DRAFTING NOTE

PETROLEUM ACT 2026

1. Status and purpose of this note

This drafting note is explanatory and is not part of the proposed Assembly Act. It identifies the legislative need, the relationship with earlier Eritrean law, the principal matters retained, the modernization choices made and the place of the draft within the emerging constitutional statute book. The instrument remains a consultation draft and should be finalized only after legal, institutional, fiscal and public review.

2. Legislative need and prior law

The draft replaces Proclamation 40/1993, its corrigendum and related petroleum notices with a transparent and environmentally accountable framework.

3. What the draft retains

It retains State stewardship, exploration and production agreements, licensing, fiscal terms, safety, information and decommissioning obligations.

4. What the draft updates and modernizes

It adds competitive award, beneficial ownership and contract publication, community and coastal consultation, environmental and climate safeguards, local content consistent with law, revenue transparency, anti-corruption controls, decommissioning security and independent review.

5. Constitutional, code and treaty fit

The draft is framed under the Constitution of Eritrea 1997 and must be read with the Civil Code, Penal Code, Civil Procedure Code and Criminal Procedure Code of Eritrea 2015 where those Codes govern. It is also coordinated with the other institutional, financial, commercial, land, labour, administrative and sectoral drafts in this collection. References to international or regional standards guide compatibility and implementation; they do not bypass the Treaty-Making Act or convert an unincorporated instrument into domestic law.

6. Scope and organization

The principal divisions address preliminary provisions; institutions and separation of functions; areas, licensing rounds and petroleum agreements; exploration period; development and production; offshore, maritime and emergency safety; environment, land and communities; workers, procurement and national capacity; measurement, fiscal obligations and revenue transparency; transfers, security and changes; and the concluding enforcement, transitional and final provisions.

7. Transition, implementation and consultation

The draft preserves lawful accrued rights, completed transactions, pending proceedings and institutional continuity where appropriate, while preventing temporary savings from preserving unconstitutional coercion or indefinite executive discretion. Before enactment or issuance, authentic predecessor instruments and amendments should be verified, cross-references and fiscal capacity confirmed, implementing regulations and digital systems prepared, and affected institutions, professions, communities and the public given a practical opportunity to comment.

CONSULTATION DRAFT — NOT ENACTED LAW

ACT NO. ___/2026

PETROLEUM ACT 2026

(ACT)

AN ACT TO GOVERN PETROLEUM RESOURCES AND OPERATIONS, ESTABLISH TRANSPARENT PETROLEUM LICENSING AND REGULATION, PROTECT PUBLIC REVENUE, COMMUNITIES AND THE ENVIRONMENT, AND PROVIDE FOR RELATED MATTERS.

PREAMBLE

WHEREAS petroleum resources are held by the State in trust for the people of Eritrea and must be governed under the Constitution for national development, social justice and the benefit of future generations;
WHEREAS Petroleum Operations Proclamation 40/1993 and its regulations established useful rules for petroleum agreements, operations, measurement, unitization, environmental protection and abandonment that should be modernized for constitutional and transparent government;
WHEREAS petroleum operations, particularly in the Red Sea, involve exceptional financial, environmental, maritime, safety and public-revenue risks requiring competent independent regulation and complete public accountability;
WHEREAS policy, licensing, technical regulation, revenue collection and State commercial participation should be separated so that no institution regulates its own commercial interest;
NOW, THEREFORE, the National Assembly of Eritrea enacts as follows:

CHAPTER I
PRELIMINARY PROVISIONS

Article 1 — Short title

This Act may be cited as the Petroleum Act 2026.

Article 2 — Objects

1. secure responsible exploration and development of petroleum for the people of Eritrea;
2. establish competitive, transparent and technically competent petroleum administration;
3. protect public revenue, maritime interests, communities, workers and the environment;
4. promote efficient recovery, gas utilization, skills and local enterprise; and
5. ensure funded decommissioning and long-term accountability.

