purpose (hereinafter **materials**) other than a private motor vehicle, within the meaning of the Traffic Ordinance, not being a jeep or similar field vehicle;
- (b) Notwithstanding as provided in sub-section (a), no exemption from customs of other import duties shall be granted in respect of any materials unless the Director of the Department of Customs and Excise, after consultation with the Commissioner, declares that they are not obtainable in Israel of a quality not inferior to the standards of the American Petroleum Institute or, in the absence of such standards of a quality, not inferior to that customarily acceptable to experienced petroleum explorers or that the equipment which it is desired to import cannot be hired in Israel at a rental not exceeding the amount of rental customary abroad, plus transportation expenses.
- (c) Where a doubt arises as to whether the holder of a petroleum right is entitled to exemption in respect of certain materials imported by him, such fact shall not by itself delay their release for use in Israel or

empower the customs authority to demand security for compliance with customs legislation in respect of those materials.

- (d) Within sixty days from the date of importation of materials to which sub-section (c) applies, the Director of the Department of Customs and Excise shall, after consultation with the Commissioner, determine whether the importer is liable to customs or other import dues thereon and shall notify him accordingly, and customs legislation shall thereupon apply to those materials as if they had been imported on the date of the notification.

EXEMPTION FROM PURCHASE TAX (*Amend. 1957*)

46A

The sale of materials to the holder of a petroleum right shall be exempt from purchase tax.

REFUND OF EXCISE (*Amendment 1957*)

46B

The holder of a petroleum right who has acquired cement, fuel or unused tyres shall have refunded to him the excise paid on the production thereof, if he proves that he has used the same for petroleum purposes and that the price he paid therefor included excise.

EXEMPTION FROM PETROLEUM WORKS CONTRACTOR (*Amendment 1957*)

46C

- (a) The provisions of Sections 46 to 46B shall apply ***mutatis mutandis*** to materials imported or acquired by a petroleum works contractor who has received from the Minister of Finance³ a certificate for the purposes of this section in respect of those materials.
- (b) The Director of Customs and Excise may demand from a petroleum works contractor security that the materials will be used for petroleum purposes only.
- (c) **Petroleum works contractor** means a person in respect of whom the Minister of Finance³ has certified that he is carrying out, by order of the holder of a petroleum right, operations which are petroleum purposes.

EXEMPTION IN RESPECT OF TRANSFER OF MATERIALS (*Amendment 1957*)

46D

The provisions of sections 46 to 46C shall apply ***mutatis mutandis*** to materials transferred from the holder of a petroleum right or a petroleum works contractor to another holder of a petroleum right or petroleum works contractor entitled to

		exemption or the refund of excise as aforesaid in respect of those materials.
EXPORT <i>(Amendment 1957)</i>	46E	Subject to sections 60 and 61, the holder of a petroleum right and a petroleum works contractor shall be entitled to export from Israel any material imported by them.
RESTRICTION ON EXEMPTION FROM CUSTOMS, EXCISE AND PURCHASE TAX <i>(Amendment 1957)</i>	46F	<p>(a) The holder of a petroleum right or a petroleum works contractor who uses otherwise than for petroleum purposes goods the import, production or transfer of which is exempt under this Law from customs, purchase tax or any other import duties, or the excise paid on which has been refunded to him under section 46B, or who transfers goods as aforesaid to a person other than the holder of a petroleum right or a petroleum works contractor entitled to exemption or the refund of excise in respect of those goods, shall be liable to pay customs, other import duties, excise or purchase tax, as the case may be, at the rate at which the importer, producer or transferor would have been liable to pay the same at the time the goods were imported, produced or transferred and in accordance with their condition at that time. If he does not pay as aforesaid prior to the use or transfer, he shall be liable to pay treble the amount of the said customs, duties, excise or tax.</p> <p>(b) The provisions of this section shall not derogate from the criminal responsibility of the holder of a petroleum right or a petroleum works contractor under any other law.</p>
REFUSAL TO GRANT IMPORT LICENCES <i>(Amendment 1965)</i>	46G	A competent authority shall not refuse to grant the holder of a petroleum right an import licence in respect of any materials, save after consultation with the Commissioner.
DEFINITION <i>(Amend. 1957, 1965)</i>	46H	Petroleum right , in sections 46 to 46G, includes a preliminary permit.
APPLICATION OF	47	The holder of a petroleum right shall, in his

