Gabon: Hydrocarbon Code

Gabon : Code des hydrocarbures

www.droit-afrique.com Gabon Hydrocarbons Code 1 Gabon Hydrocarbons Code Law No. 002/2019 of July 16, 2019 [NB Law n°002/2019 of July 16 2019 regulating the hydrocarbons sector in the Gabonese Republic (JO 2019-27 ter) Promulgated by decree No. 00112/PR of July 16, 2019, promulgating law No. 002/2019 regulating the hydrocarbons sector in the Republic (JO 2019-27 ter)] Art.1.- This law, enacted in application of the provisions of Article 47 of the Constitution, regulates the hydrocarbons sector in the Gabonese Republic. Art.2.- The purpose of this law is: - to define the rights and obligations of individuals or legal entities engaging in their activities in the hydrocarbons sector; - to establish the institutional framework of the hydrocarbons sector; - to define the legal, fiscal, customs, exchange, and contribution regime for hydrocarbon activities; - to promote the hydrocarbons sector through the creation of a national industrial fabric and the strengthening of national capacities; - to define the conditions for providing information, data, and reports related to hydrocarbon activities; - to set provisions related to the development of biofuels in the hydrocarbons sector; - to set provisions related to the valorization of gas.

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www.droit-afrique.com Gabon Hydrocarbons Code 2 Title 1 - General provisions Chapter 1 - Rules, principles, and objectives Art.3.- Hydrocarbon activities shall be carried out in accordance with the principles and rules related to sustainable development, quality, health, hygiene, safety, and the environment. They benefit from the incentive measures provided by the applicable texts. Art.4.- The State may, either by itself or through third parties, undertake hydrocarbon activities in accordance with the provisions of this law. This right is also recognized for individuals and legal entities under the conditions provided by the applicable texts. Art.5.- The State may take a maximum participation of 10% in the share capital of any operator requesting or holding an exclusive development and production authorization. The acquisition of this participation is made under market conditions. Art.6.- The exercise of an activity foreign to the hydrocarbons sector may be authorized in the same area, provided that it does not hinder hydrocarbon activities. If necessary, the administrations concerned by the activities in question shall consult to define the conditions for harmonious cooperation between the companies involved, in compliance with the standards applicable to each. Art.7.- Individuals or legal entities engaging in hydrocarbon activities on the territory of the Gabonese Republic participate, alongside the State, in the economic growth of the country, in the social promotion of Gabonese people, and in the development of the hydrocarbons industry. This policy aims to increase the share of added value produced and consumed in Gabon by the oil or gas industry, notably by: - increasing the level of expertise of Gabonese personnel and the competitiveness of Gabonese companies, called to perform work or services, or to provide goods for the execution of oil operations; - incentivizing the consumption and use of local goods and services; - training Gabonese personnel in the professions of the hydrocarbons industry; - the transfer of technology and skills to Gabonese nationals and Gabonese companies. Art.8.- Any holder of an administrative authorization to engage in a hydrocarbon activity has access to essential infrastructures, subject to the availability of these infrastructures and the priority of access recognized to certain holders by the hydrocarbons administration.

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infrastructures may, as needed, be subject to requisition in accordance with the modalities provided by the applicable texts. Chapter 2 – Definitions Art.9.– For the purposes of this law and the texts adopted for its application, the following terms shall mean: – upstream activities: all activities encompassing prospecting, exploration, development, production, processing, storage, and transportation of hydrocarbons up to the point of removal; – downstream activities: all activities encompassing the transformation of hydrocarbons, petrochemicals, importation, trading, exportation, transportation, packaging, storage, and distribution of semi-finished, finished, or residual products, formulation of lubricants, recovery, treatment, and valorization of used lubricants, as well as the addition of biofuels to fossil fuels; – hydrocarbon activities: upstream and downstream activities; – hydrocarbons administration: all authorities and services of the Ministry in charge of Hydrocarbons endowed with the competencies related to the execution of the missions assigned to this Ministry by the applicable texts; – civil year: a period of twelve consecutive months starting on January 1 and ending on December 31; – exclusive prospecting authorization: an administrative act by which the State authorizes the contractor to carry out, exclusively, in a delimited area, evaluation works provided for in the technical evaluation contract; – exclusive exploration authorization: an administrative act by which the State authorizes the contractor to undertake, in the delimited area, exclusively, exploration works, including seismic, the exploration drilling, appraisal drilling, studies, and any type of work necessary for the exploration of hydrocarbons; – exclusive development and production authorization: an administrative act by which the State authorizes the contractor to undertake, exclusively, all development works, production of hydrocarbons, and restoration of sites within a delimited exploitation area around the deposit, extended, if necessary, to a maximum of two successive contour lines located beyond the closure point of this deposit; – exclusive production authorization: an administrative act by which the State authorizes a provider to undertake, in its name and on its behalf, all development works, production of hydrocarbons, and restoration of sites; – exercise authorization for a downstream activity: an administrative act by which the State authorizes the exercise of a transformation activity, packaging, formulation of lubricants, treatment and valorization of used oils,

 importation or exportation of hydrocarbons, or a transportation, storage, warehousing, or distribution activity of semi-finished, finished, or residual products; – competent authority: Minister in charge of Hydrocarbons; – regulatory authority: independent administrative authority acting on behalf of and for the State in regulating hydrocarbon activities; – biofuel: liquid, solid, or gaseous fuels produced from vegetable oil and biomass, used as an additive or complement to fossil fuels; – biomass: organic matter of plant, animal, bacterial, or fungal origin usable as an energy source; – hydrocarbons cadastre: mapping delineating the areas in blocks to be explored or in exploration, to be exploited or in exploitation; – fuel: all fossil fuels and biofuels; – fossil fuels: fuels derived from the transformation of oil (gasoline, diesel, kerosene, propane, butane, and fuel oil); – CEMAC: Economic and Monetary Community of Central Africa; – marginal field: field or discovery whose exploitation cannot be envisaged due to declared non-commercial discoveries and which have not been developed or whose exploitation has been halted due to non-profitability due to technical, economic, and fiscal factors; – mature field: field that has produced for a certain period and whose production decline has started affecting its profitability in light of the technical, economic, and fiscal factors that surround it; – change of control: any modification in the control of a legal entity, as defined by the provisions of the OHADA uniform act relating to commercial company law and economic interest grouping; – condensate: liquid hydrocarbons obtained by depressurizing natural gas in vapor state under the conditions of the deposit which, at 15 degrees Celsius and atmospheric pressure, are in

liquid state; □□ local content: national policy in hydrocarbons with economic and social character focused on the development of capacities, the use of national human and material resources, training and development of national skills, technology transfer, use of local goods and services, and the creation of added value at the local level; □□ contractor: legal entity acting alone or jointly, acting alone, or jointly and severally, that has concluded a hydrocarbons contract with the State, as well as its or their successors and/or assigns; □□ hydrocarbons contracts: contracts concerning the various upstream activities; □□ technical evaluation contract: contract concluded between the State and a contractor to carry out, at its own expense and exclusive risks, on behalf of the State, all preliminary prospecting work for reconnaissance, notably through the use of geological and geophysical methods; □□ service contract: contract between the State and a provider by which the latter agrees to carry out, on behalf of and for the State, upstream activities and receives as remuneration a fixed or determinable amount, payable in cash or in kind;

 □ exploration and production sharing contract: a contract between the State and a contractor whereby the latter commits to carry out research activities in a defined area, at its own expense and risk on behalf of the State, for the purpose of discovering hydrocarbons, development, and production, granting the contractor a share of the produced hydrocarbons as remuneration for the service rendered, and for the financial and technical risks assumed; □ exploitation and production sharing contract: a contract between the State and a contractor whereby the latter commits to carry out development and production activities in a defined area, at its own expense and risk on behalf of the State, granting the contractor a share of the produced hydrocarbons as remuneration for the service rendered, and for the financial and technical risks assumed; □ production sharing contract: exploration and production sharing contract and/or exploitation and production sharing contract; □ control: effective holding of decision-making power within a legal entity, as defined by the provisions of the OHADA uniform act relating to commercial companies and economic interest groups; □ exploitation convention: a contract between the State and a contractor, intended exclusively for the exploitation of marginal discoveries, mature fields, and marginal fields; □ oil costs: all expenses strictly related to the execution of oil operations, actually incurred, paid, and duly justified by the contractor, in accordance with market prices practiced between unrelated parties for equivalent services or goods, for which it is recognized a right to recovery in the defined area; □ commerciality declaration: an act by which the contractor officially informs the hydrocarbon administration of the commercially exploitable nature of a hydrocarbon field discovery, based on which the exclusive development and production authorization is granted; □ marginal discovery: accumulation of hydrocarbons identified whose development appears unprofitable due to natural, technical, economic, and fiscal factors surrounding it; □ deposit: place, building, warehouse, dock for storing crude oil or petroleum products for customs; □ oil domain: part of the territory of the Gabonese Republic where upstream activities can be carried out; □ warehouse: place, building, hangar, dock where petroleum products are stored under customs for a limited time, awaiting final destination; □ native company: a Gabonese law company whose capital is held by nationals at least 60% who also manage it and employ at least 80% nationals; □ State: Government of the Gabonese Republic and its administration; □ exception of audits: adjustment or correction of irregularities or omissions found during audit missions;

 □ R factor: method for determining the shares of production allocated to each party under the remaining production sharing, which

incorporates variations in barrel prices on the international market, the level of oil costs incurred, and the level of production in an exploitation area, based on the determination of a ratio between cumulative revenues and cumulative oil costs of the project; site rehabilitation fund: financial allocations established and paid by the contractor intended to cover expenses related to site rehabilitation operations, jointly managed by the contractor and the State; force majeure: an event that is both unpredictable, irresistible, and external to the will of the party invoking it; aggregated gas: gas dissolved in oil according to reservoir conditions and separated at the surface in processing facilities; non-associated gas: accumulation of gas or free gas (gas cap) in the upper part of a crude oil reservoir; fatal gas: residual quantity of gas present in production lines, burned for safety purposes; natural gas: fossil fuels primarily composed of methane and some other gaseous hydrocarbons, naturally present in reservoirs; reservoir: accumulation of hydrocarbons contained in one or more reservoirs; group of companies: a set constituted by a parent company and its subsidiaries, as defined by the provisions of the OHADA uniform act relating to commercial companies and economic interest groups; hydrocarbons: fossil energy sources made from organic matter, primarily composed of carbon and hydrogen, present in nature in gaseous, liquid, and solid forms; gaseous hydrocarbons: methane, ethane, propane, butane in their natural state, and, generally, all gaseous hydrocarbons, wet or dry, associated or not with liquid hydrocarbons, excluding gas products; liquid hydrocarbons: crude oil and condensates; solid hydrocarbons: the totality of hydrocarbons existing in the form of oil shales, asphalt sands, and heavy oil, which require unconventional recovery methods; essential infrastructures: installations and strategic or essential equipment to ensure the production, processing, transport, or storage, loading or unloading of hydrocarbons or finished products; lubricant: refined products made from mixtures of base mineral oils derived from crude oil, regenerated or synthetic oils, or three types of oils mixed with chemical products called additives. They include finished oils and greases; internal market: the totality constituted by local production of petroleum products and their imports; volumes of liquefied natural gas; imports of lubricants and blending oils; ministry: Ministry in charge of Hydrocarbons or hydrocarbon administration;

