ICLG

The International Comparative Legal Guide to:

Oil & Gas Regulation 2013

8th Edition

A practical cross-border insight into oil and gas regulation work

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United Arab Emirates

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1 Overview of Natural Gas Sector

1.1 A brief outline of the UAE's natural gas sector, including a general description of: natural gas reserves; natural gas production including the extent to which production is associated or non-associated natural gas; import and export of natural gas, including liquefied natural gas (LNG) liquefaction and export facilities, and/or receiving and re-gasification facilities ("LNG facilities"); natural gas pipeline transportation and distribution/transmission network; natural gas storage; and commodity sales and trading.

The United Arab Emirates (the "**UAE**") was established in 1971 as a federation of emirates. There are seven emirates, each with its own Ruler: Abu Dhabi; Ajman; Dubai; Fujairah; Ras Al Khaimah (which joined the federation in 1972); Sharjah; and Umm Al Quwain. The Emirate of Abu Dhabi, which holds the majority of the UAE's natural gas reserves, is the capital of the UAE.

The oil and gas sector accounts for more than one-third of the UAE's gross domestic product. The UAE has the seventh largest proven natural gas reserves in the world (after Russia, Iran, Qatar, Turkmenistan, the United States and Saudi Arabia). The UAE's proven natural gas reserves at the end of 2011 stood at 6.09 trillion cubic metres, representing approximately 3.1 per cent of the world's total proven reserves. (Sources of statistical data and information: BP Statistical Review of World Energy June 2012; OPEC Annual Statistical Bulletin 2012.) The Emirate of Abu Dhabi holds more than 94 per cent of these reserves, where the non-associated Khuff natural gas reservoirs beneath the Umm Shaif and Abu Al Bukhoosh oil fields are amongst the largest in the world. The Emirates of Sharjah and Dubai hold 4 per cent and 1.5 per cent of the UAE's reserves respectively, however the gas fields in these emirates have matured and their production rates have fallen in recent years.

Natural gas plays a key role in the UAE's energy mix. Production increased during 2011, notwithstanding the global economic crisis. The UAE produced 52.3 billion cubic metres of marketed natural gas in 2011, representing 1.6 per cent of global marketed natural gas production for that year (a 2 per cent increase in volume as compared with 2010). Based on current production levels, the UAE's natural gas reserves will reportedly last between 80 and 100 years.

1.2 To what extent are the UAE's energy requirements met using natural gas (including LNG)?

Notwithstanding its abundant resources, domestic gas consumption in the UAE exceeds production. Most of the UAE's natural gas production is associated gas or sour gas in non-associated fields. Production in the associated fields is limited by the UAE's OPEC quotas, since the associated gas production is determined by oil output.

Natural gas is an increasingly important energy source and accounts for the majority of the UAE's total energy consumption, with crude oil accounting for the remainder. In 2011, the UAE consumed 62.9 billion cubic metres of natural gas, amounting to 1.9 per cent of total world consumption. This represents an increase in consumption (an increase of 3.5 per cent as compared with 2010, with an increase of approximately 73 per cent over the last ten years). Increased electricity consumption (accompanied by a preference for natural gas as the feedstock for power generation and water desalination projects) and a growing petrochemicals industry have contributed to the increase in demand; it is estimated that approximately half of the UAE's natural gas production is used for domestic power generation during the peak summer months. Significant quantities of natural gas are also used in re-injection operations for oil reservoir pressure maintenance.

The UAE has embarked on a substantial investment programme to boost domestic gas production, most notably the sour gas development projects in Abu Dhabi. Abu Dhabi Gas Development Company Limited was established to manage, operate and develop the Shah Gas Field Project. The company is owned by Abu Dhabi National Oil Company ("**ADNOC**") and Occidental Petroleum (with ADNOC holding a 60 per cent majority share). ADNOC had originally partnered with ConocoPhillips to develop the Shah Gas Field.

The Shah Gas Field Project involves the development of high sulphur content reservoirs within the Shah Gas Field, located onshore, south-west of the city of Abu Dhabi. It will involve the development of several gas gathering systems and the construction of new gas and liquid pipelines and processing trains to process approximately 28 million cubic metres of high sulphur content gas. This is anticipated to produce approximately 14 million cubic metres per day of network gas and a significant amount of condensate and natural gas liquids. Gas, condensate and natural gas liquids will then be transported to other processing and distribution facilities at Habshan for use as feedstock for new gas-fired power and desalination plants, industrial development and oil field pressure maintenance re-injection operations. Production from the Shah Gas Field is scheduled to begin in 2014.

In addition, as a means of addressing the shortfall in domestic gas supply, the UAE is assessing alternative sources of energy, most notably through the Masdar Initiative in Abu Dhabi, and nuclear energy, following the establishment of the Emirates Nuclear Energy Corporation ("**ENEC**"), which is responsible for implementing the

UAE nuclear energy programme. ENEC's target is to deliver electricity to the UAE grid by 2017. However, notwithstanding the alternative energy initiatives, it is likely that in the short- to medium-term, the UAE will to continue to import gas from Qatar to meet its domestic gas demand.

There is ongoing debate in relation to whether the current levels of LNG exports should be maintained in view of the UAE's growing domestic gas demand (although alternative options are limited, given the long-term contractual obligations which have been entered into for exports). The revenue from exports which are subject to international prices has to be weighed against the domestic gas and electricity tariff structures, as well as the low price of gas from the Dolphin Gas Project (explained in greater detail below), which lead to low domestic gas prices.

1.3 To what extent are the UAE's natural gas requirements met through domestic natural gas production?

The UAE's natural gas requirements are met through domestic production and imports from Qatar. In 2011, the UAE imported 17.3 billion cubic metres of natural gas from Qatar through the Dolphin Gas Project's export pipeline. The UAE exports a large amount of gas, notwithstanding the increase in imports to meet the UAE's domestic needs.

The Dolphin Gas Project involves the production of natural gas from Qatar's North Field, the processing of the natural gas at Ras Laffan Industrial City and the transportation of the dry gas by a sub-sea export pipeline from Qatar to gas-receiving facilities at Taweelah in Abu Dhabi. The export pipeline has been operational since July 2007. It has a design capacity of approximately 35 billion cubic metres *per annum* and its current contracted capacity is 22 billion cubic metres *per annum.* Usage of the additional capacity is subject to a future agreement between Dolphin Energy Limited ("**Dolphin Energy**") and the Qatari authorities.

