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# Oil Regulation

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# Angola

**António Vicente Marques**

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## General

- 1** Describe, in general terms, the key commercial aspects of the oil sector in your country.

Oil is considered the most relevant industry in Angola. The majority of Angola's oil reserves are located in offshore blocks, thus, it is estimated that 97 per cent of Angolan's crude oil is currently produced offshore, on high seas at depths greater than 1,200 metres. The offshore concession areas in Angola are divided into blocks, which expand west into the Atlantic Ocean in three distinct bands from A to C:

- shallow water Blocks 0–13 with a depth of no more than 500m;
- deep-water Blocks 14–30 with a maximum depth of 1,510m; and
- ultra-deep Blocks 31–40 with a maximum depth of 2,515m.

Block 0, located in shallow waters, is the main oil-producing block offshore and still accounts for approximately half of Angola's oil production. Onshore exploration was limited as a result of the civil war (1975–2002) and the most significant blocks are located in the Kwanza Basin, Cabinda and Soyo.

In January 2011, Angola's proven oil reserves ranged from 9.5 billion to 13.5 billion barrels which is equivalent to 15 to 20 years at current production levels. The actual figure may be significantly higher taking into account the recent oil discoveries in pre-salt areas.

In 1976, the Angolan government created a national oil company called Sociedade Nacional de Combustíveis de Angola (Sonangol). In 1978, Sonangol became the sole concessionaire and majority shareholder for oil exploration and production in Angola and controls all oil industry activities.

The upstream sector leads the oil industry in Angola – exploration and production of crude oil and natural gas – and, currently, the downstream sector – refinery and distribution of the products derived from crude oil – is still considerably underdeveloped.

Currently, the oil sector makes up for approximately 90 per cent of Angolan exports, half of the GDP and 75 per cent of government revenues, in accordance with the International Monetary Fund.

Oil operations may only be carried out under a prospecting licence or petroleum concession, which means that companies, either national or foreign, in order to be licensed, need to be associated with the national concessionaire, Sonangol.

- 2** What percentage of your country's energy needs is covered, directly or indirectly, by oil as opposed to gas, electricity, nuclear or non-conventional sources? What percentage of the petroleum product needs of your country is supplied with domestic production? What are your country's energy demand and supply trends, especially as they affect crude oil usage?

In accordance with the International Energy Agency, in 2009, the country's total primary energy supply consisted of biofuels and waste

(60.1 per cent), oil (32.9 per cent), natural gas (4.7 per cent) and hydroelectricity (2.3 per cent).

The amount of crude oil and gas produced in the country is sufficient to cover consumption needs. On the other hand, the only refinery in Angola, located in Luanda, does not have enough production to cover the need for oil refined products (such as petrol and diesel), therefore, 35 per cent of fuel is imported.

The internal consumption of oil products in Angola has a tendency to continue increasing due to the development of the country.

- 3** Does your country have an overarching policy regarding oil-related activities or a general energy policy?

Due to the development of the oil sector in Angola, the government has established an overarching policy regarding oil-related activities, approving specific legislation applicable to that sector.

The level of awareness of the Angolan government within the petroleum sector has triggered the approval of detailed legislation which attempts to keep up with the best practices of the international oil industry.

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## Regulation overview

- 4** Describe the key laws and regulations that make up the general legal framework regulating oil activities?

The legal framework of the oil sector consists of two central laws – Law No. 10/04 of 12 November 2004 (Oil Activities Law), which regulates and defines the prospection, search, assessment, development, concession and decommissioning activities of the oil sector, and Law No. 13/04 of 24 December 2004 (Taxation of Oil Activities Law), which establishes the taxation of oil and gas activities defining costs, deductions, tax charges and taxable income. In addition, Regulation No. 1/09 of 27 January 2009 specifically governs, defines and provides for the requirements and provisions of the Oil Activities Law. Further, in relation to the supply of services to companies of the oil and gas sector, it is important to take into account:

- the Law on Oil and Gas Activities (Law No. 10/04 of 12 November);
- the General Governing Framework for the Procurement of Services and Goods to National Companies, by companies in the oil and gas sector (Ministry of Petroleum (MinPet) Dispatch No. 127/03 of 25 November); and
- the Applicable Regime to Public Tenders within the oil and gas sector (Decree No. 48/06 of 1 September).