  opERATOR: company member of the contractor justifying the required technical and financial capacities for conducting oil operations, duly mandated, acting on behalf, for the account, and under the responsibility of the contractor, and whose designation is approved by the State; national operator: operator whose capital is exclusively held by the State; oil operations: all operations of exploration, research, assessment, development, production, transport, storage of hydrocarbons, and, more generally, all other operations directly related to the previous ones, including abandonment and site rehabilitation operations, except downstream activities; site rehabilitation operation: all operations, of any nature, necessary to ensure the rehabilitation of sites; exploitation period: duration granted for conducting oil operations with a view to carrying out development and production works; exploration period: duration granted for conducting oil operations with a view to carrying out exploration works; crude oil: crude mineral oil, asphalt, ozocerite, and all kinds of hydrocarbons and bitumens, solid or liquid in their natural state or obtained from gaseous hydrocarbons by extraction; petrochemistry: the set of industrial methods for manufacturing organic chemical products from crude oil and/or natural gas; exploitation phase: duration granted within the exploitation period for carrying out development works and bringing a reservoir into production; exploration phase: duration granted within the exploration period for executing the commitments of the subscribed works; official transfer price, abbreviated PCO: tax price determined by the joint commission composed of representatives of the competent administrations and hydrocarbon producing companies and

endorsed by the Government; fiscal metering point: the set of dynamic metering and measuring equipment allowing to determine the gross and net quantities of hydrocarbons produced or exported; real market price: price at which the contractor sold its share of hydrocarbon production on the international market, indicated on the commercial invoice; provision for diversified investments, abbreviated PID: financial contributions adapted to the objectives of diversifying the Gabonese economy; provision for investment in hydrocarbons, abbreviated PIH: contributions adapted to the objectives of developing the hydrocarbon industry within the Gabonese economy; net production: total available production, reduced by the share going to the State under the proportional mining royalty; remaining production: net production reduced by the hydrocarbon withdrawals made by the contractor for the recovery of oil costs; total available production: total volume of hydrocarbons determined using a fiscal metering point located at the extraction site of the effluents, separator exit, before storage, coming from the exploitation of all the reservoirs located at

 within the area defined by the exclusive development and production authorization; finished products: a set of fossil fuels and petroleum derivatives suitable for consumption resulting from the refining of crude oil, natural gas, biodiesel, and biofuel derived from the addition of certain fossil fuels; gaseous products: products resulting from the transformation of gaseous hydrocarbons; oil products: products resulting from the refining of crude oil; semi-finished products: partially processed products that must be revalued or packaged before being marketed for consumption; re refining: a set of operations and treatments (physical or chemical) that improve the characteristics of crude oil and produce a wide range of finished products; state of the art: a set of practices, norms, and cutting-edge standards generally accepted in the international hydrocarbon industry, particularly the standards of international organizations; residue: substance remaining after a physical, chemical, or industrial treatment of an initial product; atmospheric residue: product remaining after the atmospheric distillation of crude oil; Gabonese nationals: individuals of Gabonese nationality; hydrocarbon resources: natural deposits or accumulations of hydrocarbons, discovered or undiscovered; a subsidiary or affiliate: a legal entity over which a parent company exercises control; a Gabonese company: a company created and domiciled in the Gabonese Republic; a parent company: a company that directly or indirectly controls another company by holding the majority of capital and/or voting rights; oil subcontracting: operation by which the holder of an authorization to engage in hydrocarbon activities entrusts, by contract, to another individual or legal entity, the "oil subcontractor," the task of carrying out, under its orders and according to its specifications, services contributing to the implementation of said activities; commercial stocks: quantities of oil products belonging to distribution companies to continuously and primarily meet the demand of the national market; safety stocks: quantities of oil products belonging to the State to cover, for a time as needed, the market demand; strategic stocks: quantities of oil products belonging to the defense and security forces to guarantee national security; value-added tax (VAT): an indirect tax on consumption expenditures, paid by the consumer when purchasing a good or service and collected by businesses. The business charges VAT to its customers and pays it to its suppliers. It remits to the State the difference between the VAT collected and that paid on its purchases; territory of the Gabonese Republic: territory over which the sovereignty of the Gabonese Republic is exercised, including the soil, airspace, subsoil, areas covered by territorial waters, the continental shelf, as well as the

 exclusive economic zone as defined by law

and international conventions; oil title: administrative act by which the State authorizes one or more legal entities to carry out upstream activities, constituting an exploration authorization, an exclusive exploration authorization, or an exclusive development and production authorization, an exclusive production authorization, or an exploitation permit; flaring: process that involves burning natural gas emissions at different stages of hydrocarbon exploitation using flare stacks; hydrocarbon transformation: activities of refining crude oil or operations of transforming natural gas; unitization: agreement for the development and production of a hydrocarbon deposit that extends beyond the perimeter of a neighboring production sharing contract of one or more other production sharing contracts concluded between the concerned contractors and approved by the State; conventional zone: part of the territory between 0 and 500 meters of water depth; delimited zone: surface covered by an oil title necessary for the execution of the hydrocarbon contract; exploitation zone: surface located within the delimited zone (initial or residual) on which the State grants the contractor an exclusive development and production authorization, an exclusive production authorization, or an exploitation permit, in accordance with the regulations in force; exploration zone: surface on which the State grants the contractor an exclusive exploration authorization in accordance with the regulations in force; deep and ultra-deep offshore zone: part of the maritime territory beyond five hundred meters of water depth; unitized zone: exploitation zone resulting from the unitization of a deposit. Chapter 3 - On the legal regime of resources, essential infrastructures, data, and information of the hydrocarbon cadastre Art.10.- Hydrocarbon resources, essential infrastructures, studies, data, and information of the Hydrocarbon cadastre acquired or carried out within the framework of oil operations are the exclusive property of the State. Art.11.- Hydrocarbon resources are exploited in accordance with the rules and principles of sustainable development listed in Article 3 of this law. Art.12.- The contractor is required to transmit data, studies, and information to the Ministry in charge of Hydrocarbons, as they are acquired. It has the right to use them solely within the framework of conducting oil operations and may not disclose them to a third party without the prior consent of the competent authority.

 Art.13.- The State provides the contractor with the surfaces necessary for carrying out upstream activities. For this purpose, and if necessary, surfaces belonging to third parties may be subject to expropriation or reclassification, in accordance with the regulations in force. The compensation costs resulting from expropriation are borne by the contractor. These compensation costs constitute oil costs. Art.14.- In the event of the discovery of mineral substances other than hydrocarbons, the holder of the exclusive authorization is required to inform the competent authority without delay. Art.15.- The oil domain of the Gabonese Republic is divided into blocks, the list and coordinates of which are established by regulatory means. Information relating to the blocks and oil titles is recorded in the Hydrocarbon cadastre maintained by the Ministry. This information is published under the conditions and according to the modalities set by regulatory means. Title 2 - On the institutional framework Art.16.- The institutional framework of the Hydrocarbon sector includes: the Ministry; the regulatory authority; the national operator; the advisory bodies. Chapter 1 - On the Ministry Art.17.- The Ministry ensures the implementation of the Government's policy regarding hydrocarbons. Art.18.- The control of the application of the regulations governing the Hydrocarbon sector is ensured by agents of the competent services of the Ministry in charge of Hydrocarbons. Art.19.- The agents referred to in Article 18 above, having taken an oath in accordance with Article 20 below, have the status of special judicial police officers. They observe violations of the regulations in force and draw up reports that are valid until proven otherwise.

 They may be assisted, in the performance of their missions, by agents of the defense or security forces or by any other qualified person, in accordance with the provisions of the texts in force. Art.20.- The agents assigned to control operations are subject to the formality of taking an oath. The wording of this oath and the modalities of its taking are set by regulatory means. Art.21.- The agents referred to in Articles 19 and 20 above carry a mission order. They have the right to: issue injunctions and formal notices; access without restriction to all installations, premises, sites, and equipment housing or serving hydrocarbon activities; access to any document, item, register, or book containing information related to hydrocarbon activities; take, as necessary, any precautionary measures necessary to preserve sites, materials, or documents related to hydrocarbon activities. Art.22.- The agents of the Hydrocarbon administration are bound by professional secrecy, in accordance with the provisions of the texts in force. The decision made by the administrative head may be subject to hierarchical appeal to the Minister in charge of Hydrocarbons, who has a period of thirty days to rule. The absence of notification at the expiration of this period constitutes a rejection. This decision is subject to contentious appeal. The conditions for this appeal are set by order of the Minister in charge of Hydrocarbons. Art.23.- The Hydrocarbon administration has the right to settle disputes. The power to settle belongs to the competent General Director in the first instance, and to the competent authority, in the last instance. Art.24.- In the event of failure of the settlement, the court seized may not, if the facts are proven, impose a penalty lower than the amount of the settlement proposed by the administration. Art.25.- In the event of proceedings initiated by the competent authority, the public prosecutor is a party joined. As such, the classification without follow-up can only be decided after the favorable opinion of the competent authority. Art.26.- The success of the settlement ends the dispute.

 Art.27. The existing texts determine the modalities of recovery and allocation of the revenue from fines and other penalties resulting from the application of the provisions of the present law. Chapter 2 Regulatory Authority Art.28. A regulatory authority is established in the Hydrocarbons sector. The regulatory authority is an independent administrative authority. Art.29. The regulatory authority ensures compliance with the rules of objectivity, ethics, free competition, transparency, and non-discrimination in the exercise of hydrocarbon activities. In this capacity, it is notably responsible for: ensuring the practice of free competition in the activities of the hydrocarbon sector, in accordance with the CEMAC Code on anti-corruption practices; receiving and processing contentious claims related to any violation of rights and obligations in the conduct of activities in the Hydrocarbons sector and, where applicable, sanctioning in accordance with the provisions of existing texts; contributing to the implementation of regulations related to the application of hydrocarbon tariffs, petroleum and gas products, and the principle of free access for other users or operators to transport, pipeline, storage, and removal infrastructures; ensuring compliance with technical specifications, quality, hygiene, health, and environment by operators in the sector as defined by existing texts; ensuring tariff transparency and free access for third parties to essential infrastructures; contributing to the development of technical specifications in the hydrocarbon sector, notably regarding finished products, quality, hygiene, safety, health, and environment; ensuring the regularity of tender procedures; investigating, on its own initiative or upon request from third parties, ordering, proposing, or imposing sanctions of any kind; issuing opinions and recommendations on issues raised by public authorities and sector actors. Art.30. In exercising its powers, the regulatory authority has the broadest investigative powers. Professional secrecy is not opposed to it. Art.31. The regulatory authority carries out its missions in strict compliance with the distribution of competencies established by existing texts. Art.32. The resources of the regulatory authority

are notably constituted by: the State's budget allocations;

