

REGULATION
FOR DETERMINING THE APPROVAL PROCEDURES OF THE PETROLEUM
AGREEMENT, LICENSE AGREEMENT AND RELEVANT DEADLINES

I. Procedures for the initiation of petroleum agreements for the petroleum exploration, development and production shall be as follows:

1. With the initiative of the ministry responsible for Petroleum (Ministry), through a notice to invite interested entities to participate with the application way. Ministry, AKBN (National Agency of Natural Resources) and Albpetrol Sh.a. (in the case of areas administered by Albpetrol) in this case publish on their website the map with free blocks or oil and gas fields in the territory of the Albania Republic to invite interested parties to participate by applications, as well as the application form. The application format should include the deadline for submission of applications for the block/free blocks or resource/s.
2. With notice of the Ministry, to invite other entities for applications, upon submission of the request, to the Ministry, AKBN or Albpetrol (in the case of areas administered by Albpetrol) by an entity for a block/blocks or relevant resource/s for whom there is no published notice. The deadline for this invitation is not less than 90 days, starting from the notification date. This notice is published on the ministry, AKBN and Albpetrol website.

II. The procedure for the preparation and approval of a Petroleum Agreement, by the Ministry, AKBN and Albpetrol, according to the areas under administration and the deadlines for their approval are as follows:

1. Interested entities submit to the Ministry, AKBN or Albpetrol (in the case of areas administered by Albpetrol) an application for entry into the Petroleum Agreement. In case of application to the Ministry, it is sent for review to AKBN or Albpetrol within 10 days.
2. AKBN or Albpetrol treat the application according to the following procedure:
 - i. In case when the AKBN or Albpetrol has application from a single entity for a block or a free resource, AKBN or Albpetrol as appropriate, within 10 days of receipt of the application, after the deadlines specified in point 1, submit to the Ministry the documentation together with the assessment of the technical and financial capacities, as well as the request for approval of the start of negotiations. The ministry gives approval or not to start negotiations within 20 days of receiving the proposal from AKBN or Albpetrol.
 - ii. In case of more than one application for a block or free resources, AKBN or Albpetrol, as appropriate, forward to the Ministry the documentation of the applicant companies and their assessment based on the technical, financial capacity and the main terms and conditions of the hydrocarbon agreement. On this documentation submitted, the Ministry makes its assessment of this society.
3. The Ministry because of national security may refuse to enter into a petroleum agreement in

accordance with the conditions foreseen in the Law no. 7746/1993 “On Petroleum (exploration and production)”, as amended.

4. In case of approval by the Ministry of the request of AKBN or Albpetrol, upon the order of the Minister, a negotiation group is established, which starts the negotiations with the selected entity winner from the Ministry for the Main Terms and Conditions of the Petroleum Agreement based on the application filed by the entity winner. In the negotiation team other than representatives of the Ministry and AKBN or Albpetrol can be assigned external experts. Once the parties agree, the document is signed by the negotiating team and the applicant company and forwarded to the Ministry for approval. During the negotiation process, minutes of meetings are held.

5. AKBN or Albpetrol submits to the Ministry the terms and conditions of the Agreement for approval within 10 days from the date of signing. The Ministry gives its approval or refusal to the terms and conditions of the Agreement within 20 days of receipt of the signed document of the Terms and Conditions of the Agreement. If the Ministry appraisal it necessary, this deadline may be extended to necessary one to carry out the assessment of the terms and conditions.

6. In case of approval of the Main Terms and Conditions of the Petroleum Agreement, the negotiating team shall initiate the process of negotiating the Petroleum Agreement text. The process ends when the final draft of the Petroleum Agreement, in Albanian and English, is signed on each page by the negotiating team and the interested entity. If the negotiating team appraisal it necessary, the opponent is carried out, the draft will be revised. When the draft is issued for opposition, then the renegotiation and revision of the draft is made within 20 days from the date of receiving the opposition. The negotiating team submits to the Ministry for approval the final draft of the Petroleum Agreement within 15 days from the date of its signature on each page by the parties. The completed draft is forwarded to the Ministry for approval.

7. The Ministry shall forward the draft opinion to the Ministry of Finance and the State Advocate in advance and may also be sent for openness to other institutions if it deems it necessary. When the draft is issued for openness, then the renegotiation and revision of the draft is done within 20 days from the date of receiving the objection. Renegotiation and revision of the draft are made within 20 days from the date of receipt of the opinion by the Ministry of Finance and the State Advocate.

In the case of objections from the obedience performed or the above-mentioned institutions and when they are judged as fair, the draft is forwarded for renegotiation to the negotiating team and the applying society.

8. After making the renegotiations, Albpetrol follows the renegotiated draft for approval, while AKBN for approval and signature to the Minister.

9. For areas administered by AKBN, the renegotiated draft is sent to the Ministry within 10 days for signature.

The Minister approves the signing of the Petroleum Agreement for the area administered by Albpetrol within 20 days of delivery. Albpetrol signs the Hydrocarbon Agreement within 10 days of this approval.

10. After the signing of the Hydrocarbon Agreement, according to point 9 of this chapter, the Ministry initiates the procedure for its approval by the Council of Ministers, in accordance with the procedures set out in the DCM no. 584, dated 28.8.2003 "On the approval of the regulation of the Council of Ministers", as amended.

III. Procedure for Approval of License Agreement

1. Upon approval of the Hydrocarbon Agreement's Main Terms and Conditions by the Ministry, Albpetrol submits, within 10 days of signing them to AKBN, a request to be provided with a License Agreement by the Minister.
2. AKBN prepares and sends Albpetrol within 20 days of receipt of the Albpetrol request, the draft License Agreement. The draft License Agreement is discussed within a 20 day deadline, between Albpetrol and AKBN, and then signed on each page.
3. The final draft is submitted to the Ministry for approval and signature within 10 days of the conclusion of the discussions. The Minister shall sign or request changes within 10 days. If the Ministry deems it necessary, this deadline may be extended to the extent necessary to carry out the assessment of the terms and conditions.
4. In case the Minister requests the amendment of the draft, AKBN and Albpetrol make the necessary reflections within 20 days and the revised draft of the License Agreement re-submits for signature to the Ministry.
5. License Agreement is signed by the Minister or a person authorized in writing by him, and Albpetrol, within 10 days of the approval of the text of the relevant Hydrocarbon Agreement.