

THE PETROLEUM REGULATIONS

CONTENTS

Subject	Page
PART I - PRELIMINARY PERMITS AND PRIORITY RIGHTS	1
<u>Article A : Preliminary permits</u>	1
1. Application for preliminary permit	1
2. Additional data	1
3. Grant of permit	1
4. Quarterly reports	2
5. Termination of permit	2
<u>Article B : Priority rights</u>	2
5A. Application for priority right	2
5B. Grant of priority right	2
5C. Fee for priority right	2
5D. Expiration of priority right	3
PART II - LICENCES	3
<u>Article A : Application and grant of licences</u>	3
6. Application for licence	3
7. Additional data	4
8. Notification of change	4
10. Shape of area	4
11. Grant of licence	5
11A. Licence fee	5
<u>Article B : Grant of licence by competitive bidding</u>	5
11B. Applicability	5
<u>Article C : Reports</u>	6
12. Quarterly reports	6
13. Final report	6
<u>Article D : Extension of licences</u>	7
14. Application before discovery	7
15. Application after discovery	7
16. Additional data	7
17. Grant of extension	8

<u>Article A : Application and grant after discovery</u>		
<u>by licensee</u>		8
18.	Application for lease	8
19.	Additional data	8
20.	Shape of area	8
21.	Several fields	8
22.	Grant of lease	8
<u>Article B : Grant by competitive bidding</u>		9
23.	Announcement	9
24.	Right to bid	9
25.	Bidding by sealed bid	9
26.	Bidding at public auction	11
27.	Notification of acceptance of bid	11
28.	Bid for excessive area	11
29.	Grant of lease	11
30.	Procedure upon voidance of bid	12
31.	Procedure where no lease is granted	12
32.	Further procedure	12
<u>Article C : Delineating area of lease and production</u>		
<u>area</u>		13
33.	Boundary marks	13
34.	Duty to submit map	13
34A.	Supply of particulars of production area	13
<u>Article D : Royalties and leasehold fees</u>		13
35.	Measurement of petroleum	13
36.	When royalty payable	13
37.	When minimum royalty payable	14
37A.	Leasehold fee	14
<u>Article E : Pipelines</u>		14
38.	Application for route approval	14
39.	Submission of plans	14
<u>Article F : Accounts, records and reports</u>		15
40.	Accounts and records	15
41.	Quarterly report	15
42.	Special report	17
<u>Article G : Unitization</u>		18
43.	Application for unitization	18
44.	Additional data	18
45.	Carrying out plan	18

AND LESSEES	18
<u>Article A : Drilling reports</u>	18
46. Prior notification	18
47. Monthly report	19
48. Completion report	19
49. Further interpretations	19
50. Drill stem tests	20
<u>Article B : Surface leases and water supply</u>	20
51. Request for surface lease	20
52. Request for water supply	20
<u>Article C : Surrender and addition of lands</u>	21
53. Surrender of lands	21
54. Addition of lands	21
<u>Article D : Conservation and safety</u>	21
55. General provision	21
56. Waste prevention	21
57. Prevention of flow and intercommunication	22
58. Plugging	22
58A. Marking of abandoned well	22
59. Maximum efficient ratio	22
60. Excessive gas-oil ratio	22
61. Pressure maintenance	22
62. Other conservation measures	22
<u>Article E : Other requirements</u>	23
63. Notification of discovery	23
64. Secrecy request	23
65. Land description and area	23
66. Duty to furnish rock and fossil samples	24
66A. Indexation of fees	24
PART V - REGISTRATION	24
67. Reference number	24
68. Petroleum register	25
69. Fee	25
70. Status map	25
71. Inspection and copies	25
PART VI - CITATION	26
72. Citation	26

In exercise of the powers vested in me by section 82 of the Petroleum Law, 5712-1952 and after consultation with the National Energy Authority, I hereby make the following Regulations:

PART I - PRELIMINARY PERMITS AND PRIORITY RIGHTS

ARTICLE A: PRELIMINARY PERMITS

- | | | |
|--|---|---|
| APPLICATION FOR PRELIMINARY PERMIT
<i>(Amendment 1966)</i> | 1 | An application for a preliminary permit shall be in duplicate and shall set out: <ol style="list-style-type: none">(1) applicant's name and address;(2) if applicant is not a resident of Israel, the name and address of his representative in Israel; in that case a certified copy of that representative's power of attorney shall be submitted;(3) if applicant is acting in a representative capacity, the name and address of the person he represents; in that case a certified copy of applicant's power of attorney shall be submitted;(4) the area for which the permit is sought;(5) the nature and extent of the preliminary investigations which applicant intends to carry out;(6) an estimate of the time required for the carrying out of those investigations;(7) the nature of the security or guarantee applicant proposes to give under section 11 of the Law. |
| ADDITIONAL DATA | 2 | The Commissioner may require further data in addition to those required by Regulation 1. |
| GRANT OF PERMIT | 3 | If the Commissioner is prepared to grant a preliminary permit he shall so notify the applicant and inform him of the area for which and the conditions on which the permit will be granted and of the amount of security or guarantee required. Upon the applicant's complying with all those conditions precedent, the permit will be issued to him. |
| QUARTERLY REPORTS
<i>(Amendment 1966)</i> | 4 | (a) Within one month after the close of each three months period from the grant of the preliminary permit, the holder shall report to the |

Commissioner, in duplicate, the nature, extent, location and approximate cost of the investigations carried out by him during the three month period.