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www.droit-afrique.com Gabon Hydrocarbons Code 13 a share of the revenue from fees collected for the issuance, renewal, or extension of authorizations; the contributions of development partners; donations and legacies; the revenue from technical and intellectual services; any other resources allocated to it. The share of the fees referred to in the above paragraph allocated to the resources of the regulatory authority is determined by a joint order of the Ministers responsible for Hydrocarbons, Budget, and Economy. Art.33. The provisions relating to the organization and functioning of the regulatory authority are established by regulatory means. Chapter 3 The National Operator Art.34. The national operator acts in its name or on behalf of the State in the competitive field of Hydrocarbons. The national operator is notably responsible for: searching for, exploiting, alone, in association, in partnership, or joint venture, hydrocarbon deposits and all related or associated substances; executing either directly or through any other entity or by creating a subsidiary of Gabonese or foreign law, all financial operations related directly or indirectly to the Hydrocarbons industry; ensuring the marketing, importation, exportation, and distribution of all or part of the products extracted from hydrocarbon deposits, industrial processing and transformation installations of hydrocarbons; undertaking, at the request and on behalf of the State, alone or in association, any investment and management operation directly related to the operations referred to in the first bullet point above; holding, managing, and taking any nature of participations, at the request and on behalf of the State, directly or indirectly, in all activities related to research, exploration, exploitation, distribution, transport, storage, marketing, as well as refining and all other activities directly related to the operations referred to above; holding, at the request and on behalf of the State, the State's participations in hydrocarbon deposits and in the capital of companies holding establishment agreements and production sharing contracts. Chapter 4 Advisory Bodies Art.35. The advisory bodies include: the Joint Technical Commission on Oil Prices, abbreviated CTPPP;

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www.droit-afrique.com Gabon Hydrocarbons Code 14 the National Commission on Petroleum Product Prices, abbreviated CNPPP; the Commission for Monitoring Petroleum Revenues, abbreviated COSUREP. The attributions, organization, and functioning of these advisory bodies are established by existing texts. Other bodies may be created as needed by regulatory means. Title 3 Upstream Activities Art.36. Access to the oil domain is carried out through the tender procedure or by direct consultation. Art.37. The tender and direct consultation are conducted by the hydrocarbons administration, in accordance with the provisions of existing texts in the Hydrocarbons sector. Art.38. Any legal entity wishing to submit a bid for a tender procedure or participate in a direct consultation must notably have the technical and financial capacities to carry out upstream activities. Chapter 1 Hydrocarbon Contracts Art.39. Hydrocarbon contracts are: the service contract; the technical evaluation contract; the exploration and production sharing contract; the exploitation and production sharing contract; the exploitation agreement. Section 1 Common Provisions Art.40. Any hydrocarbon contract is negotiated by the competent services of the hydrocarbons administration and signed by the competent authority. Art.41. Hydrocarbon contracts must notably specify in their provisions, the nature, object, duration, execution modalities, monitoring and control as well as the duration of oil operations or services. These contracts include the economic and tax terms agreed upon during the negotiation between the State and the contractor.

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 Art.42. Any clause contrary to the provisions of this law is null and void. Art.43. An order from the competent authority establishes the standard model of each hydrocarbon contract. Art.44. Hydrocarbon contracts are negotiated and executed in good faith. They come into effect upon publication of the decree approving said contracts. Art.45. The renegotiation of the terms of the hydrocarbon contract may occur at the initiative of either party, under the conditions provided for in this contract. Following the renegotiation initiated by the contractor, any modification of the terms of the hydrocarbon contract results in the payment of a signing bonus by the contractor. Section 2 Specific Provisions Subsection 1 Service Contract Art.46. The service contract defines the conditions under which the provider carries out, on behalf of the State, geoscience studies, hydrocarbon production, or any other services aiming to promote the oil domain. Art.47. The service contract for geoscience studies and works is subject to the sole signature of the competent authority. Art.48. The service contract for hydrocarbon production is signed by the competent authority and countersigned by the Minister responsible for the Economy. It is approved by decree of the President of the Republic taken on the proposal of the competent authority. Art.49. The provision to third parties of data resulting from the work, the transfer or assignment of rights and obligations attached to the service contract is subject to the prior approval of the competent authority. Subsection 2 Technical Evaluation Contract Art.50. The technical evaluation contract is subject to the sole signature of the competent authority. Art.51. The technical evaluation contract defines the conditions under which the contractor carries out, at its own expense and exclusive risk, on behalf of the State, all synthesis geoscience studies.

 The technical evaluation contract is concluded for a maximum duration of eighteen months, non-renewable. It grants, to the benefit of the contractor, a priority right for the negotiation of any other hydrocarbon contract for the area concerned by the said synthesis geoscience studies. Art.52. The rights and obligations attached to the technical evaluation contract are neither assignable nor transferable. Subsection 3 Production Sharing Contracts Art.53. The production sharing contract is signed by the competent authority and countersigned by the Minister responsible for the Economy. It is approved by decree of the President of the Republic taken on the proposal of the competent authority. Art.54. The rights and obligations of the contractor in the production sharing contract are assignable and transferable, subject to the approval of the competent authority and the payment of any applicable fees and taxes. The request for authorization of transfer or assignment includes the modalities of the proposed operation, notably the identity of the assignee, the method of determination, and the payment conditions of the price. Art.55. In the event of transfer or assignment of rights as defined in Article 54 above, the State has a right of preemption. This right of preemption is exercised within sixty days from the receipt of the request for approval by the competent authority, under the same conditions and modalities as the proposed transfer or assignment. If the State does not exercise its right of preemption within this period, the national operator has a further forty-five days after receipt of the notification under the same conditions. Subsection 4 Exploration and Production Sharing Contract Art.56. The State's right of preemption does not apply in the case of an assignment made between companies belonging to the same group of companies. Art.57. In the case where the transfer or assignment results from a change of control, the conditions and modalities for the exercise of the State's right of preemption are determined by regulatory means.

 The transfer price is set by agreement between the parties or, failing that, by an expert chosen by the parties. Art.58. In the event of

approval by the State of the transfer or assignment of the rights and obligations of the production sharing contract, a new exclusive authorization is granted to the new contractor for the remaining duration of the previous authorization. Art.59. The transfers or assignments referred to in this chapter are subject to the tax rules established by the tax regime instituted by this law. Any act of transfer or assignment made in violation of the provisions of this law is null and void. Art.60. In the context of the assignment or transfer of rights and obligations arising from the production sharing contract from a parent company to its subsidiary or between companies belonging to the same group, the parent company remains jointly liable for the obligations resulting from said contract. Sub-section 4 Of the exploration and production sharing contract Art.61. The exploration and production sharing contract defines the conditions under which the contractor undertakes to carry out, at its exclusive technical and financial risks, on behalf of and for the account of the State, exploration activities and, in the event of discovery, the exploitation of hydrocarbons. In return, it receives a share of the hydrocarbon production. The exploration and production sharing contract includes in particular a minimum work program, stipulations relating to the modalities for recovering oil costs and sharing production. Art.62. The exploration and production sharing contract grants the contractor the exclusive right to carry out exploration activities in the area covered by the exclusive exploration authorization and, in the event of discovery, the exclusive right to conduct exploitation activities in the area covered by the exclusive development and production authorization. Art.63. In the event of the discovery of a hydrocarbon deposit, the contractor is required to inform the hydrocarbon administration as a priority and without delay. Any communication of this information to third parties is subject to prior authorization from the hydrocarbon administration. Art.64. The commercially exploitable nature of a hydrocarbon deposit is subject to a declaration of commerciality signed by the State and the contractor. Under penalty of sanction, the contractor is required to undertake the assessment work to determine the commercial nature of the discovery within a period not exceeding eighteen months for the conventional zone and twenty-four months in the deep and ultra-deep offshore zone, from the notification of the discovery to the hydrocarbon administration. Art.65. Upon expiration of the exploitation period, the concerned contractor has a preferential right to negotiate a production and sharing contract relating to the area of the exclusive development and production authorization. Under penalty of sanction, the contractor must exercise this right no later than two years before the expiration of the current authorization. The negotiation undertaken in this case must be concluded no later than one year before the expiration of the exclusive development and production authorization. In the event of failure of the negotiation, the contractor is required to release the area upon expiration of the exploitation period. Sub-section 5 Of the exploitation and production sharing contract Art.66. The exploitation and production sharing contract defines the conditions under which the contractor undertakes to carry out, at its exclusive technical and financial risks, on behalf of and for the account of the State, development and production activities of hydrocarbons and receives in return a share of hydrocarbon production. It provides for the modalities for recovering oil costs and the conditions for sharing production. Art.67. The exploitation and production sharing

contract grants the contractor the exclusive right to carry out development and production activities in the area covered by the exclusive development and production authorization. Art.68. Upon expiration of the exploitation period, the contractor enjoys the preferential right to enter into any negotiable hydrocarbon contract for the area concerned. The contractor must exercise this right no later than two years before the expiration of the current authorization. The negotiation undertaken in this case must be concluded no later than one year before the expiration of the exclusive development and production authorization. In the event of failure of the negotiation, the contractor is required to release the area upon expiration of the exploitation

period. Art.69. From the start of production of a deposit, the State participates up to the rate defined in the contract, in financing all development and production costs.

 Sub-section 6 Of the exploitation convention Art.70. The exploitation convention is exclusively open to hydrocarbon exploitation activities on marginal discoveries, marginal fields, and mature fields. It defines the conditions under which the contractor undertakes to carry out these activities, at its exclusive technical and financial risks. All assets and other goods necessary or related to the execution of the exploitation convention are the property of the State. Art.71. The exploitation convention grants the contractor the exclusive right to carry out exploitation activities in the area covered by the exploitation permit. Art.72. The exploitation convention is concluded primarily with the national operator and indigenous companies. However, the contractor who has made a marginal discovery benefits from the preferential right to conclude an exploitation convention related to said discovery. Chapter 2 Of petroleum titles Art.73. The petroleum titles are: the exclusive prospecting authorization; the exclusive exploration authorization; the exclusive development and production authorization; the exclusive production authorization; the exploitation permit. Section 1 Common provisions Art.74. The works subject to hydrocarbon contracts can only be undertaken by virtue of an administrative act issued in accordance with the provisions of this law, excluding those undertaken within the framework of a service contract related solely to geoscience reconnaissance work. Art.75. The contractor holding a petroleum title enjoys the associated rights and is required to comply with the obligations arising therefrom. Art.76. The activities covered by an exclusive authorization and the exploitation permit are of public utility.

