



Oil Regulation

in 33 jurisdictions worldwide

Contributing editor: Bob Palmer

2013



Published by
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10th anniversary
edition



Oil Regulation 2013

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Oil Regulation 2013

Published by
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First edition 2003

Tenth edition 2013

ISSN 1742-4100

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Printed and distributed by
Encompass Print Solutions
Tel: 0844 2480 112

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Mozambique

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General

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

The Strategic Plan for the Concession of Areas for Petroleum Operations published on 8 June 2009 states that the sedimentary basins in Mozambique have areas with great potential for the presence of oil. The Mozambique basin, which is 300,000km², has a density of around one well per 8,000km² onshore and one well per 17,000km² offshore, while the Rovuma basin, which is 60,000km², has a density of one well per 17,000km² onshore and none offshore.

The main players in the upstream industry include Sasol Petroleum International, Hydro Statoil, Anadarko, ENI, Petronas and Artumas. BP, Elf and Western are involved in geophysical surveys of offshore areas.

The downstream oil industry relies on imports, mostly from South Africa. Distribution and marketing of fuel products and lubricants is carried out by the state-owned oil company Petromoc. Other companies include BP, Mobil, Galp, Total and Caltex.

Control of the country's upstream oil industry rests with the parastatal upstream oil company Empresa Nacional de Hidrocarbonetos de Mocambique (the National Hydrocarbon Corporation – ENH), which has exclusive rights to explore for and develop petroleum in Mozambique, and is permitted to exercise these rights in association with foreign investors.

- 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?

Mozambique's main source of energy is biomass-based fuel, especially charcoal and firewood, representing around 80 per cent of annual consumed energy.

Hydropower is the dominant source of electricity, accounting for 99.7 per cent of the total. However, it provides only 11 per cent of the country's total energy requirement.

At present there is no oil refinery and, as a result, all refined products must be imported. Mozambique consumes and imports 16,000 barrels per day, the bulk of which is in the form of diesel. Half of the petroleum is consumed by the transport sector.

Mozambique's great potential is still to be exploited, and one of the foundations of the country's energy sector strategy is to encourage investment in projects of exploration, appraisal and production of hydrocarbons. This will help to continue lowering poverty levels in the country, specifically through the creation of infrastructures for the supply of energy to population centres and also by seeking to develop the country's refining industry. In this way it will be possible to avoid the high levels of fuel imports, which have a negative

effect on the country's trade balance. These actions seek to diversify Mozambique's energy system, and the implementation of many other strategic measures will help in meeting the objectives of the Southern African Development Community, of which it is part.

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

Mozambique adopted the National Energy Strategy through Resolution 24/2000 of 3 October, which replaced the previous energy policy of 1998. The basic legal framework for petroleum operations was approved by the Petroleum Law (Law No. 3/2001 of 21 February) and the Petroleum Operations Regulation (Decree 24/2004 of 20 August). In 2009, the government of Mozambique enacted the National Strategy for Petroleum Operations Concessions, mainly to define and prioritise the areas to be explored and their potential.

- 4 Is there an official, publicly available register for licences and licensees?

There is no official register for licences and licensees. However, given that the government has the authority to promote and regulate the country's economic activity (which includes the strategy and concession for exploring natural and mineral resources), the awarding of concession contracts by the government shall assume the form of a decree.

In accordance with article 144 (1)(c) of the Constitution, such decrees are subject to publication in the Official Gazette.

Moreover, the awarding of concessions falls within the scope of the Public-Private Partnership Law, approved by Law 15/2011 of 10 August (the PPP Law), which determines that a concession contract is subject to a prior inspection of the Administrative Court, and specific provisions of such contracts are subject to publication in the Official Gazette.

Within this context, information regarding the licences that have been awarded (as well as the licensees) becomes public through publication in the Official Gazette.

Regulation overview

- 5 Describe the key laws and regulations that make up the general legal framework regulating oil activities. Are there any legislative provisions that allow for expropriation of a licensee's interest and, if so, under what conditions?

