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Changes in conducting exploration works in Uzbekistan

On November 18, 2019, the President signed the Resolution “On measures to improve the system of organizing and conducting exploration work for oil and gas”.

In accordance with the Resolution, the following functions have been transferred to the State Committee of the Republic of Uzbekistan for Geology and Mineral Resources (hereinafter referred to as the State Committee for Geology):

- ▶ Conducting research, regional geological survey, geophysical and drilling operations with the identification and preparation of oil and gas prospective structures for the discovery of new hydrocarbon deposits;
- ▶ Organization of work for the accelerated development and reproduction of hydrocarbon reserves of the republic, increasing the efficiency and effectiveness of exploration work aimed at ensuring the discovery of new hydrocarbon deposits.

By the end of the year, Uzbekneftegaz JSC shall transfer to the State Committee for Geology information on existing projects for research and geophysical work, all available stock and other materials for all perspective areas, investment blocks and hydrocarbon deposits.

However, Uzbekneftegaz JSC will continue to carry out exploration for hydrocarbons within the framework of existing projects without obtaining a license, subject to completion of drilling of previously launched parametric and exploratory wells.

In addition, from January 1, 2020, the following changes are provided:

- ▶ Subsoil plots containing strategic types of minerals specified in the Presidential Resolution dated May 24, 2017 No.ПП-3000, are provided for use on the basis of auction tenders ensuring the transparency of licensing. The initial cost of the right to use is determined in the amount of the subscription bonus rate - for geological exploration and the commercial discovery bonus rate - for mining. At the same time, it should not be lower than the sum of expenses of the State Committee for Geology for the implementation of searching and exploration work. The incoming funds, deducting the amount of the organization of the auction, are sent to the State budget.
- ▶ The State Committee for Geology will annually report to the Oliy Majlis on the use of budget funds allocated to it and the results achieved.
- ▶ The practice of concluding investment agreements for the development of deposits of strategic minerals by assessing investment geological objects, preparing tender documents and organizing tenders based on transparent procedures with the involvement of independent consultants, auditors and technical support from international organizations and financial institutions.

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