The Dolphin Gas Project is owned by Dolphin Energy, in which the Abu Dhabi Government-owned Mubadala Development Company holds a 51 per cent interest, with Total and Occidental Petroleum each holding a 24.5 per cent interest. Dolphin Energy has signed long-term gas supply contracts with the Abu Dhabi Water and Electricity Company ("**ADWEC**"), the Dubai Supply Authority ("**DUSUP**") and Oman Oil Company. The agreements provide for the supply of natural gas to each customer for terms of 25 years.

DUSUP's floating LNG regasification facility in Dubai supplements existing supplies of natural gas during summer peak demand. A floating storage and regasification unit ("**FSRU**"), chartered by DUSUP from Golar LNG, is moored offshore within the Jebel Ali terminal. The FSRU, only the world's third FSRU converted from an LNG carrier, was commissioned in November 2010. LNG tankers berth alongside the FSRU and discharge LNG into the FSRU. The FSRU converts the LNG back to its gaseous state using seawater through a heat exchanger, and then pipes the gas through a sub-sea pipeline from the vessel into the Dubai natural gas pipeline network to industrial customers. Qatargas (a 70:30 joint venture between Qatar Petroleum and Shell) currently supplies the LNG primarily from the Qatargas 4 Project. The project has been promoted as a clean and environmentally-friendly solution to meet peak demand for natural gas in Dubai. In March 2011, DUSUP announced that it is looking at the possibility of setting up a natural gas trading hub.

In early 2012, the UAE announced plans to develop a second regasification terminal offshore at Fujairah.

It is also anticipated that natural gas will be imported into the UAE from Iran in the future. There are a number of Iranian pipeline gas import proposals currently under consideration, the most developed of which is Crescent Petroleum's project with the National Iranian Oil Company to import natural gas by pipeline from Iran's Salman field into Sharjah. Although Crescent Petroleum and the National Iranian Oil Company agreed a 25-year contract in 2001 and much of the pipeline and associated project infrastructure has already been built, the project remains in doubt due to an ongoing and well-publicised dispute between the parties, which is reportedly the subject of an on-going arbitration.

1.4 To what extent is the UAE's natural gas production exported (pipeline or LNG)?

During 2011, the UAE exported 8 billion cubic metres of natural gas as LNG. Of those export quantities, 7.7 billion cubic metres of LNG were exported to Japan, 0.2 billion cubic metres were exported to India, 0.1 billion cubic metres were exported to Taiwan and 0.1 billion cubic metres were exported to Kuwait.

There are no pipeline exports of UAE domestic gas production. The Dolphin Gas Project does, however, involve the transportation of natural gas from Qatar to Oman through pipeline infrastructure situated within the UAE.

2 Overview of Oil Sector

2.1 Please provide a brief outline of the UAE's oil sector.

The UAE has the sixth largest proven crude oil reserves in the world (after Venezuela, Saudi Arabia, Iran, Iraq and Kuwait). The UAE's proven crude oil reserves at the end of 2011 stood at 97.8 billion barrels, representing approximately 6.6 per cent of the world's total proven reserves. The Emirate of Abu Dhabi holds 94 per cent of these reserves. The Emirate of Dubai holds approximately 4 billion barrels.

The UAE's average daily crude oil production in 2011 was 2.56 million barrels. This represents 3.6 per cent of global crude oil production for that year (a 10 per cent increase as compared with 2010). The UAE is a member of the Organisation of the Petroleum Exporting Countries ("**OPEC**"). The UAE's production targets are set by OPEC.

In the Emirate of Abu Dhabi, the Supreme Petroleum Council has overall policy making responsibility for the petroleum industry, as well as management control over the Abu Dhabi Government-owned oil company, ADNOC. ADNOC is responsible for managing day-to-day operations and implementing the directives of the Supreme Petroleum Council. ADNOC has 15 subsidiary companies working in the fields of exploration and production, support services, oil refining and gas processing, chemicals and petrochemicals, maritime transportation and refined products and distribution.

Overall, UAE production is dominated by three major oil exploration and production companies in Abu Dhabi. These companies are majority owned by ADNOC, with international oil companies such as BP, Total, ExxonMobil, Shell, Japan Oil Development Company Limited and Partex holding the remaining minority interests. The origins of these three companies can be traced to two major concessions granted in the 1930s and 1950s, covering all onshore and offshore exploration and production. The Abu Dhabi Company for Onshore Oil Operations ("**ADCO**") operates the onshore concession originally granted in the 1930s. The Abu Dhabi Marine Operating Company ("**ADMA-OPCO**") operates the offshore concession originally granted in the 1950s.

The Zakum Development Company ("**ZADCO**") operates the Upper Zakum offshore field (which the main shareholders of ADMA-OPCO elected not to develop at the time) and the Umm Al-Dalkh and Satah offshore fields. In 1974, the equity interests of the original concession holders were diluted and ADNOC was granted a majority interest.

Opportunities for exploration and production in the UAE have been relatively limited. However, there is evidence of a shift towards expanding the historically narrow pool of participants. In 2008, Occidental Petroleum was awarded a concession covering two onshore fields in Abu Dhabi, and ConocoPhillips was awarded a contract to develop the Shah Gas Field (ConocoPhillips later withdrew and was replaced by Occidental Petroleum in 2011). In 2012, Korea National Oil Corporation and GS Energy were awarded a concession covering two onshore areas and one offshore area in Abu Dhabi, and Wintershall and OMV were awarded a contract to appraise the Shuwaihat sour gas and condensate field. The ADCO and ADMA-OPCO concessions are due to expire in 2014 and 2018 respectively, which may create opportunities for new entrants.

Oil production is dominated by a handful of giant fields, most of which were discovered in the 1960s and 1970s and which have been producing for several decades. These fields include the Bu Hasa, Upper Zakum, Bab, Lower Zakum, Asab and Umm Shaif fields, all located in Abu Dhabi. The likelihood of further major discoveries in the UAE is relatively low, however, enhanced oil recovery techniques are being successfully utilised to increase the extraction rates of mature oil fields. The Government of Abu Dhabi is pursuing additional production capacity through the investment of approximately USD60 billion in the oil sector.

2.2 To what extent are the UAE's energy requirements met using oil?

Natural gas accounts for the majority of the UAE's total energy consumption (approximately 65 per cent). Crude oil accounts for the remainder (approximately 35 per cent). In 2011, the UAE consumed 617,600 barrels of oil per day, amounting to 0.7 per cent of total world consumption. This represents an increase of 4.5 per cent as compared with 2010.

The UAE's oil consumption by main petroleum products is as follows: 101,600 barrels of gasoline per day; 101,700 barrels of kerosene per day; 99,400 barrels of distillates per day; 280,300 barrels of residuals per day; and 34,700 barrels of other petroleum products per day.

