

# International **Comparative** Legal Guides



## Oil & Gas Regulation **2020**

A practical cross-border insight into oil and gas regulation work

**15<sup>th</sup> Edition**

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# Angola

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## 1 Overview of Natural Gas Sector

**1.1** A brief outline of your jurisdiction's natural gas sector, including a general description of: natural gas reserves; natural gas production including the extent to which production is associated or non-associated natural gas; import and export of natural gas, including liquefied natural gas (LNG) liquefaction and export facilities, and/or receiving and re-gasification facilities ("LNG facilities"); natural gas pipeline transportation and distribution/transmission network; natural gas storage; and commodity sales and trading.

Angola has around 383 billion cubic metres of proven natural gas resources (information available on the 2019 Annual Statistical Bulletin of the Organization of the Petroleum Exporting Countries ("2019 Annual Bulletin")). Historically, most of the natural gas was re-injected into oil fields to help recovery or simply flared off as a by-product of oil operations. The first exportation of LNG took place in June 2013.

**1.2** To what extent are your jurisdiction's energy requirements met using natural gas (including LNG)?

Based on data gathered by the United Nations Development Programme, despite being the second-largest economy in Sub-Saharan Africa in terms of GDP, around 37% of Angolans live below the poverty line. Natural gas, hydroelectricity, nuclear and other renewable energies still occupy a small percentage of Angola's primary energy consumption.

**1.3** To what extent are your jurisdiction's natural gas requirements met through domestic natural gas production?

The development of the natural gas market is headed by Angola LNG. To the best of our knowledge and based on informal research, there is no official Government information about natural gas imports. It is expected that about 20% to 30% of the country's energy needs, consumed primarily by the industrial sector, are produced by the Angola LNG Project.

**1.4** To what extent is your jurisdiction's natural gas production exported (pipeline or LNG)?

According to the 2019 Annual Bulletin, Angola's natural gas exports have decreased since 2017 and now correspond to 541 million cubic metres.

## 2 Overview of Oil Sector

**2.1** Please provide a brief outline of your jurisdiction's oil sector.

Angola holds almost 8.160 billion barrels of proved crude oil reserves, according to the latest estimates from the 2019 Annual Bulletin. Angola is the second-largest oil producer in Sub-Saharan Africa, behind Nigeria. Exploration and production activities relating to oil and natural gas in Angola are governed by Law 10/04 of 12 November, as amended by Law 5/19, ("Petroleum Law" or "Law 10/04") and by Presidential Decree 5/2018. The right to produce and explore for oil or natural gas is granted by a concession agreement, generally preceded by a public tender procedure. A concession for exploration and production, after the public tender procedure, is awarded via concession decree, issued by the Angolan Government, granting the national concessionaire, the National Agency for Oil, Gas and Biofuels ("ANPG"), the right to develop a specific oil concession.

**2.2** To what extent are your jurisdiction's energy requirements met using oil?

According to the 2019 Annual Bulletin, Angola produced 1.473 million barrels per day of crude oil. To the best of our knowledge, there is no official data publicly available to answer this question.

**2.3** To what extent are your jurisdiction's oil requirements met through domestic oil production?

The Angolan government recently authorised the importation of derivatives up to the amount of USD 4 billion. Hence, although Angola is a relevant producer, it still imports a substantial portion of the petroleum it consumes, particularly refined products. As mentioned below, the Angolan government is working on refinery projects and has announced a public tender for a refinery in Soyo.

**2.4** To what extent is your jurisdiction's oil production exported?

In 2018, Angola exported about 1.420 million barrels per day of crude oil. According to information made available by Sonangol, China accounted for 48% of the country's sales. According to Sonangol, which reported that India and Taiwan complete the

top three biggest customers, India is the second largest client of Angolan oil, with 12% of total exports, followed by Taiwan. The United States of America, once one of the largest customers of petroleum of Angola, now occupies fourth place. The list of buyers also includes South Africa in fifth place, followed by Spain, Brazil, Panama, Malaysia, Japan, Ireland and Italy. Nearly all of Angola's oil production is exported, as Angola's domestic refining capacity is limited.