Article 3 — Application

1. This Act applies to petroleum in, on or under Eritrean land, internal waters, territorial sea and other maritime zones over which Eritrea lawfully exercises sovereign rights.
2. It applies to upstream exploration, appraisal, development, production, gathering and decommissioning.
3. Refining, downstream distribution, electricity generation and ordinary transport are governed by their sector laws except where directly integrated with an upstream project.

Article 4 — Definitions

1. “contract area” means the geographic area subject to a petroleum agreement;
2. “contractor” means a person holding an interest under a petroleum agreement;
3. “decommissioning” includes plugging, abandonment, removal, remediation and post-closure monitoring;
4. “discovery” means petroleum encountered and reliably evaluated by a well;
5. “natural gas” means gaseous hydrocarbons and associated substances at standard conditions;
6. “operator” means the person approved to conduct operations for the contractor group;
7. “petroleum” includes crude oil, natural gas, condensate and associated hydrocarbons, but excludes coal and oil shale governed by mining law;
8. “petroleum agreement” means an agreement authorized under this Act granting defined upstream rights; and
9. “regulator” means the independent Petroleum Regulatory Authority established under this Act.

Article 5 — Ownership

1. Petroleum in its natural state is vested in the State in trust for the people of Eritrea.
2. Title to produced petroleum arises only under this Act and the applicable published petroleum agreement after measurement and satisfaction of State entitlements.

Article 6 — Relationship with other laws

1. The Constitution prevails, and this Act shall be interpreted consistently with treaties lawfully binding upon Eritrea.
2. The Civil and Commercial Codes govern contract, companies, security, insolvency and civil remedies except where this Act provides a specific rule.
3. Maritime, environment, land, labour, tax, customs, foreign-exchange, competition, public-finance, data and criminal laws remain applicable within their fields.

Article 7 — No petroleum right by implication

No investment certificate, land right, company registration, memorandum, official assurance or maritime authorization confers a petroleum right unless granted under this Act.

CHAPTER II
INSTITUTIONS AND SEPARATION OF FUNCTIONS

Article 8 — Ministerial functions

1. The Minister responsible for energy shall propose policy, present legislation, coordinate national planning and represent the public interest within powers conferred by law.
2. The Minister shall not direct an individual technical inspection, measurement, safety finding or enforcement decision of the regulator.

Article 9 — Petroleum Regulatory Authority

1. An independent Petroleum Regulatory Authority is established to administer licensing, technical approvals, safety, resource conservation, measurement, data, compliance and decommissioning.
2. The Authority is accountable to law and the National Assembly and shall not conduct petroleum operations or own a commercial interest.

Article 10 — Governance of the Authority

1. The Authority shall be governed by a merit-selected board with expertise in petroleum engineering, geology, economics, law, environment, maritime safety and public administration.
2. Members shall disclose interests, avoid industry and political conflicts, serve protected terms and be removable only for stated lawful cause.

Article 11 — National petroleum company

1. A national petroleum company may be established only by an Act stating its commercial mandate, ownership, governance, borrowing, audit and transparency duties.
2. It shall compete or participate on disclosed terms, pay taxes and royalties, publish accounts and receive no regulatory power or secret sovereign guarantee.

Article 12 — Revenue administration

1. The revenue authority shall assess and collect petroleum taxes, and the responsible treasury institution shall account for all public receipts.
2. The regulator shall verify production and contractual calculations but shall not negotiate or retain public revenue outside public-finance law.

Article 13 — Petroleum registry

1. The Authority shall maintain public registers of areas, rounds, applications, agreements, contractors, operators, beneficial owners, transfers, securities, production and material decisions.

2. The register shall be electronic, physically accessible and protected by an auditable immutable history.

Article 14 — Geological data repository

1. The Authority shall preserve petroleum samples, logs, seismic information, interpretations and operational records in a national repository.
2. Data shall become public after a limited confidentiality period, subject to narrowly protected technology, security and personal information.

CHAPTER III
AREAS, LICENSING ROUNDS AND PETROLEUM AGREEMENTS

Article 15 — Designation of areas

1. The Minister may propose petroleum blocks after maritime, environmental, security, fisheries, land and local-government consultation.
2. Blocks, exclusions and coordinates shall be published using the official geodetic system before invitation.