The following laws and regulations regulate the general legal framework in respect to oil activities in Mozambique:

- the Constitution of the Republic of Mozambique;
- the Commercial Code;
- Resolution No. 24/2000 of 3 October 2000 (National Strategy for Energy);

- Law No. 3/2001 of 21 February (Petroleum Law);
- Decree No. 24/2004 of 20 August (Regulation of Petroleum Operations);
- Decree No. 4/2008 of 9 April (Regulation on Petroleum Production Tax);
- Law No. 12/2007 of 27 June, which establishes the specific taxation regime applicable to Petroleum Operations;
- Law No. 13/2007 of 27 June, which establishes the regime of fiscal and taxation incentives to mining and petroleum operations;
- Ministerial Diploma No. 13/2002 of 30 January (Specific Regulation for Petroleum Products Stores);
- Resolution No. 22/2009 of 8 June (National Strategy for Petroleum Operations Concessions);
- Law No. 20/97 of 1 October (Environmental Law);
- Decree No. 56/2010 of 22 December (Environmental Regulations for Petroleum Operations);
- Resolution No. 64/2009 of 2 November, which approves the Strategy for the Development of a Natural Gas Market in Mozambique;
- Decree No. 63/2011 of 7 November, which approves the Regulation for the Employment of Foreign Citizens under the Petroleum and Mining Industry; and
- Ministerial Diploma No. 272/2009 of 30 December, which approves the Regulation on the Licensing of Petroleum Activities and Facilities.

There are no specific provisions governing the expropriation of a licensee's interest, apart from article 25 of the PPP Law, and article 43 of the Regulations on the PPP Law, approved by Decree 16/2012 of 4 July, pursuant to which the government is entitled to the unilateral termination of concession contracts due to matters of public interest or on any relevant grounds. However, the concessionaire is entitled to a due compensation.

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

The two key regulatory and oversight bodies responsible for regulating oil activities are the Ministry of Mineral Resources and the National Institute of Petroleum (the INP).

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

Statistics related to oil production, export and import are kept by the Ministry of Mineral Resources in collaboration with the INP.

Natural resources

- 8 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?

All petroleum resources in situ as natural resources in the soil and the subsoil, in interior waters and in the territorial sea, on the continental shelf, and in the exclusive economic zone, are the property of the state.

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

Under Mozambican law, both onshore and offshore exploration and production activities are permitted.

There are, however, some areas that are considered off-limits to exploration and production of oil, such as those located inside areas declared as totally protected areas, including natural reserves and national parks.

Inside totally and partially protected areas, authorisation in the form of a designated special licence from the competent authority will be required.

- 10 What government body regulates oil exploration and production in your country? How are rights to explore and produce granted? What is the procedure for applying to the government for such rights?

The authority vested with powers to administer or regulate the exploration and development of oil and gas in accordance with the Petroleum Law is the Ministry of Mineral Resources. The INP is considered to be the regulatory authority for the petroleum operations of exploration, production and transport of hydrocarbons.

The state reserves the right to participate in petroleum operations in which any legal entity is involved and is, even up to its decision to participate in a commercial discovery, exempt from payment of any costs of the said operations (carried-forward interest scheme). The decision on the participation of the state in any given project may be made at any stage under the terms to be established by contract between the state and the holder of the rights.

The ENH is the state oil company. It is charged with the mission to develop into a competent company with a profitable portfolio of business activities covering oil and gas exploration and production, gas transmission, distribution and gas utilisation, and to optimise the value that can be generated for Mozambique through commercial participation in exploration and production as well as in the total petroleum value chain. Currently, ENH participates in exploration, with carried interest, in association with oil companies, and is currently a stakeholder in the natural gas project.

Petroleum operations covered by the law are subject to a prior concession contract with the state and are divided into exploration, appraisal and production, and oil and gas pipelines. The concession is awarded, as a rule, through public tender and by simultaneous or direct negotiation, in certain cases exclusively provided for in the Petroleum Operations Regulation.

Concession contracts for petroleum operations are awarded through a public tender process, pursuant to which applications for concession rights must be addressed to the Ministry of Mineral Resources and filed at the INP.

Applications must contain the following information:

- the name, address and nationality of the applicant. In the event the applicant is a foreign entity, the identification of its representative in Mozambique will be required;
- a description of the applicant's nature, including identification of and the relationship with any parent company or other affiliates, location of incorporation and registration, identification of the members of the applicant's board of directors, and the location of their residence and respective citizenship;
- the relevant experience of the applicant in the oil and gas industry, and in particular in the areas of drilling, production and transportation of oil and gas in similar circumstances to those in which the applicant intends to undertake its activity in the applied-for area, as well as its experience in oil and gas production, refinery and trading activities;
- a description of the applicant's technical and operational capacity, including its abilities for research and development;
- a description of the organisation and the technical resources that the applicant will have available in Mozambique or in any other location for performing the activities; and
- the financial situation of the applicant, including its share capital, shareholding structure and financial documentation (including the applicant's last three annual financial reports and accounts, as well as those of the parent company, if applicable).