 Art.77. The exclusive authorizations and the exploitation permit grant the contractor rights, excluding the right of ownership of the surface and the subsoil. These rights are indivisible, non-leasable, non-transferable, and not subject to guarantees or securities. Art.78. The competent authority has the sole authority to issue petroleum titles, in accordance with the provisions of the applicable texts. Art.79. Any petroleum title issued in violation of the provisions of this law and its implementing texts is null and void. Section 2 Specific provisions Sub-section 1 Of the exclusive prospecting authorization Art.80. The exclusive prospecting authorization is issued to the holder of a technical evaluation contract. This authorization grants them the exclusive right to carry out the works provided for in the designated area of the contract. Its duration may not exceed eighteen months. Sub-section 2 Of the exclusive exploration authorization Art.81. The exclusive exploration authorization grants its holder the exclusive right to carry out, in a designated area, on behalf of and for the account of the State, exploration works, including seismic, exploration drilling, and assessment drilling as provided for in the contract. Art.82. The exclusive exploration authorization is issued by order of the Minister in charge of Hydrocarbons, after the approval decree of the exploration and production sharing contract is signed. The exploration period begins from the date of signature of the order granting the exclusive exploration authorization. Art.83. The exploration period lasts for eight years. It is divided into phases whose durations are determined by the contract. The exploration period can be extended by one year. The exploration phases may be subject to extensions not exceeding twelve months for all phases combined. In any case, the duration of the exploration period may not exceed ten years, taking into account the extension of the exploration period and the phase extensions.

 The extension of phases and the extension of the exploration period give rise to the payment of bonuses set forth in the hydrocarbon contract. The rearrangement of the durations of exploration phases is subject to the approval of the competent services of the hydrocarbon administration. Sub-section 3 - On the exclusive development and production authorization Art.84.- The exclusive development and production authorization grants its holder the exclusive right to carry out, on behalf of and for the account of the State, the development and production work of hydrocarbons in the exploitation area. The hydrocarbon administration may authorize the operator to conduct exploration work in the exploitation area, particularly to test different themes or structures. In this case, the delimitation of the exploitation area results in modifications to the initially defined area and the expiration of the exclusive exploration authorization within the perimeter of the exploitation area. Art.85.- The exclusive development and production authorization can only be issued to the contractor whose operator is a legal entity under Gabonese law. It is issued by order of the competent authority, under the conditions provided by the applicable texts. Art.86.- The issuance of an exclusive development and production authorization is conditional upon the approval by the hydrocarbon administration of the development plan in accordance with the stipulations of the contract. Art.87.- In the event that a discovery of a commercially exploitable hydrocarbon field extends into a free area of the oil domain, the concerned operator is required to submit a request to the hydrocarbon administration for an extension of the delineated area subject to the contract. Art.88.- Unitization is agreed upon between the concerned contractors within a period not exceeding twenty-four months when a field extends beyond the perimeter of a production-sharing contract adjacent to the perimeter of one or more other contracts. This unitization is approved by the competent authority. In the absence of an agreement between the concerned contractors, the terms and conditions of this unitization are determined by the competent authority. Art.89.- The exclusive development and production authorization, regarding liquid hydrocarbons, is issued: for a duration of ten years, for the conventional area, renewable for three phases of five years each; for a duration of fifteen years, for the deep and ultra-deep offshore area, renewable for two phases of respective durations of eight years and seven years.

 The counting of the aforementioned durations starts from the commencement of production. Art.90.- The exclusive development and production authorization, regarding gaseous hydrocarbons, is issued: for a duration of fifteen years, for the conventional area, renewable for three phases of five years each; for a duration of twenty years, for the deep and ultra-deep offshore area, renewable for two phases of respective durations of eight years and seven years. The counting of the aforementioned durations starts from the commencement of production. Art.91.- The renewal of the exclusive development and production authorization gives rise to the payment of a bonus whose amount and payment terms are set forth in the production-sharing contract. Art.92.- The holder of an exclusive development and production authorization is required to put the field into production within the time frame set forth in the development plan. They are required to begin the construction of the necessary facilities for the production of the field within a period of two years from the issuance of the exclusive development and production authorization. This period may be extended by the competent authority, after consultation with the technical services, against a penalty whose payment terms are set forth by regulatory means. Sub-section 4 - On the exclusive production authorization Art.93.- The exclusive production authorization is issued to the holder of the hydrocarbon production services contract. This authorization grants them the exclusive right to produce hydrocarbons from the field subject to the said contract, in exchange for a remuneration agreed upon by the parties. Art.94.- The exclusive production authorization is

issued for a duration agreed upon by the parties. It determines the coordinates of the perimeter of the exploitation area. Sub-section 5 - On the exploitation permit Art.95.- The exploitation permit grants its holder the exclusive right to carry out development and production work in the exploitation area. The hydrocarbon administration may authorize the operator to conduct exploration work in the exploitation area, particularly to test different themes or structures.

 The exploitation permit can only be issued to the contractor whose operator is a legal entity under Gabonese law. It is issued by order of the competent authority, after the signature of the decree approving the exploitation convention. Art.96.- The issuance of an exploitation permit is conditional upon the approval, by the hydrocarbon administration, of the development plan, in accordance with the stipulations of the exploitation convention. Art.97.- The concerned operator is required to submit a request to the hydrocarbon administration for an extension of the exploitation area subject to the exploitation convention, in the event that a discovery of a commercially exploitable hydrocarbon field extends into a free area of the oil domain. Art.98.- Unitization is agreed upon between the concerned contractors within a period not exceeding twenty-four months when a field extends beyond the perimeter of one or more other hydrocarbon contracts. This unitization is approved by the competent authority. In the absence of an agreement between the concerned contractors, the terms and conditions of this unitization are determined by the competent authority. Art.99.- The exploitation permit valid for liquid hydrocarbons is issued for a duration of ten years. This duration is extended to fifteen years for gaseous hydrocarbons. The counting of the aforementioned durations starts from the commencement of production. The exploitation permit is renewable for two phases of five years each. Chapter 3 - Specific provisions for marginal discoveries, marginal fields, and mature fields Art.100.- The exploitation activities of marginal discoveries, marginal fields, and mature fields are preferentially open to the national operator and indigenous companies, in accordance with the provisions of Article 70 above. The contractor who made a marginal discovery benefits from the right of preference for the conclusion of an exploitation convention related to the said discovery. Art.101.- Indigenous companies wishing to access exploitation conventions are required to prove the necessary technical and financial capacities.

 Art.102.- Companies holding a valid exclusive exploration authorization before the entry into force of this law are eligible for exploitation conventions for marginal discoveries located within the area covered by their authorization. Art.103.- Companies holding a valid exclusive development and production authorization or exploitation permit before the entry into force of this law are eligible for exploitation conventions for marginal fields and mature fields located within the area covered by their authorization or permit, provided they associate with the national operator or an indigenous company. Art.104.- The exploitation of marginal discoveries, marginal fields, and mature fields benefits from a derogatory economic and fiscal regime, characterized in particular by: the simplification of tax procedures; the free negotiation of the rates of the proportional mining royalty; the free negotiation of the rate of the oil tax; a reduced amount of contribution funds; a reduced amount of signature and production bonuses; a reduced PID-PIH rate; the exemption from customs duties on the importation of oil materials and equipment. The rate and amount of these taxes, duties, levies, and various contributions are determined in the exploitation convention. Chapter 4 - On extraction, processing, transport, and storage infrastructures for hydrocarbons Art.105.- The legal regime of essential infrastructures as defined in Article 8 above applies to the infrastructures subject to this chapter. Art.106.- The

choice, location, installation, modification, and dismantling of extraction, treatment, transport, and storage infrastructures for hydrocarbons are subject to the prior obtaining of an authorization issued by the hydrocarbon administration. The construction, operation, and safety rules for these infrastructures, as well as the access modalities, are set forth by the applicable texts. Art.107.- The application of any factor or coefficient in the calculation of transported hydrocarbon volumes is prohibited, except with prior approval from the hydrocarbon administration.

 Art.108.- Contracts for the processing, transportation, storage, and valorization of hydrocarbons, entered into between the contractor and third parties, are approved by the hydrocarbon administration. Chapter 5 - On the obligation to supply crude oil Art.109.- Every crude oil producer in the national territory is required to deliver, as a priority, each year their share of crude oil determined in the production sharing contract and intended to meet the needs of the domestic market. The producer fulfills this obligation by delivering to the domestic market the required quantity and quality either by direct withdrawal from their own production, or by exchange or purchase from other producers. Art.110.- The transfer price by the contractor of the quantity of hydrocarbons intended to meet the needs of the domestic market is equal to the official transfer price with a 15% discount. This discount constitutes a petroleum cost or a deductible charge. Art.111.- The supply of local petrochemical plants with petroleum derivatives or natural gas is subject to contracts prioritized with local producers. The same applies to the supply of base oil for lubricant formulation plants. Art.112.- A joint order from the competent authority and the Minister in charge of the Economy sets the implementation modalities of the provisions of this chapter. Chapter 6 - Specific provisions for natural gas Art.113.- The State encourages the development of natural gas fields for the needs of the domestic market and for its exports by implementing a legal and fiscal regime adapted to the specificities of natural gas exploitation. Art.114.- The Ministry in charge of Hydrocarbons proposes public policies to increase the production and sustainable use of natural gas, based on economic, social, and environmental grounds. Art.115.- The Ministry in charge of Hydrocarbons ensures the coordination and promotion of incentive programs and actions aimed at attracting investors and companies in the national natural gas sector, including the evaluation of the framework for special incentive mechanisms.

 Art.116.- The Ministry in charge of Hydrocarbons ensures the promotion, development, and implementation of preventive and corrective actions for a satisfactory and appropriate supply of natural gas, including in emergency situations. Art.117.- Every natural gas producer in the territory is required to deliver to the State or a third party designated by it, as a priority, each year their share of natural gas in national production to meet the needs of the domestic market. The concerned producer fulfills this obligation by delivering to the domestic market the required quantity and quality either by direct withdrawal from their own production, or by exchange or purchase from other producers. The modalities for determining the share of natural gas are set by regulatory means and hydrocarbon contracts. The official transfer price is set by regulatory means. Art.118.- A ten-year gas plan is established, the objectives and conditions of which are defined by regulatory means. Art.119.- Contractors are required to transmit to the hydrocarbon administration all information related to the gas balance, according to the modalities set by regulatory means. Section 1 - Non-associated gas Art.120.- The contractor is required to promptly indicate their intention to carry out development and production work on these resources, in the event of the discovery of a hydrocarbon deposit containing commercially exploitable natural gas within the perimeter of the

petroleum title. For this purpose, they communicate a development plan and a plan for abandonment and rehabilitation of the sites, which they submit to the competent authority after signing the declaration of commerciality. The contractor loses all rights in the event of withdrawal or renunciation to carry out development and production work on the hydrocarbon deposit containing natural gas. The act of withdrawal or renunciation is addressed to the competent authority, which acknowledges receipt. Art.121. The hydrocarbon deposit containing non-associated natural gas that is not declared commercially exploitable remains the exclusive property of the State. Art.122. The State may, for the development and production of the hydrocarbon deposit containing natural gas, enter into a service contract.