- 5** Identify and describe the government regulatory and oversight bodies principally responsible for regulating oil activities.

The government regulatory and oversight body responsible for regulating oil activities is the MinPet. The key powers attributed to this

ministry, as the ancillary body of the president of the republic, are the formulation, conduction, execution, supervision and control of the executive policy regarding the oil sector, namely concerning the hydrocarbons research, production, refinement, crude oil marketing, storage, transportation and distribution of oil derivatives.

- 6** What government body maintains oil production, export and import statistics?

The MinPet has powers to maintain oil production and is also competent to monitor and control the activity of import and export of crude oil, fuel and lubricants (the responsible body for these matters within this ministry, is the National Directorate of Marketing). In January 2007, Angola officially became the 12th member of the Organization of the Petroleum Exporting Countries (OPEC), thus, it is also subject to the crude oil production limitations set by this organisation.

Oil export and import statistics are issued by the studies, planning and statistics cabinet, a department within the MinPet which coordinates statistics in accordance with the National Statistic System.

### Natural resources

- 7** Who holds title over oil reservoirs? To what extent are mineral rights on private and public lands involved? Is there a legal distinction between surface rights and subsurface mineral rights?

In accordance with article 16 of the Angolan Constitution, all solid, liquid or gaseous natural resources existing on the soil, subsoil, territorial sea, economic zone and continental shelf under Angolan jurisdiction are property of the Angolan state, which determines the conditions for the concession and exploration of those natural resources. The Oil Activities Law in Angola also establishes that all oil resources found on the surface and underwater on national territory, interior waters, territorial sea, exclusive economic zone and continental shelf are part of the Angolan state's public domain.

Additionally Sonangol is the holder of all mining rights, which cannot be alienated or transmitted. This shall mean that any oil discovered in private or public land, on the surface or subsurface or at sea, shall be deemed property of the Angolan state.

- 8** What is the general character of oil exploration and production activity conducted in your country? Are areas off-limits to exploration and production?

Oil exploration and production in Angola is essentially undertaken offshore. All offshore blocks are located within the exclusive economic zone of Angola, thus within Angolan jurisdiction.

Pursuant to the Oil Activities Law, the relevant area for exploration and production shall be defined in the prospecting licence. Further, the definition of the concession areas is not subject to any predetermined limits and shall be authorised by the MinPet in the terms requested by Sonangol. The available areas, within the limits of the national territory, on land or at sea, shall be divided into specific blocks limited by geographic coordinates. The areas defined by the ministry shall be published on the concession decree and the production sharing agreement (PSA) shall mention this decree and reflect the area and deadlines defined therein.

This shall mean that, since there are no pre-defined areas in the law which are off-limits to oil exploration and production, the areas to be defined in the prospecting licence and in the concession are decided by the MinPet which shall analyse, on a case-by-case basis, if the licenced area collides with any environmental, military, agricultural, fishing or other commercial purposes.

- 9** What government body regulates oil exploration and production in your country? How are rights to explore and produce granted?

The government body that regulates oil exploration and production in Angola is the MinPet. According to article 6 of the Oil Activities Law, oil operations may only be carried out under a prospecting licence or petroleum concession which means that companies, national or foreign, in order to be licensed, need to be associated with Sonangol. Further, the concession shall be executed through a commercial company, a joint venture (JV) or a PSA – the last being the most common type of agreement in Angola and applicable to onshore or offshore operations between the company to be licensed (associate) and Sonangol.

- 10** If royalties are paid, what are the royalty rates? Are they fixed? Do they differ between onshore and offshore production?