The UAE does not currently consume any coal, nuclear energy or hydroelectricity or renewables; however, as previously mentioned, the UAE is assessing renewable sources of energy and nuclear energy.

2.3 To what extent are the UAE's oil requirements met through domestic oil production?

The UAE's oil requirements are met entirely through domestic production. The UAE does not import crude oil.

2.4 To what extent is the UAE's oil production exported?

In 2011, the UAE exported 2.33 million barrels of crude oil per day. This represents an increase of 10.8 per cent as compared with 2010. Of those export quantities, 3,000 barrels per day were exported to Europe, 66,000 barrels per day were exported to North America, 2.21 million barrels per day were exported to countries in the Asia Pacific region (with the largest share going to Japan), 49,000 barrels per day were exported to Africa and 1,000 barrels per day were exported to other countries in the Middle East region.

The UAE currently has six export terminals with the capability to handle crude oil, namely Jebel Dhana, Zirku Island, Das Island, Umm Al-Nar, Fujairah and Jebel Ali. However, only the terminal in Fujairah is free from the risks associated with the Strait of Hormuz (one of the world's most important energy chokepoints between the Gulf of Oman and the Arabian Gulf).

The Abu Dhabi crude oil pipeline is the newest export pipeline, having commenced operations in June 2012. The 380 kilometre pipeline runs from Habshan to Fujairah. The pipeline transports crude oil from the ADCO facilities at Habshan to the export terminal in Fujairah. The pipeline provides a strategic alternative to the Strait of Hormuz and will reduce shipping congestion through the Strait of Hormuz. The project was executed by the Abu Dhabi Government-owned International Petroleum Investment Company, and will be operated by ADCO.

3 Development of Oil and Natural Gas

3.1 Outline broadly the legal/statutory and organisational framework for the exploration and production ("development") of oil and natural gas reserves including: principal legislation; in whom the State's mineral rights to oil and natural gas are vested; Government authority or authorities responsible for the regulation of oil and natural gas development; and current major initiatives or policies of the Government (if any) in relation to oil and natural gas development.

Each emirate has constitutionally entrenched rights to the natural resources (including oil and natural gas) within that emirate; such resources are deemed the public property of that emirate. As a result, each emirate pursues its own policies regarding the development of oil and natural gas, with the Ruler in each emirate retaining ultimate control over the development of oil and natural gas reserves in that emirate.

The right to explore, develop and produce petroleum is typically granted by way of a concession by the applicable emirate. Concessions are usually granted to state-controlled companies, with the involvement of international oil companies being limited to minority ownership interests in the project companies which are granted the concessions and the provision of technical services to those project companies.

Abu Dhabi does not have comprehensive petroleum legislation governing the granting of exploration and development concession rights; however, a number of laws affect the petroleum industry, including the Abu Dhabi Gas Ownership Law (Abu Dhabi Law No. 4 of 1976), the Abu Dhabi Petroleum Resources Conservation Law (Abu Dhabi Law No. 8 of 1978), the Abu Dhabi Petroleum Ports Law (Abu Dhabi Law No. 12 of 1973, as amended) and the Abu Dhabi Tax Decree of 1965 (as amended). The Supreme Petroleum Council, which was established in 1988, regulates Abu Dhabi's oil and natural gas policy.

Under the Abu Dhabi Gas Ownership Law, all natural gas discovered or to be discovered in the territorial zone of the Emirate of Abu Dhabi is the sole property of the Emirate of Abu Dhabi. The Emirate of Abu Dhabi maintains rights over gas at the delivery points and in all stages of production. Since 1976, the ADNOC group of companies has managed upstream, midstream and downstream oil and gas operations on behalf of the Government of Abu Dhabi: article 4 of the Abu Dhabi Gas Ownership Law affords

ADNOC the right to exploit and use all gas discovered or to be discovered within Abu Dhabi and to claim all rights derived from agreements concluded by the Government of Abu Dhabi which are related to gas discovered or produced or the facilities of production and extraction of gas. As previously mentioned, ADNOC is owned by the Abu Dhabi Government and the management of ADNOC reports directly to the Supreme Petroleum Council.

In Sharjah, the Sharjah Petroleum Council is responsible for regulating policy regarding the development of oil and natural gas in that emirate. The Sharjah Petroleum Council is responsible for submitting recommendations to the Ruler for concessions and concluding such agreements. It is also the body which represents the Sharjah Government in companies in which it participates in the field of oil and gas investments.

In Dubai, operations are carried out through concessions or contracts concluded between companies and the Government of Dubai. The Department of Oil Affairs is responsible for approving licences necessary to practice oil-related activities. In addition, the Dubai Supreme Council of Energy (established in 2009) is responsible for providing primary energy resources (defined to include crude oil and natural gas) at a reasonable cost and reducing the negative environmental impacts arising therefrom. The Supreme Council of Energy is also responsible for promoting the cost-effectiveness and quality of services rendered for energy supply by all available means, including using incentives and imposing tariffs.

The Federal Ministry of Energy has limited powers to set policies and planning at a federal level and is subject to the constitutional rights of the emirates. Approvals are also required from the Federal Ministry of Environment and Water in accordance with the UAE Law on the Protection and Development of the Environment (Federal Law No. 24 of 1999) (the "**Federal Environment Law**"). In practice, federal approvals are overseen by the Ministry of Environment and Water, but it is the local emirate environmental departments which are responsible for approvals in that emirate and enforcing the requirements of the Federal Environment Law, as well as any local environmental regulations and laws.

Regionally, the states of the Gulf Co-operation Council ("**GCC**") (the six GCC members are the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the State of Kuwait, Qatar, the Sultanate of Oman and the UAE) have agreed to pursue unified policies in the exploitation of natural resources. The GCC Economic Agreement (incorporated into UAE domestic law by Federal Decree No. 55 of 2002) provides that the GCC states will adopt integrated policies in all stages of the oil and gas industries in a manner that facilitates the best exploitation of natural resources, taking into account environmental considerations and the interests of future generations, and that they will implement unified policies for oil and gas, adopting a common position towards non-member states and international organisations.

3.2 How are the State's mineral rights to develop oil and natural gas reserves transferred to investors or companies ("participants") (e.g. licence, concession, service contract, contractual rights under Production Sharing Agreement?) and what is the legal status of those rights or interests under domestic law?

