

DECREE-LAW No. 27/2019

of August 27

**SECOND AMENDMENT TO DECREE-LAW No. 20/2008, OF 19 JUNE, THAT CREATES
THE NATIONAL AUTHORITY OF PETROLEUM AND MINERALS**

Since the independence of Timor-Leste, oil exploration, research and production activities in the Timor Sea, in an area located beyond the territorial sea to the south, have been conducted under the regime of the Timor Sea Treaty, which envisaged a regime for the shared development of oil resources there with Australia, and the existence of a structure for that purpose, which included not only the Joint Petroleum Development Area (ACDP or JPDA in its English acronym), but also a sharing of regulatory functions by various national and supranational entities created under that regulation. This regulatory structure was, of course, reflected or mentioned in several texts of national law, including in the Decree-Law that created the National Petroleum and Minerals Authority (ANPM) which, in addition to its regulatory functions in relation to the exclusive area of Timor-Leste, also exercised the functions of “appointed authority” representing Australia and Timor-Leste in the ACDP.

The Treaty Between the Democratic Republic of Timor-Leste and Australia Establishing Their Maritime Boundaries in the Timor Sea, signed in New York on 6 March 2018, proceeded to the final delimitation of our maritime border in the Timor Sea with Australia, extinguishing the ACDP and all related supervisory and coordination structures from the date of its entry into force, passing all regulatory and supervisory functions of the maritime areas that pass into the exclusive jurisdiction of Timor-Leste to the national authorities. The ANPM, in turn, sees its role of authority appointed for the purposes of the ACDP eliminated, however, maintaining similar functions for the purposes of the Greater Sunrise Special Regime, approved by Annex B of the Treaty.

It is therefore necessary to change the decree that created the ANPM, in order to reflect this new reality, in addition to adapting, in some points, the legal regime applicable to the activities of supervision and regulation of oil operations in Timor-Leste based on their experience over the past decade. The diploma now approved introduces, among others, the following changes:

- a) Removal of references to the regime of the Timor Sea Treaty and the respective regulatory bodies, as well as to rules applicable under that treaty that are no longer relevant;
- b) Introduction of concepts necessary for the implementation of the new Greater Sunrise Special Regime Area, created and regulated by the Treaty, and the powers granted to ANPM under the same;
- c) Removal of references and historical provisions that are no longer relevant and that may give rise to confusion and interpretive difficulties; and
- d) Reformulation of some rules taking into account the accumulated regulatory experience.

Therefore, the Government decrees, under the terms of point e) of paragraph 1 and paragraph 3 of article 115 of the Constitution of the Republic, to be enforced as law, the following:

Article 1

Object

This Decree-Law approves the second amendment to Decree-Law No. 20/2008, of 19 June, which creates the National Petroleum and Minerals Authority.

Article 2
Amendment to Decree-Law no. 20/2008, of 19 June

Articles 1, 3, 7, 11, 14, 15, 16, 18, 19, 21, 26, 28 and 28 of Decree-Law no. 20/2008, of 19 June, amended by Decree-Law no. 1/2016, of 9 February, are replaced by the following:

«Article 1
Nature

1. The National Petroleum and Minerals Authority (ANPM) is a legal person governed by public law, in the form of a Public Institute, with legal personality, administrative and financial autonomy, budget and its own assets, whose duties are to act as a regulatory institution for sectors and industries of oil and natural gas and its derivatives and mining, in scrupulous compliance with the provisions set out in the Petroleum Activities Law, in the Treaty Between the Democratic Republic of Timor-Leste and Australia Establishing the respective Maritime Boundaries in the Timor Sea, signed in New York on March 6, 2018, hereinafter referred to as the Treaty, in the Greater Sunrise Special Regime provided for in Annex B of the Treaty, in the Oil Mining Code, in the Implementation Law of Annex D of the Treaty, in any existing or future legislation or regulation that disciplines the oil and mineral resources sectors, and in this Decree-Law.
2. [...].
3. In matters related to the Greater Sunrise Special Regime and Annex D to the Treaty, this Decree-Law will be interpreted and applied in a manner consistent with the provisions of the Treaty and the Implementing Laws of Annex D to the Treaty.

