

REPUBLIQUE CENTRAFRICAINE

Unité - Dignité - Travail

**DECREE ESTABLISHING THE CONDITIONS
OF APPLICATION OF THE PETROLEUM CODE
OF THE
CENTRAL AFRICAN REPUBLIC**

UNOFFICIAL ENGLISH TRANSLATION

This unofficial English translation has been prepared for information purposes only.

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**THE PRESIDENT OF THE REPUBLIC,
HEAD OF THE STATE,**

- Considering the Constitution of November 28, 1986, as modified by the Constitutional Laws N° 91.001 of March 8, 1991, N° 91.003 of July 4, 1991 and N° 92.013 of August 28, 1992;
- Considering the Ordinance N° 92.002 of November 27, 1992, concerning the prorogation of the Powers of the President of the Republic, Head of the State, and establishing the Competence and Organization of the Provisional National Political Council of the Republic;
- Considering the Ordinance N° 93.007 of May 25, 1993, stating the Petroleum Code of the Central African Republic;
- Considering the Decree N° 93.012 of February 26, 1993, concerning the appointment of the Prime Minister, Head of the Government;
- Considering the Decree N° 93.185 of June 26, 1993, concerning the appointment of the Members of Government;

Upon report by the Minister of Defense, Veterans, Energy, Mines and Hydraulics;

HEREBY DECREES

PART I

SCOPE AND GENERAL PROVISIONS

Article 1

The purpose of this decree is to specify the conditions of application of Ordinance N° 93.007 of May 25, 1993 stating the Petroleum Code.

Article 2

The definition of the terms relating to petroleum activities in this decree shall be those set forth in Article 2 of the Petroleum Code.

Article 3

The department in charge of petroleum in the Ministry in charge of petroleum shall be the competent administrative department for purposes of this decree.

Article 4

All requests or notices provided for under this decree shall be made in writing. Such requests and notifications shall be drawn up in French or, where applicable, accompanied with a translation into French.

The conditions under which applications and attachments thereof shall be set forth by ministerial order.

Article 5

The competent administrative department shall establish and maintain, with declaration to the Estate Department ("Service des Domaines") a Special Petroleum Register ("Registre Spécial des Hydrocarbures") which shall record, and list dates of, inter alia, any application, granting, modification, assignment, revocation, relinquishment, renewal, extension, termination or any other element regarding prospection authorizations, petroleum contracts, petroleum exploration permits and exploitation concessions, as well as exploration and exploitation contract areas with respect to risk service contracts, authorizations for transportation of petroleum by pipelines and provisional exploitation authorizations.

Geographical maps at a scale of 1:100,000 or 1:200,000 shall be attached to said register, which shall show, with modifications where applicable, the boundaries of prospection authorizations, exploration permits, exploitation concessions and any other areas covered by petroleum contracts, as well as the route of petroleum pipelines.

Article 6

The Minister shall make a timely decision as to whether, for the purposes of petroleum contracts, it may be appropriate to divide the territory of the Central African Republic into exploration blocks. In that event, said blocks shall be of simple geometrical shape and the dimensions thereof shall be left to the Minister's judgement.

Article 7

The Minister shall issue an order to specify the type of petroleum contract which shall be used and shall similarly issue an order to approve the model contract to be used as a basis for negotiation.

Article 8

The Minister shall issue an order to declare areas open to petroleum exploration and shall provide for:

- (a) either receiving and possibly negotiating directly any application for a petroleum contract; or
- (b) inviting tenders in which case the order shall specify the terms and conditions and the date of submission of applications, as well as, where applicable, the exploration blocks concerned, determined pursuant to the provisions of Article 6 above.

In the event no division into blocks has been provided for, applications for petroleum mining titles or risk service contracts with respect to available areas which are open to exploration and exploitation may concern areas of any dimension and of simple geometrical shape. In accordance with the provisions of Article 13 below, the Minister reserves the right to accept or to reject said applications.

PART II

GRANTING OF PROSPECTION AUTHORIZATIONS, PETROLEUM EXPLORATION PERMITS AND PETROLEUM CONTRACTS

Article 9

Whatever may be the procedure decided upon pursuant to the provisions of Article 8 above, any application for a petroleum prospection authorization, petroleum exploration permit or petroleum contract of any kind, shall be filed with the competent administrative department pursuant to the provisions of Articles 3 and 4 above, which shall acknowledge receipt thereof after having recorded it in the special register mentioned in Article 5 above.

