

DECREE No. 2023/232 OF 4 May 2023 to lay conditions for implementing Law No. 2019/008 of 25 April 2019 to institute the Petroleum Code

The president of the republic, hereby decrees as follows:

CHAPTER I GENERAL PROVISIONS

ARTICLE 1: Purpose

This decree lays down the conditions for implementing Law No. 2019/008 of 25 April 2019 to institute the Petroleum Code.

ARTICLE 2: Definitions

For the purposes of this decree, the following definitions shall apply:

Abandonment of an oil well: management, control and conduct of operations leading to cessation of exploitation of a deposit and site restoration. Depending on the oil well location on-shore or off-shore, such operations shall in particular comprise preparation and, where necessary, revision of the abandonment plan, cessation of production operations, service interruption of processing units, dismantling, demolition and displacement of units from their initial production site, removal and disposal of equipment, as well as engineering related to the conduct of such operations.

Service interruption and protection: operations comprising the displacement of consumable materials and supplies used for petroleum operations, draining and cleaning processing systems, phased closure of general services and security systems in order to protect the facility and prepare dismantling.

Authorization(s): any or all of the authorizations granted under the Petroleum Code.

Exploitation authorization: authorization for hydrocarbon exploitation.

Exclusive exploitation authorization: authorization for hydrocarbon exploitation granted under a production-sharing contract and a risk service contract.

Exclusive exploration authorization: authorization for hydrocarbon exploration granted under a production-sharing contract and a risk service contract.

Prospecting authorization: authorization for hydrocarbon prospecting.

Provisional exploitation authorization: provisional authorization for hydrocarbon exploitation.

Exploration authorization: authorization for hydrocarbon exploration.

Domestic transportation authorization: authorization issued to an exploitation authorization holder for the conveyance by pipeline or any other of transportation means, of hydrocarbon from exploitation in production facilities right up to treatment and processing plants, or to an export terminal.

Cessation of production: final stages of reservoir management, phased closure and plugging of producing wells, depressurization and draining of processing systems and isolation of evacuation systems.

Change of Control: any transaction whose purpose of effect is to directly or indirectly terminate the control of the party concerned by its shareholders.

Permanent commission: commission set up by the public body duly mandated for this purpose, responsible for negotiating oil contracts on behalf of the State.

Exploitation concession: authorization for hydrocarbon exploitation granted under a

concession contract.

Local content: all activities of the Cameroon petroleum industry related to local capacity building, use of local human and material resources, technology transfer, use of local industrial and service companies and the creation of measurable value added for the local economy.

Concession contract: petroleum contract attached to an exclusive exploitation authorization and, as the case may be, hydrocarbon exploitation permit and, as the case may be, to one or more exploitation concessions, whereby the holder is responsible for financing petroleum operations and disposes the hydrocarbons extracted during the validity period of the said contract, subject to the right of the State to collect royalty in kind.

Production-sharing contract: petroleum contract attached to an exclusive exploration authorization and, as the case may be, to an exclusive exploitation authorization, whereby the holder is responsible for financing petroleum operations and receives remuneration in kind through ownership of a share of production.

Petroleum contract: concession contract, production-sharing contract or risk service contract entered into between the State and a holder for the purpose carrying out; on an exclusive basis, hydrocarbon exploration and exploitation within a specified area.

Risk service contract: petroleum contract attached to an exclusive exploration authorization and, as the case may be, to an exclusive exploitation authorization, whereby the holder is responsible for financing petroleum operations and receives remuneration in cash. Within the meaning of the Petroleum Code, a contract for the provision of services which does not confer the exercise of exclusive rights for hydrocarbon exploration and exploitation shall not be a risk service contract.

Control: direct or indirect ownership of a portion of the capital conferring on its holder the majority of voting rights in the general meetings of the Party concerned, and/or sole possession of the majority of the voting rights within the Party concerned, pursuant to an agreement concluded with other shareholders of the Party concerned, and/or power to determine, de facto, the decisions of the general meetings of the Party concerned.

Discovery: existence of an accumulation of liquid or gaseous hydrocarbons confirmed by a well which has penetrated hydrocarbon-impregnated rocks, the existence of which was hitherto unknown. Such hydrocarbons are recoverable at the surface and measurable through the production testing methods currently used in the petroleum industry.

Commercial discovery: hydrocarbon discovery whose holder deems that the projected proceeds from the sales of its share of production will be able to cover past and future petroleum costs, and generate net profit and return on investment that justify its exploitation.

Dismantling: operation consisting in installing provisional metal frame structures and cutting platforms/modules, piping and connecting

cables, completely cutting and recovering components onshore, displacing and recovering or collapsing the trellis infrastructure and permanently clearing the site.

Demolition: onshore reception and unloading of recovered items, careful dismantling of structural elements.

Environment: all the natural or artificial and bio-geochemical equilibria which they constitute, as well as the economic, social and cultural factors which are conducive to the existence, transformation and development of the environment, living organisms and human activities.

Environmental and Social Impact Assessment: systemic review aimed at determining the positive and negative effects that a project may have on the natural and human environment. It helps to mitigate, avoid, eliminate or compensate the harmful effects of a project on the environment and persons affected.

Exploitation: operations intended to extract hydrocarbons for commercial purposes, in particular development and production operations as well as ancillary activities such as the abandonment of hydrocarbon wells, deposits and production facilities.

Drilling: boring, coring, tubing, perforation, logging, development of drilling fluid and sludge programmes, deviation, deepening or workover of any wells, including all well testing and appraisals and, as appropriate, plugging and temporary abandonment or completion for final completion or subsequent abandonment. "Drilling" does not comprise the installation of permanent production or pipeline equipment, but includes preparatory works for the location of wells, and also the mobilization and demobilization of drilling rigs.

Natural gas: all hydrocarbons existing in a gaseous state under an atmospheric of 1 034 kg/cm² and a temperature of 15. 56° Celsius, including associated natural gas and non-associated natural gas and all its constituent elements.

Associated natural gas: gaseous hydrocarbons associated, in any manner, with a reservoir containing liquid hydrocarbons.

Non-associated natural gas: natural gas which is not associated natural gas.

Liquefied petroleum gas: hydrocarbons composed mainly of a mixture of butane and propane.

Dry gas: gaseous hydrocarbons containing mainly methane, ethane and inert gases.

Hydrocarbons: liquid and gaseous compounds found in their natural state, otherwise referred to as crude oil or natural gas, as the case may be, as well as all related products and substance extracted in association with the said hydrocarbons.

Liquid hydrocarbons: crude oil, condensates, natural gas liquids and liquefied petroleum gases.

Engineering: preparatory works associated with the selection of the various options, observation of conduct of operations, identification and management of risks and responsibilities, preliminary and detailed engineering in support of each operations phase, safety surveys, environmental impact assessment, preparation of documentation re-

quired by the laws and regulations in force, implementation of consultation, verification and evaluation processes by independent third parties.

Petroleum legislation: Petroleum Code, Petroleum Regulations as well as other laws and regulations in force governing petroleum operations in Cameroon.

Operator: petroleum company holder or co-holder with adequate technical and financial capacity entrusted with the responsibility of conducting and carrying out petroleum operations pursuant to the provisions of the petroleum contract. The operator or its staff must have satisfactory track record, particularly in areas and under conditions similar to those of the area applied for and with regard to environmental protection.

Petroleum operations: hydrocarbon prospecting, exploration, exploitation, transportation, transportation, storage and processing activities of the upstream petroleum sector, excluding the refining, storage and distribution of petroleum and gas products classified under the downstream petroleum sector. Activities related to petroleum operations are commercial transactions.

Public body: any public enterprise set up to carry out one or several petroleum operations, or authorized to carry out such activities in accordance with the laws and regulations in force in the Republic of Cameroon.

Duly mandated public body: public enterprise set up by decree of the President of the Republic and given the mandate to promote the development of hydrocarbons on the national territory, manage the interests of the State in the area of hydrocarbons and carry out all operations related to such mandate in accordance with its decree of establishment.

Exploration permit: authorization for hydrocarbon exploration granted under the concession contract.

Crude oil: crude mineral oil, asphalt, ozokerite and any other liquid hydrocarbons in the natural state or obtained from natural gas by condensation or extraction, including condensates and natural gas liquids.

Collection point: place of arrival of products from various hydrocarbon operations intended for a petrochemical, geo-chemical or natural gas liquefaction processing plant.

Delivery point: FOB connection point on Cameroonian territory, between the loading facilities and the holder's facilities, such as defined in a development plan, or any other transfer point adopted by agreement between the parties.

Petroleum products: all products derived from refining, as well as products derived from the separation of liquefied petroleum gases.

Prospecting: preliminary exploration and detection of hydrocarbon showings, particularly through the use of geological, geo-physical or geochemical methods, excluding drillings exceeding a depth of 00 (three hundred) metres.

Search or exploration: detailed prospecting activities, including exploration drilling intended to discover commercially exploitable hydrocarbon deposits, as well as appraisal and delineation of a presumed commercial hydrocarbon discovery and abandonment of

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exploration wells.

Petroleum regulations: this decree to lay down conditions for implementing Law No. 2019/008 of 25 April 2019 to institute the Petroleum Code.

Mining rent: arithmetical difference between revenue from hydrocarbons sale and petroleum costs.

Removal and disposal: implementation of a programme for the recycling and controlled release of hazardous substances and wastes on an appropriate site.

Upstream petroleum sector: hydrocarbon prospecting, exploration and exploitation activities, as well as directly related processing and storage activities upstream of the point of collection or delivery of such hydrocarbons to third parties.

Downstream petroleum sector: conveyance by pipeline, refining, processing, storage, marketing and distribution of hydrocarbons.

Petroleum company: a commercial company or public industrial and commercial establishment with the technical and financial capacity to carry out petroleum operations under hygienic, safe and environmentally friendly conditions, in accordance with applicable laws and international standards. Such company may be incorporated under Cameroonian or foreign law. In the latter case, it must, prior to signing the petroleum contract, have a subsidiary in the Republic of Cameroon which must be registered in the Trade and Personal Property Register, operational for the duration of the petroleum contract, and carry out its activities in accordance with the applicable laws and regulations governing commercial companies in Cameroon. Cameroonians may hold shares or stocks therein.

Affiliated company: one or several legal persons that control or is/are controlled by one of the entities that make up the holder, or by a legal person that controls or is controlled by a legal person that controls one of the said component entities. The term "control" means direct or indirect holding of majority shares, together with voting right.

Sub-contractor: any natural or legal person providing a service under the main activities of the petroleum contract holder.

Storage: receipt and preservation of quantities of hydrocarbons for future use.

Territory of Cameroon: land and maritime areas under the jurisdiction of the Republic of Cameroon, including the Exclusive Economic Zone (EEZ) of Cameroon.

Hydrocarbon mining title: exploration permit of hydrocarbon exploitation concession attached to the concession contract.

Holder: petroleum company or consortium of commercial companies, at least one of whose components is a petroleum company, linked to the State by a petroleum contract. The term "holder" also includes co-holders.

Processing: operation consisting in separating hydrocarbons from impurities, products and related substances.

Assignment: any form of transfer of the rights and obligations of the petroleum contract holder, particularly by way of disposal, transfer and merger or split-up.

Transportation: activities concerning the conveyance by pipeline or any other means of transportation, of extracted hydrocarbons to the points of collection, export, processing, refining, storage or delivery throughout the

territory of Cameroon, excluding the activities governed by Law No. 96/14 of 5 August 1996 to lay down rules and regulations governing the transportation by pipeline of hydrocarbons from other countries, as well as pipelines and facilities set up within the exploitation authorization area, and gas networks serving the national market beyond the delivery point.

Unitization: process leading to the exploitation, in the form of a single entity, of a hydrocarbon deposit extending over several contractual areas, covered by separate petroleum contracts within the territory of Cameroon, or involving a neighbouring country.

Special petroleum operations zone: parts of the national mining domain where exploration and exploitation operations require greater effort, particularly regarding the type of production, nature, composition and quality of hydrocarbons, the enhanced recovery techniques used, the water depth for deep offshore zones located within the Exclusive Economic Zone of the Republic of Cameroon, the type of terrain, type distance from the means of transportation or the fragility of the environment.

ARTICLE 3: Special Hydrocarbons Register

(1) The Minister in charge of hydrocarbons shall open and update a "Special Hydrocarbons Register" for each category of authorization and for petroleum contracts.

(2) In the Special Hydrocarbons Register, the following shall be listed and dated in chronological order:

(a) documents relating to the application, granting, validity period, renewal, extension, waiver, termination, withdrawal, lapse, forfeiture, transfer, court decisions, restrictions of an authorization and any other documents relating thereto;

(b) documents relating to the offer, signing, waiver, termination, withdrawal, lapse, transmission, court decisions, amendments to a petroleum contract and any other instrument relating thereto;

(c) pipeline transport authorizations granted by virtue of Law No. 96/14 of 5 August 1996 to lay down rules governing the transportation by pipeline of hydrocarbons from foreign countries.

(3) To this register shall be annexed geographical maps on a scale of 1:200 000, with a ten-second grid, on which shall be plotted and modified, where appropriate, the perimeters of the prospecting, exploration and exploitation authorizations and other areas covered by petroleum contracts, with mention of the entry number in the register, as well as the routes of the hydrocarbons pipelines.

ARTICLE 4: Standard petroleum contracts - approval by order

The Minister in charge of hydrocarbons shall approve, by decree, on the proposal of the duly mandated public body, the standard contracts which shall serve as a basis for negotiations between the State and applicants, for the purpose of signing petroleum contracts, in accordance with the provisions of Section 12 of the Petroleum Code.

ARTICLE 5: Areas open for petroleum operations - blocking of areas open for petroleum operations - exclusion area

(1) The Minister in charge of hydrocarbons shall determine, by order, the areas open for petroleum operations, after consultation

with the public institutions and bodies concerned, in particular, the Ministers in charge of regional development, State property, environment, forestry and the duly mandated public body.

(2) Where the State decides to divide the areas open for petroleum operations into blocks, in accordance with Article 9 of the Petroleum Code, the said blocks shall be of simple geometric form, the dimensions of which shall be at the discretion of the duly mandated public body. In such case, applications for authorizations and offers of petroleum contracts shall relate to the blocks thus delimited.

(3) Several oil and gas blocks may be grouped together to form a petroleum contract.

(4) A petroleum contract may also cover an area not belonging to a previously delineated block, provided that the petroleum potential of such area can be demonstrated.

(5) The Minister in charge of hydrocarbons may, after approval by the President of the Republic, classify certain areas closed to petroleum operations.

(6) For general interest purposes, some regions may be classified as areas closed to petroleum operations, by decree of the Prime Minister.

ARTICLE 6: Review of any petroleum contract offer - tendering procedure

(1) The duly mandated public body may review any offer for a petroleum contract relating to a part of the national oil and gas property during a period it shall determine.

(2) The duly mandated public body may also decide to proceed with a call for tenders, the notice and terms of reference of which shall set out the conditions, award criteria, date for submission of tenders and, where applicable, the blocks and dimensions thereof that are concerned by the tender.

(3) Where several applications for a petroleum contract pertain to the same perimeter, the duly mandated public body may decide to process the application files in accordance with the conditions of the tender referred to in paragraph (2) above. The duly mandated public body may then either issue a restricted invitation to tender to competing applicants or enter into negotiations with those of its choice.

(4) In all other cases, negotiations with the applicant company to conclude a petroleum contract shall be initiated by the most diligent party.

(5) The petroleum contract shall be negotiated on behalf of the State by the Standing Committee referred to in Section 12 (1) of the Petroleum Code, which shall include, in particular, representatives of the ministries in charge of hydrocarbons, energy, economy, finance, trade and environment, and those of the duly mandated public body.

(6) The composition and functioning of the Standing Committee shall be determined by the duly mandated public body.

ARTICLE 7: Miscellaneous provisions on petroleum contracts

(1) The holder of a petroleum contract who has provided proof of the extension of an oil or gas discovery or deposit beyond the limits of a prospecting or mining authorization, on a free block of the national oil and gas property, may request the extension of its contractual perimeter from the duly mandated public body and the Minister in charge of hydrocarbons. Such extension may be subject

to a renegotiation of the economic terms of the petroleum contract, at the sole discretion of the State.

(2) Pursuant to Section 14 (2) of the Petroleum Code, where the application for a petroleum contract is for the exploitation of one or more hydrocarbon deposits that have already been discovered, the signing of the petroleum contract shall give rise to the establishment of an exploitation authorization by decree of the President of the Republic on the perimeter delimiting the deposit(s) concerned. However, in the case of a production sharing contract, the signature of the petroleum contract on the perimeter concerned shall allow the start of hydrocarbon development and exploitation activities on this perimeter, prior to publication of the decree instituting the corresponding exclusive exploitation authorization.

(3) Two (2) petroleum contracts, one of which is for the exploitation of liquid hydrocarbons and the other for the exploitation of natural gas, may be concluded on the same perimeter, under conditions to be defined between the State, through the duly mandated public body, and the holder of the oldest petroleum contract on the perimeter concerned.

(4) Where in an exploitation authorization, the holder's hydrocarbon development and exploitation activities are limited to deposits or geological objectives contained in an area limited in depth on the perimeter concerned, the State may, through the duly mandated public body, directly or through third parties, promote seismic prospecting activities, or drilling activities to encourage the search for deeper deposits, provided that such activities do not disturb the holder's petroleum operations, under conditions to be defined in the petroleum contract.

(5) Where justified, for the purpose of implementing gas or industrial projects, the State may undertake to extend an exploitation authorization upon its expiry, in particular to facilitate the signing of commercial contracts for the sale of natural gas, sourcing of financing for gas projects and taking of investment decisions.

(6) The obligations entered into by the holders under their petroleum contracts shall be subject to a joint annual check by the Minister in charge of hydrocarbons and the duly mandated public body. Such check shall give rise to a report which shall establish, for each holder, the obligations fulfilled and those still to be fulfilled towards the Republic of Cameroon. The holders of petroleum contracts shall be required to regularize their situation, if necessary, as soon as possible.

**CHAPTER II
PROSPECTING AUTHORIZATION****ARTICLE 8: Recipient of the prospecting authorization application**

The prospecting authorization application addressed to the Minister in charge of hydrocarbons shall be filed by the applicant with the duly mandated public body, against acknowledgement of receipt.