- (b) One month before the expiration of the preliminary permit, the holder of the permit shall deliver to the Commissioner a final report, in duplicate, on the operations carried out, the investments made by him and the results of the investigations and examinations carried out under the permit.

TERMINATION OF PERMIT 5
(Amendment 1966)

A preliminary permit terminates:

- (1) upon the holder's notifying the Commissioner that he has completed his investigations, such notification to be given within one month after completion of the investigations;
- (2) upon the Commissioner's cancelling the permit for non-compliance with a condition imposed upon the holder.

ARTICLE B: PRIORITY RIGHTS

APPLICATION FOR PRIORITY RIGHT 5A
(Amendment 1966)

An application for a priority right shall be submitted in triplicate, accompanied by a plan of operations setting out the nature and extent of the surveys, examinations, researches and explorations to be carried out, a timetable and the estimated monetary investment for the implementation of the plan.

GRANT OF PRIORITY RIGHT 5B
(Amendment 1966)

Where the Minister has agreed to grant a priority right in the area for which the applicant was given a preliminary permit, the Commissioner shall notify the applicant of such fact and of the period of the priority right.

FEE FOR PRIORITY RIGHT 5C
(Amendments 1966, 1985)

The holder of a preliminary permit to whom it has been decided to grant a priority right shall, upon receipt of the priority right, pay a fee of 1.02 NIS ¹ per month in respect of every 1,000 dunams for which the priority right has been granted him. For the purpose of calculating the fee for a priority right, a fraction of 1,000 dunams shall be deemed to be 1,000 dunams.

EXPIRATION OF PRIORITY RIGHT 5D
(Amendment 1966)

Where a preliminary permit expires under Regulation 5(2), a priority right granted to the holder of the preliminary permit shall expire together with it.

PART II - LICENCES

ARTICLE A: APPLICATION AND GRANT OF LICENCES

APPLICATION FOR LICENCE

*(Amendments 1953
no.2, 1966)*

6

An application for a Licence shall be in triplicate and shall set out:

- (1) applicant's name and address;
- (2) if applicant is not a resident of Israel, the name and address of his representative in Israel; in that case a certified copy of that representative's power of attorney shall be submitted;
- (3) if applicant is a body corporate, the place and date of its incorporation, the names and addresses of its directors and officers and its authorized and issued capital; in that case there shall be filed a certified copy of that body's memorandum and articles of association or of any other similar document laying down or defining its formation, objects and constitution;
- (4) if applicant is a body of persons, whether corporate or unincorporate and a 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, the same particulars apply to such person as if he too were an applicant;
- (5) if the benefit of the Licence when granted would belong principally, whether directly or indirectly, to another person, the same particulars regarding such other person as if he too were an applicant;
- (6) the number, area and location of all other licences held or applied for by the applicant;

- (7) bank or other references showing the capital at applicant's disposal for petroleum exploration and development in Israel and the probable source of further capital if such be needed;
- (8) the nature, extent and location of applicant's previous experience in petroleum exploration and development;
- (9) a description and map of the area applied for, adequate to show the location and extent thereof;
- (10) the nature, extent and estimated cost of the stages of the petroleum exploration operation plan intended to be carried out by the applicant, including the estimated date of the commencement of test drillings;
- (11) the nature of the security or guarantee applicant proposes to give under section 57 of the Law.

ADDITIONAL DATA

7

The Commissioner may require further data, including maps, in addition to those required by Regulation 6.

NOTIFICATION OF CHANGE

8

The applicant shall forthwith notify the Commissioner of any change in the data submitted by him under Regulations 6 and 7.

(Amendment 1985)

9

Regulation 9 was rescinded.

SHAPE OF AREA

10

- (a) The area applied for shall be contiguous and reasonably compact except insofar as the presence of land not available for Licence prevents such contiguity or compactness.
- (b) The maximum length of the area applied for shall not exceed seven times its maximum width.
- (c) Where geologic investigations have established the presence of prospective geological traps, not more than one such trap shall be included in the area applied for, but the Commissioner may allow deviations from this provision.

GRANT OF LICENCE
(Amendments 1953,
no. 2, 1966)

- 11 (a) (a) Where it has been decided to grant the application, the Commissioner shall so notify the applicant and inform him of the area for which and the conditions on which the Licence will be granted and of the amount of security or guarantee required. The applicant shall, within thirty days from such notification, comply with all conditions precedent, submit a description and map of the area in accordance with Regulation 65 and pay the first year's Licence fee as laid down in Regulation 11A, whereupon the Licence will be issued to him; otherwise the application shall be deemed to have lapsed at the expiration of the said period.
- (b) The Commissioner may extend the period of thirty days mentioned in sub-regulation (a) above for an additional thirty days, if, in his opinion, special circumstances justify such extension.

