

Oil code of the Republic of Niger

Decree no.92-45 dated 16 September 1992 on the oil code

In view of the constitutional law no. I/CN dated 30 July 1991 setting up the National Conference;

In view of the constitutional law no. IU/CN dated 9 August 1991 stating the powers of the sovereign National Conference;

In view of the constitutional law no. XXI/CN dated 29 October 1991 organizing the State during the transition period;

In view of the law no. 61-33 dated 14 August 1961 on the criminal proceedings code;

In view of the law no. 74-22 dated 6 April 1974 on mining taxes and duties;

On the Ministry of Mines, Energy, Industry and Arts and Crafts report; The Cabinet meeting; The High Council of the Republic deliberated and passed the bill; The Prime Minister signed the following decree whose content is as follows: Article One -this decree is meant to define :

1) the legal and fiscal regime of hydrocarbons prospecting, research and exploitation activities with the related structures and facilities for their operation;

2) the rights and duties of companies carrying out the aforementioned activities;

Art 2. the State is the owner of hydrocarbon substances and resources discovered or non-discovered in the soil and subsoil of the national territory;

Art 3 hydrocarbons prospecting, research and exploitation activities are carried out with the licenses delivered in accordance with the provisions of the following titles II, III, and IV :

Art 4. 4.1.- hydrocarbons pipeline transportation is made under the control of the State in compliance with the provisions of the following title V.

4-2. -The State commercializes its share of production through a public institution under the Minister in charge of hydrocarbons. The franchise dealer is free to have his part; but he is bound to settle a unique exit tax equal to 1% of the ex liquid hydrocarbon field value and 0.5 % of the ex gaseous hydrocarbon field value.

Art. 5. - The necessary facilities for research and exploitation of hydrocarbons as well as the corresponding infrastructure are set up with the approval of the State in accordance with the provisions of the following title VII.'

Art. 6. - Deposits of liquid, gaseous or solid hydrocarbons together with wells are fixed property.

Mining titles are also considered as fixed property.

Fixed property also includes buildings, refining plants, drilling and other works permanent machinery, equipment, material and tools used in the exploitation of deposits, storage, refining and transportation of extracted products.

The fixed property also includes machinery, vehicles, material and tools directly involved in the exploitation of hydrocarbons deposits.

These fixed properties are liable to mortgage.

The list of personal estate includes: produced or extracted materials, supplies and other movables as well as the shares, stocks or interests in a given company or association of companies involved in prospecting, research, exploitation and transmission of hydrocarbons.

Art. 7.- The prospecting and research activities of business corporations, hydrocarbon exploitation and transportation activities are considered as trading activities.

Art. 8.- Through the terms of this decree, the above-mentioned terms have the following meaning :

1) «public institution», any public institution involved in industrial and commercial activities, or any State-owned company;

2) «oil company» , any legal entity which shows its technical and financial capability to carry out oil prospecting, research and exploitation together with transmission of hydrocarbons. The

application of the present definition concerns oil companies owned by natural and legal persons.

3) « the establishment agreement », the agreement between one or several oil companies and the State, after examination by Cabinet meeting and approval by presidential decree, in order to set the conditions of mining titles applications, the reciprocal rights and duties of both the State and title holder or holders together with the fiscal and legal stabilization scheme applicable to oil exploration and exploitation activities.

4) « Prospecting », the preliminary works on the detection of hydrocarbon indicators through the use of areal research techniques except drillings.

5) « Research », prospecting works as defined in the preceding paragraph and research works through subsurface and drilling methods in order to discover hydrocarbons deposits.

6.) « exploitation » works which enable the extraction of hydrocarbons.

7) « Hydrocarbon », liquid, gaseous and solid hydrocarbon, especially oil-bearing sands and shales.

8) « transportation », pipes transportation of hydrocarbon except collection and service networks at the level of deposits and domestic gas mass marketing networks.

TITLE II -PROSPECTING AUTHORIZATION

Art.9. -The prospecting authorization provides the holder in the given area, with the non-exclusive right and obligation to carry out preliminary hydrocarbon prospecting works.

Art.10. -The authorization of prospecting is not exclusive.

It does only concern an area with a research permit issued in compliance with the terms of the following title III or with an exploitation license issued under the terms of the following title IV :

It can be limited or withdrawn according to modalities set by the rules and regulations with no indemnity claim, especially when an exploitation permit is given to a third party on the prospecting area.

It does not provide the holder with any right for the acquisition of a research permit or an exploitation title.

Art. 11, -Prospecting authorization is obtained through a decree signed by the Minister in charge of hydrocarbon for a period of six months-> renewable once.

The conditions of prospecting license are made through a decree.

Art. 12. -Prospecting license is not a mining title and cannot be transferred.

It is allowed for a prospecting license holder to associate with one or several third parties in order to carry out prospecting activities.

TITLE III -RESEARCH PERMIT

Art. 13. -Hydrocarbon research exclusive license gives its holder, at the exclusion of any other individual, the right to perform, within a given area, any hydrocarbon research and prospecting activities.

Art. 14. -Research license is a mining title, creating a distinct right of soil ownership, which can be subjected to changes under the terms included in the following article 24.

Art. 15. -Research license is granted for a maximum period of four years, by decree, after examination by the Mining Board, to one or several oil companies by associating the conditions of an establishment agreement attached to the appendix of the articles of incorporation of the mining title,

Art. 16. -Research license gives its holder free hand on hydrocarbons, together with the related connected substances extracted from the soil during research and the possible production tests.

The hydrocarbons which fall within the terms of the present article are not liable to mining and surface area royalties stated in article 63 of this decree.

Art. 17. -The establishment agreement signed in compliance with the above-mentioned article 15 specifies the rights and duties of both the State and oil companies for the research period and, in the event of any discovery, for the period covering the exploitation of hydrocarbons.

During the research period, the agreement stipulates:

- 1) the nature of the relations between the joint permit holders owners;
- 2) the annual budget a permit holder should devote to research during the time limit of the permit;
- 3) the obligations related to the control of the permit holder or holders;
- 4) the nature of mining titles and the association of the permit holder or holders in order to share the cost and revenue, especially the attribution of mining exploitation titles;
- 5) the possible participation of a State-owned company in research activities;
- 6) the financial and legal guarantees together with the regime of the fiscal stabilization granted to the permit holder;
- 7) the obligations of the permit holder in terms of employment and sub-contracting.

Art. 18.-Any change in the distribution of the capital of oil companies under the legislation of the State of Niger as well as agreements included in the establishment convention are submitted to the prior approval of the Minister in charge of hydrocarbons.

Art. 19.-The holder of a research permit should, after any discovery of hydrocarbons which may lead to the exploitation of a commercial accumulation, pursue with the greatest haste the delimitation of such deposit.

In the case of a proven commercial accumulation, the permit holder should request a concession and carry on development work in accordance with the establishment convention.

In the event of any contention on the profitability of the deposit, the Minister in charge of hydrocarbons can request the holder to waive his rights and attribute the deposit to the State.

Art. 20.- The validity of a research permit can, at the holder's request be renewed twice for periods lasting three years maximum.

The renewal is granted through decree by the Minister in charge of hydrocarbons, at the liking of the holder or holders may wish it, if, for a certain period, the works set by the establishment convention have been entirely implemented and that the legal and statutory obligations with regard to the permit were fulfilled.

The size of the permit area is divided by half at each renewal. The financial commitment of the permit holder for each renewal is not however reduced and should at least be equal to the initial period amount.

Art. 21.-If a permit holder does not meet the agreed commitments or when he ceases abiding by the conditions of this decree or the application texts or the obligations of the establishment convention, he can be requested to waive his mining title.

Permit withdrawal is done under the same conditions as the granting of the permit if the formal demand by the Minister in charge of hydrocarbons has not been answered for two months. Disqualification renders null and void the establishment convention.

Art. 22.If a research permit is renewed or definitely terminated according to the regulations before ruling on a regular concession request and if the holder met its obligations under this decree, the application texts and the

establishment convention. The Minister in charge of hydrocarbons can extend by decree the validity of the permit on the area which was the object of the request.

Art. 23.- The granting of a temporary exploitation permit defined under the following article 30 means a veiled exclusive research permit, The granting of a concession leads to the cancellation of the research permit within the exploitation area, but is veiled outside the area, without modifying the budget defined by the establishment convention, unless the holder relinquishes his rights on the permit in accordance with article 26 herebelow.

Art. 24.- The total or partial changes of the mining titles are operative only if they are authorized under the regulations set during the granting of the permit.

Partial changes lead to solidarity between the assigner and the assignee as for all the obligations under the establishment convention.

The assignee should meet the same conditions met by the holder and abide by the same obligations. He enjoys the same rights, either under an additional section to the establishment convention, if the transfer is partial, or, if he makes the request, by signing a new convention which replaces the one of the assigner for the remaining period from the initial date of the assignor's convention, if the transfer is total.

Art. 25.-When the mining title belongs to several joint holders, the withdrawal of one or several of them does not lead to the cancellation of the permit, the nullity of the convention or if the holder or the holders agree to be responsible for the commitments pledged by the one or those who are withdrawing.

Withdrawal is accepted through decree by the Minister in charge of hydrocarbons.

Art. 26.-The permit holder can relinquish in totality or partially the areas covered by the permit. The renunciation comes into effect after it has been accepted through decree by the Minister in charge of hydrocarbons.

It leads to the cancellation of the permit over the concerned area and the nullity of the establishment convention, when the disclaimer is total.

Unless otherwise-agreed in the establishment convention, the partial withdrawal does not decrease the financial commitment of the holder on the area he retains.

Art. 27.-When the same holder has two or several close] / related permits and that these permits are within the same validity period, with a duration difference of one year maximum, the fusion can be requested.

That merger is granted by a decree which sets the new financial level of commitment of the moving party and the termination date of the permit which cannot go beyond the termination of the farthest dates of the permits object of the requested merger.

A holder can request the division of a research permit. That division is granted through a decree which sets the new financial level of commitment agreed by the moving party for each of the permit resulting from the division.

That financial effort cannot be lower than each of the permits with regard to the commitments of the on-going expenses for the permit object of the division.

The holders of closely related research permits can request for exchange' of lots between them . That exchange is granted by decree.

Art. 28.- At the partial or total termination of a research permit, either in the case of waiving, or cancellation, the exploration bore-holes, the casings and the well-heads located in the abandoned areas of the permit should be left in place in order to be attributed, without compensation to the authors, to the State.

TITLE IV. - HYDROCARBON EXPLOITATION

Art. 29- Hydrocarbons deposits may be exploited in NIGER only by virtue of:

- 1) either a temporary exploitation -authorization; or
- 2) a concession.

Art. 30- During the validity of the research permit, the holder can, on his request, be authorized, by the Minister in charge of hydrocarbons, to temporarily exploit boreholes, for a maximum period of two years during which he should pursue the delimitation and the development of the deposit.

That authorization, which gives the holder, upon the payment of the royalties mentioned in article 63 of this decree, the free hand on extracted hydrocarbons, can be withdrawn under the same conditions in case of violation of the provisions of article 19 of this code.

It is made null and void in the event of termination of the permit for a given reason, unless an application for a concession request is made.

The examination procedure of the temporary exploitation permit, together with the extension of that authorization to new wells and the withdrawal of the authorization are made by decree.

Art. 31.- The concession of hydrocarbons gives the holder, except of any other third party, the right to exploit any deposit commercially exploitable within a defined area by the research permit.

The concession is a mining title which creates a distinct right on the ownership of the surface area which can be the object of transfer under the provisions of the following article 36.

Art. 32.- The concession of hydrocarbons is granted within the research permit area for a maximum period of fifteen years renewable once by decree after examination by the mining board to the permit holder who makes the request in accordance with the establishment convention appended to the articles of incorporation of the said mining title.

The renewal of the concession is legitimate at the acceptance of the holder or holders, if, during the elapsed period, the legal and statutory obligations deriving from the establishment convention were fulfilled.

During the validity of the research permit, its holder is the only one who is eligible to be granted a permit within the surface area defined by the permit.

Nevertheless, the holder can go into partnership with other oil companies with regard to exploitation. In this case, his request should include all the partnership agreements he signed.

Any Association protocols and agreements are approved by decree of the Minister in charge of hydrocarbons.

Art 33.- Concession gives the holder a free hand on the partial disposal of extracted hydrocarbons in accordance with a quota set under the provisions of the establishment convention, the State being the owner of the production balance.

Art. 34.- The concession equally gives the holder a free hand to dispose the closely related substances by virtue of the establishment convention

Art.35.- The establishment convention concluded in accordance with article 17 of the present law, provides for the exploitation period :

- 1) the related obligations to the control of the holder or holders;
- 2) the nature of the relations between the joint holders, and especially of their association in order to share operating expenses and trading revenue;
- 3) the modalities for the participation of a State-owned institution in exploitation activities;
- 4) the conditions of a possible transfer to the holders of the State part of the production;
- 5) the financial and legal guarantees as well as the fiscal stabilization scheme given to the holder;
- 6) the obligations of the holders in terms of employment or sub contracting; -
- 7) the type of domestic consumption and refining plant hydrocarbons;
- 8) the control powers of the Administration over production levels;

Art. 36.- the total or partial transfers of any type or any reason whatsoever of the concession together with the modifications of the agreements stated in the establishment convention and related to the association of the holders come into effect only after approval according to article 32 of this code for the granting of the concession.

Partial transfers lead to solidarity between the assigner and the assignee with regard to the obligations set under the establishment convention.

The assignee should meet the same conditions as the holder and abide by the same obligations. He enjoys the same rights, either after the drawing of an additional clause to the establishment convention, if the transfer is partial, or in case he makes a request, by signing a new convention which replaces the one of the assigner for the remaining time from the initial date at the signing of the convention by the assigner if the transfer is total.

Any deed which violates the present article is null and void and can lead to the withdrawal of the transfer under the terms of articles 38 and 39 hereafter :

Art.37 - A holder can totally or partially waive a concession.

The waiving comes into effect only after consent by decree of the Minister in charge of hydrocarbons.

That decree defines, if need be, the area kept by the holder.

Art.38.- Except circumstances beyond control, when a concession was not the object of any exploitation for six months, the withdrawal can be made after formal notice to resume exploitation within a time-limit of six months and if, passed that deadline, the formal notice proved not to be observed.

Art.39.- The concession can also be withdrawn :

1) in case of violation of this decree's stipulations or the clauses of the establishment convention;

2) in case of refusal to dispatch information according to title VII of this decree;

3) in case of non-payment for a year of the royalties set forth in article 63 of this decree and if need be, penalty charges in accordance with the provisions of the same article, after the formal demand proved to be ineffective within a time-limit of six months;

4) in case of non-implementation by the holder of an arbitration decision pertaining to the execution of the establishment convention.

