



SECRETS OF HYDROCARBON CONTRACTS IN TUNISIA



AN ANALYTICAL STUDY



ATCP.ORG.TN

ASSOCIATION TUNISIENNE DES CONTRÔLEURS PUBLICS
الجمعية التونسية للمراقبين العموميين

Secrets of Hydrocarbon Contracts in Tunisia

An analytical Study

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atcp.asso.tn@gmail.com

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Prepared by:

Charfeddine Yakoubi - Mohamed Ghazi Ben Jemia

And reviewed by a number of experts from various sectors

Design and production:

Mohamed Wael Ziadi

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Table of Contents

List of Graphs, Tables and Maps	7	Doubleb exploitation concession	91
Introduction	10	Semama exploration concession.....	92
Goals of the Study	15	Tamesmida exploitation concession.....	94
Limitations of the study	15	Sidi Litaïem exploitation concession.....	95
Methodology of the Study.....	16	Sidi Baharat exploitation concession	97
Themes of the Study	17	Mahares exploitation concession.....	99
Discover the hydrocarbon sector	18	Franig exploitation concession	101
What are the types of Oil Licenses?	22	ISIS exploitation concession.....	103
Transparency in the hydrocarbon sector.....	26	Gremda exploitation concession.....	104
Published Contracts: Has everything been published?	31	Remoura exploitation concession.....	105
Open Acreage: A not up to date Map	35	Cercina exploitation concession.....	106
Prospection & Exploration Permits: Deficiencies/discrepancies and risks	37	Cercina Sud exploitation concession	107
Introduction	38	Chargui exploitation concession	109
Main Observations:.....	40	El Hajeb – Guebiba exploitation concession.....	110
Concessions: Discrepancies and Risks	73	Sidi Kilani exploitation concession	111
Introduction	74	Chorouq exploitation concession	112
Main observations	75	Utique exploitation concession	114
Hasdrubal exploitation concession	76	Byrsa exploitation concession	115
Mlskar exploitation concession.....	78	Oudna exploitation concession	117
Didon exploitation concession	80	Beli exploitation concession.....	119
Adam exploitation concession.....	82	El Menzah exploitation concession	121
Dorra exploitation concession.....	83	Ashtart exploitation concession	123
Anaguid East exploitation concession	84	El Bibane exploitation concession	124
Nawara exploitation concession.....	85	Robbana exploitation concession.....	126
Bir Ben Tartar exploitation concession	87	Baraka exploitation concession	127
Ras El Besh exploitation concession.....	88	Maamoura exploitation concession	128
Eszaouia exploitation concession	90	El Borma exploitation concession	129
		Baguel - Tarfa exploitation concession.....	131

Zelfa exploitation concession	133
Cosmos concession	135
Yasmine exploitation concession	136
Zinnia exploitation concession	138
Beni Khaled exploitation concession	140
Sanhar exploitation concession.....	141
Djebel Grouz exploitation concession.....	142
Sabria exploitation concession	143
Chaouech Essaida exploitation concession.....	144
Makhrouga exploitation concession.....	146
Laarich exploitation concession	147
Dabbech exploitation concession.....	148
Echouech exploitation concession	149
Oued Zar exploitation concession	150
Halk El Menzel exploitation concession.....	151
Jinane exploitation concession.....	153
Mazrane exploitation concession.....	154
Ghrib exploitation concession.....	155
Sondes exploitation concession	157
Oil Taxation: Multiple taxation regimes and missing information/data.....	158
1-Presentation of tax systems regulating hydrocarbons licenses	159
2-State Revenues from the Hydrocarbon sector.....	161
3-Classification of exploitation concessions by taxation system.....	161
10 Recommendations to reform governance in the Hydrocarbon Sector in Tunisia.....	165
References.....	168



Constitution of the Republic of Tunisia 2014

Article 13

Natural resources belong to the people of Tunisia.
The state exercises sovereignty over them in the
name of the people.

Article 31

The state guarantees the right to information and the
right of access to information.
The state shall endeavor to guarantee the right to
access communication networks.



Main Conclusions

6

Cases of suspension of the duration of the permit in 2014 in contradiction with the Hydrocarbon Code

9

Concessions the duration/validity is due to expire before the end of 2020 without any decision being taken on them, or publication of said decision if it has been taken

8

Concessions which require an investigation in their management or the publication of the full investigation report

3

Cases of permits which have exceeded their normal renewal duration

20 Million Dinars

Value of the damages ordered, due to the loss of an arbitration case in the Oudhna Concession

7

Suspended concessions

22

Cases of permits which have expired without renewal or returning them to open acreage

3

Cases of permits where there are major violations/breaches which require an investigation

10

Concessions where the development of the field has not been completed despite a long time passing since it was awarded, in some cases for over 40 years.

14

Cases of permits which have exceeded normal renewal duration

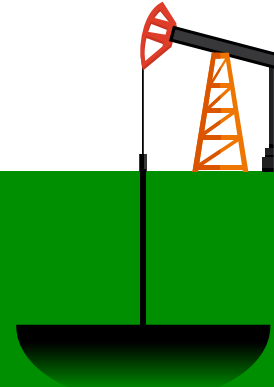
5

Cases of extension of concessions in a non-legitimate/justified way.

17

Cases of discrimination amongst investors.

Introduction



El Kamur, Om Shiah, Kerkenna, Argub, Douz ... regions that have become famous for their successive protests since 2011 about the management of natural resources in Tunisia. The reasons for protests are summarized by a young man from the village of Faouar in the Governorate of Kébili in southern Tunisia, nearby several oil wells: “we see every day trucks carrying crude oil on this road, but our social conditions have not changed. The only thing we see in this region is poverty, unemployment and the lack of development projects.”

During other protests in 2017, some residents of the Governorates of Tataouine and Kébili shutdown oil pumping stations, most famously Al Kamur pumping station on May 20, 2017, pushing the government to fulfill some of their requests after a more than one-month shutdown, reducing oil production by half from 46,000 barrels in January 2017 to 23,000 barrels in August 2017.

At first glance, the protests may seem to be socially motivated, rising unemployment rates and the absence of development in oil producing regions. However, another less visible reason expressed by some protesting youth and NGOs active in this field, may have also sparked the protests. Youth asked for the truth about the actual size of natural resources and their

revenues, with growing talk about corruption in this sector and secret agreements to loot the country’s resources.

In reaction to the above-mentioned demands for transparency and in order to refute the rumors on the size of natural resources, in a major step forward for this sector which contributes 5% of the government’s budget for 2018, the Tunisian Government published the hydrocarbon contracts.

The publication of the contracts is also the result of a longstanding struggle by CSOs to reinforce transparency in an opaque sector, said to have been mismanaged for many decades. The decision issued by the Minister of Energy on 14 June 2016 to publish all hydrocarbon contracts and a series open data on the website of the Ministry of Industry, Energy and Mines reflects the Tunisian Government’s commitment to the 2014-2016 OpenGov Partnership. Tunisia is considered as one of the rare countries that published hydrocarbon contracts without being a member of the Extractive Industries Transparency Initiative (EITI).

This step improved Tunisia’s ranking in the 2017 Resources Governance Index issued by the Natural Resource Governance Institute. Tunisia is ranked 26 with 56/100 points against 49/100 in the 2014 index. (see page 14)



Countries which have published hydrocarbon contracts and are members of the Extractive Industries Transparency Initiative



Countries which have published hydrocarbon contracts without being members of the Extractive Industries Transparency Initiative



Past the Tipping Point? Contract Disclosure within EITI, Don Hubert and Rob Pitman, 2017

Despite the importance of the documents published so far, a major link is still missing: the absence of analytical and critical research on these contracts, which have remained unused and no comprehensive research has been carried out by the experts or CSOs. This fact partially reflects the difficulty of dealing/approaching these contracts, understanding and analyzing them, given their complex technical nature, especially that the Ministry in charge of hydrocarbons made no effort to simplify them and published them as is, as a PDF.

We should note that prior to the publication of the contracts, several audit reports were issued about the management of the hydrocarbon sector, the most important of which is the

report published in 2011 by the National Truth and Factfinding Commission on Corruption and Bribery, and a report published by the Court of Audit in 2012 on the natural gas sector, and the 2014 Audit report on hydrocarbon subsidies published jointly by the Finance General Controller, the Public Service General Controller and the General Auditor of State and Real Estate Properties. All these published reports uncovered the extent of the irregularities and violations in the energy sector, especially after several of the cases raised were transferred to the courts.

Given these facts and the importance of the matter, the Tunisian Public Controllers Association (ATCP) decided to respond to the blame laid on CSO activists for their inability to read and understand these contracts, to be able to provide evidence and proof of the violations occurring in the hydrocarbon sector, rather than relying on unfounded accusations.

In this study, ATCP attempts to present one of the first comprehensive analytical study of these contracts, aimed at reinforcing civil society's auditing role in a technically complex sector, characterized by opacity and exaggerations, which neither promotes good governance nor provide serious solutions to develop and reinforce its transparency. But the absence of many key elements did not allow a full analysis of management issues in the hydrocarbon sector. Which requires further investigation by carrying out additional research to give a more detailed view of the governance in this sector.

¹ http://www.inlucc.tn/fileadmin/user1/doc/0_rapport_cicm.pdf

² Website of the Court of Audit <http://bit.ly/2mSX6id>

³ Published in the Ministry of Finance website

RESOURCE GOVERNANCE INDEX 2017* Tunisia

Score: 100 / 56

Rank: 89 / 26

VALUE REALIZATION

60

LICENSING	48	TAXATION	80	LOCAL IMPACT	46	STATE-OWNED ENTERPRISES	66
RESERVES DISCLOSURE	77	PRODUCTION DISCLOSURE	100	EIA/SIA RULES	25	SOE-GOVERNMENT TRANSFERS RULES	100
CADASTER	100	EXPORT DISCLOSURE	77	EIA/SIA DISCLOSURE	0	SOE-GOVERNMENT TRANSFERS DISCLOSURE	50
PRE-LICENSING ROUND RULES	50	COMPANY PAYMENT RULES	100	ENVIRONMENTAL MITIGATION PLAN RULES	50	SOE FINANCIAL REPORTING RULES	67
PRE-LICENSING ROUND PRACTICE	0	COMPANY PAYMENT DISCLOSURE	57	ENVIRONMENTAL MITIGATION PLAN DISCLOSURE	0	SOE NON-COMMERCIAL ACTIVITY PRACTICE	50
POST-LICENSING ROUND RULES	75	TAXATION RULES	80	ENVIRONMENTAL COMPLIANCE RULES	100	SOE FINANCIAL REPORTING PRACTICE	100
POST-LICENSING ROUND PRACTICE	67	TAX AUTHORITY RULES	100	ENVIRONMENTAL COMPLIANCE PRACTICE	100	SOE PRODUCTION DISCLOSURE	100
FINANCIAL INTEREST DISCLOSURE RULES	10	TAX AUTHORITY PRACTICE	100	COMPENSATION TO LAND USERS AND OWNERS RULES	50	COMMODITY SALE RULES	75
FINANCIAL INTEREST DISCLOSURE PRACTICE	0	EITI AFFILIATION AND REPORTING	30			COMMODITY SALE DISCLOSURES	0
CONTRACT DISCLOSURE RULES	0					SOE JOINT VENTURES AND SUBSIDIARIES DISCLOSURE	60
CONTRACTDISCLOSURE	100					SOE CORPORATE GOVERNANCE PRACTICE	60

*<https://resourcegovernanceindex.org/>



ENABLING ENVIRONMENT	
67	
VOICE AND ACCOUNTABILITY	82
GOVERNMENT EFFECTIVENESS	67
REGULATORY QUALITY	59
RULE OF LAW	79
CONTROL OF CORRUPTION	80
POLITICAL STABILITY AND ABSENCE OF VIOLENCE	34
OPEN DATA	67
OPEN DATA INVENTORY	80
OPEN DATA BAROMETER	72
OPEN DATA INDEX	47

REVENUE MANAGEMENT	
40	
NATIONAL BUDGETING	40
ONLINE DATA PORTAL	0
FISCAL RULES	0
FISCAL RULE PRACTICE	0
NATIONAL BUDGET DISCLOSURE	100
NATIONAL DEBT DISCLOSURE	100

Score 0-100 where 100=best

Performance classifications	
Good	75 or more
Satisfactory	60-74
Weak	45-59
Poor	30-44
Failing	less than 30

Goals of the Study

Through this study, the Association (ATCP) aims to achieve the following objectives:

- Prepare and present a comprehensive analysis of the contracts that were published to check whether they include all documents.
- Check the compliance of published contracts (licenses and concessions) with different laws and procedures regulating the hydrocarbon sector (extension and renewal periods, compliance with tax regulations, financial items, technical, environmental and social commitments, respect of designated areas, etc....) with a focus on aspects greatly impacting state revenues (financial aspects, taxes, royalties, participation rate, efficiency, job descriptions in operational aspects).
- Identify non-compliance risks and gaps, in contracts and procedures regulating the hydrocarbon sector.
- Analyze the various data published on the website of the line Ministry in charge of hydrocarbons, identify missing data and information, or data in contradiction with other websites, such as the website of the Tunisian National Oil Company (ETAP).

- Analyze the various exploitation incentives (publication of documents, production figures, status of concessions, etc....);
- Identify data and information which have not been published; such as minutes of meetings of the Hydrocarbons Consultative Committee, names of concession and permit holders.
- Simplify hydrocarbons contracts so that citizens may understand them.
- Suggest a series of practical recommendations that will contribute to reforming the sector and improve governance.

Limitations of the study

Despite the publication of the contracts, the lack of key governance / management data for this sector prevented a more thorough analysis to give a complete image on its governance. Therefore, this study remains partially incomplete because it was not able to review many essential aspects of the management in this sector, and which requires the availability of data related to:

- Criteria used to allocating permits, especially in the absence of minutes of meetings held by the hydrocarbons consultative committee, which works with unclear and opaque procedures;

- Detailed and exact revenues generated by oil and gas, mainly taxes and royalties;
- Various documents to check compliance of investors or ETAP with their commitments towards legal obligations and contractual provisions, such as financial investments, technical, social and environmental commitments and obligations, and the extent of sanctions and penalties applied in case of breaches or violations.

A detailed analysis of oil contracts requires the publication of all other necessary documents as further described below.

In conclusion, we would like to mention that this study may include some errors, due to the multiplicity and sometimes contradiction of sources used. ATCP remains open to clarifications and observations aimed to improve the content of the study.





Methodology of the Study

The following methodology was used to prepare the study:



1 Collection of published data

The working team prepared a file including contracts published on the Open Data website of the Ministry in charge of Energy, and various legal texts regulating the energy sector from 1948 to 2017. The team also examined various studies at the national and international levels and extracted all decrees published in the Official Gazette of the Republic of Tunisia Awarding, extending or renewing permits or changing concession holders or production areas.

2 Data review and analysis

In this phase, the working team audited all published contracts and their annexes by analyzing them and extracting various data in specific tables, showing especially permit allocation dates and investors' commitments. In order to compare these data with what is published in the Official Gazette of the Republic of Tunisia (JORT) and ETAP's website and the line ministry's open data portal. Based on this data, the permits and incentives allocating process was redesigned with a focus on concession holders, operating areas, financial obligations, technical commitments and other duties borne by the various stakeholders.

3 Identifying discrepancies and highlighting their risks

This phase includes the defining of discrepancies identified, in comparison with the general legal texts regulating the hydrocarbon sector to check the legal compliance and application of the provisions of hydrocarbon contracts with these texts, and to identify potential risks of each discrepancy/failure. The risk identification approach is an advanced mechanism which will later allow us to define a clear and appropriate plan of action to tackle and prevent risks. This phase also included reaching out to the technical, legal and financial experts, to verify the accuracy of the failures identified.

4 Recommendations

This phase is the conclusion of the working team's mission, where they present a series of practical recommendations to solve the discrepancies, such as amending laws and regulations, or to restructure this sector.



Themes of the Study

The study includes six main topics:

- **Published documents: Has everything been published?**
- **Open acreage: an outdated map**
- **Permits: exploration and prospecting: deficiencies and risks**
- **Concessions: deficiencies and risks**
- **Oil taxation: Complicated tax system and missing information**
- **10 Recommendations to reform governance of the Tunisian hydrocarbon sector.**





Discover the hydrocarbon sector

What do hydrocarbon contracts mean?

The Extractive Industries Transparency Initiative EITI defines hydrocarbon contracts as follows:

- 💡 The full text of a contract, an award or an agreement to share production or any other agreement awarded or signed by the Government defining conditions for the exploitation of oil, gas and mining products;
- 💡 The full text of annexes, appendices or additional articles defining details related to exploitation rights provided for in articles or enforcement of subject rights;
- 💡 The full text of changes or amendments of specified documents.

Legal framework regulating hydrocarbon concessions in Tunisia

Hydrocarbon contracts in Tunisia are regulated by three legal frameworks:

1. **Beylical decrees:** Beylical decree issued on December 13, 1948 defining specific measures and procedures to facilitate the exploration and exploitation of mining products from the second group? and Beylical decree dated June 1, 1953 on the amendment of the mining system;
2. **1985 Decree:** Decree n. 9-1985 dated September 14, 1985 on the adoption of special provisions concerning the exploration and production of liquid and gaseous hydrocarbons;
3. **Hydrocarbon Code:** issued by Law n. 93-1999 dated August 17, 1999 and subsequent amended laws.

The following tables describe exploitation permits and their legal frameworks:

Concession regulated by the hydrocarbon code

Exploration concession	Date of creation	Exploration License
Utique	16/02/2001	Jebel Oust 1992
Al-Manzah	28/11/2000	Grombalia 1989
Beni Khaled	11/05/2001	CapBon 1985
Chargui	13/07/2001	Kerkennah Ouest 1980
Chorouq	25/04/2008	Jenein Nord 1996
RAS EL BESH	05/09/2008	Sfax Offshore 2005
Cercina Sud	05/11/2004	Kerkennah Ouest 1980
Nawara	26/02/2010	JENEIN SUD 2004
Dorra	29/03/2011	ANAGUID 1992
Bir Ben Tartar	25/10/2011	Sud Remada 2005
Anaguid East	09/09/2014	ANAGUID 1992
Halk El Manzel	01/01/1979	Marin Golfe de Hammamet 1965
JINANE	30/05/2017	Jenein Nord 1996
Sondes	17/10/2017	Anaguid 1992
GHRIB	06/09/2016	Zaafrane 2007

Concessions regulated by the Beylical decrees

Exploration concession	Date of creation	Exploration License
Douleb	03\12\1968	Tunisie Centre Nord 1965
El Borma	03\12\1968	El Borma 1960
Tamesmida	20\01\1970	Tunisie Centre Nord 1965
Semama	01\01\1976	Tunisie Centre Nord 1965
Sidi Litaïem	01\01\1973	Sfax Kerkennah 1972
ASHTART	01\01\1974	Golfe de Gabès 1965
Sidi Baharat	01\01\1976	Sfax Kerkennah 1972
CHOUECH ESSAIDA	01\01\1978	Permis du Sud 1972
MAKHROUGA	01\01\1982	Permis du Sud 1960
DEBBECH	01\01\1982	Permis du Sud 1960
LAARICH	01\01\1982	Permis du Sud 1960
El Hajeb – Guebiba	10\06\1983	Kerkennah Ouest 1980
ISIS	06\06\1980	Marin Centre - Oriental 1973
Byrsa	01\01\1980	Hammamet Grands Fonds 1973

Concessions regulated by 1985 Decree

Exploration concession	Date of creation	Exploration License
Oudna	01\01\1989	Hammamet Grands Fonds 1973
Gremda	01\01\1989	Kerkennah Ouest 1980
Ezzaouia	01\01\1990	Zarzis 1989
YASMINE	01\01\1991	Cap Bon Golfe de Hammamet 1972
MAAMOURA	01\01\1991	Enfidha 1978
SANHAR	01\01\1992	Bir Aouine 1978
ECHOUECH	09\06\1992	Permis du Sud 1960
MISKAR	09\06\1992	Amilcar 1989
OUED ZAR	25\08\1992	Permis du Sud 1960
Beli	12\09\1992	Grombalia 1991
Sidi Kilani	25\12\1992	Kairouan Nord 1984
Remoura	15\01\1993	Kerkennah Ouest 1980
Cercina	22\02\1994	Kerkennah Ouest 1980
DJEBEL GROUZ	01\01\1991	Bir Aouine 1978

Didon	12\12\1997	ZARAT 1990
SABRIA	27\11\1998	Kebili 1992
BARAKA	24\08\2001	Enfidha 1978
Adam	01\07\2003	Borj El Khadhra 1991
ROBANA	05\11\2004	Gabes Jerba Ben Guerdan 1972
Hasdrubal	26\01\2007	AMILCAR 1989
ZINNIA	01\01\1991	Cap Bon Golfe de Hammamet 1972
EL BIBANE	01\01\1984	Gabes Jerba Ben Guerdane 1972
Franig	01\01\1984	Médénine 1972
BAGUEL	01\01\1989	Douz 1982
Mahares	23\08\1988	Sfax Kerkennah 1980
ZELFA	20\04\2004	Cap Bon Marin 1972
MAZRANE	28\02\2017	Nord Médénine 1993
COSMOS	01\01\1986	Cap Bon Golfe de Hammamet 1972



What are the main hydrocarbons contracts in Tunisia?

1. Special agreements:

It is the most important hydrocarbons contract, it regulates the contractual relation between the State, ETAP and investors in terms of the exploration, research and exploitation of hydrocarbons, as provided for in the Hydrocarbon Code. To harmonize the format of special agreements, an agreement template was published in Decree 1842 dated August 1, 2001 on the exploration and exploitation of hydrocarbon rigs. The special agreement includes the following points:

- ✘ Awarding authority's Obligations: They include awarding investors renewal and extension possibilities as provided for in the hydrocarbon code, with special exploitation privileges in case of discovery, and recoverable costs related to exploration and exploitation;
- ✘ Awarding authority's Rights: to fund all exploration and prospecting costs, respecting all legal requirements and especially those of the Hydrocarbon Code and to pay taxes, fees and royalties.
- ✘ Investors Obligations: such as paying taxes, fees and royalties, and the commitment to carry out the works and inform the awarding authority of exploration and prospecting programs.

2. Partnership Agreement and Production Sharing Agreements:

They define the contractual relationship between ETAP and the investor in terms of hydrocarbons'

prospectation, exploration and operations, in application of the provisions of the Hydrocarbon Code and regulation texts for the application in special agreements, they can be in the form of Partnerships/Joint Ventures or Production Sharing Agreements.

Participation System	
Award Method	The exploration license is granted in partnership between the National Oil Company and the investor or investors according to shares/percentages determined in the specific agreement for concession holders according to article 92
Work and costs commitments	The holder of the license, partnering with the National Oil Company, covers all costs and risks for exploration and prospectation alone
Participation of the National Oil Company	In case of a discovery the NOC has 6 months from the date of application for a concession to raise its participation or not, within the maximum percentage agreed in the agreement
Tax system	Each holder partner permit holder shall pay the fees, taxes due: especially -royalties on hydrocarbons produced from its share - tax on production which is determined according to the P factor

Production Sharing Agreements	
Award Method	The exploration license is granted to the NOC -The investor is considered as the operator on the license -The operator can be a company or a group of companies where one takes on the role of operator.
Work and costs commitments	The operator shall cover costs for all exploration and prospectation activities for the account of the National Oil Company and bears the risks for it .
Participation of the National Oil Company	The National Oil Company owner of the license/permit and thus holder of the concession borne from it according to article 97 and 98 of hydrocarbon code.
Tax system	The National Oil Company will indemnify the operator/company when it pays all the taxes and fees, including proportional royalties on production and income tax, the operator will receive: 1-A share of the oil or gas production to cover the costs and expenses 2-A share of the oil or gas production as compensation for costs.

What are the types of Oil Licenses?

There are four types of oil Licenses according to the Hydrocarbon Code

Prospection License	
Awarding Method	By decision of the Minister in charge of Hydrocarbons
Duration of the license	One year
Renewal	Non-renewable
Works allowed	Preliminary exploration work except for seismic survey and drilling

Prospection Permit	
Awarding Method	By decision of the Minister in charge of Hydrocarbons based on the positive opinion of the consultative hydrocarbons committee
Duration of the license	Two years
Renewal	For a maximum of 12 months
Works allowed	Geological and geophysical surveys, seismic surveys, drilling for up to 300 meters to take core samples

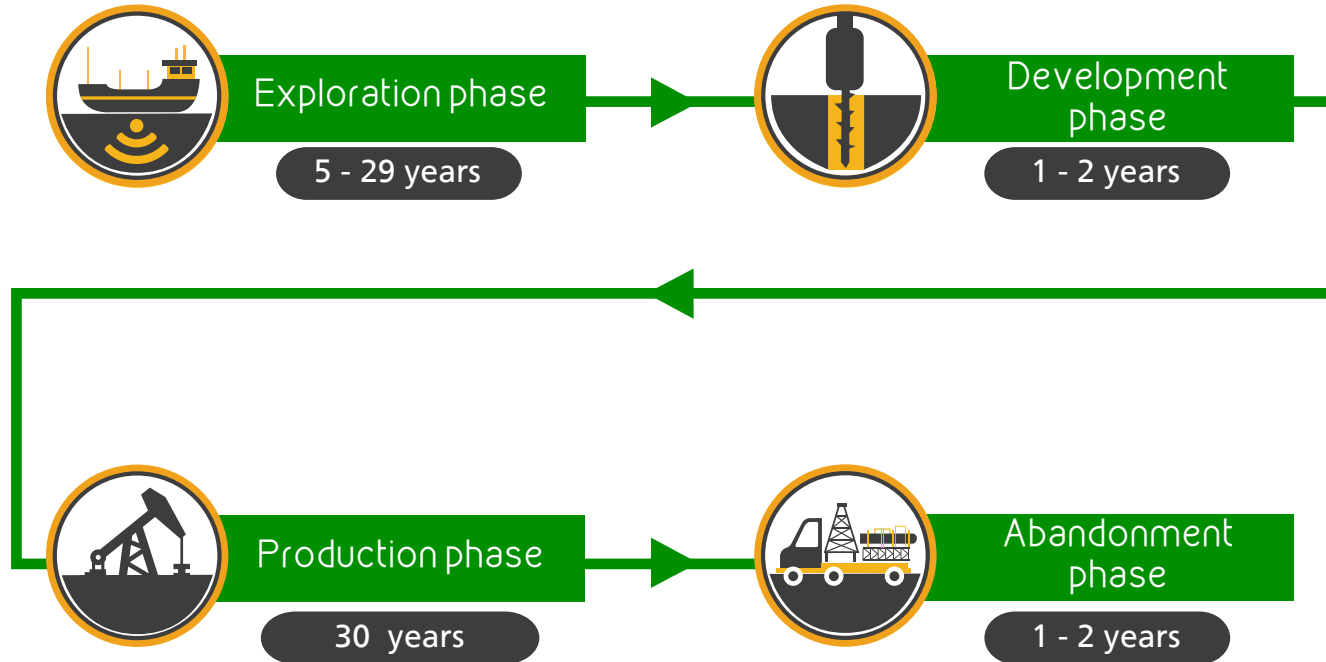
Development Concession	
Awarding Method	By decision of the Minister in charge of Hydrocarbons based on the positive opinion of the consultative hydrocarbons committee
Duration of the license	30 years
Renewal	-
Works allowed	According to developpement plan.

Exploration license	
Awarding Method	By decision of the Minister in charge of Hydrocarbons based on the positive opinion of the consultative hydrocarbons committee
Duration of the license	For a preliminary phase not exceeding 5 years
Renewal	Renewal for two successive periods of 4 years each. Possibility to renew for a third time for 4 years, if there is a discovery of a hydrocarbon field
Works allowed	Minimum technical works according to participation agreement or cost sharing agreement exclusive licence



What is the oil and gas production cycle?