**TOWN PLANNING
ORDINANCE,
1936**

operations, be subject to the provisions of the Town Planning Ordinance, 1936, but the Minister may, in consultation with the Minister of the Interior, permit deviations from that Ordinance.

**SURRENDER OF
LANDS** 48

(a) The holder of a petroleum right may surrender the area of his right upon giving the Commissioner one month's written notice, and upon expiration of that period his right in respect of that area shall expire; and after he has discharged the obligations to which he is subject on expiration of such right, he shall be relieved from his obligations in respect of that area.

(b) The holder of a petroleum right may surrender part of the area of his right upon giving the Commissioner one month's written notice, and upon expiration of that period his right in respect of the surrendered area shall expire; and after he has discharged the obligations to which he is subject on expiration of such right, he shall be relieved from his obligations in respect of that area, unless otherwise provided in the conditions attaching to that petroleum right; the remaining area shall be subject to the provisions of sections 17 (d) and 27 (c).

The provisions of this section shall not relieve the holder of a petroleum right from obligations incurred by him in respect of a particular area previous to the expiration of his right in respect thereof.

**ADDITION OF
LANDS** 49

The Minister may, on the application of the holder of a petroleum right and after consultation with the Authority, add additional areas to the area of such right, subject to the restrictions imposed by sections 17 and 27.

ARTICLE THREE: POWERS OF AUTHORITIES

**POWERS OF
INSPECTION** 50

(a) The Minister, the Commissioner and their agents may, at any reasonable time and in connection with any operation covered by this Law and the regulations, enter any place,

inspect any equipment, installation or document situated therein or any operation performed therein and also obtain samples and particulars and carry out examinations and tests.

- (b) Everyone required by this Law to maintain accounts or records shall produce them to the Minister, the Commissioner or their agents at such reasonable time as may be requested of him and shall permit their examination and the preparation of copies thereof or extracts therefrom.
- (c) The holder of a petroleum right and his agents shall assist the Minister, the Commissioner or their agents in the exercise of their powers under this section.
- (d) This section shall not derogate from any obligation imposed by sections 22, 23 and 37; and in respect of information obtained under this section, the holder of a petroleum right shall have the same right to require secrecy as in respect of information furnished by him under sections 22, 23 and 37.

WAIVER AND EXTENSION

51

The Commissioner may waive the performance of an operation required to be performed under a petroleum right or extend the time for its performance, but no such waiver or extension shall serve as a ground for the extension of the term of the right.

POWER OF COMMISSIONER TO PREVENT WASTE OR AN UNSAFE ACT

52

Where it appears to the Commissioner that waste or an unsafe act is taking place in the area of operation of the holder of a petroleum right, he may order the holder of such right to cease such waste or to cease or eliminate such unsafe act and to restore any property to its former condition within a time prescribed in the order. If the holder of the right fails to comply with the order, the Commissioner may carry it into effect at the expense of the holder of the right.

POWER OF MINISTER TO PREVENT

53

Where it appears to the Minister that waste or an unsafe act, either of which causes or is likely to cause serious damage, is taking place in the area of

**SERIOUS
DAMAGE**

operation of the holder of a petroleum right, he may at the expense of the holder of the right, take any measures deemed by him necessary to remedy the defect, including the seizure of wells and installations and the suspension of the work.

