

LAW NO. (3) OF 2007

EXPLOITATION OF NATURAL WEALTH AND THE RESOURCES THEREOF

We, Hamad Bin Khalifa Al Thani Emir of the State of Qatar,

Having reviewed the Constitution,

And Law No (2) of 1962 pertaining to the organization of the General Financial Policy in Qatar, amended by virtue of Emiri Decree No (19) of 1996.

And Emiri Decree No (10) of 1974 regarding the setting of Qatar Petroleum and its amendments, And Emiri Decree No (4) of 1977 regarding the conservation of the petroleum wealth, amended by virtue of Emiri Decree No (35) of 2002,

And Law No (23) of 2005 regarding the organization of the Ministry of Municipal Affairs and Agriculture and the specification of its competences, amended by virtue of Law No (10) of 2006, And Emiri Decree No (40) of 1992 pertaining to defining the breadth of the territorial sea and contiguous zone of the State of Qatar,

And United Nations Convention on the Law of Sea of 1982, ratified by decree No (41) of 2003,

And the second proposal of the Vice-President of the Cabinet and the Ministry of Energy and Industry,

And the draft bill presented by the Council of Ministers,

And after consulting with the Council of State,

Have decided the following law:

Article (1)

In the implementation of the provisions of the present law, the following words and expressions, the following words and expressions bear the meanings given to each one of them unless otherwise implied by the context:

The Ministry: The Ministry of Energy and Industry.

The Minister: The Minister

The Natural Resources: All bio and non-bio natural resources, whether metallic or nonmetallic and its resources found above or beneath the Earth's surface or in the territorial sea or the continental shelf or the State's economic region, including all the minerals and their ores and precious stones and by-products thereof and stones used for arabesque purposes and soil and sand and stone materials and derivatives used in construction, paving and destruction.

Petrol: All natural hydrocarbon natural resources in solid, liquid or gas state, produced or likely to be produced from above or beneath the Earth's surface including Natural Gas.

Petroleum Operations: Exploring oil, developing fields, drilling, completing and repairing wells, producing and processing oil, refining oil from gangues, storing, transporting, setting-up and operating utilities for energy, water, housing and camps necessary for that purpose, as well as any other utility or other plants or equipments needed for the aforesaid operations, including all kinds of administrative, activities or any other activity likely to complete or achieve the aforesaid objectives.

The contractor: Any natural person or legal entity legally authorized to carry out any of the Petroleum Operations.

Exploration: The search or the air, land or sea survey in any region in an attempt to determine the presence or absence of resources therein, including all the economic, technical and geological studies related to such exploration.

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| Minerals: | All the natural raw materials of economic value with the exception of oil. |
| Prospection: | Any operation related to the search and exploration of petroleum and mineral resources and stone materials, in an attempt to determine the existence thereof and know the quantities and qualities thereof including drilling, analysis and necessary detailed studies. |
| Discovery: | Notification of the existence of a mineral or minerals in exploitable quantities from the discoverer to the Minister, in a spot determined on the agreed upon technical maps. |
| Mining Operations: | Any operation necessary for the extraction of minerals and Stone materials or derivatives or any other procedure related thereto, including drilling and building tunnels, water channels, dams, drainages, cisterns as well as laying railroad lines and pipelines and installing machines and erecting buildings whether for the extraction operations or for lodging the workers, and exploiting the minerals and preparing them for marketing. |
| The Mine: | Any location in which the Mining Operation takes place in the purpose of extracting minerals |

Article (2)

All natural resources are deemed to be State property, and it is not allowed to exploit them transport them or trade them unless in compliance with the provisions of the present law.

Article (3)

The privilege of exploiting natural wealth, with the exception of the petroleum, the soil, the sand and the stone materials and derivatives that are used in construction, paving and destruction works, as well as the amendment of any of the conditions, scope or royalties pertaining to such privilege shall be granted by decision of the Minister and adopted by the Cabinet. Such privilege shall only be granted for a limited period of time.

Article (4)

Qatar Petroleum shall be granted the general and exclusive privilege to explore, prospect and produce oil and natural gas and other hydrocarbon products and derivatives, as well as the exploitation and the evolution of the resources of such materials in the Country. Qatar Petroleum specializes in authorizing any natural person or legal entity to carry out any of the Petroleum Operations, in compliance to the provisions set for Qatar Petroleum.