The oil and gas production cycle is made of four major phases as shown below:

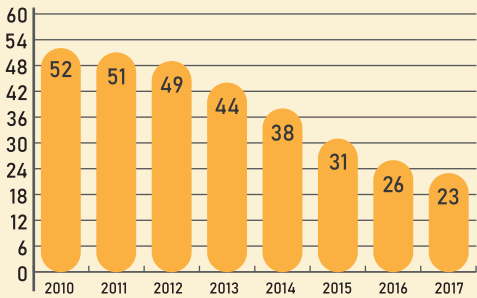




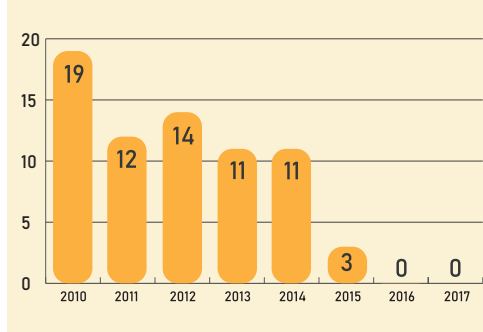
Indicators on the oil sector in Tunisia

In recent years, the hydrocarbon sector has gone through a major crisis resulting in the reduction of permits from 52 in 2010 to 23 this year, while production dropped considerably to 39,000 barrels/day in July 2018 from 81,400 barrels/day in 2009. The drop of production is due to several reasons including the near depletion of many wells, the reduction of investments in the sector, the fall of oil prices worldwide mainly after 2012, and the non-allocation of new permits for a long period due to problems raised by enforcement of article 13 of the Tunisian Constitution in addition to the social unrest in production regions. The following tables taken from the Energy Observatory show the main indicators of the hydrocarbon sector in Tunisia.

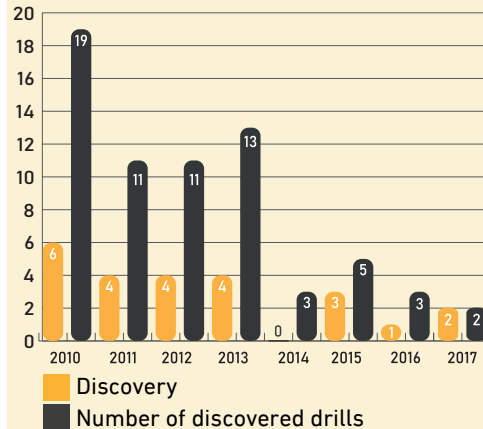
Evolution of the total number of licenses



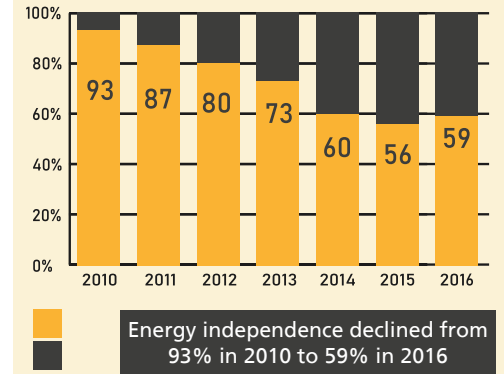
Development of number of development wells



Evolution of the number of exploratory wells and the number of discoveries

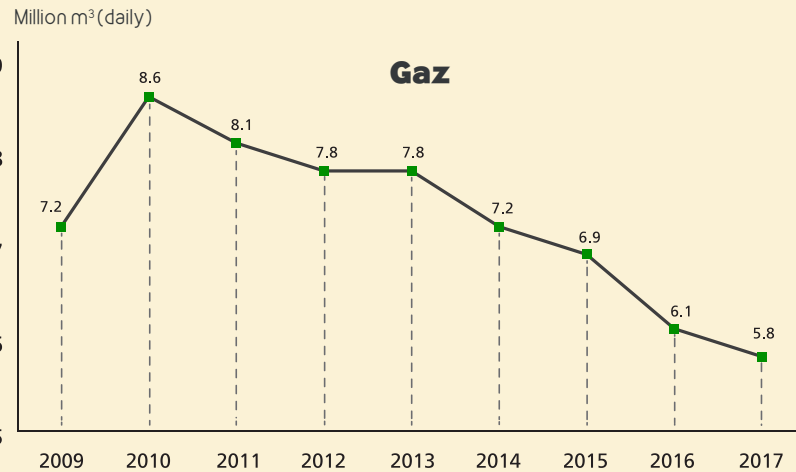
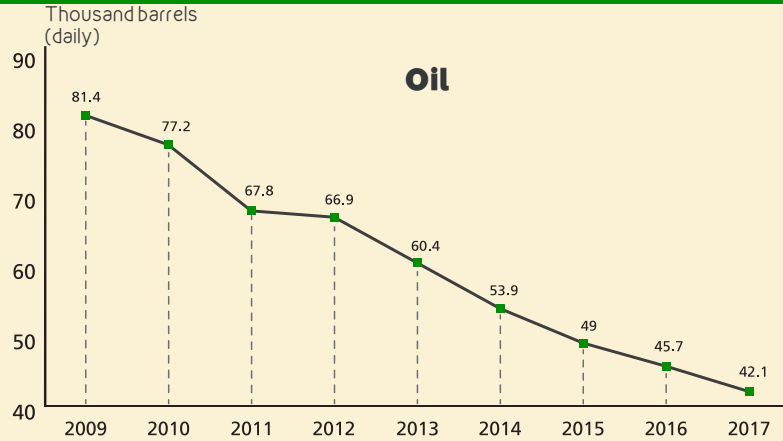


Evolution of energy independence

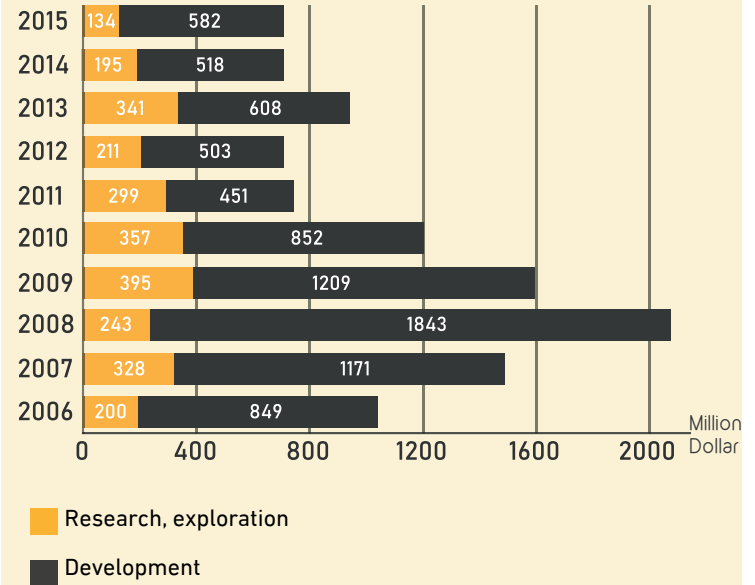




Evolution of production



Investments in research, exploration and development





Transparency in the hydrocarbon sector

10 Reasons for publishing hydrocarbon contracts

1. Increase revenues and receipts of the State from the hydrocarbon sector by ensuring better governance of revenues.
2. Implement real control by the parliament, civil society and citizens on the management of natural resources, and check compliance of companies with their commitments in terms of investment, employment, corporate social responsibility, environmental protection, local Tunisian content, etc....
3. Reinforce citizens' trust in the State and confirm the State's commitment to preserve natural resources and to properly use resources for the benefit of all Tunisians.
4. Attract real and serious investments and companies willing to invest in a transparent and stable environment protecting their rights.
5. Enable the State to properly negotiate with investing companies.
6. Reduce the risk of corruption when negotiating secret agreements and ensure implementation of investment projects and the effective and comprehensive enforcement of the Hydrocarbon Code.
7. Reduce social pressure and protests due to the lack of information on hydrocarbons in various regions.
8. The publication of reports does not impair the State or companies as they do not include sensitive information about production techniques, professional confidentiality and the technology used.
9. A large quantity of data is already published in the Official Gazette of the Republic of Tunisia (area, permit holder, renewal operations, pilot contracts ...) or on other sites for international companies listed on world stock markets. Therefore, this is not a new aspect and only completes the disclosure policy.
10. Comply with the Tunisian State's commitments related to transparency and the fight corruption (Tunisian Constitution, law on access to information, Extractive Industries Transparency Initiative; Open Government partnership...).

5 Best Practices in the publication of oil contracts

1. Issue a law requiring the publication of oil contracts.
2. Define what must be published: full text of the contract, complementary contracts, side agreements, etc....
3. Contracts must be published within an acceptable and reasonable timeframe from the date of signature, otherwise their publication is useless.
4. The format used for the publication of contracts must be clear, simple, and easily available on official websites.
5. The publication of contracts as open data makes it easy to study them in what is referred to as open-contracting.



Open
Contracting



Tunisian Citizens' Concerns on the Hydrocarbons Sector

- Is Tunisia swimming / floating on a sea of oil?
- Why is there no oil in Tunisia despite the fact that it is surrounded by two oil-rich countries (Algeria and Libya)?
- Are oil resources being robbed by large corporations and major countries?
- Are the measures/procedures taken sufficient to control /stop corruption in the hydrocarbon sector?

Transparency, investments and social protests: which priority?

The considerable drop in oil production and investments raised concerns and questions about the definition of priorities in a sector undergoing a major crisis. Many parties believe that priority should be given to improving the investment environment, attracting investors, preserving jobs, and disregard transparency and the governance of natural resources, which are secondary, may discourage investment intentions and fuel social unrest.

In addition, social protests and demands in production areas have not called for more transparency or good governance of the sector as a priority. Their main demands are employment and development, and very rarely have they called for transparency, especially in southern Tunisia.

On the other hand, certain CSOs have tried to highlight the link between transparency and governance with the development of the sector, increased investment, and reduced social unrest, mainly due to the absence of a clear vision for governance. This is reflected in the government's swinging and one-off decisions taken under social pressure, preventing it from adopting the Extractive Industries Transparency Initiative (EITI) as one major governance tool in this sector and disclosing generated revenues, although the government expressed its intention to join the ini-

tiative and put it on top of the list of commitments in the framework of the 2016-2018 OGP's action plan.

EITI aims at offering citizens access to reliable and useful data and information about revenues generated by their governments from the exploitation of oil, natural gas and minerals in their countries.

Nevertheless, this disagreement on priorities should not ignore the close link between increasing production and investments, and reinforcing transparency and good governance in the hydrocarbon sector due to the following reasons:

1. Transparency is a tool to ensure better governance and to gear revenues generated from resources to provide better services to the people, both in production areas and in other regions of the country. Consequently, revenues are used to ensure development and not to embezzle public funds without improving people's living conditions;

2. Investors do not fear transparency, which makes their relations with the administration clearer and adequately regulated, away from pressure, risks of corruption, bribery and mismanagement.

3. The lack of transparency does not help improve performance of the NOC and reduces accountability;

4. Investment in a given country depends on corruption indicators;

5. Many studies confirmed that the more a country is transparent, and corruption is under control, the more efficient it can be at attracting investments;

6. Investors have better access to financing from international banking institutions if their projects are implemented in countries ranking high on the transparency index.

Given this, today Tunisia needs more than ever to promote the image of a country that respects the rules of transparency and fights corruption, to build trust with the people and eradicate corruption which only further aggravates the situation.

Transparency also constitutes a tool to reduce frustration and disenchantment, to build a new social contract based on trust and cooperation instead of confrontation and suspicion and to bring back investments in the field of hydrocarbons.



Excerpts from the audit report on hydrocarbon subsidies

- ▶ The study of sample partnership agreements showed an absence of obligation to provide the Tunisian NOC with documents describing exploration costs and keeping track of the progress of exploration/drilling. This situation considerably complicates the adequate and accurate evaluation of costs due to the lack of backup documents, which may jeopardize the Tunisian NOC's financial rights if participating in development and exploration.
- ▶ If the Tunisian NOC does not promptly approve exploration costs, the partner may have the possibility to overcharge excessive costs. This system does not allow the NOC to carry out ex-post audits and to verify/audit the efficiency and feasibility of expenditures, knowing that reservations and guarantees require several negotiation meetings with partners and sometimes even requires resorting to international arbitration.
- ▶ The absence of procedures enabling the company to check exploration costs when awarding concession rights due to the loss of documents;
- ▶ The Hydrocarbon Code and specific agreements do not include provisions stating the right of the Tunisian State to renounce participating in concessions or to decide to join again after renouncing, knowing that any participation of the Tunisian State must be done through the Tunisian National Oil Company ETAP;

Joint report issued by the General Finance Controller, the General Public Services Control Commission, and the General Public and Real Estate Properties Control Commission (2014, posted on the website of the Ministry of Finance).

Excerpts from the Court of Audit's Report about the Natural Gas Sector

Contrary to existing legislation, permits have been extended for additional periods to enable their holders to complete their tasks without decisions being issued by the Minister in charge of industry, in addition to the successive extension in the validity of several other permits. A third renewal decision was granted to the two exploration permits “Ras Marmur” and “North Kairouan”, and a fourth renewal contract was awarded to the two exploration permits “Grombalia” and “Amilcar”, knowing that the Hydrocarbon Code limits the number of renewals of exploration permits to two. Several other permit extensions or renewals were also approved despite the non-performance of all works stated in oil agreements (3), while in other cases, exploration permit renewals were approved without reducing exploration areas.

On the other hand, Article 30 of the Hydrocarbon Code provides for the possibility to extend an exploration permit for more than three years if there is a commitment to undertake additional works. However, we noted that the validity of some exploration permits was extended, such as “Jelma”, “Zarat”, “Medjerda”, and “Wahat” with no commitments made for additional spending.

The provisions of the Hydrocarbon Code were not fully respected in many permits allocated to the same investor, where some of the contract commitments were transferred from one permit to another. The transfer of commitments enables the holder of two permits or more to undertake works exceeding commitments made in one permit, moving the additional part of commitments to other permits without performing works stated in their agreements. This may lead to the inability to provide detailed technical information about ongoing permits in addition to avoiding the payment of compensation penalties mentioned in the framework of existing agreements, when investors fail to perform works required to explore hydrocarbons using subsequent permits.



Published Contracts: Has everything been published?



Presentation of Published Documents and their coverage of all contracts

On 30 June 2016, the line ministry in charge of hydrocarbons published a large number of hydrocarbon contracts, divided as follows:

 **93**
Total number of published documents

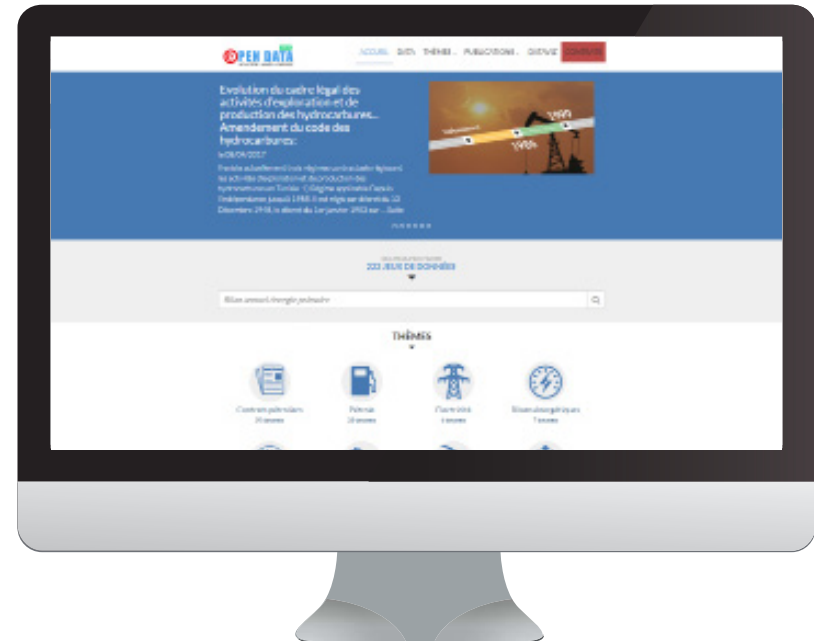
 **38**
Adjustments/amendments

 **29**
Agreements

 **13**
Joint-Venture agreements

 **13**
Production Sharing Agreements (PSA)

www.catalog.industrie.gov.tn



The review of these documents shows the following:

A permit specifically for Joint-Oil, a joint venture between ETAP and Libya NOC

Relinquished permits

	Permis	Publication of Agreement	Publication of Joint-Venture Contract	Publication of production sharing agreement	URL link for the publication on the Ministry's website
1	MAKTHAR	●	●		http://catalog.industrie.gov.tn/dataset/convention-makther
2a/b	AMILCAR	●	●		http://catalog.industrie.gov.tn/dataset/permis-amilcar
3	JOINT OIL				
4	ZARAT	●	●		http://catalog.industrie.gov.tn/dataset/tn-convention-zarat
5	BORJ EL KHADHRA	●	●		http://catalog.industrie.gov.tn/dataset/tn-convention-zarat
6	ANAGUID	●	●		http://catalog.industrie.gov.tn/dataset/convention-anaguid
7	NORD MEDENINE	●		●	http://catalog.industrie.gov.tn/dataset/convention-nord-medenine
8	KERKOUANE	●		●	http://catalog.industrie.gov.tn/dataset/convention-kerkouane
9	NORD DES CHOTTS	●	●		http://catalog.industrie.gov.tn/dataset/convention-norddeschotts
10	JELMA	●	●		http://catalog.industrie.gov.tn/dataset/convention-jelma
11a/b	JENEIN SUD	●	●		http://catalog.industrie.gov.tn/dataset/convention-jenein-sud
12	KSAR HADDADA	●		●	http://catalog.industrie.gov.tn/dataset/convention-ksar-haddada
13	EL JEM	●		●	http://catalog.industrie.gov.tn/dataset/convention-eljem
14	HAMMAMET OFFSHORE	●		●	http://catalog.industrie.gov.tn/dataset/convention-hammamet-offshore

	Permis	Publication of Agreement	Publication of Joint-Venture Contract	Publication of production sharing agreement	URL link for the publication on the Ministry's website
15	SUD REMADA	●		●	http://catalog.industry.gov.tn/dataset/convention-sud-remada
16	BORJ EL KHADRA SUD	●	●		http://catalog.industry.gov.tn/dataset/convention-borj-el-khadra-sud
17	SFAX OFFSHORE	●		●	http://catalog.industry.gov.tn/dataset/permis-sfax-offshore
18	ZAAFRANE	●	●		http://catalog.industry.gov.tn/dataset/convention-zaafrane
19	EL FAHS	●	●		http://catalog.industry.gov.tn/dataset/convention-el-fahs
20	EL KEF	●	●		http://catalog.industry.gov.tn/dataset/convention-el-kef
21	KABOUDIA	●		●	http://catalog.industry.gov.tn/dataset/convention-kaboudia
22	BARGOU	●		●	http://catalog.industry.gov.tn/dataset/convention-bargou
23	BOUHAJLA	●		●	http://catalog.industry.gov.tn/dataset/convention-bouhajla
24	CHORBANE	●		●	http://catalog.industry.gov.tn/dataset/convention-chorbane
25	JENEIN CENTRE	●		●	http://catalog.industry.gov.tn/dataset/convention-jenein-centre
26	MAHDIA	●		●	http://catalog.industry.gov.tn/dataset/convention-mahdia
27	CHAAL	●			http://catalog.industry.gov.tn/dataset/convention-chaal
28	ARAIFA	●	●		http://catalog.industry.gov.tn/dataset/convention-araiifa
29	FKIRINE				



	Permis	Publication of Agreement	Publication of Joint-Venture Contract	Publication of production sharing agreement	URL link for the publication on the Ministry's website
A	CHEBBA MARIN				
B	MATEUR				
	NEFZAOUA	●	No published		http://catalog.industrie.gov.tn/dataset/convention-nefzaoua
	DOUIRET	●	No published		http://catalog.industrie.gov.tn/dataset/convention-douiret

The review of these documents shows the following:

1. No explicit provision in the law about the need to publish contracts. Their publication depends on the political will.
2. Non-publication and non-consolidation on the website www.catalog.industrie.gov.tn of changes and amendments made to permits regarding permit holders, areas, extensions or renewals, although all changes are published in the Official Gazette of the Republic of Tunisia. This does not help to have a global view on contracts or to give a complete picture on the current status of permits. We note that the Tunisian Association of Public Auditors gathered all documents and uploaded them on the website of the Line Ministry.
3. Non-publication of the joint-venture agreements for the Nafzaoua and Dwirat permits;
4. Non-publication of the production sharing agreement (PSA) for one permit on the Ministry's website, joint oil
5. Absence of many important data and documents:
 - Detailed statements about revenues generated by various wells: royalties and taxes;
 - Sufficient and updated data about companies'

social commitments;

- Oil and gas reserves for each well;
 - Beneficial owners, concession holders and partners in investing companies;
 - Environmental impact studies: adopted site restoration and rehabilitation measures;
 - Economic feasibility studies regarding the participation or non-participation of ETAP in various concessions;
 - Number of job opportunities created in projects and local contents rates;
 - Technical programs and financial amounts invested when renewing exploration permits;
6. Limited role played by civil society in analyzing and simplifying public access to contracts, and in undertaking control and accountability assignments;
 7. Non-compliance with open-contracting criteria.

ResourceContracts.org is a repository of publicly available investment contracts for oil, gas and mining projects.



93
Countries have published natural resource contracts on this website.



1713
Documents published

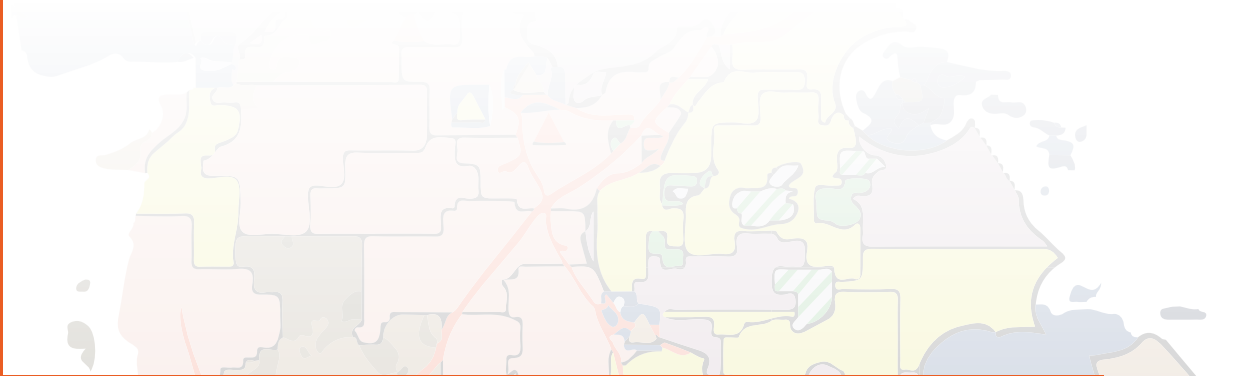


44
Type of natural resources



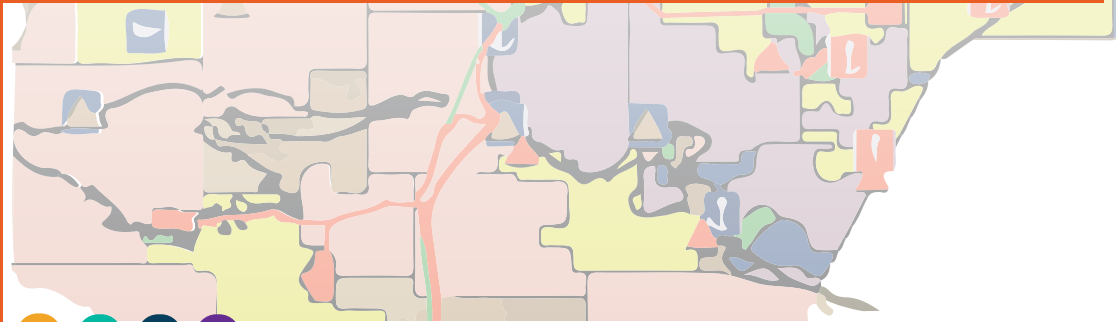
297
Documents published on natural resources in Tunisia, considered first in the world for the number of documents published on the portal





Open Acreage

A not up to date Map



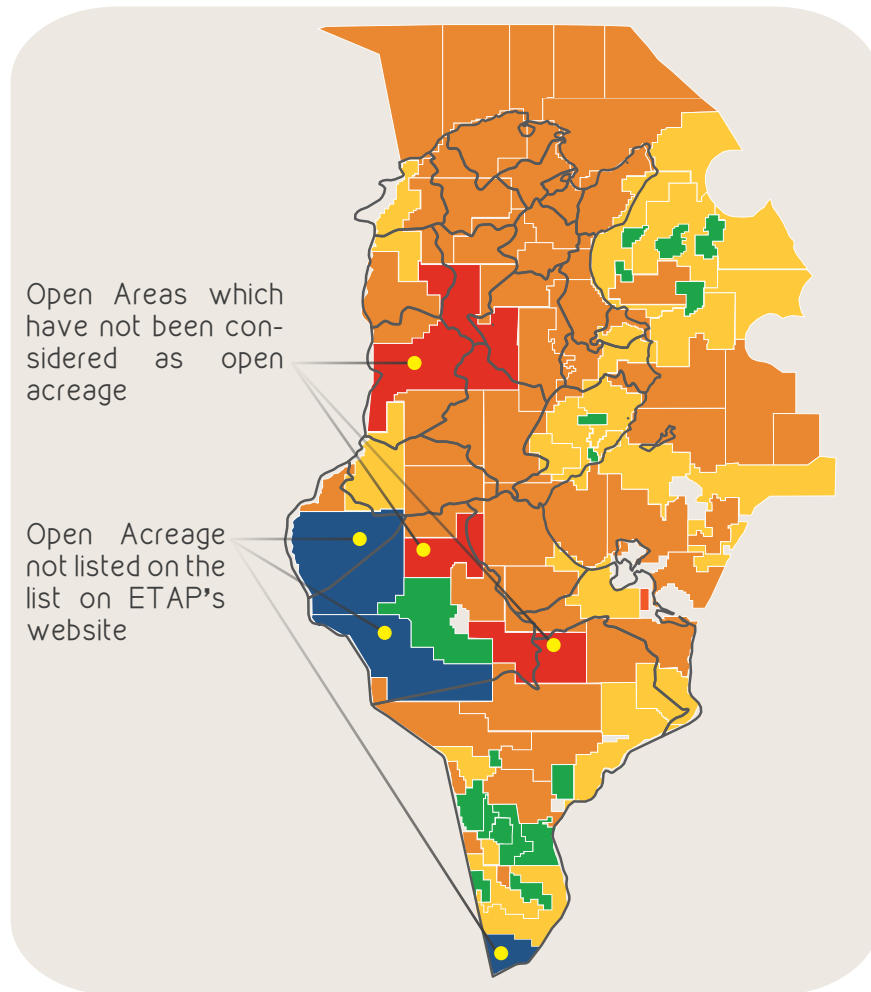
An open acreage is an area for which investors can submit proposals/applications to obtain exploration or research permits. The list of Open acreage is first published in a detailed list on ETAP's website ⁽¹⁾, then on the Map of Open acreage in the Republic of Tunisia ⁽²⁾. In reviewing the open acreage shown on the map and areas mentioned in the list the following was observed:

◊◊ The existence of 3 open acreage sections shown on the map, without being mentioned on the open acreage list on ETAP's website (see blue areas on the map)

Name of open acreage	Region
Al Waha	South Chott Jarid
No name	West Chott Jarid
South Borj Khadra	Most southern area

◊◊ One open acreage has "no name" in the West Chott Jarid area, which prevents investors from submitting applications for permits for the area mentioned in the map without a name.

◊◊ 3 areas are shown on the Open acreage and permits map in the Republic of Tunisia (see on the map in red) without being considered Open acreage and they are also not shown on the list of permits or concessions. Knowing that the entire territory of Tunisia should be covered and labeled as exploration permit, prospecting permit, concession, or open acreage. No region should be disregarded from any of the previous options.



(1) <http://www.etap.com.tn/index.php?id=1184&npb=3>

(2) http://www.sigetap.tn/globalmap/?fbclid=IwAR2eelch4Po_-GUuZnvwuevDoT2oterwAv7X56WhGljOn7HY-EgXKvXdSUxY

33 Open acreage out of the 40 mentioned in the list published on ETAP's website do not include detailed maps or data sheets for the open acreage.

ETAP's website is not regularly updated and does not give a factual and reliable picture of the situation of open acreage, to show investors which areas are open, in order to submit applications for exploration or prospecting permits.