The violation of the clauses of this decree, the regulations with regard to its implementation or the stipulations of the establishment convention under the sections of article 74 of this decree.

The withdrawal of the concession is made under the same conditions as the granting regulations after formal demand made by the Minister in charge of hydrocarbons.

This leads to the cancellation of the establishment convention.

Art. 40.- At the expiration of the concession and when the withdrawal decision of the permit is definitive, the facilities of the holder go to the State without any compensation from the owner and the surface areas comprised within the corresponding areas become available for the granting of new research or exploitation titles.

TITLE V.- HYDROCARBONS TRANSPORTATION

Art. 41.- Notwithstanding contrary legal or statutory provisions, the concession gives the holder or each of the co-partners the right, during the validity of its mining titles and under the provisions stated in this title, to transfer its facilities within the territory of the Republic of NIGER, to hire carriers, by keeping the ownership, exploitation products or its part of the said products vis à vis storage, processing, interconnection, loading or consumption stations.

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Art. 42.-The rights under article 41 of this code can be transferred individually or jointly by the holders of the concession under the conditions stated in the establishment convention.

Art. 43.-Several concession holders can go into partnership to ensure transportation of their exploitation products subject to the provisions of article 42.

They can also go into partnership with third parties or a State-owned institution for the realization and management of facilities and pipelines.

Any related protocols and agreements are approved by decree signed both by the Minister in charge of hydrocarbons and the Minister in charge of public works.

Art. 44.-Pipeline routes drafts and the characteristics of pipelines are approved by decree after advice of the mine board.

This consent enables the project to be considered as of public-interest and, therefore, be classified among high profile State-approved projects.

This approval is granted by decree by both the Minister in charge of public property and the Minister in charge of hydrocarbons.

This decree gives the mining title holder a temporary soil occupation right and sets the amount of the dispossession indemnification fee. It also sets the amount of the crossing royalty.

If occupation is on property belonging to private individuals or on property entitled to customary law or if the holders cannot settle their contention amicably with the property owners or the customary law recipients, occupation can, after public inquiry, be authorized in accordance with the law in force and with the applicable regulations in respect to exploitation activities.

Art.45.-If, except in case of circumstances beyond control, the holder of a mining title has not undertaken works scheduled to be implemented a year after the approval of the project, the approval decree is cancelled.

If the implemented or on-going works are not abiding by the terms of the project, the Minister in charge of hydrocarbons can forward a formal notice to the holder to comply with the terms, and should the

occasion arise forbid the continuation of the works and order the destruction of the facilities which are not consistent with the fees of the holder.

Art.46.- The company in charge of the exploitation, the transmission main built in accordance with article 41 of this decree, by lack of amicable settlement, should, by a decree of the Minister in charge of hydrocarbons, accept, within the limit and for the duration of its excess transportation capacity, the crossing of products from other exploitations different from the ones which justify the project approval.

These products cannot be subject to any differentiation at the level of transportation fees.

Art.47.-If the holder or holders of transportation authorization violate the provisions of this decree or the clauses of the statutory instrument taken for its implementation or related to public safety and to state return of the exploitation under government control partially or in totality at the manager's expenses and risks, after formal notice which remains ineffective for two (2) months, except in the case where public safety or national defense demands immediate implementation of the sanction.

If within a deadline of six (6) months after the return under government control, the interested party has not complied with its obligations, withdrawal of the authorization is made by decree by the Minister in charge of hydrocarbons.

In that case, the rights of the interested party return to the State.

Art. 48.- The provisions of this title do not concern facilities and feeders set in the concession area for exploitation activities.

Art. 49.-The expiration of the mining title does not affect the rights granted to the holder in compliance with this title, if the facilities and feeders are used on a conserved section of the mining titles or on other mining titles.

At the expiration of all mining titles, facilities and feeders return to the State without compensation from the owners.

TITLE VI.- MARKETING OF HYDROCARBONS

Art. 50.- Notwithstanding any contrary legislative and statutory provisions, the concession granted to the holder or to each of the co-holders the right for the duration of its mining titles and within the framework of the conditions specified in this title authorizing to market its share of hydrocarbons.

51. 1.- The holder enjoys a special right at equal conditions to sell on international market the Republic of Niger's share of the production.

51. 2.- The Republic of Niger is free to choose the quality of crude oil which is best adapted to its needs.

Art. 52

52. 1.-The Republic of Niger will enable the State-owned institution in charge of marketing hydrocarbons within Niger to take the hydrocarbons produced by the holder as well as their by-products to favorable conditions similar to the ones granted to other hydrocarbon producers and suppliers of by-products.

52. 2.- The transfer price of liquid or gaseous hydrocarbons for domestic consumption in Niger will be submitted to the prior approval of the Minister in charge of hydrocarbons.

52. 3.- At the request of the Minister in charge of hydrocarbons and if the economic conditions are favorable, the holder may consider the possibility to build and support a refining plant.

TITLE VII- ATTACHED RIGHTS TO RESEARCH AND EXPLOITATION OF LIQUID OR GASEOUS HYDROCARBONS DEPOSITS

Art, 53.- Subject to the special statutory provisions to each of the following produces hereafter, the holder of a research and exploitation mining title' can, on the territory of Niger, and within the framework of the conditions specified in this title :

- 1) occupy the required property for the execution of its research and exploitation works or closely related activities and the accommodation of the personnel working on the sites;
- 2) carry out or sub-contract to perform the required works in the setting up of facilities for operations related to research and exploitation, especially the transportation of material, equipment and extracted products, except the above-mentioned transportation specified in title V of this decree;
- 3) carry out or sub-contract to perform drillings and required works as concerns water supply to the personnel, activities and the facilities in accordance with provisions on water off take;
- 4) extract and use or sub-contract to extract and use safely according to the rule of the book the materials extracted from the soil on public or private property of the State or other local administrative units that can freely possess within the framework of activities.

Art. 54.- Subject to the provisions of article 56 hereafter, the occupation of property by mining titles holders, for the uses specified in the preceding article, is subject, if it is to exceed six months, to a request addressed to the Minister in charge of public property, the Minister in charge of hydrocarbons and The Minister of the environment can oppose the occupation by a joint justified decree.

Art. 55.-The building of the facilities is placed under the supervision of the Minister in charge of hydrocarbons who can send a formal notice to the holders to abide by the specifications of the project and should the occasion arise, forbid the continuation of the works and even order the destruction of all the installations which prove not to be consistent with the project at the holders expenses.

The Minister in charge of public property, the Minister in charge of hydrocarbons and The Minister of the environment can state by joint decree protection areas around urban areas, farm lands and plantations, water points, sites, worship or burial places; any property occupation or research and exploitation works within these areas are subject to a formal approval jointly granted by the Minister in charge of public property, The Minister of the environment and the Minister in charge of hydrocarbons.

Art. 56.- If occupation is on property belonging to private individuals or on property entitled to customary law or if the holders of mining titles cannot settle amicably their dispute with the property owners or the customary law recipients, occupation can be authorized in accordance with the above-mentioned procedure in article 44 of this decree.

Art. 57.-At the expiration of the mining title, the holders should rehabilitate the sites.

TITLE VIII- CONTROL OF THE ADMINISTRATION AND ENVIRONMENT PROTECTION

Art. 58.- Engineers, civil servants and staff from the Department; in charge of hydrocarbons seek, under the authority of the Minister of the environment, the application of this decree together with the regulations of its applications as well as the administrative and technical monitoring of the activities scheduled in this decree.

They work with the civil servants and staff from the Ministry of Employment towards the application of the fair labor standards Acts with regard to the activities concerned by this law.

They elaborate, keep and disseminate documentation related to hydrocarbons.

They are, therefore, empowered at any moment to check hydrocarbon indicators and deposits and have full access to the works and installations of mining title holders. The latter should make available any requested information related to the implemented activities.

Art. 59.- Any document or information collected in accordance with the above-mentioned article 58, cannot, except authorization from the State¹ or the mining titles holders, be disclosed publicly or forwarded to third parties before the expiration within a time period of ten years, from the date the title was granted.

Art. 60.- The holders of the exploitation and research permit should monitor their activities and installations to avoid damage to the Republic of Niger's natural and cultural heritage, especially in the area of the discharges of poisonous wastes and the atmospheric pollution or noise and smells near urban areas.

Art. 61.-To that effect, any request of research or concession permit and any pipeline building project should be accompanied with an impact study specifying the actions to suppress, reduce or work out the prejudicial consequences for the environment or the scheduled installations.

This impact study is forwarded to get the notice of the Ministry of the environment.

Art. 62.- Environmental protection actions proposed by the holders set down by the Minister of the environment are the object of special provisions in the establishment convention.

•TITLE EX.- FISCAL PROVISIONS

Art. 63.- Oil companies are liable to the payment, under the applicable terms of the establishment convention, and for their research and exploitation of hydrocarbons deposits in the territory of Niger, of standing; mining fees royalty, a surface area royalty and income tax in accordance with the conditions specified in this title.

Art. 64.- The companies concerned in article 63 should settle a mining royalty equals to 12% maximum of the ex-liquid hydrocarbon value and 5% of the ex-gaseous hydrocarbon value extracted in the territory of the Republic of Niger.

Mining royalties rates are defined for each case by the establishment convention according to extraction costs.

Hydrocarbons consumed for the direct needs of the production or reintroduced in the deposit or lost or not used, together with the close related substances, are not subject to the mining royalty.

The mining royalty is paid in kind or in cash at the convenience of the Ministry in charge of hydrocarbons.

Art. 65.- The ex-oil field hydrocarbon value is equal to the unit value in the collection tanks.

a) For hydrocarbons consumed in Niger, this unit value is defined as follows:

1) the hydrocarbons global valorization is determined from the transfer price of hydrocarbons to independent third parties in accordance with the prices recorded in the corporate accounting;

2) transportation, handling, storage and loading charges are subtracted . and, if need be, the charges related to the processing of hydrocarbons from collection tanks to delivery points to the above-mentioned independent third parties;

3) that way, the global value of consumed hydrocarbons in Niger is determined. This amount is then divided according to the consumed quantities in Niger in order to assess the unit value.

b) For exported hydrocarbons, this unit value is determined -as follows :

1) the global valorization of hydrocarbons is determined from the FOB transfer price, loading port (sea), to independent third parties in accordance with the prices recorded in corporate accounting. Nevertheless, this valorization should not in any case be under the international market price for products of the same quality supplied in comparable marketing conditions;

2) transportation, handling, storage and loading charges are deduced and, should the occasion arise, the charges related to the processing of hydrocarbons from the collection tanks and the loading port for export;

3) that way, the global value of exported hydrocarbons is determined. The amount is divided according to the exported quantities to determine the unit value.

Art. 66.- The mining royalty is payable at the last day of each term. In case of payment delay, the amounts due are increased by 1/1,000 per delayed day.

Art. 67.- The mining royalty is considered as an operating expense and should be in that respect included in the liabilities at the level of the balance sheet.

Art. 68.- Oil companies are liable to a surface area royalty for their research and exploitation activities which rate at the square kilometer is specified in the establishment convention. It is paid in cash and constitutes an operating expense.

Art. 69.- The companies concerned in article 63 are liable to a direct unique tax on net profits they made as concerns their activities of hydrocarbons deposits exploitation in the territory of the Republic of Niger at the rate of 45%.

To that effect, each company, whatever the location of its head office, should have, each calendar year, a separate accounting of its carried out operations in the territory of Niger which enables to establish social accounts indicating the results of the above-mentioned operations and the assets and liabilities allocated or related to the operations.

The taxable net profit is fixed in accordance with the accounting principles applicable in the Republic of Niger and the accounting policies related to the depreciation rate which is appended to the establishment convention of the company.

Art. 70.- The companies concerned in the above-mentioned article 63 are authorized to constitute a depletion reserve which rate in relation to ex-oil field extracted products is set by the establishment conventions.

Art. 71.- Depletion reserve is included in a special heading of the balance sheet liabilities indicating the amounts of each fiscal year's allocations.

These amounts are subject to direct tax at the rate included in article 69 of this decree unless they are reinvested in research in the territory of the Republic of Niger within a time period of three years as from their inscription in the balance sheet.

That tax is collected at the disposal of the above-mentioned allocation.

Art. 72.-The companies that are liable to the above-mentioned royalties and direct tax are exempt from any other direct tax applicable in the Republic of Niger for their research and exploration activities related to liquid and gaseous hydrocarbons.

The scheme of indirect taxation and registration dues is set by the establishment convention.

Art. 73.- Equipment, spare parts and industrial goods used in research and exploration of hydrocarbons in the territory of Niger « are exempt from any import tax and duty». If the above-mentioned equipment and goods are no longer used for research and exploration of hydrocarbons, they will no longer enjoy the stipulations of this decree. The amounts the company will be liable to are exempt from import tax and duty.

Art.74.- Companies in charge with pipelining related to hydrocarbons are subject to a single direct tax at the rate of 45% given the profits resulting from transportation activities carried out in the Republic of Niger.

The taxable profit is determined in accordance with the terms included in article 69 of this decree.

Art.75.- The tax base and collection schemes included in the above-mentioned articles 60 and 72, when they do not result from this decree or establishment convention, will be those included, in terms of income tax, in the fiscal legislation in force in the Republic of Niger.

Art. 76.- The application conditions of this title are set by a joint décret-signed by the Minister in charge of the Budget and the Minister in charge of hydrocarbons.

TITLE X.- DISCOVERY OF INFRACTION OF THE LAW AND THE CORRESPONDING SANCTIONS

Art. 77.- The violation of the stipulations of this decree as concerns its application texts together with the establishment convention are recorded in reports made either by the engineers of the hydrocarbons department of the Republic of Niger, or by criminal investigation officers in compliance with the stipulations of the criminal procedure code.

Art.78.- Will be sentenced to one month to five years in prison and liable to pay a fine of 500,000 CFA francs to 1,000,000 CFA francs or be under one of these sanctions any person who, without being a research permit holder, or without a temporary exploitation permit or concession, happened to use the legal rights of these titles.

Art. 79.- Will be sentenced to one month to five years in prison and liable to pay a fine of 500,000 CFA francs to 1,000,000 CFA francs or be under one of these sanctions any person who, holding a mining title, happened to carry out, in areas which are not covered by his title, activities mentioned in this decree, or happened to carry out activities covered by his mining title but in violation of the applicable stipulations, especially in the area of environment.

TITLE XI.- FINAL AND OTHER COVENANTS

Art. 80.-The advantages granted prior to the coming into force of this decree to companies carrying out prospecting and research activities in Niger are still in force.