 Art.123. The marketing of natural gas on the domestic market is governed by a master plan established by the State. Section 2 Associated gas Art.124. The share of associated gas from an oil deposit, not allocated to self-consumption, intended for oil operations, as well as the portion of the total resource from a non-associated natural gas deposit, declared non-commercially exploitable, remains the property of the State. Section 3 Flaring and gas rejection Art.125. Flaring and gas rejection are prohibited in the Gabonese Republic. However, at the request of the contractor and upon advice from the competent services of the hydrocarbon administration, flaring and gas rejection may be authorized for a limited duration by the administration in charge of the Environment. Upon advice from the competent services mentioned in paragraph 2 above, the competent authority sets, for each field, a periodically revisable fatal gas threshold. Art.126. Each operator submits for joint approval by the Ministries in charge of Hydrocarbons and the Environment a gas flaring reduction plan for all fields in production. Art.127. The contractor is required to equip all production fields with gas flaring measurement devices. The choice, sizing, and location of these devices are approved by the hydrocarbon and environment administration. The contractor is required to declare to the competent authority the volumes of flared gas. Failure to declare any volume of flared gas exposes the author to a fine whose amount is set by regulatory means. Art.128. Companies engaged in upstream activities in the national territory are required to develop or use appropriate techniques for the recovery and reinjection of gas for the purpose of optimizing production and conserving the resource. Art.129. The modalities for controlling the volumes of flared gas, rejected gas, and flaring reduction plans, as well as the penalties incurred, are set by regulatory means.

 Title 4 Downstream activities Chapter 1 Common provisions Art.130. The exercise of a hydrocarbon transformation activity is subject to obtaining prior operating authorization materialized by a decree from the President of the Republic taken on the proposal of the competent authority. The exercise of other downstream activities is subject to obtaining prior operating authorization issued by the competent authority. Art.131. The authorizations referred to in this chapter are issued only to individuals or legal entities of Gabonese law demonstrating the required technical skills and financial capacities, under the conditions and according to the modalities set by the texts in force. Art.132. The issuance of any authorization is subject to the payment of fees determined by regulatory means. Art.133. The duration of the authorizations and, where applicable, the conditions for extension or renewal are set by the texts in force. Art.134. The authorization to exercise a downstream activity is non-transferable and non-assignable. Art.135. The authorizations granting the right to exercise a downstream activity include, in particular: the authorization to transform hydrocarbons or finished products; the authorization to import hydrocarbons or finished products; the authorization to trade hydrocarbons or finished products; the authorization

to export hydrocarbons or finished products; □□ the authorization to transport finished products; □□ the authorization to transport, process, and valorize used oils; □□ the authorization to store finished products; □□ the authorization to distribute finished products; □□ the authorization to package finished products; □□ the authorization for additives. Art.136.□ Any authorization issued in violation of the provisions of this chapter is null and void. Art.137.□ Any holder of an authorization to exercise a downstream activity is required to restore the site at the end of their operation, in accordance with the provisions of the texts in force.

 Chapter 2 □ Specific provisions Section 1 □ Hydrocarbon transformation Art.138.□ Every refinery, petrochemical plant, or lubricant formulation plant is required to prioritize supplying the national market, according to the modalities defined by order of the competent authority. Art.139.□ The supply of the domestic market with crude oil, semi-finished products, bases, or natural gas for the needs of refining, petrochemistry, and lubricant formulation is carried out according to the modalities set by the provisions of the texts in force and hydrocarbon contracts. Deliveries of crude oil and natural gas are invoiced by suppliers to the national refining industry at the price set by regulatory means. Section 2 □ Import and export of hydrocarbons and semi-finished, finished, or residual products Art.140.□ The competent authority may, in case of necessity, authorize for a limited duration the importation of hydrocarbons and semi-finished, finished, and residual products. The import request indicates in particular the nature, specifications, and quantity of hydrocarbons, semi-finished, finished, and residual products, and all other products to be imported, as well as the program for these imports. Art.141.□ The Minister in charge of Hydrocarbons authorizes the export of hydrocarbons and finished products when, in particular, the level of national production of these products exceeds the needs of the domestic market. Art.142.□ The mechanisms for equalization and stabilization of petroleum product prices are set by regulatory means. Section 3 □ Transportation of semi-finished, finished, and residual products Art.143.□ Any operator of transport infrastructures and networks is required to guarantee third-party users the freedom of access and respect for the principles of tariff transparency, equal treatment, and non-discrimination. In case of necessity, these infrastructures and networks may be requisitioned by the State, in accordance with the provisions of the texts in force. Art.144.□ The modalities and conditions for exercising the activities of transporting semi-finished, finished, or residual products are set by regulatory means.

 Section 4 - On the storage and warehousing of semi-finished, finished products or residues Art.145.- The conditions and rules regarding the establishment, development, storage, and operation of the depot and warehouse for semi-finished, finished products or residues are set by regulatory means in accordance with the texts in force. Section 5 - On the distribution of semi-finished, finished products or residues Art.146.- Any holder of a distribution authorization for semi-finished, finished products or residues is required to carry out the investments listed in the investment program attached to the authorization. Art.147.- The State may require any holder of a distribution authorization to establish and maintain a strategic or safety stock. Art.148.- The petroleum, gas products, and derivatives distributed in any capacity on national territory must comply with the specifications defined by the texts in force. Art.149.- Holders of a distribution authorization are required, in all circumstances, to maintain a minimum commercial stock, to be determined by regulatory means, to ensure continuous supply to the domestic market. Art.150.- Other modalities for implementing the provisions of this section are set by regulatory means. Section 6 - On the packaging of semi-finished, finished products or residues Art.151.- The types and modes of

packaging for semi-finished, finished products or residues are set by regulatory means. Section 7 - On the determination of the selling price of semi-finished, finished products or residues Art.152.- The selling prices to distributors of semi-finished, finished products or residues delivered to the domestic market and the prices of semi-finished, finished products or residues intended for consumption in the domestic market are set by the texts in force. A system of equalization regulates price differences between localities in the country.

 Section 8 - On biofuels and agrofuels Art.153.- This law governs all modes of fuel additivation. Art.154.- The State encourages and supports the production and consumption of biofuels to support hydrocarbon activities. Art.155.- The Ministry in charge of Hydrocarbons, in collaboration with other concerned Ministries, proposes policies to increase the production and sustainable use of biofuels and agrofuels, based on economic, social, and environmental grounds. Art.156.- The Ministries in charge of Hydrocarbons and Agriculture ensure the coordination and promotion of incentive programs and actions aimed at attracting investments in the biofuel and agrofuel sector. Sub-section 1 - On the production of biofuels and agrofuels Art.157.- The raw materials for the production of biofuels and agrofuels come from agricultural production, notably bioester from palm oil or ethanol from sugar cane or any other agricultural product. Art.158.- The authorization for additivation is issued by the Ministries in charge of Hydrocarbons and Agriculture according to the modalities and conditions defined by regulatory means. Art.159.- The proportions of fuel additivation are defined by regulatory means. Art.160.- The additivation of fuels to produce biofuels is done in oil depots, in accordance with the regulations in force. Art.161.- The rules and procedures for the distribution, production, and consumption of biofuels and agrofuels are defined by regulatory means. Sub-section 2 - On the determination of the selling price of biofuels and agrofuels Art.162.- The selling prices to distributors of biofuels and agrofuels delivered to the domestic market and the prices of biofuels and agrofuels intended for consumption in the domestic market are set by the texts in force. A system of equalization regulates price differences between localities in the country.

 Title 5 - On local content and corporate social responsibility Chapter 1 - On local content Art.163.- Legal or natural persons engaged in hydrocarbon activities on the territory of the Gabonese Republic participate in the economic growth of the country, in the social promotion of Gabonese people, and in the development of the Hydrocarbon industry. They are required to adhere to and implement all rules, measures, directives, and instructions defined by the State within the framework of a comprehensive local content policy. This policy aims to increase the share of added value produced and/or consumed in Gabon by the oil or gas industry, notably by: raising the level of expertise of Gabonese personnel and the competitiveness of indigenous companies, called to perform works or services, or to supply goods for the realization of oil operations; incentivizing the consumption and use of local goods and services; training Gabonese personnel in the professions of the hydrocarbon industry; promoting community projects; promoting structuring projects with a strong social impact; promoting research and development projects in the hydrocarbon industry; transferring technologies and skills to Gabonese nationals and indigenous companies. Regulatory texts specify the modalities for implementing the objectives aimed at in the above paragraph as well as the modalities for control and sanction. Art.164.- The State defines and implements a policy for employment and training of national human resources in the sector, notably translating into: giving priority to national labor of the same level of qualification and competence for available jobs; hiring specialized foreign labor, exceptionally,

and on the exclusive and express condition of a lack of national labor in the same field; this hiring being accompanied by the establishment of a training program for Gabonese nationals to acquire the same expertise; the gradual replacement of foreign labor by national labor justifying the same skills.

 Regulatory texts specify the modalities for implementing the objectives aimed at in this article as well as the modalities for control and sanction. Art.165.- Any legal or natural person engaged in hydrocarbon activities on the territory of the Gabonese Republic must effectively contribute to the training actions of Gabonese nationals in the Hydrocarbon sector. To this end, they are required to submit each year to the Minister in charge of Hydrocarbons and the Minister in charge of Employment a training program that integrates notably the prescriptions of article 164 above. Art.166.- The State supports national preference by granting an artificial increase in oil costs to any contractor who uses goods and services provided by Gabonese companies, provided that such increase does not exceed the limit of recovery of oil costs provided in the production sharing contract. The rate of artificial increase, the aforementioned goods and services, and other modalities for implementing these provisions are determined by regulatory means. Art.167.- Other modalities for implementing the provisions of this chapter are set by regulatory means. Chapter 2 - On corporate social responsibility Art.168.- The corporate social responsibility rests on the obligation of these companies to contribute to the satisfaction of sustainable development challenges, notably to the improvement of the well-being of local populations and the protection of the environment. Art.169.- Companies engaged in upstream activities, in accordance with the provisions of article 168 above, among other actions, participate in financing investments and settling financial commitments adapted to the objectives of diversifying the national economy, notably through the mechanisms of PID and PIH provided in hydrocarbon contracts. Title 6 - On quality, hygiene, health, safety, security, and the environment Art.170.- The provisions of the texts in force setting the obligations of natural or legal persons in matters subject to this title apply to the Hydrocarbon sector. These obligations notably concern: the preservation of the environment and waste management;

  the fight against pollution; the conduct of hazard studies; risk and disaster management; the transmission of data relating to performance indicators; the conduct of impact studies and their environmental and social management plans; the abandonment and rehabilitation plan for sites. The control of the execution of these obligations is exercised over all participants in the sector, under the supervision of the services of the hydrocarbon administration, in collaboration with other competent administrations. Art.171.- Any natural or legal person engaged in hydrocarbon activities is required to comply with the prescriptions regarding hygiene, health, safety, security, and environment applicable to the Hydrocarbon sector. These prescriptions are defined by regulatory means in accordance with the texts in force. Art.172.- Only firms accredited by the hydrocarbon and environment administration can conduct hazard studies. The hazard studies of oil installations are validated by the competent technical services of the concerned Ministries and are subject to periodic revision. The modalities for implementing the obligations referred to in this chapter are set by joint order of the Ministers in charge of Hydrocarbons and the Environment. Art.173.- Any holder of an authorization to engage in hydrocarbon activities is required, before any operation, to submit to the Ministries in charge of Hydrocarbons and the Environment, the site abandonment and rehabilitation plan. They are also required, upon any cessation of activities, to rehabilitate each site, in accordance with the regulations and the rules

of the art in force. The site abandonment and rehabilitation plans are defined by regulatory means jointly by the hydrocarbon and environment administrations. Art.174.- The rehabilitation works of the sites are carried out by the State by charging the rehabilitation fund constituted by the holder, in case of default or non-execution by the holder of the authorization. The holder of the authorization is obliged to cover the additional costs necessary when the resources of the rehabilitation fund are insufficient.