LICENCE FEE
(Amendment 1985)

- 11A (a) In respect of every 1,000 dunams on land, a Licencee shall pay a licence fee as follows:
- (1) for the 1st and the 2nd year - 18.56 NIS¹ per annum;
 - (2) for the 3rd year - 30.89 NIS¹;
 - (3) for the 4th year - 61.62 NIS¹;
 - (4) for the 5th year and every subsequent year - 185.31 NIS¹ per annum;
- (b) Where the Licence has been granted for an area situated in the sea or in a lake, the Licence fee shall be 12.33 NIS¹ per 1,000 dunams per annum;
- (c) The fee shall be paid every year in advance;
- (d) For the purpose of calculating the fee, a fraction of 1,000 dunams shall be deemed to be 1,000 dunams and a fraction of a year shall be deemed to be a year.

ARTICLE B: GRANT OF LICENCE BY COMPETITIVE BIDDING

APPLICABILITY
(Amendment 1966)

- 11B The provisions of Part III, Article B (Grant of Lease by Competitive Bidding), shall apply to the grant of a Licence by competitive bidding, provided that the word "Lease" or "Leases" shall, wherever occurring, be

deemed to be replaced by the word “*Licence*” or “*Licences*” and the words “Section 27(b)” of the Law in Regulations 24 and 28 shall be deemed to be replaced by the words “Section 17(b)” of the Law.

ARTICLE C: REPORTS

QUARTERLY REPORTS *(Amendment 1966)*

12

Within one month after the expiration of every three months period from the grant of the Licence onwards, the licensee shall deliver to the Commissioner a report, in duplicate, on the exploration work done by him under the Licence during the three months, setting out -

- (1) the nature, extent, location and results of the exploration work;
- (2) particulars of the expenditure incurred in respect of the exploration work;
- (3) results and evaluations of the geological, geophysical, engineering and technical work done and the basic data on which those results and evaluations are based;
- (4) data, considerations and causes determining the location of petroleum drillings.

FINAL REPORT *(Amend. 1953, no 2)*

13

(a) A final report under section 23 of the Law shall be filed:

- (1) together with the notice of surrender, in case of partial or total surrender of the licenced area;
- (2) within sixty days after termination, in case of termination of the Licence otherwise than by surrender of the area;
- (3) together with the Lease application, in case the licensee applies for a Lease.

(b) The report shall be in duplicate and shall cover all the petroleum exploration carried out under the Licence, including, to the extent not previously furnished under Regulations 12 or 48;

- (1) the nature, extent, location and results of all geological, geophysical, geochemical or other exploration work;

- (2) the location, depth and casing and cementing record of every well or core-hole drilled, with copies of all logs and core-analyses made and all interpretations thereof made by or for the licensee;
- (3) the results of all well-tests made. The report shall be accompanied by samples of all strata penetrated from which samples were obtained and samples and analyses of all fluids entering the well.

ARTICLE D: EXTENSION OF LICENCES

APPLICATION BEFORE DISCOVERY <i>(Amendment 1966)</i>	14	<p>An application for extending the term of a Licence before the licensee has made a discovery shall be in triplicate and shall set out:</p> <ul style="list-style-type: none"> (1) the reasons for the extension applied for; (2) the proposed period of the extension; (3) the exploration work done under the Licence, to the extent such information has not previously been furnished, and the approximate cost thereof; (4) the nature and extent of the exploration work proposed to be done during the extended term; (5) details showing whether the exploration work has been done in accordance with the conditions of the Licence and in accordance with the plan of operations;
APPLICATION AFTER DISCOVERY	15	<p>An application for extending the term of a Licence after the licensee has made a discovery shall be in triplicate and shall set out the manner in which the applicant proposes to define the petroleum field and the estimated time required therefor.</p>
ADDITIONAL DATA	16	<p>The Commissioner may require further data in addition to those required by Regulations 14 or 15.</p>

GRANT OF EXTENSION	17	Subject to the provisions of section 18(b) of the Law, the Commissioner may refuse the application or any application for further extensions or he may grant the same for such time as he may think fit.
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PART III - LEASES

ARTICLE A: APPLICATION AND GRANT AFTER DISCOVERY BY LICENCE

APPLICATION FOR LEASE <i>(Amendment 1966)</i>	18	<p>An application for a Lease by a licensee who has made a discovery in the licenced area shall be in triplicate and shall set out:</p> <ol style="list-style-type: none"> (1) the area of Lease and production applied for in accordance with Regulation 65, together with a description and map; (2) the number, area and location of all other Leases held by the applicant and by any person who, under section 56 of the Law, would be deemed to be a holder of the Lease applied for if granted.
ADDITIONAL DATA	19	The Commissioner may require further data, including maps, in addition to those required by Regulation 18.
SHAPE OF AREA	20	<ol style="list-style-type: none"> (a) The area applied for shall conform to any condition stipulated in that regard in the Licence. (b) The area applied for shall be contiguous and reasonably compact, except insofar as the presence of land not available for Lease prevents such contiguity or compactness. (c) The maximum length of the area applied for shall not exceed ten times its maximum width.
SEVERAL FIELDS	21	Where more than one petroleum field has been discovered in the licenced area, the area covering the several fields need not be contiguous, but each such area shall conform with the conditions laid down in Regulation 20.
GRANT OF LEASE	22	Where application has been made in accordance with the requirements of Regulations 18, 19, 20 and 21 and the applicant has given such additional security or guarantee as the Commissioner may require under section 57 of the Law, the Lease shall be granted subject to any conditions stipulated in that regard in the Licence and subject to the provisions of section 27 of the Law.

