

PANORAMIC

OIL REGULATION

Angola



LEXOLOGY

Oil Regulation

Contributing Editor

Yanal Abul Failat

Al Tamimi & Company

Generated on: July 23, 2024

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Contributors

Angola

Vieira de Almeida & Associados



João Afonso Fialho

jaf@vda.pt

Maria Inês Costa

mirc@vda.pt

GENERAL

Key commercial aspects

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

Angola is one of the world's main oil producers, the second largest in Africa. In December 2023 Angola announced its decision to leave the Organization of Petroleum Exporting Countries, effective 1 January 2024, after having been a member since 2007.

The oil sector is the country's most important economic factor, accounting for more than 90 per cent of exports. Angola has about 9 billion barrels of proven oil resources and 11 trillion cubic feet of natural gas. Angola's offshore oil field is divided into about 50 shallow, deep and ultra-deep-water blocks.

The oil industry in Angola is dominated by the upstream sector with almost 75 per cent of oil production coming from offshore fields. Angola produces light, sweet crude oil with low sulphur content, suitable for processing light refined petroleum products.

The refining of crude oil and the distribution of refined oil fall far short of domestic demand. The Angolan government plans to build national refineries to reduce the country's dependence on imported refined oil. Projects are ongoing for new or refurbished refineries in Luanda, Lobito, Cabinda and Soyo.

The Angolan oil and gas upstream market is consolidated. Despite proven oil reserves and its ranking as the second largest oil producer in sub-Saharan Africa, Angola has experienced a decline in oil production in recent years, which led the government to implement several policy reforms to increase investment in exploration and production.

The Angolan government has published a strategic plan for hydrocarbon exploration between 2020 and 2025 and approved new tax incentives to promote the oil industry. This strategy follows government initiatives in 2018 to boost production in the country with new regulatory frameworks for developing marginal fields, additional exploration areas and natural gas and the launch of a six-year licensing round between 2019 and 2025 by the country's National Concessionaire, the Agency for Oil, Gas and Biofuels (ANPG), which will allow the country to accurately map its oil and gas reserves, boost investor confidence, promote growth and exploit oil and gas discoveries.

Law stated - 15 April 2024

Energy mix

What percentage of your country's energy needs is covered, directly or indirectly, by oil or gas as opposed to nuclear or non-conventional sources? What percentage of the petroleum product needs of your country is supplied with domestic production?

Although the country is a leading producer in the region, Angola produces only about 20 per cent of the refined products it needs. Angola currently imports 80 per cent of its needs for refined petroleum products, including petrol, diesel, aviation fuel, Jet B for gas turbines, fuel

oil, asphalt and lubricants. Crude oil refining and distribution of refined oil remain well below domestic demand.

Angola's current installed capacity is estimated at 5.7 GW, but only 70 per cent is in use. The country's current energy mix consists of 61.8 per cent hydropower; 37.6 per cent other fossil fuels; and 0.6 per cent hybrid (solar/fossil fuel). However, the Ministry of Energy and Water expects to reach 6.3 GW of generation capacity once the Soyo combined cycle gas plant (750 MW) and the Laúca hydroelectric project (2.1 GW) come fully online. Several hydro and solar projects are also being developed and are expected to come online over the next two to five years.

The Angolan government plans to build and refurbish national refineries to reduce the country's dependence on imported refined petroleum. In addition, due to the higher carbon emissions associated with oil and gas, the country has started to switch to renewable energy and plans to reach 70 per cent renewable energy by 2025 through new gas-fired and renewable power generation and the expansion of the national distribution grid.

Law stated - 15 April 2024

Government policy

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

Angola has an overarching policy regarding oil-related activities, primarily governed by the Petroleum Activities Law (Law 10/04, of 12 November 2014, as amended) and Regulations for Onshore and Offshore Petroleum Operations (Decree 1/09, of 27 January 2009).

Law stated - 15 April 2024

Registering a licence

Is there an official, publicly available register for licences and licensees? Is there a register setting out oilfield ownership or operatorship, etc?

The ANPG regulates upstream operations, including awarding concession blocks for onshore and offshore exploration and production fields. Exploration and production concessions are published in the Angolan Official Gazette. On the ANPG website, one may find, among other data and information, data on bids, oil companies in Angola, an overview map of the blocks and a map of the concessions.