**ATTACHMENT TO
SECURE
PAYMENTS** 54

- (a) Where the holder of a petroleum right has failed to pay any licence fee or rent or to pay or deliver any royalty due from him and continued so to fail notwithstanding thirty days notice from the Commissioner, the Minister may attach any stocks of petroleum, installations and other things belonging to the undertaking and may seize and remove the things attached, pending settlement in full of the fee, rent or royalty due.
- (b) Where thirty days have elapsed since the time of the attachment and the fee, rent or royalty due has still not be settled in full, the Minister may sell any thing attached, on such conditions as he may think fit, until the fee, rent or royalty due is discharged and return the excess to the holder of the right.
- (c) This section shall not derogate from the power of the Minister under section 55.

**CANCELLATION
OF PETROLEUM
RIGHT OR
PRIORITY RIGHT** 55
(Amendment 1965)

- (a) The Commissioner may cancel a petroleum right or priority right if the holder thereof -
- (1) fails to comply with any of the provisions of this Law or any regulation or order made thereunder;
o r
 - (2) fails to comply with any condition of his petroleum right or preliminary permit;
o r
 - (3) fails to act in accordance with the plan of operations submitted by him or lags behind the time-table for its implementation or fails to invest in petroleum exploration the amounts he has undertaken to invest towards the implementation of the plan of operations, notwithstanding written notice given him by the Commissioner

sixty days previously calling upon him to adhere to that provision, condition or undertaking and warning him that non-adherence may entail the cancellation of his petroleum right or priority right.

- (b) A person whose right has been cancelled under sub-section (a) may, within thirty days from the day on which the decision of the Commissioner was notified to him, lodge objection with the Minister, who shall decide upon the objection after consultation with the Authority.
- (c) Where objection has been lodged as aforesaid, the right shall not be cancelled until the Minister has decided upon the objection.

ARTICLE FOUR: OTHER PROVISIONS AS TO PETROLEUM RIGHTS

**PETROLEUM
RIGHTS IN
EXCESS OF
PERMITTED
MAXIMUM**

56

- (a) Where the number of licences or the total area of several petroleum rights held by any person exceeds the maximum permitted by this Law, the Minister may serve upon the registered holders of the petroleum rights concerned notice requiring the surrender, within a reasonable time stated in the notice, of as many of the licences or as much of the area as may be in excess of the permitted maximum; failing compliance with the notice, the Minister may cancel any licence or reduce the area of any petroleum right so as to bring the licences or area to the permitted maximum.
- (b) Where a petroleum right is held by a body of persons, whether corporate or unincorporate and another person holds, either directly or indirectly, more than 25 percent of the shares or the voting power or the power of control or the power of appointing directors in that body, such person too shall, for the purposes of sections 17 or 27, as the case may be, be deemed to be a holder of such petroleum right.

<p>SECURITY OR GUARANTEE <i>(Amendment 1965)</i></p>	<p>57</p>	<p>(c) Where a petroleum right is held by a particular person and the benefit thereof belongs principally, whether directly or indirectly, to another person, such other person too shall, for the purposes of sections 17 or 27, as the case may be, be deemed to be a holder of such petroleum right.</p> <p>(a) No petroleum right shall be granted unless the applicant has given reasonable security or guarantee, to the satisfaction of the Commissioner, for compensation in respect of damage which may be caused by his operations in pursuance of the petroleum right and for expenses which may become payable by him under this Law.</p> <p>(b) The Commissioner may at any time, after notice to the Authority, require the holder of a petroleum right reasonably to alter or increase the security or guarantee given by him.</p> <p>(c) Any security or guarantee given under this section shall, when the right in connection with which it was given has expired, continue in force for such time, not exceeding seven years, as the Commissioner does not notify that it has become unnecessary.</p> <p>(d) A person who has given the Commissioner security or a guarantee under this section shall, so long as the security or guarantee is in force, give the Commissioner any information he may demand in connection with the expired petroleum right or in connection with action taken by such person under section 60, and the Commissioner shall, during that time, have the powers referred to in section 50 in respect of the area for which the expired petroleum right was granted.</p>
<p>DUTY TO NOTIFY OF DISCOVERY</p>	<p>58</p>	<p>The holder of a petroleum right shall notify the Commissioner, in such manner and at such time as may be prescribed by the regulations, of any discovery made by him.</p>