 Art.175. The site rehabilitation fund is financed by annual allocations from the holder of the authorization. These allocations are included in the oil costs. They are not assets of the holder of the authorization. Art.176. The site rehabilitation fund is domiciled in Gabon in an account with the Central African States Bank or a Gabonese credit institution chosen by mutual agreement and subject to the control of the Central African Banking Commission. It is unseizable and exclusively intended for its purpose. Art.177. In addition to other penalties incurred, the failure to fund or the late funding of the site rehabilitation fund incurs a penalty of an amount equal to 1/500th per day of delay of the annual sums due. Art.178. The other modalities for implementing the provisions of this title are set by regulatory means and in hydrocarbon contracts. Title 7 On industrial responsibility and insurance Art.179. The responsibility of the holder of an authorization to carry out hydrocarbon activities covers all damages caused by its activity as well as the effects induced by it, including in particular damages occurring beyond the perimeter of the authorization. The action related to the enforcement of this responsibility is prescribed after thirty years, starting from the discovery of the damage. Art.180. The holder of an authorization to carry out hydrocarbon activities subscribes to one or more insurances covering all risks inherent to its activities. In all cases, it is required to take out insurance with a local insurance company under the conditions set by the applicable regulations. This insurance is reinsured with the national reinsurer under the conditions set by the applicable regulations. Art.181. The insurance premiums paid by the contractor are included in the oil costs. Title 8 On the obligation to inform Art.182. The holder of an authorization to carry out hydrocarbon activities is required to provide the competent services of the hydrocarbon administration with a report on the state of its activities and any administrative, technical, economic, and financial information related to its industrial responsibility, quality, health, and the environment in the required conditions and deadlines. In particular, it is required to: inform its employees, the populations, and the authorities of the surrounding areas about the risks and dangers of its activities; have a prevention and protection plan against industrial risks; immediately report to the competent authorities any damage or disaster arising from its activities; have an emergency response plan for immediate application to any situation involving harmful risks; have an industrial risk coverage scheme applicable to workers and any collateral victims. Art.183. Any subsequent modification in the legal form, statutes, or share capital of companies holding authorizations to carry out hydrocarbon activities must be promptly communicated to the hydrocarbon administration, under penalty of the modification being unenforceable against the administration. Title 9 On oil subcontracting Art.184. Without prejudice to other eligibility conditions provided by the applicable texts, only individuals or legal entities technically qualified in the hydrocarbon trades and holding a technical approval issued by the competent authority may enter into an oil subcontracting contract. The validity period of the technical approval is five years. The modalities for its issuance, renewal, suspension, withdrawal, and the conditions for the forfeiture of its holder are set by regulatory means. Art.185. The hydrocarbon administration maintains a directory of approved subcontractors. This directory, regularly updated, is open to public consultation. Art.186. The awarding of oil subcontracting contracts is preferentially granted to Gabonese companies demonstrating the required technical and

financial capacities. In the

case of a tender, these Gabonese companies remain a priority. Art.187. The holder of an authorization to carry out hydrocarbon activities is responsible to the State for the execution of all obligations resulting from its oil subcontracting contract. Art.188. Subcontracting contracts related to goods and services intended for oil activities are concluded following a tender or direct consultation, under the supervision of authorized agents of the hydrocarbon administration. These contracts are subject to approval, in accordance with the provisions of the applicable texts. Other provisions related to the tendering procedures and direct consultation are set by regulatory means. Title 10 On the tax, customs, exchange, various contributions, and official transfer price Chapter 1 On the tax regime for upstream activities Art.189. The contractor is subject, under the conditions defined below, to taxes, duties, fees, and contributions as well as contractual levies listed below: bonus; surface fee; proportional mining fee; State share under production sharing; corporate tax; value-added tax; property tax on built properties; registration fees; contributions to competition funds; provision for diversified investments; provision for investments in hydrocarbons; tax on income from movable capital; oil tax. Art.190. Except for registration fees and VAT, the taxes, duties, fees, contributions, and contractual levies referred to in Article 191 below are paid by the operator on behalf of and for the account of the contractor. Art.191. The rules for declaration, assessment, collection, control, sanctions, prescription, and litigation related to corporate tax, registration fees, property tax on built properties, and VAT are those set by the applicable tax legislation, unless otherwise specified in this law. Art.192. Tax penalties and any late interest for which the contractor is liable do not fall within the oil costs.

 Section 1 On the common tax regime Art.193. The common tax regime for upstream activities includes taxes, duties, and fees, notably: corporate tax; registration fees; value-added tax. Sub-section 1 On corporate tax Art.194. Corporate tax is paid by remitting to the State its share of hydrocarbon production under the production sharing. This remittance to the State of its share of hydrocarbon production under the production sharing is liberating for corporate tax. Art.195. The competent services of the hydrocarbon administration, after verification and consolidation of the production shares remitted to the State, issue a payment certificate to the contractor for the quantities of hydrocarbons due to the State under the production sharing. The tax administration, based on this certificate, issues a tax certificate to the contractor. Sub-section 2 On registration fees and capital gains from transfers Art.196. Transfers or assignments of rights and obligations arising from a hydrocarbon contract, whether carried out by sale, contribution, assignment, or any other mode of transfer, including the transfer of social rights of legal entities whose assets are predominantly composed of such rights or rights held directly or indirectly in such entities, are subject to registration fees based on the actual value of the transferred rights, assessed at the date of transfer. In the case of the transfer of social rights, only the share of the value of the social rights corresponding to the rights and obligations related to assets located in Gabon is taken into account. The rate of registration fees is set at 3%. Art.197. Any assignment of oil assets is subject to the prior completion of an audit to determine the value of unrecovered oil costs. The capital gain realized during the transfers of rights and obligations arising from a production sharing contract, whether carried out by sale, contribution, assignment, or any other legal modality, including the transfer of social rights of legal entities whose assets are predominantly composed of such rights or rights held directly...

 or indirectly in such entities, is taxed at the common rate of corporate tax. In the case of transfers of rights and obligations arising from a

production sharing contract, the capital gain corresponds to the positive difference between the sale price and the amount of audited oil costs, not yet recovered by the transferor and calculated proportionally to the percentage of interests transferred. In the case of social transfers, the capital gain corresponds to the positive difference between the sale price and the acquisition price of the social rights up to the share of values of the rights and obligations related to the assets located in Gabon. Art.198. Registration fees are due by the transferee. In the event of default by the latter, the transferor is jointly and severally liable for the payment of these fees. Art.199. The tax on capital gains from transfer is due by the transferor. In the event of default by the latter, the transferee is jointly and severally liable and required to pay this tax. Art.200. By exception to the common law provisions in force in this matter, transfers made between Gabonese law companies that are subsidiaries of a contractor or between member companies of the contractor are exempt from registration fees and all other taxes and duties. This exemption also applies to transfers made by foreign parent companies to their Gabonese law subsidiaries. Art.201. By exception to the common law provisions in force, the transfers of interests, social rights made by the contractor for the benefit of third parties, during the first exploration phase, are exempt from the payment of the duties and taxes provided for by the regulations in force. Sub-section 3 - Value Added Tax Art.202. All hydrocarbon activities carried out by contractors are subject to VAT at a rate of 0%. Goods and services of any kind acquired from foreign suppliers and intended for hydrocarbon activities are imported exempt from VAT, whether these imports are made directly by the contractor or by any of its registered oil suppliers or subcontractors listed jointly by the hydrocarbon administration and the tax administration. The VAT borne by the contractor or its suppliers and subcontractors registered on the aforementioned list, for imports of goods and services of all kinds made on their order and for their account by suppliers other than those listed, is fully reimbursed under the conditions set forth below.

  40 Acquisitions of goods and services carried out locally are subject to VAT. However, acquisitions and services of all kinds made from suppliers and oil subcontractors registered on the aforementioned list are subject to VAT at a rate of 0%. The contractor or its suppliers and subcontractors, registered on the aforementioned list, benefit from the right to reimbursement of the total VAT that has burdened their acquisitions of goods and services of all kinds, including all VAT borne by the contractor when importing these goods or services. The VAT paid during a given month gives rise to the establishment of a reimbursement request with the tax administration. This request must be submitted no later than the 20th of the following month. The reimbursement of these amounts by the State to the contractors occurs no later than sixty days after the end of the month during which the reimbursement request was submitted. The operator may pay and request the reimbursement of VAT on behalf of its partners or, of the contractor, or its parent company, subsidiaries of the latter, or its own subsidiaries, in the case of a partnership on an oil title. Suppliers and subcontractors of the contractor other than those referred to in paragraph 5 of this article cannot in any case benefit from the favorable provisions for the contractor under this law. The VAT regime provided for by this law can be adjusted by mutual agreement of the parties, within the framework of specific agreements, if necessary and on an exceptional basis. Sub-section 4 - Dividends or income from movable capital Art.203. Contractors and their parent companies are exempt from tax on income from movable capital, in accordance with this law. Section 2 - Specific tax regime applicable to the oil sector Art.204. The tax regime subject to this law applies only to upstream activities. Art.205. The taxes, duties, and levies to which upstream activities are subject include in particular: bonuses; surface fees;

 proportional mining fees; contribution funds; the State's share in terms of production sharing; the provision for diversified investments; the provision for investments in hydrocarbons; the recovery of oil costs; the participation of the State and the national operator; the oil tax. Sub-section 1 - Bonuses Art.206. The hydrocarbon contract places the following bonuses on the contractor: signing bonus for the hydrocarbon contract; bonus for contractual modification; extbonus for extension of the exploration period; bonus for extension of an exploration phase; bonus for the renewal of an oil title related to hydrocarbon production; production bonus. The signing bonuses for the hydrocarbon contract, for contractual modification, and for production are negotiable and determined based on the economic interest of the delineated area. The bonuses for extension of the exploration period, extension of an exploration phase, and renewal of an oil title related to hydrocarbon production are not negotiable and are fixed in the hydrocarbon contracts. Their payment is made by transfer or check made out to the Public Treasury or by any other approved payment method, within the deadlines and conditions set by the competent services of the hydrocarbon administration. The payment of the signing bonus for the hydrocarbon contract occurs on the date of publication of the decree. Bonuses do not fall within oil costs. Sub-section 2 - Surface Fees Art.207. A surface fee is due by the contractor in remuneration for the surface made available by the State for the entire duration of the validity of the exclusive oil title. Art.208. The rate of the surface fee is set at one hundred CFA francs per hectare during the exploration phase and five thousand CFA francs per hectare during the exploitation phase.