Applications for a prospecting licence must be submitted to the Ministry for Mineral Resources and Petroleum, together with documentation demonstrating, inter alia, the applicant's capacity and technical and financial capabilities. A fee must be paid for the application, determined by the competent body under applicable law.

Law stated - 15 April 2024

Legal system

| Describe the general legal system in your country.

Angola has a civil law-based legal system with an independent judicial system and bound to the fundamental principles of rule of law. There is no system of precedent, so both case law and legal writing play a minor role in determining the outcome of cases brought before courts.

Angola is a signatory to the 1965 Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID) and is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

The legal framework for bribery and corruption is primarily governed by the Criminal Code, Criminal Proceeding Code and other ancillary legislation on anti-corruption and anti-bribery.

Law stated - 15 April 2024

REGULATION OVERVIEW

Legal framework for oil regulation

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

The regulatory framework for the oil and gas exploration and production is primarily established in the Petroleum Activities Law (Law 10/04, of 12 November 2014, as amended). This law is a cornerstone of Angola's oil and gas legislation and establishes the fundamental principles that govern the exploitation of the country's oil and gas potential, reaffirming the fundamental principle of state ownership of petroleum resources enshrined in the Constitutional Law, as well as the regimes of exclusive concessionaire and compulsory association within the scope of petroleum concessions.

In addition to the Petroleum Activities Law, the following legal statutes are also noteworthy:

- Law 11/04, of 12 November 2004, which approves the petroleum customs law and establishes the customs regime for petroleum operations for all the entities that carry out petroleum operations (oil and gas companies and service providers);
- Law 13/04, of 24 December 2004, as amended, which approves the petroleum activities tax law and systematises the different tax regimes related to petroleum activities;
- Decree 1/09, of 27 January 2009, which approves the regulations for onshore and offshore petroleum operations;
- Law 2/12, of 13 January 2012, which approves the foreign exchange regime for the petroleum sector;
- Presidential Decree 86/18, of 2 April 2018, which approves the public tendering for the oil sector, the rules and procedures of the public tenders and to acquire the quality of associate of the National Concessionaire, for contracting services and acquiring goods in the petroleum sector;
- Presidential Decree 91/18, of 10 April 2018, which establishes the rules and procedures for the abandonment of wells and the decommissioning of oil and gas activities in Angola;

- Presidential Legislative Decree 5/18, of 18 May 2018, which approves the legal regime on additional exploration activities in the petroleum concession development areas, regulating additional exploration within these areas, cost recovery and deduction, production sharing, procedures, tax, foreign exchange and customs regime;
- Presidential Legislative Decree 7/18, of 18 May 2018, which approves the legal and fiscal regime applicable to the activities of prospection, exploration, appraisal, development, production and sale of natural gas in Angola;
- Presidential Decree 271/20, of 20 October 2020, which approves the local content regime in the petroleum sector; and
- Presidential Decree 51/24, of 6 February 2024, which approves the Regulation on the Exercise of Exploiting Activities concerning Mineral Resources, Oil and Gas in Conservation Areas.

Law stated - 15 April 2024

Expropriation of licensee interest

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

Expropriation may only take place for reasons of public necessity, utility or interest, as defined in the terms of the law, and subject to payment of fair compensation.

Law stated - 15 April 2024

Revocation or amendment of licences

May the government revoke or amend a licensee's interest?

Pursuant to the Petroleum Activities Law exploration and production (E&P) concessions may be extinguished by agreement; termination; relinquishment by the National Concessionaire; redemption and expiration.

The rules and procedures to extinguish an E&P concession, as well as to surrender and relinquish areas are detailed in the Petroleum Activities Law and further elaborated under the E&P contracts (Concession, production sharing agreement and risk service agreements).

Law stated - 15 April 2024

Regulators

Identify and describe the government regulatory and oversight bodies principally responsible for regulating oil exploration and production activities in your country. What sanctions for breach may be imposed by the regulatory and oversight bodies?