ARTICLE 9: Content of the prospecting authorization application

(1) An application for a prospecting authorization shall contain the following information and documents:

(a) coordinates and surface area of the pe-

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rimeter requested for hydrocarbon prospecting, together with a 1:200 000 scale map of the area concerned, specifying the perimeter boundaries;

(b) duration, general programme and time line of the prospecting work envisaged within the area referred to above;

(c) note or report setting out the conditions under which the general work programme meets environmental protection concerns;

(d) technical note on the prospectivity of the area concerned;

(e) all supporting documents of previous prospecting activity and the financial capacity of the applicant to carry out the work;

(f) receipt attesting payment of the flat rate fees applicable to the application for a prospecting authorization to the Public Treasury, in accordance with the provisions of Section 101 (2) of the Petroleum Code;

(g) where the applicant is a natural person: the supporting documents for his identity and his references for the type of prospecting in question;

a copy of police record less than 6 (six) months old or any document in lieu thereof;

(h) where the applicant is a legal person: its name or corporate name, legal form, registered office, address and nationality;

its updated articles of association, the deed of incorporation, the amount and composition of the capital as well as the last 3 (three) balance sheets and annual reports certified by a chartered accountant;

a list indicating, as the case may be, the names of the members of the Board of Directors, Management Board and Supervisory Board, managers, agents or representatives the names of the statutory auditors; the names of the officials with corporate signature;

the name and address of the legal representative of the applicant company in the Republic of Cameroon;

the powers of the application's signatory; extract from the Trade and Personal Property Credit Register, or any document in lieu thereof.

(2) Where the application is submitted by several companies acting jointly and severally, the information concerning the applicant shall be provided by each of them.

(3) Where the application is made on behalf of a company being established, it must indicate the names and addresses of the founders as well as the information already available and contain a written undertaking to complete the application with the information provided for in this article within no more than 30 (thirty) days of the establishment of the company.

(4) Where the documents or information referred to in paragraph (1) above have already been provided in a previous application, a written declaration by the applicant(s) shall serve in lieu thereof. However, any change or modification which has occurred in the meantime must be notified and accompanied by supporting documents.

ARTICLE 10: Obligation to inform of any change or amendment - annual communication of certified balance sheets and reports

(1) Any company applying for or holding a prospecting authorization must inform the duly mandated public body and the Minister in charge of hydrocarbons, within a maximum period of 30 (thirty) days, of any amendment

to the articles of association, legal form or capital of the company and of any change in the persons referred to in Article 9 paragraph 1 (g) and (h) above.

(2) It must send annually to the duly mandated public body and the Minister in charge of hydrocarbons, a copy of its balance sheets and reports presented to the General Meetings, certified by an approved chartered accountant.

ARTICLE 11: Review of the application for a prospecting authorization

(1) The duly mandated public body shall have the applicant rectify or complete the application file, if necessary. It shall initiate all useful investigations to obtain all information on the moral, technical and financial guarantees offered by the applicant.

(2) Where the application is deemed admissible in form, the duly mandated public body shall notify the applicant within 15 (fifteen) days of the admissibility decision. The applicant shall then forward the application to the Minister in charge of hydrocarbons for approval.

(3) The application for a prospecting authorization, submitted under the conditions laid down in this Decree, shall relate exclusively to available perimeters open to prospecting.

(4) The Minister in charge of hydrocarbons shall rule on the prospecting authorization application within a period of 3 (three) months, with effect from the date of receipt of the application.

ARTICLE 12: Grant of prospecting authorization - duration - notification

(1) The prospecting authorization shall be granted, by order of the Minister in charge of hydrocarbons, for a period of 2 (two) years, renewable once for a maximum period of one (1) year. The Minister in charge of hydrocarbons shall notify the applicant within fifteen (15) days of the date of signature of the order.

(2) The order shall fix the prospecting authorization period as well as the conditions prescribed by the Minister in charge of hydrocarbons, in accordance with the provisions of Sections 27 to 29 of the Petroleum Code.

(3) The prospecting authorization period shall be mentioned in the Special Hydrocarbons Register and a receipt shall be issued to the applicant.

ARTICLE 13: Grant of a hydrocarbon mining title or signing of a petroleum contract

(1) Pursuant to Section 29(2) of the Petroleum Code, the area covered by the prospecting authorization may be negotiated for the signing a petroleum contract.

(2) Where such negotiations are successful, the prospecting authorization shall automatically lapse within 30 (thirty) days following the grant of a hydrocarbon mining title or the signing of the petroleum contract, except where additional time is required to complete ongoing work.

(3) The holder of the prospecting authorization may not claim any compensation pursuant to Section 29(2) of the Petroleum Code.

ARTICLE 14: Reporting of prospecting findings

(1) Prospecting findings shall be communicated to the duly mandated public body and the Minister in charge of hydrocarbons, in accordance with the conditions set out in the constitutive act.

(2) The holder of a prospecting authorization, that has fulfilled its commitments, may request its renewal. Such application shall be made within 2 (two) months prior to the expiry date of the initial period.

(3) The application for the renewal of a prospecting authorization shall include the following information and documents:

(a) proof that it has fulfilled all its commitments under the prospecting authorization;

(b) written declaration as provided for in Article 9 (4) above;

(c) supporting documents for any amendment to the Articles of Association, the legal form or the capital of the company and any change in the persons referred to in Article 9 paragraph 1 (g) and (h) above, which have occurred since the application for a prospecting authorization was submitted;

(d) a copy of the balance sheets and reports presented to the General Meetings and certified by a chartered accountant, drawn up since the application for a prospecting authorization was made;

(e) a receipt attesting payment to the Public Treasury of the flat rate fees applicable to the application for the renewal of a prospecting authorization, in accordance with the provisions of Section 101 (2) of the Petroleum Code.

(4) The renewal of the prospecting authorization shall be granted by order of the Minister in charge of hydrocarbons, after a favourable technical opinion of the duly mandated public body. It shall not exceed 1 (one) year. The Minister in charge of hydrocarbons shall notify the applicant within 15 (fifteen) days of the date of signature of the order.

CHAPTER III EXPLORATION AUTHORIZATION

ARTICLE 15: Application for an exploration authorization

(1) The application for an exploration authorization shall be addressed to the Minister in charge of hydrocarbons. A copy, together with all the documents mentioned in Article 16 below, shall be sent to the duly mandated public body.

(2) The application referred to in (1) above shall be entered into the Special Hydrocarbons Register and a receipt issued to the applicant.

ARTICLE 16: Content of the application for exploration authorization

(1) The application for exploration authorization shall include the following information and documents:

(a) the company or corporate name, legal form of organization, registered office, address and nationality of the applicant company;

(b) the updated statutes, articles of incorporation, amount and composition of the capital as well as the last three (3) balance sheets and annual reports certified by a registered accountant;

(c) a list of names of members of the board of directors, management board, supervisory board, managers and agents or representatives, as the case may be;

(d) the names of the auditors;

(e) the names of the officials holding the corporate signature;

(f) proof of the existence of a subsidiary registered in the Cameroon Trade and Personal

Property Credit Register, as well as the statutes of the said subsidiary, where the applicant is a company governed by foreign law before the signing of the petroleum contract and the issuance of exploration and exploitation authorizations;

(g) the powers of the signatory of the application;

(h) supporting documents showing that the applicant company has the technical and financial capacities, as well as the requisite environmental protection experience for carrying out petroleum operations;

(i) a summary of the petroleum activity of the applicant company, specifically, proof of its satisfactory experience as operator, particularly in areas and conditions similar to the requested surface and in terms of environmental protection;

(j) the coordinates and area of the surface requested for hydrocarbon exploration, together with the geographical map drawn to a scale of 1:200,000 of the area concerned, specifying the limits of the said surface;

(k) the duration, the overall programme and phasing of exploration work envisaged on the requested perimeter, as well as the corresponding budget and expenditure programme;

(l) a note or report revealing the conditions under which the overall work programme meets environmental protection concerns and takes into account social components;

(m) a technical note on the prospectivity of the area concerned;

(n) a list of factors relating to the control of the holder of the petroleum contract as listed in Article 49 below;

(o) a receipt attesting payment to the Treasury of the fixed fees applicable to the application for exploration authorization, in accordance with the provisions of Section 101 (1) of the Petroleum Code;

(p) a bank or parent company guarantee intended to cover the performance of the minimum exploration work and expenditure programme provided for by the exploration authorization and stipulated in the petroleum contract, in accordance with the provisions of Section 33 (2) and (3) of the Petroleum Code.

(2) Where the application concerns a land area (onshore), the plans of the requested area, signed by the competent land registry services, shall also be attached thereto.

(3) Where the application is submitted by several companies acting jointly and severally, the information concerning the applicant shall be provided by each of them.

(4) Where the documents or information referred to in (1) above have already been provided in a previous application, a written statement from the applicant(s) shall be required in lieu thereof. However, any changes or modifications made in the meantime must be reported and accompanied by supporting documents.

ARTICLE 17: Obligation to inform of any change or modification - annual communication of certified balance sheets and reports

(1) Any company applying for or holding an exploration authorization shall, within a maximum period of thirty (30) days, inform the duly mandated public body and the Minister in charge of hydrocarbons of any modification made to the articles of association, the legal form and any change in the persons

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referred to in Article 16 (1) c above.

(2) Under pain of nullity, any change in the share capital or identity of the direct or indirect shareholders of the applicant company or the holder of an exploration authorization shall be notified in advance to the Minister in charge of hydrocarbons and to the duly mandated public body, within ninety (90) days prior to the effective date of completion of the transaction.

(3) The Minister in charge of hydrocarbons shall have a period of thirty (30) days from the date of notification mentioned in (2) above by the applicant company or the holder of an exploration authorization to issue his non-objection or exercise his right of pre-emption, after consulting the duly mandated public body. Beyond such period, the modification authorization shall be deemed accepted.

(4) The applicant company or holder of an exploration authorization shall forward to the Minister in charge of hydrocarbons and the duly mandated public body, a copy of its balance sheets and reports presented to its General Assembly meetings and certified by a registered accountant.

ARTICLE 18: Review of the application for exploration authorization

(1) The duly mandated public body shall ensure that the application file for exploration authorization is rectified or completed by the applicant company, where necessary. It shall initiate all useful investigations to collect information on the moral, technical and financial guarantees offered by the applicant company.

(2) Where the application is admissible in form, the duly mandated public body shall notify the applicant company and shall forward the application to the Minister in charge of hydrocarbons for granting of exploration authorization.

(3) The application for exploration authorization prepared under the conditions laid down by this decree shall relate exclusively to the exploration surface determined in the petroleum contract.

(4) The Minister in charge of hydrocarbons shall, on the favourable opinion of the duly mandated public body, decide on the application for renewal within a period of no more than three (3) months from the notification, to the applicant, of the admissibility of the application. He shall notify the applicant thereof.

(5) At the behest of the Minister in charge of hydrocarbons, the application for exploration authorization shall be forwarded to the Prime Minister for continuation of the procedure.

ARTICLE 19: Grant of exploration authorization - duration - notification

(1) Exploration authorization shall be granted by decree of the President of the Republic, for a maximum initial duration of three (3) years or five (5) years for special petroleum operations zones. The applicant company shall receive notification from the Minister in charge of hydrocarbons within fifteen (15) days following the date of signature of the decree.

(2) The decree referred to in (1) above shall determine the duration of the exploration authorization as well as the conditions prescribed by Sections 30 to 38 of the Petroleum Code.

ARTICLE 20: Renewal of the exploration

authorization

(1) The exploration authorization shall be renewable twice for a maximum duration of two (2) years per renewal period, in accordance with the provisions of Section 32 (1), (2) and (3) of the Petroleum Code.

(2) The holder of an exploration authorization seeking renewal shall submit an application to this end to the Minister in charge of hydrocarbons, within three (3) months prior to the expiry date of the said authorization. A copy of the said application shall be sent to the duly mandated public body.

(3) Where the application for renewal is admissible in form, the duly mandated public body shall notify the applicant company and shall forward the application to the Minister in charge of hydrocarbons.

(4) The renewal application prepared under the conditions laid down by this decree shall relate to the exploration perimeter determined under the petroleum contract.

(5) The Minister in charge of hydrocarbons shall, on the favorable opinion of the duly mandated public body, decide on the renewal application within two (2) months of the notification, to the applicant, of the admissibility of the application. He shall notify the applicant within no more than three (3) months following the date of receipt of the renewal application.

(6) At the behest of the Minister in charge of hydrocarbons, the application for renewal shall be forwarded to the Prime Minister, for continuation of the procedure.

ARTICLE 21: Content of the renewal application - renewal decision - notification

(1) The application for renewal of an exploration authorization shall include the following information and documents:

(a) proof of having fulfilled all commitments under the exploration authorization;

(b) the surface area(s) of simple geometric shape that the exploration authorization holder is seeking to retain, in accordance with Section 32 (4) of the Petroleum Code;

(c) works carried out, their outcomes and their assessment in relation to the minimum commitments previously made;

(d) the written statement provided for in Article 16 (4) above;

(e) the supporting documents of any modification made to the articles of association, legal form, or company capital, and any change in the persons referred to in Article 16 (1) (c) above, which have occurred since applying for exploration authorization, subject to this decree;

(f) a copy of the balance sheets and reports presented to the company's General Assembly meetings and certified by a registered accountant, drawn up since applying for exploration authorization;

(g) a receipt attesting payment to the Treasury of the fixed fees applicable to the application for exploration authorization, in accordance with the provisions of Section 101 (1) of the Petroleum Code;

(2) The exploration authorization shall be renewed by decree of the President of the Republic, for a period not exceeding two (2) years, pursuant to Sections 30 (2) and 32 (2) of the Petroleum Code. The applicant company shall receive notification from the Minister in charge of hydrocarbons within fifteen (15) days of the date of signature of the decree.

(3) Notification of the favorable opinion of the Minister in charge of hydrocarbons on the application for renewal shall mean validity of the exploration authorization until the signing of the decree of the President of the Republic renewing the said authorization.

(4) The period of renewal of the exploration authorization shall take effect from the date of expiry of the previous period.

ARTICLE 22: Extension of the validity of the exploration authorization - conditions - period

(1) The holder of the exploration authorization seeking an extension of the period of validity of the said authorization shall submit an application to the Minister in charge of hydrocarbons within six (6) months prior to the date of expiry of the current period of validity, together with a report describing the work in progress. A copy of the said application shall be sent to the duly mandated public body. A report shall be provided in the annex to such application describing the remaining work to be carried out, the reasons for which the holder is requesting extension of the exploration authorization and the period of such extension.

(2) The Minister in charge of hydrocarbons shall, after favorable opinion by the duly mandated public body, decide on the application for extension within a period of no more than two (2) months from the date of receipt of the application for extension. He shall notify the applicant thereof.

(3) At the behest of the Minister in charge of hydrocarbons, the application for extension shall be forwarded to the Prime Minister, for continuation of the procedure.

(4) Extension, to a maximum period of twelve (12) months for liquid hydrocarbons and twenty-four (24) months for non-associated natural gas, shall be granted only once, by decree of the President of the Republic, pursuant to Section 32 (5) of the Petroleum Code. The applicant company shall receive notification from the Minister in charge of hydrocarbons within fifteen (15) days of the date of signature of the decree.

(5) The exploration authorization shall remain valid until the date of signature of the decree of the President of the Republic extending it. The extension period shall take effect from the date of expiry of the previous period.

(6) Notwithstanding the provisions of (2) above, the extension of an exploration authorization may not be granted to a holder who fails to fulfil his work obligations during the period of validity of the exploration authorization, and whose technical and financial capacities have been deemed insufficient by the duly mandated public body.

CHAPTER IV PROVISIONAL EXPLOITATION AUTHORIZATION

ARTICLE 23: Application for provisional exploitation authorization

(1) Subject to the provisions of Section 39 of the Petroleum Code, the holder of an exploration authorization may apply for a provisional exploitation authorization for a discovery of hydrocarbons for which production tests are in progress or envisaged.

(2) The holder of an exploration authorization

shall file an application for a provisional exploitation authorization with the Minister in charge of hydrocarbons, with a copy forwarded to the duly mandated public body. The application shall contain the following information and documents:

(a) the characteristics of the deposit for which authorization is sought;

(b) the forecast production profile;

(c) the approximate period of preliminary exploitation work envisaged;

(d) a receipt attesting payment to the Treasury of the fixed fees applicable to the application for provisional exploitation authorization, in accordance with the provisions of Section 101 (1) of the Petroleum Code;

ARTICLE 24: Review of the application for provisional exploitation authorization

(1) The duly mandated public body shall ensure that the application file is rectified or completed by the applicant company, where necessary. It shall fulfil all requisite technical due diligence to gather information on the technical, security, environmental and financial guarantees of the project submitted by the applicant company and shall issue an opinion on the application.

(2) Where the application for provisional exploitation authorization is admissible in form, the duly authorized public body shall notify the applicant company and shall forward the application to the Minister in charge of hydrocarbons.

(3) The Minister in charge of hydrocarbons shall, on the favorable opinion of the duly mandated public body, rule on the application for provisional exploitation within two (2) months of the notification, to the applicant, of the admissibility of the application. He shall notify the applicant thereof.

(4) At the behest of the Minister in charge of hydrocarbons, the application for provisional exploitation authorization shall be forwarded to the Prime Minister for continuation of the procedure.

ARTICLE 25: Grant of provisional exploitation authorization - period - notification - lapse - withdrawal

(1) The provisional exploitation authorization shall be granted by decree of the President of the Republic, for a maximum non-renewable period of two (2) years. The applicant company shall receive notification from the Minister in charge of hydrocarbons within fifteen (15) days of the date of signature of the decree.

(2) The decree referred to in (1) above shall fix the period of the provisional exploitation authorization and shall include the project approval as described in the application, where applicable, amended in accordance with the provisions of Article 24 (1) above, under the conditions prescribed in Section 39 of the Petroleum Code.

(3) The provisional exploitation authorization may be granted only within the period of validity of the exploration authorization.

(4) The provisional exploitation authorization may be extended to new wells, subject to the favourable opinion of the duly mandated public body, provided that such extension is duly and previously declared to the Minister in charge of hydrocarbons and that it is not tantamount to extending the validity of the provisional exploitation authorization. The petroleum contract shall fix conditions for marketing the hydrocarbons produced under

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the provisional exploitation authorization.