11 Does the government have any right to participate in a licence? If so, is there a maximum participating interest it can obtain and are there any mandatory carry requirements for its interest? Does the government have any right to participate in the operatorship of a licence?

Under article 8 of the Petroleum Law, the government is entitled to participate in any petroleum operations, and at any stage of such operations, and also in the construction of oil and gas pipelines.

Although the Petroleum Law does not establish a maximum participating interest, the PPP Law establishes a maximum 20 per cent interest in the share capital of the entity that has been awarded with the concession.

The government is further entitled to negotiate a free carry of its participating interest in such entities in at least 5 per cent of the share capital, at any stage of the process.

12 If royalties are paid, what are the royalty rates? Are they fixed? Do they differ between onshore and offshore production? Aside from tax, are there any other payments due to the government? Are there any tax stabilisation measures in place?

According to the Petroleum Law, holders of the exercise of petroleum operations are subject to petroleum production tax (royalties) equivalent to 10 per cent for crude oil and 6 per cent for natural gas.

Besides the royalties, no additional payments are due to the government.

Regarding stabilisation measures, it should be noted that contracts entered into within the context of concession rights to conduct petroleum operations are qualified administrative contracts that may be unilaterally amended by the government. The concession contracts contain, among other aspects, provisions on the applicable tax regime with regards to the concession.

However, the PPP Law contains provisions addressing stabilisation measures, under which the government is obliged to implement any necessary measures for preventing political and legislative risks that may impact negatively on the sustainability of the concession. In this particular aspect, the event of a legislative alteration impacting on the concession (ie, an alteration to the tax regime) may entitle the concessionaire to due compensation for any damages incurred.

13 What is the customary duration of oil leases, concessions or licences?

Under a contract of exploration, the exploration may be granted for a period of two years. The exploration contract grants the right to carry out preliminary exploration and appraisal work in the area covered by the contract through air and space, land and other surveys, including geophysical, geochemical, paleontological, geological and topographic studies.

Under the contract of appraisal and production, which awards the exclusive right to petroleum appraisal and production of crude oil, natural gas and other hydrocarbons produced or capable of being produced from them or from bituminous clay and sand, the award period is eight years, except when an application for an extension is made to the minister of mineral resources to be presented to the INP indicating the area that is subject to extension.

14 For offshore production, how far seaward does the regulatory regime extend?

For the offshore production, the regulatory regime extends to inland waters, territorial waters (the territorial sea is 12 nautical miles measured from the baseline), the continental shelf and Mozambique's exclusive economic zone (which extends to a distance of 200 nautical miles).

15 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?

The Petroleum Law defines 'petroleum' as crude oil or natural gas, or other hydrocarbons produced or capable of being produced from crude oil, natural gas, oil shales or tar sands. Apart from the different production tax applicable to crude oil and natural gas, the Law does not establish any difference of regimes for the exploration or production of different hydrocarbons.

16 Which entities may perform exploration and production activities?

Describe any registration requirements. What criteria and procedures apply in selecting such entities?

Any Mozambican or foreign legal entity that can demonstrate that it has the technical competency and adequate financial resources to effectively carry out the operations, according to the requirements set out in the applicable legislation and regulations, may hold the right to carry out petroleum operations.

It should be noted that, for the purposes of meeting the requirements to qualify as a Mozambican legal entity, it is not enough for a company to be incorporated under the laws of Mozambique and have its operating headquarters in the country. More than 50 per cent of its share capital must also be held by a Mozambican legal entity.

The Mozambican entities that may perform exploration and production activities must be duly formed in Mozambique, with the majority of the share capital being held by Mozambican nationals, and it must have its registered offices located in Mozambique. The formation of such Mozambican entities is subject to registration at the Companies Registration Offices of Mozambique.

In the event that the entity is foreign, and thus has been formed and registered in accordance with foreign laws, such foreign entity is not required to incorporate a subsidiary or register a branch.

17 What is the legal regime for joint ventures?

There is no legal concept of joint ventures in Mozambique. However, the law foresees the concept of a consortium of companies, according to which two or more persons or companies engaged in economic activities are bound to each other jointly to undertake a certain activity of common interest parties.