Art. 81.- The advantages granted prior to the coming into force of this decree to companies carrying out prospecting and research activities in Niger, together with the exploitation and pipelining of hydrocarbons in the Republic of Niger financed in convertible currency, can obtain, in accordance with the establishment convention, the free transfer of income of any nature from the invested capital and the product of the closing of the investment.

Art. 82.- The Minister in charge of hydrocarbons negotiates the establishment convention and submits the results of his works to the mine board for notice before approval by decree.

Art. 83.- Litigation arising between oil companies and the State, with regard to the application of this decree or the establishment convention which could not be settled amicably are solved through conciliation and, in the default of that procedure, through arbitration according to the terms included in the establishment convention.

Art. 84.- Decrees will set the application conditions of this decree.

Art. 85.- Will be rescinded any previous and contrary provision, especially the law no.61- 4 dated 19 May 1961, related to research, exploitation, hydrocarbon pipelining and the fiscal scheme of these activities in the Republic of Niger.

Art. 86.- This decree will be published in the Official Gazette of the Republic of Niger.

Niamey, 16 September, 1992 /; -.-., ••• ..; '!• • _ »-./• Signature: The Prime Minister
DECREE NO.92-289/PM/MME/IA DATED 16 SEPTEMBER 1992 SPECIFYING THE
CONDITIONS OF APPLICATION OF DECREE NO.92-045 DATED 16 SEPTEMBER
1992 ON THE OIL CODE

The Prime Minister,

In view of the constitutional law no. I/CN dated 30 July 1991 setting up the National Conference;

In view of the constitutional law no.III/CN dated 9 August 1991 stating the powers of the sovereign National Conference;

In view of the constitutional law no. XXI/CN dated 29 October 1991 organizing the State during the transition period;

In view of the law no. 74-22 dated 6 April 1974 on mining taxes and duties;

In view of the decree no.92-045 dated 16 September 1992 on the oil code; The Ministry of Mines, Energy, Industry and Arts and Crafts report; The Cabinet meeting; Signed the following decree:

Article one.- The following decree sets the application conditions of decree no.92-045 dated 16 September 1992 on the oil code.

Art. 2.- All the requests made in application of title I, II, III, and IV of this decree are addressed to the Minister in charge of hydrocarbons who in turn acknowledges reception after recording these requests in a special register.

Unless otherwise stipulated in this decree, all demands mentioned in the preceding paragraph should give vis-à-vis the legal entities who made the request the following information:

The registered office, its capital and level of the paid-up shares, the list of stockholders or partners controlling the company, the names and

forenames, the nationality, the occupations and permanent residence of:

-their Representatives and in particular of their Chairmen, members of the Board, Managers and Directors authorized to sign for the company; and

-their auditors.

If the request is made for a company information, it should specify the names, forenames, occupations, nationality and permanent residences of the founders and provide for the future company the above-mentioned information.

Any request should equally be accompanied with the powers of the signatory or signatories of the request, a certified true copy of the charters and by-laws of the requesting company together with the supporting document of its constitution. For companies in formation, these documents should follow the request as soon as they are established.

If the request is made by a company under Niger legislation, the list of partners known as holding over three per cent of the capital with the indication of the number of title held by each of them.

The maps provided to support the requests mentioned in the above-mentioned paragraph should be established in conditions enabling their conservation.

Art. 3.-The granting, renewal or modification requests of prospecting authorization or research or exploitation permit should deal with a whole number of elementary surfaces made of tiles grid north-south and east-west.

TITLE L- PROSPECTING

Art. 4.- Prospecting authorization is granted for a period of six months, by decree of the Minister in charge of hydrocarbons. It can be renewed once. It is inalienable.

It can be granted to any oil company, under the terms of the oil code, operating alone or in partnership.

Art. 5.- Prospecting authorization request should meet the provisions of articles 2 and 3 of this decree:

1) it should indicate:

- a) the requested surface area, its precise limits and the local administrations involved;
- b) the previous activity of the moving party for research and exploitation of hydrocarbons;
- c) the object of the prospecting and the general program of scheduled activities.

2) It should be forwarded with the following appendices:

- a) a copy of a map at 1/200,000 scale of the region where the authorization is requested, specifying the peaks and limits of the requested area, the geological points which define them and, should the occasion arise the limits of the authorizations of liquid or gaseous hydrocarbons including a section within the chosen area;
- b) a plot at 1/200,000 scale of the chosen geographical area, specifying the limits of the prospecting, research permit and concession authorizations, far away from at least a hundred kilometers of the chosen area;
- c) a summary memorandum justifying the limits of the area, given for instance the geological constitution of the region;
- d) if the request is made by several oil companies, they should provide a certified true copy of the partnership protocol.

A certified true copy of the prospecting authorization request and the attached documents is addressed, for information purpose, to the recipients of prospecting authorizations whose surfaces are totally or partly covered by the request. The latter have a deadline of fifteen days to forward their

observations and comments to the Minister in charge of hydrocarbons. The decree granting the authorization is published in the Official Gazette of the Republic of Niger.

Art. 6.- The renewal request of a prospecting authorization should be formulated a month before the expiration of the current period of validity.

It is addressed to the Minister in charge of hydrocarbons and examined under the same terms as the request for authorization.

Through a special dispensation to articles 2 and 5 of this decree, it should be documented with only the following elements:

- a memorandum indicating the works already carried out, the amounts, the results and the grounds which justify renewal request;
- the general program on the scheduled additional works; and
- if possible, the account of the changes in relation to the information already given in the preceding request.

Art. 7.- The obligations, which in case of non-compliance, can lead to the withdrawal of prospecting authorization are the ones specified in article 9 of the oil code as well as article 4 and titles IV and V of this decree.

The withdrawal of the authorization mentioned in the previous paragraph can only be pronounced after a formal demand made by the Minister in charge of hydrocarbons, which happened to be not answered, fixing to the recipients a deadline to meet their obligations.

That deadline cannot be inferior to fifteen days.

The withdrawal is made under the same forms as the granting of the authorization.

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TITLE II- RESEARCH

Chapter I.. The GRANTING OF PERMIT ON AVAILABLE AREAS

Art. 8.- Are only considered as available areas :

the areas on which any request of research or exploitation permit have not been the object of a survey;

the areas specified in articles 11 and 31 of this decree, the areas which are the object of these surveys;

the areas declared available through the notices scheduled to be given in this decree, especially articles 14,16, 31, 34, 35, 58, 64 and 66.

Art. 9. - 1) The permit request should meet the provisions of articles 2 and 3 of this decree, and can only concern available areas which are defined in article 8 of this decree.

It indicates :

- a) the duration, the limits and the area of the requested permit and the local governments involved;
- b) the minimum index-pegged financial effort that the moving party is committed to allocate for the carrying out of research during the first period of the permit validity;
- 2) It should be documented with the following attachments :
 - a) any documents justifying the moving party's capacity technically and financially to undertake and conduct liquid or gaseous hydrocarbon research and exploitation activities;
 - b) if possible a copy of all protocols or agreements linking the partners, when the permit is requested by several oil companies acting in partnership;
 - c) two copies of the map at 1/200,000 scale of the region in which the permit is requested, specifying the peaks and limits of the requested area, the geographical points defining them, and if possible the limits of the concessions and exploitation mining title[^] of any nature included in all parts or a section of the area;
 - d) a thumbnail sketch at 1/200,000 scale of the chosen geographical area, specifying the authorization limits of the prospecting and the research and exploitation of hydrocarbon far away at least of a hundred kilometers from the requested area;
 - e) a summary report justifying the limits of the area, given, especially, the geographical constitution of the region;
 - f) the general program and the spreading of activities that the stakeholders schedule to carry out during the first year of the permit validity for reconnaissance and exploration purposes of the surface comprised in the requested area;
 - g) an impact study meeting the demands of article 16 of the oil code;
 - h) the commitment to present to the hydrocarbons section head, in the month following the granting of the permit, the rest of the on-going year program and, before 31 December of each year, the following year's program;
 - i) a project of the establishment convention in accordance with the standard convention proposed by the Administration and comprising the new provisions that the moving party wish to insert.

Art. 10.- After having completed, if need be, the request within a deadline that he sets, the Minister in charge of hydrocarbons bring to the attention of the stakeholders, through recorded delivery letter, if their request is allowable or not in the form.

In order to be allowable in the form, a permit request should be presented in accordance with the conditions set in article 9 of this decree and concern exclusively the available areas with respect to article 8 of this decree.

Art. 11.- If the request is recognized allowable in the form, it is submitted to a public investigation of thirty days. The Minister in charge of hydrocarbons can decide, according to the geographical and geological environment of the requested areas, that the investigation will concern the possible institution of the permit on an area larger than the requested areas.

Given, if need be, that decision, a notice of the Minister in charge of hydrocarbons discloses the request and the concerned areas, the opening and closing dates of the investigation and the area concerned by the investigation.

That notice is published in the Official Gazette, eight clear days before the beginning of the investigation and broadcast, after the eight days following that publication, over Niger national radio and television.

Publication and broadcasting charges are due by the moving party. The notice's broadcasting is justified by a certificate from the Director of Niger national radio and television.

Art. 12.- Permit requests dealing exclusively with the areas included in the territory concerned by the investigation can be addressed to the Minister in charge of hydrocarbons until the end of the investigation.

The requests forwarded in those conditions do not lead to a new investigation.

The observations on the object of the investigation can be addressed up to the same date to the Minister in charge of hydrocarbons, by recorded delivery letter with the request of the acknowledgment of receipt; they are attached to the request which leads to the investigation.

The following provisions are recalled in the notice allowing the investigation.

Art. 13.- The requests made in accordance with the first paragraph of the preceding article are presented following the forms specified in article V of this decree.

The Minister in charge of hydrocarbons brings to the attention of the stakeholders if their requests are allowable or not with respect to the firm in compliance with articles 9, 10, and 12 of this decree.

Art. 14.- Within a deadline of one month following the closure of the investigation, a new notice is published, in the care of the Minister in charge of hydrocarbons, in the Official Gazette and broadcast, for information purposes, within the eight days following the broadcasting by Niger national radio and television. The broadcasting of the notice is justified through the conditions specified in the last paragraph of article 11 of this decree.

That notice discloses allowable requests, including the initial request and notifies available the surface areas which have not been the object of such requests.

Art. 15.- The requests which have been the object of the notice scheduled in article 14 of this decree are examined according to the following procedure :

The hydrocarbons section head forwards the documents supported by his report to the Minister in charge of hydrocarbons and the Minister of the environment.

The Minister in charge of hydrocarbons, then, allows with the stakeholders in accordance with article 79 of the oil code the design of the establishment convention.

He then forwards the documents with his proposals together with the supporting documents of the formal procedures to the mine board's investigation for advice. That transmission takes place within a deadline of three months from the date of publication of the notice specified in article 14 of this decree.

The decree in cabinet meeting that grants the permit and approves the establishment convention is published in the Official Gazette.

Art 16.- A notice stating available the non-allocated surface areas is published in the Official Gazette in the care of the Minister in charge of hydrocarbons.

Art 17.- A permit holder can request, in order to render the permit area consistent with the grid mentioned in article 8 of this decree, that sections of adjacent tiles grid be added if they happen to not have been included in the already granted permits. This is examined, without any public investigation, by decree of the Minister in charge of hydrocarbons, following a notice by the mine board.

The same decree can state the merger of already granted surface areas with the permits held by the interested holder.

This decree is published in the Official Gazette.

Chapter II. - PERMIT HOLDERS OBLIGATIONS

Art, 18.- Establishment conventions stipulate deadlines in which the holders should undertake certain operations, especially exploration drillings.

It also stipulates, for the first year of the considered validity, minimum cumulated expenses which should be reached at the end of each year.

Art. 19.- Permit holders should, in compliance with the instructions of the Minister in charge of hydrocarbons, work towards the delimitation and bringing-in of deposits, the confirmed methods and their appropriate use to avoid the loss of energy and industrial goods, ensuring

the conservation of deposits and maximizing their economic production of liquid or gaseous hydrocarbons.

Art. 20.- Permit holders should :

- a) first inform the Minister in charge of hydrocarbons of any change of individuals or steps which are likely to bring a modification in the control of the holders or their partners and, for companies under Niger legislation, a new sharing out of the titles;
- b) when under Niger legislation, inform the Minister in charge of hydrocarbons of any change which occurred following any move in the distribution of the holders or partners share capital, whenever the recorded variation in the participation of a legal entity exceeds 3% of that capital,
- c) first inform the Minister in charge of hydrocarbons of any measure aiming at transferring to third parties partially or totally possession or permit usage rights ; especially the right to have at one's disposal the totality or a part of the possible production;
- d) inform the Minister in charge of hydrocarbons of any measure which is likely to bring a change in the association agreements mentioned in paragraph 9.2 of this decree.

The Minister in charge of hydrocarbons has a deadline of two months, either to notify to the holders that the measures mentioned are incompatible with the maintenance of the approval of the association draft treaties, agreements or contracts, and should the occasion arise, with the maintenance of a mining title and the establishment convention, either to request additional information or a modification of the above-mentioned measures : in the latter case, the holders answers, which should be given within a deadline of fifteen days from the date of the request reception, lead to a new deadline of two months for the above-mentioned scheduled notification.

Chapter III.- RENEWAL AND EXTENSION OF THE PERMIT VALEDITY

Art. 21.- The permit holders who wish to obtain a renewal choose, in compliance with the provisions of article 20 of the oil code and the sections of article 3 of this decree, the surface areas they want to preserve.

If the application of the rule specified in article 20 paragraph 3 of the oil code should lead to the sharing of the on-going permit titles, these titles are maintained in integrality in the surface areas preserved by the holders.

The surface areas preserved and the surface areas restored should be in simple form and limited by a small number of areas; in case of litigation, the matter is settled through a notice by the mine board.

Art. 22.- The request for the renewal of a permit should be made four months at least before the expiration of the on-going period of validity.

22.1.- It should meet the provisions of articles 2, 3, and 21 of this decree, without compulsorily the supporting documents of the companies constitution, or a certified true copy of the by-laws, except the latter were modified after the granting request of the permit or the preceding renewal request.

It provides or specifies :

- a) the required information to the identification of the permit;
- b) the duration of the requested renewal;
- c) the permit or permits that the holders request to retain and the local government involved.
- d) the minimum financial index-pegged effort that the holders are committed to allocate for the carrying out of their research activities during the renewal requested in application of article 20 in the 3rd paragraph of the oil code, under the application of the provisions of article 21 of the oil code.

