

GETTING THE DEAL THROUGH

Oil Regulation

in 33 jurisdictions worldwide

2014

Contributing editor: Bob Palmer



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Getting the Deal Through is delighted to publish the fully revised and updated eleventh edition of *Oil Regulation*, a volume in our series of annual reports, which provide international analysis in key areas of law and policy for corporate counsel, cross-border legal practitioners and business people.

Following the format adopted throughout the series, the same key questions are answered by leading practitioners in each of the 33 jurisdictions featured. New jurisdictions this year include Croatia, Ecuador, Egypt, India, Indonesia and Morocco.

Every effort has been made to ensure that matters of concern to readers are covered. However, specific legal advice should always be sought from experienced local advisers. *Getting the Deal Through* publications are updated annually in print. Please ensure you are referring to the latest print edition or to the online version at www.gettingthedealthrough.com.

Getting the Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. *Getting the Deal Through* would also like to extend special thanks to contributing editor Bob Palmer of CMS Cameron McKenna for his invaluable assistance with this volume.

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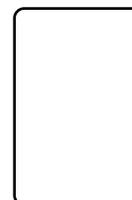
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France

Denis Borgia

Borgia & Co

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

In France, the Paris basin, with 54 per cent of the total production, and the Aquitaine region (near Bordeaux), with 45 per cent, are the main productive areas, with a combined production in 2013 of 28,000 bbl/d (rounded). Apart from some seismics, there has been no offshore exploration since 2005. Production remains exclusively onshore, the main producers being Vermilion REP SAS, a subsidiary of the Canadian entity Vermilion Energy, with roughly 90 per cent of the total production; Lundin, a subsidiary of the Swedish holding Lundin petroleum; Zaza Energy (formerly Toreador and previously Madison Energy); Geopetrol; and Petrorep. With its purchase of Zaza Energy, Vermilion Rep SAS has increased its predominance on French production by up to nearly 95 per cent. The total proved reserves amounted in 2012 to 91 million boe (excluding shales), representing roughly 0.07 per cent of the world reserves. An excellent pipeline network supplies refineries from the ports of Le Havre, Rouen, Marseille, Donges and Dunkirk. Refined products are mainly transported by truck to the 8,000 service stations in the country.

- 2** What percentage of your country's energy needs is covered, directly or indirectly, by oil as opposed to gas, electricity, nuclear or non-conventional sources? What percentage of the petroleum product needs of your country is supplied with domestic production? What are your country's energy demand and supply trends, especially as they affect crude oil usage?

Oil production meets only 1 per cent of the total national petroleum consumption. The remaining 99 per cent is, therefore, imported from Africa (29 per cent), eastern European countries (29 per cent), the Middle East (22 per cent) and the North Sea (20 per cent). Country refineries handle all domestic requirements (except for gasoil), which have been stable in the past 12 years at around 1.7 million bbl/d. Petroleum accounts for 31 per cent of the national energy needs, compared with 15 per cent for gas and 44 per cent for electricity. For the time being, France remains a poor producer, compared to other EU countries (especially Germany), in terms of non-conventional sources of energy.

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

The national energy policy, supervised by the Ministry of the Environment, is based on three main goals: protecting the supply (energy considered as a strategic vector for the national economy), reducing dependence on fossil energy by increasing the development of alternative energy production and strengthening the liberalisation of the electricity market.

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

The Bureau of Energy and Hydrocarbons (a division of the Ministry of the Environment) provides public access to a complete list of all existing titles. The list and location of all titles in force can be freely consulted on the following link: www.developpement-durable.gouv.fr/Carte-des-titres-miniers-d.html.

- 5** Describe the general legal system in your country.

The French legal system is based on civil law. The courts are divided into many jurisdictions, each of them having jurisdiction on specific areas of law: commercial courts on commercial litigations, administrative courts on disputes between citizens or corporations and the administration and civil courts for disputes relating to civil rights in general. Though the rule of law is widely respected, there exists a wide discrepancy from one place to the other concerning the quality of the judges and the overall competency of jurisdictions, which can sometimes provoke embarrassing overlapping between procedures concerning titles and relations with landowners. In addition, delays for delivery of administrative authorisations are very often too long, it is not rare to see the administration extending by many months the legal delays for delivery or the titles or their prolongation. Politics plays a large part in the process for the delivery of titles and work authorisations. The law provides pressure groups with the right to contest the authorisations and titles that are delivered. Foreign decisions and arbitration awards are easily enforced by the local jurisdictions, though the delays from the beginning to the end of a procedure can last as long as five years. Anti-corruption measures are similar to those in common law jurisdiction.