The Ministry for Mineral Resources and Petroleum (MMRPG) is the government body in Angola responsible for petroleum activities, focusing on policy coordination and cooperation

with other entities, defining legislation and developing a strategic vision for the sector in the medium and long term.

The Agency for Oil, Gas and Biofuels (ANPG) is the national regulatory authority and the National Concessionaire for exploration and production of petroleum. ANPG scope of authority includes regulating, supervising and promoting the execution of petroleum activities and operations and contracting oil, gas and biofuels sectors.

Sonangol, E.P. is the National Oil Company, with statutory preferential rights in the award/assignment of participating interest of up to 20 per cent in oil and gas concessions and operations and in the attribution of operatorship.

Law stated - 15 April 2024

Government statistics

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

The ANPG is responsible for organising and maintaining the archive of information and technical data on petroleum activities and for the annual consolidation of information submitted by operators on national oil and gas reserves and is responsible for its publication. The ANPG is also responsible for conducting data promotion activities and tenders for the award of petroleum concessions. The ANPG is responsible for managing, monitoring and promoting oil and gas activities in Angola and acts as the national concessionaire for hydrocarbons.

The ANPG keeps a close institutional relationship with the National Statistical Institute and the MMRPG, which also hold relevant statistics on oil production, export and import.

Law stated - 15 April 2024

NATURAL RESOURCES

Title

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? At what stage does title to extracted oil transfer to the licensee, lessee or contractor?

Under the Constitution of Angola, all natural resources found in the soil, subsoil, territorial sea, continental shelf, exclusive economic zone and other areas of the territorial or maritime domain under the jurisdiction of the Republic of Angola are originally the property of the state.

The Petroleum Activities Law establishes the rules for access to and the conduct of petroleum operations in the available areas of the surface and sub-surface of the Angolan territory, inland waters, territorial waters, the exclusive economic zone and the continental shelf.

According to the Petroleum Activities Law, the point of transfer of ownership of the petroleum produced is always outside or beyond the wellhead, and the point of measurement of the oil produced shall be located before the point where ownership is transferred. The rule on transfer of title is elaborated further under the relevant exploration and production (E&P) contract.

Law stated - 15 April 2024

Exploration and production – general

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

Almost 75 per cent of current oil production comes from offshore fields.

Rights related to petroleum operations may only be granted while safeguarding the country's interests in defence, safety, environment, navigation, research, management and preservation of natural resources, especially living and non-living aquatic resources. The Ministry for Mineral Resources and Petroleum, after consultation with other competent bodies, shall establish the boundaries and the regime of the safety zone adjacent to the site of permanent or temporary equipment and facilities used in petroleum operations.

Law stated - 15 April 2024

Exploration and production – rights

How are rights to explore and produce granted? What is the procedure for applying to the government for such rights? To what extent are the terms of licences or contracts negotiable?

A (national or foreign) company intending to carry out E&P petroleum operations on the national territory may only do so jointly with the National Concessionaire under (1) a commercial company; (2) a joint venture (consortium contract); (3) a production sharing agreement (PSA); or (4) through risk service agreements (RSAs).

Applications must be submitted to the Ministry of Petroleum, together with documentation demonstrating the technical and financial capacity of the applicant. The application must clearly state the objective, the proposed area, the technical and financial resources and the provisional budget. A fee must be paid for the application, and the legislation does not provide a specific time frame for the procedure.

The procedure to qualify as an Associate of the National Concessionaire is initiated by a request from the latter to the Ministry of Petroleum to open a tender process for concessions. The public tender announcement is published in the Official Gazette, newspapers and on the national concessionaire's website. It must include the conditions for the tender procedure and the time frame. Direct award is only admissible in limited circumstances upon successful bidding rounds.

The terms of the E&P contract are negotiable subject to the relevant provisions of the law and, where applicable, the public tender documentation.

Law stated - 15 April 2024

Government participation

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?

A company wishing to develop E&P petroleum operations in the national territory may only do so jointly with the National Concessionaire. The association with the national concessionaire should take the form of a joint venture, consortium, PSA or RSA. According to the Petroleum Activities Law, the National Concessionaire should hold a participating interest of at least fifty per cent. In practice, the National Concessionaire participation in E&P projects varies significantly.