Article 3
Powers and Functions

1. [...].
2. [...]:
 - a) Develops studies and research with a view to promoting interest in the prospecting and exploration of any available blocks or concession areas, in the areas of exclusive jurisdiction of Timor-Leste;
 - b) [...];
 - c) [...].
3. [...]:
 - a) [...];
 - b) [...];
 - c) [...].
4. [...].
5. [...]:
 - a) [...];
 - b) [...];
 - c) [...];
 - d) [...];
 - e) [...].
6. [...].
7. ANPM ensures compliance levels with public health standards and environmental legislation and ancillary regulations, in all petroleum and mining operations, and guarantees good environmental practice, by minimizing discharges and emissions, waste management and promoting energy efficiency.
8. [...].
9. In matters exclusively related to the Greater Sunrise Special Regime Area established in the Treaty, ANPM, in its capacity as Designated Authority, is responsible to the Supervisory Board, developing, under its own powers as manager / administrator of the petroleum operations, its regulatory authority.
10. [...]:
 - a) Ensures day-to-day management and general regulation of petroleum activities, in accordance with the provisions of the Greater Sunrise Special Regime or any other instruments approved or ratified under that special regime;

- b) Prepare the ANPM's estimated annual budget, of revenue and expenditure, strictly related to the activities and operations carried out in or because of the Greater Sunrise Special Regime Area for subsequent submission to the Supervisory Board;
- c) Prepare the annual reports for submission to the Supervisory Board;
- d) Requires, in accordance with the mechanisms provided for in the Greater Sunrise Special Regime, assistance to the competent authorities for search and rescue operations, security threats, air traffic services, pollution prevention measures and safety and environmental incidents, or the activation of emergency procedures, in accordance with international law.
- e) Require the assistance of Australian and Timorese authorities, bodies or entities in preventive measures to combat pollution, including the requisition of equipment and assistance or the activation of emergency procedures;
- f) Establish security zones and restricted access zones, consistent with international law, to guarantee the security of navigation and oil operations;
- g) Control the movements of entry, exit and inside the Special Regime Area, of ships, aircraft, structures and other equipment used in the exploration and exploitation of petroleum resources, in accordance with international law;
- h) Authorizes the entry of officials and employees of the members of the Greater Sunrise Contractor, their subcontractors or any other persons, into the Special Regime Area, in accordance with the provisions of the Treaty relating to customs, quarantine (public health) and migration (foreigners and borders);
- i) Issue technical regulations, directives or instructions addressed to the Greater Sunrise Contractor, in accordance with the provisions of the Greater Sunrise Special Regime, in all matters related to the supervision and control of petroleum activities, including public health, work, safety of people and goods, environmental protection and assessment, and standards of good practice, in accordance with the provisions of the Oil Mining Code applicable to the Special Regime Area;
- j) Exercises other powers and functions that are identified in annex B to the Treaty and complementary regulations.

11. [...].

12. [...].

Article 7

Board of Directors

1. [...].

2. The Board of Directors consolidates in the global budget of ANPM, after finalizing, the budget dedicated to the activities developed within the scope and because of the Special Regime Area.

3. Without prejudice to the provisions of the preceding paragraph, the delay in completing the said international subcomponent of the consolidated budget does not prejudice the internal national process for approving the global budget of ANPM without the Special Regime Area component.

4. The budget lines referred to in the preceding paragraph, as soon as they are regularly finalized, are brought into consolidation in the overall budget of ANPM.

5. [...].

6. [...].

7. [...].

8. [...].

9. [...].

10. [...].

Article 11

Powers of the President of ANPM / President of the Board of Directors

[...]:

- a) [...];
- b) Repealed;
- c) [...];
- d) [...];
- e) [...];
- f) [...].

Article 14
Powers of the Single Auditor

- 1. [...].
- 2. Exclusively, within the scope and for the purposes of the Greater Sunrise Special Regime, the functions of the Single Fiscal body do not affect the external contracting of other audits.

Article 15
Binding regime

- 1. [...].
- 2. [...].
- 3. [...].
- 4. Repealed.
- 5. [...].
- 6. Repealed.

Article 16
Assets

- 1. [...].
- 2. Both parties to the Treaty will have access to the technical and data collection related to the Special Regime Area.