Article 16 — Competitive award

1. An exclusive petroleum agreement shall ordinarily be awarded through an open competitive licensing round.
2. Direct negotiation is permitted only for a failed round, urgent data-gathering need or demonstrably unique proposal and requires independent assessment, reasons and publication.

Article 17 — Prequalification

1. A bidder shall demonstrate beneficial ownership, integrity, technical experience, financial capacity, safety and environmental record and absence of disqualifying misconduct.
2. Criteria shall be published and proportionate to the block and phase.

Article 18 — Bid criteria

1. Evaluation shall use disclosed criteria including work programme, technical capability, fiscal bid variables authorized by law, safety, environment, gas utilization, skills and public value.
2. No unpublished political undertaking, signature payment or side promise may affect award.

Article 19 — Award decision

1. The Authority shall publish the successful bidder, evaluation summary, beneficial owners and reasons.

2. An unsuccessful bidder may obtain debriefing and seek independent review for legality and procedural fairness.

Article 20 — Model petroleum agreement

1. The National Assembly or an authority expressly delegated by it shall approve a model production-sharing, concession or service agreement consistent with this Act.
2. A departure affecting public revenue, State liability, stabilization, dispute resolution, ownership or decommissioning requires specific authority and publication.

Article 21 — Mandatory agreement terms

1. An agreement shall state area, term, work, relinquishment, recovery and sharing, royalty, tax reference, measurement, domestic supply, data, safety, environment, local capacity, transfer, default, decommissioning and dispute rules.
2. It shall identify every State obligation and shall not create power absent from the Constitution or an Act.

Article 22 — Signature and effectiveness

1. A petroleum agreement shall be signed only by officials authorized under this Act and verified by the Advocate General for authority and form.
2. It becomes effective only after required approvals, publication and provision of guarantees.

Article 23 — Publication

1. Every petroleum agreement, annex governing material rights and subsequent amendment shall be published promptly.
2. Only time-limited proprietary technical information may be redacted; fiscal, ownership, public liability, environmental and decommissioning terms shall not be secret.

Article 24 — No unauthorized stabilization

1. An agreement may not freeze the Constitution or prevent application of non-discriminatory health, safety, labour, environment, competition, anti-corruption, criminal or human-rights law.
2. A narrowly defined fiscal-equilibrium mechanism for a major long-term project requires statutory authority, disclosure and independent fiscal assessment.

CHAPTER IV
EXPLORATION PERIOD

Article 25 — Exploration rights

1. An exclusive agreement authorizes geological, geophysical and drilling operations for petroleum within the contract area under approved plans.

2. It does not authorize commercial production, unrestricted land or marine exclusion, or activities outside the agreement.

Article 26 — Term and phases

1. The exploration period shall not exceed eight years divided into an initial phase and not more than two renewal phases.
2. A longer period for deepwater, frontier or technically exceptional work requires reasons and approval within limits prescribed by law.

Article 27 — Work programme

1. Each phase shall specify seismic, studies, wells, expenditure and dates based on credible technical planning.
2. Failure to perform triggers proportionate security recovery, area relinquishment or termination unless lawfully excused.

Article 28 — Relinquishment

1. The contractor shall progressively relinquish prescribed portions at the end of each exploration phase.
2. Relinquished areas shall be technically coherent and accompanied by complete data, well security and environmental restoration.

Article 29 — Annual programme and budget

1. The operator shall submit an annual programme, budget, procurement plan, workforce plan and safety and environmental updates for approval.
2. Approval does not transfer cost responsibility to the State or automatically make expenditure recoverable.

Article 30 — Well authorization

1. No well may be drilled, materially altered, suspended or abandoned without technical authorization except immediate action necessary for safety.
2. The application shall address design, integrity, blowout prevention, emergency response, waste, marine or land impacts and financial capacity.