The only tax deemed a 'royalty' in Angola is production tax, which consists of a percentage share on the sale of crude oil, although oil produced under a PSA is exempt of the mentioned tax. Royalties are due on the amount of crude oil produced on each concession or contracted area, minus the quantities used on oil operations, if duly approved by Sonangol.

The agreement of Sonangol with Cabinda Gulf Oil Company, a subsidiary of Chevron Texaco, in Cabinda (Block 0) is the only offshore block subject to the concession model, thus liable to pay production tax. Notwithstanding this, Block 0 is the most productive oil block in Angola.

The production tax on oil production is 20 per cent, for offshore and onshore production and shall be paid to the Ministry of Finance. This percentage can be reduced to 10 per cent, in the following cases:

- oil exploration in small blocks;
- oil exploration in offshore areas with depths superior to 750 metres; and
- land areas of difficult access previously defined by the government.

The government is the entity responsible to grant the reduction of the mentioned percentage, upon the national concessionaire's request.

- 11** What is the customary duration of oil leases, concessions or licences?

The duration of an oil concession has two distinct periods: the research or prospecting period; and the production period, although a concession may be limited to the production period.

The duration of an oil prospecting licence and of a concession is defined in the relevant licence or concession decree, which means that the grant of such licence or concession by the MinPet shall depend upon each particular case.

The Oil Activities Law provides that the maximum duration of a prospecting licence is three years and a concession is normally granted for a period of approximately 25 years.

The term of a prospecting licence and of a concession may be exceptionally extended at the request of the licensee or of the national concessionaire. This extension shall be granted by the minister of petroleum after verifying that existing obligations were complied with by the licensee or by the national concessionaire. In 2004 the concession of Block 0 in Cabinda, which has been operating since the late 1960s, was extended for 20 years, ending in 2030.

- 12** For offshore production, how far seaward does the regulatory regime extend?

Pursuant to the Oil Activities Law oil operations may be executed on the surface and underwater on national territory, which shall include

interior waters, territorial sea, the exclusive economic zone and continental shelf.

Also, Angola is a party to the United Nations Convention on the Law of the Sea (UNCLOS), which defines the rights and responsibilities of nations concerning their use of the world's oceans, establishing guidelines for businesses, the environment and the management of marine natural resources. Concerning the jurisdiction of marine areas, article 60 of UNCLOS establishes that coastal states like Angola shall have exclusive jurisdiction (including jurisdiction with regard to customs, fiscal, health, safety and immigration laws and regulations) and are entitled to, in their exclusive economic zone, construct and to authorise the construction, operation and use of artificial islands, installations and structures for the purpose of exercising their right to explore and exploit the resources of the continental shelf.

**13** Is there a difference between the onshore and offshore regimes? Is there a difference between the regimes governing rights to explore for or produce different hydrocarbons?

According to Angolan legislation there is no distinction between the onshore and offshore regimes and the regimes governing rights to explore for or produce different hydrocarbons. The scope of the Oil Activities Law covers oil operations, whether on land or at sea, and the definition of 'oil' and 'crude oil' of this Law includes oil, natural gas and other hydrocarbon substances which can be found and produced in an oil block.

**14** Who may perform exploration and production activities? What criteria and procedures apply in selecting such entities?

Any company, national or foreign, with proven capability, expertise and financial capacity may file a request with the minister of petroleum to be granted a prospecting licence in order to assess the oil potential of a given area.

If an entity intends to explore a certain block and to be granted a concession it has to be incorporated as a commercial company, foreign or national, and be associated with the national concessionaire, after previous authorisation. The commercial company intending to form the mentioned association has to prove its good reputation and financial capacity in order to execute oil activities in a given concession. If the company is an operator it also has to make proof of its technical capacity.

The designation of the associate shall be effective after a public tender or direct negotiation. In accordance with article 4 of Decree No. 48/06, of 1 September 2006, regarding the procedures to be observed in public tenders concerning the oil sector, a company (that is not an operator) in order to be associated with Sonangol has to provide, inter alia, the following elements (to the national concessionaire):

- business name;
- place of incorporation, registration and address of its registered office;
- reference to reputable banks, which can confirm the company's financial capacity; and
- details of experience regarding oil research and production, including details of reserves and production.