Article 18
Expense

- 1. [...].
- 2. The revenue resulting from all fees paid by the Greater Sunrise Contractor, with respect to the Special Regime Area, is used in accordance with the budget dedicated to the activities and operations of the Special Regime Area.

Article 19
Ownership of rights

- 1. [...].
- 2. The rights of exploration, development and production of oil and natural gas, in the Special Regime Area, are subject to sharing in the form and in accordance with the provisions of the Treaty and in that Special Regime and are managed and administered by ANPM, in accordance with the provisions of the Treaty and the Greater Sunrise Special Regime.

Article 21
Production Sharing Contracts

ANPM enters into production sharing contracts related to oil, natural gas research, development and production activities, in the areas of exclusive jurisdiction of Timor-Leste, in accordance with the provisions of the Petroleum Activities Law and the Decree-Laws for Implementation of Annex D of the Treaty and other subsidiary regulations, and in the Greater Sunrise Special Regime Area, in accordance with the provisions of that special regime and the Petroleum Mining Code.

Article 26
Transfer of powers

- 1. The powers and functions of a regulatory nature, as well as all rights and obligations assumed as a public contractor, relating to the oil and natural gas and its derivatives and mining industries, which by law or contract, directly or in representation, are attributed to the Ministry responsible for the petroleum and mineral resources sectors, are the property of ANPM, including but not limited to the provisions of articles 9 to 14 of Law No. 13/2005, of 2 September (Law of Petroleum Activities), except for the provisions of

points b) and c) of paragraph 1 of article 13, in articles 18 to 21, 22-A, with the exception of paragraph 4, 22-B, 23 and 24, in paragraph 2 of article 25, in articles 26 to 32, except in paragraph 1 of article 31, in articles 38, 42 and 43 of the aforementioned Law and, subject to the guidelines issued by the member of Government responsible for the mineral resources sector, the powers and attributions provided for in points b), c), d), h) and j) of no. 1 of article 28 of the Decree-Law No. 6/2015, of 11 March and the power to approve all licenses or authorizations provided for in Ministerial Diploma No. 64/2016, of 16 November.

2. Repealed.
3. [...].
4. Repealed.
5. [...].

Article 28

Application of the Regulations related to the Special Regime Area

1. After approval by the Supervisory Board and publication on the ANPM website, the international regulations affecting activities carried out in the Special Regime Area are automatically applicable, without the need for translation or transposition.
2. The Petroleum Mining Code remains in force in the Special Regime Area until its replacement as provided for in the Treaty, being the responsibility of ANPM, in its capacity as Designated Authority, during the execution of any activities in that area or related activities, and shall act in accordance with this regulation.
3. [...]. ”

Article 3

Republication

Decree-Law No. 20/2008, of June 19, with the changes introduced by Decree-Law No. 1/2016, of February 9, and by this Decree-Law, is republished in its current wording in the Annex to this legal diploma.

Article 4

Implementation

This diploma enters into force on the day of entry into force of the Treaty Between the Democratic Republic of Timor-Leste and Australia Establishing the respective Maritime Boundaries in the Timor Sea, signed in New York on March 6, 2018.

Approved by the Council of Ministers on July 9, 2019.

The Prime Minister,

Taur Matan Ruak

The acting Minister of Petroleum and Minerals

Fidélis Manuel Leite Magalhães

Enacted on August 23, 2019

Be it published.

The President of the Republic,

Dr. Francisco Guterres Lú Olo

ANNEX

Republication of Decree-Law no. 20/2008, of 19 June, under the terms of article 3 of Decree-Law no. 27/2019, of 27 August

DECREE-LAW No. 20/2008

of 19 June 2008

NATIONAL AUTHORITY OF PETROLEUM AND MINERALS

DECREE-LAW No. 20/2008,

of 19 JUNE

NATIONAL PETROLEUM AUTHORITY

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

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

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

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

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

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

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

CHAPTER I GENERAL PROVISIONS

Article 1

Nature

1. The National Petroleum and Minerals Authority (ANPM) is a legal person governed by public law, in the form of a Public Institute, with legal personality, administrative and financial autonomy, budget and its own assets, whose duties are to act as a regulatory institution for sectors and industries

of oil and natural gas and its derivatives and mining, in scrupulous compliance with the provisions set out in the Petroleum Activities Law, in the Treaty Between the Democratic Republic of Timor-Leste and Australia Establishing the respective Maritime Boundaries in the Timor Sea, signed in New York on March 6, 2018, hereinafter referred to as the Treaty, in the Greater Sunrise Special Regime provided for in Annex B of the Treaty, in the Oil Mining Code, in the Implementation Law of Annex D of the Treaty, in any existing or future legislation or regulation that disciplines the oil and mineral resources sectors, and in this Decree-Law.