Article (5)

The Minister of Municipal Affairs and Agriculture, in coordination with the concerned parties, authorizes any natural person or legal entity to extract or transport or exploit the soil, sands or stone materials and derivatives used for the construction, paving and destruction works, and this in compliance with the conditions and procedures stated in a decision issued by the Minister of Municipal Affairs and Agriculture.

Article (6)

It is not allowed, unless with a license from the Ministry of Municipal Affairs and Agriculture, to extract or transport or exploit the soil, sand and stone materials and derivatives that are used for the construction, paving and destruction works, and the licensee is bound to observe the conditions set in the license.

Article (7)

The Minister, in the name of the Government, shall authorize natural persons or legal entities, to explore or prospect natural wealth, other than petrol, and this in compliance with the rules and conditions set in the decision taken by the Cabinet.

Article (8)

The authorizations to explore, the licenses to prospect or the rights of mining are not granted to non- Qatari natural persons or the legal entities, unless by virtue of special agreements concluded by the Minister, in compliance with the terms and conditions set in the decision taken in Cabinet.

Article (9)

The discovery certificate is given from the Minister to anyone who discovers a mineral or minerals in exploitable quantities provided he points out the location of the discovery on the technical maps.

Article (10)

The rights to exploit the minerals found in the region, on the basis of which the license to prospect or the right of mining are granted, are limited to the minerals found within the borders of such region, and do not comprise the remaining minerals or the roots or subdivisions thereof outside such borders.

Article (11)

The works pertaining to the exploitation of minerals comprise the following works:

1. The prospection
2. The discovery
3. The mining

A decision taken by the Cabinet shall set the conditions and procedures to follow by the licensee or the authorized.

Article (12)

A Cabinet decision shall set the fees pertaining to the exploration authorizations and the prospection licenses and the discovery certificates. A decision taken by the Ministry of Municipal Affairs and Agriculture shall set the fees pertaining to the licenses of extraction, or transportation or exploitation of the soil, sand or stone materials and derivatives used in construction, paving or destruction works.

Article (13)

The prospection licensee is entitled to prospect within the borders of the region determined in the license, and is bound, to that effect to proceed to the following:

1. Enter the territories of the region with its agents and workers to make sure of the existence of minerals therein or for topographic or geological survey of the region.
2. Carry out drilling and taking out the necessary samples for analysis and testing purposes.
3. Build roads and install the required machines for the prospection.
4. Erect and maintain the necessary buildings for its own use and the use of its agents and workers.
5. Gather the materials extracted from the mining operations in special locations approved by the Ministry.

6. Lay pipelines and build waterways, pools and reservoirs and set up and maintain the transportation and telecommunication means.

Article (14)

The Minister is entitled to grant the right of mining to any natural person or legal entity having obtained a discovery certificate and submitted an application within a two-year period as of the date such natural person or legal entity was granted the discovery certificate, and this according to the terms and conditions set by the Cabinet.

Article (15)

Should the discovery certificate holder not present an application for the right of mining within the two-year period mentioned above in the previous Article, the Minister will have the right to grant such right to any other natural person or legal entity, and grant the discovery certificate holder a financial reward, according to the rules set by the Cabinet.

Article (16)

The holder of the right of mining, in addition to the rights granted to the licensed to prospect, is entitled to exploit the minerals found in his region, according to the rules set by decision of the Cabinet.

Article (17)

The holder of the right of mining undertakes to submit the plans and drawing and divisions that show the ways of work from the technical point of view to the Ministry, according to the conditions and procedures set by decision of the Minister, and to submit to the Minister in March of every year two reports, technical and financial, on the licensed work, comprising the following statements:

1. Quantity and value of the mineral materials extracted the previous year.
2. The number of workers, technicians and administrative employees hired during such year.
3. The work program and plan for the coming year.
4. The loss and profit account and detailed and global cost price of the production unit, and all the technical, administrative and financial aspects of the project.

Article (18)

In the case of breaching the provisions of the previous Article, the Minister is entitled to order the cease of the authorized or licensed work for the period he deems convenient.