List of open acreage according to ETAP's Website

Open acreage

✦ **AIN SOLTANE**
The Ain soltane block is located in the North-western onshore Tunisia. [Détail](#)

✦ **TESKRAYA**
The Teskraya block is located in Northern offshore Tunisia. [Détail](#)

✦ **OUEDHREF**
The Ouedhref blocks lie in eastern Offshore Tunisia. [Détail](#)

✦ **KAMBOUT**
The Kambout block is located in southern onshore Tunisia. [Détail](#)

✦ **SAOUAF**
The Saouaf block is located in Central-north onshore Tunisia. [Détail](#)

✦ **EL RIMEL**
The El Rimel block is located south-western onshore Tunisia. [Détail](#)

✦ **MELLEGUE**
The Mellegue block is located in northwest onshore Tunisia. [Détail](#)

✦ **METLINE**
The Metline block is located in Northern offshore Tunisia. [Détail](#)

✦ **JOUGAR**
The Jougar block is located in Northern onshore Tunisia. [Détail](#)

✦ **BIZERTE**
The Bizerte block is located in Northern onshore Tunisia. [Détail](#)

✦ **BIR ABDALLAH**
The Bir Abdallah block is located onshore southern Tunisia. [Détail](#)

✦ **BENI KHEDACHE**
The Beni Khedache block is located in southern onshore Tunisia in the vicinity of Jebel Grouz field. [Détail](#)

No map of open acreage zone



- ✦ **SMIDA**
The Smida block is located in southern onshore Tunisia

[Détail](#)



- ✦ **SIDI AMOR**
Sidi Amor block is located in the Northeastern offshore Tunisia,

[Détail](#)



- ✦ **KSAR EZZAOUIA**
The Ksar Ezzaouia block is located in the offshore Southern Gulf of Gabes

[Détail](#)



- ✦ **CHAFFAR**
The chaffar block lies in eastern offshore Tunisia

[Détail](#)



- ✦ **KEF ABBED**
The Kef Abbed block is located in Northern offshore Tunisia.

[Détail](#)



- ✦ **CHENINI**
Eastern offshore Tunisia.

[Détail](#)



- ✦ **JEBIL**
The Jebil block is located in onshore South-Central Tunisia.

[Détail](#)



- ✦ **MREZGA**
The Mrezga block is located in NorthEast offshore Tunisia

[Détail](#)



- ✦ **MAKTARIS**
The Maktaris block is located in Eastern offshore Tunisia.

[Détail](#)



- ✦ **ZAHRET MIDYEN**
The Zahret Midyen block is located in Northern onshore Tunisia.

[Détail](#)



- ✦ **ZAPHIR**
The Zaphir block is located in Eastern offshore Tunisia

[Détail](#)



- ✦ **EL GARSI**
The El Garsi open block lies in Eastern offshore Tunisia

[Détail](#)



- ✦ **SUFAEITULA**
The Sufaeitula block is located in Central onshore Tunisia.

[Détail](#)



- ✦ **MAJOURA**
Majoura block is located in Central onshore Tunisia.

[Détail](#)



- ✦ **MEZZOUNA**
The Mezzouna block is located in Central onshore Tunisia.

[Détail](#)



- ✦ **TAMAZRET**
The Tamazret block is located in south eastern onshore Tunisia

[Détail](#)



- ✦ **JALTA**
Jalta block is located in Northern offshore Tunisia

[Détail](#)



- ✦ **TAGUELMITE**
The Taguelmit block is located in South Eastern onshore Tunisia.

[Détail](#)

No map of open acreage zone





- * **SIDI SALEM**
The Sidi Salem block is located in central onshore Tunisia.

Détail



- * **KORBOUS**
The Korbous block is located in the Gulf of Tunis

Détail



- * **KSOUR ESSAF**
The Ksour Essaf block lies in eastern onshore and offshore Tunisia

Détail



- * **LA SKHIRA**
Eastern offshore Tunisia.

Détail



- * **CHANCHOU**
The Chanchou block is located in central eastern onshore Tunisia.

Détail



- * **MIDES**
The Mides block is located in West Central onshore Tunisia.

Détail



- * **TEBAGA**
The Tebaga block is located in southern onshore Tunisia

Détail



- * **TIBAR**
The Tibar block is located in Northern onshore Tunisia.

Détail



- * **KAIROUAN**
The Kairouan block is located in eastern onshore Tunisia.

Détail



- * **ERREND**
The Errend block is located in Northeastern onshore Tunisia.

Détail

No map of open acreage zone



Permits

Prospection & Exploration:
Deficiencies/discrepancies and risks



The exploration and prospecting stage is a crucial stage in the hydrocarbon production cycle, and it is one of the hardest stages. This stage requires an important technical and financial capacity to reach the goals from the exploration operations, i.e. to find commercially viable hydrocarbon to start production operations. These two phases are subject to legal obligations as defined by the legislator in the Hydrocarbon Code. These cover the methods for granting the permits, their duration and the area where the prospecting shall take place, the planned and completed operations, and other commitments. It is divided in the following stages:

1. Prospection License

- o Prospection licenses are granted by decision of the minister in charge of hydrocarbons.
- o For a duration of one year maximum, non-renewable.
- o It allows to carry out preliminary prospecting activities, with the expectation of seismic operations and all drilling operations.

2. Prospection Permit

- o This permit is granted by decision of the minister in charge of hydrocarbons.
- o For 2 years, which may be renewed for a maximum of 1 year.
- o It aims to carry out preliminary prospecting activities, except for seismic and drilling operations, geological and geophysical surveys.
- o Seismic and drilling operations to less than 300 meters depth, to take geological cores.

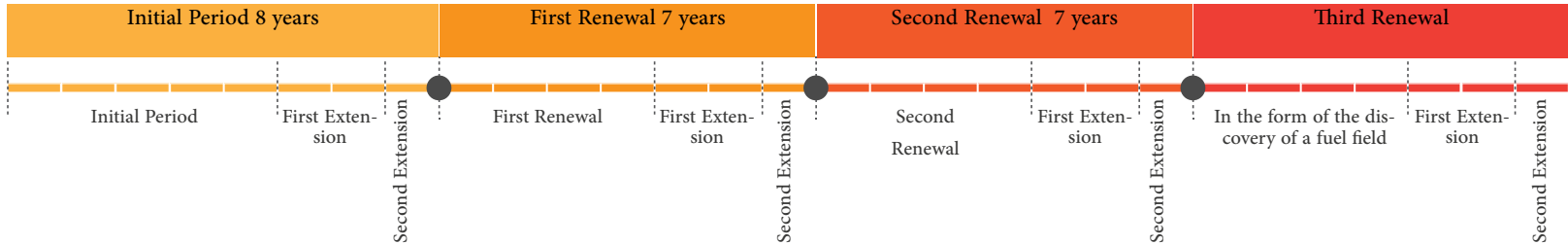
3. Exploration Permit

- o Is granted by decision of the minister in charge of hydrocarbons based on the positive opinion of the Hydrocarbons Consultative Committee.
- o Is granted on the basis of the technical and financial capacities of the applicant, and on the importance and nature of the proposed works program, and on the basis of the participation level of ETAP (partnership agreement) or on the hydrocarbon production sharing terms (Production Sharing Agreement).
- o The exploration permit exclusively allows the holder, to carry out exploration operations in the perimeter of the permit mentioned, for seismic drilling and well drilling, to carry out geological and geophysical surveys, and the exclusive right to obtain concession benefits.

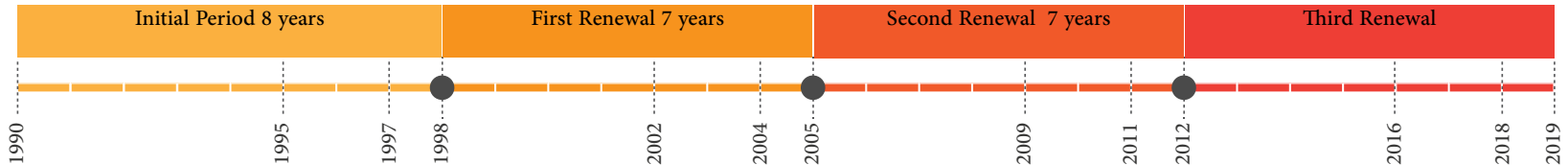


The duration of an exploration permit is maximum 29 years according to the following table

Initial Period 8 years			First Renewal 7 years			Second Renewal 7 years			Third Renewal		
Initial Period	First Extension	Second Extension	First Renewal	First Extension	Second Extension	Second Renewal	First Extension	Second Extension	Third Renewal In the form of the discovery of a fuel field	First Extension	Second Extension
5 years	2 years	1 year	4 years	2 years	1 year	4 years	2 years	1 year	4 years	2 years	1 year
The duration of an exploration permit is maximum 29 years											



As an example, a research license was assumed in 1990, the maximum duration of its validity is 2019



Statistical data on exploration permits according to the Ministry's website



*according to the September 2018 Newsletter of the National Observatory for Energy and Mines, the number of prospecting and exploration permits is 21 permits for a total area of 59911 km²



Main Observations:

6

Cases of suspension of the duration of the permit in 2014 in contradiction with the Hydrocarbon Code

(Kerkouane, El Kef / Bouhajla / Tajerouine / Bargou / Ksar Heddada).

3

Cases of permits which have exceeded their normal renewal duration

(Makthar / Amilcar / Ksar Hddada).

2

Cases of extension or renewal of duration of permits, without any additional commitments for works or

17

Cases of discrimination amongst investors.

3

Cases of permits where there are major violations/breaches which require an investigation

(Makthar / Borj El Khadra / Permis du Sud / Zarat).

4

Cases of modification of the expiry date, duration of the permit and approval of an additional extension in contradiction with the law

(Jelma / Chott Nord / Remada Sud / Jenein Centre).

14

Cases of permits which have exceeded normal renewal duration

(Makthar / Amilcar / Kerkouane / El Kef / Zarrat / Borj El Khadra / Medenine Nord / Anaguid / Jelma / Bargou / Chott Nord / Remada / Bouhajla / Jenein Centre).

22

Cases of permits which have expired without renewal or returning them to open acreage

(Amilcar / Makthar /Kerkouane / Jelma / Ksar Heddada / Hammamet Marine / El Kef / Chorbane / Zarrat /Borj El Khadra / Mahdia / Chott Nord /El Jem / Remada Sud/ El Fahs/ Kaboudia /Jenein Centre/ Anaguid / Medenine Nord/ Sfax Offshore / Bouhajla / Chaal).

13

Cases where the investor relinquished the permit without providing any evidence of returning it to its original state

(Amilcar / Kerkouane / Ksar Heddada / Hammamet Marine / El Kef / Chorbane / Borj El Khadra Sud / Kaboudia / El Fahs / Chott Nord / Mahdia / Zarrat / Medenine Nord).

Date of expiry			Exploration License Makthar		Third Renewal		Under old legislation		
			Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
10	07	2016	Initial Period	4 years	19/02/1985	18/02/1989		4632	Issue 14 19/02/1985
OWNER HTC 45% ETAP 55%			First Extension	9 months	19/02/1989	18/11/1989	9 months		Issue 17 07/03/1989
			First Renewal	Two years	18/11/1989	17/11/1991		3704	Issue 19 16/03/1989
			First Extension	One year	18/11/1991	17/11/1992			Issue 83 06/12/1991
			Second Extension	6 months	18/11/1992	17/05/1993	One year and 6 months		Issue 81 04/12/1992
			-----	10 years and 2 months	18/05/1993	10/07/2003			
			Second Renewal	3 years	11/07/2003	10/07/2006		2964	Issue 55 11/07/2003
			First Extension	Two years	11/07/2006	10/07/2008			Issue 89 07/11/2006
			Second Extension	One year	11/07/2008	10/07/2009			Issue 30 30/04/2010
			Third Renewal	3 years	11/07/2009	10/07/2012		3828	Issue 35 30/04/2010
			-----	4 years	11/07/2012	10/07/2016	4 years		According to ETAP's website

Observations	Risks	Recommendations
<ul style="list-style-type: none"> No renewal or extension of the validity period of the license for 10 years and 2 months (1993-2003) contrary to the provisions of Article 23 and 26 of the Law of January 1, 1953, applicable to the Makthar exploration license. Knowing that there is no data on the license and works performed during the above mentioned 10-year period, No request for such data was made since 1993. 	<ul style="list-style-type: none"> The investor carried out works on the basis of implied renewal, with the possibility that the administration may subsequently refuse the renewal. The lack of clarity of the legal nature of the area during the ten-year period (1993-2003), for an investor wishing to invest, he cannot consider the area as open acreage and therefore cannot request technical information about it and make an offer for it. 	<ul style="list-style-type: none"> Clarify the status of the license in case of a request for renewal by the current investor and issue a decision within the legal deadlines. Explain the impact of the decision to reject the renewal on the investor, in case he takes on expenses before receiving the final response and clarify the status of the license for the new investor.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ The 3-year extension for the second renewal and the 4-year extension for the third renewal are exceptions to Article 8 (b) of Law No. 9-1987 dated March 6, 1987, applicable for the license and which stipulates that extensions cannot exceed two years. 	<ul style="list-style-type: none"> ▪ Discrimination amongst investors. 	<ul style="list-style-type: none"> ▪ Respect extension periods.
<ul style="list-style-type: none"> ▪ Non-publication/issue of the decision for the first extension of the third renewal from 11 July 2012 to 10 July 2016 although ETAP's website indicates that the license's expiry date is 10 July 2016. 	<ul style="list-style-type: none"> ▪ Breach of legislation and discrimination amongst investors. 	<ul style="list-style-type: none"> ▪ Issue a clear decision to renew or not renew.
<ul style="list-style-type: none"> ▪ Renewal of the license for the third time, despite the fact that the original convention/agreement did not provide for this possibility in the absence of a commercially viable discovery. 	<ul style="list-style-type: none"> ▪ Breach of legislation and discrimination amongst investors. ▪ Higher risk of corruption. 	<ul style="list-style-type: none"> ▪ Respect what was stated in the agreement/convention, i.e. no possibility to renew.
<ul style="list-style-type: none"> ▪ Acquisition by ETAP of the shares of P.A Resources, the Ministry of Energy approved the purchase in September 2017 according to ETAP's website. Subsequently ETAP relinquished the license and did not list it as open acreage. This raises questions on the feasibility of the purchase/acquisition given the limited results of the license. 	<ul style="list-style-type: none"> ▪ ETAP may have to carry the responsibility of the obligations for works and relevant fines for works not executed by P.A Resources after taking over the license. ▪ P.A Resources avoided the payment of required fines/penalties. ▪ The company acquired shares in the license and then abandoned them shortly afterwards, which a matter that raises suspicions. 	<ul style="list-style-type: none"> ▪ Investigate the process for the purchase by ETAP, and the reasons for relinquishing the license later.

Date of expiry			Exploration License Amilcar		Fourth Renewal		Under old legislation		
			Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
22	12	2014	Initial Period	3 years	23/12/1988	22/12/1991	1980	Issue 85 23/12/1988	
OWNER			First Renewal	3 years	23/12/1991	22/12/1994	2724*	Issue 22 14/04/1992	
			First Extension	One year	22/12/1994	21/12/1995		Issue 64 11/08/1995	
			Second Extension	One year	23/12/1995	22/12/1996	Two years		Issue 36 03/05/1996
			Second Renewal	3 years	23/12/1996	22/12/1999		1584	Issue 23 21/03/1997
			First extension	6 months	23/12/1999	22/06/2000			Issue 45 06/06/2000
			Second Extension	18 months	23/06/2000	22/12/2001	Two years		Issue 4 12/01/2001
			Third Renewal	3 years	23/12/2001	22/12/2004		1276	Issue 15 19/02/2002
			First extension	Two years	23/12/2004	22/12/2006	Two years		Issue 16 25/02/2005
			Fourth Renewal	3 years	23/12/2006	22/12/2009		1016	Issue 58 20/07/2007
			First extension	Two years	23/12/2009	22/12/2011			Issue 104 29/12/2009
			-----	3 years	23/12/2011	22/12/2014	5 years	Date of expiry of the license according to ETAP's and ministry website	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Non-establishment of a technical program for the Amilcar license on the second renewal, and instead stipulating in the agreement that it is possible to implement the technical program on the Amilcar and/or Ulysse license, and therefore the technical program is no longer linked to the license 	<ul style="list-style-type: none"> Non-implementation of works included in each license. Non-payment of fines and compensations stipulated in the agreement in case of a breach of obligations. Not getting accurate technical data concerning the license. 	<ul style="list-style-type: none"> Determine a clear technical program to be applied to the license.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ Non-issuance of the decision for the second extension of the fourth renewal, whereas the website of the Ministry overseeing the sector and ETAP indicate that the second extension of the fourth renewal starts from 23 December 2011 until 22 December 2014. 	<ul style="list-style-type: none"> ▪ Expiry of the license period without clarifying its status. ▪ The investor may invest during that period, which is problematic to the status of these investments later in case of non-renewal. 	<ul style="list-style-type: none"> ▪ Issue a clear decision on the status of the license.
<ul style="list-style-type: none"> ▪ Allowing an extension of more than two years in the fourth renewal and the exclusion of the implementation of Article 8 (b) of Law No. 91987/ dated 6 March 1987 applicable to the license and which stipulates that the total extension period shall not exceed two years. ▪ Knowing that the owning company did not comply with the obligations included in the fourth renewal that stipulates the drilling of three wells, whereas only one has been drilled, which is Amilcar one. Two wells transferred from the Ulysse license have not been drilled with each having a total value of fifteen million US Dollars. This has been confirmed by the energy committee deliberations within the National Constituent Assembly. 	<ul style="list-style-type: none"> ▪ Discrimination amongst investors. 	<ul style="list-style-type: none"> ▪ The necessity of respecting the renewal period.
<ul style="list-style-type: none"> ▪ Allowing the renewal of the license for the fifth time within the framework of the fourth amendment to the agreement, with the exception of implementing the applicable Law. 	<ul style="list-style-type: none"> ▪ Discrimination amongst investors. ▪ Higher risk of corruption. 	<ul style="list-style-type: none"> ▪ The necessity of respecting the renewal period.
<ul style="list-style-type: none"> ▪ Expiry of the license since 22 December 2011, which is the end date of the first extension. The license has neither been renewed or added as open acreage to attract investors. 	<ul style="list-style-type: none"> ▪ The lack of clarity of the legal nature of the area for an investor wishing to invest, he cannot consider the area as open acreage and therefore cannot request technical information about it and make an offer for it. 	<ul style="list-style-type: none"> ▪ Clarify the status of the license and issue a decision within the legal deadlines.

Exploration License Anaguid

Third Renewal

Under Hydrocarbons code

Date of expiry

08 06 2017

OWNER

OMV 40%
 THANI 10%
 ETAP 50%

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
Initial Period	4 years	09/06/1992	08/06/1996		5304	Issue 36 09/06/1992
First Extension	One year	09/06/1996	08/06/1997			Technical specifications attached to the agreement
Second Extension	Two years	09/06/1997	08/06/1999	3 years		Issue 74 16/09/1997
First Renewal	Two and a half years	09/06/1999	08/12/2001		4572	Issue 45 06/06/2000
First Extension	One year	09/12/2001	08/12/2002			Issue 15 19/02/2002
Second Extension	One year	09/12/2002	08/12/2003			Issue 29 11/2003/04/
Third Extension	One year	09/12/2003	08/12/2004	3years		Issue 25 26/03/2004
Second Renewal	Two and a half years	09/12/2004	08/06/2007		3804	Issue 25 29/03/2005
First Extension	6 months	09/06/2007	08/12/2007			Issue 56 13/07/2007
Second Extension	18 months	09/12/2007	08/06/2009			Issue 93 20/11/2007
Third Extension	One year	09/06/2009	08/06/2010	3 years		Issue 103 25//122009/
Third Renewal	Two years	09/06/2010	08/06/2012		61	Issue 14 04/03/2011
First Extension	Two years	09/06/2012	08/06/2014			Issue 97 07/12/2012
Second Extension	One year	09/06/2014	08/06/2015			Issue 14 16/02/2016
Third Extension	Two years	09/06/2015	08/06/2017	5 years	61	Issue 14 16/02/2016



Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ Elimination of the license in April 2017 and submission of a request to establish the Sondes concession. It is notable that the third extension for the exploration surface (16 km²) aims at assessing the exploration until it is turned into a concession or abandoned. Article 303 of the Hydrocarbons Code is applicable to this extension since it was made to conduct additional works in the exploration area and then was commissioned to develop the exploration. The problem consists in not knowing whether the investor has indeed complied with all of his contractual obligations. 	<ul style="list-style-type: none"> ▪ Not knowing the accomplished works compared to the contractual obligations, which does not allow knowing the extent to which the investor complied with the works entrusted to him. 	<ul style="list-style-type: none"> ▪ Publish data on accomplished works and the extent to which the investor complied with the contractual obligations.
<ul style="list-style-type: none"> ▪ Approval of the second extension of the third renewal on 16 February 2016 following the expiry of this extension on 5 June 2015. 	<ul style="list-style-type: none"> ▪ Breach of what the law regulating the license stipulates. 	<ul style="list-style-type: none"> ▪ Compliance with reasonable deadlines for approval, extension, or renewal.

Exploration License Kerkouane

First Renewal

Under Hydrocarbons code

Date of expiry

07 08 2017

OWNER

ALPINE 0%
ETAP 100%

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
Initial Period	3 years	23/08/2000	22/08/2003		6720	Issue 68 20/08/2002
First Extension	18 months	23/08/2003	22/02/2005		7692*	Issue 74 16/09/2003
Second Extension	3 years	23/02/2005	22/02/2008			Issue 16 23/02/2007
Third Extension	Two years	23/02/2008	22/02/2010			Addendum 2 of the agreement
Fourth Extension	One year	23/02/2010	22/02/2011	7 and a half years		Issue 105 31/12/2010
First Renewal	3 years	23/02/2011	22/02/2014		3080	Issue 60 12/2011/08/
-----	More than 5 months	23/02/2014	06/08/2014			
First extension	Two years	07/08/2014	07/08/2016			Issue 8 27/01/2015
Second Extension	One year	08/08/2016	07/08/2017	3 years and 5 months		Issue 94 18/11/2016

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Extension of the Initial Period of the license by more than seven years, which is contrary to what Article 30 of the Hydrocarbons Code stipulates. 	<ul style="list-style-type: none"> Breach of legislation. Discrimination amongst investors and allocating an illegal advantage for them. 	<ul style="list-style-type: none"> Respect extension periods stipulated by the law.
<ul style="list-style-type: none"> Non-publication/issue of the decision in the official gazette for the third extension of the Initial Period after the second extension of this period has ended, and simply relying on what addendum 2 of the agreement stipulates. 	<ul style="list-style-type: none"> Breach of legislation Discrimination amongst investors and allocating an illegal advantage for them. 	<ul style="list-style-type: none"> Respect extension periods stipulated by the law.

Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ Non-publication/issue of the decision for extension before the decision of the first extension of the first renewal to cover the period from 23 February 2014 to 6 August 2014. 	<ul style="list-style-type: none"> ▪ Breach of legislation. ▪ Discrimination amongst investors and allocating an illegal advantage for them. 	<ul style="list-style-type: none"> ▪ Respect extension periods stipulated by the law.
<ul style="list-style-type: none"> ▪ The date of the first extension of the first renewal starts on the date of the Hydrocarbon consultative committee meeting i.e. 7 August 2014 instead of starting from the first renewal expiry date on 22 February 2014. This has been justified with replacing the period elapsed during the suspension of the hydrocarbons committee in the first semester of 2014. Furthermore, the suspension is not stipulated in the Hydrocarbons Code. 	<ul style="list-style-type: none"> ▪ Breach of legislation ▪ Discrimination amongst investors and allocating an illegal concession for them. 	<ul style="list-style-type: none"> ▪ Respect the start of the extension period according to what the law stipulates.
<ul style="list-style-type: none"> ▪ Expiry of the license since 22 December 2011, which is the end date of the first extension. The license has neither been renewed or added as open acreage to attract investors. 	<ul style="list-style-type: none"> ▪ The lack of clarity of the legal nature of the area for an investor wishing to invest, he cannot consider the area as open acreage and therefore cannot request technical information about it and make an offer for it. 	<ul style="list-style-type: none"> ▪ Clarify the status of the license and issue a decision within the legal deadlines.

Date of expiry			Exploration License Jelma		First Renewal		Under Hydrocarbons code		
OWNER			Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
26	09	2016	Initial period	5 years	27/11/2003	26/11/2008		7216	Issue 71 03/09/2004
			First Extension	2 years	27/11/2008	26/11/2010			Issue 44 02/06/2009
			Second Extension	One year	27/11/2010	26/11/2011			Issue 96 30/11/2010
			Change of validity	10 months	26/11/2011	26/09/2012	3 years and 10 months		Issue 16 28/02/2012
			First Renewal	4 years	27/09/2012	26/09/2016			Issue 06 21/01/2014

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Violation of Article 62.1, paragraph 2 of the Hydrocarbons Code by changing the validity of the duration of the exploration license and granting an additional period of 10 months. A possibility not indicated in the Hydrocarbons Code, taking into account that an extension by two years and then by another year was made, which is the maximum period of extension according to the Hydrocarbons Code. 	<ul style="list-style-type: none"> Breach of legislation and increased risks of corruption. Discrimination amongst investors and allocating an illegal advantage for them. 	<ul style="list-style-type: none"> Respect extension periods stipulated by the law.
<ul style="list-style-type: none"> Expiry of the license since 26 September 2016. The license has neither been renewed nor added as open acreage to attract investors. 	<ul style="list-style-type: none"> The lack of clarity of the legal nature of the area for an investor wishing to invest, he cannot consider the area as open acreage and therefore cannot request technical information about it and make an offer for it. 	<ul style="list-style-type: none"> Clarify the status of the license and issue a decision within the legal deadlines.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ Acquisition by ETAP of 35 % of the shares of P.A Resources, thus raising its total shares to 85%. Whereas, according to the agreement, ETAP's shares cannot exceed 50%. ▪ Lack of information about the ETAP's accountability in case PA Resources fails to honor its commitments; expenses for exploration, research and possible fines, and whether it applies to the purchased shares only or to its entire share. Especially since Article 92 of the Hydrocarbons Code stipulates that "No research license may be granted to an institution without its association with ETAP. The agreement determines the percentage of participation of ETAP. The partner or partners of ETAP shall solely take in charge the expenses and risks of carrying out exploration and research activities. However, ETAP can, in some cases, choose to contribute to exploration or research expenses, after the approval of the donor authority. " 	<ul style="list-style-type: none"> ▪ ETAP may have to carry heavy burdens that were the responsibility of previous investors. ▪ In case the previous investor does not complete the work they undertook, will ETAP be accountable for paying the fines imposed on them? ▪ ETAP acquired a company's shares in the license while it was in force majeure conditions. 	<ul style="list-style-type: none"> ▪ Respect the shares percentages as stipulated in the agreements. ▪ Identify the limits of ETAP's responsibilities. ▪ Investigate the process and reasons for the purchase by ETAP.

Exploration License Ksar Hdeda

Second Renewal

Under Hydrocarbons code

Date of expiry

26 09 2016

OWNER

ETAP 100%

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
Initial Period	4 years	20/04/2004	19/04/2008		7012	Issue 32 20/04/2004
First Renewal	3 years	20/04/2008	19/04/2011			Issue 66 15/08/2008
Second Renewal	3 years	20/04/2011	19/04/2014		2252	Issue 81 25/10/2011
-----	More than 3 months	20/04/2014	07/08/2014			
First extension	Two years	08/08/2014	07/08/2016			Issue 8 27/01/2015
Second Extension	One year	08/08/2016	07/08/2017	3 years and 3 months		Issue 73 06/09/2016

Observations

Risks

Recommendations

- The date of the first extension of the second renewal starts at the date of holding the Advisory Committee on Hydrocarbons and not on the date of expiry of the previous duration. This granted the investor an extra 3 months in the license without legal coverage. This was justified by compensating for the period that had elapsed during the suspension of the work of the Advisory Committee on Hydrocarbons during the first six months of 2014. Knowing that the state of suspension is not provided for in the law and there is no force majeure case in 2014 that prevents the meeting of the Advisory Committee on Hydrocarbons.
- Exceeding the legal period allowed in the second renewal by adding 3 months in the period from 20 April 2014 to 07 August 2014, the date of the Advisory Committee on Hydrocarbons, which violates Article 30 of the Hydrocarbons Code.

- Breach of legislation.
 - Discrimination amongst investors and allocating an illegal advantage for them.
 - Higher risks of corruption
- Breach of legislation.
 - Discrimination amongst investors and allocating an illegal concession for them.
 - Higher risks of corruption

- Respect the start of the extension period according to what the law stipulates.
- Include the license in the open acreage list.
 - Check for any fines imposed on the company.