Article 10

Any application for a petroleum prospection authorization, petroleum exploration permit or petroleum contract shall contain, inter alia, the following information:

- (1) (a) the name, legal nature, head office, address and nationality of the applicant company;
- (b) the by-laws, certificate of incorporation, amount and composition of capital, and the last three balance sheets and annual reports of the applicant company;
- (c) any additional evidence of the financial standing and technical qualification thereof;

- (d) the names of the president and managers of the applicant company, and, as the case may be, the names of the members of the Board of Directors, of the directorate or the supervisory council, as well as, in any case, the names of the auditors;
- (e) the names of the managers with power of signature;
- (f) the name and address of the legal representative of the applicant company in the Central African Republic.

The application shall be accompanied with the evidence of the powers of the person by which it has been signed.

In the event the application is made by several companies which will act jointly and severally, each individual company shall furnish the information regarding the applicant.

In the event the application is made on behalf of a company in the process of creation, it shall specify the names and addresses of the founders along with any information yet available, and shall undertake to complete the application, upon registration of the company, with all the information set forth in this Article.

In the event the information set forth in paragraphs (a) to (f) above has already been submitted in a previous application, a written declaration to the effect by the applicant(s) shall be deemed sufficient; however, in such a case, any change or modification made subsequent to the initial application shall be reported, along with any substantiation thereof.

Similarly, any applicant company or any holder of a prospection authorization or petroleum contract shall advise forthwith the competent administrative department of any major modification which may have been made to the company's by-laws, legal status, capital and management.

- (2) The coordinates and the surface of the area for which the application in respect of petroleum prospection or exploration is made, along with the geographical map at a scale of 1:100,000 or 1:200,000 of the area concerned which shall specify the boundaries of said area.
- (3) The duration, general program and schedule of exploration work contemplated in respect of the area concerned.
- (4) A short report ("notice d'impact") stating how the general exploration work program intends to take into account environmental concerns.
- (5) The specific provisions proposed in respect of the petroleum contract to be negotiated with the Minister.

Article 11

After having caused to be completed, if necessary, the application, the head of the competent administrative department shall advise the applicants whether their application may be admissible in the appropriate manner.

In order to be admissible in the appropriate manner, an application shall be provided under the conditions set forth in this decree and shall concern only available areas which are open to petroleum exploration and exploitation.

Where the application is deemed to be admissible in the appropriate manner, the head of the competent administrative department shall deliver it to the Minister, together with his own opinion about said application.

Competitive applications may be filed with the competent administrative department in accordance with the provisions set forth above.

Article 12

If the prospection authorization applied for is granted, the Minister shall issue an order to this effect and the legal representative of the applicant shall be notified accordingly.

The order shall stipulate the term of the prospection authorization as well as the terms and conditions set forth by the Minister on the basis of the applicant's proposal.

In the event that an application for an exploration permit or for a petroleum contract is made for the area subject to an existing prospection authorization, and in the event that the Minister decides to grant said exploration permit or petroleum contract, the prospection authorization shall be terminated ipso jure and the holder thereof shall relinquish the area covered by said permit within thirty days, unless additional time is required for the completion of outstanding work.

The results of any work carried out under a prospection authorization shall be furnished to the Minister within thirty days at the latest following the expiry date of said prospection authorization.

Article 13

If the Minister decides to accept an application for a petroleum exploration permit or for a petroleum contract pursuant to the provisions of Article 6 of the Petroleum Code, a petroleum contract shall be negotiated between the Minister and the applicant(s).

If such negotiation is successful, the petroleum contract shall be jointly executed by the Minister and the legal representative of the applicant(s) and approved by decree.

Article 14

The date on which the petroleum contract is approved by decree shall be the effective date thereof. However, in the case of a concession contract, the related exploration permit shall be then granted by order within fifteen days from the date on which the contract has been approved and the concession contract shall provide that the effective date thereof shall be the date on which the exploration permit is granted.

Article 15

Exploration work commitments as well as obligations to provide the Minister with all reports, data and information relating to petroleum operations shall be fulfilled in accordance with the provisions of the petroleum contract.