Article (19)

The rights to privilege, rights of mining, the exploration authorizations or prospection licenses or discovery certificates that are granted according to the provisions of the present law can only be transferred unless upon approval of the granting party.

Article (20)

The Minister is to prohibit the prospection or mining in any region of the country for public interest purposes, permanently or for a limited period of time, and should publish the decision issued to that effect in the official journal.

Article (21)

The Minister is entitled to cancel the right of mining, if the holder of such right breaches any terms related to the granting of said right, and this if after advising in writing of the necessity to rectify such violation within the time limit set by the Ministry said holder failed to rectify such violation. The holder is entitled to expose his grievance to the Cabinet as to the Minister's decision within a two-month period as of the date of his notification of the decision, and the Cabinet's decision shall be to settle the grievance irrevocably.

Article (22)

In case the right of mining is cancelled, the holder of such right is not entitled to transport, or dispose of any of the assets of the mine or the discoveries, or to alter the state thereof, mainly pertaining to any precautionary or maintenance measures of the work utilities, unless with a prior written approval of the Ministry

Article (23)

The Ministry's employees, who are given the capacity of law officers, by virtue of a decision taken from the general deputy with the approval of the Minister, are bound to regulate and prove the crimes committed in violation of the provisions of the present Article and the decisions executive thereof, and should, to that effect, proceed to the following:

1. Control and search any location that is being exploited or used for works related to prospection or mining.
2. Examine and carry out the necessary investigations about the state of the mines and the ventilation systems pertaining thereto, and all what is related to the safety and the health of the people who work there.
3. Inspect the explosives storehouses and issue orders as to the way they should be stored and used.
4. Inspect the exterior parts of the machines used in the prospection or the mining and the state of all the works and roads.
5. Examine the books, accounts, maps and papers related to the prospection or mining operations, and all the other formalities, and take copies or summaries thereof.
6. Exert all the necessary powers to control the good execution of the provisions of the present law and the decisions executive thereof.

Moreover, the employees of the Ministry of Municipal Affairs and Agriculture, who are given the capacity of law officers by virtue of a decision taken from the general deputy with the approval of the Minister of the Municipal Affairs and Agriculture, are bound to regulate and prove the crimes committed in violation of provision of Article (6) of the present law, and should for that purpose enter any location that is being exploited or used for the extraction or transport or exploitation of the soil and sand and stone materials and derivatives that are used for the construction, paving and destruction works in the aim of supervising and searching it.

Article (24)

Without prejudice to any other severer penalty stipulated by any other law, is imprisoned for a period not exceeding one year, or charged with a fine not exceeding fifty thousand Riyals, or both, whomever violates the provisions of Articles (2), (6), (10), (19), (22) of the present Articles. The penalty is doubled in case of a second offence, and the accused is deemed recidivist if he has committed a similar crime before the expiration of five years as of the date of the execution of the pronounced penalty or prescription thereof, and all crimes stipulated by the present law are deemed similar with regard to second offence cases.

If a legal entity commits the violation, without bearing the natural person's responsibility, the legal entity shall be charged with a fine not exceeding two hundred thousand Riyals, and the authorization, the license or the use of the right can, by virtue of a judgment, be cancelled temporarily or permanently.

Article (25)

The country can, upon suggestion of the Cabinet, bear some of the tax burdens fallen to the holder of the privilege or the licensee or the authorized or the holder of the right of mining.

Article (26)

The rights of privilege or mining, and the exploration authorizations, and the prospection licenses, and the discovery certificates granted before the entry in force of the present law or executed according to previous agreements, remain in force until the expiration of the period set thereto, and can only be renewed according to the provisions of the present law.

Article (27)

The Minister issues the necessary decisions for the execution of the provisions of the present law.

Article (28)

Any sentence contradicting the provisions of the present law shall be annulled.

Article (29)

All relevant parties, each in its jurisdiction, must enforce the present law, which is published in the official journal.

Tameem Bin Hamad Al Thani
Vice-Emir of the State of Qatar

Promulgated in the Emiri Diwan on: 3/2/1428 A.H
Corresponding to: 21/2/2007 A.D