It should be documented with the following attachments :

- a) documents justifying the moving party's capacity technically and financially to undertake and conduct liquid or gaseous hydrocarbons research and exploitation activities;

b) a map in double copy established, as indicated in article 9.2 c) of this decree where are marked out the limits of the surface areas that the holders are requesting to preserve;

c) a thumbnail sketch at 1/200,000 scale of the chosen geographical area, specifying the authorization limits of the prospecting and the research and exploitation of hydrocarbons far away at least of a hundred kilometers from the requested renewal area;

d) a detailed geological memorandum which indicates the works already carried out and their results, specifying how the measures indicated in the initial request were reached or modified, and justifying the choice of

the area or areas that the holders are requesting to preserve;

e) the progress, at the date of the renewal request, of the minimum financial commitment subscribed for the on-going period of validity and, if need be, the obligations imposed in application of article 18 of this decree.

i) the spaced out general program of the works that the permit holders are proposing to execute during the requested renewal period;

g) the commitment to present to the hydrocarbons section head, in the month following the publication of the decree granting the renewal, the rest of the on-going year program and, before 31 December of each year, the following year's program;

Art. 23.- If the stakeholders have not met the regulatory and contractual obligations, the Minister in charge of hydrocarbons informs them, within a deadline of one month, by recorded delivery letter, the objections raised by their request. A deadline of fifteen days is granted to the stakeholders

Art. 24.- When the Minister in charge of hydrocarbons estimates that holders can take advantage of the renewal right specified in article 20 paragraph 2 of the oil code, the decree granting the renewal, should set, within the limits imposed to the above-mentioned article, the renewal period; it is published in the Official Gazette.

Art. 25.- The surface areas of a permit which is the object of a concession request declared admissible are not taken into account, subject to the cases mentioned in articles 27 and 28 of this decree.

In the case specified in article 22 of the oil code, these surface areas, before expiration of the permit validity, are the object of validity extension which is to be examined before the decision on the renewal request. That request is attached to the renewal request of the permit or to the concession request if it is subsequent to the renewal request.

Art. 26.- The extension request should meet the provisions of articles 2 and 3 of this decree, without necessarily providing supporting documents on the companies constitutions, an authenticated copy of the by-laws, except these elements were modified since the last request of permit granting, or since the last extension request.

It provides or indicates :

a) the necessary information to the identification of the research permit and concession request;

b) the surface area concerned by the extension request;

c) the program that the stakeholders will undertake on the surface area which is the object of the request.

The latter should be documented by a map bearing the outlines of the permit and concession request areas in two copies according to the provisions provided in articles 9 and 10 of this decree.

Art. 27.- If the Minister in charge of hydrocarbons refuses to grant the extension of the validity on a part of the, or the entire areas which were the object of the request, the permit holders have a deadline of fifteen days from the date of the refusal decision notification, to modify, by taking into account their renewal right on surface areas excluded on behalf of the extension purpose, the renewal request they have made.

Art. 28.- If the concession request is the object of a partial or total rejection, before it is examined with regard to the permit extension request, the holders have fifteen days, as from the notification date of the refusal, to request, in accordance with article 20 of the 2nd paragraph of the oil code, to enjoy the renewal possibilities of the permit for surface areas which have been the object of a refusal.

In this case, they can request the reduction which should be implemented, partly or totally, on the surface areas, or on other plots of the renewed permit, provided that the latter's limits remain, after reduction, consistent with the provisions of article 21 of this decree.

A decree of the Minister in charge of hydrocarbons recognizes the corresponding tie-ins and exchange of plots.

Art. 29.- If at the expiration date of the on-going period of validity, the extension request has not been examined, and if the holders met their contractual and statutory obligations, they are the only ones authorized, up to the intervention of a decision, to carry out research activities within the area or areas mentioned in articles 22, 1, c) and 26 b) of this decree.

Chapter IV- THE GRANTING OF **PERMITS ON SURRENDERS**

Art. 30.- After determination of the surrenders restored by the holders of a permit in compliance with the provisions of article 20 of the oil code and chapter III of this title, the Minister in charge of hydrocarbons can decide :

- either to declare available these surface areas through a notice published in the Official Gazette ;
- either to order an inquiry for the possible institution of the permit on these surface areas, or, according to the geographical and geological environment involved, on a larger territory;
- either to share out, with regard to the implementation of either solution, the above-mentioned surface areas and territories.

The likely inquiry may last thirty days; it is announced at the Minister in charge of hydrocarbons behest for a notification which discloses the expiration date of the permit of which extension is requested, the opening and closing dates of the inquiry and the surface areas concerned by the inquiry. That notice is published in the Official Gazette, eight clear days before the beginning of the investigation and broadcast, after the eight days following that publication, over Niger national radio and television. The notice broadcasting is justified by the provisions included in the second paragraph of article 11 of this decree.

The provisions of article 12 of this decree are applicable during the inquiry and recalled in the notice; the observations received by the Minister in charge of hydrocarbons are attached to the request files which lead to the inquiry.

The requests made during the inquiry are examined in accordance with articles 13 and 16 of this decree.

In case of a complete expiration of the permit, the procedure scheduled in this decree is applicable on the concerned surface areas by the permit.

Chapter V.- CANCELLATION OF PERMITS

Art. 31.- The research permit can be cancelled when his holder or holders :

- no longer show any capability to meet the conditions specified in article 8, paragraph 2 of the oil code;
- no longer meet the obligations and conditions specified in this decree and which are required to maintain the permit;
- do not comply with the applicable commitments subscribed in the establishment convention;
- do not comply with the provisions of articles 19 and 24 of the oil code;
- refuse to disclose information mentioned in article 56 of the oil code and required by the rules and regulations on drilling notifications and geographical surveys;
- in the case specified in article 25 of the oil code, refuse to meet the commitments subscribed by the withdrawing partner.

The cancellation is pronounced under the same conditions as the granting of the permit after a formal notice by the Minister in charge of hydrocarbons.

Art. 32.- The other provisions which non compliance can lead to the cancellation of a permit are specified in articles 18, 19, and 20 of this decree.

Art. 33.- In the case a permit is likely to be cancelled, the Minister in charge of hydrocarbons addresses to the permit holders a formal notice indicating them a deadline to meet their obligations. That deadline should not be less than a month.

Art. 34.- If, at the expiration of that deadline, the obligations mentioned have not been met, the Minister in charge of hydrocarbons forwards its recommendations to the mine board for advice.

The decree of the cabinet meeting pronouncing the cancellation of the permit is published in the Official Gazette.

A notice declaring available the surface areas related to the cancelled permit is then published by the Minister in charge of hydrocarbons in the Official Gazette.

Chapter VI.- PERMITS CANCELLATIONS

Art. 35.- There is transfer in accordance with article 24 of the oil code, when for all or a section of the permit surface area, there is change of the holder or modification of the list of co-holders.

Art. 36.- Except, in case of withdrawal of one or several co-partners from the totality of the permit as specified in article 25 of the oil code, the transfer authorization request is presented, in the month following the signing of the deed of transfer, by all the assignees of the permit.

36.1. The request should meet the provisions of articles 2 and 3 of this decree; it provides or indicates:

- a) the required information for the identification of the permit;
- b) the grounds, especially the technical and financial motives which justify the transfer request;
- c) if need be, the areas indenting the surface area of the former permit, with, for each section, the indication of the area size and the new holders; these areas should be in limited numbers and in simple form;
- d) the minimum financial index-pegged effort that the assignees are committed to allocate for the carrying out of their research activities up to the expiration of the validity of their title.

36.2. It should be documented by the following attachments:

- a) a transfer-deed executed and authenticated by a notary;
- b) documents justifying the associated or replaced companies technical and financial capacity to undertake and conduct liquid or gaseous hydrocarbons research and exploitation activities on the transferred area or areas;
- c) a true certified copy of all draft treaties, agreements or contracts mentioned in article 9.2 b) of this decree, and which happen to be not approved yet, concluded between those who, after the transfer, will be the holder of the permit or permits following dealings between the latter and their partners
- d) two copies of the plot at 1/200,000 scale of the region specifying the peaks and limits of the permit, and if possible the areas which indent the surface area together with the geographical points defining them;
- e) a thumbnail sketch at 1/200,000 scale of the chosen geographical area, specifying the authorization limits of prospecting, research permit, and concession of hydrocarbons far away at least of a hundred kilometers from the requested area;

- f) the general program and the spreading of activities that the permit or permits holders schedule to carry out during the on-going validity of the permit for reconnaissance and exploration of the permit or resulting permits size;
- g) the new provisions that the associated or replaced companies wish to insert in the establishment convention which is applicable to uiem;
- h) the commitment by the holders of the permit or resulting permits to present to the hydrocarbons section head, in the month following the publication of the decree authorizing the transfer, and, before 31 December of each year, the following year's program.

Art. 37.- The Minister in charge of hydrocarbons forwards the moving party's request with his proposals to the mine board for advice.

The decree taken in cabinet meeting authorizing the transfer and approving the additional clause to the establishment convention or the new convention is published in the Official Gazette. It comes into effect, unless otherwise stipulated, at the approval of the establishment convention.

Art. 38.- In the case of the withdrawal of one or several co-partners from the totality of the permit, as specified in article 25 of the oil code, an authorization request is presented by all co-holders.

38.1. It should meet the provisions of article 2 of this decree. It provides and indicates :

- a) the required information for the identification of the permit
- b) the grounds, especially the technical and financial motives that justify the withdrawal request.

38.2. It should be documented by the following attachments:

- a) a copy of the deed of withdrawal;
- b) a true certified copy of all draft treaties, agreements or contracts mentioned in article 9.2 b) of this decree, and which happen to have not been yet approved;
- c) a notification through which the remaining holders expressly specify that they accept to be accountable for the commitments and obligations of the withdrawing holder or holders;
- d) documents justifying the remaining holder or holders technical and financial capacity to undertake alone liquid or gaseous hydrocarbons research and exploitation activities on the area and to meet the obligations specified in the establishment convention.

Art. 39.- The Minister in charge of hydrocarbons forwards the request with his proposals to the mine board. After the latter's approval of the submitted project, an excerpt of the decree by the Minister in charge of hydrocarbons is published in the Official Gazette.

Chapter VII **MERGING AND DIVISION OF PERMITS AND EXCHANGE OF PLOTS BETWEEN PERMIT HOLDERS**

Art. 40.- The merging request of one or several permits is presented by the holders of permit which is the object of a merging procedure.

Through a special dispensation of article 2 of this decree, companies can only indicate their corporate name and registered office.

0.1. It indicates:

- a) the limits, surface areas, expiration dates of permits which were the object of a merging procedure together with the subscribed financial commitments;
- b) the grounds, especially the technical and financial motives, which justify the merging request;
- c) the expiration date requested for the resulting permit;
- d) the minimum index-pegged financial effort that the stakeholders are committed to provide before that date on the totality of the permit, including the expenses already committed during the on-going validity period on the permits which were the object of a merging.

0.2- It should be documented by the following attachments:

- a) two copies of the plot at 1/200,000 scale of the region specifying the requested merging permits indicating the peaks and limits of these permits together with the geographical points defining them;
- b) a thumbnail sketch at 1/200,000 scale of the chosen geographical area, specifying the surface areas of the permits to merge as well as the limits of hydrocarbons research and exploitation permits far away at least of a hundred kilometers from the resulting permit area;
- c) a detailed geological memorandum which indicates the works already carried out and their results, specifying how the measures indicated in the initial request were reached or modified;
- d) the progress, at the date of the merging request, of the minimum financial commitment subscribed for the on-going period of the permit validity and, if need be, the obligations imposed on application of article 18 of this decree.
- e) the general program and the spreading of the works that the stakeholders are proposing to execute on the new surface area up till the expiration of the on-going validity period;
- f) the commitment to present to the hydrocarbons section head, in the month following the merging of permits, the rest of the on-going year program and, before 31 December of each year, the following year's program;

Art. 41.- The division request of a permit into two or several permits is presented and examined in accordance with the clauses specified in article 40 together with the contents of this decree.

Art. 42.- For the exchange of plots between permit holders, the involved permit holders present a request for exchange of plots and their tie-ins to the permits held by their new holders.

Through a special dispensation of article 2 of this decree, companies can only indicate their corporate name and registered office.

42.1. It indicates:

- a) the limits, surface areas, expiration dates of permits which were included in the concerned plots;
- b) the limits and surface areas of the plots which were the object of the request;
- c) the grounds, especially the technical and financial motives which justify the request;

44.2. It should be documented by two copies of the plot at 1/200,000 scale of the region specifying the concerned permits indicating the peaks and limits of these permits as well as the plots object of the exchange request together with the geographical points defining them;

Art. 43.- The Minister in charge of hydrocarbons forwards either the merging, or the division or exchange requests to the mine board for advice.

The decree taken in cabinet meeting pronouncing the merging, division or exchange of plots and the tie-in of exchange surface areas to the permits held by the new holders of these surface areas aims at the new financial commitments. It is published in the Official Gazette.

Chapter VIII- PERMIT RELINQUISHMENT

Art. 44.- The partial or total relinquishment to a permit is presented by all permit holders.

Through a special dispensation of article 2 of this decree, companies can only indicate their corporate name and registered office.

44.1. It provides or indicates:

- a) the required information for the identification of the permit;
- b) the grounds, especially the technical and financial motives which justify the request;
- c) in the case of a partial relinquishment:

-the surface areas that the holders should keep. These surface areas should be in a simple form, limited to a small number of areas and consistent with the provisions of article 3 of this decree.

- the minimum index-pegged financial effort that the stakeholders are committed to provide before the expiration date of the on-going period of validity, both in the initial area and the reduced area after the relinquishment

-the minimum index-pegged financial effort that the stakeholders are committed to subscribe in case of renewal on the reduced area.

44.2. It should be documented within the context of a partial relinquishment by the following attachments:

a) two copies of the plot at 1/200,000 scale of the region specifying the peaks and limits of the on-going valid permit and the area or areas that the holders wish to preserve together with the geographical points defining them;

b) a thumbnail sketch at 1/200,000 scale of the chosen geographical area, specifying the limits of hydrocarbons research and exploitation permits far away at least of a hundred kilometers from the permit concerned by the relinquishment request ;

c) a detailed geological memorandum which indicates the works already carried out and their results, specifying how the measures indicated in the initial request were reached or modified and justifies the choice of the area or areas that the holders want to preserve;

d) the progress, at the date of the relinquishment request, of the minimum financial commitment subscribed for the on-going period of the permit validity and, if need be, the obligations imposed in application of article 18 of this decree;

e) the general program and the spreading of the works that the permit holders are proposing to execute on the surface area or areas they are preserving during the remaining period of validity;

f) the commitment to present to the hydrocarbons section head, in the month following the approval of the partial relinquishment, the rest of the on-going year program on the surface area or areas they are preserving and, before 31 December of each year, the following year's program;

Art. 45.-The Minister in charge of hydrocarbons forwards the request with his comments to the mine board for advice.