Exploration License Hammamet Marine

First Renewal

Under Hydrocarbons code

Date of expiry

26 09 2016

OWNER

MEDCO 0%

DNO 0%

ETAP 100%

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
Initial Period	5 years	23/09/2005	22/09/2010		4676	Issue 76 23/09/2005
First Extension	2 years	23/09/2010	22/09/2012	2 years		Issue 60 12/08/2011
First Renewal	3 years	23/09/2012	22/09/2015		3740	Issue 6 21/01/2014
First Extension	One year	23/09/2015	22/09/2016			Issue 102 22/12/2015
Second Extension	One year	23/09/2016	22/09/2017	2 years		Issue 73 06/09/2016
Extension	One year	23/09/2017	22/09/2018			Issue 19 06/03/2018

Observations

- The validity period of the license was not extended since 22/09/2028. It was not included in the open acreage list and no publication was issued to indicate that the investor has respected his commitments and paid his imposed fines.
- It is noteworthy that according to a publication by the National Observatory of Energy and Mines in September 2018, the license of Hammamet Marine was relinquished in July 2018.

Risks

- Possibility of breach of obligations on the company's part without paying any fines.
- The license is not included in the open acreage list and the investors are not able to make an offer for it.

Recommendations

- Clarify the status of the license.

Date of expiry

03 05 2018

OWNER

VOYAGEUR 9%

ANADARKO 36%

ETAP 55%

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
Initial Period	5 years	04/11/2005	03/11/2010		2096	Issue 88 04/11/2005
First Extension	2 years	04/11/2010	03/11/2012			Issue 54 06/07/2010
Second Extension	One year	04/11/2012	03/11/2013	3 years		Issue 80 03/10/2014
First Renewal	Two years and a half	04/11/2013	03/05/2016		1676	Issue 80 03/10/2014
First Extension	2 years	04/05/2016	03/05/2018	2 years		Issue 94 18/11/2016

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Article 5 in the technical specifications enables the operator- in case of first, second and third renewal of license- to request non-modification of the surface under the excuse of lack of knowledge of the area or smallness of the surface, contrary to what is stipulated in Article 26 of the Hydrocarbons Code with regard to surface modifications. 	<ul style="list-style-type: none"> Discrimination amongst investors 	<ul style="list-style-type: none"> Respect the start of the extension period according to what the law stipulates.
<ul style="list-style-type: none"> According to the publication of the National Observatory of Energy and Mines, the license was completely relinquished by the investor in July 2017. Keeping in mind that there is no available information on whether the investor has completed his obligations and paid the amount indicated in the agreement in case of failure to complete the work, or the amount of the imposed fines. 	<ul style="list-style-type: none"> The possibility that the investor evades paying the amounts or fines imposed upon him. 	<ul style="list-style-type: none"> Checking if the investor has met all his financial obligations towards the state before relinquishing the license.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ There is case in court about the sale of shares of the company VOYAGEUR OIL. Slim Chiboub had shares in this company through MAYODOR SARL which shares were forfeited and referred to ANDARKO company in December 2011. There is a possibility that the value of the sale was not referred to the state. http://nawaat.org/portail/2014/11/19/essebsichiboub-retour-sur-une-af-faire-aux-arcanes-troublantes 	<ul style="list-style-type: none"> ▪ This case may entail serious violations. 	<ul style="list-style-type: none"> ▪ Issue of a final verdict in the case.

Exploration License Zaafrane

First Renewal

Under Hydrocarbons code

Date of expiry

03 05 2019

OWNER

MAZARINE 45%

MEDEX 5%

ETAP 50%

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
Initial Period	5 years	04/05/2007	03/05/2012		5168	Issue 36 04/05/2007
First Extension	2 years	04/05/2012	03/05/2014			Issue 76 20/09/2013
Second Extension	One year	04/05/2014	03/05/2015	3 years		Issue 73 09/09/2014
First Renewal	4 years	04/05/2015	03/05/2019		4012	Issue 102 22/12/2015



Exploration License El Kef

First Renewal

Under Hydrocarbons code

Date of expiry			Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
07	08	2018	Initial Period	4 years	13/05/2008	12/05/2012		2836	Issue 39 13/05/2008
OWNER			First Extension	2 years	13/05/2012	12/05/2014			Issue 19 05/03/2013
			-----	About 3 months	13/05/2014	07/08/2014			
PRIMOIL 50%			Second Extension	One year	08/08/2014	07/08/2015	3 years and 3 months		Issue 8 27/01/2015
ETAP 50%			First Renewal	3 years	08/08/2015	07/08/2018		2268	Issue 73 06/09/2016

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The date of the second extension of the first period starts at the date of holding the Advisory Committee on Hydrocarbons and not on the date of expiry of the previous duration. This was justified, according to the issued extension decision, by compensating for the period that had elapsed during the suspension of the work of the Advisory Committee on Hydrocarbons during the first six months of 2014. Knowing that the state of suspension is not provided for in the law and there is no force majeure case in 2014 that prevents the meeting of the Advisory Committee on Hydrocarbons. In addition, according to Article 29 of the Hydrocarbons Code, there should be no interruption in the exploitation of the license. 	<ul style="list-style-type: none"> Breach of legislation. Discrimination amongst investors and allocating an illegal advantage for them. Higher risks of corruption. 	<ul style="list-style-type: none"> Respect the start of the extension period according to what the law stipulates.
<ul style="list-style-type: none"> Non-issuance of the extension decision after the first extension and before the second extension in the period between 18 April 2014 and 08 August 2018. 	<ul style="list-style-type: none"> Breach of legislation. Discrimination amongst investors and allocating an illegal concession for them. Higher risks of corruption 	<ul style="list-style-type: none"> Respect the start of the extension period according to what the law stipulates.

Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ Extension of the first period of the license to a duration that exceeded 3 years, in contradiction to the provisions of the Hydrocarbons Code (Article 30.1 and 30.2) 	<ul style="list-style-type: none"> ▪ Breach of the stipulations of the Hydrocarbons Code ▪ Discrimination amongst investors 	<ul style="list-style-type: none"> ▪ Necessity to respect the Hydrocarbons Code with regard to the extension and renewal periods.
<ul style="list-style-type: none"> ▪ The license has expired since 07/08/2018, it was neither extended, nor renewed nor included in the open acreage list. 	<ul style="list-style-type: none"> ▪ The lack of clarity of the legal nature of the area for any investor wishing to invest, they cannot consider the area as open acreage and therefore cannot request technical information about it and make an offer for it 	<ul style="list-style-type: none"> ▪ Clarify the status of the license in case of a request for renewal by the current investor and issue a decision within the legal deadlines.



Date of expiry			Exploration License Bargou	First Renewal	Under Old Law				
07	08	2019	Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
OWNER			Initial period	5 years	18/04/2008	17/04/2013		4476	Issue 55 10/07/2009
GRAGON OIL 0%			First Extension	One year	18/04/2013	17/04/2014			Issue 1 03/01/2014
ETAP 100%			-----	About 4 months	18/04/2014	08/08/2014			
			Second Extension	One year	08/08/2014	07/08/2015			Issue 08 27/01/2015
			Third Extension	One year	08/08/2015	07/08/2016	3 years and 4 months		Issue 102 22/12/2015
			First Renewal	3 years	08/08/2016	07/08/2019		3688	Issue 73 28/02/2017

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The date of the second extension of the first period starts at the date of holding the Advisory Committee on Hydrocarbons and not on the date of expiry of the previous duration. This was justified, according to the issued extension decision, by compensating for the period that had elapsed during the suspension of the work of the Advisory Committee on Hydrocarbons during the first six months of 2014. Knowing that the state of suspension is not provided for in the law and there is no force majeure case in 2014 that prevents the meeting of the Advisory Committee on Hydrocarbons. In addition, according to Article 29 of the Hydrocarbons Code, there should be no interruption in the exploitation of the license. 	<ul style="list-style-type: none"> Breach of legislation. Discrimination amongst investors and allocating an illegal advantage for them. Higher risks of corruption 	<ul style="list-style-type: none"> Respect the start of the extension period according to what the law stipulates.

Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ Non-issuance of the extension decision after the first extension and before the second extension in the period between 18 April 2014 and 08 August 2018. 	<ul style="list-style-type: none"> ▪ Breach of legislation. ▪ Discrimination amongst investors and allocating an illegal concession for them. ▪ Higher risks of corruption 	<ul style="list-style-type: none"> ▪ Respect the start of the extension period according to what the law stipulates.
<ul style="list-style-type: none"> ▪ Extension of the first period of the license to a duration that exceeded 3 years, in contradiction to the provisions of the Hydrocarbons Code (Article 30.1 and 30.2) 	<ul style="list-style-type: none"> ▪ Breach of the stipulations of the Hydrocarbons Code 	<ul style="list-style-type: none"> ▪ Necessity to respect the Hydrocarbons Code with regard to the extension and renewal periods.



Exploration License Chorbane

First Renewal

Under Hydrocarbons code

Date of expiry			Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
12	07	2017	Initial Period	3 years	13/07/2007	12/07/2010		2428	Issue 20 09/03/2010
OWNER			First Extension	One year	13/07/2010	12/07/2011			Issue 54 06/07/2010
			Second Extension	One year	13/07/2011	12/07/2012	Two years		Issue 79 18/10/2011
GULFSANDS 0%			First Renewal	3 years	13/07/2012	12/07/2015		1940	Issue 47 11/06/2013
			First Extension	Two years	13/07/2015	12/07/2017	Two years		Issue 102 22/12/2015
ETAP 100%									

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Different license establishment dates in the official gazette (132007/07/) and the Ministry's website (132008/07/). 	<ul style="list-style-type: none"> Possibility of a misleading expiry date for the license duration. 	<ul style="list-style-type: none"> Correct the mistake on the Ministry's website.
<ul style="list-style-type: none"> Unavailable information on the compliance of the investor with all of his obligations, and returning the area of the license to its original state i.e. an agricultural land. 	<ul style="list-style-type: none"> Possibility of not returning the license site to its original state, and therefore causing environmental problems. 	<ul style="list-style-type: none"> Confirm whether the area has been returned to its original state.
<ul style="list-style-type: none"> Expiry of the license since 12/07/2017, and it remained not renewed, not extended, and not considered as open acreage 	<ul style="list-style-type: none"> The lack of clarity of the legal nature of the area for an investor wishing to invest, he cannot consider the area as open acreage and therefore cannot request technical information about it and make an offer for it. 	<ul style="list-style-type: none"> Clarify the status of the license and issue a decision within the legal deadlines.

Exploration License Mahdia

Initial period

Under Hydrocarbons code

Date of expiry

19 01 2018

OWNER

CIRCLE OIL 0%
ETAP 100%

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
Initial Period	3 years	20/07/2009	19/07/2012		3780	Issue 103 24/12/2010
First Extension	One year	20/07/2012	19/07/2013			Issue 97 07/12/2012
Second Extension	One year	20/07/2013	19/07/2014			Issue 1 03/01/2014
Third Extension	6 months	20/07/2014	19/07/2015	Two and a half years		Issue 102 19/12/2014
First extension	3 years	20/01/2015	19/01/2018		3024	Issue 102 22/12/2015

Observations

- Expiry of the first renewal period of the license and non-issuance of any decision for extension or consider it as open acreage. Was the extension request submitted by the investor within legal deadlines (two months prior to the end of the period)? Has the investor accomplished his obligations?

Risks

- Possibility of investor not accomplishing and evading his obligations.

Recommendations

- Clarification of the license status and its inclusion in open acreage if the investor abandoned it.
- Confirm whether the investor had accomplished his obligations.



Date of expiry			Exploration License Dwiret		Initial period		Under Hydrocarbons code		
23	08	2019	Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
OWNER			Exploration period	2 years	24/08/2017	23/08/2019		4240	Issue 72 08/09/2017
MAGAZINE 50%			License of research Initial period	3 years and a half					-----
ETAP 50%									

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Publishing the agreement/convention in the Official Gazette without publishing the partnership contract along with it. Both documents were neither published on the website of ETAP nor on the that of the relevant ministry. 	<ul style="list-style-type: none"> The content of the partnership agreement is not directly accessible. 	<ul style="list-style-type: none"> Updating the websites of ETAP and the ministry and publishing the agreement/convention along with the partnership contract. Publishing the partnership contract.

Date of expiry			Exploration License Zaraf		Third Renewal		Under Old Law		
			Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
24	07	2012	Initial Period	3 years	25/09/1990	24/09/1993		996	Issue 61 25/09/1990
OWNER			-----	One year	25/09/1993	23/09/1994			
PA RESSOURCES 01%			First Extension	18 months	24/09/1994	23/03/1996			Issue 86 27/10/1995
ETAP 99%			Second Extension	4 months	24/03/1996	23/07/1996	2 years and 10 months		Issue 66 16/08/1996
			First Renewal	Two years and a half	25/07/1996	24/01/1999			Issue 94 22/11/1996
			First Extension	One year	25/01/1999	24/01/2000			Issue 79 01/10/1999
			Second Extension	One year	25/01/2000	24/01/2001	2 years		Issue 53 04/07/2000
			Second Renewal	2 years and a half	25/01/2001	24/07/2003			Issue 43 29/05/2001
			First Extension	2 years	25/07/2003	24/07/2005			Issue 102 23/12/2003
			Second Extension	One year	25/07/2005	24/07/2006			Issue 31 18/04/2006
			Third Extension	Two years	25/07/2006	24/07/2008	5 years		Issue 19 06/03/2007
			Third Renewal	2 years	25/07/2008	24/07/2010		724	Issue 35 30/04/2010
			First Extension	2 years	25/07/2010	24/07/2012			Issue 96 30/11/2010
			-----	5 years	25/07/2010	24/07/2015	7 years		

Observations	Risks	Recommendations
<ul style="list-style-type: none"> A mistake was recorded on the date of commencement of the first renewal on 25 July 1996 instead of 24 July 1996, while the previous period (the second extension of the first period) was over on the 23rd of July 1996. 	<ul style="list-style-type: none"> Allocating an additional day to the investor. 	<ul style="list-style-type: none"> Checking the date of commencement of the extension and renewal periods.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> Amendment number 2 (chapter 3) of the agreement allows for a one-year extension to the second renewal, while amendment number 3 allows for a two-year extension to the second renewal period. These amendments came to effect after a prior two-year extension. Both amendments did not include an additional work program. 	<ul style="list-style-type: none"> In two amendments of the convention/agreement, the investor was given an extension period that reached 3 years. These are exceptions to the laws that regulate the license, noting that the investor was not subject to any additional investments or work program. 	<ul style="list-style-type: none"> Investigate into the reasons behind allocating additional periods of extension to the investor.
<ul style="list-style-type: none"> Chapter three of the fourth amendment to the agreement allows the investor to establish a technical program to drill three wells during the third renewal period without modifying the surface, which is contrary to what is stipulated in the first agreement (50% of the initial surface of the license, that is 498 km² not 724 mk²). 	<ul style="list-style-type: none"> According an additional concession to the investor by keeping the initial surface in the third extension. Investor Favoritism 	<ul style="list-style-type: none"> Investigate into the reasons behind allocating additional periods of extension to the investor.
<ul style="list-style-type: none"> Making an exception to the Article 8 (b) of Law 1987 applicable for the license and which stipulates that extensions cannot exceed two years. In fact, the initial period was extended by two years and ten months, the second renewal was extended by 5 years and the third renewal was extended by 7years. 	<ul style="list-style-type: none"> Discrimination amongst investors and according additional concessions. Higher risk of corruption. 	<ul style="list-style-type: none"> Respecting the renewal period as stipulated by the law.
<ul style="list-style-type: none"> Non-issuance of a decision of renewal or extension since 25 July 2012, even though the website of the ministry indicates that the date of expiry of the license is 24 July 2015. 	<ul style="list-style-type: none"> Lack of clarity of the legal situation of the license. 	<ul style="list-style-type: none"> Necessity of respecting the stipulations of the laws that regulate licenses.
<ul style="list-style-type: none"> ETAP acquired this license from PA Resources company and the House of Representatives ratified this referral despite the fact that the license wan neither extended nor renewed since 2012. Instead of allowing ETAP to acquire an expired license, it would have been better if the license was restored to open acreage list and disassociated from the company. 	<ul style="list-style-type: none"> Risks of misconduct related to ETAP's acquisition of company shares in this license. 	<ul style="list-style-type: none"> A detailed investigation of the referral should be started.

Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ 1% of the shares remained under the control of PA Resources despite the referral of 99% of the shares to ETAP. 	<ul style="list-style-type: none"> ▪ Will it continue contributing to the concession later? 	<ul style="list-style-type: none"> ▪ Explain why PA Resources still controls 1% of the shares.



Date of expiry			Exploration License Borj El Khadhra	Third Renewal	Under Hydrocarbons code				
13	06	2013	Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
OWNER ENI 25% OMV 20% MEDCO 5% ETAP 50%			Initial Period	5 years	14/12/1990	13/12/1995		5816	Issue 82 14/12/1990
			First Extension	18 months	14/12/1995	13/06/1997			Issue 42 27/05/1997
			Second Extension	6 months	14/06/1997	13/12/1997			Issue 99 12/12/1997
			Addendum no 1 to the agreement 1997	2 years	14/12/1997	13/12/1999	4 years		Issue 47 12/06/1998
			First Renewal	2 years and a half	14/12/1999	13/06/2002			Issue 53 04/07/2000
			First Extension	One year	14/06/2002	13/06/2003			Issue 92 12/11/2002
			Second Extension	One year	14/06/2003	13/06/2004	2 years		Issue 74 16/09/2003
			Second Renewal	2 years and a half	14/06/2004	13/12/2006			Issue 89 05/11/2004
			First Extension	One year	14/12/2006	13/12/2007			Issue 30 13/04/2007
			Second Extension	One year	14/12/2007	13/12/2008	2 years		Issue 34 25/04/2008
			Third Renewal	2 years and a half	14/12/2008	13/06/2011		2768	Issue 14 04/03/2011
			First Extension	2 years	14/06/2011	13/06/2013			Issue 80 21/10/2011
			-----	5 years	14/06/2013	To date	7 years		

Observations	Risks	Recommendations
<ul style="list-style-type: none"> ■ Two amendments to the convention/agreement were registered under the same number. The first amendment is dated 131996/05/ and the second 261997/12/, with different companies. The first amendment indicated the referral of shares from the company Elf Aquitaine to Philips Petroleum Company Tunisia. The second amendment indicates a partial referral of the company Lezmo 25% and Union Texas 12.5% , as well as an amendment of the technical and financial program and the duration of the initial period. 	<ul style="list-style-type: none"> ■ Fallacy in the number of amendments. 	<ul style="list-style-type: none"> ■ Correction of amendment numbers.
<ul style="list-style-type: none"> ■ Modification of the works program in the second amendment of the agreement without indicating the total cost of the modified work. 	<ul style="list-style-type: none"> ■ Discrimination amongst investors ■ When the concessions are not outlined in detail it becomes difficult to determine fines in case of breaches or abuses. 	<ul style="list-style-type: none"> ■ Indicate the financial value of the modified works. ■ Explain why the cost was not identified.
<ul style="list-style-type: none"> ■ The two-year extension of the validity of the license from 14/12/1997 to 13/12/1999 came into effect through the first amendment of the agreement in 1997 and not through a decision by the relevant minister. 	<ul style="list-style-type: none"> ■ Breach of legislation. 	<ul style="list-style-type: none"> ■ Respect the legislation.
<ul style="list-style-type: none"> ■ Non-issuance of the decision of the second extension of the third renewal from 14 June 2013 to date. 	<ul style="list-style-type: none"> ■ Breach of legislation. ■ Lack of clarity of the situation of the license. 	<ul style="list-style-type: none"> ■ Necessity of respecting the stipulations of the laws that regulate licenses.
<ul style="list-style-type: none"> ■ A four-year extension in the initial period and in the third renewal which violates the law of 1987 that regulates the license and that stipulates that an extension shall not exceed a period of two years. 	<ul style="list-style-type: none"> ■ Granting an illegal concession. 	<ul style="list-style-type: none"> ■ Apply the legal extension period.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ The validity of the license has expired since 13 June 2012 according to the Official Gazette of the Republic of Tunisia. The license was neither renewed nor referred to the open acreage area to attract investors. 	<ul style="list-style-type: none"> ▪ Lack of clarity of the situation of the license. 	<ul style="list-style-type: none"> ▪ Clarify the situation of the license.
<ul style="list-style-type: none"> ▪ The overall extension of the third renewal exceeds 7years, which contradicts the law that regulates licenses. 	<ul style="list-style-type: none"> ▪ Discrimination amongst investors ▪ Allocate an illegal extension period. 	<ul style="list-style-type: none"> ▪ Respect the renewal period as stipulated by the law.
<ul style="list-style-type: none"> ▪ The website of the ministry indicates that the date of expiry of the license exploitation period is 13 June 2012, while the website of ETAP indicates that it is 13 June 2015. 	<ul style="list-style-type: none"> ▪ The date of expiry of the license exploitation period is not clear. 	<ul style="list-style-type: none"> ▪ Consolidate the information of ETAO and the ministry's websites.

Date of expiry			Exploration License Medenine Nord			Second Renewal		Under Hydrocarbons code	
28	10	2017	Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
OWNER			Initial Period	4 years	29/10/1993	28/10/1997		976	Issue 82 29/10/1993
HBS ^{2/10}			First Extension	4 years	29/10/1997	28/10/2001			*
ETAP ^{100% / 10}			Second Extension	3 years	29/10/2001	28/10/2004	7 years		Issue 71 03/10/2004
			First Renewal	2 years and a half	29/10/2004	28/04/2007			Issue 38 13/05/2005
			First Extension	2 years	29/04/2007	28/04/2009			Issue 92 16/11/2007
			Second Extension	2 years	24/04/2009	28/04/2011			Issue 14 04/03/2011
			Third Extension	2 years	29/04/2011	28/04/2013	6 years		Issue 30 17/04/2012
			Second Renewal	2 years and a half	29/04/2013	28/10/2015		2968	Issue 73 09/10/2014
			First Extension	2 years	29/10/2015	28/10/2017	2 years		Issue 96 01/12/2015

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Allocating limited amounts for investment that are not commensurate with the established technical program. Also, the amount of fines established as penalties in the event of non-fulfillment of undertakings to accomplish the minimum technical program is not in compliance with the laws regulating the license which stipulate that a fine equal to the difference in value between the company's commitments as indicated in the technical program in the agreement, minus what was actually paid during that period to accomplish a part of the technical obligations. 	<ul style="list-style-type: none"> Discrimination amongst investors Allocate an illegal concession to the investor. 	<ul style="list-style-type: none"> Equality in obligations between all investor.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> ■ The 7 year extension during the initial period and the 6 year extension during the first renewal of the license are exceptions to Article 8 (b) of Law No. 9-1987 dated March 6, 1987, applicable for the license and which stipulates that extensions cannot exceed two years. 	<ul style="list-style-type: none"> ■ Discrimination amongst investors 	<ul style="list-style-type: none"> ■ Respect the legislation.
<ul style="list-style-type: none"> ■ HBS Company did not drill the third well as pledged in the third extension of the first renewal of the license, which led the advisory committee on hydrocarbons, in May 2013, to ask the company to pay a fine estimated at one million five hundred thousand USD and deposit the amount in the general treasury of the republic within 3 months of the committee's approval before the second renewal of the license according to the agreement (minute published in Nawat website in February 14, 2014). The fine was paid in due time in 31/12/2012. We should note that this amount is small and does not cover the expenses of drilling a well. 	<ul style="list-style-type: none"> ■ According a special concession to the investor. ■ Imposing small fines compared to other investors in case of failure to accomplish commitments. 	<ul style="list-style-type: none"> ■ Impose same fines in similar licenses.
<ul style="list-style-type: none"> ■ Modification of the initial surface of the license in an exception to Article 8 of the law of 1987 which regulates this license and which stipulates that an increase in the surface cannot exceed 50% of the initial surface (the surface has evolved with an increase percentage of 225%, thus it became 2992 km² after it was 976km², according to the amendment addendum number 1, dated 23 October 2000, after merging 1528km² related to the exploration license of Mednine Gabes, the current surface is estimated at 2968km² currently according to the websites of the ministry and ETAP). 	<ul style="list-style-type: none"> ■ HBS Bouchamaoui was granted additional surface ■ Respect the reduction of surface as stipulated in the law. 	<ul style="list-style-type: none"> ■ Respect the legislation.

Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ Expiry of the validity of the license without filing for renewal according to the statement of the observatory in October 2017, and without providing information on whether the investor has fulfilled their obligations. 	<ul style="list-style-type: none"> ▪ It is possible that the investor has not fulfilled their pledges. ▪ It is possible that the due fine will not be imposed. 	<ul style="list-style-type: none"> ▪ Provide information indicating that the investor has fulfilled their obligations.
<ul style="list-style-type: none"> ▪ Ratification of Mezran's concession with an area of 24km² for a period of 30 years in the Official Gazette number 17 dated 28/02/2017. However, it was not published on the website of ETAP. 	<ul style="list-style-type: none"> ▪ Misleading the users of the website of ETAP. 	<ul style="list-style-type: none"> ▪ Publish information about the concession on the website of ETAP.
<ul style="list-style-type: none"> ▪ The agreement does not include any mention of modifying the surface. 	<ul style="list-style-type: none"> ▪ Discrimination amongst investors. ▪ According special treatment to an investor 	<ul style="list-style-type: none"> ▪ Respect the law regulating the license with regard to reduction of spaces at extension or renewal.



Date of expiry			Exploration License North Shtout		First Renewal		Under Hydrocarbons code		
28	10	2017	Period	Duration	Starting	End date	Renewal duration for each new period	Surface area Km ²	Number and date of the Official Gazette
OWNER			Initial Period	5 years	28/11/2003	27/11/2008		4868	Issue 32 20/04/2004
HBS			First Extension	2 years	28/11/2008	27/11/2010			Issue 44 02/06/2009
ETAP			Second Extension	One year	28/11/2010	27/11/2011			Issue 60 12/08/2011
			Change of validity	10 months	28/11/2011	27/09/2012	3 years and 10 months		Issue 16 28/02/2012
			First Renewal	2 years and a half	28/09/2012	27/03/2015		3894	Issue 06 21/01/2014
			First Extension	2 years	28/03/2015	27/03/2017	2 years		Issue 102 22/12/2015

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Enabling the Minister of Industry and Trade pursuant to the decision of February 21, 2012 to change the validity of the initial period of the license by granting a 10-month extension, which is a possibility not specified in the Hydrocarbons Code. It is noteworthy that the extension was already granted first by two years, then by one year, which is the maximum period for extension according to the Hydrocarbons Code. The Hydrocarbons Code does not provide for the possibility of changing the validity of the extension period of the license, even by reliance on force majeure. 	<ul style="list-style-type: none"> Breaching the law by allocating an additional period to the investor. Possibility of excesses and misconduct. 	<ul style="list-style-type: none"> Respect the stipulations of the Hydrocarbons Code with regard to extension periods. Investigations extensions that violates the stipulations of the Code.
<ul style="list-style-type: none"> Expiry of the validity of the license since 27/03/2017, without extending the license or referring it to the open acreage are, keeping in mind that a statement by the National Observatory of Energy and Mines confirmed the relinquishment of the license of Shtout North since July 2018. 	<ul style="list-style-type: none"> It is possible that the company evades its obligations without paying any fines. Lack of clarity of the situation of the license. It is not possible to make new offers of investment in the license. 	<ul style="list-style-type: none"> Clarify the situation of the license. Include the license in open acreage list in case of non-extension.

Exploration License Jenaine South			Second Renewal			Under Hydrocarbons code			
Date of expiry			Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
19	04	2019	Initial Period	3 years	20/04/2004	19/04/2007		1992	Issue 32 20/04/2004
OWNER			First Extension	One year	20/04/2007	19/04/2008			Issue 56 13/07/2007
OMV	50%		Second Extension	One year	20/04/2008	19/04/2009	2 years		Issue 34 25/04/2008
ETAP	50%		First Renewal	3 years	20/04/2009	19/04/2012			Issue 60 12/08/2011
			First Extension	One year	20/04/2012	19/04/2013			Issue 12 08/02/2013
			Second Extension	One year	20/04/2013	19/04/2014	2 years		Issue 1 03/01/2014
			Second Renewal	3 years	20/04/2014	19/04/2017		1272	Issue 102 19/12/2014
			First Extension	2 years	20/40/2017	19/04/2019	2 years		Issue 73 06/09/2016

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The investor requested the first extension of the second renewal more than one year before the end of the second renewal period. The request for extension was filed on February 19, 2016 with the Directorate General of Energy. Although Chapter 1.30 of the Hydrocarbons Code stipulates that the request for extension is made at least two months before the expiry of the license, it is necessary to determine to what extent the investor complies with his obligations. 	<ul style="list-style-type: none"> It is possible that the investor has not fulfilled their pledges. 	<ul style="list-style-type: none"> Provide information indicating that the investor has fulfilled their obligations.