The law permits certain arrangements, commonly in the form of production sharing agreements among the government, the licence holders and the oil companies, to undertake exploratory and production works.

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

A petroleum deposit that is located partly in one contract area and partly in another contract area shall be developed and operated jointly pursuant to a unitisation agreement, which shall be submitted for approval by the competent entity (in this case, the INP).

The activity of storage of petroleum products is performed by obtaining a storage permit. The storage of petroleum products will only be allowed on an appropriate oil facility and in accordance with current legislation.

19 Are parental guarantees or other forms of economic support common practice? Are security deposits required in respect of any work commitment or otherwise?

Parental guarantees are common practice.

Since concession contracts for petroleum operations are awarded through a public tender process, under article 19(1) of the PPP Law and article 33 of the Regulations on the PPP Law, the concessionaire is required to provide financial guarantees during the public tender phase: namely, a guarantee of the proper and complete implementation of the concession, and a guarantee to ensure the proper handing back of the concession.

Transfers to third parties

- 20** 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? Are there any pre-emptive rights reserved for the government?

The Petroleum Operation Regulations provide that:

[...] an assignment, to an affiliate or to a third party, of all or of an undivided part of the rights and duties of the holder of rights to conduct petroleum operations, shall be governed by the contractual provisions of the concession contract and subject to the prior approval of the minister with authority over the petroleum industry.

From our experience, normally concession contracts contain a clause stipulating that every person who constitutes the concessionaire may assign to another person its rights and obligations or an undivided proportionate part, including direct and indirect transfers of interest or participation under a concession contract, such as assignment of shareholdings or any legal instrument that provides or may provide decisive control over a person constituting the concessionaire or its participating interest under a concession contract.

Such assignment shall require the prior written consent of the minister of mineral resources, as per the provisions of the petroleum legislation.

Although the petroleum legislation is silent in respect of a change in control, from our experience any direct disposition of greater than 50 per cent of the legal or beneficial ownership of voting securities of a concessionaire, by way of a sale, voting trust or otherwise, that results in a transfer of the effective control of the concessionaire in question, would be deemed a transfer, and thus would require the prior approval of the minister of mineral resources.

The law is silent with respect to time frames to obtain the required approval for the above-mentioned transactions; nevertheless, in our experience the approval process tends to be quite simple and rapid as long as all requirements are fulfilled (eg, evidence of the technical and financial capacity of the transferee).

There are no costs for the process of approval of these transfers, and no pre-emptive rights are reserved for the government.

- 21** Is government consent required for a change of operator?

Yes; under article 91 of the Regulations on the Petroleum Law, a transfer of rights that may result in a change of operator is subject to obtaining a prior authorisation from the minister of finance.

Decommissioning

- 22** What laws or regulations govern abandonment and 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?

Ministerial Diploma No. 272/2009 of 30 December approved the Regulation on the Licensing of Petroleum Activities and Facilities stipulating the need to obtain a licence to proceed with the decommissioning or abandonment of petroleum facilities.

Update and trends

With recent major discoveries of oil and gas in the country, possible amendments to the existing legislation in order to bring it in line with oil and gas international standards have been discussed.

Within this context, we mention that a final version of the proposed new Petroleum Law has been approved by the Council of Ministers and has been submitted to Parliament. The final approval of this Law is to be effected by Parliament, which, it is expected, will introduce amendments in accordance with the public parliamentary discussions that are to be held on the Law.

These major discoveries have also caused a shift in the existing panorama of the oil and gas industry, and it is expected that a large-scale liquefied natural gas (LNG) facility will soon be built in northern Mozambique. This facility is expected to become one of the biggest of its kind in Africa.

Given that the legislation governing LNG processing activities is non-existent, discussions have been also held regarding setting up a legal framework for this specific activity.

The general principle contained in the Regulation on the Licensing of Petroleum Activities and Facilities and in the Petroleum Operations Regulation is that a detailed decommissioning plan shall be prepared by the concession holder, in consultation with the INP, and submitted no less than two years prior to the date on which production operations are expected to cease, for the approval of the minister with authority over the petroleum industry.

The decommissioning plan shall include, among others, the following items:

- tail-end production schedules and the economic threshold for termination of operations;
- alternatives for continuing petroleum operations;
- information on the further use or subsequent disposal of facilities;
- plans for plugging and abandonment of production wells;
- a schedule for decommissioning activities and a description of the equipment needed for the restoration of land sites or the seabed;
- an inventory of dangerous material and chemicals present in the facilities and plans for their removal; and
- an evaluation of the environmental impact of termination and abandonment activities.