If the company to be associated with Sonangol is the operator of an oil concession it shall, in addition to submitting the referred elements:

- be competent and have experience in the management and execution of oil operations;
- possess technical and operational expertise; and
- have an efficient organisational structure.

The operator can also provide details about its experience in carrying out oil operations which may be relevant for the assessment of the application, particularly in the areas of safety, environmental protection, prevention of pollution situations, employment, integration and training of Angolan staff.

**15** What is the legal regime for joint ventures?

Upstream oil projects usually require the investment of large amounts, therefore, they may be executed as an unincorporated joint venture by several companies operating under the terms of a joint operating agreement (JOA). Its scope normally covers oil exploration and production, plus treatment, storage and transportation. It also establishes the accounting and auditing arrangements and the designation of the operator which usually holds the largest percentage of interests in the joint venture. The operator is normally a well-established oil company with substantial experience and substantial financial and technical resources.

Pursuant to the Oil Activities Law, Sonangol may be associated with a commercial company to execute oil activities, in which case information regarding the type of agreement (in this case, a JOA) entered into shall be mentioned in the concession decree and signed 30 days after the publication date of the mentioned decree in the Official Gazette. Any amendment to the JOA shall be subject to approval by the government, through decree.

**16** How does reservoir unitisation apply to domestic and cross-border reservoirs?

Sonangol shall immediately inform the MinPet after discovering an oil well on a concession area which has capacity for commercial exploration and that exceeds the limits of that concession area and can only be commercially explored together with an already-existing oil well in an adjacent area to the concession or if it considers that a commercial discovery in the concession must, for economic and technical reasons, be explored together with an already existing commercial discovery in an adjacent area to the mentioned concession.

In the case of domestic reservoirs, if two relevant areas are under the same oil concession regime, the MinPet may, by written notice to Sonangol and its associates, determine that the oil discovered shall be jointly explored and produced. Subsequently, Sonangol and its associates shall draft a joint development and production plan for the relevant wells and submit that plan to the MinPet 180 days after receiving the mentioned written notice.

Concerning cross-border reservoirs, Sonangol must inform the MinPet, within 30 days from the declaration date of the commercial discovery regarding the existence of an oil deposit that extends beyond the Angolan border or delimitation line of the continental shelves of the country. The MinPet shall initiate negotiations with the governments of the neighbouring countries with jurisdiction over the relevant adjacent areas in conjunction with Sonangol and its associates, with a view to reaching an agreement acceptable to all parties for the development and production of the said oil deposit. This agreement shall be approved by the governments of the countries involved and production cannot begin before that approval.

#### Transfers to third parties

**17** Is government consent required for a company to transfer its interest in a licence, concession or production sharing agreement? Does a change of control require similar approval? What is the process for obtaining approval?

The associates of Sonangol may only transfer part or all of its contractual rights to third parties of proven good reputation, technical and financial capacity, after obtaining prior permission of the

minister of petroleum, who shall publish the relevant approval in an executive decree. The transfer of contractual rights also includes the transfer of shares and participations to third parties representing more than 50 per cent of the share capital of the transferor. If the transfer occurs between affiliates and the transferor remains jointly and severally liable for the obligations of the transferee, no approval is required. Notwithstanding this, Sonangol shall have a pre-emption right when a transfer of contractual rights to third parties occurs, if those rights are not transferred to an affiliate of the transferor.

If Sonangol does not exercise its pre-emption right, it is immediately transmitted to national associates benefiting from the special status of national companies (which were granted specific benefits and rights).

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### Decommissioning

**18** What laws or regulations govern decommissioning of oil and gas facilities and pipelines? In summary, what is the obligation and liability regime for decommissioning? Are there any other relevant issues concerning decommissioning?