(5) The provisional exploitation authorization shall lapse upon expiry of the exploration authorization for the specified area, unless a prior agreement on the development of the deposit which is the subject of the provisional exploitation authorization is reached between the duly mandated public body and the holder, and an application for exploitation authorization is filed prior to the expiry of the exploration authorization, in accordance with the provisions of Section 39 (3) of the Petroleum Code.

(6) The provisional exploitation authorization may be withdrawn where the holder fails to fulfil his work obligations, as provided for in Sections 33 and 34 of the Petroleum Code.

(7) The Minister in charge of hydrocarbons shall, after a favourable opinion by the duly mandated public body, pronounce the withdrawal of the provisional exploitation authorization under the conditions stipulated in Section 126 of the Petroleum Code, without the holder being able to claim any compensation.

(8) Withdrawal of the exploration authorization shall automatically lead to withdrawal of the corresponding provisional exploitation authorization.

CHAPTER V EXPLOITATION AUTHORIZATION

ARTICLE 26: Application for Exploitation Authorization

(1) The holder of an exploration authorization shall submit an application for exploitation authorization to the Minister in charge of hydrocarbons, with an original copy to the duly mandated public body. It shall be accompanied by the following information and documents:

(a) the coordinates and surface area of the requested exploitation perimeter, along with a topographic map on a scale of 1:20 000 or 1:50 000 and a technical brief justifying the delimitation of the requested exploitation perimeter;

(b) a discovery report, along with all documents, information and analyses, which confirm the commercial nature of the discovery. The discovery report shall include the necessary technical and economic data, as well as their evaluation, interpretation and analysis, notably:

(i) geophysical, geochemical and geological data;

(ii) the thickness and extent of producing reservoirs;

(iii) petrophysical properties of the reservoirs;

(iv) pressure-volume-temperature data;

(v) reports of production tests conducted, notably reservoir productivity indices for wells tested at multiple flow rates, permeability and porosity of reservoir bearing rocks;

(vi) the characteristics and quality of discovered hydrocarbons;

(vii) reservoir evaluations and estimates of recoverable hydrocarbon reserves, with corresponding probabilities;

(viii) a list of other important characteristics and properties of the reservoirs and the fluids they contain;

(ix) an economic study of the proposed development that takes into account the location of the discovery, weather conditions, estimates of operating costs, expected re-

covery of hydrocarbons and other relevant data or assessments, including the company's profitability targets;

(c) a development and production plan for the deposit(s) concerned and the corresponding budget, as well as the method of financing the envisaged development. This plan shall include, notably:

(i) a detailed estimate of operating costs;

(ii) the drilling programme, the number and type of wells and their locations;

(iii) the projected production profile for the duration of the proposed development;

(iv) the associated natural gas recovery plan, where liquid hydrocarbons are produced;

(v) the development plan and timetable for the field(s) concerned;

(vi) the safety measures required during the execution of petroleum operations;

(vii) the possible development scenarios considered by the holder;

(viii) the planned arrangements for abandonment of the field(s), surface equipment and related facilities;

(ix) the environmental and social compliance certificate and/or the environmental and social study report, together with the environmental and social management plan to be submitted in accordance with the provisions of Chapter X of this decree;

(d) with regard to non-associated natural gas, a reserves certification report prepared by a competent independent body, as well as any gas sale agreement or pre-agreement, the measures taken for the recovery of condensates and liquefied petroleum gases;

(e) the name of the petroleum company acting as operator;

(f) full and updated information on the technical and financial capacities of the holder, in particular the operator;

(g) detailed proposals for the design, construction and commissioning of the facilities for petroleum operations;

(h) investment cost estimates required for petroleum operations, operating costs, revenue from hydrocarbon sales, type, expected funding;

(i) the holder's proposals in terms of local content, notably those aiming to give preference to Cameroonian companies and service providers in the implementation of the development plan, pursuant to Sections 86, 87 and 89 of the Petroleum Code, and the corresponding budgets;

(j) the holder's proposals in terms of technology transfer;

(k) proposals for sustainable development and the development of the communities around the exploitation site;

(l) proposals for upgrading associated gas and eliminating gas flaring;

(m) training programmes for the conduct of petroleum operations for Cameroonian nationals, except those already working for the holder, in accordance with the provisions of Sections 86, 87 and 88 of the Petroleum Code, and the corresponding budgets;

(n) a programme to include Cameroonian nationals and local companies supplying goods and services to the conduct of petroleum operations programmed by the holder, pursuant to Section 87 of the Petroleum Code;

(o) any other document required under the provisions of the petroleum contract;

(p) a receipt confirming payment to the Treasury of the standard fees applicable to

the application for an exploitation authorization, in accordance with the provisions of Section 101(1) of the Petroleum Code.

(2) Where the application concerns an onshore area, the plans of the requested perimeter approved by the competent land registry services shall also be attached.

ARTICLE 27: Review of the Application for Exploitation Authorization

(1) The duly mandated public body shall request the applicant company, where necessary, to rectify or complete the file before it is formally forwarded to the Minister in charge of hydrocarbons.

(2) Where the application for exploitation authorization is admissible in the prescribed form, the duly mandated public body shall notify the applicant company and forward the application to the Minister in charge of hydrocarbons for award.

(3) The Minister in charge of hydrocarbons, with the consent of the duly mandated public body, shall decide on the application for exploitation authorization within 6 (six) months of the date of notification to the applicant of the acceptance of the application. He shall notify the applicant thereof.

(4) The application for exploitation authorization shall be handed to the Prime Minister, for further procedures, at the behest of the Minister in charge of hydrocarbons.

(5) The exploitation authorization shall be granted by decree of the President of the Republic, for a maximum period of 25 (twenty-five) years for liquid hydrocarbons and 35 (thirty-five) years for gaseous hydrocarbons. The Minister in charge of hydrocarbons shall notify the applicant company within 15 (fifteen) days of the date of signature of the decree.

(6) The decree referred to in (5) above shall in particular determine the period of the exploitation authorization, as well as the conditions provided for in Sections 40 to 48 of the Petroleum Code.

ARTICLE 28: Modifications to the Development and Production Plan

(1) The holder of an exclusive exploitation authorization may, in agreement with the duly mandated public body, make subsequent modifications to the development and production plan that it provided at the time of the application for exploitation authorization.

(2) The State reserves the right to withdraw geological facilities which are not developed 4 (four) years after the granting of the exclusive exploitation authorization, save in special cases.

ARTICLE 29: Renewal and Withdrawal of Exploitation Authorization

(1) The holder of an exploitation authorization shall submit the application for renewal of the said authorization to the Minister in charge of hydrocarbons, in agreement with the duly mandated public body, within a period of 3 (three) years prior to the expiry date of the initial validity period.

(2) The application for renewal shall be accompanied by a file including updated information and documents referred to in Article 26 above, a report on the investments actually made, production profiles, existing infrastructure, remaining reserves, local content, technology transfer, the abandonment plan, as well as the receipt confirming payment to the Treasury of the compulsory standard

fees applicable to the application for renewal of the exploitation authorization, in accordance with the provisions of Section 101(1) of the Petroleum Code.

(3) The file referred to in (2) above shall be rectified and completed, where necessary, at the request of the duly mandated public body.

(4) At the initiative of one of the parties, renegotiation of the terms of the petroleum contract may be conducted, where it is technically and economically justified.

(5) The Minister in charge of hydrocarbons, after a favourable technical opinion from the duly mandated public body, shall then decide on the application for renewal of the exploitation authorization.

(6) The application for exploitation authorization shall be forwarded to the Prime Minister, for subsequent procedures, at the behest of the Minister in charge of hydrocarbons.

(7) The exploitation authorization shall be renewed following the same procedures as its granting, by decree of the President of the Republic, for a maximum period of 10 (ten) years, pursuant to Sections 42(2) and 45 of the Petroleum Code. The Minister in charge of hydrocarbons shall notify the applicant company within 15 (fifteen) days from the date of signature of the decree.

(8) The exploitation authorization shall remain valid until the signature of the decree by the President of the Republic renewing the said authorization. The renewal shall take effect on the expiry date of the initial period of the exploitation authorization.

(9) At the initiative of the duly mandated public body, the renewal of an exploitation authorization may lead to a reduction in the exploitation perimeter, should the State decide to withdraw from it known prospective reserves that are neither developed, nor exploited throughout the first validity period of the exploitation authorization.

(10) The exploitation authorization shall be withdrawn where the holder has not undertaken exploitation activities within a maximum period of 3 (three) years from the date of granting of the exploitation authorization or has suspended exploitation works for a period of more than 6 (six) months, in accordance with the provisions of Section 47 of the Petroleum Code.

The State shall pronounce the withdrawal of the exploitation authorization following the procedures provided for in Section 126 of the Petroleum Code, without the holder claiming any compensation.

CHAPTER VI DOMESTIC TRANSPORTATION AUTHORIZATION

ARTICLE 30: Content of the Application for Domestic Transportation Authorization

The application for domestic transportation authorization, provided for in Section 49 of the Petroleum Code, shall be sent to the Minister in charge of hydrocarbons by the holder in agreement with the duly mandated public body. It shall be accompanied by a file on the project to construct pipelines and ancillary transportation facilities, including the following information and documents:

(a) the route and characteristics of the planned construction;

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(b) plans down to a scale of 1:200 000 and/or 1:50 000 showing the authorizations and contractual perimeters of the petroleum contracts concerned, as well as the layout of the planned pipelines and installations;

(c) the construction programme and schedule;

(d) a study attesting the economic and financial viability of the project, including an estimate of the construction and operating costs;

(e) the proposed rate and its various constituent elements, in case of one or more third party users;

(f) every detail of the connection, as well as a certified copy of the agreements signed to that effect when the planned pipeline shall be connected to existing ones;

(g) an environmental and social compliance certificate and/or an environmental and social study report, including an environmental and social management plan;

(h) a receipt confirming payment to the Treasury of the standard fees applicable to the application for domestic transportation authorization, in accordance with the provisions of Section 101(1) of the Petroleum Code.

ARTICLE 31: Additional Documents Relating to the Route or Cross-border Connection

(1) Without prejudice to the provisions of Law No. 96/14 of 5 August 1996 governing the transportation by pipeline of hydrocarbons from other countries, where the route of the project referred to in Article 30 above involves crossing territories outside the Republic of Cameroon or connecting to pipelines and installations outside Cameroon, the abovementioned file shall also include authorizations and contracts relating to the construction, operation and maintenance of the structures in such territories.

(2) Where such actions are yet to be undertaken, the applicant must provide a letter of intent from its prospective partners, that shall be replaced by the final acts upon their signature. The applicant shall undertake to complete the file within a maximum period of 30 (thirty) days, with effect from the signature of the said acts.

ARTICLE 32: Review of the Application for Domestic Transportation Authorization

(1) The Minister in charge of hydrocarbons shall examine the application for domestic transportation authorization, in accordance with the provisions of Articles 30 and 31 above and the stipulations of the petroleum contract.

(2) The duly mandated public body may, where necessary, request the applicant company to rectify or complete the application file.

(3) The approval of the project may be subject to modifications requested by the Minister in charge of hydrocarbons, in particular for one of the following reasons:

(a) compliance with the obligations resulting from Sections 53 and 55 of the Petroleum Code and the stipulations of the petroleum contract relating to their implementation;

(b) protecting the interests of national defence;

(c) protecting the rights of third parties;

(d) protecting and preserving archaeological sites, tourist sites and wildlife reserves;

(e) compliance with technical standards relating to public safety and environmental protection.

(4) Where the application is admissible in the prescribed form, the Minister in charge of hydrocarbons shall notify the applicant company within 15 (fifteen) days, with effect from the admissibility decision.

(5) The Minister in charge of hydrocarbons, with the consent of the duly mandated public body, shall decide on the application for domestic transportation authorization no later than 3 (three) months, with effect from the date of reception of the complete application file.

(6) Beyond the deadline referred to in (5) above, the application for exploitation authorization shall be forwarded to the Prime Minister, for further procedures, at the behest of the Minister in charge of hydrocarbons.

ARTICLE 33: Granting of Domestic Transportation Authorization

(1) Domestic transportation authorization shall be granted by decree of the President of the Republic, who shall set its period, in accordance with the provisions of Section 49(1) of the Petroleum Code.

(2) This decree shall approve the construction project described in the application, which shall be modified, where necessary, in accordance with the provisions of Article 32(2) above, and declare the planned construction project to be in the public interest.

(3) The decree to authorize domestic transportation shall fully reproduce the provisions of Section 54 of the Petroleum Code on the nullity of the domestic transportation authorization. The Minister in charge of hydrocarbons shall notify the applicant company within 15 (fifteen) days of the date of signature of the decree.

ARTICLE 34: Referral to the Minister in charge of State Property for the use of land After granting the domestic transportation authorization, the Minister in charge of hydrocarbons shall refer to the Minister in charge of state property regarding required authorizations for the construction of the facility, notably with regard to land use, in accordance with the provisions of Part IV of the Petroleum Code.

ARTICLE 35: Transfer of the domestic transport authorization

In accordance with Section 51 of the Petroleum Code, the domestic transportation authorization may be transferred to third parties under conditions provided for in Sections 19 to 22 of the said Code and the petroleum contract, subject to the prior approval of the duly mandated public body and the Minister in charge of hydrocarbons. Such transfer shall be subject to the conditions and procedure defined in Articles 39 to 44 below.

ARTICLE 36: Waiver in the context of a domestic transportation authorization

The beneficiary of a domestic transportation authorization may waive it, under conditions and in accordance with the procedure set forth in Article 56 of this decree.

ARTICLE 37: Partnership under an internal transportation licence

(1) In accordance with Section 52 of the Petroleum Code, several holders of an operating licence may partner together in a domestic transportation licence. They may also partner with qualified third parties or the State, through the duly mandated public body.

(2) Protocols, agreements or contracts between

the parties concerned shall be subject to prior approval of the Minister in charge of hydrocarbons.

(3) Application for prior approval shall be filed with the Minister in charge of hydrocarbons, with an original copy to the duly mandated public body. It shall include the following information and documents:

(a) name or corporate name, legal form, main office, address and nationality of all companies wishing to partner under an authorization for domestic transportation;

(b) updated articles of association, deed of incorporation, proof of legal existence or an extract from the Trade and Companies Register less than three (3) months old, the amount and composition of the capital of all the companies concerned, as well as their last three (3) balance sheets and annual reports certified by a chartered accountant;

(c) documents showing the protocols, agreements or contracts concluded between all the companies concerned;

(d) any other information and elements of a technical or regulatory nature that the Minister in charge of hydrocarbons deems necessary and useful.

(4) The duly mandated public body may, on its own initiative or on the proposal of the Minister in charge of hydrocarbons, have the application file rectified or completed by the holder, where necessary.

(5) Where the application is admissible, the Minister in charge of hydrocarbons shall notify the holder within fifteen (15) days of the date of receipt of the application.

(6) The Minister in charge of hydrocarbons, with the consent of the duly mandated public body, shall rule on the request for prior approval within a period of three (3) months, with effect from the date of notification of the admissibility of the request.

(7) Approval shall be granted by order of the Minister in charge of hydrocarbons, allowing the interested parties to finalize the planned partnership under the domestic transportation licence. Notification shall be made to the holder by the Minister in charge of hydrocarbons, within fifteen (15) days of the date of signature of the order.

ARTICLE 38: Transport tariffs

(1) Pursuant to Section 55(6) of the Petroleum Code, the tariffs for the transportation of hydrocarbons by pipeline shall be fixed according to the following criteria:

(a) depreciation of facilities and pipelines;

(b) general configuration and characteristics of facilities and pipelines;

(c) operating costs of the pipeline transportation system;

(d) frequency of use of facilities and pipes;

(e) quantities of hydrocarbons transported by pipeline;

(f) rate of return equivalent to that generally accepted in the oil industry for facilities and pipelines operating under similar conditions.

(2) The holder of the Inland Transportation licence must submit to the Minister in charge of hydrocarbons, in agreement with the duly mandated public body, its tariff proposal accompanied by the complete file used to establish the said tariff proposal.

(3) Within thirty (30) days with effect from the date of receipt of the tariff proposal, the Minister in charge of hydrocarbons shall notify any reservations to the holder of the Inland Transportation Licence, who must dispel them within thirty (30) days from the

date of notification.

(4) If the holder of the domestic transportation authorization fails to dispel the said reservations within the time limit set, its tariff proposal shall be deemed rejected.

(5) Once the reservations are lifted, the tariff proposal shall be approved by joint order of the Minister in charge of hydrocarbons and the Minister in charge of trade. Notification shall be made to the holder by the Minister in charge of hydrocarbons, within fifteen (15) days with effect from the date of signature of the order.

**CHAPTER VII
TRANSFER AND WAIVER****SECTION I
TRANSFER**

ARTICLE 39: Prior approval by the State

(1) When the holder of a petroleum contract wishes to transfer, directly or indirectly, all or part of the rights and obligations resulting from this contract, he shall send a request to the Minister in charge of hydrocarbons to obtain his prior approval, in accordance with the provisions of Sections 19 and 20 of the Petroleum Code.

(2) Any contract or agreement involving the transfer of rights shall be concluded under the suspensive condition of the approval of the Minister in charge of hydrocarbons, who may seek the consent of the Minister in charge of finance for that purpose.

(3) Any contract concluded in violation of the provisions of (1) and (2) above shall be null and void and shall lead to the withdrawal of the authorization and/or the forfeiture of the petroleum contract under the conditions laid down in Section 126 of the Petroleum Code.