Regulation overview

- 6** Describe the key laws and regulations that make up the principal legal framework regulating oil activities.

The Mining Code and its sub-regulations constitute the main legal frame governing exploration and production. Additionally, the Code for the Protection of the Environment is a major piece of regulation for all mining activities. It should be noted that pursuant to a law that was adopted in 2011, hydraulic fracturing (fracking) is totally prohibited.

- 7** Are there any legislative provisions that allow for expropriation of a licensee's interest and, if so, under what conditions?

Like any private property, a licensee's interest can be expropriated if the administration estimates that there is legitimate public interest to do so, with the specification that there can be no expropriation without payment of the fair market value of the interests that are expropriated. This protection is recognised both by French law and the European declaration for human rights protection (protocol 1).

- 8** Identify and describe the government regulatory and oversight bodies principally responsible for regulating oil exploration and production activities in your country.

Both the Ministry of Finance and the Ministry of the Environment govern the mining industry, the first supervising, essentially, the royalties and other taxes and the second supervising delivery of titles and control of operations. Mining titles are issued by the government after a consultation process beginning with local authorities and ending with specialised administrative bodies, among which are the general council for mines and the hydrocarbons office, which deliver a decisive decision. Conformity of the day-to-day operations with environmental obligations is controlled by the regional directorate for the environment. There is no state company.

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

The Ministry of the Environment, through its hydrocarbons exploration and production board, is in charge of maintaining oil production, export and import statistics.

Natural resources

- 10** Who holds title over oil reservoirs? To what extent are mineral rights on private and public lands involved? Is there a legal distinction between surface rights and subsurface mineral rights?

Oil and gas reservoirs do not belong to the surface owner. The owner of an exploration permit is the sole person authorised to search for reservoirs in the specific area covered by its permit, whether the land included in this area is private or public. The permit owner will be the sole owner of reservoirs that it discovers, and subject to limitations regarding the preservation of the environment and the protection of existing constructions, it has the right to obtain on the surface, by agreement or by an order from the administration, all servitudes that are required for the construction of its facilities, including well-drilling facilities. Indemnities are paid to the landowners in consideration of the nuisance resulting from the mining operations. The permit owner has an exclusive right to ask for a renewable 25-year mining concession in the permit area to exploit a commercial discovery. The concession decree can fix a severance payment in favour of the surface owner.

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

While some offshore exploration has been conducted in recent years by the Canadian company Vermilion, production remains exclusively onshore. There is no limit to the exploration and production rights other than the protection of the environment and existing constructions, although even in the latter case the permit owner can obtain the expropriation of a private property that is essential for its operations.

Military properties can have pipelines or wells on their land, and reservoirs located underground beneath such properties can be exploited, insofar as those installations or such exploitation activities do not obstruct the military use of such properties.

- 12** How are rights to explore and produce granted? What is the procedure for applying to the government for such rights?

The Ministry of the Environment manages the exploration and production activities and the granting of permits and concessions. The legislation prescribes a concession regime, which is governed by the preliminary issue of exploration permits in areas that are free from pre-existing mining titles. The regime is essentially based on private

exploration and production, although the government is allowed by legislation to expropriate, own and exploit mines.

A candidate for a title must petition the Ministry of the Environment and provide information evidencing its technical and financial capacities. For an exploration permit, the file shall integrate a work programme over a three-year period with investments that are sufficiently credible to convince the Ministry that the potential of the zone will be duly explored. For a concession, the petitioner must confirm its financial and technical capacities to optimise the production of the field.

The time frame for titles delivery generally varies between 15 to 18 months from the demand and the publication of the title delivery in the official gazette. Prorogation of titles will last as long. Demands for concessions can be up to two years.