Regarding decommissioning, the Angolan government has approved legislation establishing the requirements to submit to the MinPet a preliminary decommissioning plan by the companies intending to explore and produce oil in Angola together with the general development and production plan and also to submit a final decommissioning plan one year before the term of a concession or before the decommissioning date of that concession. The main laws and regulations applicable to decommissioning are Law No. 10/04 of 12 November 2004 (the Oil Activities Law), Law No. 13/04 of 24 December 2004 (the Taxation of Oil Activities Law) and Decree No. 01/09 of 27 January 2009 (the Oil Operations Regulation).

If the decommissioning plan is not submitted or executed on the approved deadline, the relevant ministry may enforce the necessary measures for the plan to be drafted and executed at the expense of Sonangol and its associates. If any oilfield is abandoned without prior consent of the minister of petroleum, the concession authorisation for such may be withdrawn. Additionally, this situation, if considered an infringement, may be subject to a fine, which payment does not exempt the defaulting party to comply with the relevant duties and obligations.

The Oil Operations Regulation establishes that the general development and production plan shall contain a preliminary plan for the decommissioning of facilities, as well as the funds necessary for the deactivation of the oilfield. Further, production expenses shall include a provision for decommissioning costs which limits are calculated and accounted for in accordance with the rules established in the agreements entered into between Sonangol and the associate (eg, the PSA). These amounts shall be paid every trimester by the associate.

In relation to liability for losses and damage, after having carried out the decommissioning of the relevant wells and related assets, if Sonangol requests such decommissioning and does not place at the disposal of the associate the funds (amounts paid to Sonangol for the decommissioning), or after the associate carries out the handing over of the equipment and wells to the national concessionaire, the associate will have no further liability in relation to the same, except in cases of gross negligence, wilful misconduct or serious fault. Sonangol and its associates shall be liable for damage caused to third parties arising from oil operations, unless they prove there was no wilful conduct. If there are various associates, the liability of such members shall be joint and several.

Finally, it is important to note that, in accordance with information provided by the MinPet, defaults or non-compliance from the associates regarding the implementation of decommissioning procedures have never occurred.

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### Transportation

**19** How is transportation of crude oil and crude oil products regulated within the country and across national boundaries? Do different government bodies and authorities regulate pipeline, marine vessel and tanker truck transportation?

Due to the fact that oil in Angola is mainly produced offshore and land connections and roads are scarce, the oil is mainly transported in vessels through the Atlantic Ocean. The MinPet is the government body with the responsibility to regulate the transportation of crude oil and crude oil products, by sea, river, air, road or train and also through pipelines. The transportation of crude oil and crude oil products (whether by pipeline, marine vessel or tanker truck) shall be subject to licensing by the MinPet. Across national boundaries the transportation of crude oil and crude oil products must also observe the requirements of the international regulations approved by the International Maritime Organization (IMO), of which Angola has been a member state since 1977.

**20** What are the requisites for obtaining a permit or licence for transporting crude oil and crude oil products?

The National Directorate of Marketing shall be the department within the MinPet responsible for organising, preparing and granting a licence for transporting crude oil and crude oil products. The requirements and technical conditions to be fulfilled by the applicant shall be defined by the president of Angola. The National Directorate of Marketing may request supplementary information and if the applicant does not comply with this request, the licensing application shall be annulled. The review of the licensing application shall be subject to a fee.

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### Health, safety and environment

**21** What health, safety and environment requirements apply to oil-related facility operations? What government body is responsible for this regulation; what enforcement authority does it wield? Are permits or other approvals required? What kind of record-keeping is required? What are the penalties for non-compliance?

The execution of oil operations is subject to the submission of several plans with the MinPet for approval, namely an annual work plan, a development and production plan, an annual production plan and an environmental impact evaluation. Accordingly, these plans should include health, safety and environment requirements for oil-related facility operations, pursuant to Decree No. 38/09 of 14 August 2009 (the Safety and Health of Oil Operations Regulation) and Decree No. 39/00 10 October 2000 (the Environment Decree).

Concerning environmental requirements, Sonangol and its associates shall draft an environmental impact evaluation identifying the potential environmental damage that may be caused by the project or facilities and the necessary measures to mitigate those effects.