Exploration License ELJEM

Second Renewal

Under Hydrocarbons code

Date of expiry		
02	06	2018

OWNER

Thani	0%
ETAP	100%

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
Initial Period	5 years	03/06/2005	02/06/2010		4224	
First Renewal	3 years	03/06/2010	02/06/2013			Issue 96 30/11/2010
First Extension	2 years	03/06/2013	02/06/2015	2 years		Issue 01 03/01/2014
Second Renewal	3 years	03/06/2015	02/06/2018		2700	Issue 102 11/12/2015

Observations	Risks	Recommendations
<ul style="list-style-type: none"> There is a difference between the expiry date of the validity of the license between the Official Gazettes of 2 June 2018 and the website of the Tunisian Petroleum Institution dated on 22 June 2000. 	<ul style="list-style-type: none"> The company provides information that may be misleading as to the expiration date of the license 	<ul style="list-style-type: none"> Fix the error at the company's website.
<ul style="list-style-type: none"> Expiry of the validity of the license since 022018/06/, without extending the license or referring it to the open acreage 	<ul style="list-style-type: none"> It is possible that the company evades its obligations without paying any fines. Lack of clarity of the situation of the license. It is not possible to make new offers of investment in the license. 	<ul style="list-style-type: none"> Clarify the situation of the license. Include the license in open acreage list in case of non-extension.

Exploration License South Remada			Second Renewal			Under Hydrocarbons code			
Date of expiry			Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km²}	Number and date of the Official Gazette
21	02	2018	Initial Period	3 years	23/09/2005	02/09/2008		4748	Issue 76 23/09/2005
OWNER Medco 0% ETAP 100%			First Extension	One year	23/09/2008	22/09/2009			Issue 85 21/10/2008
			Second Extension	One year	23/09/2009	22/09/2010			Issue 103 25/12/2009
			Third Extension	One year	23/09/2010	22/09/2011	3 years		Issue 96 30/11/2010
			First Renewal	3 years	23/09/2011	22/09/2014		3216	Issue 30 17/04/2012
			First Extension	2 years	23/09/2014	22/09/2016			Issue 01 03/01/2014
			Second Extension	One year	23/09/2016	22/09/2017	3 years		Issue 102 22/12/2015
			extension of the validity period	5 months	22/09/2017	21/02/2018	3 years and 5 months		Issue 19 06/03/2018

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Expiry of the validity of the license since 21/2018/02/, without extending the license or referring it to the open acreage are 	<ul style="list-style-type: none"> It is possible that the investor has not fulfilled their pledges. Lack of clarity of the situation of the license. It is not possible to make new offers of investment in the license 	<ul style="list-style-type: none"> Clarify the situation of the license. Include the license in open acreage list in case of non-extension.
<ul style="list-style-type: none"> Illegal extension of 5 months for the first period 	<ul style="list-style-type: none"> Distinction amongst investors Disrespect of law 	<ul style="list-style-type: none"> Respect of law
<ul style="list-style-type: none"> The authorized partner, RICO Oil Company, indicated in a letter of 23 March 2015 addressed to the General Administration of Energy that it could not fulfill its obligations. However, there was no indication that his shares had been transferred, fined, or paid. 	<ul style="list-style-type: none"> Lack of clarity on the true owners of the license as well as the fate of the shares of this company The fines imposed on the company are not proven. 	<ul style="list-style-type: none"> Clarify the status of the shares held by RICO Oil and verify that the fines have been levied Theron.



Date of expiry			Exploration License Sfax Marine		First Renewal		Under Hydrocarbons code		
			Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{km²}	Number and date of the Official Gazette
08	12	2018	Initial Period	4 years	09/12/2005	08/12/2009		4104	Issue 88 04/11/2005
OWNER			First Extension	2 years	09/12/2009	08/12/2011			Issue 55 10/07/2009
			Second Extension	One year	09/12/2011	08/12/2012	3 years		Issue 92 02/12/2011
DNO ^{2/10}			First Renewal	3 years	09/12/2012	08/12/2015		3216	Issue 30 17/04/2012
Eurogas ^{2/10}			First Extension	2 years	09/12/2015	08/12/2017			Issue 102 22/12/2015
Apex ^{2/10}			Second Extension	One year	09/12/2017	08/12/2018	3 years		Issue 83 17/10/2017
ETAP ^{100/10}									

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Amendment No. 1 of the agreement allows the operator to breach the commitment made during the initial extension of the initial drilling period of an additional exploration well in the Pirano pipeline and to convert this commitment to a new commitment during the first replenishment, although the operator did not keep its commitments during the initial period. And without paying the required fines, represented by a sum of pure money estimated at the lowest cost of the well. This contravenes the provisions of the agreement, the terms of reference, the initial contract and the hydrocarbon code. 	<ul style="list-style-type: none"> Distinction amongst investors Nonpayment of fines for non-compliance with technical obligations. Financial loss for the Public Treasury. Encourage investors to breach their obligations 	<ul style="list-style-type: none"> Compliance with the provisions of the Hydrocarbons Code Convention. Impose fines for non-compliance.

Date of expiry			Exploration License Fahs		First Renewal		Under Hydrocarbons code		
21	11	2016	Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
OWNER			Initial Period	3 years	22/05/2007	21/11/2010		3116	Issue 41 22/05/2007
LARSEN	35%		First Extension	One year	22/11/2010	22/11/2011			Issue 60 12/08/2011
PETROLIA	10%		Second Extension	One year	22/11/2011	21/12/2012	2 years		Issue 95 13/12/2011
SUPEX	5%		First Renewal	3 years	22/11/2012	21/11/2015		2492	Issue 6 21/01/2014
ETAP	50%		First Extension	One	22/11/2015	21/11/2016	one year		Issue 73 06/09/2016

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The date of expiry of the first extension of the initial period is the same as the date of the second extension for the first period (222011/11/), which constitutes a violation of the law. 	<ul style="list-style-type: none"> Respect of Law 	<ul style="list-style-type: none"> Apply the correct date of the initial extension duration
<ul style="list-style-type: none"> The expiry of the validity of the license as of November 21, 2016, without renewal or extension of its term, nor relinquishing it into open acreage. Noting that, according to the ministry's website, the license was canceled without being included in open acreage 	<ul style="list-style-type: none"> It is possible that the investor has not fulfilled their pledges. Lack of clarity of the situation of the license. It is not possible to make new offers of investment in the license 	<ul style="list-style-type: none"> Clarify the status of the permit. Include the license in open acreage list in case of non-extension.



Exploration License Gaboudiya

First Renewal

Under Hydrocarbons code

Date of expiry

07 06 2017

OWNER

Numhyd %/

Numhyd %/

ETAP 100%

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
Initial Period	5 years	08/06/2007	07/06/2012		3880	Issue 69 26/08/2008
First Extension	One year	08/06/2012	07/06/2013			Issue 12 08/02/2013
Second Extension	One year	08/06/2013	07/06/2014	2 years		Issue 76 20/09/2013
First Renewal	3 years	08/06/2014	07/06/2017		3104	Issue 102 19/12/2014

Observations

- The expiry of the validity of the license since 07/2017/06/ and the non-renewal or extension of its duration or relinquishing it into open acreage.

Risks

- It is possible that the investor has not fulfilled their pledges.
- Lack of clarity of the situation of the license.
- It is not possible to make new offers of investment in the license

Recommendations

- Clarify the status of the permit.
- Include the license in open acreage list in case of non-extension.

Exploration License Bouhajla

Initial Period

Under Hydrocarbons code

Date of expiry		
07	08	2016

OWNER	
DUALEX	%
ETAP	100%

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
Initial Period	3 years	30/04/2010	29/04/2013		416(536)	Issue 35 30/04/2010
First Extension	One year	30/04/2013	29/04/2014			Issue 1 03/01/2014
-----	almost 3 months	30/04/2014	06/08/2014			
Second Extension	One year	07/08/2014	07/08/2015			Issue 08 27/01/2015
Third Extension	One year	07/08/2015	07/08/2016	3 years and three months		Issue 102 22/12/2015

Observations	Risks	Recommendations
<ul style="list-style-type: none"> No extension decisions were made after the first extension and before the second extension between April 30, 2014 and August 6, 2014. 	<ul style="list-style-type: none"> Breach of legislation. Distinction amongst investors and allocating an illegal concession for them High risk of corruption 	<ul style="list-style-type: none"> Clarify the status of the permit. Include the license in open acreage list in case of non-extension.
<ul style="list-style-type: none"> The decree of the Minister of Industry, Energy and Mines of 02 January 2015 provides for the replacement of the period elapsed from 30/2014/04/ to 6/2014/08/ which is not provided for in the hydrocarbons code . This is due to the suspension of the work of the Hydrocarbons Advisory Committee in the first half of 2014 to regularize the status of the license during the interruption period during the first extension period. Thus, the period of extension of the initial license was greater than three years, which was in accordance with the Hydrocarbons Code 	<ul style="list-style-type: none"> Breach the law by allowing illegal extension. Breach the law by allowing the investor to benefit from an additional period. Suspicion of mismanagement 	<ul style="list-style-type: none"> Respect the provisions of the Hydrocarbons Code concerning extension periods. Investigate the illegal and non-compliant extensions to the Hydrocarbons Code



Exploration License Middle Jenaine

Initial Period

Under Hydrocarbons code

Date of expiry			Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
14	03	2018	Initial Period	5 years	15/10/2009	14/10/2014		312	Issue 35 30/04/2010
OWNER			First Extension	2 years	16/10/2014	15/10/2016			Issue 102 19/12/2014
Medco		%	Second Extension	One year	16/10/2016	15/10/2017			Issue 102 22/12/2015
ETAP		100%		5months	16/10/2017	14/10/2018			Issue 19 06/03/2018

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Beginning of the first extension of the initial period on March 14, 2018, although the initial period of the license expired on October 14 	<ul style="list-style-type: none"> Assigning an extra day to the investor Breach of the law 	<ul style="list-style-type: none"> Law compliance
<ul style="list-style-type: none"> An illegal extension of 5 months for the initial period. 	<ul style="list-style-type: none"> Breach of legislation. Distinction amongst investors 	<ul style="list-style-type: none"> Law compliance
<ul style="list-style-type: none"> Expiry of the license period as of September 22, 2017 and non-renewal or extension of its duration, nor placement in an open acreage area 	<ul style="list-style-type: none"> It is possible that the investor has not fulfilled their pledges. Lack of clarity of the situation of the license. It is not possible to make new offers of investment in the license 	<ul style="list-style-type: none"> Clarify the status of the permit. Include the license in open acreage list in case of non-extension.

Date of expiry			Exploration License ALCHAAL		Initial Period		Under Hydrocarbons code		
28	11	2018	Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{Km2}	Number and date of the Official Gazette
OWNER			Initial Period	5 years	29/11/2009	28/11/2016		1200	Issue 91 29/11/2011
ETAP 100%			First Extension	2 years	29/11/2016	28/11/2018			Issue 17 28/02/2017

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Revocation of the license of the former investor (Mitsubishi, Spim, Ecumed) since he submitted a request for extension after two days of the legal term. Knowing that quantities of gas have been discovered in this permit. 	<ul style="list-style-type: none"> The possibility for the Tunisian Organization of Petroleum Activities not to achieve the expected results Breach of the law 	<ul style="list-style-type: none"> Clarify the other reasons for the revocation of the previous investor's license.
<ul style="list-style-type: none"> Commitment to undertake work that will be limited to the evaluation of the Jurassic reservoir. Knowing that the seismic survey carried out during the initial period was considered as a non-compulsory program, contrary to article 14 of the Hydrocarbons Code: which states that : "The applicant must undertake a research program in the required area during the period of validity of the license and the nature of the work to be carried out, in particular those related to geophysics and drilling, as well as the minimum amount of expenditures necessary for the implementation of this program." 	<ul style="list-style-type: none"> Breach of legislation. Non-commitment of the investor to complete the works in accordance with the current legislation and necessary to complete the prospecting work and obtain a result 	<ul style="list-style-type: none"> Compliance with the article 14 of the hydrocarbons code



Observations	Risks	Recommendations
<ul style="list-style-type: none"> ▪ The decision to extend the two-year license was made belatedly as the date of issuance of the decree was on February 6, 2017, and the end of the initial period was on November 28, 2016. 	<ul style="list-style-type: none"> ▪ Lack of clarity of the status of the license in the period prior to the decision to extend. 	<ul style="list-style-type: none"> ▪ Respect the law by issuing the extension decision within reasonable limits before the end of the initial period

Date of expiry

26 12 2018

OWNER

YNG Exploration 50%
ETAP 50%

Exploration License Arifa

Initial Period

Under Hydrocarbons code

Period	Duration	Starting	End date	Renewal duration for each new period	Surface area Km ²	Number and date of the Official Gazette
Initial Period	5 years	27/12/2013	26/12/2018		988(1012)	Issue 103 27/12/2013

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Extension of the license area to 1012 km², which represents an additional increase of 24 km according to the official gazettes n ° 17 of 28/2017/02/ 	<ul style="list-style-type: none"> Possibility for the investor to benefit from the acreage increase without respecting his obligations. 	<ul style="list-style-type: none"> specify the reason for the increase in acreage and whether the respective obligations of the investor has been committed
<ul style="list-style-type: none"> Despite the revocation of the license in October 2017, according to the National Energy and Mining Observatory, it has not been placed in open acreage and the respect of the investor for all his contractual obligations and the payment of fines are not published. knowing that if no field of production is discovered, the company will not be entitled to a renewal for the third time. 	<ul style="list-style-type: none"> The investor may not have fulfilled his / her pledges and may not pay the fines. 	<ul style="list-style-type: none"> Include the license in an open acreage. Check that there are no fines imposed on the company.



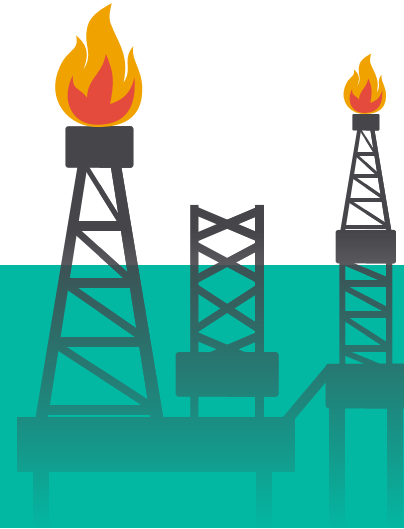
Date of expiry			Exploration License NEFZAWA		Initial Period		Under Hydrocarbons code		
23	08	2021	Period	Duration	Starting	End date	Renewal duration for each new period	Surface area ^{km2}	Number and date of the Official Gazette
OWNER			Initial Period	5 years	24/08/2017	23/08/2021		3032	Issue 72 08/09/2017
YNG Exploration 50%									
ETAP 50%									

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Non-publication of joint venture and publication of partnership agreements in official gazettes without publishing them on the ministry's website 	<ul style="list-style-type: none"> Non-recognition of partners' commitments. 	<ul style="list-style-type: none"> Publication of the partnership contract. Publication of the agreement on the official Open Data site of the Ministry in charge
<ul style="list-style-type: none"> The hydrocarbons consultative committee approved the NEFZAWA prospection permit at its session No. 113 of May 5, 2016., and it is the first agreement approved by the General Assembly of the people under the law n ° 602017- of the 24 August 2017, with a surface area of 3032 km 2 in partnership between UNenergy Ltd and ETAP for a four years period. Commitment to achieve 350 km2 of seismic three-dimensional surveys of US \$ 6 million and drill two exploration wells of US \$ 6.8 million by drilling with third optional drilling if an additional year is required of US \$ 6.8 million and the possibility of three years renewal for each commitment to prospecting drilling worth \$ 6.8 million 		



Concessions

Discrepancies and Risks



This section of the study covers the issue of exploitation concessions. Several points are raised including compliance with legal texts, comprehensiveness and accuracy of published data and information, in addition to other issues related to the extension of concessions and the allocation of shares. Additional data was taken from ETAP's website such as production rates, production starting dates, ... Several observations mentioned in this section have already been raised in reports published by the Court of Audit about natural gas and by the three General Control and Audit bodies about hydrocarbon subsidies. Only published data and information have been used.



Definition of an exploitation concession



An exploitation concession is the legal basis granting the right to exploit hydrocarbons within the scope of concessions. It allows the holder to manage and make use of hydrocarbons extracted from the concession.



A concession right is granted when hydrocarbons that can be economically exploited are discovered within the scope of that concession. Concession must comply with conditions stated in the Hydrocarbon Code and an approved development plan.



The concession right is granted by the Minister in charge of hydrocarbons based on the approval of the Hydrocarbons Consultative Committee and is published in the Official Gazette of the Republic of Tunisia.



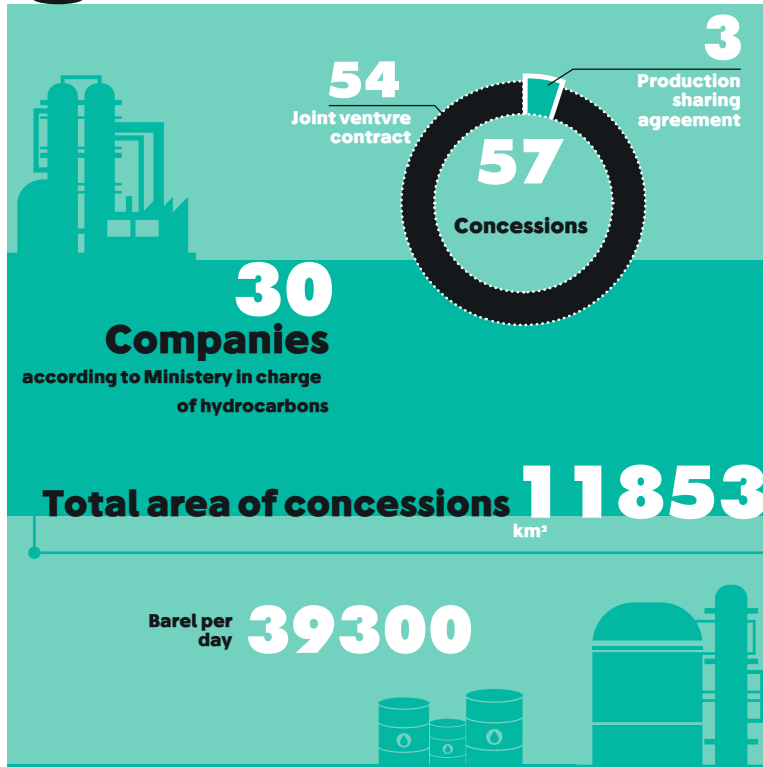
The national oil company may decide to participate in any concession at rates it defines according to ceilings that have already been agreed upon. This choice must be made within 6 months.



According to the Hydrocarbon Code, concessions are granted for a period of 30 years.



Statistical Data about concessions





Main observations

2

Cases of non-publications in the Official Gazette (JORT) of the list of shareholders

33

Cases of publication of erroneous or missing data on hydrocarbon production figures.

26

Cases where not all contracts documents related to the concessions were published

9

Cases of non-participation by ETAP in many concessions although it had the right to do so, without providing justification.

5

cases of extension of concession duration in an unjustified/illegal manner

Sidi Letaiem / Sidi Bahara / Franig / El Borma / Baguel and Tarfa

9

Concessions will expire by the end of 2020 without taking any decision.

Zaouia / Douleb / Tamsmda / Mahres / Mamoura / Yasmine / Zinia / Guermda / Ouedna

20 Million Dinars

paid in compensations in arbitration case in the Oudhna concession

8

Concessions require an investigation to be opened to their management or the publication of the full investigation report

(Didon / Sidi Bahara / El Borma / Sidi Letaiem / Oudhna / Franig / Baguel & Tarfa/ Halk El Menzel)

7

Concessions are suspended

(Semama / Mahares / Isis / Cercina Sud / Oudhna / Belli / El Menzah / Zinnia)

10

Concessions where field development has not been completed despite long periods since their granting, reaching over 40 years in some cases

Dorra / Nawara / Ras El Besh / Sidi Bahara / Byrsa / Zelfa / Cosmos / Yasmine / Halk El Menzel / Mazarine

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
AMILCAR	Hasdrubal	260	APO		1995
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
2009	2007	Production	8	26/01/2007	25/01/2037
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: 3.082 Million m³ Gas liquids 5 673 m³ Gas		Type of Contract	Applicable law
ETAP 50% SHELL 50%		Ministry 2016: 5 321 Oil 123,69 Ktep gaz 695 Ktep-Pci		Joint-venture	Under Old Law of 1985

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The production year is not listed on ETAP's website, when presenting average daily production. 	<ul style="list-style-type: none"> It is not possible to compare the quantities published on the line Ministry's website and ETAP's website or compare any other data published by the producer or analyze it. 	<ul style="list-style-type: none"> The need to publish the production year on the company's website, as well as production growth year on year as is published on the ministry's website.
<ul style="list-style-type: none"> Production data is provided on ETAP's website and on the Ministry's website is different units of measurement (barrels per day on Ministry's website and in million cubic meters on ETAP's website). 	<ul style="list-style-type: none"> It is not possible to compare production volume on the Ministry's website or any data published by the producing companies and analyze them. 	<ul style="list-style-type: none"> To use a standard unit of measurement (international practice is to use barrels per day, per month or per year), to compare existing data and their annual growth.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Several years of delay in the creation of a joint venture company, since the date of establishment of the concession, although the terms of reference stipulate that the joint venture should be formed within a period of no more than three months. 	<ul style="list-style-type: none"> • The mission/role of the joint venture is not known and if they include operating the Hasdrubal field. 	<ul style="list-style-type: none"> • To publish the agreement and all annexes which defines the role/tasks of the company in case of intervention in the Hasdrubal field.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
AMILCAR	MISKAR	352	SHELL		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1992	Production	36	09/06/1992	08/06/2022
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
SHELL 100%	Company's website: - Ministry 2016: 1 754 Barrels/day			Joint-venture	Under Old Law of 1985

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Publication of the wrong JORT number on the ministry's website, for the creation of the concession (number 62 instead of 36) 	<ul style="list-style-type: none"> • Failure to find the legal reference/text for the establishment of the privilege/concession, in case of a search. 	<ul style="list-style-type: none"> • To correct the error and to check it before publication.
<ul style="list-style-type: none"> • Non-participation of ETAP in the largest gas field in Tunisia, although it had the right to participate for up to 50%. Although ETAP had special privileges to change the ETAP's share according to Table H from 20% to 50% in the joint venture contract/agreement and despite the discovery of Miskar before Amilcar Permit was granted. 	<ul style="list-style-type: none"> • Non-participation in the concession resulted in a loss of important financial benefits for ETAP as a partner and for the State, estimated in hundreds of millions of dinars. The issue is currently the subject of a judicial investigation and the causes are complex. 	<ul style="list-style-type: none"> • The need to publish a feasibility study, by a team of independent experts before the approval of the report of the task force of ETAP staff, for the non-participation of ETAP in this concession, especially with the approaching date of expiry of 2022.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of the feasibility study for non-participation of ETAP at the time of establishment of the concession. 	<ul style="list-style-type: none"> • The reasons behind this decision, which has led to major losses for the state and ETAP, are unknown 	<ul style="list-style-type: none"> • Publication of studies on the participation or non-participation of ETAP in the production concession and presenting it to independent international experts or Tunisian experts before taking any decisions.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
ZARAT	Didon	53	ETAP		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1997	Production	99	12/12/1997	11/12/2027
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: -		Type of Contract	Applicable law
PA RESOURCES 1% ETAP 99%	Ministry 2016: 1272 Barrels/day			Joint-venture	Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-participation ETAP in the Didon concession at the start of production, although it is entitled to participate in any discovery for up to 55% according to the agreement. • Non-publication of the economic feasibility study which justifies ETAP's non-participation in this concession. 	<ul style="list-style-type: none"> • Non-participation in the concession has resulted in financial losses, for ETAP and the state as a partner, estimated at millions of dinars. • The actual reasons for ETAP's non-participation are not known. 	<ul style="list-style-type: none"> • Need to publish the economic feasibility study for ETAP's non-participation in any concession. Review by independent experts before a decision is taken for non-participation. • Publish the studies on participation or non-participation by ETAP in production concession and submit them for review by international or Tunisia experts before deciding.
<ul style="list-style-type: none"> • Although ETAP purchased the shares of PA Resources, the company still owns 1% of these, despite the publication on ETAP's website of the purchase of all the company's shares in all permits and concessions. So why did the company continue to own 1% share of the Didon Concession and Zarat Permit. 	<ul style="list-style-type: none"> • PA Resources shareholders may participate in decision making and in profits despite their marginal contribution. 	<ul style="list-style-type: none"> • ETAP needs to clarify why PA Resources still holds a 1% stake despite the purchase of 99% of its shares by ETAP.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> Production figures are not published on ETAP's website, although it is the operator. 	<ul style="list-style-type: none"> It is not possible to compare the production quantities published of the line Ministry's website and ETAP's website. 	<ul style="list-style-type: none"> ETAP should periodically publish production figures, as it is the operator.
<ul style="list-style-type: none"> Absence of data on the current commercial viability of the Didon field and if the cost of abandonment has been included in the feasibility study for the purchase of the field by ETAP. Especially that the field's production does not cover production costs which has led to its closure, the field is shut in at the time of writing of the report. 	<ul style="list-style-type: none"> Production and abandonment costs may make the purchase not profitable and ETAP may incur massive losses. 	<ul style="list-style-type: none"> The economic feasibility of buying shares in this field has not been proven, thus requiring the immediate production shut-down, until ETAP can review the commercial viability in case of an increase in oil prices to return to production or to abandon the field.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
BORJ EL KHADHRA	Adam	860	ENI Tunisia BV		2002
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
2003	2003	Production	52	01/07/2003	30/06/2033
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
ENI TUNISIA 25% ETAP 50% OMV 20% MEDCO 5%	Company's website: 6 000 Ministry 2016: 3 807 Barrels/day 334 Ktep-Pci			Joint-venture	Under Old Law of 1985