### 3 Development of Oil and Natural Gas

**3.1 Outline broadly the legal/statutory and organisational framework for the exploration and production ("development") of oil and natural gas reserves including: principal legislation; in whom the State's mineral rights to oil and natural gas are vested; Government authority or authorities responsible for the regulation of oil and natural gas development; and current major initiatives or policies of the Government (if any) in relation to oil and natural gas development.**

The statutory framework for the exploration and production of oil and natural gas reserves is fundamentally provided in the Petroleum Law. Other relevant statutes are:

1. Law 13/04 of 24 December, as amended by Law 6/19 ("Taxation of Petroleum Activities" or "Law 13/04").
2. Law 2/2012 of 13 January ("Angolan Oil and Gas Foreign Exchange Law for the Oil Industry" or "Law 2/2012").
3. Presidential Decree 91/18 of 10 April (establishes the framework for the abandonment and decommissioning of wells – "PD 91/18").
4. Law 11/04 of 12 November ("Petroleum Customs Law" or "Law 11/04").
5. Presidential Decree 5/2018 of 18 May (establishes the framework for the activities involved in the exploration of Development Areas – in Portuguese, "*Áreas de Desenvolvimento*").
6. Presidential Legislative Decree 6/18 of 18 May (establishes the framework for framework applicable to the development of marginal fields).
7. Presidential Legislative Decree 7/18 of 18 May (Legal and Tax Framework Applicable to the Surveying, Exploration, Assessment, Development, Production and Sale of Natural Gas in Angola – "PLD 7/18").

Under the Constitution of Angola, the State is the owner of all national resources within the Angolan jurisdiction. Consequently, all oil fields and gas onshore and offshore areas of Angolan territory, internal waters, territorial sea, exclusive economic zone and on the continental shelf belong to the Angolan State. Consequently, all mining rights are exclusively assigned to the National Concessionaire, ANPG. All petroleum deposits in Angola are an integral part of the public domain, ANPG being the exclusive holder of all mineral rights related to such deposits. The Petroleum Act is also applicable to the development and exploration of natural gas. Thus, the provisions established by the Petroleum Act are equally enforceable for oil and gas exploration – if the gas exploration is made under the oil field licences. Presidential Legislative Decree 7/18 sets out the Legal and Tax Framework Applicable to the Surveying, Exploration, Assessment, Development, Production and Sale of Natural Gas in Angola. The statute aims to promote the exploration of natural gas in the country as well as the development of related industries.

**3.2 How are the State's mineral rights to develop oil and natural gas reserves transferred to investors or companies ("participants") (e.g. licence, concession, service contract, contractual rights under Production Sharing Agreement?) and what is the legal status of those rights or interests under domestic law?**

Under the applicable law, i.e., the Petroleum Law, mineral rights are granted to the National Concessionaire. The National Concessionaire, in order to share its technical knowledge and financial capability, may associate with Angolan or foreign entities of recognised capacity. Such association may take the following forms:

- a) Corporation.
- b) Consortium.
- c) Production Sharing Agreements.
- d) Risk Services Agreements.

Although the most common type of association with the National Concessionaire is the execution of Production Sharing Agreements, there is at least one example of a Risk Services Agreement entered into with the National Concessionaire.

**3.3 If different authorisations are issued in respect of different stages of development (e.g., exploration appraisal or production arrangements), please specify those authorisations and briefly summarise the most important (standard) terms (such as term/duration, scope of rights, expenditure obligations).**

According to the Petroleum Law and Decree 1/09 of 27 January ("Angolan Petroleum Operations Regulation" or "Decree 1/09"), petroleum operations (i.e., prospecting, exploration, appraisal, development and production of crude oil and natural gas) can only be carried out under a prospecting licence issued by the Ministry of Petroleum (later on renamed as the Ministry for Mineral Resources and Petroleum, hereinafter referred as "**MIREMPET**"), or pursuant to an oil concession awarded by the Government. As for the prospecting licence, a domestic or foreign company with the necessary technical and financial capacity may apply to the MIREMPET for the issuance of a three-year prospecting licence (exceptionally extendable) to determine the petroleum potential of a given area. The prospecting licence includes geological, geochemical and geophysical research, and the processing, analysis and interpretation of the acquired data, as well as regional studies and mapping, for the purpose of locating oil and natural gas fields. The development of exploration and production activities can only be performed by private sector companies if they join up with the National Concessionaire (see question 3.2 above). These joint activities, undertaken between national or foreign companies of proven competence and technical and financial capacity and the National Concessionaire, are subject to the prior approval of the Government.