The Associates of the National Concessionaire bear all the risk of the investments in the exploration phase. The National Oil Company, Sonangol, E.P. has a statutory carry right of up to 20 per cent (save for projects in which Sonangol, E.P. is the operator). The E&P contracts usually elaborate on the carry mechanism and define the relevant terms of repayment as of the date of commencement of commercial production.

Law stated - 15 April 2024

Royalties and tax stabilisation

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 any tax stabilisation measures in place?

The Law on Taxation of Petroleum Activities sets out the special tax regime applicable to oil companies operating in the upstream sector of petroleum operations and establishes a standard Petroleum Production Tax of 20 per cent (an exceptional 10 per cent rate is available). The new legal and fiscal regime applicable to the exploration production and sale of natural gas (Presidential Legislative Decree 7/18, of 18 May 2018) sets a 5 per cent Petroleum Production Tax.

There are currently no tax stabilisation agreements nor tax stabilisation legislation in place in relation to the oil sector.

Law stated - 15 April 2024

Licence duration

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

The duration of E&P rights is specified in the relevant E&P contract.

The maximum duration of a prospecting licence is three years. The duration of the prospecting licences or each concession period may be extended in exceptional cases at the request of the licensee or the National Concessionaire.

E&P concessions are usually granted for a period of up to 25 years. The duration of E&P phases is expressly defined under the relevant E&P contract. Concessions may be extended subject to the relevant provisions of the law and E&P contract.

Law stated - 15 April 2024

Extent of offshore regulation

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

The Petroleum Activities Law is applicable to all petroleum operations in the available areas on the surface and subsoil of Angolan territory, inland waters, territorial waters, the exclusive economic zone and the continental shelf.

Law stated - 15 April 2024

Onshore offshore regimes

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 Petroleum Activities Law applies to crude oil, natural gas and other hydrocarbon substances that may be found or extracted under a concession. There is no difference between onshore and offshore regimes, however, there is complementary legislation to govern the exploration and production of natural gas.

Law stated - 15 April 2024

Authorised E&P entities

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

Any Angolan or foreign entities of recognised capacity, technical knowledge and financial capability can only perform exploration and production activities together with the National Concessionaire, by a commercial company; a joint venture, PSA or RSAs.

There are express qualification requirements under the law for a company to qualify as an Associate of the National Concessionaire.

Law stated - 15 April 2024

Regulatory powers over operators

What controls does the regulatory body have over operators? Can operatorship be revoked?

Operators have statutory and contractual duties and obligations, and the National Concessionaire shall oversee Operators' performance throughout the duration of the E&P contract. Removal of the operator may occur under the terms and conditions set out in the relevant E&P contract, related Joint Operating Agreement and is ultimately subject to governmental approval.

Law stated - 15 April 2024

Joint ventures

What is the legal regime for joint ventures?

Unincorporated joint ventures are expressly regulated in Angola by the Law on Participation Agreements, Consortiums and Company Groups (Law 19/03, of 12 August 2003). Incorporated joint ventures are regulated by the Companies Law (Law 1/04, of 13 April 2004).

Under the Petroleum Activities Law, companies intending to carry out E&P petroleum operations in the national territory may only do so jointly with the National Concessionaire under (1) a commercial company; (2) a joint venture (consortium contract); (3) a PSA; or (4) through RSAs.

Law stated - 15 April 2024

Reservoir unitisation

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

In the event of two areas being covered by concessions, the Ministry of Petroleum may determine (and inform by written notice to the National Concessionaire and its associates) that the petroleum discovered has to be developed and produced on a joint basis. Subsequently, the National Concessionaire and its associates shall draft a joint development and production plan for the relevant wells and submit it for approval to the Ministry of Petroleum.

In the event of cross-border reservoirs, the Ministry of Petroleum should propose strategies, subject to the government's approval, to initiate negotiations with the foreign governments with jurisdiction over the relevant adjacent areas to reach an agreement acceptable to all parties.

Law stated - 15 April 2024

Licensee liability

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

The general liability principle adopted under the Petroleum Activities Law sets forth that the National Concessionaire and its Associates shall be obliged to repair any damage caused to third parties in the conduct of the E&P operations, unless they are able to demonstrate that they have acted without fault.