2. The regulatory powers of the ANPM are restricted to the regulated sector and to setting technical and operational standards and administrative requirements or to regulating noncompliance with such standards and requirements, in accordance with enacted legislation.
3. In matters related to the Greater Sunrise Special Regime and Annex D to the Treaty, this Decree-Law will be interpreted and applied in a manner consistent with the provisions of the Treaty and the Implementing Laws of Annex D to the Treaty.

Article 2

Supervision and Control

1. Without prejudice to its administrative and financial autonomy, the ANPM shall operate under the supervision of the member of the Government responsible for oil-related matters, and the following shall be submitted for his/her approval:
 - a) The annual activities plan and budget;
 - b) The activities report and the budgetary implementation report.
2. The member of the Government under whose supervision ANPM operates may request at any time that the institution be subject to external audits.

CHAPTER II

POWERS AND FUNCTIONS

Article 3

Powers and Functions

1. The ANPM shall be responsible for the regulation, contracting, supervision and control of the economic activities related to petroleum and of the petroleum operations in the upstream sector, in line with the policies defined by the Government for the sector, in particular:
2. Non-financial management functions:
 - a) Develops studies and research with a view to promoting interest in the prospecting and exploration of any available blocks or concession areas, in the areas of exclusive jurisdiction of Timor-Leste;
 - b) to prepare calls for tender, manage tenders and award petroleum contracts as well as supervise the technical and economic performance of operators in the areas under exclusive jurisdiction of Timor-Leste while observing principles of transparency, fair competition, quality and economic value (cost-based), without prejudice to the inclusion of weighting and correcting criteria that will take into account the competitive limitations of national production factors;
 - c) to access, consolidate and disseminate on an annual basis all the information pertaining to national petroleum reserves whose submission will be mandatory on operators; and to disseminate such information, including providing access to non-confidential data to the general public.
3. Financial management functions:

- a) to ensure that procedures and methods for the measurement/quantification of oil production are rigorous for the purposes of determining the royalties that are due for contracts awarded, and the share in the profits to be paid to the State, as well as the tax to be imposed;
 - b) to receive royalties and the share in the profits that is due to the State, as provided for in Shared Exploitation Contracts or in any other petroleum contracts;
 - c) to monitor and approve the costs recovery plans provided for in Shared Exploitation Contracts or in any other petroleum contracts.
4. In the downstream sector, ANPM shall promote the efficient and optimal use of installed capacity in petroleum infrastructures such as pipelines, terminals, transport and communications infrastructures, encouraging the shared use of equipment and giving access to and enabling the use of existing access capacity. The ANPM shall also ensure national energy security and monitor and regulate all petroleum activities so as to guarantee satisfactory supply and quality levels of petroleum products to consumers.
5. It shall also be incumbent upon ANPM:
- a) to identify and establish the limits of areas required for the exploitation, development and production of petroleum, and to coordinate the necessary administrative procedures for the expropriation of such areas in the area under exclusive jurisdiction of TimorLeste, pursuant to the law;
 - b) to ensure that the best practices regarding conservation and the rational and sustained use of petroleum and its derivatives are adopted, in accordance with the legal requirements for the protection and preservation of the environment that are in force;
 - c) to stimulate research, introduction and use/application of new technologies in all petroleum operations;
 - d) to compile, organise and manage the technical data relating to the petroleum sector/industry.
6. In all modalities of petroleum activities, the ANPM shall determine and implement regulations and administrative decisions requiring specified levels of national contribution to the petroleum sector, as well as maximal use by the petroleum industry of the national installed capacity in goods and services.
7. ANPM ensures compliance levels with public health standards and environmental legislation and ancillary regulations, in all petroleum and mining operations, and guarantees good environmental practice, by minimizing discharges and emissions, waste management and promoting energy efficiency.
8. In matters relating exclusively to the Joint Petroleum Development Area (JPDA) established by the Timor Sea Treaty, the ANPM, as Designated Authority, shall be answerable to the Joint Commission and shall exercise the regulatory powers that were conferred upon it as manager/administrator of petroleum operations.
9. In matters exclusively related to the Greater Sunrise Special Regime Area established in the Treaty, ANPM, in its capacity as Designated Authority, is responsible to the Supervisory Board, developing, under its own powers as manager / administrator of the petroleum operations, its regulatory authority.
10. For the purposes of the Treaty, ANPM in its capacity as Designated Authority:
- a) Ensures day-to-day management and general regulation of petroleum activities, in accordance with the provisions of the Greater Sunrise Special Regime or any other instruments approved or ratified under that special regime;