The granting of oil and natural gas development rights is overseen by the respective regulatory bodies in each of the emirates. Foreign companies or investors are generally not permitted to hold majority interests in oil or natural gas development activities or enterprises. In the majority of circumstances, the right to explore, develop and produce oil and natural gas is granted by way of a concession by the applicable emirate. Concessions are usually granted to state-controlled companies, with the involvement of international oil companies being limited to minority ownership interests in the concession project company.

3.3 If different authorisations are issued in respect of different stages of development (e.g., exploration appraisal or production arrangements), please specify those authorisations and briefly summarise the most important (standard) terms (such as term/duration, scope of rights, expenditure obligations).

The concessions typically embody the principal authorisations necessary for the exploration, development and production of oil and natural gas. Concession terms vary substantially, both between the different emirates and within the emirates themselves, depending on a number of factors, including the date of the initial grant, the size and importance of the development and the level of foreign involvement.

3.4 To what extent, if any, does the State have an ownership interest, or seek to participate, in the development of oil and natural gas reserves (whether as a matter of law or policy)?

Each emirate participates directly in the development of oil and natural gas. In most circumstances, concessions are granted by the emirate to the state-owned petroleum company, or to a concession project company in which the emirate or the state-owned petroleum company will hold a majority interest. Given that the majority of the oil and natural gas reserves in the UAE are located in Abu Dhabi, most oil and natural gas development and production activities are carried out by companies within the ADNOC group of companies. Under article 6 of the Abu Dhabi Gas Ownership Law, ADNOC has the right to exploit natural gas in Abu Dhabi alone or in joint ventures with third parties, provided that ADNOC's share does not fall below 51 per cent.

The main gas operators in the UAE are Abu Dhabi Gas Industries Limited ("**GASCO**"), which is 68 per cent owned by ADNOC, and Abu Dhabi Gas Liquefaction Company ("**ADGAS**"), in which ADNOC holds a 70 per cent interest. Foreign participation by international oil companies accounts for the remaining interests in GASCO and ADGAS; the main players being Total (which holds a 15 per cent stake in GASCO and 5 per cent stake in ADGAS), Shell (holding a 15 per cent stake in GASCO), Mitsui (holding a 15 per cent interest in ADGAS), BP (holding a 10 per cent interest in ADGAS) and Partex (holding a 2 per cent interest in GASCO).

GASCO carries out natural gas liquids extraction, treatment, fractionation, storage and shipping. It was founded in 1978 to process Abu Dhabi's onshore associated gas production and to transport it to the Ruwais gas liquefaction plant, where the gas is fractionated and exported. GASCO's industrial complex is comprised of four processing plants, in addition to a pipeline network. In 2010, GASCO began installing new gas processing facilities and upgrading existing facilities.

ADGAS was founded in 1973 and is responsible for the production and export of LNG and LPG. The ADGAS plant on Das Island processes both non-associated and associated gas, and comprises three trains producing liquefied natural gas, liquefied petroleum gas, naphtha and liquid sulphur. Feed gas for the plant is sourced from Abu Dhabi's offshore fields.

As previously mentioned above, the main oil operators in the UAE are ADCO, ADMA-OPCO and ZADCO, in which ADNOC holds a majority interest.

In Sharjah, the Sharjah LPG Corporation, which is 60 per cent owned by the Sharjah Government, with BP, Itochu Middle East and Tokyo Boeki holding the remaining interests, processes output of the Sajaa, Moweyid and Kahaif fields in Sharjah and produces LPG for consumption in Sharjah and Dubai.

In Dubai, the Dubai Natural Gas Company, a wholly-owned subsidiary of the Dubai Government-owned Emirates National Oil Company established in 1977, oversees the exploitation of Dubai's natural gas reserves, as well as being involved in the petrochemicals sector.

In Ras Al Khaimah, RAK Petroleum, in which the Ras Al Khaimah Government holds a small ownership interest, holds a majority interest in the exploration and production assets of UAE-based Indago Petroleum, which includes a concession in relation to the offshore Saleh field and Indago's 40 per cent interest in the offshore Bukha gas/condensate field in Oman, located close to the UAE-Omani border.

Finally, a concession for the Umm Al Quwain gas field located in the Emirate of Umm Al Quwain is held jointly by Atlantis Holding Norway AS and the Abu Dhabi Government-owned Mubadala Development Company.

3.5 How does the State derive value from oil and natural gas development (e.g. royalty, share of production, taxes)?

At emirate level, the emirates derive value from oil and natural gas development through equity participation (discussed above) and taxation. The taxation of oil and natural gas development activities is regulated by the individual emirates. The taxation of companies engaged in oil and gas activities is one of the rare cases of corporate tax being levied in the UAE.

In Abu Dhabi, a corporate tax applies to oil and natural gas activities in accordance with the Abu Dhabi Income Tax Decree of 1965 (as amended). Although not a petroleum-specific decree, in practice, it applies only to: "chargeable persons" "dealing in oil"; "chargeable persons" including foreign entitiy, ADNOC and its subsidiaries; and any other domestic companies "dealing in" petroleum. The tax rate ranges between 55 and 85 per cent depending on the product that generates the taxable income. The Supreme Petroleum Council grants tax incentives to businesses that benefit Abu Dhabi in terms of, for example, economic development, investment, technology transfer and training of UAE nationals. The tax incentives may include tax holidays and reduced tax rates.

At a federal level, the majority of the Federal Government's income is contributed by Abu Dhabi. The other emirates do not contribute to the federal budget and are, to varying degrees, dependent on federal expenditure for their development and infrastructure.

3.6 Are there any restrictions on the export of production?

There are currently no restrictions on the export of production, although standard export controls (through permits) may apply on certain products for safety, security and environmental reasons, and to ensure compliance with international obligations under treaties and conventions to which the UAE is a signatory. The UAE also restricts exports of dual-use goods that may be used as weapons.

3.7 Are there any currency exchange restrictions, or restrictions on the transfer of funds derived from production out of the jurisdiction?

The UAE dirham, the official currency of the UAE, is pegged to the US dollar. The exchange system is generally free of restrictions on international payments and transfers. However, there are certain restrictions under terrorist financing provisions that have been implemented in accordance with the UAE's international obligations, and in relation to Israeli currency. Under Federal Law No. 4 of 2002 (as amended), the UAE introduced anti-money laundering legislation, imposing documentary requirements on large wire transfers and the import of large currency amounts. All suspicious transactions must be reported to the Financial Intelligence Unit within the UAE Central Bank.

3.8 What restrictions (if any) apply to the transfer or disposal of oil and natural gas development rights or interests?

In accordance with the terms of the individual concession, the approval of the relevant emirate is required prior to the transfer of oil and natural gas concession rights.