The Concession covers:

- a) An exploration period comprising prospecting, drilling, well-test activities and evaluation.
- b) A period for development and production. However, the concession may cover just the development and production period and the Government may assign a concession directly to the National Concessionaire should it wish to carry out petroleum operations in a particular area without having to associate with other entities.
- c) The framework (provided by Presidential Decree 5/18) for prospecting inside certain special areas (in which oil is very likely to be found), in order to promote the discovery of oil within previously agreed concessions.



### 3.4 To what extent, if any, does the State have an ownership interest, or seek to participate, in the development of oil and natural gas reserves (whether as a matter of law or policy)?

As mentioned above, the mineral rights in Angola are owned by the State, the public ownership of all rights and benefits arising from the oil industry being noteworthy.

### 3.5 How does the State derive value from oil and natural gas development (e.g. royalty, share of production, taxes)?

Data available up to October 2017 indicates the State derived approximately 455 billion Kwanzas from taxes levied to the oil and gas industry. These data do not include the revenues derived from points d) and e) of the list below. Pursuant to Law 13/04, all entities, both national and foreign, which carry out petroleum operations on national territory, are subject to the payment of the following taxes:

- a) Petroleum Production Tax.
- b) Petroleum Revenue Tax.
- c) Petroleum Transaction Tax.
- d) Surface Area Charge.
- e) Contribution towards the training of Angolan staff.

Additionally, ANPG is the concessionaire of mining rights in Angola; therefore, it is a part in all Production Sharing Agreements executed in Angola. As such, ANPG is contractually entitled to receive part of the profits made under the terms and conditions established in each Production Sharing Agreement.

### 3.6 Are there any restrictions on the export of production?

According to article 8 of Law 11/04, the “exportation of petroleum produced in each petroleum concession, either in its natural state or after having been processed, is exempt from duties and general customs service fee”.

### 3.7 Are there any currency exchange restrictions, or restrictions on the transfer of funds derived from production out of the jurisdiction?

Until 2012, companies operating in the oil and gas sector were subject to the foreign exchange rules set out in their respective concession agreements; however, with the enactment of Law 2/2012, the Government established a general foreign exchange regime applicable to oil and gas activities pursued under the Petroleum Act. As of 1 July 2013, all payments made to such suppliers that are foreign exchange residents under the applicable law must be made through accounts with Angolan banks and in Kwanzas. Foreign investor companies have the right, under said law and after all tax obligations are complied with, to transfer abroad their share of the amounts resulting from the payments of production agreed with the Angolan State.

### 3.8 What restrictions (if any) apply to the transfer or disposal of oil and natural gas development rights or interests?

The assignment of a contractual position in the exploration and production concession agreement requires the prior

authorisation of the MIREMPET, provided that the transferee is of proven competence, and technical and financial capability, unless the assignment is made between subsidiary companies of the transferor. In the event such assignment is authorised, ANPG has a pre-emption right. If ANPG does not exercise this right, Angolan companies that are a party to other concession agreements at the time of the transfer are entitled to exercise such pre-emption right.

### 3.9 Are participants obliged to provide any security or guarantees in relation to oil and natural gas development?

A bank guarantee ensuring fulfilment of the work obligations undertaken in prospecting licences and oil concessions is required. In the case of a prospecting licence, the amount of the guarantee shall be 50% of the value of the estimated work. As for the associates of the National Concessionaire, the guarantee shall correspond to the value attributed to the mandatory work schedule of the oil concession. The National Concessionaire may also require its associates to present a parent company guarantee.

### 3.10 Can rights to develop oil and natural gas reserves granted to a participant be pledged for security, or booked for accounting purposes under domestic law?

Under the Constitution, the State is the owner of all national resources within the Angolan jurisdiction. As such, all oil fields and gas in the onshore and offshore areas of Angolan territory, in internal waters, in territorial sea, in the exclusive economic zone and on the continental shelf belong to the public domain of the Angolan State, all being mining rights exclusively assigned to the National Concessionaire. The Angolan State is the sole and legitimate owner of all mineral rights and no pledge, security or other charges and encumbrances can be provided over such rights.

### 3.11 In addition to those rights/authorisations required to explore for and produce oil and natural gas, what other principal Government authorisations are required to develop oil and natural gas reserves (e.g. environmental, occupational health and safety) and from whom are these authorisations to be obtained?

