

# Petroleum Concession Contracts

The National Petroleum Institute (INP) in the Ministry of Mineral Resources is responsible for promotion and negotiation of any Petroleum Concession Contracts on behalf of the Government.

A new modern and competitive Petroleum Law enacted on February 2001 provides for three kinds of concession contracts:

- Reconnaissance Contract: Maximum two years exclusivity.
- Exploration and Production Contract: Exploration period maximum 8 years. Production period maximum 30 years.
- Pipeline contract: Period depends on the project.

## **Corporate Income Tax:**

The Corporate Income Tax rate is 32% of net profit, with no ring fencing. Development costs are depreciated over four years.

## **Royalty:**

The Law sets the royalty at 2 % to 15 %; normally rates are 3-7 % for crude oil, 2-4% for natural gas depending on water depth. Onshore: 8% for crude oil and 5 % for natural gas.

## **Fiscal Benefits to Investors:**

The Code of Fiscal Benefits provides various investment incentives for the petroleum sector, such as exemption from import fees and VAT (petroleum).