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Publication of global average daily production of Gas of the South (Borma, Ouad Zar, Jebel Grouz, Adam, Chaouch Saïda, Shourouk, Dorra, East Anaguid). 	<ul style="list-style-type: none"> No information on the share of each concession in the gas production, it is thus not possible to compare the production of each field year-on-year. 	<ul style="list-style-type: none"> Publish gas production for each field separately.
<ul style="list-style-type: none"> ETAP is not the operator of the Adam field, although it holds 50% share and other companies' share is marginal. 	<ul style="list-style-type: none"> Difficulty in preserving ETAP's interests and controlling costs. 	<ul style="list-style-type: none"> ETAP needs to be the operator.
<ul style="list-style-type: none"> According to the partnership agreement, the operator is SEREPT, while currently ENI is the operator, which is in contradiction with the agreement. 	<ul style="list-style-type: none"> Difficulty in preserving ETAP's interests and controlling costs. 	<ul style="list-style-type: none"> ETAP as the majority shareholder in the field needs to be the operator and amend the agreement.
<ul style="list-style-type: none"> The partnership agreement for this concession has not been published. The concession area of 860 km² (a very large area for a concession), exceeds the area of the discovery. 	<ul style="list-style-type: none"> Risk of drilling exploration wells within the concession without any work commitments, nor setting a deadline for the exploration phase, as is the case in exploration permits and in areas outside the field's area. 	<ul style="list-style-type: none"> Publish the agreement drafted to establish the concession and not allowing the concession area to exceed the discovery area as stipulated in the law.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
ANAGUID	Dorra	40	OMV		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
July 2011	2011	Production	21	29/03/2011	28/03/2041
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
OMV 50% ETAP 50%	Company's website: 400 Ministry 2016: 162 Barrels/day 334 Ktep-Pci			Joint-venture	Hydrocarbon Code of 1999 (Decree by the Minister of Industry dated 12 December 2000)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Publication of global average daily production of Gas of the South (Borma, Ouad Zar, Jebel Grouz, Adam, Chaouch Saida, Shourouk, Dorra, East Anaguid). 	<ul style="list-style-type: none"> No information on the share of each concession in the gas production, it is thus not possible to compare the production of each field year-on-year. 	<ul style="list-style-type: none"> Publish gas production for each field separately.
<ul style="list-style-type: none"> Non-compliance with the requirements of Article 4.3 of the partnership agreement, which stipulates the creation of a joint-venture within six months from the date of application for the concession, so that it may operate the field. Not amending the partnership agreement to reflect this. 	<ul style="list-style-type: none"> Risk of abuse and increased threat of corruption and discrimination in dealing with investors. 	<ul style="list-style-type: none"> To respect and apply/implement contractual commitments or amend them after discussing the feasibility of such amendments the regulator and the parliament to protect the interests of ETAP and the Tunisian state.
<ul style="list-style-type: none"> According to the Ministry's website, the field is still in a development phase. 	<ul style="list-style-type: none"> Providing inaccurate/wrong data. 	<ul style="list-style-type: none"> Update the Ministry's website.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
ANAGUID	Anaguid East	120	OMV		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2014	Production	73	09/09/2014	08/09/2044
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract	Applicable law	
OMV 50% ETAP 50%	Company's website: - Ministry 2016: 1 223 Barrels/day 334 Ktep-Pci		Joint-venture	Hydrocarbon Code of 1999 (Decree by the Minister of Industry dated 12 December 2000)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Data on the production of the Anaguid East concession is not published on ETAP's website. 	<ul style="list-style-type: none"> It is not possible to compare production between the Ministry's website and the operator or ETAP. 	<ul style="list-style-type: none"> Publish production data to allow verification of publish data and check ETAP' and the Tunisian State's profits in this field.
<ul style="list-style-type: none"> Publication of average daily production of Gas of the South (Borma, Ouad Zar, Jebel Grouz, Adam, Chaouch Saida, Shourouk, Dorra, East Anaguid) on the Ministry's website. 	<ul style="list-style-type: none"> No information on the share of each concession in the gas production, it is thus not possible to compare the production of each field year-on-year. 	<ul style="list-style-type: none"> Publish gas production for each field separately.
<ul style="list-style-type: none"> Non-compliance with the requirements of Article 4.3 of the partnership agreement, which stipulates the creation of a joint-venture within six months from the date of application for the concession, so that it may operate the field. Not amending the partnership agreement to reflect this. 	<ul style="list-style-type: none"> Non-implementation of signed contracts. Risk of abuse in case of non-creation of joint-venture and discrimination in dealing with investors. 	<ul style="list-style-type: none"> To respect and apply/implement contractual commitments or amend them after discussing the feasibility of such amendments the regulator and the parliament to protect the interests of ETAP and the Tunisian state.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
JENEIN SUD	Nawara	528	OMV		1995
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2010	Development	17	26/02/2010	25/02/2040
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract		Applicable law
OMV 50% ETAP 50%	Company's website: - Ministry 2016: -		Joint-venture		Hydrocarbon Code of 1999 (Decree by the Minister of Industry dated 12 December 2000)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Production has not started although the field has been in a development phase since 2010. 	<ul style="list-style-type: none"> Risk of a loss of production capacity which could limit the energy deficit and provide revenue for the state. 	<ul style="list-style-type: none"> Publication of the feasibility study of the field and present it to independent experts to confirm that the investor cannot develop it or that the price of the barrel is not sufficient to cover costs. According to article 52 of the Hydrocarbon Code, in case of non-operation of the field within two years, the state has the right to cancel the concession and fully manage it without any compensation.
<ul style="list-style-type: none"> Operatorship was not granted to the joint-venture TPS within six months from the date of request of the concession, to operate the field and granting this to OMV as a sole operator. 	<ul style="list-style-type: none"> Discrimination in dealing with investors Weakening of monitoring mechanisms on operator 	<ul style="list-style-type: none"> Publish the study/report based on which OMV was selected to be the operator.
<ul style="list-style-type: none"> The contracts for the South Gas Project, the execution of which is being delayed, have not been published. 	<ul style="list-style-type: none"> Increased risk of mismanagement and corruption. Delays in project execution has led to a delay in production and a loss of earnings for ETAP and the state. 	<ul style="list-style-type: none"> Publish the agreements signed for the South Gas Project and speedup project implementation/execution.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
SUD REMADA	Bir Ben Tartar	352	MEDCO		2008
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
2009	2011	Production	81	25/10/2011	24/10/2041
Owners of the Exploration Concession and production share	Daily Average Production		Company's website: 988 Barrels/day 0.045 Million m ³ gaz		Type of Contract
MEDCO % ETAP CPP %			Ministry 2016: 1 016 Barrels/day		Production sharing
					Applicable law Hydrocarbon Code of 1999 (Decree by the Minister of Industry dated 12 December 2000)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> According to Article 6.2.2 of the Production Sharing Agreement it is possible to create a joint-venture to operate any discoveries,. 	<ul style="list-style-type: none"> Non-compliance with the production sharing agreement. 	<ul style="list-style-type: none"> The possibility to create a joint venture.
<ul style="list-style-type: none"> Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> Providing incorrect data productions quality 	<ul style="list-style-type: none"> Updating the daily production quality published in the ministry's website and ETAP's website.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
SFAX OFFSHORE	RAS EL BESH	68	DNO		2005
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2008	Evaluation	72	05/09/2008	24/09/2038
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: - Ministry 2016: -		Type of Contract	Applicable law
APEX PETROGAS DNO EUROGAS ETAP CPP%				Production sharing	Hydrocarbon Code of 1999 (Decree by the Minister of Industry dated 12 December 2000)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> It is stated on the Company's website that the RAS EL BESH field does not report to ETAP even though the Production Sharing Agreement states that ETAP is holder of the concession. 	<ul style="list-style-type: none"> Providing inaccurate/wrong data. 	<ul style="list-style-type: none"> To correct the error on ETAP's website
<ul style="list-style-type: none"> The field remains in a development phase since without starting production up 2008 until now. 	<ul style="list-style-type: none"> it is not possible to continue exploration for hydrocarbons in this field and it remains outside open acreage. The company continues to enjoy the concession 	<ul style="list-style-type: none"> Publication of the feasibility study of the field and present it to independent experts to confirm that the investor cannot develop it or that the price of the barrel is not sufficient to cover costs. According to article 52 of the Hydrocarbon Code, in case of non-operation of the field within two years, the state has the right to cancel the concession and fully manage it without any compensation. If development is not feasible/possible, return the field to the open acreage stock

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Zarzis	Ezzaouia	40	MARETAP		1986
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
1990	1990	Production	27	18/04/1989	31/12/2019
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
ETAP 55% ECUMED 45%	Company's website: 50 m³ Oil 18 Million ft³ Gas Ministry 2016: 432 Barrels/day			Joint-venture	Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2000)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of the amendments to the Agreement and Partnership Contract for the expired permit, which has led to a production concession and joint-venture agreements. 	<ul style="list-style-type: none"> • Not-knowing the contractual obligations of the partners and to ensure that they are respected during the production phase, such as the rate of royalties and percentage of tax on profits. 	<ul style="list-style-type: none"> • Publish the amendments to the agreement and partnership contract for the permit and the agreements for joint-venture.
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Tunisie Centre Nord	Douleb	112	ETAP		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1968	Production	51	29/11/1968	28/11/2018
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: -		Type of Contract	Applicable law
ETAP 70% SEREPT 30%		Ministry 2016: 394 Barrels/day		Joint-venture	Special Conventions

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Not publishing production figures for the field on ETAP's website, although it is the operator. 	<ul style="list-style-type: none"> Not knowing the profits or losses in case the field reaches the minimum threshold to guarantee commercial viability. 	<ul style="list-style-type: none"> ETAP to publish the daily production figures for each field separately.
<ul style="list-style-type: none"> Publishing average production for Douleb, Samema and Tamesmida fields together. 	<ul style="list-style-type: none"> Not knowing the share of each field and if a field has reached the minimum threshold to be commercially viable, in order to stop production even if temporarily. 	<ul style="list-style-type: none"> Publish detailed daily production for each field and declare it commercially non-viable.
<ul style="list-style-type: none"> Not publishing the amendments to the partnership contract for the expired permit, which led to the production concession and agreements for joint-ventures. 	<ul style="list-style-type: none"> Not knowing the partners' obligations and ensure that they are complying with them during the production phase. 	<ul style="list-style-type: none"> Publish the partnership contract of the permit and the joint-venture agreements.

Observations	Risks	Recommendations
<ul style="list-style-type: none"> No decision has been made regarding this concession, although the expiry date is approaching on 28/11/2018, knowing that the decree for the creation of the concession on 29/11/1968 states that the duration of the concession is 50 years, no more. 	<ul style="list-style-type: none"> Possibility to extend the concession's period in breach with the provisions of the decree for creation. 	<ul style="list-style-type: none"> Comply with the provisions of the law and relinquish the concession to the state.
<ul style="list-style-type: none"> Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> Providing incorrect data productions quality 	<ul style="list-style-type: none"> Updating the daily production quality published in the ministry's website and ETAP's website.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Tunisie Centre Nord	Semama	16	ETAP		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1976	Inactive / suspended	16	02/03/1976	31/12/2025
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
SEREPT 30% ETAP 70%	Company's website: - Ministry 2016: 377 Barrels/day			Joint-venture	Special Conventions

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The date of creation/foundation of the concession is 01/01/1976 (according to the published creation decree), is a date which precedes the publication date in the JORT on 02/03/1976, while commercial production cannot start until after the official publication of the decree and it cannot be a retroactive decree. 	<ul style="list-style-type: none"> Discrimination between the operators of various concessions. 	<ul style="list-style-type: none"> Link the date of foundation of the concession to the date of publication as is the practice in most other concessions.
<ul style="list-style-type: none"> Publication of average production for Douleb, Samema and Tamesmida together, while the figures for each field should be published separately, especially this concession is suspended. 	<ul style="list-style-type: none"> Not publishing production figures for each field, does not allow us to know the share of each field in the total production. 	<ul style="list-style-type: none"> Detailed publication of daily production of each field separately, declare the field commercially non-viable, in order to stop production even if temporarily.

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Not publishing the partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> • Not knowing the obligations of the partners and ensure that they are being complied with during the production phase. 	<ul style="list-style-type: none"> • Publish the partnership agreement for the permit.
<ul style="list-style-type: none"> • The field has been suspended for many years, knowing that the field is in an area which is currently a closed military zone. 	<ul style="list-style-type: none"> • Increased environmental risks especially that polluting equipment has not been removed. • The investor benefits from a concession without carrying out any additional development work. • Increased risk of corruption and important loss of earnings for the state. • Lack of clarity of the legal status of the concession (will it be operated again or relinquished into open acreage or returned to its original status). 	<ul style="list-style-type: none"> • Clarify the status of the permit, remove the equipment and return location to its original state and relinquish the concession. • Clarify the situation of the concession, either in a production phase or abandonment or returning to open acreage.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Tunisie Centre Nord	Tamesmida	76	ETAP		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1970	Production	3	20/01/1970	19/01/2020
Owners of the Exploration Concession and production share	Daily Average Production		Company's website: -		Type of Contract
SEREPT 5% ETAP 95%			Ministry 2016: -		Joint-venture
					Applicable law
					Special Conventions

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Not publishing data on the production of the field on ETAP's website although it is the operator. 	<ul style="list-style-type: none"> • Not knowing the profits or losses in case the field reaches the minimum threshold to guarantee commercial viability. 	<ul style="list-style-type: none"> • Publish the quantity of daily production on the company's website as it is the operator.
<ul style="list-style-type: none"> • Publishing average production for all Douleb, Samema and Tamesmida fields together. 	<ul style="list-style-type: none"> • Not knowing the share of each field and if a field has reached the minimum threshold to be commercially viable, in order to stop production even if temporarily. 	<ul style="list-style-type: none"> • Detailed publication of daily production of each field separately and declare the minimum commercial production.
<ul style="list-style-type: none"> • The expiricy data is approaching in 19/01/2020 without taking any decision. 	<ul style="list-style-type: none"> • Possibility to benefit from an illegal additional duration • Additional illegal income. 	<ul style="list-style-type: none"> • Clarify the status of the concession before expiry of the validity period and the possibility of return to the state

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Sfax Kerkennah	Sidi Litaïem	180	CFTP		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1972	Production	35	29/08/1972	31/12/2048
Owners of the Exploration Concession and production share	Daily Average Production		Company's website: -	Type of Contract	Applicable law
CFTP 100%	Ministry 2016: 691 Barrels/day			Joint-venture	Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Extending the Sidi Letaïem concession to 31/12/2048 according to decree 4582-2014 dated 31 December 2014, in breach of the creation decree of the concession which states that the Sidi Letaïem exploration permit will permanently terminate at the latest fifty years from the date of its granting. Thus, the expiry date of the concession cannot be beyond 31/12/2023, as the concession is valid for fifty years from 01/01/1973. 	<ul style="list-style-type: none"> Discrimination between investors and lack of legal basis for the renewal. The investor benefits from a concession/privilege (important revenue) without any additional development operations. Breaching the law. 	<ul style="list-style-type: none"> The state will continue operating the field alone and for its own account. Open an investigation on the extension of the concession period in breach of the Hydrocarbon Code.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of the study to justify the extension of the concession, especially that the state could have recovered the field and operate it to its own account. 	<ul style="list-style-type: none"> • Discrimination between investors and breaching the law. • The investor benefits from a concession/privilege (important revenue) without any additional development operations. 	<ul style="list-style-type: none"> • Publish the study justifying the extension of the concession.
<ul style="list-style-type: none"> • Not ensuring that the company has allocated/provided the abandonment costs for the concession before expiry of the concession period. 	<ul style="list-style-type: none"> • A risk that the company may shun its responsibilities when it is time for abandonment, as there are not sufficient funds allocated/earmarked and possible environment disasters in the region. 	<ul style="list-style-type: none"> • Need to allocate for abandonment costs and publish proof that the company has carried it out.
<ul style="list-style-type: none"> • Non-publication of the joint-venture agreements for the expired permit which led to the production concession. 	<ul style="list-style-type: none"> • Not knowing the partners' obligations and ensure that they are complying with them during the production phase. 	<ul style="list-style-type: none"> • Publish the joint-venture agreement for the permit.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Sfax Karena	Sidi Baharat	64	CFTP		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1976	Development	35	23/05/1975	31/12/2041
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract		Applicable law
CFTP 100%	Company's website: - Ministry 2016: 19		Joint-venture		Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The field is in a development stage since 1975 and production has not started to date. 	<ul style="list-style-type: none"> it is not possible to continue exploration for hydrocarbons in this field and it remains outside open acreage. ETAP covered its share of the development costs for drilling a well, even if has not been proven that the field can be developed. The company continues to enjoy the concession and makes profits at the expense of the State. 	<ul style="list-style-type: none"> Publication of the feasibility study of the field and present it to independent experts to confirm that the investor cannot develop it or that the price of the barrel is not sufficient to cover costs. According to article 52 of the Hydrocarbon Code, in case of non-operation of the field within two years, the state has the right to cancel the concession and fully manage it without any compensation. If development is not feasible/possible, return the field to the open acreage stock



Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Extending the Sidi Bahara concession validity to 31/12/2041 according to decree 4581-2014 dated 31 December 2014 relative to the validity extension of exploitation concession of mineral materials of the second group known as the “Sidi Bahara” exploitation concession, which breaches the decree of founding the concession stipulating that the Sidi Letaiem exploration permit will imperatively terminate at the latest fifty years from the date of its granting. • Thus, the expiry date of the concession must be 31/12/2025, as the concession is valid for fifty years counting from 01/01/1975. 	<ul style="list-style-type: none"> • Discrimination between investors and lack of legal basis for the renewal. • The investor benefits from a concession/privilege (important revenue) without any additional development operations. • Breaching the law. 	<ul style="list-style-type: none"> • The state will continue operating the field alone and for its own account. • Open an investigation on the extension of the concession period in breach of the Hydrocarbon Code. • The concession returns to the regulator according to article 58.1 of the Hydrocarbon Code.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Sfax Kerkennah	Mahares	92	ETAP		1982
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
1988	1989	Inactive / suspended	39	10/06/1988	31/12/2018
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract	Applicable law	
ETAP 75.5% ENI Tunisia BV 24.5%	Company's website: - Ministry 2016: 377 Barrels/day		Joint-venture	Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Not publishing any data on the operator securing sums related to savings in order to restore the exploitation site according to articles 118 to 123 of the Hydrocarbon Code, especially that the well is inactive currently. 	<ul style="list-style-type: none"> • Not reverting the production site back to its original state (an arable land), which can lead to serious environmental repercussions. 	<ul style="list-style-type: none"> • Obliging the operator to secure the necessary sums to bring the production site back to its original state.
<ul style="list-style-type: none"> • Not publishing the amendments to the partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> • Not knowing the partners' obligations such as royalty rate and taxes on profits amount and ensuring that they are complying with them during the production phase. 	<ul style="list-style-type: none"> • Publish the joint-venture contract and its annexes for the permit



Observations	Risks	Recommendations
<ul style="list-style-type: none"> The field is suspended, in addition to uncertainty concerning the provision of abandonment fees. 	<ul style="list-style-type: none"> Lack of clarity concerning the legal status of the concession (will it be exploited again or relinquished to free/open acreage or returned to its original state). A risk that the company may shun its responsibilities when it is time for abandonment, as there are not sufficient funds allocated/earmarked and possible environment disasters in the region. 	<ul style="list-style-type: none"> Clarifying the concession status whether it is in state of production, abandonment or returned to free/open acreage while securing the abandonment fees.
<ul style="list-style-type: none"> No decision has been made regarding this concession, although the expiry date is approaching on 31/12/2018, knowing that the decree for the creation of the concession on 01/01/1989 states that the duration of the concession is 30 years. 	<ul style="list-style-type: none"> Possibility to extend the concession's period contrary to what the provisions of the decree for creation states. 	<ul style="list-style-type: none"> Comply with the provisions of the law and relinquish the concession to the state.

PERMIT Médenine	Exploration concession Franig	Surface area of the concession 220	OPERATOR PERENCO	Date of Discovery 1981
Date of commencement of production 1998	Date of creation / establishment 1984	Status of the Concession Production	N° Date of Publication in JORT 43 10/06/1983	Concession Expiry Date 21/06/2035
Owners of the Exploration Concession and production share ETAP 50% PERENCO 50%	Daily Average Production Company's website: 140 Barrels/day 25 970 m³ Gas Ministry 2016: 1508 Barrels/day 156 ktep Gas liquids 3 218 Gas	Type of Contract Joint-venture	Applicable law Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Publication of the average oil production of FRENIG, BAGUEL and TARFA 	<ul style="list-style-type: none"> • Failure to know the share of each field and that the field reached the minimum economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> • Publish data for each field separately.
<ul style="list-style-type: none"> • Publication of the average gas production of FRENIG, BAGUEL, TARFA and SABRIA 	<ul style="list-style-type: none"> • Failure to know the share of each field and that the field reached the minimum economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> • Publish data for each field separately.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> • The extension of the concession for a period of 15 years contrary to article 9 of decree-law 9/1985, stipulating that the exploitation concession shall be granted for thirty years without reference to the possibility of extension. The Government argued the extension request for the concession is due to the inability of ETAP to exploit the field. In the same period, ETAP acquired all the Permits and Concessions of PA RESOURCES and reiterated its full ability to exploit the fields and concessions, even though legal issues and technical difficulties posed by these permits and concessions as some fields are at sea. • The House of Representatives voted for the extension of the concession in accordance with law 50/2016 dated 20 July 2016 on the approval of the amended Annex No. 3 of the Agreement and its annexes on the hydrocarbon exploration permit known as the “Medenine” Permit origin of the “Franig” exploitation concession. Despite challenging the constitutionality of this law, the temporary committee in charge of reviewing the constitutionality of draft laws in its decree No. 06/2016 dated 14 July 2016 rejected the challenge for formal reasons related to the expiration of the challenging period. • Furthermore, assuming the possibility of extension, the concession validity extension’s request was submitted at the General Office of Energy on 20 September 2011, i.e. after the legal period allowed under article 55 of the Beylical order of 10 January 1953, defined as 10 years before the expiration of the exploitation concession. 	<ul style="list-style-type: none"> • The State and ETAP register significant financial losses due to the State not retrieving the concession and ETAP not exploiting it. • The investor earning (significant revenues) without any further development. 	<ul style="list-style-type: none"> • Develop the role of ETAP in order to act as operator, especially after the expiry of the concession period. • Investigate the real reasons behind the extension of the concession's validity contrary to what the law stipulates.
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Marin Centre Oriental	ISIS	408	COLOMBUS		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1980	Inactive / suspended	33	06/06/1980	05/06/2030
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
ETAP 100%	Company's website: - Ministry 2016: -			Joint-venture	Under Old Law of 1985

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Despite ETAP owning 100% of the concession as published on its website, the operator is COLOMBUS 	<ul style="list-style-type: none"> • ETAP is the responsible entity if an emergency arises and not COLOMBUS. 	<ul style="list-style-type: none"> • Periodic, immediate and correct updates of data on the company's website.
<ul style="list-style-type: none"> • Non-publication of agreements concluded when establishing the exploitation concession. 	<ul style="list-style-type: none"> • Not knowing the partners' obligations such as royalty rate and taxes on profits amount and ensuring that they are complying with them during the production phase. 	<ul style="list-style-type: none"> • Publish any concluded agreements
<ul style="list-style-type: none"> • Legal texts regulating the concession do not stipulate the status of suspension of concessions. 	<ul style="list-style-type: none"> • Lack of clarity concerning the legal status of the concession (will it be exploited again or relinquished to free/open acreage/ returned to its original state). 	<ul style="list-style-type: none"> • Clarification of the status of the concession (in production or abandonment in which case it will be returned to the free/open acreage)



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Kerkennah Ouest	Gremda	44	TPS		1982
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
1989	1989	Production	55	23/08/1988	31/12/2018
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract	Applicable law	
ETAP 51% OMV 49% TPS (Contractor)%	Company's website: 700 Barrels/day Ministry 2016: 324 Barrels/day		Joint-venture	Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Publication of the total average production of Gremda and Al Ain. 	<ul style="list-style-type: none"> • Failure to know the share of each field and that the field reached the bottom economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> • Publication of a detailed daily production per field and declaration of minimum commercial production
<ul style="list-style-type: none"> • Not publishing the amendments to the partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> • Not knowing the partners' obligations and ensuring that they are complying with them during the production phase. 	<ul style="list-style-type: none"> • Publish the amendments to the agreements and the joint-venture for the permit.
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Kerkennah Ouest	Remoura	30	TPS		1990
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
1993	1993	Production	93	15/01/1993	14/01/2023
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
ETAP 51% OMV 49% TPS (Contractor)%	Company's website: - Ministry 2016: 397 Barrels/day			Joint-venture	Under Old Law of 1985

Observations	Risks	Recommendations
<ul style="list-style-type: none"> No decree exists in JORT No. 93 dated 15/01/1993 stipulating that the Remoura concession is created as stated on the Ministry's website. 	<ul style="list-style-type: none"> Failure to know obligations and creation date lead to being uncertain that the operator and partners respect to date of concession start and date of expiry of the concession. Granting an additional period to concession owners and therefore they enjoy additional incomes. 	<ul style="list-style-type: none"> Correct data related to the JORT on the Ministry's website.
<ul style="list-style-type: none"> Not publishing the amendments to the partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> Not knowing the partners' obligations and ensuring that they are complying with them during the production phase. 	<ul style="list-style-type: none"> Publish the amendments to the agreement and partnership contract for the permit.
<ul style="list-style-type: none"> Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> Providing incorrect data productions quality 	<ul style="list-style-type: none"> Updating the daily production quality published in the ministry's website and ETAP's website.



PERMIT Kerkennah Ouest	Exploration concession Cercina	Surface area of the concession 144	OPERATOR ETAP	Date of Discovery 1991
Date of commencement of production 1994	Date of creation / establishment 1994	Status of the Concession Production	N° Date of Publication in JORT 15 22/02/1994	Concession Expiry Date 21/02/2024
Owners of the Exploration Concession and production share ETAP 51% OMV 49% TPS (Contractor) %	Daily Average Production Company's website: 2251 Oil 1346 Million ft3 Gas Ministry 2016: 1214		Type of Contract Joint-venture	Applicable law Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Not publishing the amendments to the partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> • Not knowing the partners' obligations and ensuring that they are complying with them during the production phase. 	<ul style="list-style-type: none"> • Publish the amendments to the agreement and partnership contract for the permit.
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Kerkennah Ouest	Cercina Sud	16	ETAP		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2004	Evaluation	89	05/11/2004	04/11/2034
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract	Applicable law	
ETAP 51% OMV 49% TPS (Contractor) %	Company's website: - Ministry 2016: -		Joint-venture	Hydrocarbon Code of 1999 (Decree by the Minister of Industry dated 12 December 2000)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The field is in a development stage since 2004 and production has not started to date. 	<ul style="list-style-type: none"> it is not possible to continue exploration for hydrocarbons in this field and it remains outside open acreage. The company continues to enjoy the concession and makes profits at the expense of the State. 	<ul style="list-style-type: none"> Publication of the feasibility study of the field and present it to independent experts to confirm that the investor cannot develop it or that the price of the barrel is not sufficient to cover costs. According to article 52 of the Hydrocarbon Code, in case of non-operation of the field within two years, the state has the right to cancel the concession and fully manage it without any compensation. If development is not feasible/possible, return the field to free/open acreage.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of the amendments to the partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> • Not knowing the partners' obligations and ensuring that they are complying with them during the production phase. 	<ul style="list-style-type: none"> • Publish amendments to the agreement and the partnership contract for the permit.
<ul style="list-style-type: none"> • Creating the concession in 2004 with the West Kerkenah permit subject to the Hydrocarbons Code, but this concession remains subject to old laws. 	<ul style="list-style-type: none"> • Breaching the law. 	<ul style="list-style-type: none"> • The concession must be subjected to the Hydrocarbons Code.

