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ANGOLA
OIL & GAS

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Exploration Activities Within Development Areas

Presidential Decree 211/15, of 2 December 2015, (“**PD 211/15**”) was introduced in order to allow exploration activities to be carried out within specific Development Areas (“**Target Development Areas**”) under existing petroleum contracts - Production Sharing Contracts, Risk Service Contracts and Association Contracts. This is aimed at increasing the amount of information about Angola petroleum resources and allow for new discoveries of oil deposits.

Exploration activities within Target Development Areas are subject to the following rules:

Target Development Areas

Target Development Areas consist of the development areas located in Blocks 14 and 17 which are identified in the Appendix to PD 211/15. New Target Development Areas may be added to the list subject to Government decision.

Cost recovery in Target Development Areas

- (i) Expenses are classified as Exploration Costs and recovered as follows:
(a) 50% within 6 years from the year following the year of submission of the General Development Plan and (b) 50% within 6 years from the year following the year of commencement of production;
- (ii) Development and production expenses incurred as a result of discoveries within Target Development Areas are classified as Development Costs and Production Costs as applicable and recovered under the existing terms for recovery of such costs under the relevant petroleum contract; and
- (iii) Unless otherwise agreed, if no commercial discovery is made within a Target Development Area, Contractor Group shall bear the cost of such exploration activities which are (presumably) not eligible for cost recovery.

Profit-oil sharing (in case of PSC) and payment of Contractor fee (in case of RSC)

Subject to the provisions of the relevant petroleum contract, however the National Concessionaire share of profit-oil cannot be lower than 30%.

Bonuses

Contractor Group must pay the following bonuses to the National Concessionaire in an amount to be agreed with the National Concessionaire:

- (i) Exploration Incentive Premium;
- (ii) Bonus for Social and Environmental Projects; and
- (iii) Bonus for the Development of Non-Petroleum Science Investigation Institutions.

The operator has a period of 45 days from entry into force of PD 211/15 to request the National Concessionaire authorization to carry out exploration activities within Target Development Areas. This request is conveyed to the Ministry of Petroleum which may approve it within 30 days.

PD 211/15 is effective from 2 December 2015.

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