According to Law 5/98, of 19 July (“Environmental Law”) and to Decree 39/00, of 10 October (“Environmental Protection from Oil Activities Regulation”), all projects to be developed within the scope of the oil and gas sector require the presentation of different reports and studies. The most important report is an Environmental Impact Assessment (“*Avaliação de Impacte Ambiental*” or “AIA”). Angola has ratified the following international treaties related to safety and environmental protection for oil and gas activities:

- a) International Convention on Civil Liability for Oil Pollution Damage.
- b) International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties.
- c) International Convention on Oil Pollution Preparedness, Response and Co-operation.

Oil field operators are subject to strict rules regarding health and safety (HSE) measures to be taken in order to ensure the quality of life of their employees.

**3.12 Is there any legislation or framework relating to the abandonment or decommissioning of physical structures used in oil and natural gas development? If so, what are the principal features/requirements of the legislation?**

PD 91/18 governs the abandonment and decommissioning of oil and gas facilities (onshore and offshore). The abovementioned statute sets, *inter alia*, the following obligations to all entities under contract (the downstream sector falls outside the scope of PD 91/18): (a) preparation and submission of a provisional and final abandonment plan (it also provides the requirements necessary to drafting the said plans); (b) provisioning of the required funds to perform the abandonment and decommissioning of wells; (c) prohibition of injection of NORM (radioactive materials) into the ground; and (d) creation of artificial reefs is subject to governmental approval. The provisional plan must be updated in every three years and the final plan must be approved (no later than 12 months prior to the abandonment) by the National Concessionaire and MIREMPET. The abandonment and decommissioning procedures are subject to the (detailed) technical specifications contained in the annexes of PD 91/18.

**3.13 Is there any legislation or framework relating to gas storage? If so, what are the principal features/requirements of the legislation?**

The main legal framework with regards to gas storage is provided by Law 26/12 and in Executive Decree 288/14. Please refer to our comments in section 6 below.

**3.14 Are there any laws or regulations that deal specifically with the exploration and production of unconventional oil and gas resources? If so, what are their key features?**

No, there are not.

## 4 Import / Export of Natural Gas (including LNG)

**4.1 Outline any regulatory requirements, or specific terms, limitations or rules applying in respect of cross-border sales or deliveries of natural gas (including LNG).**

Please refer to question 5.1 below.

## 5 Import / Export of Oil

**5.1 Outline any regulatory requirements, or specific terms, limitations or rules applying in respect of cross-border sales or deliveries of oil and oil products.**

Activities regarding the import, entry, export and dispatch of petroleum products and crude oil are subject to licensing, as per Law 28/11 of 1 September 2011 (“Oil & Gas Distribution and Commercialisation Law”, as amended by Presidential Decree 208/19, of 1 July). The import of petroleum products into the national market is regulated by the recently created Instituto Regulador de Derivados de Petróleo (“**IRDP**”). There are currently no specific rules that apply to cross-border sales or

deliveries of natural gas. Such activities are regulated by contract between the parties. An export permit issued by the Ministry of Commerce is, however, required to export natural gas.

## 6 Transportation

**6.1 Outline broadly the ownership, organisational and regulatory framework in relation to transportation pipelines and associated infrastructure (such as natural gas processing and storage facilities).**

The transportation pipelines and associated infrastructure are regulated by the State. The transportation activities are subject to authorisation from the MIREMPET. The awarding of a licence is based on the credibility, experience and competence of the applicant, as well as its financial management and technical capacity for the construction and operation of pipeline facilities in Angola. Operators of oil and gas pipelines have an exclusive right to explore the infrastructures for the transportation of oil and natural gas. The licence authorises its holder to occupy the necessary areas to implement the activities established by the licence.

**6.2 What governmental authorisations (including any applicable environmental authorisations) are required to construct and operate oil and natural gas transportation pipelines and associated infrastructure?**

As per Law 28/11, the construction and operation of pipelines is subject to licensing by the MIREMPET. In order to contract the services of transport via pipeline, the National Concessionaire, its associates and all the other companies have to conduct a tender procedure. The licence can only be granted to legal persons who meet, *inter alia*, the following requirements: (i) technical, logistic and operational capacity; and (ii) economic and financial capacity. In addition, an environmental licence issued by the Ministry of Environment is required. The company or the consortium interested in obtaining pipeline construction rights must have the necessary authorisations issued by the entities competent to grant land rights (please refer to question 6.1 above). The pipeline construction licence is granted for a five-year period by the MIREMPET and may be extended for one year. The licence to operate pipelines – from the exit flange to the processing facilities, the petrochemical units, or to the export terminal – is granted for a 25-year period by the MIREMPET and it may be extended one or more times for set periods of time.

