

Open Contracting for Oil, Gas and Mining Rights

Transparency in the allocation and management of oil, gas and mining rights can improve industry engagement, competition and civic trust. These recommendations and good practice examples show how governments are making a difference.



THINK ABOUT THE BIG PICTURE

To those who lack an understanding of the wider legal and regulatory processes and players who oversee the granting of resource rights, information can appear jumbled and confusing.

1

Use joined-up information to explain the contracting system in full.

Bring together information often from multiple sources to explain the range of rules, processes and players and how they relate to each other.



Examples: CommonGround website, New South Wales (Australia); Rondas Mexico website, CNH Mexico.

2

Reconcile information needs of companies and citizens.

Consult widely to avoid a situation where information disclosure is overwhelmingly designed for one stakeholder group.



Example: Regulatory Excellence Initiative, Alberta Energy Regulator. (Canada)

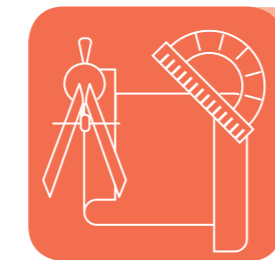
3

Communicate who the decision-makers are.

Disclose the identity of decision-makers responsible at each stage of the contracting process.



Examples: Public Zone website, Oil and Gas Commission, British Columbia (Canada); Rondas Mexico website, CNH Mexico.



PLANNING

Shortcomings in planning can undermine the whole contracting chain and can result in huge losses later on.

4

Disclose information about the geographical areas to be opened up to extractive industry contracting and why.

Disclose information about the process for deciding whether to open new areas to extractive activity as well as clarity on the boundaries of those areas.



Example: Norway.

5

Reconcile sub-surface and surface rights and the needs of their users.

Allow all stakeholders to identify and reconcile overlaps existing between their sub-surface and surface rights and needs.



Example: CommonGround website, New South Wales.

6

Publicly explain the choice between different allocation methods and how they apply in different situations.

Where multiple types of allocation processes can be used, clarify which allocation approach applies in a given area.



Example: Petroleum and Minerals website, New Zealand.

7

ALLOCATION & AWARD

Allocation processes may range from highly visible competitive bid rounds to routine non-competitive rolling applications. Some basic transparency requirements apply in all cases.

Communicate early that allocation is happening.

Ensure that communications are early, clear, and target local stakeholders, not just the international business media.



Example: CNH Mexico.

8

Publish the rules of the game.

Publish overall rules for the process including timelines, application requirements and the criteria used to assess companies.



Examples: Minerals Permits website, New Zealand; Ronda Colombia 2014 website, ANH Colombia; Norwegian Petroleum Information Portal.

9

Disclose who stands to benefit.

Publish the names of all companies applying for rights along with information about their beneficial owners. This should be used to screen applicants for conflicts of interest and corruption risks.



Examples: Sierra Leone; Lebanon

10

Disclose regulator engagement with prospective companies.

Disclose regulator engagement with prospective companies as well as all queries and clarifications.



Examples: Ronda Colombia website 2014, ANH Colombia; Rondas Mexico website, CNH Mexico.

11

Conduct and disclose consultative processes with communities.

Disclose information about consultative processes with communities relating to the award of rights.



Examples: Northern Territory, Australia; Philippines; Peru; Chile.

12

Disclose allocation outcomes.

Disclose key details about the awards, ideally alongside information justifying why and how certain decisions were made.



Examples: Zambia; CNH Mexico; Alberta Energy Regulator.

13

THE CONTRACT

Transparency of contracts, licenses or permits is key because these documents set out the terms and conditions linked to the right to explore or exploit natural resources.

Disclose contracts.

For each project, disclose the full text of the main agreement, as well as annexes and amendments, and connect this with other related agreements, permits, approvals and studies.



Examples: Ronda Mexico website, CNH Mexico; Philippines; Sierra Leone; DR Congo; Guinea; Mongolia.



IMPLEMENTATION

Disclosure of implementation information disaggregated at the level of individual extractive projects is required for scrutiny of government and company compliance with the rules.

14

Disclose investment, production and reserves.

Regularly disclose updated information regarding reserves, investment, exploration and production on a project-by-project basis.



Example: Norwegian Petroleum Directorate's "Factpages".

15

Disclose revenues and benefits.

Produce project-level disclosures in line with EITI requirements, ideally mainstreamed into government systems rather than standalone reporting, and with payment and benefit flows broken down to level of greatest relevance to citizens.



Example: GoSL Online Repository, Sierra Leone.

16

Track and disclose contract compliance.

Publish project level data on commercial, social and environmental outcomes against project level rules to track compliance.



Examples: Alberta Energy Regulator; CNH, Mexico