DISTANCE FROM EXISTING STRUCTURES	59	The holder of a petroleum right shall not, save with the consent of the Minister, drill a well or erect a building or other structure for the purpose of his right within sixty meters of the boundaries of the area of the right or within sixty meters of any structure (other than a structure which is being used for the purposes of his right), water reservoir, road or public throughfare.
PROVISIONS AS TO IMMOVABLES AND MOVABLES ON EXPIRATION OF SURFACE LEASE	60	<p>(a) Save as provided in section 61, upon expiration of a surface lease of the holder of a petroleum right in any land, the Commissioner shall fix a reasonable time within which the holder of the right may remove from the land any structures and installations erected and any movables placed by him thereon; structures, installations and movables not removed from the land within such time shall become the property of the owner of the land and shall pass into his possession.</p> <p>(b) The holder of a petroleum right whose surface lease in any land has expired shall leave the land and everything thereon in such condition, as to safety, as the Commissioner may direct; if he fails to do so, the Commissioner may implement the direction at the expense of the holder of the petroleum right.</p>
COMMISSIONER'S RIGHT OF PURCHASE	61	<p>(a) The Commissioner shall have the right to purchase -</p> <p>(1) the permanent structures erected by the holder of a petroleum right on land if his surface lease thereon has expired;</p> <p>(2) the casing and fittings of any well, including a water well, drilled by the holder of a petroleum right and no longer used or intended to be used by him for purposes of that well;</p> <p>(3) any tankage, gathering line or trunk line installed by the holder of a</p>

petroleum right and not required by him for use in connection with that or another petroleum right held by him.

- (b) The price payable by the Commissioner for structures and installations purchased by him under sub-section (a) shall be the value of the same as demolished or detached less cost of demolition or detaching.
- (c) Structures and installations which the Commissioner has a right to purchase under sub-section (a) shall not be demolished, detached, dismantled or removed from their site if the Commissioner has notified the holder of the petroleum right in writing of his desire to purchase them within fifteen days from the day on which he received notice in writing that they were available for purchase.
- (d) Except as above provided, the holder of a petroleum right shall be entitled to remove from the area of the right any of his movable property.

PART FOUR - GENERAL PROVISIONS

ARTICLE ONE: REGISTRATION AND PUBLICATION

PETROLEUM REGISTER	62	The Commissioner shall keep a petroleum register, which shall be open to the public for inspection. In this register shall be recorded, in such detail as may be prescribed by the regulations, all applications for petroleum rights submitted and all licences, leases and surface leases granted under this law; the Minister may prescribe other matters to be recorded as aforesaid.
REGISTRATION OF TRANSFERS AND CHARGES	63	Any transfer of a petroleum right or an interest therein or any charge on such a right or interest shall be registered in the petroleum register, in a manner and upon payment of a registration fee to be prescribed by the regulations; no such transaction shall be valid before it has been so registered.

REGISTRATION IN LAND REGISTER	64	<ul style="list-style-type: none"> (a) The provisions of the Land Transfer Ordinance shall not apply to transactions registrable in the petroleum register under sections 62 and 63. (b) The Commissioner shall send to the appropriate Land Registry Office a copy of any document registrable in the petroleum register, accompanied by a copy of any map or plan required for the identification of the land mentioned in such document.
PUBLICATION IN RESHUMOT	65	Notice of the grant, modification or expiration of a petroleum right and of any transfer of a petroleum right or of an interest therein shall be published in <i>Reshumot</i> .
ADDRESS FOR SERVICE	66	<ul style="list-style-type: none"> (a) The holder of a petroleum right resident in Israel shall, within thirty days from obtaining such right, register with the Commissioner his address for service in Israel. (b) The holder of a petroleum right not resident in Israel shall have an agent in Israel and shall, within thirty days from obtaining such right, register with the Commissioner the name and address of such agent. (c) The holder of a petroleum right having a registered address or registered agent under any other law shall register with the Commissioner such address or such agent. (d) Any change of address or agent shall be registered by the holder of the petroleum right with the Commissioner within thirty days from its occurrence.
SERVICE OF DOCUMENTS	67	<ul style="list-style-type: none"> (a) A document served at the address registered by the holder of a petroleum right as provided in section 66 shall be considered to have been duly served if sent by registered mail to such address. It shall, unless the contrary is proved, be considered to have been duly served ninety-six hours after the time of dispatch.