 The liquidation of the surface fee is done by the hydrocarbon administration based on the area of the delineated zone of the hydrocarbon contract in force on January 1 of the year considered and, for the first year, based on the existing area at the date of entry into force of the hydrocarbon contract. Payment is made directly to the tax collection office no later than January 31 of each year. Sub-section 3 - Proportional Mining Fees Art.209. From the declaration of production commencement of each liquid hydrocarbon deposit, the contractor is subject to a proportional mining fee based on the total available production of hydrocarbons from the delineated zone. The rates of the proportional mining fee are determined in the hydrocarbon contract within the limits set as follows: the rates cannot be less than 7% but not exceeding 15% for liquid hydrocarbons produced in a conventional exploitation zone; the rates cannot be less than 5% but not exceeding 12% for liquid hydrocarbons produced in a deep and very deep offshore exploitation zone; the rates cannot be less than 5% but not exceeding 10% for gaseous hydrocarbons produced in a conventional exploitation zone; the rates cannot be less than 2% but not exceeding 8% for gaseous hydrocarbons produced in a deep and very deep offshore exploitation zone. Art.210. The liquidation of the proportional mining fee is done by the hydrocarbon administration. The modalities for the liquidation and payment of the proportional mining fee are fixed in the hydrocarbon contracts. Art.211. The proportional mining fee does not fall within oil costs. Sub-section 4 - Contribution Funds Art.212. The contractor contributes annually, during the duration of the hydrocarbon contract, to the financing of contribution funds, notably: the hydrocarbon support fund; the equipment fund for the hydrocarbon administration; the training fund;

 the local community development fund; the fund for mitigating the impacts of oil activity on the environment. Contributions to the contribution fund are included in oil costs, except for the variable part of the hydrocarbon

support fund. The modalities for the establishment, administration, and management of these contribution funds are set by regulatory means and in the hydrocarbon contract. Sub-section 5 - The State's Share in Terms of Production Sharing Art.213. After the extraction of hydrocarbons carried out by the contractor for the recovery of oil costs, the remaining production is shared between the State and the contractor, according to the modalities defined in the production sharing contract. Art.214. The sharing of the remaining production of hydrocarbons from all exploitation zones of the same production sharing contract between the State and the contractor is done notably, according to one of the following methods: the total cumulative available production; the average daily production; the R factor; the internal rate of return. The choice of the method for sharing the remaining production of hydrocarbons is made by mutual agreement of the parties. Art.215. Regardless of the method of production sharing chosen, the minimum rate representing the State's share must not be less than: For liquid hydrocarbons: 45% for the conventional zone; 40% for the deep and very deep offshore zone. For gaseous hydrocarbons: 25% for the conventional zone; 20% for the deep and very deep offshore zone. The applicable rates for the sharing of the remaining production of the upper tiers are negotiated and cannot, in any case, be lower than the rates of the first tier. Art.216. The quantity of hydrocarbons that the State receives during each calendar year as part of the production sharing is liberating from the corporate tax due by the companies constituting the contractor. The quantities of hydrocarbons received by the contractor in this context represent the net profit after payment of the corporate tax due by each of the companies constituting the contractor.

 The tax certificate is issued to the contractor by the competent services of the tax administration. Sub-section 6 - On PID and PIH Art.217.- The contractor is required to establish the PID and the PIH at the start of hydrocarbon production. The rates of the PID and the PIH are based on a percentage of the contractor's revenue and are set at 1% for the PID and 2% for the PIH, respectively. The methods of calculation, payment, and establishment of these provisions are defined by the hydrocarbon contracts. Sub-section 7 - On the participation of the State and the national operator Art.218.- The production sharing contract must include a clause for State participation, which may not exceed 10% of interest shares in the operations. This participation, at the State's choice, may be held by the contractor. The State may transfer the management of its participations to the national operator. The partner State bears no risk during the exploration period. Art.219.- The national operator has the right to acquire a participation that may not exceed 15% in any production sharing contract from the date of its signature. This acquisition is made under market conditions. The methods of exercising this right are set by regulatory means. Sub-section 8 - On the recovery of oil costs Art.220.- The contractor is entitled to recover the oil costs it has incurred and paid in the context of oil operations within the defined area, by taking a portion of the hydrocarbon production coming exclusively from this area, in accordance with contractual stipulations. Art.221.- The limit for recovering oil costs for a given year may not exceed the following rates: 70% for the conventional zone for liquid hydrocarbons; 75% for the deep and ultra-deep offshore zone for liquid hydrocarbons; 80% for the conventional zone for gaseous hydrocarbons; 90% for the deep and ultra-deep offshore zone for gaseous hydrocarbons.

 Art.222.- Exceptionally, the rates set in this section may be modified by the competent authority upon the advice of the competent services of the hydrocarbon administration if cumulatively, the discoveries made remain marginal and no other drilling is possible before the end of the exploration period. Sub-section 9 - On the oil tax

Art.223.- The oil tax applies to exploitation agreements. It is based on taxable profit, as defined by the General Tax Code. The oil tax is established in the Hydrocarbons law, and the methods, base, liquidation, and collection are set in the finance law. Section 3 - On accounting Art.224.- The conduct of oil operations gives rise to the maintenance of accounting, to the establishment and submission of a corporate tax declaration by the contractor, specific to each production sharing contract, under common law conditions. A copy of the said declaration is submitted to the competent services of the Ministries in charge of the Economy and in charge of Hydrocarbons. Art.225.- The contractor is required to keep in Gabon the originals of the registers, accounting books, and contracts, as well as all supporting documents related to hydrocarbon activities. By exception to the common law provisions in this matter, the State may have the documents mentioned above examined and verified, for each calendar year, by the competent services of the Ministries in charge of the Economy and in charge of Hydrocarbons. These verifications are notably aimed at confirming the bases for determining taxes, duties, and fees. Section 4 - On the customs regime Art.226.- Hydrocarbon activities are subject to the customs regime defined by the CEMAC Customs Code and its implementing texts. This regime also extends to approved subcontractors and third parties acting on behalf of the contractor, subject to the submission to the customs services of the contracts binding them. Imports and exports of petroleum products carried out in downstream activities are subject to the applicable customs legislation.

 Art.227.- During the validity period of the hydrocarbon contract, the contractor, subcontractors, and other third parties acting on its behalf benefit from: the importation under the temporary administration regime, under the conditions provided by the CEMAC Customs Code, of all materials, products, machines, equipment, spare parts, and tools necessary for oil operations that are not owned by the State and provided that these goods are exclusively intended for and effectively allocated to oil operations and are to be re-exported at the end of their use; the admission free of all entry duties and taxes for materials, products, machines, equipment, spare parts, consumables, and tools exclusively intended for and effectively allocated to oil exploration and prospecting in the defined area, in accordance with the regulations of the CEMAC Customs Code. This exemption applies to imports made directly by the contractor itself, by third parties on its behalf, and by its subcontractors, subject to producing a final use certificate; the admission at a reduced rate of 5% of the duties and taxes collected on imports, of materials, products, machines, tools, spare parts, consumables, and equipment that, not falling into the category of goods referred to in the two preceding paragraphs, are intended and allocated for the production, storage, processing, transport, shipping, and transformation of hydrocarbons from the exploitation zone and provided that they are included in an approved development program. The benefit of the exemption and the reduced rate is granted, after technical advice from the competent services of the hydrocarbon administration, by the customs administration, at the request of the contractor. These requests must specify the commercial designation of the goods, the tariff heading under which they are classified, the quantities, their FOB and CAF value, the relevant well, and the related hydrocarbon contract. Art.228.- The contractor is required to inform, within two months, the competent services of the hydrocarbon and customs administrations of those of its wells that have reached a cumulative production level set in the production sharing contract. Art.229.- Personal and household movable effects imported by personnel returning from expatriation, of the contractor assigned to activities related to the realization of oil operations, during their change of residence, are admitted free of charge in accordance with the CEMAC Customs Code. Art.230.- The contractor, third-party importers acting on behalf of the contractor or its oil subcontractors, undertake to only proceed with the necessary imports for the realization of oil

operations to the extent that the concerned goods are not available in Gabon under similar conditions of price, quality, and delivery time.

 Art.231.- Goods other than those referred to in Articles 229 and 230 above are subject to duties and taxes collected under the common law regime. Art.232.- Subject to compliance with their customs obligations, the contractor, third-party importers acting on behalf of the contractor or its oil subcontractors may re-export, exempt from all duties and taxes, the imported goods as soon as they are no longer necessary for oil operations. Art.233.- All imports, exports, and re-exports carried out within the framework of a hydrocarbon contract are subject to the formalities required by the customs administration. Art.234.- The contractor is, vis-à-vis the customs administration, jointly responsible, with third-party importers acting on behalf of the contractor or its oil subcontractors, for any abuse noted against them in the use of the benefits of the provisions relating to the customs regime. The penalties and payments of any nature for which they may be liable do not fall within oil costs. Art.235.- All customs clearance operations carried out within the framework of a hydrocarbon contract are subject to the regulations in force. Chapter 2 - On the tax regime of downstream activities Art.236.- The holder of an authorization to exercise a downstream activity is subject to the common law tax regime for each of its activities as well as to the duties and taxes related to finished products. Art.237.- By virtue of the provisions of this law, the amount of the tax for establishing security stocks and strategic stocks of petroleum products established by the applicable texts is subject to revision by regulatory means. Chapter 3 - On the exchange regime Art.238.- Hydrocarbon activities are governed by the exchange regime in force in the CEMAC States. Chapter 4 - On the official transfer price Art.239.- The official transfer price defined in Article 9 above is set upon the advice of the joint technical commission on oil prices composed of representatives of the State and the hydrocarbon producing contractors.

 The other provisions relating to the attributions, organization, and functioning of this commission are established by regulatory means. Title 11 - On control, offenses, and sanctions Art.240.- The modalities for exercising control over hydrocarbon activities are established by this law and other texts in force. Art.241.- The holder of a hydrocarbon activity authorization is required to inform the hydrocarbon administration without delay of any disturbance, incident, or accident occurring in the context of their activities that may impact them. The information must include the nature and severity of the facts, the causes, the proposed solutions, and the estimated duration of the incident. Art.242.- The control exercised by the competent services of the hydrocarbon administration particularly focuses on compliance with the specifications and technical characteristics of hydrocarbons, petroleum products, gas, and derivatives intended for the domestic market, the quality of water, sludge, and used oils resulting from hydrocarbon activities. Art.243.- The control of hydrocarbon activities includes technical control as well as accounting, legal, and fiscal control. Chapter 1 - Technical control Art.244.- Technical control particularly focuses on compliance with the specifications and technical characteristics of hydrocarbons, petroleum products, gas, and derivatives intended for the domestic market, the quality of water, sludge, and used oils resulting from hydrocarbon activities. It also concerns the equipment and other infrastructures of the hydrocarbon sector that must comply with the rules set by the texts in force. Art.245.- The measurement of petroleum products during a transaction is done by a meter approved by the Ministry in charge of Hydrocarbons. Any other form of measurement of petroleum products is not enforceable against the State. Any violator of this provision is subject to sanctions of any kind provided for by the texts in force. Art.246.- The measurement and

counting of hydrocarbon production and finished products are an exclusive prerogative of the State, subject to delegation.