ARTICLE 40: Content of the application for prior approval

The application for prior approval to transfer the rights and obligations of the holder of a petroleum contract or authorization addressed to the Minister in charge of hydrocarbons shall include the following information and documents:

(a) proof of prior notification by the holder to the State through the intermediary of the Minister in charge of hydrocarbons and the duly mandated public body, as well as to all the other co-holders of the petroleum contract or authorization, of the proposed transfer of rights and obligations in order to allow the exercise of the right of pre-emption provided for in Section 22 of the Petroleum Code;

(b) name or corporate name, legal form, head office, address and nationality of the proposed transferee;

(c) updated articles of association, the deed of incorporation, proof of legal existence or an extract from the ministry of Trade and Companies Register less than three (3) months old, the amount and composition of the capital of the proposed transferee, as well as its last three (3) balance sheets and annual reports certified by a certified accountant;

(d) documents, if any, attesting to the technical and financial capacity of the proposed transferee to perform the work obligations and other commitments under the oil contract;

(e) the full transfer plan concluded between the holder and the beneficiary of the propo-

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sed transfer;

(f) any agreement between the proposed transferee and holders of an interest in that oil contract relating to the financing of oil operations;

(g) a firm, unconditional and irrevocable written undertaking by the proposed transferee to assume all the obligations vested in it by the oil contract holder;

(h) a receipt attesting to the payment to the Treasury of the fixed fees applicable to the application for transfer, in accordance with the provisions of Section 101(1) of the Petroleum Code;

(i) in the specific case of the transfer of an exploration authorization, the production by the beneficiary of the proposed transfer of a bank or parent company guarantee intended to cover the completion of the minimum programme of exploration work provided for in the exploration authorization and stipulated in the petroleum contract, in accordance with the provisions of Section 33(2) and (3) of the Petroleum Code, and to cover related expenses.

ARTICLE 41: Exercise of pre-emptive rights

(1) Concurrently with the referral to the Minister in charge of hydrocarbons under the application for prior approval provided for in Article 40 above, the holder of the petroleum contract shall notify all the beneficiaries of the pre-emptive right of the draft transfer of rights and obligations. Such notification must indicate the price and conditions of the proposed transfer and reproduce in full the provisions of Section 22 of the Petroleum Code.

(2) When the beneficiary of the right of pre-emption informs the holder of his intention to exercise this right, direct negotiations shall be initiated between the two (2) parties concerning the planned transfer.

(3) The beneficiaries of the pre-emptive right shall be deemed to have waived the exercise of such right where they do not come forward within a period of ninety (90) days following the notification of the draft transfer.

ARTICLE 42: Review of application for prior approval

(1) The duly mandated public body may, on its own initiative or on the proposal of the Minister in charge of hydrocarbons, have the application file rectified or completed by the holder.

(2) Where the application is admissible on procedural grounds, the Minister in charge of hydrocarbons shall notify the holder within fifteen (15) days following the date of receipt of the file.

(3) The Minister in charge of hydrocarbons shall communicate the file to the Minister in charge of finance, who has a period of fifteen (15) days to determine the tax treatment of the transaction, in particular its taxable or non-taxable nature.

(4) The Minister in charge of hydrocarbons, with consent of the duly mandated public body, shall decide on the request for prior approval within a period of ninety (90) days with effect from the date of notification of the admissibility of the request.

ARTICLE 43: Prior approval

(1) Prior approval of transfer of the rights and obligations of the petroleum contract shall be issued by order of the Minister in charge of hydrocarbons. Notification shall be made to the holder by the Minister in

charge of hydrocarbons, within fifteen (15) days following the date of signature of the order.

(2) To render the transfer of rights and obligations effective, an amendment to the petroleum contract shall be concluded and signed by the State, the holder and the beneficiary of the transfer, pursuant to Section 19(1) of the Petroleum Code.

(3) Where the rights transferred were granted by virtue of a decree of the President of the Republic in the specific case of exploration, exploitation, transportation or provisional exploitation authorizations, the effective transfer of such rights shall be materialized by a new decree signed by the same authority, in accordance with the provisions of Section 19(1) of the Petroleum Code.

ARTICLE 44: Rights and obligations prior to the transfer

The transfer of the rights and obligations of a petroleum contract shall not affect the liability or obligations of the holder, that is the transferor, prior to its effective date.

SECTION II CHANGE OF CONTROL

ARTICLE 45: Prior approval by the State

(1) The holder shall be required to seek the prior approval of the Minister in charge of hydrocarbons for any transaction that results in a change of control of the holder company by its shareholders.

(2) The Minister may oppose such transaction where it is prejudicial to the interests of the State or violates the stipulations of the petroleum contract and require the holder to transfer its rights and obligations to the co-holders or to a third party approved by the State.

(3) Failure to transfer to co-holders or to a third party approved by the State shall result in the withdrawal of the authorization and/or forfeiture of the petroleum contract under the conditions provided for in Section 126 of the Petroleum Code.

(4) Where the holder of a petroleum contract is involved in a transaction likely to result in a change in the control of the holder company by its shareholders, it shall send a request to the Minister in charge of hydrocarbons to seek his prior approval, in accordance with the provisions of Section 21 of the Petroleum Code.

ARTICLE 46: Content of the application for prior approval

The request for prior approval of the change of control of the incumbent company shall be addressed to the Minister in charge of hydrocarbons, with an original copy to the duly mandated public body. It shall include the following information and documents:

(a) name or corporate name, legal form, head office, address and nationality of the company taking control of the holder;

(b) updated articles of association, the deed of incorporation, proof of legal existence or an extract from the Trade and Personal Property Credit Register less than three months old, amount and composition of the capital of the company taking control of the holder, as well as its last three (3) balance sheets and annual reports certified by an approved chartered accountant;

(c) all other details relating to the execution of the legal, regulatory or contractual obli-

gations of the holder that the Minister in charge of hydrocarbons shall deem necessary and useful.

ARTICLE 47: Review of application for prior approval

(1) The duly mandated public body may, on its own initiative or on the proposal of the Minister in charge of hydrocarbons, have the application file rectified or completed by the holder, where necessary.

(2) Where the application is admissible on procedural grounds, the Minister in charge of hydrocarbons shall notify the holder within fifteen (15) days of the date of receipt of the application.

(3) The Minister in charge of hydrocarbons shall communicate the file to the Minister in charge of finance who has a period of fifteen (15) days to determine the tax treatment of the transaction.

(4) The Minister in charge of hydrocarbons, with consent of the duly mandated public body, shall rule on the application for prior approval within a period of three (3) months, with effect from the date of notification of the request's admissibility.

ARTICLE 48: Prior approval decision

(1) The change of control shall be approved by order of the Minister in charge of hydrocarbons, allowing the holder and beneficiary company to finalize the change of control plan. Notification shall be made to the holder by the Minister in charge of hydrocarbons, within fifteen (15) days following the date of signature of the order.

(2) Where the Minister responsible for hydrocarbons objects to the proposed change of control and refuses approval, he shall inform the holder by reasoned decision.

ARTICLE 49: Information to the State on changes in factors relating to the control of the holder

(1) Any change in the factors relating to the control of the holder, as defined in (2) below, shall be communicated to the Minister in charge of hydrocarbons within thirty (30) days of the said change.

(2) Factors relating to the control of the holder shall relate to one or more of the following:

(a) protocols, agreements or contracts binding the holder to another holder or a third party and relating to the execution of petroleum operations or the management of the entity or entities that constitute the holder, the sharing of expenses and profits, the sharing and sale of the proceeds of petroleum operations or, in the event of compulsory liquidation, the distribution of assets;

(b) clauses of the holder's articles of association relating to head office, rights attaching to securities and the majority required for general meetings;

(c) a list of the names and nationalities of the legal or natural persons that hold at least ten percent (10%) of the holder's capital;

(d) name, nationality and country of residence of the legal entities which have debts of an amount exceeding twenty percent (20%) of the market value of the securities held by the holder's shareholders, as well as the nature and conditions of the loans contracted with such entities, where the holder's debts coming to maturity beyond four (4) years, exceed the market value of the shareholders' securities.

SECTION III CO-HOLDER WITHDRAWAL

ARTICLE 50: Withdrawal request

In accordance with Section 23 of the Petroleum Code, the co-holder wishing to withdraw from the Petroleum Contract shall forward an application to the Minister in charge of hydrocarbons, with an original copy to the duly mandated public body.

ARTICLE 51: Content of the application for withdrawal

The application for withdrawal referred to in Article 50 above shall comprise the following information and documents:

(a) proof by the withdrawing co-holder that it has fulfilled all of its commitments and contractual, fiscal, financial and social obligations under the Petroleum Contract until the effective date of the withdrawal;

(b) where applicable, the firm, unconditional and irrevocable commitment by the other co-holder(s) to take over all commitments made under the Petroleum Contract.

ARTICLE 52: Examination of the application for withdrawal

(1) The duly mandated public body may, where necessary, on its own initiative or at the behest of the Minister in charge of hydrocarbons, have the application file corrected or completed by the withdrawing co-holder.

(2) Where the application is admissible on procedural grounds, the Minister in charge of hydrocarbons shall notify the co-holder within 15 (fifteen) days, following the date of receipt of the request.

(3) The Minister in charge of hydrocarbons, after consulting the duly mandated public body, shall decide on the application for withdrawal within a period of 3 (three) months, with effect from the date of notification of the request admissibility of the application.

ARTICLE 53: Decision to approve withdrawal

(1) The withdrawal of the co-holder shall be approved by order of the Minister in charge of hydrocarbons, who shall set the effective date of withdrawal.

(2) The order of the Minister in charge of hydrocarbons referred to in (1) above shall be notified simultaneously to the holder, the withdrawing co-holder, as well as all the other co-holders of the Petroleum Contract within 15 (fifteen) days, following the date of signature of the said order.

(3) Where the Minister in charge of hydrocarbons objects to the withdrawal of the co-holder, he shall notify the applicant and the other co-holders by reasoned decision.

SECTION IV WAIVER

ARTICLE 54: Waiver in respect of a research authorization

(1) In accordance with the provisions of Section 24 of the Petroleum Code, the holder of an exploration authorization may waive all or part of the areas covered by its authorization.

(2) Where the holder of a research authorization wishes to waive it, it shall notify its application for a waiver to the Minister in charge of hydrocarbons with a notice of 2 (two) months prior to the proposed date of the said waiver.

(3) The application for a waiver shall comprise the following information and documents:

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- (a) the evaluation of the exploration work undertaken at the date of the application;
- (b) the status of the holder's commitments and obligations already fulfilled, as well as those yet to be fulfilled;
- (c) technical or other justifications for the waiver;
- (d) supporting documents establishing that the holder has fulfilled all the obligations prescribed by the Petroleum Contract and the regulations in force, in particular with regard to environmental protection, abandonment of oil fields and wells, sites restoration, protection of persons and property, as well as labour law and social security;
- (e) proof of payment to the duly mandated public body of the compensation provided for in the Petroleum Contract and Sections 24 and 34 of the Petroleum Code for non-performance of the minimum compulsory work programme;
- (f) a receipt attesting payment to the Treasury of fixed duties applicable to the application for a waiver, in accordance with the provisions of Section 101(1) of the Petroleum Code.

ARTICLE 55: Review of the waiver request under exploration authorization

- (1) The duly mandated public body may, where necessary, on its own initiative or at the request of the Minister in charge of hydrocarbons, have the application file corrected or completed by the waiving holder.
- (2) Where the application is admissible on procedural grounds, the Minister in charge of hydrocarbons shall notify the holder within 15 (fifteen) days following admissibility decision.
- (3) The Minister in charge of hydrocarbons, after consulting the duly mandated public body, shall decide on the application for a waiver within a period of 3 (three) months, with effect from the date of receipt of the application.
- (4) The holder's waiver shall be approved by order of the Minister in charge of hydrocarbons, who shall set the effective date of the said waiver at the date of publication of the said order. Notification shall be made to the holder by the Minister in charge of hydrocarbons within 15 (fifteen) days, from the date of signature of the order.

ARTICLE 56: Waiver in respect of an exploitation authorization

- (1) In accordance with the provisions of Section 25 of the Petroleum Code, the holder of an exploitation authorization may waive all or part of the areas covered by its authorization.
- (2) Where the holder of an exploitation authorization wishes to waive it, it shall notify its waiver request to the Minister in charge of hydrocarbons with a copy to the duly mandated public body, with a 12 (twelve) month notice preceding the proposed date for the said waiver.
- (3) The waiver request shall comprise the following information and documents:
 - (a) the evaluation of the exploration and exploitation work undertaken at the request submission date;
 - (b) the state of the holder's commitments and obligations already fulfilled, as well as those yet to be fulfilled;
 - (c) technical or other justifications for the waiver;
 - (d) supporting documents establishing that the holder has fulfilled all the obligations

prescribed by the Petroleum Contract and by the regulations in force, in particular with regard to environmental protection, abandonment of oil fields and wells, sites restoration, protection of persons and property, as well as labour law and social security;

(e) a receipt attesting payment to the Treasury of fixed duties applicable to the waiver request, in accordance with the provisions of Section 101(1) of the Petroleum Code.

(4) The duly mandated public body may, where necessary, on its own initiative or on the request of the Minister in charge of hydrocarbons, have the application file corrected or completed by the waiving holder.

(5) Where the request is admissible on procedural grounds, the Minister in charge of hydrocarbons shall notify the holder within 15 (fifteen) days, from the date of receipt of the request.

(6) The Minister in charge of hydrocarbons, after consulting the duly mandated public body, shall decide on the waiver request within a period of 3 (three) months, from the date of receipt of the request.

(7) In accordance with Section 47 of the Petroleum Code, the Minister in charge of hydrocarbons, at the behest of the duly mandated public body, may require the holder to waive an area of the exploitation authorization which has been unexploited for a period of more than 3 (three) years. The latter must comply, save in cases of absolute necessity.

(8) The holder's waiver shall be approved by order of the Minister in charge of hydrocarbons, who shall set its effective waiving date. Such order shall be notified to the holder within 15 (fifteen) days of its signature.

ARTICLE 57: Waiver in respect of a transportation authorization

(1) In accordance with the provisions of Section 26 of the Petroleum Code, the beneficiary of a transportation authorization may waive it.

(2) Where the beneficiary of a transportation authorization wishes to waive it, it shall notify its waiver request to the duly mandated public body and the Minister in charge of hydrocarbons, with a notice of 12 (twelve) months prior to the proposed date of the said waiver.

(3) The waiver request shall comprise the following information and documents:

- (a) the evaluation of activities undertaken at the request submission date;
- (b) the status of the beneficiary's commitments and obligations already fulfilled, as well as those yet to be fulfilled;
- (c) technical or other justifications for the waiver;
- (d) supporting documents establishing that the holder has fulfilled all the obligations prescribed by the Petroleum Contract and by the regulations in force, in particular with regard to environmental protection, abandonment of oil fields and wells, sites restoration, protection of persons and property, as well as labour law and social security;
- (e) a receipt attesting payment to the Treasury of fixed duties applicable to the waiver request, in accordance with the provisions of Section 101(1) of the Petroleum Code.
- (4) The duly mandated public body may, where necessary, on its own initiative or on the request of the Minister in charge of hydrocarbons, have the application file corrected

or completed by the waiving beneficiary.

(5) Where the request is admissible on procedural grounds, the Minister in charge of hydrocarbons shall notify the beneficiary within 15 (fifteen) days, from the date of receipt of the request.

(6) The Minister in charge of hydrocarbons, after consulting the duly mandated public body, shall decide on the waiver request within a period of 3 (three) months, from the date of notification of the admissibility of the request.

(7) The waiver shall be approved by order of the Minister in charge of hydrocarbons, who shall set its effective waiving date. The order shall be notified to the holder within 15 (fifteen) days, from the date of its signature.

CHAPTER VIII RELATIONS WITH LANDOWNERS

SECTION I OCCUPATION OF LAND INTENDED FOR PETROLEUM OPERATIONS

ARTICLE 58: Land survey

(1) The holder of a petroleum authorization or contract wishing to undertake petroleum operations shall submit to the Minister in charge of hydrocarbons, a request for a land survey in order to gain access to the land necessary to carry out the said operations. A copy of such file shall concomitantly be transmitted by the applicant to the duly mandated public body.

(2) The file referred to in (1) above shall comprise:

- (a) a stamped application at the current rate;
- (b) the commitment of the holder and co-holder(s) of the petroleum authorization or contract to bear the costs of the land survey;
- (c) a copy of the authorization or petroleum contract;
- (d) a copy of the aerial and/or satellite photographs taken after the granting of the authorization or signing of the Petroleum Contract;
- (e) plans drawn to a scale of 1:200,000 and/or 1:500,000 showing the layout of the authorizations and contractual areas of the petroleum contracts concerned;
- (f) a plan drawn to a scale of 1:5,000 showing the layout of the proposed installations;
- (g) a map showing the location of any watercourses whose use is requested;
- (h) a map showing the location of the key settled areas, croplands, rural and forestry concessions concerned.

(3) The file shall be transmitted to the Minister in charge of lands by the Minister in charge of hydrocarbons or the duly mandated public body under the conditions laid down by the laws and regulations in force.

(4) The land survey shall be conducted in accordance with the conditions laid down by the land laws and regulations in force. The competent Commission of Inquiry shall have a period of 6 (six) months to submit its report.

ARTICLE 59: Granting of site occupation rights by the operator

(1) On the basis of the findings of the land survey, a right of use shall be granted by decree of the Prime Minister to the petroleum

operator on the plots necessary for its establishment, pursuant to Section 58(3) of the Petroleum Code.

(2) As the case may be, such plots shall first be registered either for the State of Cameroon, following their incorporation or expropriation or classified as artificial public property.

(3) The payment of any expenses that may be incurred by the land belonging to the national or public property affected by such measures, as well as compensation of the private properties affected, shall be carried out according to a decree of the Prime Minister, in accordance with the land and property legislation in force.

ARTICLE 60: Protection areas

Protection areas within which petroleum operations may be subject to some conditions or prohibitions without the possibility for the holder of a petroleum authorization or contract to claim any compensation, shall in particular concern

(a) land located within 50 (fifty) metres of any religious or government building or public service, walled enclosures, courtyards and gardens, dwellings, groups of dwellings, villages, population centres, cemeteries, wells, water points, reservoirs, streets, roads, railways, water mains, pipelines, public utility works and civil engineering structures;

(b) land located within 1.000 (one thousand) metres of a land border or airport;

(c) land classified as sites and reserves by the State.

ARTICLE 61: Establishment of protection areas

The protection areas referred to in Article 60 above shall be established by decree of the Prime Minister who shall define, where necessary, the conditions under which petroleum operations may be undertaken within the areas concerned.

ARTICLE 62: Compensation for damage to the land holdings

Compliance by the holder with the technical conditions prescribed by the decree establishing the protection areas shall not exempt the holder from its obligation to pay compensation Section 65 of the Petroleum Code.