Article 31 — Discovery notice and appraisal

1. A discovery shall be reported immediately and followed by an appraisal programme sufficient to determine extent, recoverability and commercial potential.
2. Public announcement shall be accurate, not misleading and consistent with securities and market law.

Article 32 — Natural-gas discovery

1. A gas discovery may receive a reasonable additional evaluation period where market, infrastructure and aggregation require it.
2. The contractor shall assess domestic, regional, electricity, industrial and export uses and shall not indefinitely warehouse the discovery.

CHAPTER V
DEVELOPMENT AND PRODUCTION

Article 33 — Commerciality declaration

1. A contractor seeking development shall submit a resource evaluation, feasibility study, market plan, financing evidence and commerciality declaration.
2. The Authority shall independently assess recoverable reserves, economics, costs and public implications.

Article 34 — Development plan

1. A development plan shall cover wells, reservoirs, facilities, processing, transport, metering, gas, infrastructure, safety, environment, local capacity, schedule, cost and decommissioning.
2. Approval requires environmental authorization, credible finance, resource conservation and consistency with the agreement.

Article 35 — Production period

1. The production period shall not exceed twenty-five years from first commercial production.
2. Renewal for not more than ten years may be granted where remaining reserves, compliance, updated fiscal and decommissioning arrangements and public interest justify it.

Article 36 — Good petroleum practice

1. Operations shall follow internationally recognized good petroleum practice adapted to Eritrean law and conditions.
2. The operator shall use efficient recovery, prevent avoidable loss, maintain integrity and update plans as knowledge improves.

Article 37 — Reservoir management

1. The contractor shall maintain dynamic reservoir models, surveillance, reserves estimates and recovery plans subject to independent technical review.
2. The Authority may require proportionate measures to prevent waste or damage but shall state technical reasons.

Article 38 — Unitization

1. Where a reservoir extends across contract areas, holders shall negotiate fair unit development and operation.
2. If they fail, the Authority may determine a unit plan after expert process, hearing and reasons, subject to court review.

Article 39 — Cross-border deposit

1. A deposit extending beyond Eritrea's jurisdiction may be developed only under an international arrangement made through constitutional treaty procedure.
2. No contractor may negotiate or concede Eritrea's maritime boundary or sovereign rights.

Article 40 — Shared infrastructure

1. Pipelines, processing, storage, terminals and other facilities shall be shared on fair, transparent and nondiscriminatory terms where capacity and safety permit.
2. The Authority may determine access terms after hearing while protecting genuine investment and expansion needs.

Article 41 — Domestic supply

1. An agreement may require a proportionate share of production for domestic need on transparent market-based terms stated in law or agreement.
2. Emergency allocation shall be time-limited, nondiscriminatory and fairly compensated and shall not become confiscation.

Article 42 — Gas utilization

1. The development plan shall maximize safe commercial or beneficial use of associated and non-associated gas.
2. Reinjection, domestic energy, industrial use, regional trade and economically justified processing shall be assessed before disposal.

Article 43 — Flaring and venting

1. Routine flaring and venting are prohibited after a transition specified in the development plan.
2. Emergency or safety flaring shall be minimized, measured, reported and investigated; other flaring requires time-limited approval and charges prescribed by law.

CHAPTER VI
OFFSHORE, MARITIME AND EMERGENCY SAFETY

Article 44 — Application of maritime law

1. Offshore operations shall comply with the Maritime Code, navigation, port, pollution, fisheries, protected-area and maritime-security law.
2. A petroleum agreement does not create sovereignty, a port right or authority over navigation beyond a lawful safety zone.

Article 45 — Offshore installations

1. Design, construction, verification, operation and removal of an offshore installation require independent assurance appropriate to major-accident risk.
2. The operator shall maintain structural, well, process, marine, evacuation and lifesaving integrity throughout life.

Article 46 — Safety case

1. A high-hazard facility shall not operate without an accepted safety case demonstrating systematic control of major accident hazards.
2. Acceptance does not relieve the operator of responsibility and shall be periodically reviewed.