**6.3 In general, how does an entity obtain the necessary land (or other) rights to construct oil and natural gas transportation pipelines or associated infrastructure? Do Government authorities have any powers of compulsory acquisition to facilitate land access?**

The Executive Power may declare of public interest – for purposes of expropriation and civil easement – the areas required for the construction of pipelines and associated infrastructure. In these cases, holders of land rights must be compensated. The licensee has the right to occupy, under the legislation in force and with respect to existing land rights, the areas necessary for the implementation of the works included under the licence. Please refer to question 6.1 above. Licensed entities may negotiate the land rights with the respective holders and competent real estate and environmental authorities. Pipelines shall be registered with the competent real estate registry office.

#### 6.4 How is access to oil and natural gas transportation pipelines and associated infrastructure organised?

Please refer to questions 6.6 and 6.7 below.

#### 6.5 To what degree are oil and natural gas transportation pipelines integrated or interconnected, and how is co-operation between different transportation systems established and regulated?

There is no interconnection regarding different transportation systems.

#### 6.6 Outline any third-party access regime/rights in respect of oil and natural gas transportation and associated infrastructure. For example, can the regulator or a new customer wishing to transport oil or natural gas compel or require the operator/owner of an oil or natural gas transportation pipeline or associated infrastructure to grant capacity or expand its facilities in order to accommodate the new customer? If so, how are the costs (including costs of interconnection, capacity reservation or facility expansions) allocated?

The operator of the oil transportation pipeline must transport the crude oil from a third party, with no discrimination and in acceptable commercial terms, provided it has the capacity available in its transport system. The operator cannot impede the expansion of the pipeline, except if the expansion interferes with the technical and operational integrity of the system. However, the entities wishing to expand the pipeline must contribute to the expenses involved. The MIREMPET may exempt the pipeline licensee/operator from these obligations if it is demonstrated and proved that additional transportation is not possible. The expansion of pipeline capacity may only be affected if:

- It is technically and economically feasible and consistent with safety standards.
- The legitimate interests of the owner or operator are respected.
- The new user does not become the owner of all or part of the pipeline without the consent of the owner or operator.
- The owner or operator is not required to finance part or all of the capacity expansion.

The new user shall be entirely responsible for the capacity expansion costs, including any equipment required for the processing of products of different qualities. If, within six months after the date of commencement of negotiations for expansion of the pipelines' capacity, the parties have not reached an agreement on the commercial and operation terms, this issue shall be submitted to the MIREMPET for consideration and decision.

#### 6.7 Are parties free to agree the terms upon which oil or natural gas is to be transported or are the terms (including costs/tariffs which may be charged) regulated?

Under Law 26/12, the licensee has the right to charge tariffs for the transportation of oil and gas or deny the service for lack of payment of such fees. The tariffs applied shall be approved by MIREMPET, considering the need for the operator to recover his investment and obtain profits consistent with the risk.

## 7 Gas Transmission / Distribution

#### 7.1 Outline broadly the ownership, organisational and regulatory framework in relation to the natural gas transmission/distribution network.

The creation of IRDP as the new regulator was a major landmark for gas distribution (2019). Under Presidential Decree 208/19, the distribution activity of petroleum products is exercised on a market basis.

#### 7.2 What governmental authorisations (including any applicable environmental authorisations) are required to operate a distribution network?

Distribution activity is subject to a previous licensing procedure with IRDP.

#### 7.3 How is access to the natural gas distribution network organised?

The distribution network for petroleum products (natural gas is no exception) is under the competition regime and is subject to a prior licensing procedure.

#### 7.4 Can the regulator require a distributor to grant capacity or expand its system in order to accommodate new customers?

Please see question 7.4. Regarding the expansion of capacity, there are provisions in the applicable law.

#### 7.5 What fees are charged for accessing the distribution network, and are these fees regulated?

The distribution operators must allow third-party access to facilities, under agreement and following a transparent and objective negotiation. The tariffs shall be published by the distribution operators.

#### 7.6 Are there any restrictions or limitations in relation to acquiring an interest in a gas utility, or the transfer of assets forming part of the distribution network (whether directly or indirectly)?

Under the legal system set out in Law 26/12 (Oil and Gas Transportation and Storage Law – “Law 26/12”) the transfer of licences for the transportation network is subject to the MIREMPET's authorisation (the same authorisation is not required if it is completed between affiliate companies). In respect to the distribution network, the transfer of assets is also subject to a written request to be lodged with the licensor.