PART III

RENEWAL OF PROSPECTION AUTHORIZATIONS, PETROLEUM EXPLORATION PERMITS AND PETROLEUM CONTRACTS

Article 16

Provided that the prospection authorization holder has fulfilled his commitments, he may apply for renewal of said authorization by making an application at least two months prior to the end of the initial period.

The renewal shall be granted by an order issued at the discretion of the Minister, which order shall stipulate the conditions proposed by the applicant.

Article 17

If the holder of an exploration permit or a risk service contract decides to apply for renewal of said exploration permit or of the exploration period of said risk service contract, he shall file an application to this effect with the competent administrative department at least two months prior to the end of the current period.

Article 18

Any application for renewal of an exploration permit or of the exploration period of a risk service contract shall contain, *inter alia*, the following information:

- (1) the contract area(s), of a simple geometrical shape, which the holder of said exploration permit or risk service contract request to keep, taking into account the surface relinquishment obligations set forth in Article 13 of the Petroleum Code and stipulated in the petroleum contract;
- (2) the work already performed, the results thereof and the evidence of how such work meet the minimum commitments stipulated in the petroleum contract.

Article 19

The Minister shall issue an order for granting the renewal of an exploration permit or of the exploration period of a risk service contract.

Article 20

The holder of an exploration permit or risk service contract may request the extension of the second period of renewal if the expiry date of that period does not allow him to complete drilling an exploratory well, or if, having made a discovery, the term of validity of said period is too short for the contract holder to carry out appraisal work.

In such a case, the holder shall file an application with the competent administrative department at least thirty days before the expiry of the second period of renewal, together with a report describing the work in progress and, where applicable, describing the discovery, the work still outstanding, the reasons for which he considers an extension as necessary and the term of the extension required.

The second period of renewal of an exploration permit or a risk service contract shall be extended under the same procedure as that provided for in Article 19 above.

Article 21

If upon the expiry date of an exploration permit or of the current exploration period, no decision has been taken with respect to the application for renewal or extension thereof, the contract holder shall remain, until a decision may occur, the only one authorized to carry on his work within the limits of the contract area(s) for which said application has been made.

Article 22

The holder of a petroleum exploration permit or a risk service contract may request the authorization to exploit provisionally a petroleum discovery in respect of which production tests have already been performed.

For this purpose, the contract holder shall file an application for a provisional exploitation authorization with the competent administrative department, which application shall contain, inter alia, the following information:

- (1) technical characteristics of the well(s) in respect of which the authorization is applied for;
- (2) interpretation of production tests as well as estimation of annual quantity of petroleum which may be produced;
- (3) approximate term of the provisional exploitation.

The Minister shall issue an order for granting such authorization. It shall become null and void in the event of expiry of the petroleum exploration permit or of the exploration period of the risk service contract with respect to the area concerned, subject to the provisions of Articles 20 and 23 of this decree.

The holder of a provisional exploitation authorization is subject to the provisions of Article 22 of the Petroleum Code. Granting of the provisional authorization shall have no effect on the petroleum exploration permit.

The extension of the provisional exploitation authorization to one or several new wells shall be stated in the same manner as the granting of the initial authorization.

PART IV

GRANTING OF EXPLOITATION CONCESSIONS AND COMMENCEMENT OF EXPLOITATION PERIODS OF RISK SERVICE CONTRACTS

Article 23

In the event of discovery of a commercially exploitable petroleum field, the holder of a petroleum exploration permit or risk service contract may apply for, as the case may be, a petroleum exploitation concession or the commencement of the exploitation period.

For this purpose, the contract holder shall file an application with the competent administrative department, within the time period stipulated in the applicable petroleum contract.

If, upon the expiry date of a petroleum permit or risk service contract, no decision has been taken with respect to the application for a concession or the commencement of exploitation period of a risk service contract, the contract holder shall remain, until a decision may occur, the only one authorized to carry on work within the limits of the contract area(s) for which application has been made.

Article 24

Any application for a petroleum exploitation concession or the commencement of the exploitation period of a risk service contract shall contain, inter alia, the following information:

- (1) the plan of development and bringing into production of the field(s) concerned as referred to in Article 26 of the Petroleum Code;
- (2) the coordinates and surface of the concession or exploitation area applied for, accompanied with a geographical map at a scale of 1:20,000 or 1:50,000 and with a report which shall substantiate the delineation of the concession or exploitation area applied for.