ARTICLE 63: Overlapping rights relating to various mineral substances

Pursuant to Section 11 of the Petroleum Code, in the event of overlapping rights relating to various mineral substances, the extracted substances shall be placed at the disposal of the person who can claim them, by virtue of its title, in return for payment of fair compensation by amicable agreement or, failing that, by the competent civil court following an inspection.

SECTION II SPECIAL PROVISIONS RELATING TO THE TRANSPORTATION OF HYDROCARBONS

ARTICLE 64: Right of establishment of pipelines and installations

The approval of the project for the construction of pipelines and installations referred to in Article 30 of this decree shall also include, for the holder of the domestic transportation authorization, the right to establish pipelines and installations on land which it does not own.

ARTICLE 65: Easement - compensation

(1) The owners of land with an easement or their rightful claimants shall be required to refrain from any action likely to interfere

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with the proper functioning of the pipelines and installations.

(2) Such easement liability shall give the right, in the case of private land, to compensation, fixed in the absence of amicable agreement, by the Minister in charge of hydrocarbons, who shall also determine the make-up of such easement, in consultation with the Minister in charge of State property.

(3) Where, despite the decision of the Minister in charge of hydrocarbons referred to in (2) above, disagreement remains unsolved with regard to the amount of the compensation or the make-up of the easement, the dispute shall be referred to the competent court.

CHAPTER IX CONDUCT OF PETROLEUM OPERATIONS

SECTION I GENERAL PROVISIONS

ARTICLE 66: Obligations of the holder
The holder shall, pursuant to Section 78 of the Petroleum Code:

(a) ensure that all materials, supplies, installations and equipment used by itself or its subcontractors in petroleum operations are in compliance with the generally accepted standards in the international petroleum industry and are in good working order;

(b) use the available resources in the best possible way on the contracted area such as water, sand, gravel, and timber, while avoiding any waste of geological resources;

(c) take every measure to avoid any damage to the site under exploitation;

(d) ensure that the hydrocarbons discovered neither escape nor are wasted;

(e) avoid damaging hydrocarbon or aquifer resources bearing strata adjacent to productive strata and prevent water from entering the hydrocarbons-bearing strata, save for water needed for injection methods for assisted retrieval or for any other reason in keeping with standards and practices generally accepted in the international oil industry;

(f) check the exploitation reservoir during exploitation in keeping with the standards practice. The holder shall measure or determine on a regular basis the pressure and fluid flow characteristics;

(g) stock hydrocarbon products, in compliance with international standards practices for the oil industry;

(h) set up a flow system for hydrocarbons used for oil operations and brackish water;

(i) deposit the rubbish and waste in the catchment constructed to that effect and sufficiently distant from any reservoir, well or storage installation and dispose of the said waste and rubbish in compliance with the standards and practices generally accepted in the international oil industry;

(j) ensure that sub-contractors in their respective sectors, are in compliance with the standards and practices generally accepted in the international oil industry as well as the rules and regulations in force in the Republic of Cameroon;

(k) ensure optimal use of local human resources, the training and promotion of such resources as well as optimal use of local service providers.

ARTICLE 67: Sanctions where the holder

defaults on its obligations

(1) Where the holder defaults on its obligations stipulated in Article 66 above or is in a state of bankruptcy, judicial settlement or disposal of assets, the duly mandated public body shall refer to the Minister in charge of hydrocarbons who shall issue a formal notice to the holder to remedy the breaches noted within a period of 3 (three) months.

(2) Where the formal notice is not executed within the stipulated time-limit, the Minister in charge of hydrocarbons shall execute through his services or by subcontractors, any action he may deem necessary in consultation with the duly mandated public body. All related costs shall be borne exclusively by the holder.

(3) Where the formal notice is abortive and pursuant to Section 126(2) of the Petroleum Code, the Minister in charge of hydrocarbons, shall, through an order, and after consultation with the duly mandated public body, also pronounce withdrawal of the authorization and/or forfeiture of the petroleum contract concerned. However, where the authorization was granted by decree, its withdrawal shall be pronounced by a decree signed by the same authority.

(4) The withdrawal of the authorization and/or forfeiture of the petroleum contract shall be pronounced, without prejudice to all other administrative judicial and legal sanctions.

(5) The withdrawal of the authorization or forfeiture of the holder of the petroleum contract shall not relieve the holder from its contract obligations nor those toward third parties due on the date of such withdrawal or forfeiture. This shall concern in particular site restoration, financial, tax and social obligations.

(6) Pursuant to Section 99 of the Petroleum Code, the Minister in charge of hydrocarbons may suspend, through an order, any action that may be prejudicial to the interest of the State. Activities shall resume once the causes leading to the suspension have been lifted.

SECTION II NOTIFICATIONS, REPORTS AND WORK PROGRAMME

ARTICLE 68: State information prior to commencement or resumption of petroleum operations

(1) Prior to the commencement of petroleum operations on the site or when these operations are interrupted for a period exceeding ninety (90) days, the holder shall inform the duly mandated public body and the Ministry in charge of hydrocarbons, of its intention to start or resume petroleum operations within a maximum period of forty-eight (48) hours before the expected date for the commencement or resumption of the said operations.

(2) Such information shall comprise the name, credentials, curriculum vitae and the work experience of the person in charge of carrying out the petroleum operations.

ARTICLE 69: Obligations to provide to the State daily reports and data on the drilling operations

(1) During exploration operations, the holder shall provide to the duly mandated public body and the Minister in charge of hydrocarbons, daily drilling reports describing the

progress made, the findings of the said operations as well as the various log data recorded during the drilling.

(2) At the end of a drilling operation or during geological or geophysical prospecting and upon completion of the main phase of the data use, the holder shall provide to the duly mandated public body and to the Minister in charge of hydrocarbons, the raw and processed data, the findings of their use as well as following information, within a period of (30) thirty days of such completion:

(a) Geological data:

(i) All the logging performed in the well in hard and soft copies

(ii) The final survey report comprising amongst others:

- the wellbore location map and maps of the main horizons;

- the fundamental log with text wrapping;

- the construction logs;

- the lithological and sedimentological interpretation;

- the stratigraphic profiles;

- the description of reservoirs;

(iii) The reports and notes concerning the measures carried out in the well including the laboratory findings;

(b) Geophysical data:

(i) topographical data, location maps in hard and soft copies;

(ii) acquisition report;

(iii) field documentation;

(iv) raw and processed data in appropriate soft copies, according to international petrol and gas industry standards or on any other medium accepted by the duly mandated public body.

(3) The original copies of recordings and other data may, where necessary, be exported by the holder, following prior authorization from the Minister in charge of hydrocarbons or the duly mandated public body. However, the data that require processing or analysis abroad may be used only on condition that a copy of the said data is kept in the Republic of Cameroon. Such data shall be repatriated to the Republic of Cameroon within a maximum period of thirty (30) days, with effect from the end of their processing or analysis abroad.

(4) Conditions of storage of data that are subject to degradation and non-reproducible in particular carrots and liquid samples, shall guarantee proper conservation, integrity and accessibility in order to enable the use, throughout the exploration operations.

ARTICLE 70: Obligation to provide periodic reports to the State

(1) At the commencement of petroleum operations, the holder shall submit to the duly mandated public body and the Minister in charge of hydrocarbons on a monthly, quarterly, semester and/or annual basis, as the case may be, according to the schedule specified in the petroleum contract, a report covering the period concerned. Such report shall comprise the following information:

(a) a description of results of the petroleum operations undertaken by the holder;

(b) a summary of the geological and geophysical works undertaken by the holder including drilling activities during exploration;

(c) a list of maps, reports and other geological, geochemical and geophysical data relating to the semester concerned;

(d) the gross volume and the quality of hydrocarbon products retrieved, used, flared,

where applicable, concerning natural or marketed gas from the area covered by the petroleum contract, the counterpart received by the holder for the said hydrocarbons, the identity of the persons receiving the hydrocarbons and the remaining quantity at the end of the quarter concerned in the case of exploitation operations;

(e) the number of persons engaged in petroleum operations on Cameroonian territory at the end of the period concerned, broken down between Cameroonian citizens and foreigners;

(f) investment made in Cameroon and abroad for petroleum operations, pursuant to the provisions of the petroleum contract;

(g) all information resulting from petroleum operations and in particular:

(i) geological, geophysical, petro physical and engineering data;

(ii) wellbore survey data;

(iii) reservoir and production data;

(iv) periodic work completion reports;

(v) relevant information that the holder may have compiled during the period, including reports, analysis, interpretations, maps and evaluations prepared by the holder and its affiliated companies, their subcontractors or consultants;

(vi) information on the installations or installation modifications in the form of maps, drawings, diagrams, plans on appropriate mediums;

(vii) any other information required pursuant to the provisions of the petroleum contract.

(2) In case the precise amounts of the sums mentioned under this Article are not known at the drafting date of the report, estimates shall be provided by the holder to the duly mandated public body and the Ministry in charge of hydrocarbons.

ARTICLE 71: Data conservation by the holder

(1) During the exploration operations, the holder shall conserve a copy of the digital data tape acquired from geological, geochemical, geophysical, engineering and drilling data conducted under a work programme duly approved as provided for in the petroleum contract.

(2) During the remaining validity period of the petroleum contract, the said data shall be conserved by calendar year and shall be transmitted, after their acquisition by the holder, to the duly mandated public body, within the maximum period of 30 (thirty) days from the date when such data were generated, pursuant to the provisions of Section 97(1) of the Petroleum Code.

ARTICLE 72: Obligation to submit to the State the annual work programme and corresponding budget

(1) The holder shall prepare and submit for review to the duly mandated public body and the Ministry in charge of Hydrocarbons, within a maximum period of 30 (thirty) days before the start of each calendar year, subject to the provisions of the petroleum contract, an annual work programme and the corresponding budget for petroleum operations to be conducted, as well as the expenses to be made per quarter in the perimeter of the contract.

(2) For exploration authorizations, the annual work programmes and the corresponding budgets must be in keeping with the provisions of the petroleum contract, in particular

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those specifying the minimum work obligations and the corresponding budgets to be covered by the holder.

ARTICLE 73: Obligation to submit to the State for approval, an annual provisional report on production

(1) From the maiden commercial scale production of hydrocarbon, the holder shall submit for approval to the duly mandated public body and the Ministry in charge of hydrocarbons, within a maximum period of 30 (thirty) days prior to the start of each calendar year, a quarterly provisional report of the quantity of hydrocarbons that it projects to produce, retrieve and transport, pursuant to its petroleum contract. Such provisional report shall be drafted according to the accepted standards and practices in the international petroleum industry.

(2) The petroleum contract shall set the precise schedule which the provisional report mentioned in the paragraph above shall be submitted.

ARTICLE 74: Obligations to submit to the State the annual production report

(1) The holder shall submit to the duly mandated public body and to the Ministry in charge of hydrocarbons no later than 31 March of each year an annual report covering the previous calendar year and including the following information:

(a) the data provided in Articles 70(1) (d) and 70(1) (f) above and 136 below;

(b) estimates of retrievable hydrocarbon reserves at the end of the calendar year concerned;

(c) geographical limit of the area concerned in the contract;

(d) the total surface in square kilometres of the perimeter covered by the petroleum contract;

(e) the installation of drilled wells by the holder during the year concerned;

(f) the location and the layout of the pipes and other permanent installations;

(2) The petroleum contract shall specify the schedule of submission of the annual report referred to in paragraph (1) above.

ARTICLE 75: Mandatory records during the exploitation phase

(1) During exploitation operations, the holder shall keep records on hydrocarbons production, sale, storage and export. Where such exploitation includes different products, it shall be kept for each product.

(2) The records provided for in paragraph (1) above shall be marked and signed either by a mining engineer or a competent officer or one authorized to that end.

**SECTION III
SUPPLY OF THE DOMESTIC MARKET**

ARTICLE 76: Satisfaction of Cameroon's domestic market

(1) Pursuant to Section 81 of the Petroleum Code, where the Minister in charge of hydrocarbons so requests, to meet the needs of Cameroon's domestic market, the holder of the petroleum contract must sell as a priority to the duly mandated public body, on behalf of the State, part of its share of the hydrocarbon production.

(2) In case of allocation as a priority to satisfy Cameroon's domestic market, the Minister in charge of hydrocarbons, shall, in agreement with the duly mandated public body, notify the holder 6 (six) months prior,

and stating the needed quantities to ensure the supply of the domestic market for the next 6 months. Such deadline may be shortened where necessary.

(3) The quantities of hydrocarbons that the holder is compelled to allocate to the needs of Cameroon's domestic market pursuant to paragraph (2) above, shall not exceed the balance between:

(a) the total needs of Cameroon's domestic market multiplied by a fraction whose numerator shall be constituted of quantities of hydrocarbons drilled from the contractual perimeter, and the perimeter whose denominator shall be constituted by the overall hydrocarbon production on Cameroonian territory and;

(b) the total hydrocarbon production belonging to the Republic of Cameroon pursuant to the provisions of the petroleum contract. The calculation above shall be made each quarter.

ARTICLE 77: Selling price

The applicable selling price, for the sale referred to in this Article shall be calculated pursuant to the provisions of Chapter XIII of this decree.

ARTICLE 78: Supply by equivalent import and export of hydrocarbons Subject to a duly written authorization of the Minister in charge of hydrocarbons, the holder may fulfill its obligation to supply the needs of the Cameroon's domestic market referred to in Article 76 above, by importing hydrocarbons and by exporting equivalent quantities, after carrying out the necessary adjustment of quantities and prices in order to reflect the transport costs as well as gaps in quality, density and sale conditions.

**SECTION IV
MINIMUM WORK PROGRAMME
EXECUTION GUARANTEES**

ARTICLE 79: Activation of minimum work programme execution guarantees

(1) In accordance with the provisions of Section 33 (2) and (3) of the Petroleum Code, the exploration authorization holder shall provide a bank guarantee or a parent company guarantee for appraisal to the duly mandated public body or the Minister in charge of hydrocarbons, covering the agreed minimum works programme

(2) The guarantee referred to in (1) above should be provided by a banking institution chosen from among those with a "Standard & Poor's" rating at least equal to "AA", its international equivalent or an equivalent rating authorized by the Minister in charge of finance

(3) Pursuant to the provisions of Section 33 (4) of the Petroleum Code, the bank guarantee or parent company guarantee must be a first demand, joint, several, unconditional and automatically enforceable guarantee throughout its validity period.

(4) The bank guarantee or parent company guarantee shall be activated upon a request from the duly mandated public body or the Minister in charge of hydrocarbons to the guarantor, wherein they are informed of the exploration authorization holder's failure to execute the exploration minimum work programme and related expenditures, as provided for by the exploration authorization and mentioned in the petroleum contract.

(5) The payment request of the Minister in charge of hydrocarbons or the duly mandated public body which shall not exceed the applicable amount of the guarantee, must be accompanied by a certified true copy of the prior notification of the Minister in charge of hydrocarbons or the duly mandated public body to inform the exploration authorization holder of its decision to activate the guarantee. The said notification should be over 30 (thirty) days older than the notice presented by the Minister to the guarantor. No other supporting document shall be attached to the payment request presented to the guarantor.

(6) The amount of the bank guarantee or parent company guarantee shall reduce gradually as the exploration authorization holder shall execute a definite portion of the minimum work programme and its relayed expenditure.

(7) A letter from the Minister in charge of hydrocarbons or the duly mandated public body shall be issued to the guarantor imperatively showing the amount of the reduction of the guarantee.

(8) The bank guarantee or the parent company guarantee shall remain in force during its initial exploration period and for each renewal period thereof, unless the Minister in charge of hydrocarbons issues an attestation to relieve the guarantor and exploration authorization holder of any liability in respect of the said guarantee.

(9) The bank guarantee or parent company guarantee shall be governed by Cameroon law.

(10) Any dispute arising from bank guarantee or parent company guarantee shall fall within the exclusive jurisdiction of Cameroonian courts.

**CHAPTER X
ENVIRONMENTAL PROTECTION
AND SECURITY MEASURES
SECTION I
GENERAL PROVISIONS**

ARTICLE 80: Mandatory standards and practices for the holder

In accordance with the laws and regulations in force and in conformity with generally accepted standards and practices in the international petroleum industry, the holder shall take the following necessary measures:

(a) buy and renew insurance policies to compensate for damage caused to persons and goods as a result of petroleum operations conducted by the holder, in accordance with Chapter XX of this decree;

(b) strictly minimize environmental damage from petroleum operations within contractual perimeter;

(c) put in place a stringent pollution control and prevention system, as well as accident prevention system and emergency plans to be used in case of disaster that may be a threat to the environment and safety of persons and goods;

(d) obtain prior authorizations required by the laws and regulations in force, and provide the requisite environmental and social impact assessments in conformity with the provisions Section III of this Chapter;

(e) process, eliminate and control toxic substance emissions from petroleum operations likely to cause damage to persons, goods and the environment;

(f) put in place a petroleum operations waste collection system;

(g) safeguard and preserve archaeological and touristic sites, as well as wildlife reserves.

**SECTION II
PREVENTION AGAINST HYDROCARBONS
POLLUTION AND SECURITY MEASURES**

ARTICLE 81: Committee to prevent hydrocarbons-based pollution

(1) The committee to prevent hydrocarbons-based pollution hereinafter referred to as the "Prevention Committee" is hereby set up and placed under the authority of the Minister in charge of environment.

(2) The Prevention Committee shall be a consultative body whose mission is to provide assistance to the State in implementing laws and regulations governing environmental protection.

(3) The organization and functioning of the Prevention Committee shall be laid down by a joint order of the Minister in charge of environment and the Minister in charge of hydrocarbons.

ARTICLE 82: Waste management plan
The holder shall present respectively to the Ministers in charge of environment and hydrocarbons, a waste management plan based on an integrated pollution control system. The waste management plan shall present all the waste treatment stages.

ARTICLE 83: Wastes included in the waste management plan
Wastes covered by the waste management plan mentioned in Article 82 above shall include:

(a) earth waste;

(b) oil-, water-, and other fluid-based sludge;

(c) petroleum operations production water, waste water and all types of sediments;

(d) chemical products, medical and drainage wastes;

(e) fumes; and various other types of gaseous emissions;

(f) wastes classified as hazardous wastes by the laws and regulations in force, including without limitation, inflammable, corrosive, reactive, toxic or radioactive wastes;

(g) household wastes generated in the course of petroleum operations;

(h) used oils.