ARTICLE B: GRANT BY COMPETITIVE BIDDING

- ANNOUNCEMENT** 23 An announcement that land is available for competitive bidding for a Lease shall be published in *Reshumot* not less than sixty days before the date of the public auction or the last date on which bids may be filed, as the case may be and shall set out in respect of each Lease offered;
- (1) a number or letter identifying the Lease;
 - (2) a description of the area;
 - (3) the special conditions to which the Lease will be subject;
 - (4) whether bidding will be by public auction or by sealed bids;
 - (5) the date, hour and place of the public auction or the date and hour by which sealed bids must be received;
 - (6) a notification that a map of the area is open to inspection at the office of the Commissioner.
- RIGHT TO BID** 24 Notwithstanding anything in section 27(b) of the Law, a bidder may submit bids for all Leases offered, but each separate bid shall be for one Lease only.
- BIDDING BY SEALED BIDS** 25 (a) Where bidding is by sealed bids, each bid shall be in triplicate and shall set out:
- (Amend.1953, no.2, 1966)*
- (1) the number or letter identifying the Lease;
 - (2) the bidder's name and address;
 - (3) if the bidder is not a resident of Israel, the name and address of his representative in Israel; in that case a certified copy of that representative's power of attorney shall be submitted;
 - (4) if the bidder is a corporate body, the place and date of its incorporation, the names and addresses of its directors and officers and its authorized and issued capital; in

that case there shall be filed a certified copy of that body's memorandum and articles of association or of any other similar document laying down or defining its formation, objects and constitution;

- (5) if the bidder is a body of persons, whether corporate or unincorporate and a 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, the same particulars regarding such person as if he too were a bidder;
 - (6) if the benefit of the Lease if granted would belong principally, whether directly or indirectly, to another person, the same particulars regarding such other person as if he too were a bidder;
 - (7) the number, area and location of all other Leases held by the bidder;
 - (8) bank or other references showing the capital at the bidder's disposal for petroleum exploration and development in Israel and the probable source of further capital if such be needed;
 - (9) the nature, extent and location of the bidder's previous experience in petroleum exploration and development;
 - (10) the nature of the security or guarantee the bidder proposes to give under section 57 of the Law;
 - (11) the amount bid.
- (b) An earnest payment comprising a bank cheque in the amount of one-tenth the amount of the bid shall be appended to the bid.

		(c)	The bidder may submit additional and higher bids until the date and hour prescribed for receipt of bids.
BIDDING AT PUBLIC AUCTION	26	(a)	Where bidding is by public auction, each person who desires to bid shall, not later than ten days before the date of the auction, submit to the Commissioner a statement in triplicate giving the same data as required by Regulation 25(a), save only the amount bid. No person shall be allowed to bid at the auction unless he has filed such statement within the time prescribed.
		(b)	Each Lease offered at the auction shall be identified by number or letter. Every bid made shall be recorded in the name of the bidder as given in the statement submitted by him under sub-regulation (a).
		(c)	At the close of bidding for each Lease, each bidder shall pay an earnest payment of one-tenth of the amount of his highest bid therefor.
NOTIFICATION OF ACCEPTANCE OF BID	27		Where a bid has been accepted, the Commissioner shall so notify the successful bidder and inform him of the amount of security or guarantee required.
BID FOR EXCESSIVE AREA <i>(Amendment 1966)</i>	28		Where the bids accepted from one bidder would result in the total area of the Leases held by him exceeding the maximum allowed by section 27(b) of the Law, the bidder shall, within seven days after receiving the notification under Regulation 27, inform the Commissioner which of the Leases he chooses to acquire so as not to exceed the maximum allowed. If he fails to do so, the Commissioner shall himself choose the Leases to be granted and notify the bidder of the selection made by him. The bids for all Leases not chosen by the bidder or by the Commissioner, as the case may be, shall be deemed to have been rejected and the earnest payment made on them shall be returned.
GRANT OF LEASE	29	(a)	Within thirty days of receiving the notification under Regulation 27 or of making the choice or receiving the notification under Regulation 28, as the case may be, the successful bidder shall pay the balance of his bid and shall furnish the security or guarantee required, whereupon the Lease will be granted to him. Where a bidder fails to comply with the requirements of this Regulation, his bid

shall become void and the earnest payment made by him shall be forfeited to the Treasury.

- (b) Upon a Lease being granted to a successful bidder, all other bidders therefor shall be notified by the Commissioner that their bids have been rejected and the earnest payments made by them shall be returned.