Article 25

The exploitation concession shall be granted by decree following approval of the development plan, which shall specify the term and boundaries thereof.

The commencement of the exploitation period of a risk service contract shall be granted by decree following approval of the development plan, which shall specify the term of said exploitation period and the boundaries of the exploitation area.

Article 26

The boundaries of the exploitation area, regarding both an exploitation concession and a risk service contract, shall be delineated in such a manner as to include the surface area of the field to which the contract holder is entitled and to constitute a simple geometrical shape.

Article 27

Upon expiry of an exploitation concession or the exploitation period of a risk service contract, if the contract holder considers that commercial exploitation of the field(s) is still feasible, he shall file an application for extension with the competent administrative department at least twelve months prior to the expiry date, together with a report on the technical and economic aspects of the exploitation of the field(s), an evaluation of the remaining recoverable reserves and any further information in support of his application.

The exploitation concession or the exploitation period shall then be extended in the same manner as for the granting or authorization thereof, as the case may be.

PART V

ASSIGNMENT, SUSPENSION OR TERMINATION OF PETROLEUM MINING TITLES OR RISK SERVICE CONTRACTS

Article 28

In the event that the holder of a petroleum mining title or risk service contract wishes to assign or transfer, whether directly or indirectly, in whole or in part, his rights and obligations arising from said mining title or contract, he shall apply accordingly to the competent administrative department, in accordance with the provisions of Articles 20, 28 and 35 of the Petroleum Code and those of Articles 4 and 9 of this decree, reference being made to the orders or instruments which have granted said permits or contracts.

If the Minister authorizes the assignment or transfer, he shall issue an order to this effect within a period of sixty days.

Article 29

The legal effects of petroleum contracts shall be suspended in the event of Force Majeure as defined in said contracts.

The notices stipulated for this purpose shall be sent by the petroleum contract holder to the Minister, or vice versa, within the time periods prescribed in the petroleum contracts. Any notice sent shall include a report providing particulars of the data and factors concerning the event in question.

Article 30

The holder of a petroleum mining title or a risk service contract may at any time relinquish all or part of his rights.

For this purpose, the contract holder shall file an application for relinquishment with the competent administrative department, at least three months prior to the intended date of relinquishment with respect to a petroleum exploration permit or the exploration area of a risk service contract.

The time period set forth above shall be extended to one year in the case of relinquishment of a petroleum exploitation concession or the exploitation area of a risk service contract.

Application for relinquishment shall be, *inter alia*, accompanied with the following information:

- (1) exploration and exploitation work carried out until that date;
- (2) status of commitments and obligations of the contract holder which have been fulfilled until that date;
- (3) any document in support of such relinquishment;
- (4) the commitment to fulfill all the outstanding obligations to be performed under the petroleum operations, both with respect to the contract and to third parties.

Article 31

The relinquishment by the contract holder shall be stated in due time by decree.

Article 32

If the holder of a petroleum mining title or risk service contract proves to be guilty of material breach of the provisions of the law or of petroleum mining title or petroleum contract, or if the holder becomes bankrupt, makes a composition with creditors, or goes into liquidation of assets, the Minister shall serve formal notice on the holder to remedy the failures reported within the time period set forth in the petroleum contract, in accordance with the provisions of Article 86 of the Petroleum Code.

If, upon expiry of such time limit, the notice has not given rise to any effect, the forfeiture shall be stated by decree.

In the event of dispute by the petroleum contract holder, the provisions of said contract with respect to settlement of disputes shall apply. In such a case, the contract shall remain in force until the arbitration award, which shall be not be subject to any appeal or any other remedy.

The termination of the contract shall not relieve the petroleum contract holder of any outstanding obligations to be performed under the petroleum operations, both with respect to the contract and to third parties.

PART VI

TRANSPORTATION OF PETROLEUM BY PIPELINES

Article 33

Pursuant to the provisions of Articles 36 to 40 of the Petroleum Code, any company which desires to undertake transportation of petroleum by pipelines shall request prior approval for the project of pipelines and related facilities and the granting of a transportation authorization which shall be granted by decree.

