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Subsoil use contracts for “complex” projects

On 24 November 2022 Senate of the RoK Parliament has approved draft amendments to the Code of the Republic of Kazakhstan “On Subsoil and Subsoil Use”.

Amendments, inter alia, provide for the possibility to conclude two new types of subsoil use contracts for hydrocarbons (“HC”):

- ▶ contract for exploration and production of HC for a “complex project”;
- ▶ contract for production of HC for a “complex project”.

What is a “complex project”?

“Complex” projects will be:

- ▶ offshore projects on exploration/production of HC within the Kazakhstani sector of the Caspian or Aral Sea.
- ▶ onshore projects on exploration/production of gas with an oil-saturated part of $\leq 25\%$ of the total HC volume.
- ▶ onshore projects on exploration/production of HC meeting any of the following criteria:

- 1) containing “unconventional” HC (starting from August 2022, they include shale oil and gas, native bitumen, coalbed methane and other);
- 2) depth of the highest point of a deposit is ≥ 4500 meters;
- 3) hydrogen sulfide in the reservoir fluid is not less than 3.5%;
- 4) abnormally high reservoir pressure;
- 5) location under salt deposits with a thickness of more than 100 meters;
- 6) a discovered deposit belongs to non-structural traps.

Territories for HC development as complex projects (“**Complex Territories**”) will be listed in the State Subsoil Fund Management Program.

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Practice areas

SUBSOIL USE

Locations

KAZAKHSTAN