**PROCEDURE
UPON VOIDANCE
OF BID**

30

Where a bid has become void under Regulation 29(a), another bid made for the same Lease may be accepted and the procedure set out in Regulations 27, 28 and 29 be followed until a Lease is granted or no other bid is acceptable.

**PROCEDURE
WHERE NO LEASE
IS GRANTED**

31

Where no bid has been accepted for a Lease or where all bids accepted have become void, the Commissioner shall notify all bidders or the bidders whose bids have not been accepted, as the case may be, that their bids have been rejected and the earnest payments made by them shall be returned.

**FURTHER
PROCEDURE**

32

Where a competitive bidding has not resulted in a Lease being granted, the Minister may:

- (1) announce that further bids may be submitted for the Lease at public auction or by sealed bids, such announcement to be published in *Reshumot* within three months from the rejection or voidance of the last bid made for the Lease and not later than thirty days before the date of the public auction or the last date on which bids may be filed, as the case may be; in that case the same procedure shall apply as set out in Regulations 24 to 31;
- o r
- (2) hold the Lease open for competitive bidding at a future time;
- o r
- (3) rescind, after consultation with the Authority, the notice making the Lease available for competitive bidding.

ARTICLE C: DELINEATING AREA OF LEASE AND PRODUCTION AREA

BOUNDARY MARKS <i>(Amendment 1966)</i>	33	<p>(a) Boundary marks to be erected under section 30 of the Law shall be vertical stone, concrete or wooden posts or iron or steel pipes, firmly embedded in the ground and extending at least one meter above ground. The marks shall be not less than ten centimeters square or in diameter at the top and shall be painted white with the words "Petroleum Lease" and the Lease number printed in black thereon or on a board attached thereto.</p> <p>(b) Marks shall be placed at intervals of not more than five kilometers along the boundaries of the leased area, provided that a mark shall be placed at each corner of the area, beside each road or public thoroughfare crossing the boundary and at each point where the boundary meets the boundary of an existing Lease at an angle. So far as practicable, boundary marks shall be so placed as not to interfere with the use of the surface by persons entitled to such use.</p>
DUTY TO SUBMIT MAP	34	Within thirty days of marking the Lease as aforesaid, the lessee shall furnish the Commissioner with a map of the Lease in accordance with Regulation 65, such map to show the location of the boundary marks, the location of each mark with reference to a nearby natural or artificial feature and the courses and distances between adjacent marks.
SUPPLY OF PARTICULARS OF PRODUCTION AREA <i>(Amendment 1966)</i>	34A	The lessee shall indicate to the Commissioner the exact boundaries of the area of production and any such geological, geophysical and technical data relating to the area of production as the Commissioner may request.

ARTICLE D: ROYALTIES AND LEASEHOLD FEE

MEASUREMENT OF PETROLEUM	35	Measurement of petroleum produced and saved, for the purpose of computing royalties, shall be by established and accepted methods and procedures to the satisfaction of the Commissioner.
WHEN ROYALTY PAYABLE <i>(Amendment 1981)</i>	36	The periods of payment of royalties under section 32(b) of the Law shall be one month periods ending the last day of each month. The royalty shall be payable one month after the close of each period of payment; provided that where a Lease is granted or a Licensee starts to produce

petroleum during a period of payment, the royalty for such period shall be payable together with the royalty for the next following period.

WHEN MINIMUM ROYALTY PAYABLE	37	Mimimum royalty under section 32(e) of the Law shall be payable one month after the expiration of the year in respect of which it is due.
LEASEHOLD FEE <i>(Amendments 1966, 1985)</i>	37A	(a) A lessee shall pay an annual leasehold fee of 185.17 NIS ¹ per 1,000 dunams. (b) For the purpose of calculating the fee, a fraction of 1,000 dunams shall be deemed to be 1,000 dunams and a fraction of a year shall be deemed to be a year.

ARTICLE E: PIPELINES

APPLICATION FOR ROUTE APPROVAL	38	An application for approval of the route of a proposed pipeline under section 35 of the Law shall be in duplicate and shall set out the diameter of the proposed line, the proposed maximum daily throughput and the average and maximum daily throughput anticipated during the first year of operation. The application shall be accompanied by a map showing the proposed route of the line and the proposed location of terminals, pump stations and tankage.
SUBMISSION OF PLANS	39	Together with the application under Regulation 38 or at any time thereafter before commencement of construction, the lessee shall submit in duplicate to the Commissioner for his approval the plans of the proposed pipeline showing, by description or graphically or both: (1) the diameter, weight, wall thickness and maximum safe pressure of the pipeline; (2) the maximum pressure proposed to be used; (3) the daily throughput capacity of the line at the maximum pressure proposed; (4) the location, equipment and layout of the proposed pump stations and all other installations, including tankage and housing; (5) any other information the Commissioner may require.