3.9 Are participants obliged to provide any security or guarantees in relation to oil and natural gas development?

Participants are generally not obliged to provide any security or guarantees in connection with the granting of oil and natural gas development rights.

3.10 Can rights to develop oil and natural gas reserves granted to a participant be pledged for security, or booked for accounting purposes under domestic law?

Equity participation under the concession would ordinarily facilitate the booking of reserves and, subject to the terms of the relevant concession, such rights can be pledged for security.

3.11 In addition to those rights/authorisations required to explore for and produce oil and natural gas, what other principal Government authorisations are required to develop oil and natural gas reserves (e.g. environmental, occupational health and safety) and from whom are these authorisations to be obtained?

Authorisations are required at both federal level and emirate level. Participants are obliged to comply with the framework of federal and local environmental, health and safety laws and regulations.

Environmental protection is regulated at a federal level by the Ministry of Environment and Water in accordance with the Federal Environment Law. Amongst other things, the Federal Environment Law requires permits to be issued and environmental impact assessments to be undertaken in respect of oil and natural gas development projects. The Federal Environment Law also regulates the disposal of waste and hazardous materials, which can potentially impact upon oil and natural gas development operations.

Under the Federal Environment Law, parties licensed to prospect, extract or exploit onshore or offshore oil and gas fields are prohibited from discharging any polluting substance resulting from drilling, exploring, testing of wells or production into the water or land area in the vicinity of those activities, unless safety measures are adopted. Such safety measures must safeguard against harm to land and water environments, and oblige the parties to treat discharged waste and polluting substances in accordance with technical systems approved under regional and international conventions and protocols. Emissions from the burning of fuels or other substances for any commercial purpose must be within the permissible limits and the amounts of pollutants in combustion emissions must be recorded. There are also specific requirements for the transportation by sea of hazardous substances.

A local authority is nominated in each of the emirates as the competent authority responsible for implementing the Federal Environment Law. In addition, there are a number of laws, regulations and guidelines in place at emirate level which address environmental concerns, including regulations on storage, waste management and record-keeping.

In relation to health and safety, a number of safety regulations have been introduced by the Federal Ministry of Labour and Social Affairs, local authorities and the civil defence (i.e. the fire service). All large industrial enterprises are required to have in place certified occupational safety officers. Health and safety issues are becoming increasingly important in the UAE oil and natural gas sector, with most companies implementing health and safety measures in line with international practice.

ADNOC acts as the environmental regulator of the Abu Dhabi oil and gas industry. ADNOC proactively regulates its group companies and pursues a number of strategic objectives for health, safety and the environment, which are subject to implementation by its subsidiaries including GASCO, ADGAS, ADCO, ADMA-OPCO and ZADCO. ADNOC has in place codes of practice and a health, safety and environment management system requiring its group companies to develop and implement compatible programmes.

3.12 Is there any legislation or framework relating to the abandonment or decommissioning of physical structures used in oil and natural gas development? If so, what are the principal features/requirements of the legislation?

Participants are obliged to comply with general requirements relating to pollution and protection of the environment under the Federal Environment Law, in addition to any specific environmental requirements under the relevant concession and any environmental regulations applicable in the emirate where the structures are located. The Abu Dhabi Petroleum Resources Conservation Law (Law No. 8 of 1978) also sets out specific notification requirements in relation to abandonment.

3.13 Is there any legislation or framework relating to gas storage? If so, what are the principle features/requirements of the legislation?

There are a number of health, safety and environmental regulations which set out the specifications for gas storage. The regulations differ from emirate to emirate, and within the emirates, certain of the free zones impose standards, regulating, amongst other things, temperature and pressure requirements. Civil defence requirements must also be complied with. In addition to the approval of the relevant emirate, approvals may be required pursuant to the Federal Environment Law.

4 Import / Export of Natural Gas (including LNG)

4.1 Outline any regulatory requirements, or specific terms, limitations or rules applying in respect of cross-border sales or deliveries of natural gas (including LNG).

There are no express regulatory requirements, or specific terms, limitations or rules which apply in respect of cross-border sales or deliveries of natural gas. In terms of exports, standard export controls may apply (see above for further details).

The emirates each have their own local customs departments, which fall under the Federal Customs Authority. The role of the Federal Customs Authority is to unify, develop and improve customs policies, legislation and regulations, and supervise their implementation across the local customs departments. The customs procedures are similar throughout the UAE.

Since the establishment of the GCC customs union on 1 January 2003, the UAE has applied the GCC Common Customs Law, which provides for a single port of entry whereby items imported into the UAE (or any other GCC state) that are destined for another GCC market are subject to customs duty only at the first point of entry into the GCC. Customs procedures and the required documentation are the same for all GCC states.

5 Import / Export of Oil

5.1 Outline any regulatory requirements, or specific terms, limitations or rules applying in respect of cross-border sales or deliveries of oil and oil products.

There are no express regulatory requirements, or specific terms, limitations or rules which apply in respect of cross-border sales or deliveries of oil and oil products. In terms of exports, standard export controls may apply (see above for further details).

6 Transportation

6.1 Outline broadly the ownership, organisational and regulatory framework in relation to transportation pipelines and associated infrastructure (such as natural gas processing and storage facilities).

Each emirate controls its own infrastructure for the transportation of oil and natural gas. As a result, different government bodies and authorities regulate oil and gas transportation within the different emirates, setting various standards and codes of practice. There is also regulation at a federal level by the Ministry of Petroleum and the Ministry of Environment and Water.

In Abu Dhabi, GASCO (through its pipelines division) manages, operates and maintains Abu Dhabi's gas pipeline network, which supplies oil fields, power plants and petrochemical facilities, as well customers in Dubai. The total length of pipelines operated by GASCO's pipelines division is approximately 2,500 kilometres. The infrastructure, which spreads throughout Abu Dhabi, is arranged around three gas distribution manifolds at Maqta, Habshan and Bab. From these manifolds, the pipelines branch off to the industrial centres at Ruwais, Asab, Buhasa, Mirfa, Maqta, Taweelah and Al Ain.

The UAE imports gas from Qatar through the Dolphin Gas Project's export pipeline. The export pipeline transports refined gas from Ras Laffan processing plant in Qatar to gas-receiving facilities at Taweelah in Abu Dhabi. From there, the majority of the gas is supplied to other parts of the UAE, using the Eastern Gas Distribution System. The Eastern Gas Distribution System is also used to transport natural gas to Oman, using a connection with a new Omani pipeline on the Oman border. The main pipeline distances involved are as follows: Taweelah to Maqta: 52 kilometres; Maqta to Jebel Ali (in the Emirate of Dubai): 112 kilometres; and Maqta to Al Ain: 148 kilometres. Dolphin Energy also owns the 182 kilometre Al Ain to Fujairah pipeline and the 244 kilometre Taweelah to Fujairah pipeline, both of which are connected to the Dolphin Gas Project and supply power stations and desalination plants in Fujairah.