Article 47 — Emergency response

1. The operator shall maintain tested plans, trained personnel, equipment, mutual assistance and communication for blowout, fire, spill, collision, evacuation and rescue.
2. Plans shall coordinate with national, port, maritime, health, defence and neighbouring response arrangements under law.

Article 48 — Oil-spill preparedness

1. The operator shall demonstrate access to realistic containment, recovery, shoreline, wildlife, waste and compensation capacity before operations.
2. Response cost, restoration and lawful compensation remain the polluter's responsibility.

Article 49 — Safety zones and navigation

1. A safety zone shall be no larger or longer than necessary and shall be charted and notified to mariners.
2. Fisheries and navigation restrictions shall be coordinated, publicized and compensated where a lawful right is materially taken.

Article 50 — Incident reporting and investigation

1. Death, serious injury, loss of well control, spill, fire, major equipment failure and dangerous occurrence shall be reported immediately.
2. The Authority may conduct or commission an independent investigation whose safety findings shall be public without determining criminal guilt.

CHAPTER VII
ENVIRONMENT, LAND AND COMMUNITIES

Article 51 — Environmental assessment

1. Seismic surveys, drilling, development, pipelines, terminals and decommissioning require assessment proportionate to risk under environmental law.
2. Assessment shall consider cumulative, transboundary, climate, marine, fisheries, water, biodiversity, community and major-accident impacts.

Article 52 — Environmental management

1. The operator shall implement approved prevention, monitoring, waste, chemical, biodiversity, restoration and incident plans.
2. Material monitoring information, discharges, spills and enforcement shall be publicly available.

Article 53 — Polluter responsibility

1. The contractor and operator are jointly responsible as prescribed for prevention, containment, cleanup, restoration and compensation caused by operations.
2. Liability may not be avoided through a thinly capitalized operator, subcontracting or transfer after damage.

Article 54 — Land access

1. A petroleum right does not itself confer ownership or occupation of land.
2. Access, lease, compulsory acquisition, compensation and resettlement are governed by the Constitution and land law through due process.

Article 55 — Community participation

1. Affected communities shall receive understandable information and meaningful consultation before material approval and throughout operations.
2. The process shall include coastal, fishing, pastoral, women, youth and other livelihood interests whether or not recorded by formal title.

Article 56 — Community agreement

1. A major onshore or nearshore project shall establish a transparent community-development and impact-management agreement where material local effects justify it.
2. The agreement shall not replace government services, legal compensation or environmental duties.

Article 57 — Grievances and remedies

1. The operator shall maintain an accessible, independent and non-retaliatory grievance mechanism with recorded outcomes.
2. Use is voluntary and does not waive access to the regulator, court or another lawful remedy.

CHAPTER VIII
WORKERS, PROCUREMENT AND NATIONAL CAPACITY

Article 58 — Labour standards

1. Workers are entitled to lawful wages, safe work, rest, association, social protection and nondiscrimination.
2. Forced labour, compulsory underpaid national-service labour, child labour and passport retention are prohibited.

Article 59 — Competence and safety participation

1. Safety-critical work shall be performed by competent persons under verified systems.
2. Workers and representatives may report hazards, participate in safety arrangements and stop work presenting imminent serious danger without retaliation.

Article 60 — Eritrean skills plan

1. The contractor shall implement realistic training, scholarship, apprenticeship, leadership and succession plans for Eritrean citizens.
2. Targets shall reflect available skills, safety and project phase and shall be publicly reported.

Article 61 — Local procurement

1. Goods and services shall be procured competitively with fair opportunity for capable Eritrean suppliers.
2. A published supplier-development plan shall avoid political preference, related-party abuse and unsafe substitution.

Article 62 — Subcontractors

1. The operator remains responsible for subcontractor compliance affecting safety, environment, labour, reporting and integrity.
2. Material contracts and beneficial ownership shall be disclosed to regulators and audited under law.

CHAPTER IX
MEASUREMENT, FISCAL OBLIGATIONS AND REVENUE TRANSPARENCY

Article 63 — Measurement

1. All production, use, loss, flare, injection, storage and delivery shall be measured by approved, calibrated and auditable systems.
2. The Authority and revenue authority shall have timely access to meters, samples, records and independent verification.