- 13** Does the government have any right to participate in a licence? If so, is there a maximum participating interest it can obtain and are there any mandatory carry requirements for its interest? What cost-recovery mechanism is in place to recover such carry? Does the government have any right to participate in the operatorship of a licence?

The government does not have a direct right pursuant to the law to integrate a licence, although it can contractually agree with a petitioner to do so. The government does not operate any field and is not destined to do so. There are no mandatory carry requirements.

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

A progressive royalty must be paid for onshore production, based on a percentage of the value of the production, calculated as follows:

- for crude oil:
 - zero to 50,000 tons – zero per cent;
 - 50,000 to 100,000 tons – 6 per cent;
 - 100,000 to 300,000 tons – 9 per cent; and
 - 300,000 tons and plus – 12 per cent; and
- for gas:
 - 300,000m³ and less – zero per cent; and
 - over 300,000m³ – 5 per cent.

There are no royalties on offshore production, except for mines located offshore of the French islands of Saint-Pierre and Miquelon, near the Canadian province of Newfoundland.

A local tax is paid to cities and departments, which amounts to €563.40 per 100 metric tonnes of crude oil for production extracted from mines operated since 1 January 1992 (€670.90 for gas), and €1,856.70 per 100 metric tonnes for production extracted from mines operated before 1 January 1992 for crude oil (€162.40/m³ for gas).

Apart from company tax (described in question 34) and royalties, the other taxes that must be paid are real estate tax and added value contribution, which are paid yearly to the local administration (cities).

Real estate tax is a percentage determined by the local authority (in general, it varies from 2 per cent to 30 per cent), and is calculated upon 70 per cent of the value of the real estate assets.

Added value contribution is calculated upon 85 per cent of the revenues for companies with a revenue of up to €7.6 million, and upon 80 per cent of the revenues for companies with revenues exceeding €7.6 million. Its calculation can be summed up as follows:

- zero per cent on revenues of up to €500,000;
- 0.5 per cent on revenues of up to €3 million;
- between 0.5 per cent and 1.4 per cent on revenues of between €3 million and €10 million;

- between 1.4 per cent and 1.5 per cent on revenues of between €10 million and €50 million; and
- 1.5 per cent on revenues exceeding €50 million.

There are no tax stabilisation measures in force.

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

There are two kinds of titles: the exploration permit and the concession. Subject to the previous existence of mining titles in the relevant area, any person may request a permit by sending a permit petition to the ministry in charge of the environment. The exploration permit is issued for five years after a 30-day competition period running from the publication of the petition in the official gazettes of France and the European Union.

The permit is issued if the petitioner can prove its technical and financial capacity to complete a programme of work before expiry of the permit, which can be renewed twice (without competition) for successive additional terms varying between three and five years, with a reduction of the area covered by the permit by 50 per cent for the first renewal and 25 per cent for the second renewal. A 25-year concession can be issued exclusively to the permit owner if it proves the existence of a commercial discovery. Delays in the issue and renewal of concessions can be as long as two years; however, the permit owner is authorised to produce and sell its products in the meantime. Concessions are renewable for new terms of 25 years.

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

For offshore production the regulatory regime applies up to the limit of the economic zone that is under the control of the French government, which is 200 nautical miles from the coast.

17 Is there a difference between the onshore and offshore regimes? Is there a difference between the regimes governing rights to explore for or produce different hydrocarbons?

The main differences between onshore and offshore titles concern the royalties, which (apart from the exception mentioned in question 14) are paid only for onshore production. In addition, offshore exploration and production are submitted to additional constraints designed to protect the environment.

18 Which entities may perform exploration and production activities? Describe any registration requirements. What criteria and procedures apply in selecting such entities?

Any company duly registered in France can ask for the delivery of a permit if it can prove its technical and financial capacity to conduct a work programme that shall be completed before the expiry of the permit, and thereafter to exploit commercial discoveries subject to environmental regulation. Apart from EU companies, foreign companies shall implement a European subsidiary to proceed with any French activity. EU companies must simply register at the commercial court of their French office address. Creation of a European subsidiary generally takes no more than two weeks, and can be as quick as two days in some European countries.