 To this end, the hydrocarbon administration regularly controls, in the presence of the operator, the compliance of all measuring and counting devices for hydrocarbon production and finished products. Art.247.- The fiscal counting point is under the control and supervision of the competent services of the Ministry in charge of Hydrocarbons. Art.248.- The choice, location, installation, modification, and addition of any measuring or counting equipment for hydrocarbon production must be approved by the competent services of the Ministry in charge of Hydrocarbons. Art.249.- Calibration operations are carried out by the competent services of the Ministry in charge of Hydrocarbons. They may be delegated. Art.250.- The removal operations of hydrocarbons are carried out under the joint control of the competent services of the Ministries in charge of Hydrocarbons and the Economy. Art.251.- Technical audits on integrity, ensuring the regular and optimal functioning of all measuring, counting devices, and other hydrocarbon production, treatment, storage, removal, and marketing installations of finished products on the surface are carried out by the competent services of the Ministry in charge of Hydrocarbons. The units, methods, and standard conditions for measuring hydrocarbon volumes and marketing finished products are established by regulatory means. Art.252.- The contractor is required to use dynamic counting to determine the fiscal production corresponding to the total available hydrocarbon production. Any other form of determining the total available hydrocarbon production is prohibited. Any violator of this provision is subject to the sanctions provided for by the texts in force. Art.253.- The other modalities for applying the provisions of this chapter are established by regulatory means. Chapter 2 - Accounting, legal, and financial control Art.254.- The provisions of the texts in force governing the common law accounting of companies apply to the accounting of hydrocarbon activities, without prejudice to the specificities related to upstream activities.

 The control of this accounting is ensured by agents of the competent services of the hydrocarbon administration in collaboration with the tax administration. Art.255.- Adjustments resulting from audits of petroleum costs lead to the application of sanctions provided for by the texts in force. Art.256.- The Ministry in charge of Hydrocarbons approves the budgets related to the execution of upstream activities. It validates the expenses resulting from the execution of these budgets. Art.257.- The reimbursement of expenses related to technical assistance is subject to proof of the effective contribution of the concerned technical assistance and provided that this technical assistance has allowed achieving the objective for which it was requested and does not violate the principle of full competition pricing. Art.258.- In the case of an acquisition of goods or a service provision between a Gabonese company and its parent or subsidiary company, the acquisition price of the goods or the service provision corresponds, at most, to the market prices or full competition prices. Art.259.- The provisions of article 258 above also apply when there is a de facto control by a third company. Art.260.- In the event of non-compliance with these provisions, the hydrocarbon administration proceeds with reintegrations and adjustments of the evaded bases. Art.261.- The modalities for liquidation, collection of penalties, as well as the distribution key between the hydrocarbon administration and the Public Treasury are established by a joint order of the Ministers in charge of Hydrocarbons, Economy, and Budget. Art.262.- The expenses incurred by the contractor for fines, penalties, and late interest of any kind in the context of the repression of offenses in the sector do not fall within petroleum costs. Chapter 3 - Offenses and sanctions

Section 1 - Common provisions Art.263.- Administrative sanctions are provided for by the texts in force and the hydrocarbon contracts. Art.264.- The non-cumulative nature of penalties does not apply to the repression of hydrocarbon activities.

 Art.265.- Without prejudice to the damages provided for by the texts in force, penalties are doubled in case of recidivism. Recidivism may also be sanctioned by the withdrawal of the authorization and the prohibition to carry out hydrocarbon activities. Art.266.- The modalities for liquidation and collection of penalties are established by regulatory means. Section 2 - Sanctions related to upstream activities Art.267.- Without prejudice to other sanctions provided for by hydrocarbon contracts, any contractor who does not transmit within the deadlines provided by the hydrocarbon contract the data, studies, reports, and other documents required in the context of upstream activities is liable, after a formal notice of fifteen days, to a penalty of 500,000 to 5,000,000 FCFA. Art.268.- Without prejudice to other sanctions provided for by hydrocarbon contracts, any contractor who does not pay within the deadlines provided by the hydrocarbon contract the contribution funds is liable, after a formal notice of fifteen days, to a penalty of 5,000,000 to 50,000,000 FCFA. Art.269.- Without prejudice to other sanctions provided for by the texts in force, any contractor who violates the prohibition on gas flaring is liable to a penalty of 50,000,000 to 2,500,000,000 FCFA. The same sanction applies to the contractor who does not execute the flaring reduction plan or does not respect the flaring thresholds set by regulatory means. Art.270.- Without prejudice to other sanctions provided for by hydrocarbon contracts, any contractor who does not execute all or part of the minimum work program is liable to a penalty calculated proportionally to the value of the minimum financial commitment provided in the hydrocarbon contract. Art.271.- Without prejudice to other sanctions provided for by the texts in force and the hydrocarbon contract, any contractor who does not fulfill all or part of the obligations resulting from local content is liable to a penalty of 10,000,000 to 500,000,000 FCFA. Art.272.- Without prejudice to other sanctions provided for by the texts in force and the hydrocarbon contract, any contractor who does not comply with the requirements regarding insurance, hygiene, health, safety, security, and environment is liable to a penalty of 10,000,000 to 500,000,000 FCFA. Art.273.- Without prejudice to other sanctions provided for by the texts in force and the hydrocarbon contract, any contractor who does not comply with the procurement rules of

 markets for goods and services intended for the execution of oil operations, is subject to a penalty of 10,000,000 to 500,000,000 FCFA. Art.274. Without prejudice to other sanctions provided for by the texts in force and the hydrocarbon contract, any contractor who sells goods and equipment belonging to the State without the prior agreement of the hydrocarbon administration is subject to a penalty of 10,000,000 to 1,000,000,000 FCFA. Art.275. Without prejudice to other sanctions provided for by the hydrocarbon contract, any overspending by the contractor on the budget related to the execution of oil operations, without the prior agreement of the hydrocarbon administration, will not be taken into account in oil costs. Art.276. Without prejudice to other sanctions provided for by the texts in force and the hydrocarbon contract, any contractor who artificially inflates oil costs is subject to a penalty of 10,000,000 to 2,500,000,000 FCFA. Art.277. Without prejudice to other sanctions provided for by the hydrocarbon contract, any contractor who, despite the formal notice from the hydrocarbon administration, does not hold technical meetings or follow-up committees for oil operations is subject to a penalty of 10,000,000 to 100,000,000 FCFA. Art.278. Without prejudice to other sanctions provided for by the texts in force and the hydrocarbon contract, any contractor who obstructs the exercise of the control missions of the agents of the hydrocarbon administration is subject to a penalty of 10,000,000 to 100,000,000

FCFA. Art.279. Without prejudice to other sanctions provided for by the texts in force and the hydrocarbon contract, any contractor who does not establish the site rehabilitation fund is subject, after formal notice, to a penalty of 1,000,000,000 to 2,500,000,000 FCFA. Art.280. Without prejudice to other sanctions provided for by the texts in force and the hydrocarbon contract, any contractor who violates the provisions relating to measuring, counting, and calibrating hydrocarbons is subject, after formal notice, to a penalty of 1,000,000,000 to 2,500,000,000 FCFA. Art.281. Without prejudice to other sanctions provided for by the texts in force and the hydrocarbon contract, any contractor who presents abnormal discrepancies in the material stocks is subject, after formal notice, to a penalty of 50,000,000 to 500,000,000 FCFA. Art.282. Any delay in the payment of the surface fee incurs a penalty of 100% of the amounts due as well as an increase due to a rate of 10% per day of delay. Art.283. Without prejudice to the sanctions and penalties provided for by common law as well as those provided for by the provisions of this law, failure to pay the

  53 contributions to the competition funds, registration fees, proportional mining fees, and the surface fee results in an increase of the amounts due at a rate of 1/500th per day of delay. Section 3 Sanctions related to downstream activities Art.284. Without prejudice to other sanctions provided for by the texts in force, any individual or legal entity that engages in downstream activities without authorization is subject, after formal notice, to a penalty of 1,000,000 to 30,000,000 FCFA. Art.285. Without prejudice to other sanctions provided for by the texts in force, any individual or legal entity that does not comply with the requirements regarding hygiene, health, safety, security, and the environment is subject, after formal notice, to a penalty of 3,000,000 to 100,000,000 FCFA. Art.286. Without prejudice to other sanctions provided for by the texts in force, any individual or legal entity that fails to fulfill all or part of the obligations resulting from local content is subject, after formal notice, to a penalty of 5,000,000 to 100,000,000 FCFA. Art.287. Without prejudice to other sanctions provided for by the texts in force, any individual or legal entity that obstructs the exercise of the control missions of the agents of the hydrocarbon administration is subject to a penalty of 500,000 to 100,000,000 FCFA. Art.288. Without prejudice to other sanctions provided for by the texts in force, any individual or legal entity that is guilty of fraudulent binary mixing of fuels is subject to a penalty equal to the value of the storage capacity. Art.289. Without prejudice to other sanctions provided for by the texts in force, any individual or legal entity that markets lubricants not compliant with the regulations in force is subject to a penalty of 500,000 to 10,000,000 FCFA, without prejudice to the seizure and destruction of the lubricants concerned. Art.290. Without prejudice to other sanctions provided for by the texts in force, any contractor who does not rehabilitate the site after conducting its activities is subject, after formal notice, to a penalty of 3,000,000 to 100,000,000 FCFA. Title 12 Various, transitional, and final provisions Art.291. Hydrocarbon activities on Gabonese territory are exclusively governed by the laws and regulations in force in the Gabonese Republic.

  54 Art.292. By virtue of the provisions of this law, the valuation and allocation of waste, residues, and other goods resulting from hydrocarbon activities fall under the exclusive authority of the hydrocarbon administration. Art.293. Without prejudice to the contractual provisions applicable to arbitration, mediation, expertise, and conciliation, Gabonese courts are solely competent to hear disputes arising from the application of the provisions of this law and its implementing texts. Art.294. Establishment agreements, hydrocarbon contracts, petroleum titles, mining concessions, and operating permits concluded or issued prior to the date of publication of this law remain in force until their expiration date.

Their possible renewal, extension, or prolongation is subject to the provisions of this law and its implementing texts. Art.295. Companies engaged in hydrocarbon activities before the promulgation of this law are required, notwithstanding the silence of their ongoing contracts, to comply with the obligation to establish and domicile site rehabilitation funds at the Bank of Central African States or in Gabonese law banking or financial institutions subject to the control of the Central African Banking Commission, within one year from the publication of this law. Art.296. The branches of foreign companies engaged in hydrocarbon exploitation activities and the rights and obligations arising from their activities must, upon the entry into force of this law, be transformed into Gabonese law companies within a period not exceeding two years, under penalty of forfeiture of their operating authorizations. Companies engaged in hydrocarbon exploration activities in the form of branches are not required to transform into Gabonese law companies as long as they have not applied for the grant of an exclusive development and production authorization without prejudice to the application of the provisions of the texts in force. Art.297. Regulatory texts shall determine, as necessary, the provisions of any nature necessary for the application of this law. Art.298. Law No. 011/2014 of August 28, 2014, regulating the hydrocarbon sector in the Gabonese Republic is repealed. Art.299. This law, which repeals all other contrary previous provisions, shall be recorded, published in the Official Journal, and executed as state law.