ARTICLE F: ACCOUNTS, RECORDS AND REPORTS

ACCOUNTS AND RECORDS	40		<p>A lessee shall maintain complete accounts and records of his operations under the Lease, including:</p> <ol style="list-style-type: none">(1) records of the quantities of petroleum produced and saved, by categories and types and dates of production;(2) records of the daily quantities of petroleum in field tankage, by categories and types;(3) records of the quantities of petroleum sold and the prices received therefor, by categories and types;(4) samples taken of strata penetrated and samples and analyses of all fluids encountered or produced;(5) drilling, casing, cementing and completion records of all wells and holes drilled, except shot holes, and the results of all well tests;(6) logs of all wells and holes drilled, except shot holes, and all interpretations made of such logs by or for the lessee;(7) all cores taken and all analyses thereof made by or for the lessee;(8) records and plans of all permanent or semipermanent tankage, lines, pump stations, housing and other installations.
QUARTERLY REPORT	41	(a)	<p>(a) Together with his quarterly royalty payment or at the date prescribed therefor in Regulation 36 if no royalty is due, the lessee shall submit to the Commissioner, in duplicate, a report for the preceding period of payment, showing:</p> <ol style="list-style-type: none">(1) the quantities of petroleum produced and saved, by categories and types;

- (2) the royalty due and the manner of payment or delivery;
- (3) the quantities of petroleum in field tankage at the beginning and end of the period of payment, by categories and types;
- (4) the quantities of petroleum sold and the price received therefor, by categories and types, together with the run-tickets or copies thereof;
- (5) the volume of gas returned to or injected into each producing formation;
- (6) the volume of gas injected into and withdrawn from underground storage;
- (7) the quantities of petroleum used as fuel for operating the Lease, by categories and types;
- (8) the volume of gas flared or otherwise disposed of and not included in items (4), (5), (6) and (7) above.
- (9) the shut-in wellhead pressure and the estimated or determined shut-in bottom hole pressure of each well at the end of the period;
- (10) the gas/oil and oil/water ratio of each producing well at the end of the period;
- (11) the quantity of water showing in or being produced from each gas well at the end of the period and the effect of such water on the behavior of the well;
- (12) the results of all well tests made to the extent not previously furnished under Regulation 48;
- (13) a description of all permanent or semipermanent installations made during the period.

The report shall be accompanied by a sample of each category and type of petroleum produced, with an analysis thereof in duplicate and a sample of the water produced from each geological horizon, with an analysis thereof in duplicate.

(b) Where a sample or analysis of a category or type of petroleum or of a particular water has been submitted before the filing of the report, it need not be submitted again, but reference thereto shall be made in the report.

SPECIAL REPORT 42
(Amendment 1966)

(a) The Commissioner may at any time require the lessee to furnish a special report giving all or any of the following data in respect of any producing well:

- (1) shut-in wellhead pressure;
- (2) shut-in bottom hole pressure, estimated or determined;
- (3) current daily production;
- (4) estimated maximum efficient rate of production;
- (5) current gas/oil ratio;
- (6) quantity of water being produced and its effect on the production of petroleum;
- (7) the results of a production test and of a well-bottom pressure behaviour test;
- (8) the basic data on which the report is based.

(b) The report shall be submitted within the time specified by the Commissioner, such time to be sufficient to enable the lessee to obtain the data required and to prepare the report with due diligence.

ARTICLE G: UNITIZATION

APPLICATION FOR UNITIZATION	43	<p>Lessees desiring to unitize their operations under section 38 of the Law shall submit to the Commissioner, in duplicate, a plan setting out:</p> <ol style="list-style-type: none">(1) the area to be unitized and the part of such area belonging to each lessee, together with a description and map in accordance with Regulation 65:(2) the manner in and extent to which the proposed unitization is expected to prevent waste or to increase production or lower production costs;(3) by whom and the manner in which the unitized operations are to be conducted;(4) the extent to which the petroleum produced is to be run into common tankage;(5) the proposed division of the petroleum produced or of the proceeds thereof.
ADDITIONAL DATA	44	<p>The Commissioner may require further data in addition to those required by Regulation 43.</p>
CARRYING OUT OF PLAN	45	<p>A plan for the unitization of operations may be put into effect at any time after the Commissioner's approval has been obtained, subject to the conditions imposed by him.</p>

PART IV - PROVISIONS COMMON TO LICENCEES AND LESSEES

ARTICLE A: DRILLING REPORTS

PRIOR NOTIFICATION <i>(Amendment 1966)</i>	46	<p>The holder of a petroleum right shall, not later than fourteen days before commencing the drilling of any test, development or water well or further drilling and work at an old drill hole, notify the Commissioner in writing of his intention to do so and in the case of a new well shall notify the location of the proposed well by means of a spot map certified by a qualified surveyor, the well drilling plan (including the estimated stratigraphic sections and the water-bearing horizons) and the date on which drilling will begin.</p>
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MONTHLY REPORT	47	After drilling has commenced the holder of the petroleum right shall, within ten days after the end of each month, report to the Commissioner in writing the depth of the well at the end of the month and the geological horizon to which, according to the holder's determination then, the well has penetrated.
COMPLETION REPORT <i>(Amendments 1953 no. 2, 1966)</i>	48	<p>Within fifteen days after the completion of a petroleum well, whether as a producing well or a dry hole, and within fifteen days after the completion of any further work at an old drill hole, the holder of the petroleum right shall submit to the Commissioner a completion report showing</p> <ol style="list-style-type: none"> (1) the depth and the casing and cementing record of the well; (2) copies of all drillers' daily reports, drilling time, sample, electro and other logs kept; (3) the results of all well tests, including wellhead and bottom hole pressures obtained; (4) all core analyses made and all interpretations thereof made by or for the holder; (5) the completion record of the well if it was completed as a producing well; (6) the plugging and abandonment record of the well if it has been abandoned, such record being signed and certified by the person responsible for the plugging. <p>The report shall be accompanied by samples taken of strata penetrated and analyses of such samples and samples of all fluids entering the well with the depths and geological horizons at which they were found and analyses of all such fluids.</p>
FURTHER INTERPRETATION	49	Where the holder of a petroleum right after having made a completion report under Regulation 48 makes or receives further analyses of logs or samples or further interpretations of such analyses, he shall promptly furnish the Commissioner with copies thereof.