The authorisation for drilling and operating a well shall be subject to the presentation of a plan which shall include safety, technical, protection and management methods, inspection plans, and decommissioning plans. The operator must have a maintenance plan to ensure that facilities have safe and acceptable technical conditions. The operator shall implement a plan for the management of simultaneous operations to assess the relevant dangers and risks. Regarding health and safety requirements, among others, the operator must ensure that all staff executing oil operations has the necessary qualifications, knowledge and training, implement a risk and health evaluation in accordance with national and international standards, shall certify that normal work conditions provide a protection for the health and safety of employees, ensuring protection against noise, vibration, radiation and chemical products, and medical assistance to employees. The operator must ensure that all facilities provide

protection equipment for each employee. Before starting execution works in a facility, the operator shall establish a safety control and management programme, the results of which should be documented. The operator must also implement a documented system for the safety, health and hygiene management and shall have an updated registry regarding achieved safety procedures, staff training, audit inspections and results.

The inspection regarding the compliance with these obligations and requirements shall be executed by the MinPet and non-compliance shall be punished by way of a fine (eg, between US\$5,000 and US\$500,000, due to lack of compliance with environmental requirements) and penalties, which can be to directly repair the damage at the cost of the entity responsible for that damage, the temporary suspension of operations, or even compensation to employees.

- 22** What health, safety and environmental requirements apply to oil and oil product composition? What government body is responsible for this regulation; what enforcement authority does it wield? Is certification or other approval required? What kind of record-keeping is required? What are the penalties for non-compliance?

In Angola, oil and oil products are subject to composition requirements pursuant to Executive Decree No. 54/08 of 16 April 2008, which establishes the authorised composition for oil derivatives, namely fuel and diesel in order to comply with health, safety and environmental requirements.

The execution of refinement, transformation, treatment and storage activities concerning oil and oil products shall be subject to licensing, by the MinPet, of the relevant facilities taking into account the good reputation, economic and financial capacity of the applicant, the conformity of the project with the national energy policy and environmental policy objectives.

The MinPet is responsible for inspecting and controlling compliance with oil and oil product composition requirements, namely, to gather information and reports regarding the specifications of those products. Non-compliance with these requirements shall result on the application of a fine by the Ministry.

## Labour

- 23** What government standards apply to oil industry labour? How is foreign labour regulated? Are there anti-discrimination requirements? What are the penalties for non-compliance?

Under Angolan law, all foreign companies that operate in the oil and gas sector must undertake that their staff, in every category and functions, shall be Angolan citizens. If there are no Angolan citizens with the required expertise and qualification for the occupation (this must be proved through the publication of the relevant job vacancy in a newspaper) the hiring of foreign staff can only be executed after authorisation by the MinPet. No discrimination can be made between national and foreign employees (eg, in terms of salary).

According to legislation recently published, the contracting entity will be required to provide evidence on the publication of announcements referring to the positions to be occupied, and with a description of the function to be undertaken, as well as the CVs submitted by potential candidates to these positions.

The legislation defines the rules and procedures to be followed in the recruitment, integration, training and development of Angolan personnel and the hiring of foreign personnel for the execution of oil operations in Angola and for the activities of oil refining and processing, storage, transport, distribution and marketing of petroleum products.

Generally speaking, all companies operating in the oil and gas sector in Angola (core and non-core, ie, it now covers oil and gas service providers as well, not only operators) must prove the need to contract

foreigner technical employees under the established procedures.

Companies also have to enter into a programme contract with the MinPet, which shall establish all the obligations related to the development of human resources.

## Taxation

- 24** What is the tax regime applicable to oil exploration, production, transportation, and marketing and distribution activities? What government body wields tax authority?

The Ministry of Finance together with the MinPet are the responsible authorities in the establishment of tax policies and tax charges. Law No. 13/04, of 24 December 2004, establishes the tax regime applicable to oil activities in Angola, including tax charges applicable to oil companies under this regime, namely: oil production tax; oil income tax; oil trading tax; surface tax and the contribution for the training of Angolan staff. In this context, each tax has a different contribution base and incidence.