Article 64 — Valuation

1. Petroleum shall be valued under published arm's-length rules considering quality, location, timing and comparable markets.
2. Affiliated sales, marketing fees and transportation charges are subject to transfer-pricing review.

Article 65 — Royalty and production share

1. Royalty rates, valuation and State production entitlements shall be established by an Act and the published agreement within statutory parameters.
2. No Minister may secretly reduce, defer or waive an entitlement.

Article 66 — Cost recovery

1. Recoverable petroleum costs must be necessary, reasonable, documented, within approved programmes and permitted categories.
2. Interest, affiliate charges, headquarters allocations, penalties, corruption costs and unrelated expenditure are recoverable only if law expressly permits.

Article 67 — Tax and customs

1. Income tax, withholding, customs and other fiscal obligations are governed by tax and customs Acts.
2. An agreement shall not privately amend tax law or bind the National Assembly's future taxing power without constitutional authority.

Article 68 — Foreign exchange

1. Petroleum receipts and transfers are governed by National Bank law through transparent market-consistent arrangements, anti-money-laundering controls and verified fiscal payment.
2. No unpublished surrender requirement or artificial exchange rate may confiscate private value.

Article 69 — Payment transparency

1. Government and contractors shall publish project-level royalties, taxes, production shares, bonuses, fees, dividends, infrastructure contributions and other material payments and receipts.
2. Differences shall be independently reconciled and explained.

Article 70 — Petroleum revenue management

1. All State petroleum revenue shall enter accounts authorized by the National Assembly and be budgeted, invested, withdrawn and audited under public-finance law.
2. No ministry, security body, company or special fund may retain off-budget petroleum revenue.

Article 71 — Beneficial ownership and anti-corruption

1. Contractors, operators and material subcontractors shall disclose natural beneficial owners and politically exposed interests.
2. A right or benefit obtained by corruption or material fraud may be cancelled or recovered through due process without protecting participating officials.

CHAPTER X
TRANSFERS, SECURITY AND CHANGES

Article 72 — Transfer and change of control

1. An interest or controlling ownership may be transferred only with prior approval based on qualification, integrity, fiscal compliance and continuity of obligations.
2. The decision shall be timely and shall not demand an unauthorized payment or renegotiation.

Article 73 — Security interest

1. A contractor may grant a security interest in its agreement interest with approval and registration.
2. Enforcement is subject to assignee qualification, State entitlements, safety, environment and decommissioning obligations.

Article 74 — Operator change

1. Appointment or replacement of an operator requires proof of technical, financial, safety and environmental competence.
2. Contractors remain responsible for obligations notwithstanding operator delegation.

Article 75 — Assignment to the State

1. Property required for continuing operations or decommissioning may transfer to the State only under published agreement terms and after technical and liability assessment.
2. The State shall not be forced to accept unsafe, obsolete or underfunded facilities merely because a contract ends.

CHAPTER XI
DECOMMISSIONING

Article 76 — Decommissioning plan

1. An initial plan and cost estimate shall accompany development approval and be updated at least every three years and upon material change.
2. It shall cover wells, facilities, pipelines, waste, seabed or land restoration, monitoring, reuse and worker and community transition.

Article 77 — Decommissioning fund

1. The contractor shall fund a secure, segregated and auditable decommissioning account from production according to independently verified liability.
2. Funding shall not be deferred until late field life or made dependent solely on future production.

Article 78 — Financial security

1. Where the fund is insufficient, the Authority shall require a parent guarantee, letter of credit, bond or other bankruptcy-remote security.
2. Security shall remain effective through transfer, insolvency, early termination and abandonment.

Article 79 — Execution and residual liability

1. Decommissioning shall follow approved work, verification, consultation, waste and restoration standards.
2. Release requires independent certification, but fraud, concealed defect and specified long-term monitoring liability survive.

