



CEYLON PETROLEUM CORPORATION
(AMENDMENT) LAW, No. 2 OF 1976

OF

THE NATIONAL STATE ASSEMBLY

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Ceylon Petroleum Corporation (Amendment)
Law, No. 2 of 1976

L. D.—O. 2/76.

A LAW TO AMEND THE CEYLON PETROLEUM CORPORATION ACT, No. 28 OF 1961.

BE it enacted by the National State Assembly of the Republic of Sri Lanka as follows:—

1. This Law may be cited as the Ceylon Petroleum Corporation (Amendment) Law, No. 2 of 1976.

Short title.

2. Section 6 of the Ceylon Petroleum Corporation Act, hereinafter referred to as the "principal enactment", is hereby amended as follows:—

Amendment of section 6 of the Ceylon Petroleum Corporation Act, No. 28 of 1961.

(1) by the relettering of paragraphs (i), (j), (k), (l) and (m) of that section as paragraphs (m), (n), (o), (p) and (q) respectively; and

(2) by the insertion, immediately after paragraph (h) thereof, of the following new paragraphs:—

" (i) with the approval of the Government, to promote any subsidiary organization in Sri Lanka or abroad which may in the opinion of the Board directly or indirectly promote the interests, or be conducive to the attainment of the objects, of the Corporation;

(j) to purchase, charter, build or otherwise acquire, mortgage, sell, exchange and let out on hire or charter or otherwise deal with or dispose of, any tanker, bunker or vessel;

(k) to contribute such sums of money as may be determined by the Board with the approval of the Minister given with the concurrence of the Minister in charge of the subject of Finance and the Minister in charge of the subject of Planning, to recognized institutions for the purpose of promoting technological, scientific and industrial research;

(l) to give any guarantee, security or indemnity to, and to enter into any agreements with, any bank, Government department, local authority, or

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any other person in order to obtain any rights, concessions, or privileges that may seem to the Board to be conducive for the purposes of the Corporation;”.

Amendment of section 8 of the principal enactment.

3. Section 8 of the principal enactment is hereby amended by the repeal of subsection (1) of that section, and the substitution therefor of the following new subsection:—

“(1) The Corporation shall have a Board of Directors consisting of seven members appointed by the Minister, one of whom shall be so appointed in consultation with the Minister in charge of the subject of Finance.”.

Replacement of section 17 of the principal enactment

4. Section 17 of the principal enactment is hereby repealed and the following new section substituted therefor:—

“Chairman of the Board of Directors and Managing Director.

17. (1) The Minister shall appoint a Chairman of the Board of Directors from among the Directors and may at any time appoint one of the Directors as the Managing Director of the Corporation. The Chairman of the Board of Directors shall be eligible for appointment as the Managing Director.

(2) The Managing Director of the Corporation shall be eligible for appointment as the Chairman of the Board of Directors.

(3) The terms and conditions of the appointment of the Managing Director of the Corporation shall be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

(4) The Managing Director's term of office, his remuneration, his resignation or removal from or vacation of office, and his eligibility for reappointment on vacation of office shall notwithstanding anything in subsection (6) of section 8 be in accordance with the terms and conditions of his appointment.”.

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5. Section 18 of the principal enactment is hereby repealed.

Repeal of section 18 of the principal enactment.

6. Section 22 of the principal enactment is hereby amended by the repeal of subsection (3) of that section, and the substitution therefor of the following new subsection:—

Amendment of section 22 of the principal enactment.

“(3) The seal of the Corporation shall not be affixed to any instrument or document except in the presence of two Directors both of whom shall sign the instrument or document in token of their presence.”

7. Section 34 of the principal enactment is hereby amended by the repeal of subsection (1) of that section, and the substitution therefor of the following new subsection:—

Amendment of section 34 of the principal enactment.

“(1) Any officer of the Corporation authorized by the Minister may, by notice (hereafter in this Act referred to as a “notice of claim”) published in the *Gazette*, declare that any movable or immovable property, other than money, which had been or is being or is or was intended to be used for—

- (a) the importation, exportation, storage, sale, supply or distribution of petroleum; or
- (b) oil exploration or siting of new distribution outlets of petroleum; or
- (c) the carrying on of such other business as may be incidental or conducive to the purposes referred to in paragraph (a) or paragraph (b).

is required for the purposes of the Corporation. Such property is hereafter in this Act referred to as “notified property”.

8. The following new section is hereby inserted immediately after section 34, and shall have effect as section 34A, of the principal enactment:—

Insertion of new section 34A in the principal enactment.

“* Petroleum found under the surface of the earth to vest in the Corporation.

34A. Where any petroleum is found under the surface of the earth on any property in Sri Lanka, such petroleum shall, notwithstanding any right of ownership or otherwise which any person

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may have to the soil under which such petroleum is found or situated, vest in the Corporation.”.

Amendment
of section 36
of the
principal
enactment.

9. Section 36 of the principal enactment is hereby amended by the repeal of subsection (4) of that section, and the substitution therefor of the following new subsection:—

‘ (4) Where any property is requisitioned by a requisitioning Order, the Minister may, by Order (hereafter in this Act referred to as “derequisitioning Order”) published in the *Gazette*, derequisition with effect from such date as shall be specified in the derequisitioning Order, such property or such part of the property as shall be specified therein.’.

Amendment
of section 37
in the
principal
enactment.