- (b) Where the holder of a petroleum right has not registered an address or agent as provided in section 66, a document shall be considered to have been duly served if it was exhibited for ninety-six hours in a part of the Commissioner's office accessible to the public.

ARTICLE TWO: OFFENCES AND PENALTIES

UNLAWFUL EXPLORATION	68	A person who conducts petroleum exploration, except surface geological work, other than under a preliminary permit or petroleum right, is liable to a fine not exceeding 1,000 NIS. ⁴
UNLAWFUL DRILLING AND PRODUCTION	69	A person, other than the holder of a petroleum right, who engages in petroleum drilling, development or production is liable to imprisonment for a term not exceeding six months or to a fine not exceeding 1,000 NIS ⁴ or to both such penalties.
WASTE OR UNSAFE ACT	70	Where a person causes or permits waste or an unsafe act and is ordered by the Commissioner to cease such waste or to cease or eliminate such unsafe act within the time fixed in the order and fails to comply with the order, he is liable to a fine not exceeding 1,000 NIS ⁴ for each day that the waste or unsafe act continues after the time fixed in the order.
WASTE OR UNSAFE ACT CAUSING GRAVE DAMAGE	71	A person who causes or permits waste or an unsafe act, either of which causes or is likely to cause grave damage, is liable to imprisonment for a term not exceeding three months or to a fine not exceeding 1,000 NIS ⁴ for each day that the waste or unsafe act continues.
UNLAWFUL INTERFERENCE	72	A person who willfully and without lawful excuse interferes with the exercise of a right or the performance of a duty under this Law is liable to imprisonment for a term not exceeding one month or to a fine not exceeding 1,000 NIS ⁴ or to both such penalties.
FALSE DECLARATION	73	(a) A person who in an application for the grant or extension of a petroleum right or in any other application under this Law makes a

statement which he knows to be false in a material particular, is liable to imprisonment for a term not exceeding six months or to a fine not exceeding 1,000 NIS ⁴ or to both such penalties.

- (b) Where a person is convicted under this section the Minister may cancel any right or facility granted upon the application concerned.

OFFENCE FOR WHICH NO PENALTY IS PROVIDED

74

Where a person contravenes any provision of this Law for the contravention of which no specific penalty is provided, he shall be liable to a fine not exceeding 1,000 NIS ⁴.

ARTICLE THREE: MISCELLANEOUS PROVISIONS

DUE DILIGENCE

75

The holder of a preliminary permit or petroleum right shall insure that every operation connected with such preliminary permit or petroleum right is carried out with due diligence.

PRELIMINARY PERMIT, LICENCE AND LEASE TO BE PERSONAL

76

- (a) A preliminary permit, licence or lease is personal to the holder thereof and save with the permission of the Commissioner, neither it nor any interest therein may be charged or transferred, except by way of inheritance, in any manner whatsoever; and the Commissioner shall not permit a charge on or transfer of a licence or lease except after consultation with the Authority.
- (b) No person other than the person named in the permit, licence or lease, or a person who has become entitled thereto by way of inheritance, shall be recognized in relation to any right or obligation connected with a preliminary permit, licence or lease.
- (c) Upon a preliminary permit, licence or lease being transferred, the transferee shall be subject to all obligations and enjoy all rights which, but for the transfer, the transferor would have been subject to or would have enjoyed.