There are several gas pipeline projects currently being developed, including the construction of a series of product pipelines to transport natural gas, condensates, and natural gas liquids from the Shah Gas Field to processing and distribution facilities at Habshan. This project is being undertaken by a joint venture between ADNOC and Occidental Petroleum. In addition, GASCO is planning two pipelines from Habshan to Ruwais and from Ruwais to the industrial complex at Shuwaihat. This project is intended to supply natural gas to the Abu Dhabi Oil Refining Company's new refinery expansion and to ADWEC's power and desalinations plants in Shuwaihat.

Abu Dhabi also has a well-developed oil pipeline network used to link oil fields with processing plants and export terminals. The Abu Dhabi crude oil pipeline, the newest export pipeline, runs 380 kilometres and transports crude oil from the ADCO facilities at Habshan to the export terminal in Fujairah.

In Abu Dhabi, the Jebel Dhana, Ruwais, Umm Al-Nar, Das Island and Zirku Island terminals handle petroleum exports. They are owned and operated by the Abu Dhabi Petroleum Ports Operating Company. The Jebel Ali terminal in Dubai and the Fujairah terminal in Fujairah also handle petroleum exports. The export terminal in Fujairah is one of the largest bunkering ports in the world and there are plans to expand its capabilities significantly over the coming years.

6.2 What Governmental authorisations (including any applicable environmental authorisations) are required to construct and operate oil and natural gas transportation pipelines and associated infrastructure?

The individual emirates regulate the requirements and procedures for obtaining permits for transporting oil and natural gas. In addition, approvals are required at a federal level, with the Ministry of Petroleum and the Ministry of Environment and Water responsible for preparing guidelines in respect of environmental safety and management of waste resulting from the transportation of oil and gas.

6.3 In general, how does an entity obtain the necessary land (or other) rights to construct oil and natural gas transportation pipelines or associated infrastructure? Do Government authorities have any powers of compulsory acquisition to facilitate land access?

Under the UAE Constitution the natural resources in each emirate are the public property of that emirate. Further, as the Ruler of each emirate ultimately owns the land in that emirate, the construction of oil or natural gas transportation pipelines or associated infrastructure requires a grant of rights from the relevant Ruler. The Rulers also possess powers of compulsory acquisition to facilitate land access. Article 121 of the UAE Constitution permits expropriation in the public interest. In the event that foreign private property is expropriated or nationalised, a payment of compensation has to be made to the affected party.

6.4 How is access to oil and natural gas transportation pipelines and associated infrastructure organised?

Access to oil and natural gas transportation pipelines and associated infrastructure is organised at emirate level. The emirate granting the rights to construct, own and operate oil and natural gas transportation pipelines or associated infrastructure retains inherent rights of access on the basis that the Ruler ultimately owns the land upon which such infrastructure is located.

6.5 To what degree are oil and natural gas transportation pipelines integrated or interconnected, and how is co-operation between different transportation systems established and regulated?

There is limited integration and interconnection of oil and natural gas transportation pipelines within the UAE. Gas from the Dolphin Gas Project is transported from Qatar to the Taweelah receiving facilities in Abu Dhabi through the export pipeline. From there, the gas is fed into the Eastern Gas Distribution System, a network of recently developed or renovated pipelines, The Eastern Gas Distribution System, together with the Taweelah to Fujairah and Al Ain to Fujairah pipelines, link Taweelah (on the UAE's west coast in Abu Dhabi) to Fujairah (on the east coast of the UAE), Taweelah to Maqta, Maqta to Jebel Ali (in the Emirate of Dubai), Maqta to Al Ain, Al Ain to Fujairah, and Taweelah to Jebel Ali.

6.6 Outline any third-party access regime/rights in respect of oil and natural gas transportation and associated infrastructure. For example, can the regulator or a new customer wishing to transport oil or natural gas compel or require the operator/owner of an oil or natural gas transportation pipeline or associated infrastructure to grant capacity or expand its facilities in order to accommodate the new customer? If so, how are the costs (including costs of interconnection, capacity reservation or facility expansions) allocated?

There are no standard rights for a new customer to compel or require the operator/owner of an oil or natural gas transportation pipeline or associated infrastructure to grant capacity or expand its facilities in order to accommodate new customers. Regulation is governed by the emirate concerned, which may include third-party access rights or rights to expand capacity/facilities as a matter of contract.

6.7 Are parties free to agree the terms upon which oil or natural gas is to be transported or are the terms (including costs/tariffs which may be charged) regulated?

The parties are at liberty to agree the terms upon which the oil or natural gas is to be transported.

7 Gas Transmission / Distribution

7.1 Outline broadly the ownership, organisational and regulatory framework in relation to the natural gas transmission/distribution network.

There is no integrated framework for the ownership, organisation and/or regulation of natural gas transmission/distribution infrastructure. Each emirate oversees the ownership, organisation and regulation of such infrastructure within its territory.

7.2 What Governmental authorisations (including any applicable environmental authorisations) are required to operate a distribution network?

Government authorisations to operate a distribution network are required at emirate level and at a federal level from the Ministry of Petroleum and Ministry of Environment and Water.

7.3 How is access to the natural gas distribution network organised?

There are no specific laws organising access to the natural gas distribution network. Access is organised at emirate level and is linked to the rights granted by the relevant emirate for constructing any pipeline or associated infrastructure.

7.4 Can the regulator require a distributor to grant capacity or expand its system in order to accommodate new customers?

The natural gas distribution systems are currently owned and operated by a number of parties under different operational protocols.

7.5 What fees are charged for accessing the distribution network, and are these fees regulated?

Fees charged for accessing the distribution network are a matter of contract between the parties.

7.6 Are there any restrictions or limitations in relation to acquiring an interest in a gas utility, or the transfer of assets forming part of the distribution network (whether directly or indirectly)?

There are no specific restrictions or limitations in relation to acquiring an interest in a gas utility or the transfer of assets forming part of the distribution network. However, there is a general requirement under UAE law that all entities must be majority-owned by UAE nationals or wholly-owned UAE entities. The local licensing requirements applicable in each emirate will also have to be satisfied.

8 Natural Gas Trading

8.1 Outline broadly the ownership, organisational and regulatory framework in relation to natural gas trading. Please include details of current major initiatives or policies of the Government or regulator (if any) relating to natural gas trading.