- b) Prepare the ANPM's estimated annual budget, of revenue and expenditure, strictly related to the activities and operations carried out in or because of the Greater Sunrise Special Regime Area for subsequent submission to the Supervisory Board;
- c) Prepare the annual reports for submission to the Supervisory Board;
- d) Requires, in accordance with the mechanisms provided for in the Greater Sunrise Special Regime, assistance to the competent authorities for search and rescue operations, security threats, air traffic services, pollution prevention measures and safety and environmental incidents, or the activation of emergency procedures, in accordance with international law.
- e) Require the assistance of Australian and Timorese authorities, bodies or entities in preventive measures to combat pollution, including the requisition of equipment and assistance or the activation of emergency procedures;
- f) Establish security zones and restricted access zones, consistent with international law, to guarantee the security of navigation and oil operations;
- g) Control the movements of entry, exit and inside the Special Regime Area, of ships, aircraft, structures and other equipment used in the exploration and exploitation of petroleum resources, in accordance with international law;
- h) Authorizes the entry of officials and employees of the members of the Greater Sunrise Contractor, their subcontractors or any other persons, into the Special Regime Area, in accordance with the provisions of the Treaty relating to customs, quarantine (public health) and migration (foreigners and borders);
- i) Issue technical regulations, directives or instructions addressed to the Greater Sunrise Contractor, in accordance with the provisions of the Greater Sunrise Special Regime, in all matters related to the supervision and control of petroleum activities, including public health, work, safety of people and goods, environmental protection and assessment, and standards of good practice, in accordance with the provisions of the Oil Mining Code applicable to the Special Regime Area;
- j) Exercises other powers and functions that are identified in annex B to the Treaty and complementary regulations.

Article 4

Powers and Prerogatives of the Administrative Authority (*jus imperi*)

1. The ANPM shall be vested and exercise State powers and prerogatives in order to comply with its regulatory and supervisory functions, which are limited to:
 - a) the supervision of facilities, equipment and documents of entities operating in the petroleum, natural gas and derivatives industry/regulated sector;
 - b) the collection of the tariffs (public prices) and services charges due as a consequence of its regulatory and supervisory activity;
 - c) within the limits of the Constitution and general law, and exclusively in what concerns the regulated sector, the coercive enforcement of its administrative decisions by requesting the intervention of other administrative or police authorities if necessary;
 - d) the imposition of administrative sanctions to operators, or the direct execution of penalties provided for in contracts whenever a breach of normative or contractual obligations occurs including, but not restricted to, immediate termination of all exploitation-related activities or, with regards to the exploration and exploitation equipment, their sealing for a fixed period.
2. The ANPM shall issue, in the exercise of its regulatory powers, regulations which establish the

administrative procedures and obligations to be complied with by entities in the petroleum and natural gas industry and its derivatives, operating in the regulated sector.

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

Article 5

Arbitration and Resolution of Disputes

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

CHAPTER III

STRUCTURE OF THE ANPM

Article 6

Organs

1. The ANPM shall have the following organs:
 - a) Board of Directors;
 - b) President of the ANPM (Chairperson of the Board of Directors);
 - c) Single Auditor.