ARTICLE 84: Special instrument to draft and monitor the waste management plan
The conditions for drafting and monitoring the waste management plan mentioned in Articles 82 and 83 above shall be laid down by a separate instrument jointly issued by the Ministers in charge of environment and hydrocarbons.

ARTICLE 85: Security measures

(1) Where persons, goods and/or the environment suffer damage as a result of the holder's failure to comply with the provisions of Article 80, it shall take the requisite and appropriate remedial measures forthwith.

(2) Where the duly mandated public body or the Minister in charge of hydrocarbons deems such measures inadequate or where they constitute a hazard to persons and goods, or are likely to be environmentally harmful, the duly mandated public body or the Minister in charge of hydrocarbons shall request the holder to remedy within the prescribed deadline. Where the Minister in charge of hydrocarbons deems necessary, he shall request

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the holder, with the consent of the duly mandated public body, to suspend petroleum operations completely or partially, until the necessary measures are taken.

(3) Measures required in accordance with paragraph (2) above shall be decided in consultation with the holder and reflect applicable international standards for similar circumstances, as well as the environmental and social impact assessment conducted in accordance with the provisions of this chapter. Once these measures are finalized, they shall be notified to the holder and revised whenever necessary.

ARTICLE 86: Safety perimeter around establishments and installations of the holder

(1) The safety perimeter wherein houses and any other activity not related to the functioning of the establishments and installations of the holder are forbidden shall be established in accordance with the provisions of Articles 60, 61 and 62 above.

(2) Procedural costs and compensation related to the establishment of this safety perimeter shall be the sole responsibility of the holder and co-holders of authorizations and petroleum contracts.

(3) The holder and co-holders of authorizations or petroleum contracts must, at the end of the establishment of the safety perimeter provided for in paragraph (1) above, mark it out.

SECTION III ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

ARTICLE 87: Environmental and Social Impact Assessment of Projects

(1) Pursuant to Article 92 of the Petroleum Code, the holder of a petroleum contract shall conduct, at its own expense, an environmental and social impact assessment.

(2) Environmental and social impact assessments are required for every exploration, exploitation and hydrocarbons transport projects.

ARTICLE 88: Author of the environmental and social impact assessment

(1) The environmental and social impact assessment shall be authored by a consultant, a firm, a non-governmental organization or an association approved by the Minister in charge of environment and chosen by the holder.

(2) Cameroonian citizens shall be prioritized for the conduct of an environmental and social impact assessment.

ARTICLE 89: Mandatory content and information of the environmental and social impact assessment

Without prejudice to the legal and regulatory provisions in force, the environmental and social impact assessment must contain the following elements:

- (a) terms of reference of the assessment;
- (b) a summary of the assessment report in simplified English and French;
- (c) description and analysis of the baseline state of the site and its physical, biological, socio-economic and human environment;
- (d) description and analysis of all the elements and natural, socio-cultural resources that may be impacted by the project, including site justification;
- (e) project description and justification from among possible alternatives;
- (f) review of the legal and institutional fra-

mework;

(g) identification and assessment of project's possible impact on natural and human environment;

(h) lay-out of planned steps to avoid, mitigate or eliminate the environmentally adverse effects of the project;

(i) sensitization and information programme, as well as reports of meetings with communities, non-governmental organizations, trade unions, opinion leaders and organized groups concerned by the project;

(j) environmental and social management plan comprising the project's monitoring mechanisms and its environment, and if need be, the compensation plan.

(k) bibliography.

ARTICLE 90: Environmental and social impact assessment, environmental and social management plan

The environmental and social impact assessment shall have an environmental and social management plan with measures to eliminate, prevent, mitigate or offset for environmental damage. Depending on the type of petroleum operations involved, such measures shall concern in particular:

- (a) hydrocarbons storage and handling;
- (b) use of explosives;
- (c) choice of camping areas and yards;
- (d) solid and liquid waste treatment;
- (e) management of archaeological and cultural sites;
- (f) selection of drilling sites;
- (g) land stabilization approach;
- (h) protection of water tables;
- (i) impact on marine environment, where applicable;
- (j) impact on air;
- (k) prevention plan in case of an accident;
- (l) test gas flaring and clearing of liquid and gaseous hydrocarbon wells;
- (m) use of waste water resources;
- (n) abandonment of oil fields, wells and surface installations;
- (o) site abandonment and rehabilitation;
- (p) noise level control;
- (q) social aspects and participation of neighbouring communities;
- (r) sustainable development actions.

ARTICLE 91: Review of request to conduct an environmental and social impact assessment

(1) In accordance with the regulations in force, the holder shall submit to the Minister in charge of hydrocarbons and the Minister in charge of environment, besides the general project file:

- (a) a request for an environmental and social impact assessment including: company name, share capital, sector of activity and number of jobs planned in the project;
- (b) the terms of reference of the assessment, with a project design and justification statement focusing on preservation and reasons for the choice of site;
- (c) the receipt for the payment of the application fee at the current rate.

(2) After receiving the application file for the environmental and social impact assessment, the Minister in charge of hydrocarbons shall have ten (10) days to forward the said application with a reasoned opinion to the Minister in charge of the environment.

ARTICLE 92: Validation of the terms of reference of the environmental and social impact assessment

(1) From the date of receipt of the application file for the environmental and social impact assessment, the Minister in charge of the environment shall have twenty (20) days to issue his opinion on the terms of reference of the assessment. Such opinion shall be accompanied by a set of specifications giving indications on the content of the study, according to the category of the project, on the requisite level of analysis and the responsibilities and obligations of the holder.

(2) In case of no response from the Minister in charge of environment and beyond the expiry of a period of twenty (20) days following the date of submission of the file, the holder may consider the terms of reference as admissible.

ARTICLE 93: Procedure for approval of the environmental and social impact assessment

(1) The holder shall submit, against receipt, the report of the environmental and social impact assessment of its project to the Minister in charge of hydrocarbons and the Minister in charge of environment, in two (2) and twenty (20) copies respectively.

(2) Upon receipt of the environmental and social impact assessment, the Minister in charge of environment shall set up a joint team to:

- (a) go to the field to verify qualitatively the information contained in the said assessment and collect the opinions of the populations concerned;
- (b) prepare an evaluation report which shall be sent to the inter-ministerial Committee on Environment within a maximum of twenty (20) days from the date of the field visit.

(3) The Minister in charge of hydrocarbons shall forward a copy of his opinion to the Minister in charge of environment within twenty (20) days.

(4) The Minister in charge of environment shall decide on the admissibility of the environmental and social impact assessment and shall notify the holder, within no more than 20 (twenty) days, from the receipt of the opinion of the Minister in charge of hydrocarbons of:

- (a) either the admissibility as is and, in such case, he shall have it published by press, radio, television or any other means;
- (b) or he shall make observations and issue reservations to be lifted in order to make the said impact assessment admissible.

Beyond such period of twenty (20) days, and in case of no response from the administration, the environmental and social impact assessment shall be deemed admissible.

(5) After notification to the holder of the admissibility of the environmental and social impact assessment, or in case of no response from the Minister in charge of environment beyond the twenty (20)-day period referred to in (3) above, a wide public consultation shall be conducted.

(6) An ad hoc committee shall then be set up by the Minister in charge of environment to draw up, within no more than 30 (thirty) days, a report on the evaluation of the public hearings to be submitted to the Minister in charge of environment and to the inter-ministerial Committee on Environment.

(7) The Minister in charge of environment shall submit to the inter-ministerial Committee on Environment the file of the holder deemed admissible, including the following documents:

(a) report of the impact assessment declared admissible;

(b) evaluation report of the impact assessment;

(c) evaluation report and records of the public consultations and hearings.

The inter-ministerial Committee on Environment shall have twenty (20) days to issue its opinion on the environmental and social impact assessment. Beyond such period, the opinion shall be deemed favourable.

(8) The Minister in charge of environment shall have a period of twenty (20) days with effect from the opinion of the inter-ministerial Committee on Environment to decide on the environmental and social impact assessment.

In the event of a favourable decision, a certificate of environmental compliance of the assessment shall be issued to the holder by the Minister in charge of environment.

In case of a conditional decision, the Minister in charge of environment shall indicate to the holder the measures that it must take in order to comply and obtain the certificate of environmental compliance.

An unfavourable decision shall mean that the holder is prohibited from starting and implementing the project.

(9) Prior to commencement of work, the holder must obtain a certificate of environmental compliance for its project issued by the Minister in charge of environment.

Where a project whose environmental and social impact assessment has been approved is not implemented by the holder within three (3) months from the date of approval, the certificate of compliance issued for this purpose shall become null and void.

ARTICLE 94: Compliance with environmental protection standards and measures

The holder of a petroleum contract or authorization shall ensure that:

- (a) its employees and subcontractors have adequate knowledge of the environmental protection standards and measures that can be properly implemented, as well as those provided for in the environmental and social impact assessment and that must be taken during the performance of petroleum operations;
- (b) contracts with subcontractors relating to petroleum operations shall contain the measures and standards laid down in the environmental and social impact assessment.

**CHAPTER XI
DRILLING AND ABANDONMENT
PRACTICES**

ARTICLE 95: Compliance with standards and technical specifications

The holder shall ensure that the well design and drilling operations, including in particular, casings, sludge programme, cementing, spacing and plugging of wells, are carried out in accordance with the standards and good practices in force in the international oil industry.

ARTICLE 96: Identification of wells

(1) Each well shall be identified by its own single name and number determined by the Minister in charge of hydrocarbons, in consultation with the holder and the duly mandated public body, as well as by geographical and UTM (Universal Transverse Mercator) coordinates which must appear on the maps,

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plans and all related documents which the holder shall be bound to keep.

(2) Any proposal to change the name of a well shall be submitted to the Minister in charge of hydrocarbons for approval within fifteen (15) days with effect from the date of submission of the proposed change.

ARTICLE 97: Information to the State prior to commencement or resumption of well drilling

Prior to commencement of drilling work on a wellbore or in the event of interruption of the said work, the holder shall notify the duly mandated public body and the Minister in charge of hydrocarbons, within seven (7) days prior to the date scheduled for the commencement or resumption of the work, of his intention to commence or resume the said work, and shall provide them with the following information:

- (a) name and number of the well;
- (b) description of the exact location of the well, with its geographical and UTM (Universal Transverse Mercator) coordinates;
- (c) well location report containing a summary of the geological, geophysical and geochemical data and interpretations on which the holder's proposal to drill at the proposed location is based;
- (d) detailed technical report on the drilling programme, an estimate of the time required to complete the drilling work, the targets and their depth, the final depth of the well, the equipment used and the safety measures planned;
- (e) name, qualifications, curriculum vitae and experience of the person responsible for carrying out the drilling work.

ARTICLE 98: Information to the State in case of interruption of drilling work

When the drilling of a well is interrupted for a period exceeding thirty (30) days, the holder shall inform the Minister in charge of hydrocarbons and the duly mandated public body, within a maximum period of five (5) days, from the date of the beginning of such interruption.

ARTICLE 99: Drilling sites

(1) The holder may only drill a well within one thousand (1000) meters of its contractual perimeter with the express agreement of the Minister in charge of hydrocarbons, after receiving the approval of the duly mandated public body.

(2) No well may be drilled on a contractual perimeter beyond the vertical limits of the said perimeter.

ARTICLE 100: Obligation to notify the State of the decision to abandon any drilled well

(1) The holder shall notify the duly mandated public body and the Minister in charge of hydrocarbons, within a period of twenty-four (24) hours prior to the date scheduled for the abandonment operations, of its intention to abandon any well drilled in its contractual perimeter. This notification shall be accompanied by an abandonment programme for the said well.

(2) The holder shall be bound, upon expiry of the twenty-four (24)-hour period referred to in (1) above, to abandon the well concerned, subject to the terms and conditions of the Petroleum Contract.

ARTICLE 101: Production well abandonment programme

(1) The abandonment programme for a production well shall consist of three phases:

- (a) isolation of the reservoir from the surface and the different production layers;
- (b) treatment of the annulus between the casing strings;

- (c) cutting and removing the upper part of the casing strings.

(2) The holder shall undertake to conduct the abandonment operation in such a way as to satisfy the following:

- (a) control of hydrocarbons flow and escape;
- (b) prevention of damage to adjacent geological strata;
- (c) isolation of permeable formations from each other;
- (d) prevention of possible communication between reservoirs;
- (e) prevention of aquifer contamination.

ARTICLE 102: Obligations of the holder during site restoration

Unless otherwise decided by the Minister in charge of hydrocarbons, the holder shall be bound, when returning a part of the contractual perimeter or when the abandonment of a well or a deposit becomes necessary for technical or economic reasons and at the end of the petroleum contract, as the case may be:

- (a) to remove from the returned portion or from the contract area, the equipment, installations, structures and pipelines used for petroleum operations, in accordance with the provisions of an abandonment plan and in accordance with good practice in the international petroleum industry and the standards of the International Maritime Organization in respect of offshore sites;
- (b) to carry out site rehabilitation works on the contractual perimeter, in accordance with the standards and good practices in force in the international oil industry. To this end, the holder shall take the necessary measures to prevent damage to persons, property and the environment.

ARTICLE 103: Obligation to abandon the deposit at the end of exploitation

(1) In accordance with Section 48 (1) of the Petroleum Code, the holder shall carry out, at its own expense, the operations of abandonment of the exploitation of the deposit as well as the environmental protection and site rehabilitation operations provided for by the laws and regulations in force and by the Petroleum Contract.

(2) Within a period of time specified in the Petroleum Contract and in agreement with the duly mandated public body, the holder shall submit to the Minister in charge of hydrocarbons, for approval, an abandonment plan which fine tunes the assumptions referred to in the development plan based on the knowledge acquired during the exploitation of the deposit.

(3) The abandonment plan must provide for the constitution of abandonment savings, for a number of years defined in the abandonment plan, to be kept in an account opened under an escrow agreement with the Central Bank or with an institution chosen from among the institutions having a rating at least equal to "AA" from "Standard & Poor's" or an equivalent rating, approved by the Central Bank.

(4) Such account shall be used to receive the full provision for abandonment established in accordance with the provisions of the oil contract and to finance only abandonment operations. The schedule for the provisioning of the said escrow account, the rules and conditions for managing such account shall be specified in the oil contract.

CHAPTER XII**CONSTRUCTION OF OFFSHORE FACILITIES, PIPELINES AND RELATED EQUIPMENT**

ARTICLE 104: Obligation to respect navigation, fishing activities and the marine environment

(1) In the conduct of offshore operations, the Minister in charge of hydrocarbons or the duly mandated public body shall provide the holder with maps and charts that indicate the main maritime shipping routes.

(2) The holder shall ensure that works, installations of offshore equipment related to oil operations do not interfere with navigation and fishing activities, nor cause damage to the marine environment or rivers, in accordance with international oil industry practices and applicable legislation.

ARTICLE 105: Safety measures and signage

(1) Offshore equipment facilities related to oil operations shall be constructed, located, marked, beacons, equipped and maintained in such a manner as to ensure the safe functioning of shipping lanes.

(2) Such facilities shall comply with the navigational rules approved by the competent maritime authorities and shall be lighted between sunset and sunrise in accordance with the standards approved by the said authorities.

ARTICLE 106: Request for prior authorization from the State

The holder shall submit to the Minister in charge of hydrocarbons, with an original copy notified to the duly mandated public body, a request for authorization on prior to commencement of construction, alteration or operation of a pipeline, pumping station, storage facility and any other related equipment intended for the transport and storage of hydrocarbons.

ARTICLE 107: Content of the request for prior authorization

The following information and documents shall be attached to the application for authorization referred to in Article 106 above:

- (a) construction plans for the platforms, pipeline, pumping station, storage facility and other related equipment;
- (b) a draft work programme and corresponding budget for the construction, modification or operation of the pipeline, pumping station, storage facility and other related equipment, as well as the financial and technical resources that the contractor plans to invest therein;
- (c) the planned route of the pipeline and the location of the pumping station, storage facility and other related equipment concerned.

ARTICLE 108: Review of the request for prior approval

(1) When necessary, the Minister in charge of hydrocarbons may have the holder rectify or complete the application file.

(2) Where the request is admissible on procedural grounds, the Minister in charge of hydrocarbons shall notify the holder within fifteen (15) days following the decision of admissibility.

ARTICLE 109: Decision on prior authorization

(1) The Minister in charge of hydrocarbons, after consulting the duly mandated public body, shall decide on the request for prior authorization within two (2) months, with effect from the admissibility decision.

(2) The authorization shall be granted by order of the Minister in charge of hydrocarbons.

The Minister shall notify the holder within fifteen (15) days of the date of signature of the order.

ARTICLE 110: Partnering of several holders

(1) Where the Minister in charge of hydrocarbons deems that national interests or economic profitability justify that the construction and operation of facilities intended for petroleum operations be jointly undertaken and used by several holders, the latter must reach an agreement relating to the construction and operation of common facilities.

(2) In accordance with Article 37(2) of this decree, the protocols, agreements or contracts concluded between the holders concerned shall be subject to the prior approval of the Minister in charge of hydrocarbons.

(3) The granting of prior authorization by the Minister in charge of hydrocarbons shall be subject to the conditions and procedure provided for in Article 37 of this Decree.

ARTICLE 111: Use of the facilities by another holder

(1) In accordance with the provisions of Sections 55 and 64 of the Petroleum Code, a holder may use the facilities operated or owned by another holder, if the maximum capacity of the said facilities has not yet been reached.

(2) Where the use of the facilities referred to in paragraph 1 above shall be made against payment of a fee agreed between the holders, provided that it does not hinder the proper functioning of the petroleum operations of the holder who operates or holds such facilities.

ARTICLE 112: Dispute over construction or use of facilities

(1) In the event of disagreement on the joint construction or use of facilities, the holders shall refer the matter to the Minister in charge of hydrocarbons for conciliation. The Minister in charge of hydrocarbons shall have a period of ninety (90) days to reconcile the parties.

(2) Where such disagreement remains unresolved, the dispute shall be referred by the holders for resolution to one or more international experts.

**CHAPTER XIII
PRICE OF HYDROCARBONS**

ARTICLE 113: Determining of the value of Hydrocarbons

(1) The value of hydrocarbons produced in a contractual perimeter under a petroleum contract shall be the "market price" of such hydrocarbons.

(2) The hydrocarbons referred to in paragraph (1) above shall be sold and delivered in accordance with the current version of the International Trade Terms (Incoterms) published by the International Chamber of Commerce.