There is no specific framework for the ownership, organisation or regulation of natural gas trading.

8.2 What range of natural gas commodities can be traded? For example, can only "bundled" products (i.e., the natural gas commodity and the distribution thereof) be traded?

There is currently no trading of natural gas commodities in the UAE.

9 Liquefied Natural Gas

9.1 Outline broadly the ownership, organisational and regulatory framework in relation to LNG facilities.

LNG is regulated by the respective emirates. There is no regulatory regime specific to LNG, rather LNG falls within the various energy, environmental and health and safety laws and regulations applied in each emirate.

Government participation is prevalent through Abu Dhabi's ADGAS. ADGAS operates an LNG plant on Abu Dhabi's Das Island, which has been operating since 1977. The plant receives gas streams from both associated and non-associated offshore fields. LNG exports reached 8 billion cubic metres in 2011, with 7.7 billion cubic metres of LNG exported to Japan and the remaining 0.4 billion cubic metres of LNG exported to Kuwait, India and Taiwan. The majority of sales represent ex-ship deliveries made to Tokyo under a long-term contract between ADGAS and Tokyo Electric Power Company ("**TEPCO**"). The relationship with TEPCO dates back to the 1970s. In 1994 a new agreement came into effect pursuant to which TEPCO and ADGAS agreed to double LNG cargoes for the period from 1994 to 2019.

9.2 What Governmental authorisations are required to construct and operate LNG facilities?

Approvals are required from the relevant emirate and, at a federal level, from the Ministry of Environment and Water in accordance with the Federal Environment Law.

9.3 Is there any regulation of the price or terms of service in the LNG sector?

There is no regulation of the price or terms of service in the LNG sector.

9.4 Outline any third-party access regime/rights in respect of LNG facilities.

As with natural gas in general, the regulatory regime for LNG is within the jurisdiction of the individual emirate and is addressed on an ad hoc basis with no LNG-specific laws. There are no standard rights for third party access in respect of LNG facilities; third party access or third party rights may be granted as a matter of contract.

10 Downstream Oil

10.1 Outline broadly the regulatory framework in relation to the downstream oil sector.

There is no regulatory regime specific to the downstream oil sector, rather downstream oil falls within the various energy, environmental and health and safety laws and regulations applied in each emirate.

The UAE has five refineries. Capacity is dominated by the Ruwais refinery (120,000 barrels/day) and the Jebel Ali refinery (120,000 barrels/day). The other refineries are located in Umm Al-Nar (85,000 barrels/day), Sharjah (71,300 barrels/day) and Fujairah (70,000 barrels/day). The International Petroleum Investment Company has announced plans to construct a new refining complex in Fujairah. In addition, the Emirates National Oil Company, which is owned by the Government of Dubai, has announced plans to increase the refining capacity of the Jebel Ali refinery.

In Abu Dhabi, government participation in the downstream oil sector is prevalent through the Abu Dhabi Oil Refining Company ("**Takreer**"). Takreer was established in 1999 and is responsible for all refining operations, including refining crude oil and condensate, supplying petroleum products in compliance with domestic and international standards, and producing sulphur granulation.

10.2 Outline broadly the ownership, organisation and regulatory framework in relation to oil trading.

The UAE has local markets trading in crude oil futures and fuel oil futures. The Dubai Mercantile Exchange ("**DME**") operates as the primary international energy futures and commodities exchange in the Middle East. The DME has developed and trades the DME Oman Crude Oil Futures Contract, the sole benchmark for Oman and Dubai crude oil Official Selling Prices, historically established markers for Middle Eastern crude oil exports to Asia.

11 Competition

11.1 Which Governmental authority or authorities are responsible for the regulation of competition aspects, or anti-competitive practices, in the oil and natural gas sector?

As a result of the high level of state participation, there is no effective competition in the oil and natural gas sector.

Federal Cabinet of Ministers' Resolution No. 7 of 2009 (the "**Cabinet Decision**") provides for a Competition Department to operate under the jurisdiction of the Ministry of Economy. The Competition Department is responsible for proposing policies, laws and regulations to protect and encourage competition, combating monopolistic practices and seeking to eliminate all barriers restricting competition, investigating anti-competitive acts and receiving and handling complaints.

With the exception of a passing reference to unfair competition in the UAE Commercial Transactions Code (Federal Law No. 18 of 1993, as amended) and consumer protection laws and regulations, there is currently no specific regulation of anti-competitive practices in the UAE. In 2006 it was announced that the Federal Government would be introducing a federal competition law. However, although it has been reported that the law is in its final stages, there is currently no confirmed date for its implementation. In addition, the scope of application of the new competition law and whether it will apply to the energy sector and, in particular, to the oil and natural gas sector, remains unclear.

11.2 To what criteria does the regulator have regard in determining whether conduct is anti-competitive?

Pending introduction of the federal competition law, there are no publicly available criteria for determining anti-competitive conduct.

11.3 What power or authority does the regulator have to preclude or take action in relation to anti-competitive practices?

The Cabinet Decision provides that the Competition Department of the Ministry of Economy can investigate information to uncover harmful practices, put in place plans and procedures for receiving complaints from parties and authorities concerned with competition, propose regulations and laws for handling such complaints and take all necessary measures for their resolution.

11.4 Does the regulator (or any other Government authority) have the power to approve/disapprove mergers or other changes in control over businesses in the oil and natural gas sector, or proposed acquisitions of development assets, transportation or associated infrastructure or distribution assets? If so, what criteria and procedures are applied? How long does it typically take to obtain a decision approving or disapproving the transaction?

The Cabinet Decision does not set out any specific powers of the Competition Department of the Ministry of Economy for regulating mergers and acquisitions and changes of control.

Any mergers or changes in control over businesses in the oil and natural gas sector, or proposed acquisitions of oil and natural gas development assets, transportation pipelines or associated infrastructure, require the approval and consent of the relevant emirate and are subject to any change of control provisions in the relevant concession. There are no standard criteria or procedures which apply in respect of such transactions.

12 Foreign Investment and International Obligations

12.1 Are there any special requirements or limitations on acquisitions of interests in the natural gas sector (whether development, transportation or associated infrastructure, distribution or other) by foreign companies?

There is a general requirement under the UAE Commercial Companies Law (Federal Law No. 8 of 1984, as amended) that all entities must be majority-owned by UAE nationals or wholly-owned UAE entities; however, under article 2 of the UAE Commercial Companies Law, the UAE Commercial Companies Law does not apply to petroleum companies operating in the fields of exploration, production, marketing and transport or to companies carrying on certain activities, including companies carrying on "gas production". In practice both the Federal Government and the respective emirates regulate the ownership and acquisition by foreign companies of interests in the oil and natural gas sector as a matter of contract.