HOLY AND HISTORICAL SITES	77	<p>(a) The holder of a preliminary permit or petroleum right shall not, save with the consent of the Minister of Religions, carry out any operation within one hundred meters of a holy site; where a doubt arises as to whether a particular place is a holy site, the Minister of Religions shall decide.</p> <p>(b) The holder of a preliminary permit or petroleum right shall not, save with the consent of the Director of the Antiquities Authority, carry out any operation within one hundred metres of an historical site within the meaning of the Antiquities Law, 5738-1978; such consent shall not derogate from the obligations imposed by that Law.</p>
CHANGES OF BOUNDARIES <i>(Amendment 1965)</i>	78	No change of the boundaries of an open area and no closure of an open area or part thereof shall affect an application pending at the time of such change or closure, or a right arising from a preliminary permit, licence or lease granted before such time.
PROHIBITION OF ENTRY UNDER OTHER LAW	79	A preliminary permit or petroleum right granted under this Law shall not entitle any person to enter or be in any place which he is prohibited from entering or being in by any other Law.
RIGHT OF APPEAL <i>(Amendment 1965)</i>	80	<p>(a) A person considering himself aggrieved by a decision of the Commissioner given in exercise of his powers under this Law, may appeal to the Minister within thirty days from the date on which such decision came to his knowledge and the decision of the Minister shall be final. This provision does not apply to decisions of the Commissioner under sections 7, 16, 28 and 55.</p> <p>(b) Any decision given by the Court in exercise of its powers under this Law is appealable to the Supreme Court in like manner as a judgment given by a District Court as a court of first instance in a civil case.</p>
PETROLEUM EXPLORATION BASIC RESEARCH	80A	(a) The Minister may permit the Commissioner to transmit information received by him under this Law to the Petroleum Exploration Basic

COMPANY
(Amendment 1965)

Research Company, which is owned by the State and the Development Authority.

- (b) Any information transmitted to the Company under sub-section (a) which is secret within the meaning of sections 22, 23, 37 or 50 shall be kept secret in accordance with the provisions of those sections. Other information transmitted to the Company as aforesaid shall be secret and the Company and its employees shall not disclose it save with the permission of the Minister.
- (c) The Company referred to in sub-section (a) shall not itself and for its own benefit engage in petroleum exploration.
- (d) A person employed by the Company referred to in sub-section (a) or a person to whom information as referred to in sub-section (b) has been transmitted for the purposes of his work shall not, for three years from the day on which he gives up his aforesaid employment, work, either as a hired employee or otherwise, for a company engaged in petroleum exploration and no one engaged in petroleum exploration shall employ such a person, either directly or indirectly, for a period as aforesaid, save with the approval of the Minister and with the consent of the Authority.
- (e) Whoever contravenes the provisions of sub-section (b), (c) or (d) shall be liable to imprisonment for a term of one year or to a fine of 2,000 NIS. ⁴
- (f) The provisions of this section shall add to and not derogate from any power or prohibition conferred or imposed by any other Law.
- (g) Where an offence under this section has been committed by a company, cooperative society or other body of persons, any person who at the time of the commission of the offence was an active director of such company, society or body or an official thereof responsible for the hiring of

employees shall be likewise guilty of the offence unless he proves that it was committed without his knowledge or that he took appropriate steps to ensure compliance with the provisions of this Law.

**REPEAL AND
ADAPTATION**

81

- (a) The Oil Mining Ordinance, 1938, and all regulations made thereunder are hereby repealed.
- (b) Sub-sections (b) (2) and (c) of section 5 of the State Property Law, 5711-1951, shall not apply to the grant of rights under this Law.

REGULATIONS

82

The Minister charged with the implementation of this Law may, after consultation with the Authority, make regulations as to any matter relating to its implementation, including regulations as to the conservation and exploitation of petroleum resources and the safety of personnel in petroleum works.

¹ The Minister of Energy and Infrastructures

² 1 dunam is 0.1 hectare or 0.2471044 acres or 1000 square meters

³ This Authority is now vested in the Minister of National Infrastructures

⁴ NIS is New Israel Sheqalim. Fines are periodically updated in accordance with section 61 of the Criminal Law, 5737-1977