PERMIT Kerkennah Ouest	Exploration concession Chargui	Surface area of the concession 168	OPERATOR PETROFAC	Date of Discovery 1992
Date of commencement of production 2008	Date of creation / establishment 2001	Status of the Concession Production	N° Date of Publication in JORT 56 13/07/2001	Concession Expiry Date 12/07/2031
Owners of the Exploration Concession and production share ETAP 55% PETROFAC 45 %	Daily Average Production Company's website: 350 Barrels/day 850 000 m3 Gas Ministry 2016: 286 Barrels/day 75 Ktep-Pci	Type of Contract Joint-venture	Applicable law Hydrocarbon Code of 1999 (Decree by the Minister of Industry dated 12 December 2000)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Despite ETAP owning 55% of the shares in the Chargui field, it is not the operator. 	<ul style="list-style-type: none"> • ETAP incurs financial losses because it is not the operator. 	<ul style="list-style-type: none"> • ETAP must be the operator or a joint-venture should be established.
<ul style="list-style-type: none"> • Non-publication of the partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> • Not knowing the partners' obligations and ensuring that they are complying with them during the production phase. 	<ul style="list-style-type: none"> • Publish the permit contract.
<ul style="list-style-type: none"> • No Ministerial Decision Regarding the Transfer of PETROFAC Shares to PERENCO Despite the announcement by PETROFAC to transfer 45% of its shares in June 2018 	<ul style="list-style-type: none"> • The share transfer process is only completed after the decision of the Ministry in charge of energy to accept the assignment 	<ul style="list-style-type: none"> • No ministerial decision concerning the share transfer of PETROFAC to PERENCO Despite the announcement by PETROFAC to transfer 45% of its shares in June 2018



Observations	Risks	Recommendations
<ul style="list-style-type: none"> The Tunisian Petroleum Company does not exercise the pre-emptive right in connection with the transfer of PETROFAC shares to PERENCO 	<ul style="list-style-type: none"> Company's loss of significant gains in an important field 	<ul style="list-style-type: none"> Study the possibility for the company to exercise its right of pre-emption
<ul style="list-style-type: none"> Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> Providing incorrect data productions quality 	<ul style="list-style-type: none"> Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT Kerkennah Ouest	Exploration concession El Hajeb – Guebiba	Surface area of the concession 52	OPERATOR ETAP	Date of Discovery 1981 – 1982
Date of commencement of production El Hajeb: 1985 – Guebiba: 2002	Date of creation / establishment 1983	Status of the Concession Production	N° Date of Publication in JORT 43 10/06/1983	Concession Expiry Date 09/06/2033
Owners of the Exploration Concession and production share ETAP 51% OMV 45 % TPS (Contractor) %	Daily Average Production Company's website: 350 Barrels/day 850000 M3 Ministry 2016: 2 298 Barrels/day		Type of Contract Joint-venture	Applicable law Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of the production of each field separately (El Hajeb and Guebiba). 	<ul style="list-style-type: none"> • It is not possible to compare the quantities published on the line Ministry's website and ETAP's website or compare any other data published by the producer or analyze it. 	<ul style="list-style-type: none"> • The need to publish the production year on the company's website, as well as production growth year on year as is published on the ministry's website.
<ul style="list-style-type: none"> • Not publishing the amendments to the agreement and partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> • Not knowing the partners' obligations and ensuring that they are complying with them during the production phase. 	<ul style="list-style-type: none"> • Publish the amendments to the agreement and partnership contract for the permit.
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Kairouan Nord	Sidi Kilani	204	CTKCP		1989
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
1991	1992	Production	86	25/12/1992	24/12/2022
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract	Applicable law	
ETAP 50% KUFPEC22,5% CNPCIT 22,5%	Company's website: 646 Barrels/day 94 Million ft3 Gas Ministry 2016: 692 Barrels/day		Joint-venture	Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Publishing wrong data on production on ETAP's website, as the field production of gas cannot be 94 million cubic feet because the field mainly produces oil with very small quantities of gas. 	<ul style="list-style-type: none"> Providing erroneous data on production and misleading public opinion. 	<ul style="list-style-type: none"> Correct data on production on ETAP's website.
<ul style="list-style-type: none"> Not publishing the amendments to the agreement and partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> Not knowing the partners' obligations and ensuring that they are complied with during the production phase. 	<ul style="list-style-type: none"> Publish the amendments to the agreement and partnership contract for the permit.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Jenein Nord	Chorouq	756	OMV		2007
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
2007	2008	Production	34	25/04/2008	24/04/2038
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: 4 000		Type of Contract	Applicable law
ETAP 50% OMV 50%	Ministry 2016: 912 Barrels/day 334 Ktep-Pci			Joint-venture	Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Publication of the average daily production of Gas from the South (El Borma, Oued Zar, Djebel Grouz, Adam, Couech Essaida, Chorouq, Dora, Anaguid Est) 	<ul style="list-style-type: none"> Failure to know the share of each field and that the field reached the minimum economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> Publication of a detailed daily gas production per field and declaration of minimum commercial production
<ul style="list-style-type: none"> The surface area of the concession of 756 km² (A huge surface area for a concession) exceeds the exploration area. 	<ul style="list-style-type: none"> It is possible to drill exploration wells within the concession without any work obligations and without defining a period for explorations contrary to the common practice in exploration permits in areas outside the field boundaries. 	<ul style="list-style-type: none"> Not allowing the concession area to go beyond the exploration area as stipulated in the law.
<ul style="list-style-type: none"> Non-publication of the partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> Not knowing the partners' obligations and ensuring that they are complied with during the production phase. 	<ul style="list-style-type: none"> Publish the partnership contract of the permit that make it possible to confirm that the partners comply with their contractual obligations.
<ul style="list-style-type: none"> Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> Providing incorrect data productions quality 	<ul style="list-style-type: none"> Updating the daily production quality published in the ministry's website and ETAP's website.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Jebel Oust	Utique	168	ETAP		1992
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
2007	2001	Production	14	16/02/2001	15/02/2031
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract		Applicable law
ETAP 100%	Company's website: 100 (C02) Ministry 2016: -		Joint-venture		Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)

PERMIT Hammamet Grands Fonds	Exploration concession Byrsa	Surface area of the concession 220	OPERATOR TOP ENERGY	Date of Discovery -
Date of commencement of production -	Date of creation / establishment 1980	Status of the Concession Evaluation	N° Date of Publication in JORT 57 31/10/1980	Concession Expiry Date 31/12/2029
Owners of the Exploration Concession and production share ETAP 20% TOP ENERGY 80%	Daily Average Production Company's website: - Ministry 2016: -		Type of Contract Joint-venture	Applicable law Special Conventions

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The field is in a evaluation stage since 1980 and production has not started to date. 	<ul style="list-style-type: none"> it is not possible to continue exploration for hydrocarbons in this field and it remains outside the free/open acreage. 	<ul style="list-style-type: none"> Publication of the feasibility study of the field and present it to independent experts to confirm that the investor cannot develop it or that the price of the barrel is not sufficient to cover costs. If development is not feasible/possible, return the field to free/open acreage.
<ul style="list-style-type: none"> The concession's expiry date should be 31/12/2029, as published on the Ministry's website since the concession is valid for fifty years starting from 01/01/1980, knowing that the creation date precedes the publication. 	<ul style="list-style-type: none"> Granting the concession owner an additional year to exploit the concession. 	<ul style="list-style-type: none"> Creation must should be the same as the date of publication. The creation date shall be published on the Ministry's website in a special sperate square in case the creation date is different from the publication date. Correct the mistake on the Ministry's website.



Observations	Risks	Recommendations
<ul style="list-style-type: none">• Non-publication of the partnership contract for the expired permit, which led to the production concession.	<ul style="list-style-type: none">• Not knowing the partners' obligations and ensuring that they are complied with during the production phase.	<ul style="list-style-type: none">• Publish the amendments to the agreement and the production contract of the permit.

PERMIT Hammamet Grands Fonds	Exploration concession Oudna	Surface area of the concession 420	OPERATOR LUNDEN	Date of Discovery 1978
Date of commencement of production 2006	Date of creation / establishment 1989	Status of the Concession Inactive / suspended	N° Date of Publication in JORT 55 23/08/1988	Concession Expiry Date 31/12/2018
Owners of the Exploration Concession and production share ETAP 20% LUNDIN 40% ATLANTIS 40%	Daily Average Production Company's website: - Ministry 2016: -		Type of Contract Joint-venture	Applicable law Under Old Law of 1985

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of the partnership contract for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> • Not knowing the partners' obligations and ensuring that they are complied with during the production phase. 	<ul style="list-style-type: none"> • Publishing the amendments to the agreements and production contract of the permit will make it possible to confirm with the partners fulfill their contractual obligations as royalty rate and taxes on profits amount.
<ul style="list-style-type: none"> • The State lost the case against the Swedish company LUNDIN, in international arbitration and was fined with 20 million TND according to press reports despite that production has stopped a long time ago. https://www.italaw.com/cases/2268 • Failure to prepare a good casefile for international arbitration. 	<ul style="list-style-type: none"> • It is not possible to invest in this field. • The State incurs financial losses because it paid fines resulting from losing the arbitration case, especially that the concession is currently inactive. 	<ul style="list-style-type: none"> • Investigate the reason behind losing the arbitration case and hold those who cause it liable, with an emphasis on the expiration of the field.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> The field is suspended, which is a status not stated in the law regulating the concession. 	<ul style="list-style-type: none"> Lack of clarity concerning the legal status of the concession (will it be exploited again or relinquished to free/open acreage/ returned to its original state). 	<ul style="list-style-type: none"> Clarification of the status of the concession (in production or abandonment in which case it will be returned to the free/open acreage)

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Grombalia	Beli	44	MARETAP		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1992	Inactive / suspended	62	18/09/1992	17/09/2022
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: - Ministry 2016: -		Type of Contract	Applicable law
ETAP 50% ECUMED 50%				Joint-venture	Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Failure to confirm that the operator secured savings sums in order to restore the exploitation site according to articles 118 to 123 of the Hydrocarbon Code, especially that the concession is currently suspended. 	<ul style="list-style-type: none"> It is possible that the production site is not reverted back to its original state (an arable land), which can lead to serious environmental repercussions. 	<ul style="list-style-type: none"> Oblige the operator to secure the necessary sums to bring the production site back to its original state.
<ul style="list-style-type: none"> Not publishing the partnership contract and concluded agreements when forming the joint-venture for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> Not knowing the partners' obligations and ensuring that they are complied with during the production phase. 	<ul style="list-style-type: none"> Publish the partnership contract and concluded agreements when forming the joint-venture of the permit.
<ul style="list-style-type: none"> The field of hydrocarbon concession is suspended, which is a status not stated in the law regulating the concession. 	<ul style="list-style-type: none"> Lack of clarity concerning the legal status of the concession (will it be exploited again or relinquished to free acreage or returned to its original state). 	<ul style="list-style-type: none"> Clarifying the concession status whether it is in state of production, abandonment or returned to free/open acreage.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Grombalia	El Menzah	28	ECUMED		1989
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2000	Inactive / suspended	95	28/11/2000	27/12/2030
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: - Ministry 2016: -		Type of Contract	Applicable law
EXXOIL 25% ECUMED 75%				Joint-venture	Subject to Article 2 of the Hydrocarbon Code (Decree by the Minister of Industry dated 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Failure to confirm that the operator secured abandonment sums in order to restore the exploitation site according to articles 118 to 123 of the Hydrocarbon Code, especially that the concession is currently suspended. 	<ul style="list-style-type: none"> Not reverting the production site back to its original state (an arable land), which can have serious environmental repercussions. 	<ul style="list-style-type: none"> Oblige the operator to secure the necessary sums to bring the production site back to its original state.
<ul style="list-style-type: none"> ETAP was not involved in the El Menzah concession even though it has the right to engage in any exploration according to the agreement terms. 	<ul style="list-style-type: none"> ETAP and the State lose significant profits as they are partners. 	<ul style="list-style-type: none"> Independent experts shall conduct an economic feasibility study on the non-involvement of ETAP in this concession before ratifying the report made by the working team composed of ETAP staff.
<ul style="list-style-type: none"> Non-publication of the economic feasibility study based on which the decision of ETAP not being involved was taken. 	<ul style="list-style-type: none"> Failure to know whether this decision is valid, which can lead to major losses for the State and ETAP. 	<ul style="list-style-type: none"> Publish the study on the involvement or non-involvement of ETAP in the production concessions and present it to international or Tunisian independent experts.

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The Ministry's website published an erroneous date of the JORT stipulating the creation of the concession (28/12/2000 instead of 28/11/2000) 	<ul style="list-style-type: none"> Providing inaccurate data on the concession expiry date. 	<ul style="list-style-type: none"> Correct the mistake on the Ministry's website.
<ul style="list-style-type: none"> Not publishing the partnership contract and concluded agreements when forming the joint-venture for the expired permit, which led to the production concession. 	<ul style="list-style-type: none"> Not knowing the partners' obligations and ensuring that they are complied with during the production phase. 	<ul style="list-style-type: none"> Publish the partnership contract and concluded agreements when forming the joint-venture of the permit.
<ul style="list-style-type: none"> The Hydrocarbon Code did not stipulate the suspended status of the exploitation concession. 	<ul style="list-style-type: none"> Lack of clarity concerning the legal status of the concession (will it be exploited again or relinquished to free/open acreage or returned to its original state). 	<ul style="list-style-type: none"> Clarifying the concession status whether it is in state of production, abandonment or returned to free/open acreage.



PERMIT Golfe de Gabès	Exploration concession ASHTART	Surface area of the concession 380	OPERATOR SEREPT	Date of Discovery 1971
Date of commencement of production 1974	Date of creation / establishment 1974	Status of the Concession Production	N° Date of Publication in JORT 26 10/07/1973	Concession Expiry Date 31/12/2023
Owners of the Exploration Concession and production share ETAP 50% Perenco 50%	Daily Average Production Company's website: 5604 Barrels/day 72 420m³ natural gas Ministry 2016: 5 754 Barrels/day	Type of Contract Partnership	Applicable law Subject to article 2 of the Hydrocarbons Code	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-adjustment of partner participation rate on the Company and Ministry websites after the complete transfer of shares from O.M.V. Company to PERENCO Company. 	<ul style="list-style-type: none"> • Potential impunity of the actual owner in case of violations. 	<ul style="list-style-type: none"> • Regular update of the Ministry and Company's websites.
<ul style="list-style-type: none"> • Non-publication of the expired concession agreement and its annexes origin of the exploitation concession 	<ul style="list-style-type: none"> • Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> • Publication of the agreement and its annexes.
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT Gabes Jerba Ben Guerdane	Exploration concession EL BIBANE	Surface area of the concession 228	OPERATOR ECUMED	Date of Discovery -
Date of commencement of production -	Date of creation / establishment 1984	Status of the Concession Production	N° Date of Publication in JORT 8 26/01/2007	Concession Expiry Date 25/01/2037
Owners of the Exploration Concession and production share ETAP 50% SHELL 50%	Daily Average Production Company's website: - Ministry 2016: 98 Barrels/day	Type of Contract Partnership	Applicable law Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of the concession's production development agreements. 	<ul style="list-style-type: none"> • Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> • Publication of the concession's production development agreements



PERMIT Gabes Jerba Ben Guerdane	Exploration concession ROBBANA	Surface area of the concession 48	OPERATOR ECUMED	Date of Discovery -
Date of commencement of production -	Date of creation / establishment 2004	Status of the Concession Production	N° Date of Publication in JORT 89 05/11/2004	Concession Expiry Date 04/11/2034
Owners of the Exploration Concession and production share ETAP 50% SHELL 50%	Daily Average Production Company's website: - Ministry 2016: 22 Barrels/day		Type of Contract Partnership	Applicable law Subject to 1985 old laws

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of the concession's production development agreements. 	<ul style="list-style-type: none"> • Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> • Publication of the production development agreements.
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Enfidha	BARAKA	188	ENI Tunisia BV		1998
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
2010	2001	Production	68	24/08/2001	23/08/2031
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
ETAP 51% ENI Tunisia BV 49%	Company's website: 1 500 Barrels/day Ministry 2016: 1 298 Barrels/day 50 liquefied gas			Partnership	Subject to 1985 old laws

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of the joint venture contract for the expired permit origin of the production concession 	<ul style="list-style-type: none"> • Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> • Publication of the joint venture contract relevant to the permit
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Enfidha	MAAMOURA	148	ENI Tunisia BV		1987
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
2009	1991	Production	54	24/08/1990	31/12/2020
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
ETAP 51% ENI Tunisia BV 49%	Company's website: 1 000 Ministry 2016: 716 Barrels/day 3,76 Ktep			Partnership	Subject to 1985 old laws

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of the venture expired permit origin of the production concession. 	<ul style="list-style-type: none"> • Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> • Publication of the Permit Contract
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
El Borma	EL BORMA	792	SITEP		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1968	Production	51	29/11/1968	28/11/2043
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
SITEP 100%	Company's website: - Ministry 2016: 5 131 Barrels/day 334 Ktep			Partnership	Beylical order 1948-1953

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Extension of Exploitation Concession as per the official gazette N ° 68 dated 24 August 2010 for an additional 25 years, although the establishment of the concession states that the maximum duration of the concession is 50 years. 	<ul style="list-style-type: none"> Enabling the investor to renew the concession in violation of the law. Discrimination between investors in terms of granting extra developments The State forfeiting significant revenues for the benefit of the investor. Suspicious of corruption 	<ul style="list-style-type: none"> Termination of the concession on the date legally set or the amendment of the law to determine exceptional cases for concession extension cases. Investigate the persons behind the extension of the concession....



Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Violation of Article 55 of the Beylical Order of 10 January 1953, which states the possibility of extending the privileges of exploitation for up to 25 years, provided that the extension request is submitted 10 years prior to the expiry of the validity period of the concession. Nevertheless, the request was submitted by the Italian-Tunisian Oil Exploitation Company on 2 March 2009 i.e. after the legal deadline of 28 November 2008. 	<ul style="list-style-type: none"> • Violation of laws • Extra exploitation concession granted to the investor (25 years). • State withstanding financial losses. • Suspicion of corruption. 	<ul style="list-style-type: none"> • Investigation of extension background
<ul style="list-style-type: none"> • Publication of the total average daily production of the Southern Gas (El Borma, Oued Zar, Djebel Grouz, Adam, Couech Essaida, Chorouq, Dora, Anaguid Est) 	<ul style="list-style-type: none"> • Failure to know the share of each field and that the field reached the bottom economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> • Publication of a detailed daily gas production per field and declaration of minimum commercial production
<ul style="list-style-type: none"> • The concession's expiry date should be 28/11/2018, as the concession is valid for fifty years starting 29/11/1968, only. 	<ul style="list-style-type: none"> • Violation of laws in case of concession extension 	<ul style="list-style-type: none"> • The need to amend the law to mention exceptional cases where extension is allowed

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Douz	BAGUEL - TARFA	308	PERENCO		1983
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
BAGUEL: 1998 – TARFA: 2000	1988	Production	42	12/06/1987	21/06/2035
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: 1653,6 –90 Barrels/day 21794 – 149565 m³ gas Ministry 2016: 1 508 Barrels/day 9,82 Ktep 146 Ktep-Pci		Type of Contract	Applicable law
ETAP 51% PERENCO 49%				Partnership	Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Publication of the average oil production of FRENIG, BAGUEL and TARFA 	<ul style="list-style-type: none"> • Failure to know the share of each field and that the field reached the bottom economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> • Publication of a daily oil production checker in each field and declaration of minimum commercial production.
<ul style="list-style-type: none"> • Publication of the average gas production of FRENIG, BAGUEL, TARFA and SABRIA 	<ul style="list-style-type: none"> • Failure to know the share of each field and that the field reached the bottom economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> • Publication of a daily gas production checker in each field and declaration of minimum commercial production.
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> • The extension of the concession for a period of 15 years by virtue of law 51/2016 dated 20 July 2016, contrary to Article 9 of Decree 9/1985, stipulating that Exploitation Concession shall be granted for thirty years without reference to the possibility of extension. The Government argued the extension request for the concession is due to the inability of ETAP to exploit the field. In the same period, ETAP acquired all the Permits and Concessions of PA RESOURCES and reiterated its full ability to exploit the fields and concessions, despite the fact that legal issues and technical difficulties posed by these permits and concessions as some fields are at sea. • The House of Representatives voted for the extension of the concession in accordance with law 51/2016 dated 20 July 2016 on the approval of Annex N ° 4 amending the Agreement and its annexes on the hydrocarbons exploration permit known as the DOUZ Permit origin of the Baguel Exploitation concession. Despite the challenge in the constitutionality of this law, the temporary committee to review the constitutionality of bills in its decision N° 2016/07 dated 14 July 2016 rejected the appeal for formal reasons related to the expiration of the appeal period. • Moreover, assuming the possibility of extension, the concession validity extension's request was submitted at the General Office of Energy on 20 September 2011, i.e. after the legal period allowed under Article 55 of the Beylical Order of 10 January 1953, defined as 10 years before the expiration of the Exploitation Concession in 2010. 	<ul style="list-style-type: none"> • The investor earning (significant revenues) without any further development. 	<ul style="list-style-type: none"> • Developing the role of ETAP in order to act as Operator, especially after the expiry of the concession period. • Investigate the real reasons behind the extension of the concession's validity contrary to the legal.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Cap Bon Marin	ZELFA	100	TOPIC		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2004	Evaluation	32	20/04/2004	19/04/2034
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract		Applicable law
ETAP 30% TOPIC 43,75% ATLANTIS 22,75% KLUBZUBA 3,50%	Company's website: -		Partnership		Subject to 1985 old laws, Tax-based Hydrocarbons Code
	Ministry 2016: -				

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Concession in evaluation phase since 2004. Production has not started to date. 	<ul style="list-style-type: none"> Non-development of any field results in a lack of energy production which would contribute to reducing the energy deficit in Tunisia ETAP and the State withstanding financial losses 	<ul style="list-style-type: none"> Publication of the field development feasibility study and presenting it to independent experts to ensure that the investor is unable to develop the field or that the price of the barrel does not allow economic development In case of failure to exploit within two years, the State is entitled to revoke the permit and to exploit the field for its own account



Observations	Risks	Recommendations
<ul style="list-style-type: none"> In accordance with the agreement, ETAP's share would range between 30% and 50% of the total, but the published share on both ETAP and the ministry websites reached 30%, only. 	<ul style="list-style-type: none"> ETAP potentially forfeiting a part of its profits before production. 	<ul style="list-style-type: none"> Conducting an economic feasibility study on the participation of ETAP in this concession, by independent experts, before the approval of the report drafted by an ETAP Cadre work team in case of exploitation of the field and setting ETAP shares.
<ul style="list-style-type: none"> Non-publication of the contract of the expired joint venture origin of the production concession 	<ul style="list-style-type: none"> Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> Publication of the Permit's joint venture contract

PERMIT Cap Bon Golfe de Hammamet	Exploration concession COSMOS	Surface area of the concession 440	OPERATOR MEDCO	Date of Discovery -
Date of commencement of production -	Date of creation / establishment 1986	Status of the Concession Evaluation	N° Date of Publication in JORT 56 30/07/1985	Concession Expiry Date 31/12/2035
Owners of the Exploration Concession and production share ETAP 20% MEDCO 80%	Daily Average Production Company's website: - Ministry 2016: -	Type of Contract Partnership	Applicable law 1985 Law	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Field in evaluation phase since 1985. Production has not started to date. 	<ul style="list-style-type: none"> Loss of energy production that could contribute to bridging the energy deficit in Tunisia and to providing financial resources for the State. 	<ul style="list-style-type: none"> Publication of the field development feasibility study and presenting it to independent experts to ensure that the investor is unable to develop the field or that the price of the barrel does not allow economic development In case of failure to exploit within two years, the State is entitled to revoke the permit and to exploit the field for its own account
<ul style="list-style-type: none"> Non-publication of amendment 1 of the agreement and of the expired joint venture's contract; originating the production concession. 	<ul style="list-style-type: none"> Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> Publish the Permit's amendment number 1 and the joint venture's contract.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Cap Bon Golfe de Hammamet	YASMINE	96	MEDCO		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1991	Evaluation	49	24/07/1990	31/12/2010
Owners of the Exploration Concession and production share	Daily Average Production		Company's website: -		Type of Contract
MEDCO 100%			Ministry 2016: -		Partnership
					Applicable law
					Subject to the old laws of 1985

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Field in evaluation since 1990. Production has not started to date. 	<ul style="list-style-type: none"> Lack of energy production that could contribute to reducing the energy deficit in Tunisia. The State withstanding loss of financial revenues. 	<ul style="list-style-type: none"> Publication of the field development feasibility study and presenting it to independent experts to ensure that the investor is unable to develop the field or that the price of the barrel does not allow economic development In case of failure to exploit within two years, the State is entitled to revoke the permit and to exploit the field for its own account
<ul style="list-style-type: none"> Non-participation of ETAP in the Yasmine Concession despite its eligibility to hold 20% in any discovery according to amendment 2 of the agreement. 	<ul style="list-style-type: none"> Inability to know the reasons behind the non-participation of ETAP. Potential financial losses for both ETAP and the State as a result of their non-participation. 	<ul style="list-style-type: none"> Publication of any study on the participation or non-participation of ETAP in the production rights and review by independent international or Tunisian experts before taking any decision. The study shall not precede the production start date to avoid the fluctuation of economic data and hydrocarbons price
<ul style="list-style-type: none"> Non-publication of amendment 1 of the agreement and of the expired joint venture's contract originating the production concession. 	<ul style="list-style-type: none"> Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> Publication of amendment 1 of the agreement and of the joint venture's contract.

PERMIT Cap Bon Golfe de Hammamet	Exploration concession ZINNIA	Surface area of the concession 725	OPERATOR WINSTAR	Date of Discovery -
Date of commencement of production -	Date of creation / establishment 1991	Status of the Concession Suspended	N° Date of Publication in JORT 76 23/11/1990	Concession Expiry Date 31/12/2020
Owners of the Exploration Concession and production share WINSTAR 100%	Daily Average Production	Company's website: - Ministry 2016: -		Type of Contract partnership
				Applicable law Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-participation of ETAP in the Zinnia Concession despite its eligibility to hold 20% according to amendment 2 of the agreement. • Non-publication of the economic feasibility study justifying the non-participation of ETAP. 	<ul style="list-style-type: none"> • ETAP and the State suffering legal losses as partners. • ETAP and the State withstanding financial losses 	<ul style="list-style-type: none"> • Conducting an economic feasibility study on the participation of ETAP in any concession, by independent experts, at the production start date to avoid the fluctuation of economic data and hydrocarbons prices before the approval of the report drafted by an ETAP Cadre work team. • Publication of any study on the participation or non-participation of ETAP in the production rights and review by independent international or Tunisian experts before taking any decision.



Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-mentioning of suspension of production and exploitation in the legal texts regulating the concession and the securing of abandonment fees. 	<ul style="list-style-type: none"> • Ambiguity of the laws in application for the concession. • Inability to accept new offers to exploit the concession. • Financial losses arising from the non-exploitation of the concession. • Potential impunity of the company in case of abandonment with the lack of relevant guarantees and non-compensation in case of environmental disasters in the region. 	<ul style="list-style-type: none"> • Clarification of the status of the concession (in production or abandonment in which case it will be returned to the free/open acreage) • Publication of data on securing abandonment fees.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Cap Bon	BENI KHALED	60	EXXOIL		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2001	Production	38	11/05/2001	10/05/2031
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: -		Type of Contract	Applicable law
EXXOIL 70% CIRCLE OIL 30%		Ministry 2016: 32 Barrels/day		Partnership	Hydrocarbons Code 1999 (Decree of the Minister of Industry dated 12 December 2000)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-participation of ETAP and the State in Beni Khaled 	<ul style="list-style-type: none"> • ETAP and the State withstanding legal losses as partners; 	<ul style="list-style-type: none"> • Conducting an economic feasibility study on the participation of ETAP in this concession, by independent experts, before the approval of the report drafted by an ETAP Cadre work team.
<ul style="list-style-type: none"> • Non-publication of the feasibility study justifying the non-participation of ETAP. 	<ul style="list-style-type: none"> • Non-publication of the feasibility study on the non-participation of ETAP, the validity of the decision that could cost significant losses for ETAP and the State cannot be assessed; 	<ul style="list-style-type: none"> • Publication of any study on the participation or non-participation of ETAP in the production rights and review by independent international or Tunisian experts before taking decisions.
<ul style="list-style-type: none"> • Non-publication of the permit's joint venture contract originating the production concession. 	<ul style="list-style-type: none"> • Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> • Publication of the permit's joint venture contract



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Bir Aouine	SANHAR	144	WINSTAR		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1992	Production	44	18/06/1991	31/12/2021
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: -		Type of Contract	Applicable law
WINSTAR 100%		Ministry 2016: 12		Partnership	Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-participation of ETAP in the Sanhar field, despite being eligible to hold shares. It is worth noting that ETAP's percentage is unknown, as the pages were not published in the agreement. 	<ul style="list-style-type: none"> • ETAP and the State withstanding financial losses as partners; 	<ul style="list-style-type: none"> • Conducting an economic feasibility study on the non-participation of ETAP in this concession, by independent experts, before the approval of the report drafted by an ETAP Cadre work team.
<ul style="list-style-type: none"> • Non-publication of the feasibility study behind the non-participation of ETAP 	<ul style="list-style-type: none"> • Inability to determine if financial losses resulted from the decision for ETAP and the State not to participate • Potential financial losses because of the non-participation. 	<ul style="list-style-type: none"> • Publication of any study on the participation or non-participation of ETAP in the production rights and review by independent international or Tunisian experts before taking decisions.
<ul style="list-style-type: none"> • Partial publication on the agreement (pages 12 to 13b are missing) 	<ul style="list-style-type: none"> • Lack of knowledge of some articles of the agreement. 	<ul style="list-style-type: none"> • Publication of the entire contract
<ul style="list-style-type: none"> • Non-publication of the expired joint venture originating the production concession. 	<ul style="list-style-type: none"> • Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> • Publication of the Permit's joint venture contract

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Bir Aouine	DJEBEL GROUZ	144	ENI Tunisia BV		1981
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
2005	1991	Production	87	04/11/1994	31/12/2037
Owners of the Exploration Concession and production share	Daily Average Production			Type of Contract	Applicable law
ETAP 50% ENI Tunisia BV 50%	Company's website: 200 Barrels/day Ministry 2016: 221 Barrels/day 334 Ktep-Pci			Partnership	Subject to the old laws of 1985

Observations	Risks	Recommendations
<ul style="list-style-type: none"> The concession is valid for 30 years starting from 01/01/1991 not 1994 as mentioned on the Ministry's website, i.e. 3 years prior to the publication. 	<ul style="list-style-type: none"> Application of different tax rules during the production phase that are different from the taxes during the exploration permit. 	<ul style="list-style-type: none"> The establishment date should be the same as the date of publication, otherwise it must be mentioned in a separate case in the Ministry's website
<ul style="list-style-type: none"> Publication of the average total daily production of the Southern Gas (El Borma, Oued Zar, Djebel Grouz, Adam, Chouech Essaida, Chourouq, Dora, Anaguid Est) 	<ul style="list-style-type: none"> Failure to know the share of each field and that the field reached the bottom economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> Publication of a detailed daily gas production per field and declaration of minimum commercial production
<ul style="list-style-type: none"> Non-publication of the expired joint venture originating the production concession. 	<ul style="list-style-type: none"> Inability to know the commitments of partners and the respect thereof during the production phase. 	<ul style="list-style-type: none"> Publication of the joint venture contract



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Kebili	SABRIA	104	WINSTAR		1978
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
1998	1998	Production	95	27/11/1998	26/11/2028
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: 1 047 Barrels/day 72 000 m³ gas		Type of Contract	Applicable law
ETAP 55% WINSTAR 45%		Ministry 2016: 935 Barrels/day 146 Ktep-Pci		Partnership	Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Publication of the average total daily gas production of Franig, Baguel, Ttarfa, Sabria fields 	<ul style="list-style-type: none"> • Failure to know the share of each field and that the field reached the bottom economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> • Publication of a detailed daily gas production per field and declaration of minimum commercial production
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Permis du Sud	CHOUECH ESSAIDA	212	WINSTAR		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1978	Production	6	21/01/1977	31/12/2027
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: -		Type of Contract	Applicable law
WINSTAR 100%	Ministry 2016: 1 605 Barrels/day 334 Ktep			Partnership	Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Publication of the average total daily production of the Southern Gas (El Borma, Oued Zar, Djebel Grouz, Adam, Chouech Essaida, Chourouq, Dora, Anaguid est) 	<ul style="list-style-type: none"> Failure to know the share of each field and that the field reached the bottom economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> Publication of a detailed daily gas production by field and declaration of minimum commercial production
<ul style="list-style-type: none"> Non-participation of ETAP in the concession despite its eligibility to participate in any discovery per the agreement article. 	<ul style="list-style-type: none"> ETAP and the State withstanding significant losses as partners. 	<ul style="list-style-type: none"> Conducting an economic feasibility study on the non-participation of ETAP in this concession, by independent experts, before the approval of the report drafted by an ETAP Cadre work team.
<ul style="list-style-type: none"> According to Article 6 of the 1975 Agreement on the Southern Permit, the State shall have the right to hold 50% of shares in the concession via a company created by the State, when the total production reaches 6.5 million barrels in the Choueche Essaida concession. However, it is not possible to determine the State's participation due to the lack of data on the field's total production since its entry into production. 	<ul style="list-style-type: none"> Inability to confirm the total production threshold could result in financial losses withstood by the State because of its non-participation 	<ul style="list-style-type: none"> Publication of data on total field production since it came into production. Retroactive Application of the agreement if the production limit is met and move towards a joint venture operator, per the 1975 agreement provisions.