10. Section 37 of the principal enactment is hereby amended by the repeal of subsection (1) and (2) of that section and the substitution therefor of the following new subsection:—

“ (1) Notwithstanding that any movable or immovable property has vested in the Corporation by virtue of a vesting Order, the Minister may at any time before an award as to compensation is made in respect of that property under section 65, by subsequent Order published in the *Gazette* (hereafter in this section referred to as a “divesting Order”) revoke that vesting order in respect of that property or such part of that property as shall be specified in that divesting Order.

(2) The following provisions shall apply in any case where a vesting Order in respect of any movable or immovable property is revoked by a divesting Order:—

(a) that property or the specified part of that property, as the case may be, shall be deemed never to have vested in the Corporation by virtue of that vesting Order, and shall cease to be notified property, and any question which may arise as to any right, title or interest, in or over that property or the specified part of that property, as the case may be, shall be determined accordingly;

- (b) that property or the specified part of that property, as the case may be, shall be deemed to have been and to be property which was requisitioned by a requisitioning Order with effect from the date on which that vesting Order took effect and was derequisitioned by a derequisitioning Order with effect from the date of the revocation of that vesting Order;
- (c) all claims made under this Act to the compensation payable in respect of that property and all proceedings taken under this Act in regard to such claims before that vesting Order was revoked shall be deemed to be null and void, and fresh claims to compensation in respect of that property or the specified part of that property may be made under this Act and fresh proceedings in regard to such fresh claims may be taken under this Act:

Provided that nothing in the preceding provisions of this subsection shall be deemed to revive any arrangement, agreement (formal or informal), lease or notarially executed instrument entered into in respect of that property by any foreign-owned petroleum company and subsisting on the date on which that property was vested.

11. The following new section is hereby inserted immediately after section 37, and shall have effect as section 37A, of the principal enactment:—

Insertion of
new
section 37A
in the
principal
enactment.

" Copies of
Gazettes
containing
vesting
Orders and
divesting
Orders to be
transmitted
to the
Registrar
of Lands
who shall
duly register
them.

37A. Where a vesting Order under section 35 or a divesting Order under section 37 in respect of any land or part thereof is published in the *Gazette*, the Corporation shall cause a copy of such *Gazette*, to be transmitted to the Registrar of Lands of the district in which the land or part thereof is situated, and such Registrar shall duly register such copy under the Registration of Documents Ordinance as an instrument affecting land."

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Insertion of
new
section 38A
in the
principal
enactment.

12. The following new section is hereby inserted immediately after section 38, and shall have effect as section 38A, of the principal enactment:—

“ Provisions
of sections 38
and 39 to
apply *mutatis
mutandis*
to taking
possession
of property
belonging
to the
Corporation
on termination
of agreement
of hire or
lease.

38A. (1) The provisions of sections 38 and 39 shall, *mutatis mutandis*, apply to the taking of possession of any property belonging to the Corporation on the termination of any agreement under which such property was let or leased for the purpose of being used as a distribution outlet of petroleum.

(2) Where an agreement under which any property belonging to the Corporation was let or leased for the purpose of being used as a distribution outlet of petroleum is terminated, the person in occupation of such property shall remove or cause to be removed from such property any fixture or movable property belonging to him and hand over vacant possession of such property to the authorized officer on or before the date specified in the notice given under section 38.

(3) Any person who fails to comply with the requirements of subsection (2) shall be guilty of an offence and shall, on conviction after trial before a Magistrate, be liable to imprisonment of either description for a term not exceeding six months or to a fine not exceeding one thousand rupees, and in the case of a continuing offence to an additional fine not exceeding fifty rupees for each day during which such offence is continued after conviction thereof.”

13. Section 67 of the principal enactment is hereby repealed.

14. Section 69 of the principal enactment is hereby amended in subsection (1) of that section, by the insertion, immediately after paragraph (bb) thereof, of the following new paragraph:—

“ (bbb) sells, alienates or disposes of any equipment of the Corporation without the prior authority of the Corporation, or causes wilful

Repeal of
section 67
in the
principal
enactment.

Amendment
of section 69
in the
principal
enactment.

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damage to or defaces any such equipment or contaminates any petroleum product, or sells or is concerned in the sale of any petroleum product, having reason to believe that it is contaminated, shall be guilty of an offence under this Act.”.

15. The following new section is hereby inserted immediately after section 70, and shall have effect as section 70A, of the principal enactment :—

Insertion
of new
section 70A
in the
principal
enactment.

“ Corporation
exempted
from the
provisions
of the
Prescription
Ordinance.

70A. (1) The claims of the Corporation against any person whomsoever, for the recovery of any sum of money, which is due to the Corporation shall not be held to be barred, limited or prejudiced by any provision of the Prescription Ordinance.

(2) The provisions of subsection (1) of this section shall—

(a) be deemed for all purposes to have come into operation on May 29, 1961;

(b) not apply to any sum of money which shall be or become due to the Corporation on or after the date of commencement of this Act, and

(c) have effect notwithstanding anything to the contrary in any other written law.”.

16. Section 78 of the principal enactment is hereby amended by the substitution, for the definition of “petroleum”, of the following new definition:—

Amendment of
section 78
in the
principal
enactment.

“petroleum” means petroleum and includes any product, or by-product, which may be derived, purchased, prepared, developed, compounded, made, or manufactured, from hydro-carbons or hydro-carbon compounds, and any inorganic and natural or synthetic organic compound or mixture which has been

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used or is being used or is intended to be used as agricultural chemicals of whatever description for the purpose of destroying or inhibiting or controlling the action of plant or animal pest and fungus growth and to increase the productivity and quality of plant life.'.