## 8 Natural Gas Trading

#### 8.1 Outline broadly the ownership, organisational and regulatory framework in relation to natural gas trading. Please include details of current major initiatives or policies of the Government or regulator (if any) relating to natural gas trading.

Law 28/11 (as amended by Presidential Decree 208/19) governs downstream operations of crude oil refining and the storage,

transportation, distribution and commercialisation of petroleum products undertaken by refinery operators, storage operators, transportation operators, distribution operators, wholesalers and retailers. Access to such activities is open to all economic agents, who may even exercise several of the above-mentioned activities subject to licensing.

## 8.2 What range of natural gas commodities can be traded? For example, can only “bundled” products (i.e., the natural gas commodity and the distribution thereof) be traded?

Natural gas commodities are usually traded as bundled products in Angola, and there is no specific legislation implementing unbundling procedures for the natural gas industry.

# 9 Liquefied Natural Gas

## 9.1 Outline broadly the ownership, organisational and regulatory framework in relation to LNG facilities.

The existing LNG legislation is closely tied with the Angola LNG Project. Its legal regime also includes legislation referring to petroleum activities. According to the legal regime established for the Angola LNG Project, the Project shall be executed by Angola LNG Limited, Sociedade Operacional Angola LNG and Sociedade Operadora dos Gasodutos de Angola. Angola LNG Limited will receive revenue generated by the sale of LNG and NGL. The initial shareholders of Angola LNG Limited are Sonangol, Cabinda Gulf Oil Company Limited, Total LNG and BP Exploration (Angola) Limited. The promoter companies may create new companies particularly for the purposes of commercialisation or transportation of LNG or NGL. In such case, the new entities are considered as being independent from Angola LNG Limited, Sociedade Operacional Angola LNG and Sociedade Operadora dos Gasodutos de Angola for all legal and tax purposes. Under the Petroleum Act, ANPG has exclusive mining rights to gas exploration on the subsoil and continental shelf of Angola and may associate with both national and foreign private companies in the terms described above. The National Concessionaire is barred from assigning all or part of the mining rights granted and any actions to the contrary are invalid and ineffective. As per the Petroleum Act, the oil fields (“*Jazigos Petrolíferos*”) exist within the public domain.

## 9.2 What governmental authorisations are required to construct and operate LNG facilities?

Under Angolan law, natural gas pipeline transportation and storage ancillary to production are treated differently from non-ancillary activities. Ancillary pipeline transportation and storage, with the intention of making natural gas extraction viable, is regulated by the abovementioned rules governing natural gas exploration and production. Non-ancillary transportation and storage, performed for natural gas to be commercialised and consumed, is governed by Law 26/12 (“Oil and Gas Transportation and Storage Act”). Natural gas transportation and storage activities are subject to the authorisation of the MIREMPET, which has the authority to, *inter alia*: (i) approve the construction and expansion of pipelines, supervise the works, and authorise and license the operations; (ii) keep a database concerning pipeline construction and operation; and (iii) define the rules for the granting of pipeline construction and operation licences and oil and gas storage, without prejudicing other authorisations required. The construction and operation of any

oil or gas pipeline and storage facilities are subject to a licence issued by the MIREMPET.

## 9.3 Is there any regulation of the price or terms of service in the LNG sector?

The distribution, associated storage and commercialisation of natural gas and LNG are an essential public service and entail obligations concerning:

- The safety, continuity and quality of the supply.
- Promoting energy efficiency and rational use of resources, as well as environmental protection.
- Satisfying the requirements of priority consumers in the areas of health, the armed forces and social assistance.
- Consumer protection.

Natural gas is sold as a commodity, its price is set by market forces; the buying and selling of the commodity by market players, based on supply and demand, determines the average price of natural gas.

## 9.4 Outline any third-party access regime/rights in respect of LNG facilities.

As per the Petroleum Law, the MIREMPET may allow the use of a third party’s facilities, if that use contributes to a more efficient use of the existing resources. However, this can only be done if it does not result in a decrease of production levels or ineffective functioning.

# 10 Downstream Oil

## 10.1 Outline broadly the regulatory framework in relation to the downstream oil sector.

The activities of refining, distributing and marketing of oil derivative products are regulated by Law 28/11 (as amended by Presidential Decree 208/19). The processing of oil derivatives and purifying of crude oil is subject to the licensing of the facilities, granted by IRDP. The distribution/trade of petroleum products may be carried out via sea lane, waterway, by air, by road or via railway or through pipeline (subject to a licence to be granted by IRDP).