Technical capacity will be recognised if the applicant proves:

- that it employs competent oil and gas engineers;
- that it conducted previous exploration work in accordance with applicable regulations; and
- that it has a sufficient workforce and technical support to execute its work programme, including all the relevant exploration work required to ascertain the potential of an area pursuant to indicative geological data.

Financial capacity will be recognised if the applicant evidences good financial health over the previous three-year period, the availability of guarantees ensuring its capacity to execute the obligations attached to the mining title and that it is not subject to ongoing claims that may jeopardise its financial capacity, or that it benefits from other sufficient guarantees to avoid any difficulty in meeting its obligations.

Once it is issued its concession, the operator shall deploy operating methods that will permit production to be maintained at the highest possible capacity.

Incorporating a company in France takes no longer than two weeks. Cost for incorporating generally does not exceed €2,000.

19 What is the legal regime for joint ventures?

Pursuant to the Mining Code, joint ventures are governed by a joint operating agreement, appointing a single operator. Agreements that are used are the same as those generally used in the industry. Each partner contributes to the exploration expenses in proportion to its share, and is the owner of eventual production in the same proportion. Budgets are established and revised yearly for the following three years.

A partner cannot avoid exploration or operating current expenses, while the usual non-participant clauses govern the development expenses.

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

Unitisation is governed by the Mining Code for domestic reservoirs. If two permits have been issued for an area that is proven to contain a single reservoir, such permits may be merged upon petition by any owner. International unitisation is not a frequent concern for French production, except for the French islands of Saint-Pierre and Miquelon near the Canadian province of Newfoundland. A unitisation treaty was executed between France and Canada on 17 May 2005.

21 Is there any limit on a party's liability under a licence, contract or concession?

There is no limit concerning the liability of a party owning a licence regarding the remediation of sites. A guarantee shall be issued in favour of the administration, upon delivery of the title, by the shareholders of the licensee. The liability is joint and several between the licensee and its shareholders as a consequence of such a guarantee.

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

Parental guarantees are systematically required. In addition to the usual parental guarantee that is required pursuant to the Mining Code, parent companies will need to issue a bond of variable value (generally between €2 million and €5 million) to guarantee the remediation of certain sites (mainly storage plants).

The parental guarantees must be delivered by each and every parent company, from the immediate controlling company to the ultimate indirect control holding. The guarantee covers all and any liability assumed by the licensee for damages caused by its operations or the costs for site remediation.

Local content requirements

23 Must companies operating in your country prefer, or use a minimum amount of, locally sourced goods, services and capital?

There is no specific requirement for requiring local providers. EU treaties and regulations allow contracting with any European

provider. One may contract with foreign providers if required, provided the French labour regulation and the rules for protection of environment are respected.

Transfers to third parties

- 24** Is government consent required for a company to transfer its interest in a licence, concession or production-sharing agreement? Does a change of control require similar approval? What is the process for obtaining approval? Are there any pre-emptive rights reserved for the government?

Transfer of title is subject to approval from the mining council, which is afforded if a petitioner respects the technical and financial capacities described in question 18. Change in control is subject to approval from the Ministry of the Environment and is governed by the same criteria.

A petition for transfer of title or change in control is sent by letter to the Ministry. For the former it takes roughly 15 months, for the latter between two and four months. Apart from attorneys' fees, there are no additional costs for such demands.

The government has no pre-emptive right on transfers.

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

A change of operator is executed pursuant to the same procedure as a change in control (ie, pursuant to a demand to be executed by letter to the Ministry in charge of the environment). The time frame for approval is no longer than four months and attracts no fees. The new operator must prove that it has the necessary technical capacity described in question 18.

- 26** Are there any specific fees or taxes levied by the government on a transfer or change of control?

The only applicable tax on a change of control is applied on the sale price of the shares or the price of the assets that were sold. There is no specific tax on the mining title transfer itself.

Decommissioning

- 27** What laws or regulations govern abandonment and decommissioning of oil and gas facilities and pipelines? In summary, what is the obligation and liability regime for decommissioning? Are there any other relevant issues concerning decommissioning?