The decree accepting the relinquishment is published in the Official Gazette.

A notification declaring available the involved surface areas by the relinquishment is also published in the Official Gazette by the Minister in charge of hydrocarbons.

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TITLE III.- EXPLOITATION

Chapter I.- TEMPORARY EXPLOITATION

AUTHORIZATION

Art. 46.- The temporary exploitation authorization is granted, under the forms and according to the provisions specified in article 30 in the first paragraph of the oil code, for barrels notably designated and is only valid for the latter.

The wells should be located within a single research permit, and belong to the same deposit.

The authorization can be extended, under the same forms without any modification of its expiration date, to new wells known to be productive during the delimitation works of the deposit.

Art. 47.-The temporary exploitation authorization request is addressed to the Minister in charge of hydrocarbons who in turn acknowledges reception.

It is formulated by the holder or holders of the permit on which are found the barrel or barrels object of the request.

47.1-It indicates:

a) the denomination and the registered office of the company;

b) the references of the research permit;

c) the exact denomination and geographical site of the barrels that the holder or holders may request to exploit.

47.2. The request is documented by the following items:

a) a detailed geological memorandum indicating the results of implemented research works on the permit together with the production tests of wells which are the object of the request;

b) the development program of the deposit;

c) the overall exploitation program of the wells for which authorization is requested during the period of validity of that authorization;

d) two copies of the plot at 1/200,000 scale of the region specifying the peaks and limits of the research permit together with the geographical position of the barrels;

e) an outline at 1/20,000 or 1/50,000 scale indicating all barrels drilled on the deposit since the granting of the research permit.

Art. 48.- The Minister in charge of hydrocarbons grants, if there is good reason, by decree, the temporary exploitation authorization.

An excerpt of this decree is published in the Official Gazette.

Art. 49.- The extension request to one or several new wells of a temporary exploitation authorization is addressed to the Minister in charge of hydrocarbons who acknowledges receipt.

It is formulated by the recipient or recipients of the authorization. 49.1. It indicates :

a) the references of the temporary exploitation authorization;

b) the denomination and the exact geographical site of the wells recorded productive since the date of the granting of that authorization and for which extension is requested.

49.2. The following items are attached to the request :

a) geological memorandum indicating the results of the works undertaken since the granting of the temporary authorization to exploit for exploration and the delimitation of the deposit together with the wells production tests for which authorization extension is requested;

b) the overall program of exploitation during the validity period of the authorization, modified according to the bringing in of new wells;

c) two copies of the plot at 1/200,000 scale of the region indicating the peaks and limits of the research permit together with the geographical

position of wells already exploited and those which are the object of extension request;

d) an outline of the permit at 1/20,000 or 1/50,000 indicating all drilled barrels on the deposit between: on the one hand, the granting of the research permit, on the other hand, the granting of the temporary exploitation authorization since its coming into effect.

The extension of the temporary authorization to exploit is granted in accordance with article 48 of this decree.

Art. 50.- The technical conditions for delimitation, the bringing in and the exploitation are set in accordance with the provisions of the applicable establishment convention.

Art. 51.- In the case a temporary exploitation authorization is likely to be withdrawn, in application of the provisions of article 30, paragraph 2, of the oil code, the Minister in charge of hydrocarbons addresses to the holders or co-holders of that authorization a formal demand setting a deadline to meet their obligations. That deadline cannot be less than two months.

If at the expiration of that deadline, the obligations specified by the formal demand have not been met, the Minister in charge of hydrocarbons pronounces, if there is ground to do so, the withdrawal of the temporary exploitation authorization and refers the matter to the mine board for the purpose of a possible cancellation of the research permit in application to the provisions of article 31 of this decree.

An excerpt of the decree pronouncing the authorization withdrawal is published in the Official Gazette.

Chapter II. GRANTING OF CONCESSION

Art. 52.- The concession request should meet the provisions of articles 2 and 3 of this decree.

52.1. It indicates :

- a) the limits and the surface areas of the requested concession and the local governments involved;
- b) if the request points to the right of the attribution of the concession specified in article 32 of the oil code, the required information for the identification of the permit and, should the occasion arise, the temporary authorizations to exploit the wells of the chosen deposit;
- c) if the request points to the transfer right and the characteristics of the assignees;

52.2. it should be documented by the following attachments:

- a) certified true copy of the draft treaties, agreements or contracts mentioned in articles 17 and 18 of the oil code not yet approved, specified in the establishment convention linking the stakeholders or linking them with third parties.
- b) for the stakeholders who do not enjoy the concession right or who have requested to enjoy such right, any document which can justify their capacity, at the technical and financial level, to undertake or conduct exploitation or liquid or gaseous hydrocarbons transmission activities;
- c) two copies of a map at 1/200,000 scale of the region, indicating the peaks and limits of the requested area together with the geographical points which enable to define them;
- d) two copies of the concession outline at 1/20,000 or 1/50,000 scale, indicating all the boreholes drilled during the delimitation works of the deposit, and distinguishing should the occasion arise the areas on which the holder is entitled to that right;
- e) a detailed geological memorandum indicating :
 - the results of the works executed by the moving party
 - the characteristics of the deposit, especially with regard to its commercial exploitation;
 - the overall program of the deposit exploitation;
- f) the commitment to present to the hydrocarbons section head, in the month following the granting of the concession, the exploitation program and the rest of the on-going year program and, before 31 December of each year, the exploitation program and the following year's program;
- h) the new provisions that the holders or recipients of the transfer want to insert in the establishment convention which is applicable to them;
- i) an impact study which meets the provisions of article 58 of the oil code.

Art. 53.- After having completed if need be the request within a deadline that he sets, the Minister in charge of hydrocarbons discloses to the stakeholders through recorded delivery letter, if their request is admissible or not in the form, in accordance with the provisions of article 25 of this decree.

Art. 54.- If the request is admissible in the form, it is submitted to a public inquiry of thirty days.

To that effect, a notification by the Minister in charge of hydrocarbons discloses the request, the opening and closing dates of the inquiry and the surface areas requested by, should the occasion arise, distinguishing the ones on which the moving party do not hold a concession right.

That notice is published in the Official Gazette within fifteen days following the acknowledgment of the admissibility and fifteen calendar days at least before the opening of the inquiry.

It is billed within the same deadlines in the county towns of the involved local governments; it is finally, following the eight days of its publication in the Official Gazette, broadcast by Niger national radio and television; publication, billing and broadcasting expenses are

chargeable to the moving party. It is justified by the broadcasting of the notification in accordance

with the provisions specified in the third paragraph of article 11 of this decree.

Art. 55.- These observations on the object of the inquiry can be addressed up to the same date to the Minister in charge of hydrocarbons, by recorded delivery letter with the request of the acknowledgement of receipt; they are attached to the request which led to the inquiry.

The provisions of the present article are specified in the notification mentioned in article 54 of this decree.

Art. 56.- In the forms set by article 53 of this decree, the Minister in charge of hydrocarbons discloses to the authors of the request if their application is admissible or not in the form, in accordance with the provisions of articles 52 and 55 of this decree.

If the request is admissible, the Minister in charge of hydrocarbons proceeds, if need be, with the stakeholders, to the establishment of an additional clause to the establishment convention or a new establishment convention.

Art. 57.- The Minister in charge of hydrocarbons forwards the request with the supporting documents on the procedure of the inquiry, including his proposals, to the mine board and the Minister of the environment for advice.

The decree taken in cabinet meeting granting the concession and should, on the occasion arise approving the additional clause to the establishment convention or the new convention is published in the Official Gazette.

Art. 58.- A notice declaring available, with regard to the provisions of article 8 of this decree, the requested areas in concession at the exterior of an on-going valid permit for which the request was rejected, is published in the Official Gazette in the care of the Minister in charge of hydrocarbons.

Art. 59.- If the Minister in charge of hydrocarbons disputes the surface area or the workability of the deposit which is the object of the concession request, he informs the stakeholders and allows them a deadline of

Chapter III. TRANSFER OF CONCESSIONS

Art. 60.- There is transfer, in the reading of article 36 of the oil code, when there is change of holders or modification of the list of co-holders of the concession.

Art. 61.- The transfer authorization request is presented by mail assignées, in the month which follows the signature of the transfer-deed.

61.1.- It should meet the provisions of article 2 of this decree. It provides and indicates:

a) the required information for the identification of the concession;
b) the grounds, especially the technical and Financial motives which justify the transfer request;

61.2 It should be documented by the following items:

a) a transfer-deed executed and authenticated by a notary;
b) documents justifying the associated or replaced companies technical and financial capacity to undertake and conduct liquid or gaseous hydrocarbons research and exploitation activities;
c) a true certified copy of all draft treaties, agreements or contracts binding oil companies which have, after authorization, the vocation to become holders of the concession;
d) two copies of the plot at 1/200,000 scale of the region specifying the peaks and limits of the concession,
e) two copies of the concession outline at 1/20,000 or 1/50,000 scale, indicating all the boreholes drilled on the deposit;
f) the commitment by the assignées to present to the hydrocarbons section head, in the month following the publication of the decree authorizing the transfer, their exploitation program and the rest of the on-going year program and, before 31 December of each year, the program of exploitation and the following year's program;

g) if need be, the new provisions that the assignees want to insert in the establishment convention applicable to them.

Art. 62.- The decree authorizing the transfer and should the occasion arise approving the additional clause to the establishment convention or the new convention is published in the Official Gazette.

Chapter IV - CONCESSION RELINQUISHMENT

Art. 63.- The request of a partial or total concession relinquishment is presented by the holders.

63.1. Through a special dispensation of article 2 of this decree, companies can only indicate their corporate name and registered office.

It provides and indicates:

- a) the required information for the identification of the concession;
- b) the grounds, especially the technical and financial motives which justify the request;
- c) in the case of a partial relinquishment, the surface areas that the holders want to preserve should be in a simple form, limited to a small number of areas and consistent with the provisions of article 3 of this decree.

63.2. It should be documented by the following attachments:

- a) two copies of the plot at 1/200,000 scale of the region specifying the peaks and limits of the concession, and should the occasion arise the area or areas that the holders wish to preserve together with the geographical points defining them;
- b) two copies of the concession outline at 1/20,000 or 1/50,000 scale of the concession, indicating all the boreholes drilled on the concession together with the geographical points enabling to define them;
- c) a detailed geological memorandum which indicates the works already carried out and their results, specifying how the measures indicated in the concession request were reached or modified and justify the choice of the area or areas that the holders want to preserve;
- d) in case of partial relinquishment;
 - the overall program of the deposit exploitation on areas that the holders request to preserve;
 - the commitment to present to the hydrocarbons section head, in the month following the publication of the decree authorizing the partial transfer, an exploitation program and the rest of the on-going year program on the surface area or areas preserved and, before 31 December of each year, the exploitation program and the following year's program.

Art. 64.- The decree by the Minister in charge of hydrocarbons approving the relinquishment is published in the Official Gazette.

A notice declaring available, in accordance with article 8 of this decree, the surface areas of the relinquishment is published in the Official Gazette in the care of the Minister in charge of hydrocarbons.

Chapter V - WITHDRAWAL OF THE CONCESSION

Art. 65. In the case a concession is likely to be withdrawn in accordance with the provisions of articles 38 and 39 of the oil code, the Minister in charge of hydrocarbons forwards to the holders, a formal demand indicating, in order for them to meet their obligations, a deadline which cannot be less than six months.

Art. 66.- If, at the expiration of that deadline, the obligations specified in the formal demand have not been fully met, the Minister in charge of hydrocarbons forwards his own proposals to the mine board for advice.

The decree taken in cabinet meeting announcing the withdrawal of the concession is published in the Official Gazette.

A notice declaring available, in accordance with article 8 of this decree, the surface areas which were covered by the withdrawn concession, is published in the Official Gazette in the care of the Minister in charge of hydrocarbons.

TITLEIV- TRANSMISSION MAIN

,Art. 67.- Through the application of articles 44 and 47 of the oil code, any company wishing to undertake gaseous or liquid hydrocarbons transmission should first have the project approval of the corresponding facilities and pipelines together with the grant of a transportation license.

Art. 68.- The approval request of the facilities and pipelines project together • with the transportation license is presented six months before the date " scheduled for the start of activities.

• If the request refers to the rights specified in articles 41, 42, and 43 of the oil code, it is signed by the holders of the transportation license or by . individuals who request to enjoy the transfer of that right.

Art.- 69.- 69.1. The request should meet the provisions of article 2 of this , decree and should the occasion arise include evidence of a transportation

69.2. It should be documented by the following attachments : a) the work's specification mentioning especially : - the type of products which are to be carried;

I - the diameter, the division into sections, the firing pressure per hour in I .the various stubs and the main steps taken -as concerns the facilities related I to the pipe, particularly pumping plants and storage facilities.

b The program and the schedule for the implementation of activities and ", the transportation capacity from the various phases of the construction.

Should the occasion arise, the detail of encroachments likely to happen in the public ownership of the State.

b) an impact study meeting the demands of article 61 of the oil code;

c) all indications on existing pipelines to which will be attached the new pipeline and, if need be, a certified true copy of the agreements signed for that purpose;

d) the arrangements made to ensure both commercial use and sufficient profitability of the work;

e) in case the outline of the project is scheduled to cross foreign territories, the authorizations and contracts related to the construction, the exploitation and maintenance of the work on these territories. In the assumption that these activities have not yet been implemented, the moving party should mention the progress of the talks and pledge to complete the project document as soon as these agreements are signed;

f) two copies of the following plans, maps and outlines :

- plan, at 1/1,000,000 scale of all facilities and pipelines;

- longitudinal profile diagrammatically recorded on a map;

- map at 1/200,000 scale of the regions crossed by pipelines, specifying the profile of those pipelines;

- detailed plans and outlines of scheduled facilities, especially pumping plants, storage facilities and terminal development;

g) an economic and financial memorandum indicating :

- the quantities of hydrocarbons to be carried each year;

- the level of investments scheduled for the construction of the work and the means of their financing;

- the estimates of annual operating expenditure together with any kind of charges;

h) an impact study meeting the demands of article 61 of the oil code. 69.3. k should possibly be completed by :

a) a deed of total or partial transfer of the transportation right executed and authenticated by a notary which is to be included in the request; these deeds should go through the suspensive conditions concerning the granting of the transfer authorization;

- b) the evidence by the recipients of the transfer that they comply with the conditions specified in the oil code for research and exploitation of facilities and pipelines;
- c) a true certified copy of all draft treaties, agreements or contracts not yet approved, other than the deeds of transfer specified in article 42 of the oil code;
- d) the new provisions that the stakeholders wish to insert in the establishment convention which is applicable to them.