## 10.2 Outline broadly the ownership, organisation and regulatory framework in relation to oil trading.

The marketing of oil products is made under competition systems which are, however, subject to licensing, as per Law 28/11 (as amended by Presidential Decree 208/19) and may be performed through wholesale or resale trade.

# 11 Competition

## 11.1 Which governmental authority or authorities are responsible for the regulation of competition aspects, or anti-competitive practices, in the oil and natural gas sector?

Angola recently enacted the Competition Law, approved by Law 5/18, of 10 May, and created the Competition Authority via the approval of Presidential Decree 313/18 of 21 December 2018. Competition matters have become a growing concern in the oil and gas field, and recent legislation reflects the Government’s



policy to promote consumer protection, equal treatment, and equal opportunities among players in competition. Also, IRDP is empowered, among other powers, to supervise the prices of petroleum products traded in Angola.

**11.2 To what criteria does the regulator have regard in determining whether conduct is anti-competitive?**

Please refer to question 11.1 above.

**11.3 What power or authority does the regulator have to preclude or take action in relation to anti-competitive practices?**

Please refer to question 11.1 above.

**11.4 Does the regulator (or any other Government authority) have the power to approve/disapprove mergers or other changes in control over businesses in the oil and natural gas sector, or proposed acquisitions of development assets, transportation or associated infrastructure or distribution assets? If so, what criteria and procedures are applied? How long does it typically take to obtain a decision approving or disapproving the transaction?**

In addition to rules and restrictions that may be embodied in individual contracts, under the Petroleum Act, transfer of the contractual position held by private companies who are associates of the National Concessionaire ("Associates") to a third party requires the prior authorisation of the MIREMPET (which will be granted in the form of an executive decree) and the transfer to a third party of a stake or shares representing more than 50% of the Associates' share capital, deemed equivalent to a transfer of contractual position. Such authorisation is not required if the transfer is made to an "affiliate" as defined by law, provided the assignor remains joint and severally liable. We also note that in the case of transfer to a third party of a stake or shares representing more than 50% of the Associates' share capital, the National Concessionaire is granted a right of first refusal. Although it may vary, the applicable timeframe for execution is usually six months. By way of example, the competition authority has recently approved, within the context of a merger control procedure, the partnership established between Total and Sonangol for the commercialisation of oil products in Angola.

## 12 Foreign Investment and International Obligations

**12.1 Are there any special requirements or limitations on acquisitions of interests in the natural gas sector (whether development, transportation or associated infrastructure, distribution or other) by foreign companies?**

In the upstream sector, foreign companies who wish to acquire interests outside the scope of the prospecting licence may only do so in association with the National Concessionaire and will need to provide a bank guarantee to ensure compliance with the work obligations undertaken before said Concessionaire.

**12.2 To what extent is regulatory policy in respect of the oil and natural gas sector influenced or affected by international treaties or other multinational arrangements?**

Treaties and multinational agreements are directly enforceable only to the extent that they have been passed into law by the National Assembly of Angola, pursuant to the Angolan Constitution.

## 13 Dispute Resolution

**13.1 Provide a brief overview of compulsory dispute resolution procedures (statutory or otherwise) applying to the oil and natural gas sector (if any), including procedures applying in the context of disputes between the applicable Government authority/regulator and: participants in relation to oil and natural gas development; transportation pipeline and associated infrastructure owners or users in relation to the transportation, processing or storage of natural gas; downstream oil infrastructure owners or users; and distribution network owners or users in relation to the distribution/transmission of natural gas.**

Under the Petroleum Act, any dispute arising in connection with any licence or concession instruments, or between the Ministry and the licensee, or ANPG and its associates, will be settled by arbitration, usually in accordance with the arbitration rules established in the individual contracts, unless the matter is expressly excluded from arbitration under the Petroleum Act. The Petroleum Act does not apply to the refining, transportation, storage, distribution and marketing of petroleum. There is no specific regulation concerning appeals to gas sector regulator decisions. Decisions of the MIREMPET may be challenged, pursuant to the general administrative procedure established by Decree Law 16-A/95.

**13.2 Is your jurisdiction a signatory to, and has it duly ratified into domestic legislation: the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards; and/or the Convention on the Settlement of Investment Disputes between States and Nationals of Other States ("ICSID")?**

Angola is party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards but is not party to the ICSID Convention.