Article 7

Board of Directors

1. The Board of Directors is the collective organ in the organisation responsible for defining the general direction of the organisation in accordance with sector-related policies issued by the Government of Timor-Leste; approving technical regulations and directives; approving the ANPM's consolidated work plan and budget.
2. The Board of Directors consolidates in the global budget of ANPM, after finalizing, the budget dedicated to the activities developed within the scope and because of the Special Regime Area.
3. Without prejudice to the provisions of the preceding paragraph, the delay in completing the said international subcomponent of the consolidated budget does not prejudice the internal national process for approving the global budget of ANPM without the Special Regime Area component.
4. The budget lines referred to in the preceding paragraph, as soon as they are regularly finalized, are brought into consolidation in the overall budget of ANPM.
5. The Board of Directors shall be comprised of its Chairperson (the President of the ANPM) and four other directors.
6. The President of the ANPM and two other directors will sit on this Board following their designation by the Government and the other two will be ex officio members of the Board because of positions held as ANPM's executive directors responsible for the upstream and downstream divisions.
7. The Government-designated members shall be nominated and appointed by the member of the Government in charge of petroleum resources for a renewable 4-year term of office, upon approval of their designation by the Council of Ministers.
8. The two ex officio members of the board will shall be appointed for a renewable 3-year term. However, should the duration of their employment contract as executive directors for the upstream

and downstream divisions/departments be less than 3 years, they shall have their term of office set according with the duration of their employment contract.

9. The members of the Board of Directors shall not have any financial interests or holdings in undertakings in the regulated sector while they are in office and for the period of 1 (one) year after they cease to be board members.
10. Any board member might be dismissed under the following circumstances:
 - a) adjudication of judicial decision;
 - b) in the case of Government appointees, on the grounds of serious failure to fulfil their functional duties, gross negligence or a negative evaluation of his/her performance by the appointing body ;
 - c) in the case of executive directors for the upstream and downstream divisions/departments, on the grounds of non-renewal or forced termination of contract (dismissal).

Article 8

Powers and Functions of the Board of Directors

1. The Board of Directors shall:
 - a) define the mission and general orientation and direction of the ANPM, within the limits of the public nature of the institution;
 - b) approve strategic and business plans and ensure compliance therewith;
 - c) approve the internal regulations of the ANPM and any other external regulations necessary for the Authority's supervisory and regulatory activity notwithstanding number 9, paragraph i) of article 3;
 - d) approve for submission to the member of the Government supervising the ANPM its annual work plan and budget, pursuant to number 2, paragraph a) of article 2;
 - e) commission an annual external audit of the institution, or pursuant to number 2 of article 2.

Article 9

Proceedings of the Board of Directors

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

Article 10

President of the ANPM/Chairperson of the Board of Directors

1. The President of the ANPM is the executive organ of the ANPM in charge of day-today management and administration of the organisation.
2. The President of ANPM shall be the chairperson of the Board of Directors ex officio.
3. The President of the ANPM will be assisted by executive directors to help him/her in carrying out his/her duties.
4. The President of the ANPM shall establish a Management Committee which will consist of all executive directors.
5. The position of President of the ANPM is entrusted by the Government, who appoints him/her. The President's contractual obligations are then regulated under a contract of mandate. In his/her capacity

as a public manager, the President of the ANPM, can have his/her mandate revoked by the Government at any time.

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

Article 11

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

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

- a) represent the ANPM in court or other legal proceedings;
- b) Repealed;
- c) after competitive procurement of positions of Director, appoint the executive Directors of the ANPM, notwithstanding the transitional one-year provisions under article 31 of this Decree-Law;
- d) head and supervise the day-to-day operations of the ANPM, including the approval of any instructions;
- e) chair all meetings of the Board of Directors and Management Committee and ensure proper implementation of all deliberations and decisions;
- f) coordinate the activities of the Board and the Executive Directors, including allocation of responsibilities to its members, and ensure hierarchical compliance with decisions taken;

Article 12

Single Auditor

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

Article 13

Appointment and Term of Office

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

Article 14

Functions of the Single Auditor

1. The Single Auditor shall:
 - a) as the organ responsible for financial control, audit the economic, financial and patrimonial management of the ANPM;
 - b) periodically inspect the books and accounting records of the ANPM;
 - c) issue recommendations prior to the acquisition and disposal of immovable assets;
 - d) produce a technical opinion on ANPM's budget and a report on budgetary execution including technical recommendations to be submitted to the Board of Directors;
 - e) issue recommendations on internal procedures for control;
 - f) inform the member of the Government supervising ANPM and the Minister of Finance about any irregularities detected in the course of his/her activities.
2. Exclusively, within the scope and for the purposes of the Greater Sunrise Special Regime, the functions of the Single Fiscal body do not affect the external contracting of other audits.