- 23** Are security deposits required in respect of future decommissioning liabilities? If so, how are such deposits calculated and when does their payment become due?

The Regulations on the Petroleum Law do not specifically refer to securities in respect of future decommissioning liabilities, but rather to a security for the obligations arising out of the concession contract. This payment becomes due one year after the conclusion of the production operations of the concession.

The Regulations on the PPP Law provide for the hand back of the concession, which must be secured by a guarantee in an amount corresponding to 5 per cent of the total investment. This guarantee must remain valid for up to 12 months after the signature of the hand-back term.

Transportation

- 24** 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?

The transportation of crude oil and crude oil products is regulated by the Petroleum Law and can be carried out using oil or gas pipelines.

The Ministry of Mineral Resources, in coordination with the INP, authorises the construction of pipelines.

Resolution 14/98, Bilateral Agreement on Carriage of Goods by Road Between Republic of Mozambique and Republic of South Africa, BR No. 17, I Serie, 8 Supplement, 6 May 1998, applies to transporters that wish to undertake the transport by road of goods between any points of the territory of the parties, to any point on the territory of the other party, and in transit through the territory of one of the parties; such transporters require a licence from the competent authority of the territory in which the vehicle is registered in accordance with the prescribed rules outlined in annex A of the Agreement. A competent authority is defined as the National Director of Road Transport (Mozambique) and the National Commission of Transports (South Africa) (article 4). The following are necessary for the transport of goods: a vehicle list of goods as defined in annex D; customs papers specified by the parties; a load and boarding certificate; and a list of spare parts (article 5).

Also applicable are the rules regarding transportation and supply of crude oils (mineral unrefined petroleum, asphalt and all kinds of hydrocarbons and bitumen, whether solid or liquid, in the natural condition or obtained from condensation or extraction of natural gas, excluding coal or any other substance extracted from coal), by-products (petroleum derivative products) and residues may be classified as transport of liquids in bulk (cistern wagons and cistern trucks) and transport of packed goods (wagons and motor vehicles) under Decree 36 270, Safety Rules for Warehousing and Industrial Treatment of Crude Oils By-products and Residues, BO No. 8, I Serie, 9 May 1947.

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

The rights to construct and operate an oil or gas pipeline are granted upon an application addressed to the minister with authority over the petroleum industry.

The transportation of crude oils (mineral unrefined petroleum, asphalt and all kinds of hydrocarbons and bitumen, whether solid or liquid, in the natural condition or obtained from condensation or extraction of natural gas, excluding coal or any other substance extracted from coal), by-products (petroleum derivative products) and residues may be classified as the transport of liquids in bulk (cistern wagons and cistern trucks) and the transport of packed goods (wagons and motor vehicles), and will require approval from the National Director of Road Transport.

Health, safety and environment

26 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?

There is a general statutory obligation with respect to the undertaking of petroleum operations that it must be carried out in a prudent manner according to internationally accepted technical and economic practices, health and safety rules, environmental and facilities protection, and rational utilisation of petroleum resources and existing facilities.

With the aim of controlling and reducing the effects of operational and accidental discharges, or of waste handling, and of emissions of pollution to the air, sea, lakes, rivers and earth, it is a duty of the operator to undertake the following actions:

- environmental impact assessments, including actions for minimising the impact on all areas affected by the petroleum operations;
- a record of the environmental aspects influenced by the petroleum operations in all the phases; and

- a system of safety agents and a commission for the working environment should exist in each facility.

The operator is also obliged to prevent accidents and material damages or the threat of damages resulting from its activities and from the working of its facilities to the personnel or goods of a third party; animals; vegetation; marine life; and the sea or air. Operators must also report the quantities of operational and accidental discharges of escapes and waste, and such information should be made known to the INP.

The government body responsible for this is the Ministry of Environment, and in certain aspects the Ministry of Labour. The Ministry of Environment ensures compliance with all environmental and licensing requirements. The Ministry of Labour undertakes inspections to ensure health and safety measures to protect workers are in place.

27 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?