Decommissioning and abandonment are governed both by the Mining Code and the Environment Code. Installations shall be completely dismantled and sites cleaned up to the level determined by the administration (the Regional Direction of Environment, called DREAL), which will depend upon the future usage of the site. Holdings will be asked to provide guarantees that their French subsidiaries will respect their obligations regarding commissioning and, more generally, all other obligations resulting from the ownership of the title. Joint venture owners are jointly and severally liable for the execution of obligations related to decommissioning.

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

Parent companies will need to issue a bond to guarantee the remediation of certain sites (mainly storage plants). This guarantee must be provided by a bank or an insurance company. It is estimated by the government, and pursuant to the importance of the plant being decommissioned, that the guarantee generally varies between €2 million and €5 million.

Transportation

- 29** How is transportation of crude oil and crude oil products regulated within the country and across national boundaries? Do different government bodies and authorities regulate pipeline, marine vessel and tanker truck transportation?

French legislation encourages pipeline transportation of crude oil, an aim that is assisted by a network covering the entire French territory comprising more than 4,000km of pipes. Transnational pipelines are governed by EU regulations. Paris basin production is almost entirely transported by pipeline directly to refineries, while the Aquitaine production is stored in a maritime terminal near Bordeaux and from there transported by sea to refineries. Maritime transportation is governed by the French Maritime Laws, which contain a regulation that is similar to the international maritime laws. Tanker truck transportation is also subject to a set of security rules governing the equipment and the transportation itself, including the itineraries. A prevention plan shall be executed for the inspection and maintenance of flow lines and pipelines. Pipeline, maritime and truck transportation are all supervised by the Ministry of the Environment.

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

Pipeline owners are either the operators themselves, which are then subject to Mining Code regulation, or private companies that own the pipes exclusively, which are subject to equivalent specific legislation. Construction authorisations are preceded by a complex procedure, beginning with an official request including evidence of the public utility of the equipment. Such a request is further submitted to a public inquiry. Environmental protection associations can intervene in the inquiry and contest the eventual authorisation in court. Upon administrative authorisation, producers that do not own pipes have the right to connect and transport their crude oil through third-party pipes, in consideration of the payment of fees to the pipe owner. Ships shall respect the International Maritime Organization standards for crude oil transportation as well as the specific requirements of port authorities, including that the ship must be equipped with an inert gas system.

Tanker truck owners shall comply with a detailed set of specifications intended to protect the environment and the security of persons and goods.

Health, safety and environment

- 31** What health, safety and environment requirements apply to oil-related facility operations? What government body is responsible for this regulation; what enforcement authority does it wield? Are permits or other approvals required? What kind of record-keeping is required? What are the penalties for non-compliance?

The Mining Code and the Environmental Code regulate the operations of oil-related facilities. Construction and exploitation permits are required from the mining authorities, the Ministry for the Environment and the local administrations for all facilities. In addition, installing facilities on public or private property requires the previous agreement of the landowner or an administrative order in the case of refusal. Maintenance shall be performed in due time pursuant to the mining and environmental regulations.

The Ministry of the Environment is in charge of supervising the compliance of operators with the regulations. Maintenance records shall be kept up to date, and any incident shall be immediately reported to the Ministry of the Environment. Emergency plans shall be implemented upon approval from the Ministry of the Environment and regularly updated. Non-compliance penalties range from fines to permit termination. Criminal condemnation of the director of the operating company can also be pronounced.

Update and trends

Hydraulic fracturing has been forbidden in France since July 2011. Despite the government-appointed expert commissioned to report on the possible dangers of this technique having delivered a favourable report, the socialist government is reluctant to abrogate the legal restriction. Many local environmental associations have been created to oppose permits and work authorisations.

The Mining Code is still under revision (for two years now). The first project that was delivered two months ago is a surprising melting pot of various existing measures that does not really create any new commitments, apart from the previous extension of public consultation to the delivery of titles or working authorisations.

We know from experience that extended public inquiries mean additional delays for the delivery of the required authorisations. Generally, the French administration is already increasing the legal delays by many months.

- 32** What health, safety and environmental requirements apply to oil and oil product composition? What government body is responsible for this regulation; what enforcement authority does it wield? Is certification or other approval required? What kind of record-keeping is required? What are the penalties for non-compliance?