DRILL STEM TESTS	50	At any time during the drilling or completion of a well at which the making of a drill stem test is reasonably justified and practicable, the Commissioner may require the holder of a petroleum right to make such a test of any geological horizon and promptly to report the results with samples of all fluids obtained.
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ARTICLE B: SURFACE LEASES AND WATER SUPPLY

REQUEST FOR SURFACE LEASE	51	<p>A request for a surface lease under sections 40 or 41 of the Law shall be submitted to the Minister through the Commissioner; the application shall be in duplicate and shall set out:</p> <ol style="list-style-type: none"> (1) a description and map of the area required, in accordance with Regulation 65; (2) the names and addresses of the surface owners as far as ascertainable; (3) the petroleum purposes for which the land is required; (4) any other information the Commissioner may require.
REQUEST FOR WATER SUPPLY	52	<ol style="list-style-type: none"> (a) The request for a supply of water under section 45(b) of the Law shall be submitted to the Minister through the Commissioner; the request shall be in duplicate and shall set out: <ol style="list-style-type: none"> (1) the daily amount of water required; (2) the petroleum purpose for which the water is required; (3) the location at which the water is required; (4) an estimate of the period for which the supply of water will be needed; (5) any other information the Commissioner may require; (b) The Minister shall inform the person who made the request of the proposed source of the water, the prevailing price thereof, the expenses incidental to the supply and the installation of

supply facilities, the materials requisite thereof and the conditions that will be imposed.

- (c) The water required will be supplied upon the holder of the petroleum right agreeing to the proposed price and conditions and paying the expenses and supplying the materials stipulated.

ARTICLE C: SURRENDER AND ADDITION OF LANDS

SURRENDER OF LANDS 53

- (a) A notice of surrender of all or part of the area of a petroleum right under section 48 of the Law shall be in triplicate; the notice shall give the reference number of the petroleum right concerned and in case of a partial surrender, the area thereof after the surrender, as well as the total area of the Licences or Leases, as the case may be, that the holder of the petroleum right will hold in that petroleum district after such surrender.
- (b) In case of a partial surrender the notice shall be accompanied by a description and map in accordance with Regulation 65, showing the surrendered area and the area resulting after such surrender.

ADDITION OF LANDS 54

The provisions of Regulation 53 regarding partial surrender shall apply, *mutatis mutandis*, to an application for an additional area under section 49 of the Law.

ARTICLE D: CONSERVATION AND SAFETY

GENERAL PROVISION 55

Every operation under the Law shall be conducted with due regard to the safety, health and welfare of the persons engaged in such operations and of others lawfully on or near the premises and in compliance with all laws and regulations applicable thereto.

WASTE PREVENTION 56

Every operation under the Law shall be conducted with due regard to the prevention of waste and the conservation of the natural resources of the State and in accordance with established conservation practice in the Middle East.

PREVENTION OF FLOW AND INTER COMMUNICATION	57	Every reasonable precaution shall be taken in the drilling, completion, operation or abandonment of a well to prevent the uncontrolled flow of fluids from one geological formation or horizon to another, provided that the Commissioner may designate fields or parts thereof in which intercommunication will be permitted between specified formations or horizons.
PLUGGING	58	No well shall be abandoned without being plugged in accordance with the reasonable requirements of the Commissioner.
MARKING OF ABANDONED WELL (<i>Amendment 1966</i>)	58A	Where a well has been abandoned, the holder of the petroleum right shall erect thereon a sign, being a 6-inch vertical steel pipe planted firmly in the ground and projecting at least 1.5 metres above ground level.
MAXIMUM EFFICIENT RATE	59	Save with the express consent of the Commissioner, no petroleum shall be produced from any well at more than its maximum efficient rate of production.
EXCESSIVE GAS/OIL RATIO	60	Where the Commissioner, after consultation with the Authority, holds that petroleum is being produced from a well at a gas/oil ratio excessive under the prevailing circumstances, he may require the reduction of such gas/oil ratio to such reasonable extent and within such reasonable time as he may specify.
PRESSURE MAINTENANCE	61	Where the Commissioner, after consultation with the Authority, holds it necessary and practicable and in accordance with established practice, he may require the institution of pressure maintenance in a field or in specified pools thereof, whether by returning gas or water or both to the producing formation, within such reasonable time as he may specify.
OTHER CONSERVATION MEASURES	62	The Commissioner, after consultation with the Authority, may give notice requiring the holder of a petroleum right to take any other action reasonably necessary for the conservation of the natural resources of the State or to cease any action inimical to such conservation, within such reasonable time as he may specify.

