

## Mozambique: New Regulation for the Licensing of Petroleum Infrastructures and Operations

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On September 18, 2020, the Council of Ministers of Mozambique published the new Regulation for the Licensing of Infrastructure and Petroleum Operations in Mozambique by means of Decree No. 84/2020 ("RLIPO"). Effective as of the date of its publication, RLIPPO replaces the previous regulation on the subject, Ministerial Diploma No. 272/2009. While not significantly different from the previous regulation, RLIPPO brings some improvements to the licensing of petroleum infrastructures.

### Overview

The RLIPPO updates the licensing rules for the construction, installation, modification, replacement and demobilization of petroleum facilities, including storage and transportation facilities. The RLIPPO does not cover the licensing or inspection of facilities for lifting and transportation of crude oil and other raw materials for the production of their byproducts.

The RLIPPO applies to concessionaires, operators, their contractors and subcontractors and other legal entities involved in petroleum operations. Natural persons are not expressly covered by the RLIPPO although they had been covered by Ministerial Diploma No. 272/2009.

The National Petroleum Institute ("INP") continues to be the government entity responsible for the issue and suspension of licenses as well as the registration of petroleum facilities and the management of their records. The INP's attributions under the RLIPPO were reinstated and clarified. From a comparative law perspective, the decision to concentrate these attributions in a single government entity is common, as is the case in Brazil, with the National Agency of Petroleum and Biofuels ("ANP"); in San Tome and Principe, with the National Agency of Petroleum ("ANP-STP"); and in Angola, with the newly created Angolan National Oil, Gas and Biofuels Agency ("ANPG").

### Licenses and Authorizations

Under the RLIPPO, facilities and operations are in either of two groups, depending on whether it is necessary for them to obtain a license or an authorization from the INP:

- (i) Activities subject to the licensing procedure: the construction, installation, modification, operation and demobilization of any facility employed in petroleum operations; as well as development wells; drilling, production and storage vessels; and the transportation facilities.

Of the licenses provided under the RLIPPO, the main types for companies operating in the petroleum sector in Mozambique:

- (a) Installation License. Required to construct, renovate, modify, replace, maintain and expand petroleum facilities, including wells.
- (b) Operation License. Required to operate or start the operation of a petroleum facility. To obtain this license the facility must undergo a prior inspection by INP, and INP must obtain a favorable opinion from the relevant government entities, which may include, among others, health, environment, labor, sea, interior waters and fishing, public works, transport and firefighting entities, as applicable.
- (c) Transportation License. Required to transport petroleum products within the national territory by sea, river, road and rail.
- (d) Decommissioning License. Required to start the decommissioning, removal or reuse of facilities and restoration of sites affected by the execution of petroleum activities.

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- (e) Construction and Operation of Storage Facility License. Required to construct and operate storage infrastructures.
- (ii) Activities subject to the authorization procedure: installation of petroleum facilities during the exploration phase; installation and operation of petroleum facilities in permanent activity for less than 180 days; the replacement of parts of a facility; and the transportation of petroleum by sea, river, road and rail.

In addition to the authorization procedure mentioned above, the installation of petroleum facilities during the exploration phase or in permanent activity for less than 180 days is also subject to a registration procedure before the INP.

The licensing and authorization procedures require the payment of a fee up to MZN 4.8 million (USD 68,000). The collected amounts will be divided between the Government's Budget consistency with the licensing procedures of its Lusophone peer countries of Brazil, Angola and Sao Tome and Principe. The most relevant changes are (i) the reinforcement of the powers and duties of INP; (ii) the improvement and clarification to some of the definitions, such as petroleum infrastructures and petroleum operations; and (iii) more certainty around the fees to be paid. The RLPO is consistent with other legislative developments by the Government of Mozambique since 2014, which aim to improve its petroleum industry legislation.