The Environmental Law and ancillary legislation enshrine a strict liability regime pursuant to which all those who, irrespective of the existence of fault, cause damage to the environment are required to repair the damage and/or compensate the State on the basis of the 'polluter-pays' principle. This strict liability regime applies to any activity likely to cause environmental damages, to environmental damages themselves, or any imminent threat of such damages (petroleum operations included).

As a rule, the Associates of the National Concessionaire are jointly and severally liable.

Law stated - 15 April 2024

Guarantees and security deposits

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

The Associates of the National Concessionaire (and often entities party to a risk services contract) are called to provide a bank guarantee to cover the performance of their work obligations under E&P contract entered into with the National Concessionaire. Other guarantees may be imposed by the National Concessionaire during the public tender procedures or E&P contract negotiation.

Law stated - 15 April 2024

LOCAL CONTENT REQUIREMENTS

Minimum requirements

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

According to Petroleum Activities Law, when carrying out petroleum operations, the national concessionaire and its associates must acquire materials, equipment, machinery and consumables from local sources, as well as contract local service providers, provided that they are of equal quality, available for sale, delivered on time, similar to those available on the international market and cost no more than 10 per cent of the prices charged by foreign suppliers and contractors.

The provisions of the Petroleum Activities Law are supplemented by the Local Content Regulations applicable to the Petroleum Sector (Presidential Decree 271/20, of 20 October 2020) and Instruction 6/21, of 4 November 2021, which sets out the procedures for implementing the new local content regime.

All exploration and production (E&P) contracts must include local content commitments. All technical assistance and foreign management agreements must include a detailed programme of training, knowledge and technology transfer and evidence of upgrading the skills of local staff. Companies in the oil value chain must submit documents to the National Concessionaire and/or the relevant ministry demonstrating their commitment to promoting local entrepreneurship, diversifying the economy and training local staff. The government shall take measures to guarantee, promote and encourage investment in the petroleum sector by companies owned by Angolan nationals and shall create the necessary conditions for this.

Law stated - 15 April 2024

Social programmes

Describe any social programme payment obligations that must be made by a licensee, lessee or contractor.

Social payment obligations are usually provided for in the E&P contracts and are set on a case-by-case basis. These projects generally aim to promote education and capacity building at various levels, develop human resources, improve local companies' capabilities, and promote institutional and social development. They also include initiatives to reduce poverty, promote social inclusion and preserve the environment.

Law stated - 15 April 2024

TRANSFERS TO THIRD PARTIES

Approval to transfer interests

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?

The Associates of the National Concessionaire may only assign part or all of their contractual rights and duties to third parties of recognised capacity, technical knowledge and financial capability, after obtaining the prior consent of the Minister of Petroleum.

The transfer to third parties of shares representing more than fifty percent of the share capital of the assignor shall be equivalent to the assignment of contractual rights and duties.

In addition to the preferential rights established under the Petroleum Activities Law (eg, Sonangol, E.P. as the National Oil Company, preferential rights in the award/assignment of participating interest of up to 20 per cent in oil and gas concessions and operations), further rules on assignments and pre-emptive rights are usually established under the relevant Joint Operating Agreement.

Law stated - 15 April 2024

Approval to change operator

Is government consent required for a change of operator?

Any change of operator is subject to the Ministry of Petroleum's prior approval upon proposal of the National Concessionaire.

Law stated - 15 April 2024

Transfer fees

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

Gains from the transfer of a participating interest are generally subject to taxation under the Petroleum Taxation Law. Indirect transfers (change of control) may also be subject to taxation.

Law stated - 15 April 2024

TITLE TO FACILITIES AND EQUIPMENT

Title holder

Who holds title to facilities and equipment used for oil exploration, development and transportation activities during the term and on termination of a licence, PSC or service contract?

Upon extinguishment of an exploration and production concession, all the equipment, instruments, facilities and any other goods acquired for carrying out the petroleum operations, together with all information of a technical and economic nature obtained during such operations shall revert to the National Concessionaire, at no charge to the same.