**13.3 Is there any special difficulty (whether as a matter of law or practice) in litigating, or seeking to enforce judgments or awards, against Government authorities or State organs (including any immunity)?**

Due to the recent ratification and entry into force of the New York Convention (2017), we have not seen many changes in practice in Angola. We cannot provide an estimate of how long the recognition or enforcement of a foreign arbitral award will take in Angola under the Convention.

**13.4 Have there been instances in the oil and natural gas sector when foreign corporations have successfully obtained judgments or awards against Government authorities or State organs pursuant to litigation before domestic courts?**

There are some ongoing lawsuits in relation to tax issues (profit oil, mostly) but there is no publicly available information in relation to their outcome.

## 14 Updates

**14.1 Please provide, in no more than 300 words, a summary of any new cases, trends and developments in Oil and Gas Regulation Law in your jurisdiction.**

The petroleum sector has been undergoing a deep restructuring process since 2017, which led to new legislation being passed. Moreover, as mentioned above, a new regulatory body, ANPG, was created, which was attributed the role of National Concessionaire. This new regulatory entity was also created with the purpose of optimising the coordination of the petroleum sector and eliminating potential conflict of interests. More recently, the Privatisations Programme (“**PROPRIV**”)

was approved by Presidential Decree 250/19, of 5 August 2019, setting out a timeline for the partial and full privatisation of public companies. Sonangol, as well as some of its subsidiaries, is among the companies that will be privatised under PROPRIV (although Sonangol EP is planned to be partially spread to the public under an IPO). It is also worth mentioning that an ambitious bid round programme (that will be continuously carried out until 2025) was launched. The bid round for the first 10 blocks (out of 55) has already occurred.

**14.2 Please provide a brief comment on the impact (if any) of the “energy transition” on the oil and gas industry in your jurisdiction.**

The Angolan government continues to be focused on developing the petroleum sector (as mentioned above, 55 blocks will be subject to bids up to 2025). The Government has also initiated tender procedures for the construction of refineries in Angola. Nevertheless, it is also worth mentioning that there are several projects currently being developed in Angola that are related to renewable energy, such as the building of wind and photovoltaic parks, among others (projects related to renewable energy have already been approved and are part of the country’s goals on energy production up to 2025).



**Irina Neves Ferreira** is a lawyer, admitted to the Angolan and Portuguese Bars, with considerable international experience, especially in the Angolan jurisdiction. Irina is a partner with ALC Advogados and a Managing Associate with MLGTS. Her practice focuses on the petroleum sector and its multiple aspects (regulatory, insurance and contractual), including matters relating to licences and concessions, transfer of participating interests and foreign exchange. Irina has a more general legal practice with involvement in operations concerning private investment, insurance law, oil & gas and real estate.

She is also highly experienced in corporate compliance attained throughout her experience as counsel for the EMEA region in the international compliance team of a multinational company in the IT area. In the area of corporate and commercial law she has acted as legal advisor in several mergers, acquisitions and disposals of companies, including the acquisition and disposal of companies with head offices in Portugal and Angola, on behalf of domestic and foreign clients in various sectors, such as the oil sector, construction, information technologies and communications. Irina also provides general legal advice to numerous national and foreign companies.

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ALC Advogados is the exclusive member of the network MLGTS Legal Circle for Angola, an international network based upon the sharing of values and common principles of action with the purpose of delivering high-quality legal services to clients around the globe, to guarantee support to investors in these jurisdictions and to help them navigate through diverse business and legal environments. It was created by Morais Leitão, Galvão Teles, Soares da Silva & Associados ("MLGTS") and encompasses a select set of jurisdictions, including Portugal, Angola, Macau (China) and Mozambique. While working in close connection, the member firms combine extensive local knowledge with international experience and support of the whole network. ALC Advogados was founded by a group of lawyers of Angolan nationality with the ambition of becoming a leading law firm in Angola by offering clients a new perspective of the Angolan market and a broad range of expertise. The firm routinely assists foreign investors from various sectors and is also involved in M&A projects and tax impact analysis. It

regularly assists clients working in the oil & gas sector and its client portfolio includes IOCs and oil service providers operating in Angola. The firm has attained experience while advising clients on contractual, regulatory tax and insurance matters and, overall, the full range of issues present in the lifecycle, starting with the concession and ending with decommissioning.

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