(3) The value of the hydrocarbons shall be determined at the point of delivery provided for by the Incoterms used for the sale of said hydrocarbons.

ARTICLE 114: International market price

(1) Liquid hydrocarbons

- (a) the holder shall be required to market liquid hydrocarbons at the best price;
- (b) the value of hydrocarbons shall be determined by comparison with North Sea Brent, the benchmark crude of the London oil futures market;
- (c) the market price of hydrocarbons must, at all times, reflect the value of such hydrocarbons on the international market. It must

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be comparable to the price of hydrocarbons of similar quality and be adjusted to the characteristics of the various transactions:

(d) the market price shall be per barrel US dollars or any other convertible currency agreed upon by the parties.

(2) gaseous hydrocarbons

(a) the holder shall be required to market the natural gas at the best price;

(b) determining the prices of gaseous hydrocarbons shall depend on the destination of such hydrocarbons;

(c) for the domestic market, the market price, expressed in currency used in the sales contract per million BTU (British Thermal Unit), shall be equal to the price recorded in the actual natural gas sales contracts;

(d) for the export market, the market price, expressed in currency in the sales contract per million of the British Thermal Unit (BTU), shall be set in relation either to the international benchmark for crude oil or to the reference prices of the natural gas futures markets in the export destination area, or on the basis of the market prices of a alternative fuel for natural gas prevailing at the time of sale.

ARTICLE 115: Procedure for setting the international market price

(1) Liquid Hydrocarbon Market Price

(a) the market price of liquid hydrocarbons shall be the subject of negotiations within a joint commission known as the "Price Commission" which shall include the State, represented by the duly mandated public body, and the holder. Such price shall be fixed quarterly for each month of the production quarter concerned and shall be equal to the average of all the average quotations of the Dated Brent, or other reference crude oil chosen by mutual agreement of the holder and the State, as published by the "Platt's Crude Oil Market wire" during the month concerned, plus or minus a differential negotiated by agreement between the parties;

(b) the date of holding the "Price Commission" shall be determined jointly by the State, represented by the public body duly mandated for this purpose and the holder. If possible, this date shall be during the reference quarter and under no circumstances later than the last day of the month following the expiry date of the said quarter;

(c) the market price shall be applicable with effect from its publication by order of the Minister in charge of prices.

(2) Market price of gaseous hydrocarbons

(a) the market price of gaseous hydrocarbons sold on the domestic market shall be subject to the prior approval procedure by the Minister in charge of prices;

(b) the market price for gaseous hydrocarbons sold on the export market shall be determined by a "Marketing Committee" which shall include the State, represented by the duly mandated public body, and the holder and, where applicable, the sponsor of the gas export project. The price shall be fixed for the period of the sales contract. It must include a component allowing for the evolution over time of energy market prices (indexation).

The price shall be based on a formula integrating either an international crude oil market reference such as Brent North Sea, the reference crude oil on the London oil futures market, West Texas International (WTI),

the reference on the US futures market, Japan Crude Cocktail (JCC), the reference on the Japanese market, or the prices of the natural gas reference contract on internationally recognised futures markets in North America (Nymex) or Europe (NBP, TTF, etc.), or any other internationally recognised reference or index used for gas or liquefied natural gas (LNG) sales, particularly in Asia.

ARTICLE 116: Application of a provisional price in case of temporary disagreement

(1) Where, for a given quarter, the State or its agent and the holder do not reach an agreement on the market price of liquid hydrocarbons within the time limits mentioned in Article 115 above, the provisional price applicable shall be equal to the average of all the average quotations of Dated Brent, or other crude oil of reference chosen by agreement between the parties, during the reference period, plus or minus the differential agreed between the parties for the last month of the previous quarter.

(2) The provisional price shall be adopted for the reference quarter until the State or its authorized representative and the holder agree to fix the market price. Such agreement must be reached no later than, on the last day of the same quarter.

ARTICLE 117: Expert resolution in case of price disagreement - technical dispute

Where the State and the holder do not agree on the determination of the market price of liquid hydrocarbons, such disagreement shall be deemed to be a technical dispute and either party shall be entitled to its submission to expert resolution, in accordance with the provisions of Article 152 of this decree.

CHAPTER XIV MEASUREMENT

ARTICLE 118: Prior approval of measuring equipment and instruments

(1) The oil contract holder shall be required to provide, use and maintain equipment and instruments for measuring the volume, density, temperature, pressure conditions and other parameters of the quantities of hydrocarbons produced and recovered under its oil contract

(2) The Minister in charge of hydrocarbons and the Minister in charge of legal metrology shall approve such measuring equipment and instruments, as well as the allowed margin of measurement error and the composition of the stock of spare parts, before their commissioning.

ARTICLE 119: State inspection of measuring equipment and instruments

Authorized inspection agents of the Minister in charge of hydrocarbons and the Minister in charge of legal metrology may, at any time, inspect measuring equipment and instruments, provided that such inspection does not impede their normal use.

ARTICLE 120: Obligation to determine the volume and quality of hydrocarbons

The oil contract holder shall be bound to determine, for each extraction, the volume and quality of the hydrocarbons produced and recovered, in accordance with the provisions of its oil contract and the good practices generally accepted in the international oil industry, following procedures which shall be agreed with the Minister in charge of hydrocarbons.

ARTICLE 121: Calibration of measuring equipment and instruments

(1) The holder shall be bound to inform the Minister in charge of hydrocarbons, the Minister in charge of legal metrology and the duly mandated public body, of its intention to calibrate the measuring equipment and instruments, within fourteen (14) days prior to the date scheduled for the commencement of the said operations.

(2) The representatives of the Minister in charge of hydrocarbons, the Minister in charge of legal metrology and those of the duly mandated public body, shall attend and supervise the operations referred to in paragraph (1) above, in accordance with the regulations in force.

ARTICLE 122: Failure of measuring equipment, instruments and procedures

(1) When an inspection reveals that the measuring equipment and

instruments or the measuring procedures used are inaccurate and exceed the allowed margin of measurement error approved by the Minister in charge of legal metrology, and provided that the results of this inspection are confirmed by an independent expert jointly appointed by the Minister in charge of legal metrology and the holder, the inaccuracy noted shall be deemed to have existed since the last valid calibration or the last inspection.

(2) The necessary corrections shall be made within fifteen (15) days of the publication of the results of the inspection which recorded the failure of the measuring equipment and instruments.

ARTICLE 123: Additional measurement methods

A joint decree of the Ministers in charge of hydrocarbons and legal metrology shall specify and supplement, as and when necessary, the provisions of this decree relating to measurement.

CHAPTER XV FISCAL, CUSTOMS AND EXCHANGE PROVISIONS

ARTICLE 124: Corporate income tax

(1) Pursuant to Section 107 of the Petroleum Code, the holders of oil contracts shall be subject to corporate income tax at a rate of 35%.

(2) Where two or more oil contracts for the exploitation of different substances, in particular oil and natural gas, or deposits located in delimited areas at different depths within a given contractual perimeter are superimposed, each of the oil contracts shall be subject to separate accounting and corporate income tax.

ARTICLE 125: Customs provisions

(1) Holders and their subcontractors may import into the Republic of Cameroon, materials, machines, and equipment necessary for petroleum operation.

(2) Materials and equipment intended for oil prospecting and exploration operations mentioned in the Appendix to Act 2/98-UDEAC-1508-CD- 61 of 21 July 1998 shall be eligible for exemption from all duties and taxes, with the exception of service fees.

(3) Where the materials, equipment, machines, and tools directly necessary for the activities of the holder or its concessionaires, affiliates, and subcontractors are to be re-exported after their use in Cameroon, they shall be subject to the ordinary temporary admission customs regime if they are intended for prospecting and exploration activities,

and to that of special temporary admission where they are to be used on sites in the exploitation phase.

However, the ordinary temporary admission regime may be granted by the customs administration to ships, boats, and rigs intended for sites in the exploitation phase, exclusively where they are to carry out drilling work there on with a view to developing oil and gas production, subject to an express request from the duly mandated body for hydrocarbons.

(4) Holders may be granted provisionally a private warehousing authorization for temporary storage of goods imported to yet unspecified sites. The conditions for the discharge of such warehouse shall be specified by the customs administration, in accordance with the Customs Code.

(5) Where the materials, equipment, machinery, and tools directly necessary for the holder's activities are to be used jointly and indiscriminately on its various sites for exploration and production, the holder shall submit a draft tax ratio applicable to the importation of such materials, equipment, machinery, and tools to the customs administration for prior validation.

(6) At the end of the prospecting and exploration phase, the equipment, machinery, and tools imported free of customs duties and taxes by the holder, its concessionaires, affiliates, and subcontractors, which will continue to be used in the exploitation phase, must, on the holder's initiative, be subject to a prior payment of the duties and taxes at the reduced overall rate of five percent (5%) before their re-use in such final phase.

(7) Equipment, machinery, and tools imported free of customs duties and taxes may not be transferred or sold to third parties without prior settlement of the subsequent duties and taxes or prior authorization from the customs administration.

(8) Subcontractors shall enjoy the benefits granted under paragraphs (2) and (3), subject to the production of an approved takeover submission from the holder indicating the site of destination, as well as the applicable customs and tax regimes.

ARTICLE 126: Exchange regulations

(1) Oil contract holders shall comply with the exchange regulations applicable in the Republic of Cameroon.

(2) Oil contract holders shall agree with the Bank of Central African States on the nature and periodicity of the information to be made available to this institution, to allow the complete traceability of all transfer and exchange operations related to petroleum operation.

(3) Oil contract holders shall co-operate with the BEAC to optimize the repatriation to Cameroon of products from their activities on the national territory while preserving their capacity to ensure the continuity of oil and gas operations under such oil contracts.

CHAPTER XVI CONTROL AND SUPERVISION IN ADMINISTRATIVE, TECHNICAL, ECONOMIC, ACCOUNTING, AND FINANCIAL MATTERS

ARTICLE 127: Control and supervision in administrative, technical, economic, accounting and financial matters

Under Section 94 of the Petroleum Code, the Minister in charge of hydrocarbons shall ensure, in collaboration with the duly man-

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dated public body, the technical and administrative supervision, as well as the economic, accounting, and financial control of petroleum operations.

ARTICLE 128: Supervision of works by authorized and/or sworn agents

(1) Authorized and/or sworn agents shall supervise, under the conditions laid down by the Petroleum Code and its implementing instruments, hydrocarbon prospecting, exploration, exploitation, and transport activities.

(2) The purpose of such supervision shall be to ensure fulfillment of all holder obligations, in particular technical, administrative, economic, financial, accounting, and social obligations, as well as those relating to local content, conservation of all deposits, the conditions of transport, public safety, worker safety and hygiene, the conservation of buildings, dwellings, and communication routes, environmental protection and the use of springs and groundwater.

ARTICLE 129: Obligation to designate a local petroleum operations manager

(1) The holder of a petroleum contract or authorization shall be bound to make known to the Minister in charge of hydrocarbons and the duly mandated public body, the identity of its local manager of petroleum operations, who duly empowered to receive any notification and report, on the one hand, and to represent it before the Administration, on the other hand.

(2) In case of a change of local manager, the holder shall immediately inform the Minister in charge of hydrocarbons and the duly mandated public body within 7 (seven) days with effect from the date of the decision to change.

ARTICLE 130: Duties of authorized and/or sworn officials

Authorized and/or sworn officials shall be entitled to:

(a) access and inspect, at any time, and subject to prior notification to the holder within fifteen (15) days, the sites, buildings, installations, structures, vehicles, vessels, aircraft, materials, machinery, and other equipment used for petroleum operations;

(b) obtain any samples of oil, water, or other substances for analysis;

(c) examine, obtain copies or extracts of documents, reports, and other data relating to petroleum operations;

(d) carry out any examination and investigation necessary to ensure compliance with the provisions of the Petroleum Code, its implementing texts, and the petroleum contract.

ARTICLE 131: Identification of authorized and/or sworn agents

The authorized and/or sworn agents shall exercise only the powers provided for in Article 129 above after having identified themselves to the operator or the local manager of the operations. The latter may, where necessary, request them to produce official identification documents, as well as any document mandating them to carry out the mission in question.

ARTICLE 132: Compliance with rules and procedures

Authorized and/or sworn agents must comply with the regulations and procedures in force throughout their stay on the facilities and on the routes, without such requirement constituting an obstacle to the exercise of their duties.

ARTICLE 133: Assistance to authorized

and/or sworn agents

The local manager and the staff in charge of petroleum operations shall provide all necessary assistance to the authorized and/or sworn agents.

ARTICLE 134: State's Right to audit holder accounts

Pursuant to Sections 95 and 121 of the Petroleum Code, the State shall have the right to audit the holder's accounts, under the terms and conditions set out in the petroleum contract.

ARTICLE 135: Implementing legislation
A separate instrument of the Prime Minister shall lay down, as and when necessary, the conditions for implementing this chapter.

**CHAPTER XVII
DOCUMENTS RELATING TO PETROLEUM OPERATIONS**

ARTICLE 136: Keeping of documents at the holder's head office in Cameroon

(1) The holder shall keep and update the records relating to the contractual perimeter.

(2) With the prior agreement of the duly mandated public body or the Minister in charge of hydrocarbons, such records shall be kept at the head office of the holder in the Republic of Cameroon and shall contain all information relating to:

(a) areas where geological, geophysical, and geochemical work is undertaken;

(b) accurate maps and plans, geophysical records, representative geological samples, test results, and their interpretations;

(c) drilling, deepening, plugging, and abandonment of wells;

(d) the geological formations traversed by the wells;

(e) the casings installed in the wells and modifications thereto;

(f) hydrocarbons and other exploitable mineral substances as well as the aquifers encountered;

(g) other information required under the terms of the petroleum contract.

(3) Samples and copies of the documents provided for in paragraphs (1) and (2) above shall be sent to the duly mandated public body.

ARTICLE 137: Conservation of registers at holder's head office in Cameroon

(1) The holder shall keep at its head office in the Republic of Cameroon, updated registers relating to petroleum operations, in particular, those containing the following information

(a) the quantities of hydrocarbons produced and recovered from the perimeter under its petroleum contract;

(b) the quality characteristics of the crude oil and the composition of the natural gas produced;

(c) the quantities of hydrocarbons and other substances in a gaseous or liquid state which the holder has marketed or merchandized during petroleum operations, the proceeds of sales received by the holder for the said hydrocarbons and other substances, as well as the identity of the persons to whom they have been delivered;

(d) the quantities of hydrocarbons used for drilling and exploitation operations, other than the quantities referred to in paragraph 1 (c) above, and consumed up to the delivery point;

(e) the quantities of natural gas processed

by or on behalf of the holder on Cameroonian territory to remove liquids and liquefied petroleum gases, as well as the quantities of butane, propane, and other liquids, gases, and solids obtained after processing;

(f) the quantities of gas flared;

(g) any other information required under the terms of the oil contract.

(2) A copy of each register provided for in paragraph (1) above shall be deposited with the duly mandated public body by 15 January of the following year.

**CHAPTER XVIII
DATA OWNERSHIP AND CONFIDENTIALITY**

ARTICLE 138: Data ownership
All data generated during oil operations shall be and remain the property of the State, under Section 97(2) of the Petroleum Code.

ARTICLE 139: Prior agreement of the State for any disclosure by the holder

Subject to the provisions of Article 140 below, the holder shall not be entitled to disclose to third parties, the documents, reports, surveys, field measurements, plans, data, samples, and other information referred to in Article 136 above, without the written consent of the Minister in charge of hydrocarbons, after approval by the duly mandated public body.

ARTICLE 140: Obligation of confidentiality of data

(1) All documents, reports, surveys, field measurements, plans, data, samples, and other information submitted by the holder under the Petroleum Code, its implementing instruments, and the petroleum contract shall be confidential and filed under seal.

(2) This information may not be disclosed to a third party by the State or the holder prior to the perimeter to which it relates being or, failing that, prior to expiry of the period of confidentiality provided for in Article 142 below.

ARTICLE 141: Exceptions to the obligation of confidentiality
Notwithstanding the provisions of Articles 139 and 140 above:

(a) surface geological maps and their interpretations may be used by the State at any time for inclusion in the official map collection;

(b) annual statistical information may be published by the State, provided that data from the petroleum operations of any holder are not disclosed;

(c) the State may use the documents referred to in Article 136 above exclusively for internal use, as soon as they are obtained, without any restriction;

(d) the State and the holder may, at any time and subject to notification to the other party, transmit the documents, reports, surveys, field measurements, plans, data, samples, and other information referred to in Article 136 above to the international expert appointed under the provisions of Article 152 below, to the courts, to professional consultants, lawyers, legal advisers, accountants, insurers, lending institutions, affiliates and State agencies to whom such information is necessary or who are entitled to request it;

(e) the obligation of confidentiality shall not apply to any piece of information that is required to be disclosed by law or regulation or by a court order.

ARTICLE 142: Commitment to confidentiality by third parties

Any disclosure referred to in this part to a third party by the State or the holder shall be made solely on condition that the recipients undertake, in writing, to treat the information received as confidential.

ARTICLE 143: Confidentiality period clause
(1) Seismic tapes and cartridges and well data generated in the course of petroleum operations in the national mineral estate, shall remain confidential for five (5) years in respect of seismic data and ten (10) years in respect of well data.

(1) All other documents, reports, surveys, field measurements, plans, data, samples and other information generated in the course of petroleum operations in the national oil and gas domain shall remain confidential for three (3) years.

(2) In the case of an exploration license, the confidentiality period is reduced to two (2) years.

(3) Beyond the periods indicated in (1) to (3) above, or in case of waiver or withdrawal, the said data shall become part of the national public property.

**CHAPTER XIX
UNITISATION**

ARTICLE 144: Unitisation Agreement

(1) In accordance with Section B2(1) of the Petroleum Code, when a hydrocarbon deposit extends over several contractual perimeters, the holders may enter into a unitisation agreement to exploit such deposit under the best possible technical and economic conditions.

(2) The holders referred to in (1) above shall cooperate in the drafting and submission of the unitisation agreement containing the exploitation plan for the common deposit to the Minister in charge of hydrocarbons and to the duly mandated public body.