There are no specific rules on the composition of the product. Requirements concerning the composition are intended to measure the volume and to ensure that the product matches the refinery requirements. Pursuant to the regulation the producer shall measure water and sediments, and determine the H₂S concentration for the refinery.

Labour

- 33** What government standards apply to oil industry labour? How is foreign labour regulated and restricted? Must a minimum amount of local labour be employed? Are there anti-discrimination requirements? What are the penalties for non-compliance?

All labour standards are fully detailed in the French Labour Code, as complemented by specific mining regulations. A complete set of security rules similar to the industry standards governs the execution of work. Petroleum collective agreements also apply to the industry.

The legal maximum for working hours is 35 hours per week, which can cause some problems for drilling programmes, for which derogating authorisations can be obtained from the administration, for work on two 12-hour shifts. Collective representation of workers is completely different from common law countries. Unions can appoint a representative without any vote from the employees. Elections are held once every four years to appoint employees' representatives. Employees' representatives assist their colleagues on all subjects regarding the execution of work, especially for disciplinary matters. An enterprise committee shall be elected when there are more than 50 employees. The employer shall consult such a committee before implementing any modification that might affect the organisation of work or employment. Although the committee's advice is only consultative, the employer cannot proceed with any such modification until this advice has been obtained.

Regulation prohibits any discrimination.

Foreign workers are subject to the same French regulations as local workers, labour legislation being considered a matter of public policy. Foreign workers from European countries have free entry rights to work in France. Workers from non-EU countries will need a visa, which will be provided essentially in three cases: for expatriation of a foreign employee of the same group; for entry of a subcontractor employee; or for entry of a specialised worker operating in a sphere of activity for which local employees are non-existent or unavailable.

The only persons that are authorised to work in France are either EU citizens, or foreign countries' citizens benefiting from a work permit (easily obtained for foreign companies' employees contracting for operations in France). There is no specific training fund for petroleum activities, but many professional formation programmes exist, which are funded through the usual social taxes.

Taxation

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

The usual company tax rules apply to petroleum companies. The taxation rate for 2010 is 33.3 per cent of the benefits (36 per cent for companies with revenues exceeding €150 million). For international groups, thin capitalisation rules as well as pricing transfer caps regulate the debt and cash flows. A powerful tax administration is responsible for the application of these rules.

A withholding tax can be applied to transfers between France and a foreign country (other than EU countries) if there is no tax treaty in force. A withholding tax can also apply between EU transfers if the tax authorities estimate that the transfer from France into another European country was executed only as a first step to avoid withholding tax on the money that is further transferred from the other EU country into the foreign country.

Commodity price controls

- 35** Is there a mandatory price-setting regime for crude oil or crude oil products? If so, what are the requirements and penalties for non-compliance?

There is no such regime.

Competition, trade and merger control

- 36** What government bodies have the authority to prevent or punish anti-competitive practices in connection with the extraction, transportation, refining or marketing of crude oil or crude oil products?

Both European and French legislation regulate competition, trade and merger control. Pursuant to the French Code of commerce, any regrouping shall be previously approved by the French administration if at least two of the merging companies realise a revenue of €50 million in France and €150 million overall or, pursuant to the European union regulation by the European Commission, if at least two of the merging companies realise a revenue of €250 million in Europe and €5 billion worldwide. Case law shows no decision opposing a merger between upstream operators.

- 37** What is the process for procuring a government determination that a proposed action does not violate any anti-competitive standards? How long does the process generally take?

An authorisation petition must be submitted to the French competition authority (or the European Commission (see question 36)) describing the companies that are concerned and their markets, with all relevant documentation enabling the evaluation of the eventual impact of the merger on market competitiveness. The process can last between two and 12 months, depending on the scope of the inquiry decided by the regulatory authority.

International

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

Apart from French law, the only relevant EU regulation applying to oil and gas exploration and production is Directive 94/22/EC of the

European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons.

- 39** Are there special requirements or limitations on the acquisition of oil-related interests by foreign companies or individuals? Must foreign investors have a local presence (eg, local subsidiary or branch)?

There are no such restrictions. The operations shall be conducted locally by representatives having proved their technical capacities for such operating.

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

Apart from the transportation regulation already discussed, there are no special cross-border rules. The European free market authorises European companies to market products anywhere in Europe.

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