CHAPTER IV

CONDITIONS OF EMPLOYMENT, ASSETS AND FINANCE

Article 15

Employment of Staff

1. The ANPM's staff, other than statutory appointed Board members and auditor, are subjected to competitive procurement in their recruitment process in accordance with the principles of transparency, fair competition and best practices in the sector.
2. Without prejudice of the provisions in paragraph 15.1 above, the contractual conditions shall be agreed by the parties within the limits of the labour law and the administrative and financial autonomy of the ANPM, notwithstanding the transitional one-year provisions under article 31 of this Decree-Law.
3. Contracts of employment shall be primarily governed and interpreted by the rules of the contract and complemented by the Timor-Leste labour law.
4. Repealed.
5. Without prejudice to the provisions in paragraph 15.3 above, the ANPM shall not be the TSDA's successor as employer.
6. Repealed .

Article 16

Assets

1. The official and initial patrimony of the ANPM shall comprise the property and assets and all of the technical data of the preceding authority (TSDA), as well as other transfers by State institutions and agencies, particularly the Secretariat of State for Natural Resources, once the transfer procedure has been duly completed.
2. Both parties to the Treaty will have access to the technical and data collection related to the Special Regime Area.

Article 17

Revenues

The following are ANPM's own revenue:

- a) the sums in respect to the service charges payable for the provision of services within the scope of its powers and functions;
- b) the sums with regard to authorisations, certificates, approvals and other licences granted in the exercise of ANPM's powers;
- c) the proceeds of fines imposed for breaches of the laws, regulations, technical requirements applicable to the regulated sector or contractual obligations;
- d) budgetary allocations by the Government;
- e) grants, inheritances or legacies;
- f) income and proceeds from its own assets, the disposal thereof or from the establishment of rights over such assets;
- g) any other income arising from its activity, or which belongs to it by law, internal regulation or contract.

Article 18
Expenditures

1. The ANPM's expenditures shall be all expenditure which the Board of Directors internally approves as necessary for the performance of its functions and the exercise of its powers, the operation of its services, and the management of its assets.
2. The revenue resulting from all fees paid by the Greater Sunrise Contractor, with respect to the Special Regime Area, is used in accordance with the budget dedicated to the activities and operations of the Special Regime Area.

CHAPTER V
EXPLOITATION AND PRODUCTION OF PETROLEUM,
NATURAL GAS AND THEIR DERIVATIVES

Article 19
Legal Entitlement to Rights

1. Timor-Leste's petroleum and natural gas exploitation, development and production rights in the areas under exclusive jurisdiction of Timor-Leste shall be administered by the ANPM.
2. The rights of exploration, development and production of oil and natural gas, in the Special Regime Area, are subject to sharing in the form and in accordance with the provisions of the Treaty and in that Special Regime and are managed and administered by ANPM, in accordance with the provisions of the Treaty and the Greater Sunrise Special Regime.

Article 20
Nature of the Technical Assets

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

Article 21
Petroleum Contracts/Agreements

ANPM enters into production sharing contracts related to oil, natural gas research, development and production activities, in the areas of exclusive jurisdiction of Timor-Leste, in accordance with the provisions of the Petroleum Activities Law and the Decree-Laws for Implementation of Annex D of the Treaty and other subsidiary regulations, and in the Greater Sunrise Special Regime Area, in accordance with the provisions of that special regime and the Petroleum Mining Code.

CHAPTER VI
REFINING OF PETROLEUM AND PROCESSING OF NATURAL GAS

Article 22
Submission of Bids

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

3. The provisions of the preceding number having been complied with, the ANPM shall grant an authorisation.
4. Authorisations may be transferred to third parties with prior express approval of the ANPM, provided that the new holder of the authorisation complies with the requirements given.