Art. 70.- After having completed, should the occasion arise, the request within a deadline that he sets, the Minister in charge of hydrocarbons discloses to the stakeholders, through recorded delivery letter if their request is admissible or not in the form, in accordance with the provisions of article 68 and 69 of this decree and passes on the request to the mine board for advice.

Art. 71.- The approval of the project can be subject to changes asked by the Minister in charge of hydrocarbons and the Minister in charge of the environment for any of the following grounds:

- common use with third parties;
- the safeguard of national defence interest;
- the safeguard of the natural and cultural heritage;
- the safeguard of third parties rights;
- the compliance with technical regulations related to public security;
- technical security of the facilities, pipelines and their exploitation. 61

Art. 72.- The decree on the application of the project, specified in article 44 of the oil code and, should the occasion arise, of an additional clause to the establishment convention grants simultaneously the transportation licence to the agency in charge of transportation or in case of partnership, to each of the company's partners.

In the case the holders of the title or titles transfer their transportation right, the decree scheduled in the preceding paragraph approves the transfer, if the latter abides by the provisions of article 42 of the oil code.

Art. 73.-

The reject of the project is notified by the authorities mentioned in article 44 of the oil code. It should be justified by the following reasons :

- a) the lack of sufficient guarantees for the crossing of foreign territories when the project outline includes such a crossing;
- b) the non-compliance of the project to the provisions of articles 46 and 60 of the oil code or the provisions of the establishment convention related to their application;
- c) the refusal by the stakeholders to insert the required changes in accordance with the provisions of article 71 of this decree.

Art. 74. Any significant change in the project related to the consistence of facilities and pipelines together with any tapping project on an existing pipeline, is the object, three times at least before the schedule date for the start of works, of an approval request.

The provisions of articles 44 and 61 of the oil code and article 71 and 72 of this decree are applicable to these demands which are presented and examined within the clauses specified in articles 69 and 70 of this decree.

The project is approved by decree of the Minister in charge of hydrocarbons and the Minister in charge. State administered property and is published in the Official Gazette.

Art. 75.- If the establishment convention applied to transportation in accordance with article 72 of this decree happen to be modified, transportation should still be placed under the preceding applicable scheme.

Nevertheless, the holder of a transportation licence can, in agreement with all the operators who have transferred to the holder transportation rights, choose to be placed under the scheme applied for one of the deposits for which he has transportation right

When the carrier enjoys new transfers of transportation rights, he can, under the same conditions, choose to be placed under the scheme of one of the establishment conventions applied to operators who have transferred their rights to him.

In case of a choice exercised in compliance with the two preceding paragraphs, the decrees which granted the transportation authorizations in accordance with article 72 of this decree are modified by the indication of the new scheme applied to transportation.

Art. 76.- The provisions of this decree which, if not, respected can, in application of article 47 of the oil code, lead to the placement of the operator under state management or the withdrawal of the transportation license, are the ones specified in article 74 of this decree.

Art. 77.- For the implementation of the project on facilities and pipelines, the holders of a temporary exploitation or concession authorization have the right to carry out and contract to carry out any preliminary plottings and activities required inside and outside the area of their mining title.

A decree by the Minister in charge of hydrocarbons and the Minister in charge of State administered property can authorize the holders of a permit research to carry out or contract to carry out these preliminary operations, in the case the result of their research could enable to assume the existence of a deposit which is commercially exploitable.

The operations specified in the above-mentioned paragraphs 1 and 2 can lead to a temporary occupation which conditions are specified in article 44 of the oil code and from articles 78 to 81 of this decree.

Art. 78.- With regard to the application of the provisions of the last paragraph of article 44 of the oil code, the occupation authorization request is addressed to the Minister in charge of hydrocarbons through the leaders of local governments via recorded delivery letter with the request of an acknowledgment of receipt.

It provides or indicates :

a) the references of the application decree;

b) the required information for the identification of the transportation authorization;

c) any information concerning the site, surface area and nature of the property to occupy;

d) the names, forenames and residence of the owners or assignees involved in the talks conducted with them in order to sign an amicable agreement, and the causes related to the failure of these talks;

e) the object and the nature of the occupation: the request should indicate if it is :

- a temporary occupation;

- a temporary occupation which will be followed by an encumbrance;

- a permanent occupation.

f) the amount of the compensation that the stakeholders are offered to the owners or assignees together with all the financial or technical motives justifying the offer.

A site plan and the implementation program of the scheduled facilities on the property object of the dispute are attached to the request.

A copy of the request and attached documents are addressed to the Minister in charge of State administered property.

Art. 79.- A month at the latest after receiving the request, the head of the local government posts the request within a month period and notifies it to the owners and assignees by requesting them to give their possible observations. The placarding expenses are chargeable to the stakeholders.

Observations are forwarded to the head of the local government up to the expiration period lasting fifteen days following the closure of the bill-posting. They are attached to the request.

Within a deadline of six months as from the closure of the bill-posting, the head of the local government forwards the request, with his observations, to the Minister in charge of hydrocarbons.

The decree by the Minister in charge of hydrocarbons and the Minister in charge of State administered property authorizing the occupation sets simultaneously a rule-of-thumb provisional compensation of dispossession which is granted to the owners or assignees involved. That compensation enters the records of the Treasury. The decree sets in addition in the case specified at the level of paragraph (e) of article 78 of this decree, the characteristics of the easement which will be in force after occupation.

Art. 80 - When the owners of the property want to enjoy the provisions of article 44 of the oil code and in lack of amicable settlement, they address to the Minister in charge of hydrocarbons, through the head of the local government, a request indicating or providing :

- a) their names, forenames, occupations and residences;
- b) all information concerning the site, the surface area and the nature of the property which is the object of the litigation;
- c) the identification of the holders of transportation license;
- d) the obstacles which cropped up due to the setting up of facilities and pipelines with regard to the normal use of the property;
- e) the amount they are requesting.

The head of the local government invites the holders of the transportation license to send him within a time period of a month :

- the objections that they could make to the request of the stakeholders;
- the results of the talks conducted with the owners in order to reach an amicable settlement;
- the amount they are providing for the acquisition of the concerned property.

The head of the local government forwards the request with his comments to the Minister in charge of hydrocarbons who requests, if need be, the holders to take the necessary measures to acquire the property whose value is determined following the scheme applied in case of expropriation.

Art. 81. In the case the works and facilities are implemented or modified with the prior approval specified in article 44, paragraph 2 of the oil code and in article 74 of this decree, together with the case where these works and facilities are significantly different from the approved projects, the Minister in charge of hydrocarbons addresses to the stakeholders, through recorded delivery letter with the acknowledgment of receipt, a formal demand stating to comply with the mentioned stipulations, with a deadline that he sets and which cannot be less than three months.

If the formal demand remains unanswered within the time allowed, the Minister in charge of hydrocarbons and the Minister in charge of State administered property can at the expenses and risks of the stakeholders, either as a matter of course implement the required stipulations, or order to restore back the area as it was before the implementation of the works and the setting up of facilities which are the object of the dispute.

TITLE V. - ADDITIONAL RIGHTS RELATED TO RESEARCH AND EXPLOITATION OF LIQUID OR GASEOUS HYDROCARBONS

Art. 82. - 82.1. Subject to the reservations specified in the first paragraph of article 50 of the oil code, the occupation of property, for activities recorded in the above-mentioned article, is not submitted to any formal procedure if the concerned pieces of property are located outside the protection surface areas defined in article 52 of the oil code :

in case of occupation, for a period of less than six months of land belonging to the private and recorded property of the State, or subject to the amicable settlement of the landowners or holders of the land rights, if land belonging to private individuals entailed to customary law rights;

p) in case of occupation, without any limitation of time, of land belonging to the holder of the mining title;

c) if the mining title holder implements the environmental safeguard measures that he specified in his impact study or the measures imposed to him by the Minister in charge of the environment.

82.2. The occupation, for a duration of over six months of the land specified in above-mentioned paragraph (a), is subject to the notification specified in article 51 of the oil code.

82.3.- The occupation of land included in a protection area is submitted, ; -whatever its duration and the legal scheme of the land, to the explicit authorization mentioned in article 52 of the oil code.

82.4.- The occupation, even for a duration of less than six months, of private land or land entailed to customary law, for which the out-of-court settlement of the owners or holders of these rights has not obtained, is subject, in application of article 55 of the oil code, to an authorization granted by the Minister in charge of hydrocarbons and the Minister in charge of State administered property.

That decree takes the place of the explicit authorization scheduled in paragraph 82.4 of this decree if the land is not included in the protection surface area.

Art. 83.- Within a deadline set through recorded delivery letter with the request of the receipt of acknowledgement to the Minister in charge of hydrocarbons, through the head of the local government.

83.1. The notification provides or indicates:

- a) the denomination and the registered office of the registered company;
- b) the required information to the identification of the mining title regarding the occupation;
- c) the date scheduled to start occupation;
- d) the object of the occupation;
- e) all information concerning the site, surface area and the nature of the property to occupy;
- f) the names, forenames and residences of the owners or assignees involved together with the justification of the agreements concluded with the latter.

83.2 The following items are attached to the notification :

- a) a plan of the site;
- b) all technical documents defining the works and facilities to be implemented and built together with their realization and exploitation conditions and indicating, should the occasion arise, the scheduled encumbrances in the State administered property;
- c) if the declaration concerns works or drillings specified in article 50.3 of the oil code and necessary to the supply of personnel in water and for the works and facilities, a copy of the request formulated in accordance with the legislation in force;
- d) if the notification concerns the opening of an airfield, a copy of the opening request is established in accordance with the legislation in force;**
- e) if the works and facilities are elements of a program intended for the continuation of additional activities to research and exploitation of hydrocarbons, all technical documents defining the program and the conditions of its realization and exploitation.
- f) an impact study meeting the demands of article 58 of the oil code.

In this last case, the notification on the occupation should bear on the majority of land, works and facilities which make that program.

A copy of the notification and the attached documents are forwarded to the Minister in charge of State administered property.

Art. 84.- Within a deadline of a month as from the reception of the notification, the head of the local government forwards it with his comments to the Minister in charge of hydrocarbons.

Art. 85.- Up to the effective date of the occupation, which cannot be anterior to the scheduled date, the Minister in charge of hydrocarbons, the Minister in charge of the environment and

the Minister in charge of State administered property can oppose the occupation through a justified decision which is notified to the informant by recorded delivery letter.

Art. 86.- The decrees instituting the protection areas specified in article 55 of the oil code are jointly signed by the Minister in charge of hydrocarbons, the Minister in charge of State administered property and the Minister in charge of the environment and are published in the Official Gazette.

Art. 87.- When the occupation concerns one of the lands included in the protection area, the holders of the mining titles address to the Minister in charge of hydrocarbons an explicit authorization request in accordance with the clauses of article 83 of this decree. The site plan should indicate the limits of the protection area.

The Minister in charge of hydrocarbons, the Minister in charge of State administered property and the Minister in charge of the environment notify to the stakeholders, through recorded delivery letter, occupation approval or refusal.

Art. 88.- When the holders of the mining title have not been able to obtain the out-of-court settlement of the owners or holders of the customary law rights, they can ask the Minister in charge of hydrocarbons, through the head of the local government, to grant them, through joint decree by the Minister in charge of hydrocarbons and the Minister in charge of State administered property, occupation authorization.

The request is presented in accordance with the stipulations of article 83 of this decree; however, the evidence mentioned in paragraph 83.1(f) of the above-mentioned article is replaced by all useful information on the motives of the disagreement with owners or assignees whose identifications and residences should be explicitly indicated.

Art. 89.- A month later, after the reception of the request, the head of the local government posts the request for a month, period and notifies it to the owners and assignees by requesting them to present their possible observations.

Bill-posting expenses are payable by the moving party.

The observations are received by the head of the local government up till the expiration of the deadline of fifteen days which follows the closing date of the bill-posting.

They are attached to the request. Within a deadline of six weeks as from the closing of the bill-posting, the head of the local government addresses the request, with his comments, to the Minister in charge of hydrocarbons.

The Minister in charge of hydrocarbons and the Minister in charge of State administered property settle the matter :

- either, at any moment of the procedure, by a justified refusal, notified to the stakeholders by recorded delivery letter; 70

- or, under the procedure, by an approval decree that they notify to both parties and which sets the provisional compensation allocated to the concerned owners or assignees.

The provisional compensation enters the records of the Treasury.

Art. 90.- If, before the occupation of the land, the informants or the stakeholders modify their project on the site or the surface area of the land they want to occupy, or if they decide to use the land for purposes significantly different, they should present a new notification or a new request.

t- After the occupation of the land, they can bring important changes to the I scheduled or implemented works and facilities only after they address the notification to the Minister in charge of hydrocarbons, through the head

of the local government, two months at least before the beginning of the I works during that deadline, the Minister in charge of hydrocarbons can

oppose, through a justified motive, the scheduled changes.

Art. 91.- In order to abide by the provisions of Title VII of the oil code and this decree, the Minister in charge of hydrocarbons and the Minister in charge of State administered property

can exchange information on -oil projects, documents and détails on thé occupations of land before or after thé publication of this decree together with thé réalisation and thé exploitation of corresponding works and facilities.

The concerned holders of mining titles should at any moment provide them and their authorized representatives ail thé means to hâve access to thèse works and facilities and to carry out any useful examination and inspection.

Art. 92.- If works or facilities hâve been executed or implemented or significantly modified without thé required authorizations, thé Minister in charge of hydrocarbons addresses to thé stakeholders, through recorded delivery letter with thé receipt of acknowledgment, a formai demand statmg to comply with thé stipulations, withm a deadline that he sets and which cannot be mferior to three months.

If thé formai demand remains unanswered within thé time allowed, thé Mmister m charge of hydrocarbons and thé Mimster î n charge of thé environnant can at thé expenses and nsks of thé stakeholders, either order to automatically exécute thé stipulations, or request to restore back thé sites.

TITLE VI.- ADMINISTRATIVE INSPECTION

Chapter 1 - NOTIFICATION OF BOREHOLES AND GEO-PHYSIC AL SURVEYS

Art. 93.- Any mining title holder specified in thé oil code, executïng or contracting to exécute a borehole, an underground work or any digging, whatever thé object, of which thé depth exceeds ten meters above thé surface of thé soil, should address a notification of thé activities to thé Mmister in charge of hydrocarbons.

Art. 94.- Any geophysical survey measurement should be thé object of a prior notification to thé Minister in charge of hydrocarbons; documents and détails from thé various measurements should be addressed to thé M ; nister m charge of hydrocarbons.

Art. 95.- The head of thé hydrocarbons department and thé engineers under his authonty are authorized to receive thé samples and any documents or détails on thé geological, geophysical, hydrogeological, or mining aspects m thé area of hydrocarbons research and exploitation.