If the application refers to the rights set forth in Articles 36 to 38 of the Petroleum Code, it shall be signed by the holders of the right for transportation, or by the persons who request to benefit from the transfer of such right.

The application shall comply with the provisions of Articles 4, 34 and 35 of this decree and contain, as the case may be, the evidence of the right of transportation.

Article 34

Application shall be accompanied with a report on the project of pipelines and facilities which shall contain, inter alia, the following information:

- (1) all technical, economic and financial elements in support of the construction;
- (2) the route and characteristics of the infrastructure work;
- (3) the program and schedule of the construction;
- (4) the estimated construction costs and exploitation costs;
- (5) an economic and financial assessment of the project, taking into account the quantities transported and the cost and selling price of production;
- (6) if one or several third parties will utilize the infrastructure work, the proposed tariff and the various components thereof;
- (7) if the projected pipeline is to be connected to existing pipelines, all information in respect of such connection and, as the case may be, a certified copy of any agreements entered into for that purpose;
- (8) a short report ("notice d'impact") stating how the project of pipelines and facilities intends to take into account environmental concerns.

Article 35

In the event the route of the project includes the crossing of territories outside the Central African Republic or the connection to outside pipelines and facilities, the above-mentioned report shall contain in addition any authorization and agreements relating to the construction, operation and maintenance of the infrastructure work on such territories.

In the event such instruments have not yet been executed, the applicant shall indicate the status of negotiations and undertake to complete the application upon signing said instruments.

Article 36

If the application is deemed to be admissible, with respect to the provisions of Articles 33 to 35 of this decree and the provisions of the applicable petroleum contract, the application shall be examined by the Minister.

The approval of the project may be subject to modifications requested by the Minister, in particular for one of the following reasons:

- (1) compliance with the obligations arising from Articles 39 and 40 of the Petroleum Code and the provisions of the petroleum contract with respect to the implementation thereof;
- (2) protection of the interests in respect of national defense;
- (3) protection of the rights of third parties;
- (4) compliance with the technical rules in respect of public safety;
- (5) compliance with the technical rules in respect of environmental concerns.

Article 37

The decree which grants the authorization for transportation of petroleum by pipelines shall include the approval of the project, as described in the application therefor, as modified, where appropriate, pursuant to the above provisions, as well as a declaration as project in the public interest.

The decree shall set forth the term of said transportation authorization.

Article 38

Following granting of an authorization for transportation of petroleum by pipelines, the Minister shall refer to the competent authorities in respect of the necessary authorizations for the construction of the infrastructure work, in particular as regards occupation of land, pursuant to the provisions of Article 40 of the Petroleum Code.

PART VII

ADMINISTRATIVE SUPERVISION

Article 39

Any holder of a petroleum mining title or risk service contract who performs or causes to be performed a geophysical survey or a well shall make prior notice to the competent administrative department.

Article 40

For purposes of exercising the rights of administrative and technical supervision and inspection of petroleum operations set forth in Article 63 of the Petroleum Code, the agents from the competent administrative department shall be duly certified and sworn in.

They shall have free access to the places where petroleum operations are performed and related facilities are operated, provided they advise the local supervisor in charge of the operations prior to the planned visit or inspection.

Article 41

The agents from the competent administrative department may be delivered and communicated all documents or information relating to petroleum exploration and exploitation, in particular those in respect of geological, geophysical, geochemical, hydrogeological or mining matters.

Article 42

The agents from the competent administrative department shall, under the conditions set forth in the Petroleum Code and the instruments establishing the implementation thereof, exercise their rights of supervision of petroleum prospection, exploration, exploitation and transportation work. Such supervision shall concern in particular field conservation, transportation conditions, public safety, personnel safety and health, protection of dwellings, buildings and communication lines, protection of environment and of use of water points and aquifers.

Article 43

The holders of petroleum mining titles or risk service contracts shall advise the head of the competent administrative department of the person who shall be entitled to the necessary powers to receive any notice and declaration, and, more generally, to represent the holders in relation to the administration, both as claimant and defendant.

Article 44

The Minister may issue orders, as and when required, for purposes of determining the procedures for the implementation of this Part.

PART VIII

MISCELLANEOUS PROVISIONS

Article 45

The Minister shall be responsible for implementation of this decree which shall be published in the Official Gazette of the Central African Republic.

Done in Bangui

André KOLINGBA