Article 80 — Default

1. If a responsible party fails, the Authority may use the fund and security to perform necessary work and recover additional cost.
2. Use of public funds does not discharge contractor liability.

CHAPTER XII
COMPLIANCE, DISPUTES AND ACCOUNTABILITY

Article 81 — Inspection and access

1. Authorized inspectors may enter operational sites, examine systems and records, sample, test and observe operations at reasonable times.
2. Coercive entry into a dwelling, seizure or intrusive access requires judicial authority except during immediate danger.

Article 82 — Compliance and urgent orders

1. A compliance notice shall state facts, law, required action, period and review rights.
2. An urgent stop or safety order may issue for imminent serious danger but shall be narrow and reviewed after an expedited hearing within fourteen days.

Article 83 — Termination

1. A petroleum agreement may be terminated for material work default, nonpayment, corruption, fraudulent reporting, unauthorized transfer, serious harm or repeated grave breach.
2. Termination is a last resort after notice, cure opportunity and hearing except for temporary emergency protection.

Article 84 — Administrative penalties and criminal referral

1. Administrative penalties require statutory contraventions and maximums and shall reflect harm, gain, intention, history and correction.
2. Suspected corruption, theft, falsification, illegal discharge or other offence shall be referred under the Penal Code with full procedural guarantees.

Article 85 — Appeal and judicial review

1. A contractor or materially affected person may appeal a final regulatory decision to the competent tribunal or court.
2. The court may grant interim relief, require the record, receive expert evidence and provide an effective lawful remedy.

Article 86 — Arbitration

1. Arbitration requires clear lawful written consent in an agreement or treaty; this Act alone is not standing consent to investor-State arbitration.
2. Proceedings concerning public petroleum resources, State liability or regulation shall be transparent subject to narrow lawful confidentiality.

Article 87 — Annual sector report and audit

1. The Authority shall publish agreements, ownership, operations, discoveries, reserves, production, flaring, spills, payments, costs, inspections, sanctions and decommissioning funds.
2. The Auditor General may audit licensing, revenue, State participation, cost recovery, data, agreements and decommissioning security.

CHAPTER XIII
TRANSITION AND FINAL PROVISIONS

Article 88 — Legacy inventory

1. Within twelve months, the Authority shall publish an inventory of agreements, areas, contractors, beneficial owners, data, payments, guarantees, facilities and liabilities under prior law.
2. Omission shall be investigated and shall not validate an undisclosed claim or extinguish a genuinely lawful right without due process.

Article 89 — Existing agreements

1. A lawful existing petroleum agreement continues temporarily and shall be reviewed and conformed to mandatory safety, environment, transparency, labour and decommissioning rules.
2. Continuity does not validate corruption, unconstitutional authority, secret fiscal privilege, forced labour or unfunded abandonment.

Article 90 — Institutional transition

1. Regulatory functions, records, personnel and assets shall transfer to the Authority under a published plan and individual merit and integrity review.
2. State commercial interests shall be separated from regulatory custody and accounted for transparently.

Article 91 — Repeal

1. Petroleum Operations Proclamation 40/1993 and its general amendments are repealed upon full commencement.

2. Existing regulations continue temporarily only to the extent listed publicly and consistent with this Act until replaced.

Article 92 — Regulations

1. The authority designated by law may make regulations on licensing rounds, operations, wells, measurement, safety, offshore facilities, reporting, flaring, data, unitization, decommissioning and transition.
2. Regulations shall follow public and technical consultation, remain within delegated power and be published before enforcement.

Article 93 — Periodic review

1. The National Assembly shall review this Act five years after commencement and thereafter at intervals not exceeding five years.
2. The review shall assess resource knowledge, public revenue, safety, environment, gas use, local capacity, transparency, investment and institutional independence.

Article 94 — Commencement

1. Chapters I, II and XIII commence upon publication in the Gazette.
2. The remaining Chapters commence six months after publication to permit establishment of the Authority, model agreement and transition systems.

Made at Asmara, this ___ day of __________ 2026.

THE NATIONAL ASSEMBLY OF ERITREA