

LEGAL ASPECT FRAMEWORK ON THE ALGERIAN HYDROCARBON MINING DOMAIN

Presented by Mrs S.Charikhi

Summary

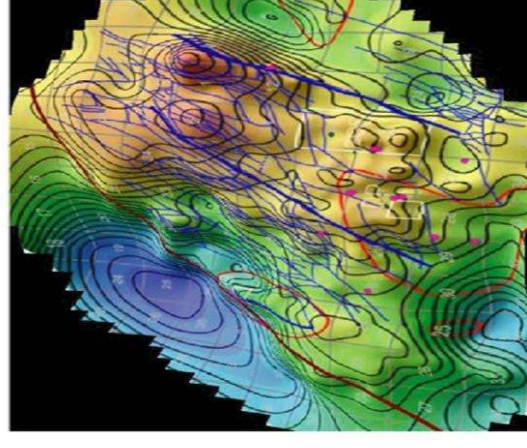
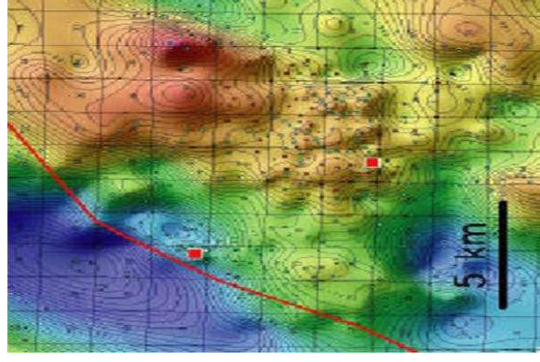
- Legal hydrocarbon prospecting definition
- Legal aspect of prospecting in Algeria
- Granting Prospecting Authorization conditions
- Prospecting Perimeter Choice
- How to request a Prospecting Authorization ?
- What does contain the Prospecting Authorization ?
- Advantages of Prospecting

Legal hydrocarbon prospecting definition

Prospecting, within the meaning of Law 05-07, is defined by works for the detection of hydrocarbons, including through the use of geological, geophysical and geochemical methods; including stratigraphic drilling.



Géological methods



Geophysical methods

The hydrocarbon prospecting activity is governed by:

- ❑ *Hydrocarbon law 05-07 article 20*, amended and supplemented; and
- ❑ **ED n°07-294** amended and supplemented, establishing procedures and conditions of granting the hydrocarbon prospecting authorization.
- ❑ Management of prospecting data activities is regulated by the article n° 22 of Hydrocarbon Law **05-07** and the **ED n°07-311**.

► **Article 20 of HC law 05-07 and ED n° 07-294**

- ❑ the prospecting authorization holder can practice prospecting works using geological, geophysical, geochemical methods and stratigraphic wells too;
- ❑ ALNAFT may grant prospecting authorization after the approval of the Minister in charge of hydrocarbons, to any person requesting to carry out hydrocarbons prospecting works on one perimeter or more.
- ❑ It is granted according to procedures and conditions, for two (2) years, renewable one single time for a maximum period of two (2) years;
- ❑ the prospecting authorization, on any perimeter, can be delivered to 1 person or to several people (jointly or separately).

- ▶ **ED n°07-311**, amended and supplemented, laying down the making available of data procedures to submit to ALNAFT;
- The data, and interpretation results, during prospecting period, should be submitted to ALNAFT, under defined :
 - ✓ canevas;
 - ✓ Form and;
 - ✓ periodicity.

Determined to grant a prospecting authorization.

- ALNAFT can resort to Prospecting Authorization holder, or any other person who require qualifications, to commercialize data, results and the interpretations on behalf of ALNAFT (art 6).

Person who :

- ❑ can justify of technical and financial abilities to conduct prospecting works;
- ❑ have a valid pre-qualification certificate granted by ALNAFT ; and
- ❑ provide an engagement to realize a work program with a related budget.

Prospecting perimeter choice is done under conditions :

- ❑ Free Area;
- ❑ Area with a new thematic; and
- ❑ Area under another prospecting authorization (no exclusivity).

The request for a prospecting authorization, to submit to ALNAFT, must contain:

- ❑ a geological, geophysical, geochemical description of works program and stratigraphic wells, with a related budget;
- ❑ a geological report about the area; and
- ❑ an engagement of reconditionning sites (HSE), in three (3) months, after the end of prospecting period.

Prospecting Authorization, delivered by ALNAFT, contain :

- ❑ Perimeter definition;
- ❑ Prospecting Authorization holder name;
- ❑ A works program and the related budget ;
- ❑ Availability of prospecting period (two (2) years, renewable) ;
- ❑ Obligation to submit environment impact study, for approval, in case of field works;
- ❑ Details of forms and periodicity of data results, to transmit to ALNAFT;
- ❑ Engagement of the holder to keep data results confidential; and
- ❑ Engagement of the holder to submit to ALNAFT, at the end of prospecting period, all data, results and interpretations deriving from prospecting works.

ALNAFT deliver a final discharge, for a good fulfillment, at the end of prospecting period.

Advantages of prospecting (1/2)

- ❑ In case of a perimeter that have been subject of a prospecting authorization is put out to tender, to conclude a hydrocarbons research and exploitation contract, the people having achieved or achieving prospecting works have a preference right, provided to persons who shall align themselves on the best offer of such perimeter forthwith, subject to their participation in the competitive bidding.
- ❑ Prospection expenditures will be considered as research investment, in case of the perimeter is put out to tender.

- ❑ Prospecting authorization is :
 - ✓ delivered by ALNAFT, in a brief time; and
 - ✓ free of area's tax.
- ❑ Access to existing data;
- ❑ ALNAFT can resort to Prospecting Authorization holder, or any other person who requires qualifications, to commercialize data, results and the interpretations, on behalf of ALNAFT, in the framework of a contract establishing the conditions for commercialization.

Thank you