Law stated - 15 April 2024

DECOMMISSIONING AND ABANDONMENT

Laws and regulation

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 by the Petroleum Activities Law and Presidential Decree 91/18, of 10 April 2018, which establishes the rules and procedures for the abandonment of wells and the decommissioning of oil and gas activities in Angola.

At least one year before the termination of the concession or the date of abandonment of an area included therein, a decommissioning plan must be submitted to the Minister of Petroleum with the relevant plans for decommissioning of the wells, facilities and equipment for the rehabilitation of the landscape and the continuation of the petroleum operations.

Law stated - 15 April 2024

Security deposits for decommissioning

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

Funds must be credited to a decommissioning fund, the limits of which are calculated and accounted for under Presidential Decree 91/18, of 10 April 2018 and the rules established in the relevant exploration and production contracts.

Law stated - 15 April 2024

TRANSPORTATION

Regulation

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?

Law 26/12, of 22 August 2012 approves the regulatory framework for the transportation and storage of crude oil and natural gas, establishing the rules and licensing procedures applicable to these activities, the relevant sanctions system, the different types of transportation of crude oil and natural gas, tariffs, safety and environmental protection rules and the supervision and control of transportation and storage of crude oil and natural gas activities.

Transport activities are subject to licensing with the Ministry for Mineral Resources and Petroleum. The licensee may be required to remove the facilities and equipment no longer necessary to operate the oil and gas pipelines at its own expense and risk, repair damages caused by its activities and implement environmental protection measures.

Law stated - 15 April 2024

COST RECOVERY

Determining recoverable costs

Where oil exploration and production activities are conducted under a production sharing contract, describe how recoverable costs can be determined and how recovery can be realised.

The Petroleum Taxation Law lays out the cost recovery regime and profit share calculation for production sharing agreement and corresponding Concession Decrees. The full list of recoverable costs is found in the Petroleum Taxation Law and is usually elaborated under the

relevant exploration and production contracts (caps, carried-forward of unrecovered costs, etc).

Law stated - 15 April 2024

HEALTH, SAFETY AND ENVIRONMENT

Requirements

What health, safety and environment requirements apply to upstream oil-related facility operations onshore and offshore? What government body is responsible for this regulation; what enforcement authority does it wield? What kind of record-keeping is required? What are the penalties for non-compliance?

According to the Petroleum Activities Law, petroleum operations shall be conducted per applicable laws and generally accepted practices in the international oil industry concerning occupational safety, hygiene and health.

Decree 38/09, of 14 August 2009 establishes the rules and procedures to be followed in oil operations (including the upstream oil prospecting, research, evaluation, development and production activities) under the principles of safety, hygiene and health based on Angolan laws and practices generally accepted in the oil industry. The government body responsible for regulation and enforcement is the Ministry for Mineral Resources and Petroleum.

In carrying out their activities, the licensees, the national concessionaire and their associated companies shall take the necessary precautions to protect the environment to preserve it in terms of health, water, soil and subsoil, air, the preservation of biodiversity, flora and fauna, ecosystems, landscape, atmosphere and cultural, archaeological and artistic heritage.

The National Concessionaire and its associates shall submit to the supervising ministry, within the required time limits, the plans required by the law setting out the specific measures to prevent environmental damage, including environmental impact studies and audits, plans for the rehabilitation of the landscape and structures or contractual mechanisms and plans for permanent management and environmental auditing plans.

Law stated - 15 April 2024

LABOUR

Local and foreign workers

Must a minimum amount of local labour be employed? What are the visa requirements for foreign labour? Are there anti-discrimination requirements? What are the penalties for non-compliance?

As a rule, entities that carry out in national territory the activities shall be required to employ only Angolan nationals in all categories and functions, unless there are no Angolan nationals with the required qualifications and experience in the national market. Local and foreign workers employed by the companies and performing the same job categories and functions shall enjoy the same rights to remuneration and working and social conditions without

discrimination, in line with Local Content Regulations applicable to the Petroleum Sector (Presidential Decree 271/20 of 20 October 2020) and Instruction 6/21 of 4 November 2021.

Law stated - 15 April 2024

TAXATION

Tax regimes

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

The taxes that are part of the special tax regime for the oil industry are the Petroleum Production Tax, the Petroleum Income Tax, the Petroleum Transaction Tax, the Surface Fee and the Angolan Personnel Training Contribution. Oil companies are exempted from paying the special contribution introduced by Law 15/23 of 29 December 2023 over foreign exchange operations.