ARTICLE 145: Notifying the State

(1) Where several holders choose to enter into a unitisation agreement covering the entire deposit which extends over several contractual perimeters, they shall notify the Minister in charge of hydrocarbons and the duly mandated public body of their decision, in accordance with Section B2(1) of the Petroleum Code.

(2) Such notification shall contain a description of the common deposit and shall specify the time limit within which the holders must submit a unitisation agreement containing an exploitation plan for the common deposit to the Minister in charge of hydrocarbons for approval. The said period shall not exceed six (6) months.

ARTICLE 146: Reviewing the application for approval

(1) Where the application is admissible on procedural grounds, the Minister in charge of hydrocarbons shall notify the holders within fifteen (15) days following the admissibility decision. Failing that, the Minister in charge of hydrocarbons shall have the holders rectify or complete the application file.

(2) Upon the recommendation of the duly mandated public body, the Minister in charge of hydrocarbons shall rule on the application for approval within a period of six (6) months, with effect from the admissibility decision.

ARTICLE 147: Approval Decision

The unitisation agreement containing the

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joint exploitation plan shall be approved by the Minister in charge of hydrocarbons, who shall then notify it to the holder within fifteen (15) days following the date of approval.

ARTICLE 148: Development and approval of the business plan by the State

(1) Where the holders referred to in Articles 144 and 145 above do not submit the exploitation plan or where the Minister in charge of hydrocarbons does not approve the exploitation plan submitted to him, the Minister in charge of hydrocarbons or the duly mandated public body shall prepare a balanced and equitable exploitation plan for all holders.

The exploitation plan prepared by the Minister in charge of hydrocarbons or the duly mandated public body shall be notified to the holders within fifteen (15) days following the end of its preparation.

The holders are then required to comply with the terms and conditions of the exploitation plan approved by the Minister in charge of hydrocarbons.

(2) Where the holders do not accept the exploitation plan prepared by the Minister in charge of hydrocarbons, the dispute shall be deemed to be technical in nature and the holders shall have a period of thirty (30) days, with effect from the notification of the exploitation plan, to submit the dispute to expert resolution, in accordance with the provisions of Article 152 below.

(3) The exploitation plan prepared by the Minister in charge of hydrocarbons shall be binding on the holders, where the dispute has not been submitted to expert resolution within a period of thirty (30) days with effect from the notification of the said plan to the latter.

ARTICLE 149: Unitisation in cross-border deposits

(1) In accordance with Section 82(2) of the Petroleum Code, where a hydrocarbon deposit extends over several contractual perimeters located in different States, the holders may conclude a unitisation agreement, in order to exploit the said deposit under the best possible technical and economic conditions.

(2) The unitisation agreement containing the joint operating plan shall be approved by the competent authorities of each State.

(3) Approval of the unitisation agreement containing the joint operating plan by the competent authorities of the State of Cameroon shall be in accordance with the laws and regulations in force in Cameroon and subject to the terms and conditions set out in 144 to 148 above.

(4) Approval of the unitisation agreement containing the joint operating plan, validated by the competent authorities of the States concerned, shall be subject to the terms and conditions provided for in their respective legislation.

CHAPTER XX INSURANCE

ARTICLE 150: Mandatory insurance

(1) Pursuant to Section 84 (1) of the Petroleum Code, Contractors and their subcontractors shall be bound to purchase insurance policies with local insurance companies, required for the performance of pe-

troleum operations, the coverage and amount of which shall be in accordance with generally accepted standards and practices in the international oil industry.

(2) Such insurance policies shall include the State as an additional insured entity and shall contain a subrogation clause in favour of the State.

(3) Before 15 January of each year, the holder shall provide the Minister in charge of hydrocarbons and the duly mandated public body with the insurance policies certifying that the said insurance policies have been purchased and remain valid.

(4) Pursuant to Section 84 of the Petroleum Code, the insurance policies mentioned in (3) above must be purchased from local insurance companies failing which they shall be invalid.

ARTICLE 151: Guarantees and risks covered

The insurance policies obtained by the holder and its subcontractors shall cover, at least, the following risks:

(a) loss of or damage to facilities, equipment and other items used for the purpose of petroleum operations. However, where for any reason the holder has not insured such facilities, equipment and other items, it shall be bound to replace them in case of loss or repair them in case of damage;

(b) environmental damage caused on the contractual perimeter in the course of the execution of the petroleum operations for which the holder or the State would be held responsible;

(c) injuries, losses or damage sustained by third parties in the course of the execution of the petroleum operations for which the holder or the State would be held responsible, or for which the holder should be able to cover the compensation of the third parties or the State;

(d) the costs of abandoning structures and facilities damaged as a result of an incident occurring during the validity period of the petroleum contract;

(e) the liability of the holder for injuries or damage suffered by members of its staff engaged in the performance of petroleum operations, and by authorized and/or sworn agents, assigned to carry out the administrative and technical supervision of the said operations.

CHAPTER XXI RESOLVING TECHNICAL DISPUTES

ARTICLE 152: International expert resolution under the technical expertise rules of an arbitration centre

(1) The technical disputes referred to in Articles 112, 117, 134 and 148 above and those listed as such in the Petroleum Code and the Petroleum Code shall be subject to international expert resolution in accordance with the technical expertise rules of an arbitration centre, chosen by mutual agreement, in the petroleum contract.

(2) The decision of the international expert shall not be subject to appeal. It shall be binding on the parties.

(3) The disputes referred to in this Article are not subject to the interpretation and dispute resolution clauses in the Petroleum Code.

(4) The nature and content of the documents provided by the parties to the international expert appointed under this Article shall not be the subject of a dispute for the purposes of the application of the provisions of the Petroleum Code relating to interpretation and resolution of disputes.

(5) Disputes which are not of a technical nature shall be settled in accordance with the provisions of the Petroleum Code relating to interpretation and resolution of disputes.

CHAPTER XXII LOCAL CONTENT

ARTICLE 153: Scope of local content

(1) The development of national petroleum resources must allow for the development of local content, as defined in Section 2 of the Petroleum Code.

(2) Local content shall be measured using three components:

- development and use of national human resources;

- technology transfer;

- the use and enhancement of local industrial companies and services.

(3) Local content adopted in petroleum contracts shall include, inter alia:

a) the conditions for the employment of Cameroonian nationals;

b) conditions for the vocational training of Cameroonian nationals;

c) conditions for the transfer of technology and know-how;

d) use of local companies;

e) any other activity contributing to the development of human resource capacities;

f) conditions for monitoring and evaluating measures relating to local content.

ARTICLE 154: Priority employment of Cameroonian nationals

(1) The holder of a petroleum contract shall employ, as a matter of priority and in case of equal skills, qualified Cameroonian nationals in all socio-professional categories and in all positions, for the purposes of his operations.

(2) Subject to the availability of skills, the following quotas shall be observed in the employment of Cameroonian nationals

- fifty percent (50%) of the management staff;

- sixty percent (60%) of supervisors;

- Eighty-five percent (85%) of operational staff.

ARTICLE 155: Academic and vocational training of Cameroonian nationals

(1) Upon signature of a petroleum contract, the Contractor shall, each calendar year, allocate a budget, the amount of which shall be determined in the contract, to the duly mandated public body for the vocational training of Cameroonian nationals, of all levels of qualification, who are not members of its staff.

(2) The Contractor and its subcontractors shall be responsible for developing and implementing a vocational and technical training programme for Cameroonian nationals not employed by the Contractor, with a view to upgrading their skills in the petroleum industry.

(3) The Contractor and its subcontractors

shall be responsible for developing and implementing a programme to provide academic and vocational internships for Cameroonian nationals working for public administrations in charge of monitoring petroleum activities, with a view to upgrading their skills in the petroleum industry.

(4) The academic and vocational training programme provided for in paragraph (3) above shall be forwarded to the Prime Minister and the Minister in charge of hydrocarbons, no later than 15 March of each year.

ARTICLE 156: Transfer of technology and know-how

(1) From the start of the development and exploitation phase, the holder of a petroleum contract shall take the necessary steps, in cooperation with the duly mandated public body, to identify areas of technology transfer and training in the hydrocarbon professions and to implement a technology transfer programme for the staff of the public administrations in charge of monitoring petroleum activities.

(2) The programme provided for in paragraph (1) above must be forwarded to the Ministers in charge of hydrocarbons and vocational training issues within six (6) months following the enactment of the decree to establish the exploitation authorization.

ARTICLE 157: Priority allocation of goods and services supply to companies under Cameroonian law

(1) The holder of a petroleum contract shall, in choosing its suppliers and subcontractors, give priority to companies providing services and supplying goods under Cameroonian law, at least 50% of whose shares are held by Cameroonian nationals.

(2) The holder of a petroleum contract and its subcontractors shall be required to award, as a matter of priority, to companies under Cameroonian law with at least 50% of their shares held by Cameroonian nationals and which meet the internationally recognized standards in the field, the construction, insurance, service, material, equipment and product supply contracts directly or indirectly related to petroleum operations.

(3) The holder of a petroleum contract shall ensure that its subcontractors comply with the local content obligations.

(4) The subcontractor shall have the same local content obligations as the petroleum contract holder.

(5) The holder of a petroleum contract shall be bound to take steps to ensure that at least 30% of the budget for the provision of services or the supply of goods is generated by local companies, half of which mainly Cameroonian-owned.

ARTICLE 158: Monitoring the implementation of measures relating to local content

(1) The Minister in charge of hydrocarbons and the duly authorized public body shall oversee the implementation and monitoring of the provisions of Articles 153 to 157 above, through a platform that brings together administrations and bodies concerned by local content.

(2) Before 15 March of each year, the holder of a petroleum contract shall send to the Minister in charge of hydrocarbons and to the duly mandated public body, a detailed report on its activities relating to local content.

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carried out during the previous financial year.

**CHAPTER XXIII
INVESTMENT INCENTIVES IN
THE UPSTREAM PETROLEUM SECTOR****ARTICLE 159:** Incentive beneficiaries

(1) Any petroleum contract holder who is up-to-date with its contractual obligations to the State and whose activities are conducted in accordance with the laws and regulations provisions in force may, under exceptional circumstances duly established by the State, benefit from incentives under the conditions set out in Sections 128 and 129 of the Petroleum Code.

(2) Petroleum companies with the required technical and financial capacities and with sound investment projects, likely lead to a sustainable increase in national oil or gas production, may also benefit from the incentives referred to in paragraph (1) above.

ARTICLE 160: Filing and content of the request

Any company referred to in Article 159 above, shall file with the Minister in charge of hydrocarbons and with the duly mandated public body, an application or an offer for a petroleum contract including the requested incentives, which must include:

(a) the investment and petroleum work programme that it undertakes to perform on the relevant contractual perimeter, as well as the related budgets;

(b) the expected production profile;

(c) the business model of its contractual offer, including cost, production and rent sharing components;

(d) the economic or technical rationale for the incentives sought.

ARTICLE 161: Application or contract offer processing and granting of incentives

(1) The duly mandated public body shall have a period of three (3) months, from the date of filing of the request or offer for a petroleum contract, to decide on its admissibility.

(2) Where the request or offer referred to in paragraph (1) above is admissible, it shall be forwarded to the Standing Committee for all the necessary steps that may lead to the signing of a petroleum contract between the State and the bidder.

(3) The incentives referred to in Article 159 above shall be granted to petroleum companies by way of an amendment to the petroleum contract or, where applicable, through the signing of a new petroleum contract, under the conditions provided for in Section 12 of the Petroleum Code.

ARTICLE 162: Incentives for the renewal of an Exploitation Authorization

(1) The renewal of an exploitation authorization may be subject to renegotiation of the economic terms of the petroleum contract and to the granting of incentives, at the sole approval of the State, provided that the holder:

- has conducted its activities in accordance with the laws and regulations in force, and honoured its contractual commitments to the State during the maiden period of validity of the exploitation authorization;

- submit to the State a development and exploitation plan establishing the extension of the production of the oil or gas fields in

operation, as well as the life span of the existing production facilities, and a sustainable increase in production through increased risk taking;

- meet the conditions for granting incentives as provided for in Sections 128 and 129 of the Petroleum Code;

- provides the State with the items outlined in Article 160 above.

(2) The petroleum contract or amendment thereto signed with the State following negotiation with the holder shall become effective on the day following the expiry of the maiden validity period of the exploitation authorization, and the holder may continue its activities pending the signing of the decree renewing the exploitation authorization.

**CHAPITRE XXIV
CHANGE OF PETROLEUM REGIME**

ARTICLE 163: Beneficiaries of the change of petroleum regime

(1) Pursuant to Section 133 of the Petroleum Code, petroleum companies holding establishment agreements and partnership contracts entered into with the State predating the enactment of the Petroleum Code may, upon the expiry of such agreements and contracts, or during their period of validity, subject to the dissolution of the previous regime, request a change in their contractual regime, in accordance with the Petroleum Code;

(2) Companies holding establishment agreements or partnership contracts and meeting their contractual obligations to the State and that are capable of proving continuity of investments and production on the mining titles under such agreements and contracts may benefit from the change of regime, provided that they have dissolved the regime of establishment agreements or partnership contracts.

(3) Any holder referred to in paragraphs (1) and (2) above, wishing to benefit from the change of petroleum regime according to the procedure laid down in the Petroleum Code with a view to improving the economic balance of the agreements binding it to the State, shall be required to agree to the renegotiation of the said agreements in accordance with the provisions of the Petroleum Code and of this Decree.

ARTICLE 164: Content and review of the request for change of contractual regime

(1) Any holder of an establishment agreement or partnership agreement referred to in Article 163 above that requests a change of its contractual regime shall file a request with the Minister in charge of hydrocarbons and the duly mandated public body.

(2) Such request shall comprise:

(a) a note reviewing the activities conducted under the establishment agreement and the partnership contract, outlining in particular the investments made, the existing facilities, the cumulative production achieved, the distribution of production between the State and the oil companies, the oil and gas potential of the mining titles under the agreement, the remaining reserves, the prospects for recoverable production, the provisions for site rehabilitation, the status of the inventories and fixed assets built up under the petroleum operations conducted;

(b) an offer for the petroleum contract in accordance with the requirements of the Petroleum Code including, but not limited to, the work programme subscribed to and the corresponding investments, the economic terms requested, the expected production profile and production distribution between the State and the petroleum companies involved, the holder's offer in terms of training, local content and technology transfer; a study establishing the maintenance of the economic balance of the old regime or, where seeking an improved the economic balance, the new balance sought and a comparative economic status of both regimes;

(c) proposals relating to the procedures for the dissolution of the previous regime, conversion from the previous to the new regime, costs incurred under the establishment agreement and the partnership agreement, as well as inventories drawn up and fixed assets acquired under the agreement regime; management accrued site rehabilitation obligation.

(3) The petroleum contract offers received by the petroleum companies requesting the change of contractual regime shall be subject to negotiations, on behalf of the State, by the Standing Committee, under the supervision of the duly mandated public body.

(4) The change of contractual regime may result in the granting of incentives by the State to revive investment in the mining domain under the establishment agreements and partnership contracts, under the conditions provided for in Chapter XXIII of this Decree.

(5) The change of contractual regime shall entail, following negotiations, the signing by the Minister in charge of hydrocarbons and the legal representative of the duly mandated public body, of a petroleum contract between the State and the relevant petroleum companies, and the granting by decree of the president of the requisite exploration or exploitation authorizations.

**CHAPTER XXV
ESTABLISHMENT OF OFFENCES
AND CONDITIONS FOR APPLYING
ADMINISTRATIVE SANCTIONS**

ARTICLE 165: Establishment of Offences

(1) The holder of a petroleum contract and/or its subcontractor that fails to comply with its legal, regulatory or contractual obligations shall be liable to penalties provided for by the laws and regulations in force.

(2) The offences provided for in Section 130 of the Petroleum Code shall be recorded by authorized and/or sworn agents in the report or any other adversarial document in lieu thereof.

(3) An official report or any other adversarial document shall be drafted by the officers who established the offence. It shall be prepared and signed by the officers who found the offence and the holder or its representative.

(3) The report or any other adversarial document in lieu thereof shall contain the following information:

(a) date, time and place of the findings made;

(b) identity, position and capacity of the officers who revealed the offence;

(c) identity, position and capacity of the offender;

(d) identity, position and status of witnesses or third parties present at the scene;

(e) nature of the offence and the exact description of the facts established;

(f) penalties incurred;

(g) precautionary and protective measures taken, if any.

(4) A copy of the report shall be handed to the holder or its representative against signature on the copy to be kept by the head of the team of officers who revealed the offence.

(5) Where the report or any other adversarial document in lieu thereof has been drawn up in the absence of the offender or where, although present, the offender refuses to sign it, this shall be mentioned in the report or any other adversarial document, a copy of which shall be served on the offender against receipt or by any means which leaves a written record.

(6) Within a period of ten (10) days from the date of its drafting, the report or any other contradictory document in lieu thereof shall be sent to the Minister in charge of hydrocarbons and to the duly mandated public body.

(7) A special instrument shall lay down the conditions for swearing in the agents provided for in paragraph 2 above.

ARTICLE 166: Formal notice

The Minister in charge of hydrocarbons or the duly mandated public body shall serve formal notice on the holder to address the shortcomings observed within a period of three (3) months, under penalty of sanctions which shall be stated in the formal notice served the holder through a bailiff, where necessary.

ARTICLE 167: Penalties

Where upon expiry of the three (3)-month period allowed, the formal notice is not acted upon, the penalties provided for in Section 132 of the Petroleum Code shall apply, without prejudice to the penalties provided for by the laws and regulations in force.

**CHAPTER XXVI
MISCELLANEOUS AND FINAL
PROVISIONS**

ARTICLE 168: Language and form of requests, notifications and documents

Requests, notifications and other documents produced by the holder or any applicant for a petroleum authorization or contract and addressed to the Minister in charge of hydrocarbons and/or the duly mandated public body, shall be written in English and French, dated and signed.

ARTICLE 169: Repeal of all repugnant previous provisions

All previous repugnant provisions contrary to this decree are hereby repealed, in particular those of Decree No. 2000/465/PM of 30 June 2000 to lay down the conditions for implementing Law No. 99/013 of 22 December 1999 to institute the Petroleum Code.

ARTICLE 170: Publication

This decree shall be registered, published according to the procedure of urgency and inserted in the Official Gazette in English and French.

Yaounde,

(S) PAUL BIYA
PRESIDENT OF THE REPUBLIC