The oil production tax is levied on the amount of crude oil measured at the exit of the well minus the quantities consumed on site on oil activities. This tax is charged based on the value of output produced by the companies and, normally, the tax rate is 20 per cent but it can be reduced, in some cases, to 10 per cent. This tax is not applicable to oil operations under the PSA and ensures revenue for the government, even if the production is not profitable for the companies. Oil income tax is levied on the profits of each financial year in accordance with accounting policies and is charged based on the net income. Surface tax is levied on the concession area and the surface rate is equivalent, in national currency, to US\$300 per km<sup>2</sup>. Oil trading tax is levied on the taxable income and the tax rate is 70 per cent. Finally, there are additional tax charges such as the contribution for the training of Angolan staff which shall be paid by the associates of the national concessionaire.

## Commodity price controls

- 25** Is there a mandatory price-setting regime for crude oil or crude oil products? If so, what are the requirements and penalties for non-compliance?

The MinPet is the entity with powers to establish the reference price of oil products in coordination with other public entities. Since the distribution and marketing of crude oil and crude oil products is subject to licensing by the MinPet, non-compliance with the price-setting regime may imply the withdrawal of that licence.

## Competition, trade and merger control

- 26** What government bodies have the authority to prevent or punish anti-competitive practices in connection with the extraction, transportation, refining or marketing of crude oil or crude oil products?

Any anti-competitive practice in connection with the extraction, transportation, refining or marketing of crude oil or crude oil products shall be prevented or punished by the MinPet.

- 27** What is the process for procuring a government determination that a proposed action does not violate any anti-competitive standards? How long does the process generally take?

The Angolan framework is still trying to implement an effective 'liberalisation' of the oil sector, namely of downstream activities, and the recently approved Law No. 28/11 of 11 September 2011 establishes the principle of competition for downstream activities. Although it is possible to file a request for a government determination to confirm whether a certain action would violate any anti-competitive standards, this is not a common practice and it is difficult to indicate an estimated process time for that purpose.

**International**

- 28** To what extent is regulatory policy or activity affected by international treaties or other multinational agreements?

Concerning oil activities, the Angolan government is trying to comply with the best international practices applicable to this specific sector. Since 2007, Angola has been a member of the Organization of the Petroleum Exporting Countries (OPEC), being subject to oil quotas. Further, Angola, as a member of the International Maritime Organization (IMO) has to comply with the provisions of the international regulations approved by the IMO.

- 29** Are there special requirements or limitations on the acquisition of oil-related interests by foreign companies or individuals?

The acquisition of oil-related interests shall always be subject to the prior approval of the minister of petroleum, who shall publish the relevant approval in an executive decree. The transfer of those interests shall be subject to a pre-emption right of the national concessionaire.

- 30** Do special rules apply to cross-border sales or deliveries of crude oil or crude oil products?

Cross-border sales, namely by means of importation or exportation of crude oil or crude oil products are subject to licensing and the approval of this licence shall be granted by the MinPet.

**Update and trends**

The oil sector in Angola is currently thriving and recent discoveries in pre-salt areas have boosted Angola's proven oil reserves. The Angolan government estimates that, until 2014, the oil production level shall correspond to 2 million barrels per day. In January 2011, Sonangol announced the results of a restricted tender for exploration of the pre-salt areas in 11 offshore blocks.

Further, taking into account that the country has only one refinery in Luanda and does not have enough crude oil processing capacity to cover internal consumption, the government has made plans for a new refinery, SonaRef, in the coastal city of Lobito.

These new projects and oil discoveries have brought additional foreign investments to the country. The government has therefore decided to restructure the currency exchange regime applicable to the oil sector by approving a new law – Law No. 2/12 13 January 2012. This law entered into force on 12 May 2012 and foresees new requirements for oil companies such as the obligation to open accounts in foreign currency in Angolan banks to pay taxes and other financial obligations to the state.



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