The Ministry of Finance and the Ministry for Mineral Resources and Petroleum are responsible for setting and implementing tax policies and levies.

Law stated - 15 April 2024

COMMODITY PRICE CONTROLS

Crude oil mining

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 mandatory price-setting regime for crude oil.

The National Institute for Crude Oil Products regulates any activity related with crude oil products and oversees the establishment of mandatory/reference prices.

Law stated - 15 April 2024

COMPETITION

Competition enforcers

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

The Competition Regulatory Authority (ARC) created by Presidential Decree 313/18, of 21 December 2018 is the government body responsible for the enforcement of anticompetitive or manipulative practices in the exercise of economic activities with supervision, regulatory and sanctioning powers.

The Ministry for Mineral Resources and Petroleum and the National Institute for Crude Oil Products are the government body responsible for regulating activities of extraction, transportation, refining and commercialisation of crude oil products.

Law stated - 15 April 2024

Obtaining clearance

What is the process for procuring a government determination that a proposed action does not violate any competition laws? How long does the process generally take? What are the penalties?

Under the Competition Law, a violation of the prior notification obligation can be sanctioned with a fine of between 1 and 5 per cent of the company's annual turnover, and a violation of the standstill obligation can be punished by a fine of between 1 and 10 per cent of the company's annual turnover. It follows that a company that carries out a transaction subject to approval by the ARC without notifying it in advance can be sanctioned with two fines, which can be up to 15 per cent of turnover. If notification is made, but the transaction is carried out before approval, the sanction can only be a fine of up to 10 per cent.

Law stated - 15 April 2024

DATA

Seismic data

Who holds title to seismic data collected during the term of and on termination of a licence, PSC or service contract? Can the regulator require the data owner to report or release the data?

The data and information obtained under the petroleum operations belongs to the State (without prejudice to the rights of the holders of exploration and production (E&P) rights to use such data and information).

E&P contracts usually contain specific provisions on confidentiality and data ownership according to which the data relating to petroleum operations conducted thereunder shall be confidential and shall not be disclosed to any third party without the prior written consent of all parties to the E&P contract.

Law stated - 15 April 2024

INTERNATIONAL

Treaties

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

Angola is a signatory to the New York Convention and the International Centre for Settlement of Investment Disputes and has a long-established practice of agreeing to arbitration as the preferred method for settling disputes, even when the state is a party.

Angola has ratified three treaties to avoid double taxation – with Portugal, the United Arab Emirates and China – and has signed several bilateral investment treaties with Brazil, the United Kingdom, Cape Verde, France, Germany, Spain, Italy, Turkey, Russia and South Africa.

Angola is also a signatory to the United Nations Convention against Corruption and has also ratified important international treaties related to safety and environmental protection for the industry, notably the International Convention on Oil Pollution Preparedness, Response and Cooperation, the International Convention on Civil Liability for Oil Pollution Damage and the International Convention Relating to Intervention on High Seas in Cases of Oil Pollution Casualties.

Angola has signed separate bilateral agreements with Zambia, the Democratic Republic of Congo and Senegal on oil and gas supplies and pipelines such as the Angolan-Zambia Oil Pipeline.

Angola has also joined the Extractive Industries Transparency Initiative.

Law stated - 15 April 2024

Foreign ownership

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?

A company wishing to develop exploration and production (E&P) petroleum operations in the national territory may only do so jointly with the National Concessionaire. The National Oil Company, Sonangol, E.P. has a statutory carry right of up to 20 per cent (save for projects in which Sonangol, E.P. is the operator) and a statutory pre-emptive right in the award/assignment of E&P rights and operatorship.

Most international oil/energy companies operate in Angola through a branch or representative office in the country. The requirements and restrictions for foreign companies wishing to operate in Angola only apply to foreign petroleum service providers and suppliers that intend to operate in Angola for more than one year and must have a physical presence in Angolan territory.

Law stated - 15 April 2024

Cross-border sales

Do special rules apply to cross-border sales or deliveries of crude oil or crude oil products? Are there any volumetric supply obligations for the local market that prevail over the export rights of the oil producer?