Art. 96.- Bulk information and détails collected in accordance with thé precedmg articles, in thé area of liquid or gaseous hydrocarbons research and exploitation, particularly thé results of dritlings, thé results of ve-loctty profile, thé raw data of gravimetry and magnetic survey, can imme-diately been disclosed or communicated to third parties.

Nevertheless, seismic document or information in thé area of liquid or gaseous hydrocarbons research and exploitation cannot, except with thé approval of their owners, be disclosed to third parties before thé expiration of thé deadline specified in article 59 of thé oil code.

Art. 97. The formai procédures with regard to thé application of thé présent chapter are specified for thé purpose in hand, by decrees of thé Minister in charge of hydrocarbons.

Chapter II- IMPLEMENTATION OF ADMINISTRATIVE MONITORING

Art. 98.- The Minister in charge of hydrocarbons conducts thé investigation related to thé attribution, thé changes and thé withdrawal of mining titles and transportation rights.

Art. 99.- The head of thé hydrocarbons department and thé engineers I under his authonty can, with regard to thé conditions set by thé oil code and thé application texts, monitor prospecting, research, exploitation | and pipeline transportation of liquid or gaseous hydrocarbons activities. j That monitoring aims at thé conservation of dépasas, pipeline transportation conditions, public safety, préservation of buildings, houses, communication routes and protection of thé environment.

The head of thé hydrocarbons department and thé engineers under lus authonty seek to hâve thé facilities under their technical inspection ad-justed in order to guarantee security and industrial hygiène.

They ensure the implementation of the special rules and regulations that cannot be taken in that field and are endowed for the purpose and within that limit with the powers of factory inspectors.

They mention to the competent factory inspector the instructions that they made as well as, should the occasion arise, the formal demands they made.

The factory inspector can, at any moment, request or carry out with the civil servants of the hydrocarbons department, the visit of the facilities and sites submitted to their technical inspection.

Art. 100.- The head of the hydrocarbons department can request mining title holders or transportation license holder, after they received a formal demand to present their observations, carry out their operations, measurements or tests, to update their plottings, charts or maps that they will specify.

In case of a disagreement, these instructions are enforceable only after they received the approval of the Minister in charge of hydrocarbons.

Art. 101.- Mining title holders or transportation license holders should present to the Minister in charge of hydrocarbons, at the granting of the title, the individual they entitled with the required powers to receive all notifications and in general, to represent them vis-à-vis the Administration.

When a research and exploitation title or transportation license is held by several individuals or when the holders are bound to third parties by contracts concerning a part or the totality of the surface areas or facilities, the holders should justify the works are under a unique management or coordinated in a common interest.

Art. 102.- The holders of a mining title or transportation license should provide, to the Minister in charge of hydrocarbons, useful samples, information or documents or accept the monitoring of the application of the statutory and regulatory provisions in force.

They should present to the head of the hydrocarbons department any project, information and document related to the implementation of works, security and industrial hygiene.

They should give to the head of the hydrocarbons department and the engineers under his authority all the means to have access to the works.

Art. 103.- The holders of contiguous mining titles should, at the request of one of them or the head of the hydrocarbons department, establish, after the hearing of both parties and with common expenses, landmarks or lay-marks to define on the ground, the common limits of the titles areas.

In case of disagreement between them or with the Administration, they will have to rely on the services of an expert designated by the head of the State administered property department.

The marking is then carried out based on the report of the expert, at the care of the Minister in charge of hydrocarbons, in cooperation with the Minister in charge of State administered property, at the expenses of the title holders.

Art. 104.- At the grouping of the works or facilities, whatever the motive, the mining title holders or the holders of transportation license should carry out the works which were initially prescribed to them by the Minister in charge of hydrocarbons, especially in the area of public security, the conservation of deposits and water zone sheets together with the protection of the environment. In case of non-compliance, those tasks will automatically be carried out at the expenses of the holders with the care of the Minister in charge of hydrocarbons.

Art. 105.- Joint decrees by the Minister in charge of hydrocarbons and the Minister of Employment will determine security and hygiene conditions which should prevail at the level of research, exploitation and transportation of liquid or gaseous hydrocarbons facilities.

TITLE VII- FINAL AND OTHER COVENANTS

Art. 106.- The advantages granted prior to the coming into force of this decree to oil companies operating in Niger are still in force.

Art. 107.- Will rescinded, all previous provisions contrary to this decree, particularly the mentioned decree No.61-156/MTP dated 24 July 1961 and decree No.61-272/MTP dated 23 December 1961.

Art. 108.- The Minister of Finance, the Minister of the Interior, the Minister of Employment, the Minister in charge of State administered property, the Minister in charge of hydrocarbons and the Minister of the environment are assigned, each as far as he is concerned, to implement this decree which will be published in the Official Gazette of the Republic of Niger.

Niamey, 16 September 1992

Signature: Prime Minister AMADOU CHEIFFOU

STANDARD-CONVENTION

ESTABLISHMENT COVENANT BETWEEN THE REPUBLIC OF NIGER AND

In view of decree no.92-45 dated 16 September 1992 establishing an oil code in the Republic of Niger;

In view of the Internal Revenue Code;

In view of the customs code;

After statement issued by the mine board;

Between ;

The Republic of Niger, represented by

On the one hand,

And;

Hereinafter

The company whose registered office is based at

Represented by

On the other hand,

PREAMBLE

Considering that the discovery of hydrocarbons in the territory of Niger is of most importance for the country's economic development;

considering that hydrocarbons exploration is a major task which requires a qualified personnel and significant investments and besides, the company should possess capital, technical expertise and adequate skills to carry out such work;

considering that the company wishes to undertake hydrocarbons exploration activities within the limits of the territory of Niger;

considering that the State is encouraging hydrocarbons exploration and provides to the company assistance and guarantees in the area of legal and fiscal stability in the company's actions;

considering that decree no.92-45 dated 16 September 1992 and the application decree no. 92-289/PM/MME/IA dated 16 September 1992 (hereinafter designated "oil code" specifying the regulations related to hydrocarbons exploration, exploitation, marketing and pipelining activities in Niger;

considering that the decree no. of that the State granted to a company an exclusive liquid or gaseous hydrocarbons research permit on a surface area which is equal to

Agreed with the following:

TITLE I. INTRODUCTORY PROVISIONS Art. 1. Mining titles

1.1 This convention, completed by the various attachments, is applicable to the research permit in accordance with :

1.2 This convention cannot be extended through additional clauses for any permit renewal that the company could obtain during the time period of this convention.

1.3 This convention will legitimately be applicable to any concession that the company can obtain in accordance with article 32 of the oil code on the research permits specified in the above-mentioned paragraphs 1.1 and 1.2.

Art. 2. Coverage

2.1 This convention completed with its attachments aims at defining according to the applicable legislation in Niger and in particular the oil code, the reciprocal rights and obligations of the stakeholders with regard to oil-based activities of the company in Niger.

2.2 This convention covers research, exploitation, transportation and marketing of liquid (and gaseous) hydrocarbons activities together with the close related substances as well as all the resulting operations.

2.3 The provisions of this convention are extended to any individual or legal entity who are stockholders in the company or to individuals with whom the company will enter into partnership as well as to the partial or total assignees with regard to the rights granted to them, especially hydrocarbons transmission and marketing companies.

2.4 Nevertheless, will be submitted to the prior approval of the Minister in charge of hydrocarbons in accordance with articles 17,18, 32, 35, and 36 of the oil code :

a) any statutory change related to the rights attached to the stocks and to the required majority in the company's board of administration;

b) any transfer of stocks to individuals or legal entities other than the present stockholders who will have as an effect to confer to these persons over 5% of the company's capital;

c) any convention together with the changes to the mentioned conventions which have as an effect the transfer to third parties over 3% of the rights related to the mining titles granted to companies, especially the right to have at its disposal the production;

d) any protocols and partnership agreements aiming at sharing with oil companies in due course operating expanses and trading revenue from hydrocarbons exploitation covered by this convention;

e) any convention which has as an effect change in the destination of extracted hydrocarbons.

2.5 Any modification in the charter and by-laws, any transfer of stocks and any modification in partnership conventions which are not subjected to the approval procedure specified in the above-mentioned paragraph 2.3 are disclosed for information to the Minister in charge of hydrocarbons.

2.6 This convention (except the following provisions) is applicable to companies which are carrying out in Niger, on behalf the company, and for the span of activities implemented by these companies , the operations listed in the annex of this convention.

Art. 3.- Effective dates and modifications

3.1. This convention becomes operative as from the date of its approval by decree.

3.2 It can be altered in common agreement by both parties with regard to any economic and financial evolution of the oil market together with new circumstances, both in Niger and abroad which can have an effect on it.

Art. 4. Participation of the Republic of Niger

4.1. The Republic of Niger can at any moment decide to participate in research activities through a public institution by paying a part of the expenses amounting to

4.2 During the concessions specified in the above-mentioned paragraph 1.2, the Republic of Niger will have the option to participate, in partnership with the company, in the rights and obligations specified in this convention, up to the level of an interest reaching %as a maximum. To that effect, the Republic of Niger will entrust its participation to the care of the public institution in accordance with article 8 of the oil code.

4.3 At the date of the taking up of the option, the public institution will inform by writing the company of its decision :

a) either to pay to the company an amount which is equal to % of the expenses made by the company up to the date of the option, increased by an interest rate of % as from each commitment of expenses;

b) or to allow the company to deduct on the part of the production of the public institution in accordance with the option, the equivalent in oil amounting to % of the expenses committed by the company up

to the date of the option, increased by a rate of % as from each commitment of expenses. The quantity of crude oil will be assessed according to the price obtained by the company on the market.

4.4 When it will take up its option, the public institution will participate up to the amount of % in relation to the deposit operating expenses and will contribute in the same proportion to the financing of operations covered by the concession.

Art. 5.- Affiliated companies

5.1-The company can freely, should before inform the Minister in charge of hydrocarbons, transfer its rights and obligations mentioned in this convention to an initial company in which it has a direct or indirect control.

5.2 A company is considered as an affiliate in accordance with the above-mentioned paragraph 5.1. when its capital and voting right in board sessions directly or indirectly represent a figure exceeding 50%.

5.3. Any transfer specified in the present article should be disclosed to the Minister in charge of hydrocarbons.

Art. 6.- Partnerships -Titles transfer

The company can transfer a part or the totality of its rights and obligations specified in this convention to any oil company with which it enters into partnership, in accordance with articles 17 and 36 of the oil code, subject to have requested, in compliance with the provisions of articles 24 and 32 of the oil code, the prior approval of the Minister in charge of hydrocarbons.

TITLE II. LEGAL AND GENERAL GUARANTEES Art.7.- General guarantees

7.1. The Republic of Niger should guarantee to the company, for a time period of 15 years renewable from the implementation date of this convention, the stability of the general, legal, economic, financial

and fiscal conditions, specified by the legislation and regulations in force

at the date of the signature of this convention together with the provisions of the same convention.

7.2 The Republic of Niger should undertake to extend to the company, the advantage of any favorable measure which happens to be granted to another company holder of a mining title covering research, exploitation and transportation of liquid or gaseous hydrocarbons.

7.3 The Republic of Niger should guarantee to the company, its regular personnel, managers and stockholders that they will never be the object of an unfavorable discrimination legitimately or effectively!.

Art. 8.-Nationalization

If exceptional circumstances or a situation of crisis demands recourse to nationalization, the Republic of Niger should, in accordance with international law, equitably and fairly compensate the title holders in transferrable currencies as quickly as possible.

Art. 9.- Personnel

Subject to the observance of the regulations in force, the company's personnel and their families will obtain the required employment authorization as well as visas each time such authorizations and formal procedures will be applicable to them.

In particular, the Republic of Niger should commit itself not to take any measure leading to some restriction:

a) at the entrance, during the stay or the departure of the company is employees and their families;

b) at the entrance, with regard to employment and, if need be, to redundancy, regardless of the nationality of the concerned workers, subject to the compliance with the applicable fair labor standards Acts;

c) at the completeness of the exercise by the company's personnel of human rights, particularly, free movement together with the repatriation of their families and property.

Art. 10- Transfer of funds and currencies

10.1 The Republic of Niger should guarantee to the company the free disposal of its exportation product.

10.2 The Republic of Niger should guarantee to the company the free disposal of assets in CFA francs that it can have in excess of the required amounts for the guarantee of its obligations in Niger, and in particular:

a) the free conversion in convertible currency and the free transfer of funds intended for the payment of the company's suppliers and other creditors;

b) the free conversion and the free transfer of its profits as well as the funds from the transfer of assets or the liquidation of the company.

10.3 The Republic of Niger should guarantee to the company's employees the free conversion and the free transfer from their country of origin of their savings and the amounts intended for their social security and retirement contributions subject to the fact that they paid taxes and contributions they are liable to in Niger.

10.4 The Republic of Niger should guarantee to the company any advantage given to another investor in terms of rates in currency conversion.

Art. 11.- Part of the production of the Republic of Niger

11.1 The part of hydrocarbons which goes to the company in accordance with articles 33 and 24 of the oil code cannot be superior to %. It will be set annually from a common agreement of both parties according to extraction and transfer expenses.

11.2 The company will enjoy a special right at equal condition for marketing on international market with regard to the part of the production which goes to the Republic of Niger.

11.3 The Republic of Niger is entitled to choose the quality of crude oil which is best adapted to its needs.

Art. 12.- Exportation

The company will enjoy the free availability of the part of the products which it is entitled to have in accordance with this convention and will export them without any constraint in compliance with the rules and regulations in force.

Art 13.- Access to domestic market in Niger

13.1 The Republic of Niger should enable the company to sell in Niger hydrocarbons produced by the company together with the by-products under the same favorable conditions granted to other producers of hydrocarbons and suppliers of by-products, subject to the rights gained through the adjustments made at the date of the signature of this convention.

13.2 The transfer price, vis-à-vis companies, gaseous hydrocarbons intended for domestic consumption in Niger for local consumers will be submitted to the prior approval of the Republic of Niger.

13.3 If economic conditions allow it, the company and the Republic of Niger will examine the possibility to build and maintain a refining plant.

Art. 14.- Production levels

The Republic of Niger reserves the right, according to international environment and the oil market, to set the lower and upper limits for deposits production.

The same procedure is applied to ensure deposits conservation and profitability.

The Minister in charge of hydrocarbons will set these limits after consultation with the company.

TITLE III.- TRANSMISSION OF HYDROCARBONS Art. 15.- Benefits of treaties

In case there are agreements between the Republic of Niger and neighboring countries, to enable or facilitate oil pipeline transportation of gaseous or liquid hydrocarbons through the territories of these neighboring States, the Republic of Niger will grant without any distinction to the companies all the advantages from those agreements.