CHAPTER VII TRANSPORT OF PETROLEUM, NATURAL GAS AND THEIR DERIVATIVES

Article 23 Transport Authorisations

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

Article 24 Use of Pipelines

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

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

Article 25 Granting of Authorisations

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

CHAPTER IX FINAL PROVISIONS

Article 26 Transfer of Powers and Functions

1. The powers and functions of a regulatory nature, as well as all rights and obligations assumed as a public contractor, relating to the oil and natural gas and its derivatives and mining industries, which

by law or contract, directly or in representation, are attributed to the Ministry responsible for the petroleum and mineral resources sectors, are the property of ANPM, including but not limited to the provisions of articles 9 to 14 of Law No. 13/2005, of 2 September (Law of Petroleum Activities), except for the provisions of points b) and c) of paragraph 1 of article 13, in articles 18 to 21, 22-A, with the exception of paragraph 4, 22-B, 23 and 24, in paragraph 2 of article 25, in articles 26 to 32, except in paragraph 1 of article 31, in articles 38, 42 and 43 of the aforementioned Law and, subject to the guidelines issued by the member of Government responsible for the mineral resources sector, the powers and attributions provided for in points b), c), d), h) and j) of no. 1 of article 28 of the Decree-Law No. 6/2015, of 11 March and the power to approve all licenses or authorizations provided for in Ministerial Diploma No. 64/2016, of 16 November.

2. Repealed.
3. The assets and technical data of the TSDA shall become the assets and technical data of the ANPM as from and including July 1, 2008
4. Repealed.
5. Without prejudice to the powers and mandate of the Petroleum and Geology Institute, IP [Public Institute], created by Decree-Law No. 33/2012, of 18 July, the assets and technical experience of the Ministry of Petroleum and Mineral Resources relating to mineral resources and mining activities become assets and technical experience of ANPM.

Article 27

Legislative Changes

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

Article 28

Transposition of JPDA Regulations and Official Gazette

1. After approval by the Supervisory Board and publication on the ANPM website, the international regulations affecting activities carried out in the Special Regime Area are automatically applicable, without the need for translation or transposition.
2. The Petroleum Mining Code remains in force in the Special Regime Area until its replacement as provided for in the Treaty, being the responsibility of ANPM, in its capacity as Designated Authority, during the execution of any activities in that area or related activities, and shall act in accordance with this regulation.
3. All external regulations issued by the National Petroleum Authority (ANPM) within the scope of its regulatory powers under the present Decree-Law shall be published in the official gazette.

Article 29

Transition of Regimes

Undertakings which are lawfully engaged in any of the activities described in articles 23 and 25 of this Decree-Law, shall register anew with the newly established institution, the ANPM, within 120 days after its entry into force.

Article 30

Preservation of Acquired Rights

The provisions of this Decree-Law shall not affect third party rights that were acquired prior to its entry into force pursuant to contracts entered into with the preceding Designated Authority (TSDA) in

accordance with the laws in force, and shall not annul the acts of the member of Government supervising petroleum- related matters.

Article 31

ANPM's Staffing Table

1. The initial staff of the ANPM for a transitional period of 1 year shall consist of former TSDA staff under new or revised contractual conditions upon the cessation of this organisation, and other staff from the Secretariat of State for Natural Resources seconded by the Secretary of State under the public service mobility regime after careful consideration of their technical and professional skills for the new jobs.
2. Except for the aforementioned initial 1-year period which will be required for the internal implementation of the necessary administrative regulations, competitive recruitment procedures will be used at all times when employing staff to work in the ANPM. In particular, such procedures shall abide by the principles of transparency, fair competition, non-discrimination, quality and economic value (cost-based).

Article 32

Entry into force

This Decree-Law shall come into force on the day following its publication in the Official Gazette, without prejudice to the provisions referred to in article 26, paragraph 2, 3 and 4 of this Decree-Law which will come into effect as from July, 1.

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

The Prime Minister,

Kay Rala Xanana Gusmão

The Minister of Finance,

Emilia Pires

Enacted on 19 June 2008,

Be it published.

The President of the Democratic Republic of Timor-Leste,

Jose Ramos Horta