ARTICLE E: OTHER REQUIREMENTS

NOTIFICATION OF DISCOVERY

- 63 (a) Whenever the holder of a petroleum right makes or has reason to believe he has made a discovery, he shall report the fact to the Commissioner by the quickest reasonable available means of communication, whether by telephone, telegraph, messenger or otherwise, stating:
- (1) whether the discovery or supposed discovery is of oil or gas;
 - (2) the evidence for the discovery or the supposed discovery, such as flow of fluid, saturation, oil-cut or gas-cut mud or other evidence;
 - (3) the depth at which and the geological formation in which, according to the holder's determination then, the discovery or supposed discovery has been made.
- (b) The provisions of subregulation (a) shall also apply whenever the holder of a petroleum right, after a discovery has been made on the area of his right, discovers or has reason to believe he has discovered a new pool containing an accumulation of petroleum capable of being produced in commercial quantities in the same fields, but in a geological formation or horizon different and distinct from the one in which the former discovery was made.

SECRECY REQUEST

- 64 Where the holder of a petroleum right is entitled, under sections 22, 23, 37 or 50 of the Law, to demand the non-disclosure of information, he shall, at the time such information is furnished or obtained, specify the information he desires to be kept secret.

LAND DESCRIPTION AND MAPS *(Amendments 1953, no. 1, 1966)*

- 65 (a) The description and map of lands on the grant of a Licence or in an application for a Lease, a surface lease, a unitization of Leases or addition of lands to the area of a petroleum right or in a notice of surrender of part of the area of a petroleum right and the map showing the boundary marks of a Lease, shall be by subdivisions of the Department of Surveys or if the lands have not been surveyed by that Department, by courses and distances tied at one or more points to markers or monuments

established by it. Both description and map shall give the total area to which they relate as well as the area of all non-contiguous parts thereof. The map shall be certified by a qualified surveyor.

- (b) The scale of maps in applications for surface leases shall be no smaller than 1:25,000 and in every other case no smaller than 1:100,000 provided that the Commissioner may require the submission of maps on a larger scale designated by him in any given case.

**DUTY TO
FURNISH ROCK
AND FOSSIL
SAMPLES**

66

The holder of a petroleum right shall furnish the Commissioner with samples of the rocks and fossils collected by him, but where a single sample is not capable of being divided, the holder of the petroleum right may keep it himself in his possession.

**INDEXATION OF
FEES**
(Amendment 1985)

66A

- (a) The fees in these Regulations shall be updated on April 1, July 1, October 1 and January 1 of each year (**hereinafter the update date**) in accordance with the rate the **new index** has risen over the **base index**.

- (b) In this Regulation -

index - the Consumer Price Index published by the Central Bureau of Statistics;

new index - the last **index** published before the **update date**;

base index - the last **index** published before the prior **update date**, and as regards the **update date** of July 1, 1985 the **index** published in March 1985.

PART V - REGISTRATION

**REFERENCE
NUMBER**

67

Every petroleum right granted shall, at the time of its grant, be given an exclusive reference number which shall be noted on all documents then on file; every document relating to that petroleum right field or registered thereafter, including requests for or grants of surface leases, shall bear this reference number.

**PETROLEUM
REGISTER**

68

The following particulars shall be recorded in the petroleum register as to each application for a petroleum right, or grant, extension, modification or expiration of

such right or transfer or charge of such right or of an interest therein or grant of surface lease, as the case may be:

- (1) the application number or the reference number of the petroleum right;
- (2) the date of the application or of the grant, extension, modification or expiration of the petroleum right or of the registration of a transfer or charge;
- (3) the name and address of the applicant or of the grantee, holder of the petroleum right, transferee or person in whose favor the charge is made, with his address for service in Israel, the name and address of his agent in Israel and in the case of a corporation, the place of its incorporation;
- (4) the area applied for, granted, transferred or charged;
- (5) the nature and terms of the extension or other modification of the petroleum right or of its area, the manner of the expiration of the right or a description of the interest transferred or charged.

FEE <i>(Amendment 1985)</i>	69	The fee for registering a transfer or charge of a petroleum right or of an interest therein shall be 18.60 NIS ¹
STATUS MAP	70	The Commissioner shall maintain status maps for each petroleum district, on a scale no smaller than 1:100,000 showing currently all open areas, all areas included in petroleum rights and all areas available for competitive bidding for Leases.
INSPECTION AND COPIES	71	The petroleum register and the status maps shall be open to the public for inspection and for the making of copies thereof or extracts therefrom.

PART VI - CITATION

CITATION

72

These regulations shall be cited as “The Petroleum Regulations, 5713-1953”.

¹ NIS is New Israel Sheqalim. All fees under these Regulations are periodically updated. The fees herein set forth are correct as from April 1, 1987.