Art. 16.- Transfer

The rights granted to the company by the oil code and the above-mentioned article 15, with regard to transmission of hydrocarbons, can be transferred individually or jointly to third parties under the same conditions as the mining titles and subject to the compliance with the provisions of the oil code.

Art. 17.- Partnership

17.1 Subject to the approval by the Minister in charge of hydrocarbons, the company can enter into partnership with other oil companies in order to build and exploit the oil pipelines required for the turnover of their production.

17.2 In case of discovery by third parties of commercial accumulation in the same region as the mining titles, object of this convention, the Minister in charge of hydrocarbons can compel the company, in the absence of an out-of-court agreement, to enter into partnership with other oil companies in order to build and jointly use the oil pipeline, in compliance with article 46 of the oil code.

TITLE IV.- TAXATION SCHEME

18.1 The rate of the mining proportional royalty on liquid hydrocarbons produced by the company is set at % of the ex-field value.

The ex-field value is determined according to a standard rate of % of the sticker price defined in article 65 of the oil code.

Oil code of the Republic

The parties agree that, for the duration of this convention and up to a new agreement justified by change at the level of international oil market, the sticker price specified in article 65 of the oil code is defined in reference to the market price on the international market.

Any deduction on the sticker price will be the object of a conventional re-adjustment if production conditions change significantly.

The above-mentioned discount of % in relation to the sticker price represents a flat rate of carrying charges from extraction point to loading and terminal storage point. If, during a particular financial year, effective charges significantly differ by over the quarter of the flat discount, the latter will be adjusted through an agreement by both parties, or if need be, according to the procedures defined in articles 83 of the oil code and 33 of this convention.

18.2 The proportional royalty rates on gaseous hydrocarbons sold by the company is set at 5% of the transfer price.

The production portion under million cubic meters is exonerated from royalty.

Art. 19.- Taxation , , ..'>'.

19.1 The company is **liable to pay the following taxes and duties :**

- **mining taxes;**

- mining royalty;

- surface area royalty;

- income tax;

- registration dues, stamp duty, and land registration;

- duties and taxes collected by the Customs and Excise unless otherwise provided in this convention.

19.2 The rates and procédures with regard to thé tax base and thé collection of tax specified below are stable for thé duration of this convention under thé following conditions :

a) fix mining rights: '

- research : 1,000,000 CFA francs
- concession : 3,000,000 CFA francs

b) annual surface area royalty :

- research : 1^M phase : 500 CFA francs/sqkl
- 2^{1ⁿ} phase : 1,000 CFA francs/sqkl 3^{r<} phase : 3,000 CFA francs/sqkl
- concession : 1ⁿ phase ; 1,000,000 CFA francs/sqkl 2ⁿ phase : 2,000,000 CFA francs/sqkl

c) mcome tax :

Income tax amounts to 45% of thé net profit. The net profit is assessed according to thé accounting plan applied in Niger.

The selling price of hydrocarbons taken into account in thé assessment of thé turnover will be thé same as thé one accepted to assess thé proportional mining royalty. For sales in thé domestic market, tax will be assessed on priées made by thé company.

The déduction of % in relation to thé sticker price will be guaranteed up to thé amortization of prospecting, exploration and development in-vestment costs.

The selling price after déduction should not be less than thé price obtained by thé company on thé international market.

Will be considered as allowable charges :

- thé fix mining rights; . - thé proportional mining royalty;
- thé annual surface area royalty;
- thé mterestsof bankloans at thé effective rate and thé advances of thé stockholders at thé following rate
- registration dues, stamp duty and land registration;
- duties and taxes collected by thé Customs and Excise; Dépréciation is allowable as specified in article 20 of this convention.

When over a year, a loss is noticed during a given financiaî year, it can be carried over in déduction for thé next fi ve years

d) customs duties

The applicable law scheme varies according to thé destination of thé goods andtheir owners.

1. Equipment and products for research, exploitation and pipehmg of liquid or gaseous hydrocarbons;

Import duty-free.

2. Geological and geophysical prospecting, drilling and boreholes equip-ment, civil engineering material, spécial vehicles, vehicles for goods and hydrocarbons transportation together with off-highway vehicles required for thé exploitation of subsidized compames.

The regular temporary entrance admission is exonerated from tax and duty.

3. Equipment belonging to service company.

The regular temporary entrance admission is exôiwf aeé&an.-ÊW and duty or possibly thé spécial temporary entrance admission (A.T.S).

ATN scheme supposes at ILS end, A re-exportation or a dispos.il for con-sumption purposes and thé récipient companies should change that scheme according to thé solely and formai authorzation from thé Customs and Excise.

ATS scheme supposes thé payment of righis spread out in time per portion accordmg to thé duration of équipement dépréciation.

4. Parts imported by service companies for thé équipement which belongs to subsidized companies.

Exonération of tax and duty.

5. Imports of parts for the equipment of service companies and intended to be used in the realization of works requested by subsidized companies are submitted to ordinary law.

7. Property of the personnel, nationals and expatriates, (vehicle and domestic goods) fall under ordinary law.

8. Extracted products are exonerated at export except a unique exit tax at the rate applied to mining companies.

Art. 20. Dépréciation

For the assessment of tax, depreciation rates will be calculated according to the rates specified in the table included as an attachment to the present document based on the fact that these rates are maximums above which the company will be free to start depreciation procedures at its own convenient rhythm.

Dépréciation postponed in period of deficit can be carried forward from one year to the other for five years.

Art. 21. Depletion reserve

21.1 The company opted for the scheme of the depletion reserve specified in articles 70 and 71 of the oil code.

21.2 The depletion reserve is registered under a special item in the headings of the balance sheet showing the amounts of the allocations of each fiscal year. These allocations are submitted to direct taxation specified in the above-mentioned paragraph 20.3 c) if they have been re-invested within a deadline of three years in mining research in Niger. That portion of tax is collected during the distribution of those allocations with regard to the part shared out within that time period.

Art. 22.- Spécial guarantees

The company can claim the advantages of any favorable provision which may be enacted in the area of fiscal, financial, or customs legislation or in the field of oil investment.

The Republic of Niger declares, in order to avoid any unfavorable discrimination of the company in relation to third parties, its intention to extend to the company the advantage of any more favorable measure which happens to be granted to another mining title holder involved in liquid or gaseous hydrocarbons activities in Niger.

Art. 23.- Other rights

Except a banning is specified or a formal regulation is in force at the date of the signature of this convention, the advantages in favor of the company will be extended to all activities which fall within the field of hydrocarbons development, production, transportation, processing or marketing activities.

TITLE V. COMMITMENTS OF THE COMPANY Art. 24.-Minimum expenses in research

The minimum amount of expenses in research works payable in accordance with article of the oil code is set at CFA francs at each annual survey and per permit.

It will be reviewed each year in application of the following indexing formula :

Art 25.-Works

25.1 The company commits itself to undertake hydrocarbons research activities according to the rule of the book and by using the most up-dated and appropriate techniques. In any case, it cannot be obliged to carry out activities at the request of the Republic of Niger or to implement methods it considers technically and economically obsolete.

25.2 The company commits itself to undertake the following works :
and according to the following schedule :

25.3 The company will submit to the Minister in charge of hydrocarbons its annual program of the works.

25.4 In case of discovery of indicators enabling to assume the existence of commercial accumulation, the company, should within reasonable economic limits apply on the delimitation and the bringing in of these deposits the best appropriate methods for their conservation and optimal production.

Commercial accumulation means any deposit able to produce hydrocarbons that can be sold at a price which covers development, exploitation and transportation expenses and which can ensure a reasonable profit margin which will be assessed by both parties or if need be through arbitration, in accordance with article 83 of the oil code and article 23 of this convention.

Art. 26.-Exploitation

The company should undertake to carry out exploitation and transportation of hydrocarbons activities according to the rule of the book and by applying the most up-dated and appropriate techniques.

Art. 27.-Environment

27.1 The company will implement the measures which could be specified by the Republic of Niger in order to ensure a better return of hydrocarbon deposits as well as a better profitability of exploitations, given the chemical and economic conditions of the oil industry.

27.2 Already, the company should undertake to :

Art. 28- Employment-construction

The company and, for the needs of its activities, the companies specified in paragraph 2.6 of article 2 undertake to :

- a) give priority to local companies in case of equal price and quality of the supplies;
- b) give priority to national labor force and to ensure technical and administrative training of Niger nationals senior staff through internships in Niger or abroad or through the creation of vocational training centers.

To that effect, a training project and the replacement of foreigners by Niger nationals will be submitted by the company to the Republic of Niger for approval within six months following the granting of the concession;

d) build medical and educational facilities adapted to the needs of the workers on sites as well as to their families.

e) create leisure centers to promote culture and sports

(possibly TITLE VI- PROVISIONS WITH REGARD TO CONVENTIONAL GAZ)

TITLE VI.- DURATION-RENEWAL-ARBITRATION Art. 29.-Definition

This convention comes into force at the date of the application decree and will remain effective until. It can be renewed under the conditions specified in article 32 of the oil code.

The provisions of this convention can only be modified through an agreement by both parties and will be the object of additional clauses concluded and approved according to the same procedure which prevails under the convention.

Art. 30 Renewal

Before the expiration date of this convention and the extension of the permits and concessions that it covers, the Republic of Niger and the company will work hand in hand in order to negotiate the terms and conditions which will allow this convention to be legally renewed.

Art. 31.-Act of God

31.1 In case one of the parties finds itself not to be able, through an Act of God, to fulfill partially or totally its part of the obligations specified in this convention, it will be exempted according to the Act of God level of incidence for solely its duration .

31.2 The term "Act of God" will designate with regard to the implementation of this convention any event which proves to be beyond control and unpredictable for the party mentioning the case, and notably and restrictively, government actions, declared or undeclared war , civil war,

unrest, riots, acts of sabotage, blockade, and natural disasters, and more generally, any circumstance or situation which is beyond the control of the party mentioning the Act of God.

31.3 The party affected by the Act of God should inform, without any delay the other party, by telex or facsimile transmission confirmed by letter, in detail the Act of God. The obligations of that party will be suspended as stipulated above from that notification.

Art.32.- Advance notice- Notifications and communications

Any advance notice and notification specified in this convention will be considered as to have been legitimately delivered when they are sent recorded delivery with an acknowledgment of receipt in a post office of the Republic of Niger at the following addresses :

- for the government;
- for the company;

Advance notices, notifications and communications are considered to have been given at the date when the addressee received them in accordance with the acknowledgment of receipt.

Advance notices, notifications and communications are considered to have been legitimately made by mail, or telex or facsimile transmission, based on an acknowledgement of receipt dispatched to the sender through the same channels.

Art. 33. Settlement of dispute

33.1 In accordance with the provisions of article 83 of the oil code, litigations from the interpretation and implementation of the sections of this convention are settled through a conciliation procedure and, in case of failure, through arbitration procedure.

33.2 The Republic of Niger and the company agree that the suit in conciliation is examined according to the procedure set in the convention for the settlement of disagreements related to investments between States and nationals from other States of the International Bank for Reconstruction and Development (IBRD).

33.3 The Republic of Niger and the company agree to submit their disagreement from this convention, its additional sections or contracts to the arbitration procedure sets by "the convention for the settlement of disputes related to investments between States and nationals from other States" of the International Bank for Reconstruction and Development (IBRD).

Art. 34.-Publication

This convention and the following attachment which is part and parcel of the document will be published in the Official Gazette of the Republic of Niger.

Niamey,

For

ATTACHMENT 1

DEPRECIATION RATE

Property to write off Annual dépréciation ratts*

REAL ESTATE

Concrete buildings and constructions used as: workshops, offices, warehouses, garages, laboratories, training workshops, housings, social services, sports center, canteen, hospitals,

meeting rooms.....5%

Buildings with metallic frame.....5%

Temporary buildings and other similar building sites that can be dismantled or moved.....25%

Light constructions semi-permanent without foundations25%

Fittings in workshops15%

Business machine25%

Office and residence furniture15%

LOADING AND STORAGE FACILITIES

Storage facilities20%

Piper racks (casings)20%
 Loading facilities, suspended pipes20%

VEHICLES AND ACCESS MEANS

Airplanes33%
 Civil engineering vehicles..... 33%
 Cars, trucks and trailers, agitator trucks.....33%
 Pire engine, recording truck25%

FLUVIAL TRANSPORTATION

Dams.....
 Trailers, push tugs, tank barges, barges 10%

ACCESS ROADS

Access roads to unproductive borings 100%

OTHER TANGIBLE ASSETS ,

Compressed air and water distribution Systems 25%
 Electricity transmission Systems25%

12. Security, maintenance, storage, water and electricity supply equipment.

13. Equipment required for the installations of borings, pipelines and access roads.

14. Petrol, Jet-airplanes, lubricating oil and grease, mud product and special cement for use in boring activities in the cases where they are used within the context of the activities mentioned in this convention. Nevertheless, with regard to petrol and gas oil the specific tax is collected.

15. Any chemical product or chemical-based products used to test a given substance in relation with the specified activities of this convention.

16. Any spare parts used for maintenance and repairs of the above-mentioned equipment.

17. Any air-conditioning device.

ATTACHMENT II- PART B

These exemptions are applicable to renting of material or contracting of services. The following items specified below from 1 to 8 exclusively concern :

- 1) geophysical and geological exploration works together with detection by any means and the assessment of the reserves including akin activities;
- 2) prospecting and delimitation of deposits through borings, drillings or any other means and the assessment of the reserves including akin activities;
- 3) development, bringing in and exploitation of deposits discovered as well as akin activities;
- 4) building and evaluation for the purpose of storage and retreatment of extracted products;
- 5) marketing of crude products extracted and intended for exportation;
- 6) construction of access roads,
- 7) equipment and personnel transportation, water research works, storage, repairs and maintenance of the equipment, security of people and equipment;
- 8) transportation of the following equipment : heavy equipment for prospecting, explosives, heavy equipment for boring and drilling, mud products, pumping equipment, storage equipment, material for transportation through pipelines of extracted products;

PROCEDURE AT ATTACHMENT II

1) The companies should produce a certificate in four (4) copies attesting that the imported equipment is intended for exploration, exploitation or transportation in relation with the activities specified in this convention. This certificate will be submitted to the signature of the Minister in charge of hydrocarbons.

2) Two (2) copies will be kept, one by the department of hydrocarbons, the other by the companies; two (2) copies are intended, one for the customs department, the other for the direct taxation department.

3) If that equipment is no longer used for exploration, exploitation or transportation of hydrocarbons, the companies should pay the taxes and duties which will be calculated according to the value at the date of the change of use. However, no tax or duty will be requested if companies and their sub-contractors export the equipment outside Niger.

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