Standards on health, safety and environment for the oil industry are regulated by specific legislation for each area. Notwithstanding this, there are several health, safety and environment requirements applicable to oil and oil product composition, such as:

- environmental impact assessments, including impact reduction measures, shall be carried out in all areas that may be affected by petroleum operations;
- registration of all environmental aspects influenced by the petroleum operations shall be created and maintained for all phases; and
- the operator shall prevent:
 - accidents and material damage resultant from its activities and from the facilities' operation;
 - damage or risk of damage to third parties' personnel and assets;
 - damage to animals, vegetation, marine life and monuments;
 - sea pollution and pollution of water fountains discovered in the course of petroleum operations;
 - air pollution; and
 - damage to petroleum reservoirs.

Labour

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

Decree No. 63/2011 of 7 December, provides the legal regime and the mechanisms and procedures for the employment of foreign citizens under the Petroleum Law and Mining Law. This legal regime is applicable to all domestic and foreign employers, and all foreign employees working in these sectors, and provides a regime of quotas for the employment of foreign citizens under which employers may employ foreign citizens by simply giving notice of the employment to the Ministry of Labour, or an entity to whom the minister has delegated this competency, within 15 days after the admission of the employee, subject to the following quotas:

- 5 per cent of the total number of employees in large enterprises (an enterprise employing more than 100 employees);
- 8 per cent of the total number of employees in medium-sized enterprises (an enterprise employing more than 10 but not more than 100 employees); and
- 10 per cent of the total number of employees in small enterprises (an enterprise employing up to 10 employees).

If the enterprise has already fulfilled the quotas, it is possible to employ foreign citizens by means of requesting a work authorisation from the Ministry of Labour. In these cases, the admission of the foreign citizen shall only proceed if the employee has the required academic and professional qualifications, and it is proved that there are no nationals with such qualifications.

In petroleum or mining investment projects approved by the government (through the Investment Promotion Centre) that contemplate the employment of foreign citizens in a greater or smaller percentage than those foreseen above, work permits shall not be required, and it shall be sufficient for notice to be given to the Ministry of Labour within 15 days after the foreign citizen enters into Mozambique.

Finally, the law also provides for short-term work, which is considered to be work performed by a foreign citizen that does not exceed 180 days a year, continuous or interrupted.

Short-term work does not require any work authorisation, it being only necessary to remit, within 15 days following the arrival of the foreign citizen to the country, a communication to the Ministry of Labour mentioning, inter alia, the identity of the employee, his or her qualifications, a reason for hiring him or her, the activities that will be performed, and dates when he or she will be in the country.

Taxation

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

Under the Petroleum Law, individual and collective persons who are holders of a right to conduct petroleum operations are subject to the payment of the following fiscal impositions:

- the taxes provided for in the Income Tax Code;
- royalty payments;
- value added tax and the tax on specific consumption owed on the operations conducted;
- property contribution and the property transfer tax as established in accordance with the law;
- customs duties established in the customs duty schedule;
- municipal taxes due; and
- other taxes and fees established by law.

Petroleum production tax shall be charged on petroleum produced in Mozambican territory, from the development and production area.

Petroleum production tax is chargeable from the moment at which the petroleum produced is extracted from a petroleum reservoir.

The petroleum production tax rates set forth in Law No. 12/2007 of 27 June are 10 per cent for crude oil and 6 per cent for natural gas.

The determination of the petroleum production tax shall be made by the holders of the right to engage in petroleum operations that produce petroleum.

Tax shall be paid using a payment order form, by the taxpayer, at the directorates of the tax areas or at any other entity authorised by law, in the same period of tax determination.

Commodity price controls

30 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 matter of fixing the sale price of petroleum products is regulated by the Regulation of Petroleum Operations. However, this does not establish the penalties applicable to non-compliance.

Competition, trade and merger control

31 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?

There are no anti-competition laws in place to prevent or punish anti-competitive practices specifically and exclusively in connection with the extraction, transportation, refining or marketing of crude oil or crude oil products. However, a general anti-competition law is in the process of being approved by the Council of the Minister.

32 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?

There are no anti-competition laws in Mozambique; see question 31.



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International

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

Mozambique is a signatory to several international treaties related to the oil industry, and under the Constitution of the Republic of Mozambique, all treaties duly signed and ratified by the country are treated as domestic laws.

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

Yes; under the Petroleum Law, Mozambican juristic persons have a preferential right in the granting of blocks; foreign juristic persons who associate with Mozambican juristic persons shall also enjoy this preferential right.

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

There are no special rules in this regard. Mozambique does not as yet produce crude oil and there are no cross-border supplies of the product.

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