12.2 To what extent is regulatory policy in respect of the oil and natural gas sector influenced or affected by international treaties or other multinational arrangements?

The UAE's environmental regime has developed in accordance with the UAE's international obligations. The UAE has ratified a number of important environmental treaties, including the Basel Convention on Hazardous Waste, the Convention on Marine Pollution by Dumping Wastes and Other Matter, the Convention on Biological Diversity, the Convention to Combat Desertification, the Kyoto Protocol on Climate Change and the Montreal Protocol on Substances that Deplete the Ozone Layer.

13 Dispute Resolution

13.1 Provide a brief overview of compulsory dispute resolution procedures (statutory or otherwise) applying to the oil and natural gas sector (if any), including procedures applying in the context of disputes between the applicable Government authority/regulator and: participants in relation to oil and natural gas development; transportation pipeline and associated infrastructure owners or users in relation to the transportation, processing or storage of natural gas; downstream oil infrastructure owners or users; and distribution network owners or users in relation to the distribution/transmission of natural gas.

There are no compulsory dispute resolution procedures which apply to the oil and natural gas sector. Any decisions or disputes which affect a particular concession are governed in accordance with the terms of the relevant concession rather than direct government regulation.

13.2 Is the UAE a signatory to, and has it duly ratified into domestic legislation: the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards; and/or the Convention on the Settlement of Investment Disputes between States and Nationals of Other States ("ICSID")?

On 21 August 2006, the UAE acceded to the 1958 New York Convention on the Recognition and Enforcement of Arbitral Awards ("**New York Convention**"). The New York Convention entered into force in the UAE on 19 November 2006. In 2010, the Fujairah Court of First Instance recognised and enforced a foreign arbitral award pursuant to the New York Convention. This is thought to be the first New York Convention enforcement in the UAE since the UAE's accession in 2006. However, although this was a landmark case since recognition and enforcement of a foreign award under the New York Convention was secured, the enforcement was not contested; further, notwithstanding the judgment, it should be borne in mind that there is no system of binding precedent in the UAE. More recently, in 2011, the Dubai Court of First Instance ordered the recognition and enforcement of a London Court of International Arbitration arbitral award under the New York Convention. This case is significant, since not only was it enforced through the Dubai courts, the award itself was (unsuccessfully) challenged in this instance. The Fujairah and Dubai decisions are a positive sign that the UAE will enforce foreign arbitral awards under the New York Convention, although given the key importance of Abu Dhabi in the oil and natural gas sector, it remains to be seen how the New York Convention will be applied by the Abu Dhabi courts.

The UAE ratified the ICSID Convention on 23 December 1981 and the ICSID Convention entered into force in the UAE on 22 January 1982.

13.3 Is there any special difficulty (whether as a matter of law or practice) in litigating, or seeking to enforce judgments or awards, against Government authorities or State organs (including any immunity)?

It is not possible to enforce judgments which seek to seize property owned by the state. Article 247(1) of the UAE Civil Procedure Code (Federal Law No. 11 of 1992, as amended) (the "**Civil Procedure Code**") provides that "public property owned by the state or one of the emirates" may not be seized for the purposes of enforcement. Public property is defined under the UAE Civil Transactions Code (Federal Law No. 5 of 1985, as amended) as all real property or movables owned by the state or public judicial persons, allocated in fact or in law for the public benefit.

Article 247(1) of the Civil Procedure Code does not expressly refer to the property of government-owned corporations or other institutions established as independent legal entities. These institutions or entities may be considered as separate legal entities to be distinguished from the Federal Government and/or Government of the relevant emirate for the purposes of article 247(1). There is, however, a risk that this article may be interpreted such that it extends to all government departments, entities, institutions and corporations.

With regard to the enforcement of foreign judgments, whether against a government authority, state organ or private entity, article 235 of the Civil Procedure Code provides that judgments and orders made in a foreign country may be executed in the UAE under the same conditions provided for in the law of that country for the execution of judgments and orders issued in the UAE. There is thus a requirement for reciprocal treatment. A number of conditions must also be satisfied, affording UAE courts a wide discretion to reject enforcement of a foreign judgment on the basis of conflict or contradiction with previously passed orders or judgments of UAE courts and/or violation of public policy or public order. As a result, in the absence of a specific treaty between the UAE and the country concerned on mutual recognition and enforcement of judgments, in practice there are only limited circumstances when a foreign judgment is enforceable in the UAE.

13.4 Have there been instances in the oil and natural gas sector when foreign corporations have successfully obtained judgments or awards against Government authorities or State organs pursuant to litigation before domestic courts?

We are not aware of any such instances in the oil and natural gas sector.

14 Updates

14.1 Please provide, in no more than 300 words, a summary of any new cases, trends and developments in Oil and Gas Regulation Law in the UAE.

There have not been any material developments during 2011-2012 in terms of regulation of the oil and natural gas sector in the UAE. Outside of regulation, the UAE continues to consume more natural gas than it produces and imports have continued at a steady level through the Dolphin Gas Project's export pipeline and DUSUP's regasification facility. The UAE is aiming to diversify its energy supply through a number of ongoing and planned renewables initiatives, which it is hoped will free up some natural gas for use by key industrial sectors (such as petrochemicals).

The ADCO and ADMA-OPCO concessions are due for renewal in 2014 and 2018, respectively. ADNOC announced in early 2012 that the ADCO concession may be opened up to new participants through public tender, so a significant opportunity could emerge for those who wish to establish or increase their presence in Abu Dhabi.

In June 2012, OMV and Wintershall signed a technical evaluation agreement with ADNOC to appraise the Shuwaihat sour gas and condensate field. Under the agreement, Wintershall, as operator, will conduct the appraisal by drilling up to three appraisal wells and acquiring seismic over the field. In the event of a successful appraisal campaign, ADNOC will participate in the development and production phase of the Shuawaihat field. This agreement is significant in that it represents a departure from the historically favoured concession agreement. It also evidences a shift towards expanding the historically narrow pool of participants in the Abu Dhabi oil and gas sector.

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Kylie has experience drafting and negotiating joint venture agreements, joint operating agreements, farmin agreements, gas sale agreements, commodity sale agreements, asset sale agreements and share sale agreements. Kylie also has experience reviewing corporate and operational agreements as part of legal due diligence and coordinating due diligence efforts.

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