The participation of the National Concessionaire and its Associates to meet the country's domestic demand shall not exceed the proportion between the annual output derived from

the concession area and the total annual output of petroleum in Angola, nor exceed forty per cent of the total output from the relevant concession area.

In the event of a national emergency, such as armed conflict, natural disaster or the imminent expectation of the same, the government may requisition, to take effect only as long as the state of emergency lasts, all or part of the output of any petroleum concession, net of operational consumption, and require that the National Concessionaire and its Associates increase such output to the technically viable maximum limit. Under the same circumstances the government may also call petroleum facilities of any petroleum concession.

Law stated - 15 April 2024

UPDATE AND TRENDS

Current trends

What are the current trends in your jurisdiction? What can we expect in the near future? Are there current proposals to change the regulatory or statutory frameworks? What areas may be of particular interest to foreign investors?

Angola has significant upstream potential, as shown by the sharp contrast between its proven and estimated reserves: 9 billion versus 57 billion barrels of oil and 11 trillion versus 27 trillion cubic feet of natural gas. Although the country has large reserves, several fields are mature or declining. The country's three major basins – Kwanza-Benguela, Namibe and Lower Congo hold development opportunities at every stage of the exploration lifecycle, from frontier exploration to mature production areas.

Angola has been slow to monetise its gas resources in the past. However, it has recently launched a number of comprehensive gas monetisation and utilisation initiatives to establish itself as a regional gas player. As the natural gas sector increasingly positions itself as a vital component of the energy transition – alongside generating electricity, alleviating fuel shortages and diversifying income streams – Angola is embarking on a series of comprehensive initiatives to monetise and utilise natural gas. While the country currently exports approximately 78 per cent of its natural gas production in liquefied natural gas (LNG), it aims to keep 25 per cent of its production by 2030 through related value-added industries, including petrochemicals, fertiliser production, agriculture and manufacturing.

At the Angola Oil & Gas 2023 Conference & Exhibition, organised by Energy Capital & Power in Luanda in September 2023, some of the country's biggest gas players featured in a panel discussion under the theme 'Optimizing Angola's Gas Potential', where participants discussed ongoing projects, new opportunities unfolding and how monetisation efforts would position the country as a gas-driven economy.

According to Manuel Barros, CEO of Sonangol Gas and Renewable Energies, Sonangol believes in the future of gas exploration and production in Angola and understands that, while gas will initially be used for the generation of electricity in Cabinda (a priority market), excess gas production will be channelled to exports. Américo Fernandes, Technical Lead of Natural Gas at Angola's national concessionaire, the National Agency for Oil, Gas and Biofuels, also highlighted that, on the supply side, the country can use existing facilities such as the LNG

plant and installed gas pipelines of more than 500 kilometres. Additionally, he indicated that gas can be used for blue-hydrogen production – a trend in the global market – which also contributes to creating job opportunities.

Angola is investing heavily in diversifying its energy mix to include a greater share of renewables. The country is expected to record real GDP growth of over 5 per cent between 2023 and 2025 as the economic recovery gains momentum after covid, and the government works to improve the investment and business environment. For example, international oil/energy companies such as TotalEnergies, Chevron, ExxonMobil, Bp, Eni, Equinor and Sonangol have made large investments in recent years. These investments indicate that operators are committed to Angola for the long term.

Angola's New Gas Consortium – comprising Chevron, Bp/Eni JV Azure Energy, TotalEnergies and Sonangol – together with the National Agency for Oil, Gas and Biofuels reached final investment decisions for the Quiluma and Maboqueiro gas project in August 2022. The project consists of two offshore drilling platforms, an onshore gas processing plant and a connection to the LNG plant in Angola.

One of Angola's most promising deep-water projects is TotalEnergies' Cameia-Golfinho deep-water project in Blocks 20/11 and 21/09, which has an estimated 420 million barrels of oil equivalent. The French major has already issued a tender for a new 100,000-barrel-per-day FPSO plant to supply the Golfinho field – one of seven deep-water discoveries in blocks 20/11 and 21/09.

Law stated - 15 April 2024