PERMIT Permis du Sud	Exploration concession MAKHROUGA	Surface area of the concession 576	OPERATOR SODEPS	Date of Discovery 1983
Date of commencement of production 1983	Date of creation / establishment 1982	Status of the Concession Production	N° Date of Publication in JORT 6 03/02/1981	Concession Expiry Date 31/12/2031
Owners of the Exploration Concession and production share ENI Tunisia BV 50% ETAP 50%	Daily Average Production Company's website: 24.6 million barrels Ministry 2016: 1 231 Barrels/day	Type of Contract Partnership	Applicable law Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> According to ETAP's website, the concession establishment date is 1982, i.e. prior to the discovery date. 	<ul style="list-style-type: none"> Potential misleading of several parties 	<ul style="list-style-type: none"> Adjust the discovery date on ETAP's website
<ul style="list-style-type: none"> Publication of wrong date on daily production which reached 24,6 million barrels as shown on ETAP website 	<ul style="list-style-type: none"> Potential miscalculation of the field's production based on wrong data. 	<ul style="list-style-type: none"> Correct the field's daily production quantity on ETAP's website
<ul style="list-style-type: none"> Publication of the average daily production of Makhrouga, Laarich and Debbech on the Ministry's website. 	<ul style="list-style-type: none"> Failure to know the share of each field and if the field reached the bottom economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> Publication of a detailed daily production per field and declaration of minimum commercial production on the ministry's website
<ul style="list-style-type: none"> Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> Providing incorrect data productions quality 	<ul style="list-style-type: none"> Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Permis du Sud	LAARICH	388	Shell		1979
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
1983	1982	Production	19	24/03/1981	31/12/2031
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract	Applicable law	
ENI Tunisia BV 50% ETAP 50%	Company's website: 7.8 million barrels Ministry 2016: 1 231 Barrels/day		Partnership	Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Publication of wrong date on daily production which reached 7,8 million barrels as shown on ETAP website 	<ul style="list-style-type: none"> • Miscalculation of the field's production based on wrong data. 	<ul style="list-style-type: none"> • Correct the field's daily production quantity on ETAP's website
<ul style="list-style-type: none"> • Publication of the average daily production of Makhrouga, Laarich and Debbech on the Ministry's website. 	<ul style="list-style-type: none"> • Failure to know the share of each field and if the field reached the bottom economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> • Publication of a detailed daily production per field and declaration of minimum commercial production on the ministry's website
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Permis du Sud	DEBBECH	316	SODEPS		1980
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
1980	1982	Production	6	03/02/1981	31/12/2031
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract	Applicable law	
ENI Tunisia BV 50% ETAP 50%	Company's website: 0.71 million barrels Ministry 2016: 1 231 Barrels/day		Partnership	Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Publication of wrong data: 0,71 million barrels per day on ETAP's website 	<ul style="list-style-type: none"> • Inability to calculate the correct total production of the field 	<ul style="list-style-type: none"> • Correct the daily production quality on ETAP's website to reflect real production
<ul style="list-style-type: none"> • Publication of the average daily production of Makhrouga, Laarich and Debbech. Publication of data per field on the Ministry's website 	<ul style="list-style-type: none"> • Failure to know the share of each field and that the field reached the bottom economic feasibility to halt production, even temporarily, due to the non-publication of production amounts. 	<ul style="list-style-type: none"> • Publication of a detailed daily production by field and declaration of minimum commercial production
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Permis du Sud	ECHOUECH	136	WINSTAR		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	1992	Production	36	09/06/1992	08/06/2022
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: -		Type of Contract	Applicable law
WINSTAR 100%		Ministry 2016: -		Partnership	
Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)					

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Production quantity not shared on the company and Ministry's websites 	<ul style="list-style-type: none"> Inability to determine the correct total production of the field and the State's share 	<ul style="list-style-type: none"> Publication of the total quantity of production on the Company and Ministry websites



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Permis du Sud	OUED ZAR	96	ENI Tunisia BV		1980
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
1996	1992	Production	55	21/08/1992	20/08/2022
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: 1844 Barrels/day 77 000 m ³ gas		Type of Contract	Applicable law
ETAP 50% ENI Tunisia BV 50%		Ministry 2016: 1 911 Barrels/day 334 Ktep		Partnership	Subject to article 2 of the Hydrocarbons Code (Minister of Industry's Decree of 14 February 2002)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Publication of the total average daily production of the Southern Gas (El Borma, Oued Zar, Djebel Grouz, Adam, Couech Essaida, Chorouq, Dora, Anaguid Est) 	<ul style="list-style-type: none"> • Failure to know the share of each field and that the field reached the bottom economic feasibility to halt production, even temporarily. 	<ul style="list-style-type: none"> • Publication of a detailed daily gas production by field and declaration of minimum commercial production
<ul style="list-style-type: none"> • Average production data provided on ETAP's website is different than production data published on the ministry's website. 	<ul style="list-style-type: none"> • Providing incorrect data productions quality 	<ul style="list-style-type: none"> • Updating the daily production quality published in the ministry's website and ETAP's website.

PERMIT Marin Golfe de Hammamet	Exploration concession HALK EL MANZEL	Surface area of the concession 560	OPERATOR TOPIC	Date of Discovery -
Date of commencement of production -	Date of creation / establishment 1979	Status of the Concession Development	N° Date of Publication in JORT 8 30/01/1979	Concession Expiry Date 31/12/2028
Owners of the Exploration Concession and production share TOPIC 100%	Daily Average Production Company's website: - Ministry 2016: -	Type of Contract Partnership	Applicable law Hydrocarbons Code 1999 (Decree of the Minister of Industry dated 12 December 2000)	

Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-publication of all agreements relevant to the research permit since its granting. • Production has not started to date, despite the field being in development phase since 2008 	<ul style="list-style-type: none"> • Inability to know the ETAP's share in the Concession • Non-development of the field and non-entry into production results in a lack of energy production which would contribute to reducing the energy deficit in Tunisia • Loss of financial earnings by the State 	<ul style="list-style-type: none"> • Publication of all agreements relevant to the Permit. • Publication of the field development feasibility study and presenting it to independent experts to ensure that the investor is unable to develop the field or that the price of the barrel does not allow economic development • In case of failure to exploit within two years, the State is entitled to revoke the permit and to exploit the field for its own account



Observations	Risks	Recommendations
<ul style="list-style-type: none"> • Non-participation of ETAP in the HALK EL MANZEL Field 	<ul style="list-style-type: none"> • Financial Losses withstood by ETAP and the State as partners 	<ul style="list-style-type: none"> • Review the economic feasibility of the participation of ETAP in this concession by independent experts before the approval of the report drafted by an ETAP Cadre work team.
<ul style="list-style-type: none"> • Non-Publication of the economic feasibility study justifying the non-participation of ETAP. 	<ul style="list-style-type: none"> • Inability to determine whether this decision resulted in financial losses to the State and ETAP • Possible financial losses due to non-participation 	<ul style="list-style-type: none"> • Publication of any study on the participation or non-participation of ETAP in the production rights and review by independent international or Tunisian experts before taking a decision.
<ul style="list-style-type: none"> • Several problems exist on the duration of the concession, as the concession was established in 1979 and was subject to the Beylical order of 1953 and the duration of the concession was of 50 years at that time. • In 2001, the owners of the Halk El Manzel concession (Preussag, which was later transferred to OMV and then transferred in 2006 to the Tunisian company TOPIC), elected to benefit from the provisions of the 1999 Hydrocarbons Code, which states in Article 48.2 that the exploitation concession should not exceed 30 years. • The issue regarding the duration of the concession was brought to light, specifically in 2006, whether it should be 30 or 50 years, especially since the remaining time to develop the field was not enough for the new investor. It is worth noting that this file was recently the center of attention due to suspicions of misconduct and an administrative investigation was opened. 	<ul style="list-style-type: none"> • Ambiguity of the concession's legal status and its duration. • Ambiguity of investments in the field especially investments undertaken by the investor after 2009. 	<ul style="list-style-type: none"> • Publication of consultations taking place with the Advisory Committee on hydrocarbons and the Presidency of the Government on the duration of the concession. • Adopting a clear legal position on the duration of the concession and consultation of the Administrative Court in this regard and publication of the court's opinion. • Publication of the findings of the administrative investigation. • Updating the position of ETAP regarding the option of participating in the concession due to the length of development (since 1979) and the change of economic data, especially hydrocarbons prices.

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Jenein Nord	JINANE	16	OMV		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2017	Development	43	30/05/2017	29/05/2047
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract	Applicable law	
ETAP 50% OMV 50%	Company's website: - Ministry 2016: -		Partnership	Hydrocarbons Code 1999 (Decree of the Minister of Industry dated 12 December 2000)	



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Nord Médenine	MAZRANE	24	ETAP		2003
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2017	Development	17	28/02/2017	27/02/2047
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: -		Type of Contract	Applicable law
ETAP CPP% HBS		Ministry 2016: -		Partnership	Subject to the 1985 old laws to be checked
Observations		Risks		Recommendations	
<ul style="list-style-type: none"> Field in Development phase since 2003. Production has not started to date. 		<ul style="list-style-type: none"> Corruption suspicions 		<ul style="list-style-type: none"> the State can revoke the permit 	

PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Zaafrane	GHRIB	120	Mazarine		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2016	Development	73	06/09/2016	05/09/2046
Owners of the Exploration Concession and production share	Daily Average Production		Type of Contract		Applicable law
ETAP 50% Mazarine 45% Bizerte Energy 5%	Company's website: - Ministry 2016: -		Partnership		Hydrocarbons Code 1999 (Decree of the Minister of Industry dated 12 December 2000)

Observations	Risks	Recommendations
<ul style="list-style-type: none"> Failure to enforce the partnership contract on how to operate the field according to the partnership contract. The development in the first stage is ensured by a joint team between ETAP and the company and then by a joint company 	<ul style="list-style-type: none"> Non-participation of ETAP despite ownership of the majority of shares Financial losses withstood by ETAP 	<ul style="list-style-type: none"> In the first phase, development shall be undertaken by a joint work team from ETAP and the Company and a joint venture shall be established as soon as possible
<ul style="list-style-type: none"> Non-modification of the data on ETAP and Company sites following the transfer of all MEDEX shares to Bizerte Energy in accordance with the decision of the Minister of Energy on 27 September 2017. 	<ul style="list-style-type: none"> Lack of knowledge of the actual owners of shares to determine responsibilities 	<ul style="list-style-type: none"> Adjust the actual partner's name on the ministry's website



PERMIT	Exploration concession	Surface area of the concession	OPERATOR		Date of Discovery
Anaguid	SONDES	16	ETAP		-
Date of commencement of production	Date of creation / establishment	Status of the Concession	N°	Date of Publication in JORT	Concession Expiry Date
-	2017	Development	83	17/10/2017	16/10/2047
Owners of the Exploration Concession and production share	Daily Average Production	Company's website: -		Type of Contract	Applicable law
ETAP 50% Thani Tunisia Anaguid 10%	Ministry 2016: 28 Barrels/day			Partnership	1999 Hydrocarbons Code (Decree of the Minister of Industry dated 12 December 2000)
Observations		Risks		Recommendations	
<ul style="list-style-type: none"> Failure to enforce the partnership contract regarding the establishment of a joint venture company in charge of developing the field within six months of the concession establishment request. 		<ul style="list-style-type: none"> Violation of the partnership contract Non-participation of ETAP despite ownership of the majority of shares Financial losses withstood by ETAP 		<ul style="list-style-type: none"> Create a joint venture as soon as possible 	



Oil Taxation

Multiple taxation regimes and missing information/data



The analysis of the tax situation of hydrocarbons assets and licenses was made based on the following documents:

- Study of the taxation aspect of hydrocarbon contracts;
- Consultation with experts in the field of oil and hydrocarbons taxation;
- Drafting a partial report about compliance of hydrocarbons contracts with laws and regulations in force.

It should be noted that it was also reported that what external Tax elements were actually rejected and applied in view of the lack of data tax revenues for each field.

1 | Presentation of tax systems regulating hydrocarbons licenses

Hydrocarbons licenses in Tunisia are subject to three main tax systems summarized below:

► **Special agreements system** based on the following legal texts:

- Beylical Decree issued on December 13, 1948;
- Beylical Decree issued on January 1, 1953;
- Law No. 36-1958 amending Beylical Decree issued on December 13, 1948.

The special agreements system includes:

- Exploitation concessions launched and developed before the application of Decree No. 9-1985 dated September 14, 1985
- Exploitation and drilling permits granted before the application of Decree No. 9-1985 dated September 14, 1985
- Exploitation and drilling permits granted before the application of Decree No. 9-1985 dated September 14, 1985, not using the right to choose Decree No. 9-1985 (see decree of the Minister of Energy dated January 5, 1985 including a list of exploration and prospecting permits who chose to apply the provisions of Decree No. 9-1985;

► **Decree No. 9-1985** dated September 14, 1985 adopted by Law n.93/1985 dated November 22, 1985, amended by Law No. 9-1987 dated March 6, 1987, complemented by Law n.56/1990 dated June 18, 1990, on the exploration of liquid and gaseous hydrocarbons.

- Provisions of this decree apply to:
- Hydrocarbon permits launched or developed after the application of Decree No. 9-1985;
- Exploration and prospecting permits choosing to benefit from provisions of Decree No. 9-1985 subject of ministerial decree dated January 5, 1987

► **The Hydrocarbon Code issued** by Law No 93-1999 and its amending texts applied to:

- Hydrocarbons concessions launched after the application of the Code on February 15, 2000;
- Hydrocarbons concessions: exploration and prospecting permits, and non-developed exploitation concessions, launched before the application of the

Code, which were authorized to benefit from provisions of the Code based on article 3 of Law n.93/1999 and decree of the Minister of Trade dated December 12, 2000 defining the list of permits and concessions authorized to benefit from the provisions of the Hydrocarbon Code.

- We note that article 2 of Law n.93/1999 provided exploitation concessions launched or developed before the application of the Hydrocarbons Code with the right to benefit from some provisions of the Code related to:
 - Constitute an abandonment reserve and restore the exploitation site to its initial condition;
 - Royalties on customs services;
 - Set up a reserve for reinvestment;
 - Provide exploitation concession holders with power production contracts;
 - A decree was issued by the Minister of Industry on February 14, 2002 including a list of exploitation concessions authorized to benefit from the provisions of Article 2 of Law 93/1999.



2| State Revenues from the Hydrocarbon sector

Revenues generated by the State from concessions mainly include the following royalties:

- A production share ranging between 2% and 15% for natural gas;
- Corporate tax: 50% to 70% for oil and 50% to 65% for natural gas;
- Supply of the local market: 20% of the oil production is purchased at preferential rates, 10% less than market price;
- Company profits: State revenues generated by ETAP's participation in concessions;
- Other taxes and duties/fees on construction, land, contract registration fees, etc. ...

3| Classification of exploitation concessions by taxation system

Based on the above, operation concessions were inventoried and ranked according to their taxation system and are shown in the following table:

Exploitation Concession	Date of the Creation Decree	Hydrocarbon Code System	Decree No9 of 1985 System	Beylical Order System (1948/1953-)
Ghrib	27/06/2016	●		
Anaguid East	03/09/2014	●		
Dora	24/03/2011	●		
Nawara	20/02/2010	●		
RAs Bich	03/09/2008	●		
Shourouk	19/04/2008	●		
Bir Ben Tartar	25/10/2011	●		
Sadrabal	18/01/2007		●	
South Sersina	27/10/2004	●		
Robana	27/10/2004		●	
Jinan	30/05/2017	●		
Sondes	17/10/2017	●		
Mazran	28/02/2017		●	

Exploitation Concession	Date of the Creation Decree	Hydrocarbon Code System	Decree No9 of 1985 System	Beylical Order System (1948/1953-)
Miskar	22/05/1992		●	
Sanghar	27/05/1991		●	
Ziana	25/12/1990		●	
Mamoura	07/08/1990		●	
Yasmine	13/07/1990		●	
Zawia	16/03/1989		●	
Sidi Kilani	25/12/1992		●	
Guermda	26/07/1988		●	
Ouedna	26/07/1988		●	
Mahres	31/05/1988		●	
Baguel	03/06/1987		●	
Kosmos	30/07/1983			●
AL-Hajeb	24/05/1983			●
Fernena	24/05/1983/		●	
Bayen	14/04/1983		●	
Zelfa	08/04/2004	●		
Adam	24/06/2003		●	
Barka	15/08/2001		●	
Chergui	04/07/2001	●		
Beni Khaled	07/05/2001	●		
Utique	12/02/2001	●		
Manzah	28/12/2000	●		



Exploitation Concession	Date of the Creation Decree	Hydrocarbon Code System	Decree No9 of 1985 System	Beylical Order System (19481953-)
Sadrabal	17/11/1998		●	
Didon	02/12/1997		●	
Jbal Grouz	04/11/1994		●	
Sersina	10/02/1994		●	
Rmoura	30/12/1992		●	
Oued Zar	25/08/1992		●	
Beli	22/08/1992		●	
Chouch	09/06/1992		●	
Larich	10/03/1981			●
Makhrougua	24/01/1981			●
Debech	24/01/1981			●
Briss	30/09/1980			●
ISIS	26/05/1980			●
Halk Manzel	20/01/1979	●		
Chouch Saida	15/01/1977			●
Smama	23/02/1976			●
Sidi Bhara	21/05/1975			●
Achtarout	30/06/1973			●
Sidi Litayem	27/07/1972			●
Tmasmida	13/11/1969			●
Douleb	18/11/1968			●
Borma	18/11/1968			●

Compliance of hydrocarbons contracts with laws and regulations in force

Article 40 of decree No. 9-1985 and article 93/1999 providing for the publication of the Hydrocarbon Code state that provisions of special agreements contradicting this decree, or the Hydrocarbon Code are considered void when hydrocarbons concessions benefit from their provisions. With this, the legislator confirms prevalence of the decree and the Code, whichever is applied, when different from provisions of special agreements.

Special agreements constitute the base for concessions launched and developed before the application of Decree No. 9-1985 for the definition of taxes applied on concessions before the application of the Hydrocarbons Code. Therefore, the Code is the base for concessions launched and developed after its application, with the exception of Halk El Menzel concession, created before the publication of the Code but which elected to benefit from provisions of the Code and was subject of a ministerial decision issued on December 12, 2000.

According to article 40 of Decree No. 9-1985 and Article 4 of Law 93/1999, provisions of the Decree and of the Code abrogate all opposing provisions, including special agreements' provisions (the problem of 30 or 35 years, what was applied: the law or agreements???)

Recommendations to reinforce good governance and transparency in the hydrocarbon sector

1 | More efficiency on the tax control of oil companies

The tax control authorities of the Ministry of Finance audit the taxes of oil companies like all other companies according to regulations and legislations in force, of which mainly the Tax Rights and Procedures Code.

However, due to the specific nature of the hydrocarbon sector and given the importance of the taxes subject of the audits, we would like to make some recommendations for more efficient tax audits on companies operating in this sector.

- Provide additional training and capacity building opportunities to tax auditors mainly in the areas enabling them to better understand specific activities, such as drilling and development, in addition to IT systems used for the management of oil activities;
- Set up special audit teams specialized in hydrocarbons to benefit from their experience, and design a regular audit program to rationalize missions and assignments to audited companies;
- As necessary, rely on specialized experts to support in the execution of tax audits in specific areas:

legal experts, drilling specialists, geologists or geophysical engineers, IT engineers,

- Make better use of the audit process, by defining the tasks of auditors and controllers, allowing for regular communication between the various stakeholders during audit missions, and focus mainly on the high-risk areas: intercompany billing, false and inflated costs, non-ordinary works or management decisions;

- Reduce the audit cycle from 4 years today to 2 years and set up an automatic audit process on producing companies to avoid the four-year prescription term.

2 | Better categorization of the State Budget to give a better view of tax revenues generated by the hydrocarbon sector

Budget items include taxes on oil companies, proportional monetary royalties on production and royalties on Algerian gas. However, proportional in-kind royalties managed by ETAP to the profit of the State are not included in taxes generated by the hydrocarbon sector.

Therefore, we recommend improving the presentation of this data in the State Budget and submitting



budget annexes including detailed data about oil activities and their contributions to the economy.

3 | Publication of data concerning the “P” factor related to the proportional royalty rate on the production of hydrocarbons and taxes on profits

According to Decree 1322 dated June 13, 2000 describing the method to calculate and apply the “P” factor, which represents the output of consolidated net revenues and consolidated net spending, used to define the royalty rate on produced hydrocarbon products and the tax rate on profits generated by concession holders, the latter must provide the Ministry of Energy with the final value of “P” factor calculated based on concession results yielded during a specific fiscal year, before March 31 of the following year.

This data includes:

- Consolidated amounts of all fiscal years’ operations including the year of concern;
- Amount of taxes and fees due or paid during previous years;
- Total spending and expenditures related to explorations, prospecting, development and exploitation of concessions.

We recommend the publication of this data on the website of the relevant Ministry in order to further reinforce transparency.

4 | Encourage corporate social responsibility

Further to the publication of law n.35/2018 dated June 11, 2018 on corporate social responsibility of companies, where article ??? states that “companies referred to in the first paragraph (public and private companies) must allocate funds for corporate social responsibility programs and undertake projects in the framework of the corporate social responsibility mainly in the following areas:

- Environment and sustainable development,
- Streamline and Valorize the use of natural resources;
- Capacity building and employment;
- Good governance.

However, this law does not require companies to dedicate/earmark part of their revenues to benefit the natural resources producing regions, of which mainly extractive industries, although they were the main target of the draft law. The law does not provide financial incentives to companies investing in corporate social responsibility projects. This issue also requires further consideration of ways and tools that can help to integrate environmental and social aspects in development activities according to the sector’s condition and reality.

Possible measures include:

- Building trust between operating companies and citizens in production regions, through public consultations, transparency, and the reduction of tensions hitting the sector in recent years;
- Provide technical and procedural assistance to companies to help them design and implement corporate social responsibility programs;
- Allocate rates of investments to help in the execution of local development projects in production areas;
- Require the annual disclosure of annual budgets allocated to corporate social responsibility programs, and achievements compared to budgets allocated,
- Set up positive discrimination rules to enable SMEs based in the region to sign contracts for the supply of products and services with oil companies established in their region;
- Adopt limited responsibility criteria in the choice of companies when awarding hydrocarbons concessions.



Recommendations to reform governance in the Hydrocarbon Sector in Tunisia





1 | A New and Comprehensive Energy Plan

Draft a new and comprehensive energy plan, in which the Tunisian State outlines its major decisions for the sector. This strategy shall include all energy sources, both conventional and renewable, and cover the entire decision-making process, from exploration of natural resources to management of financial revenues. Drafting such a plan requires the participation of all parties, i.e. CSOs and experts, and the coordination between the relevant departments and line ministries. Subsequently, this strategy shall be translated into a legal framework either through the publication of a new Hydrocarbons Code or a drastic revision of the current Code to enshrine the principles of good governance for this sector, primarily based on transparency, investment promotion and overall compliance with the provisions of the Tunisian Constitution.



2 | A Comprehensive Audit of the Hydrocarbon Sector and Strengthening Parliamentary Oversight

Conduct a comprehensive audit of the management of hydrocarbons, by an independent and multidisciplinary team, including legal, accounting, finance, geology, geophysics and ICT experts. This report shall be published in full, and the recommendations contained therein shall be implemented. It is also suggested to strengthen parliamentary oversight of this sector, and to empower the relevant parliamentary committees with human and material resources, and to use the necessary expertise to support this important oversight role.



3 | Strengthen the General Directorate for Hydrocarbons and the Consultative Committee on Hydrocarbons

Develop the role of the General Directorate on Hydrocarbons and the Consultative Committee on Hydrocarbons by providing them with a number of cadres so that they can supervise all research and exploitation activities and provide them with the necessary materials and logistics to fulfill this role professionally, independently and with integrity.



4 | Define a Clear Role of ETAP

Clarify ETAP's role in the hydrocarbon sector as a partnering government institution in the exploration and production of hydrocarbons, through the restructuring of ETAP, to focus on its operational role in the development and exploitation of oilfields in accordance with international standards and granting it greater management flexibility to carry out these tasks. Thus, ETAP shall forfeit the corrective and supervisory role it exercises directly or indirectly, alongside with its hydrocarbons production capacity, and which negatively impacts its relationship with companies. The corrective role in the hydrocarbons sector shall be explicitly an exclusive prerogative of the relevant authorities in charge of the sector.





5 | Revenue Transparency

Publish the full details of revenues generated by oil companies and strengthen their supervision; a task primarily entrusted to the Ministry of Finance, required to publish detailed tax revenues of all oil companies, in addition to publishing miscellaneous financial data on investment programs relevant to oil companies' Corporate Social Responsibility.



6 | Publish all Hydrocarbon-related Documentation

Stipulate the mandatory publication of contracts in the Hydrocarbon Law and to complete the publication of incomplete documents, in particular the minutes of the Consultative Committee on Hydrocarbons and the Environmental, Economic and Social Impact Assessments of projects as well as other contracts related to petroleum services in the hydrocarbon sector, in addition to continuous updating of all data published on official websites.



7 | Managing Cases of Conflict of Interest and Revealing the Factual Identities of Company Owners

Review conflicts of interest in the hydrocarbon sector and take the necessary measures to resolve them via an in-depth monitoring of all cases of secondment of public employees to oil companies and examining the ownership of senior officials of shares in private hydrocarbons companies or the management thereof, in compliance with the provisions of Law 2018/46 on the Declaration of Assets and Interests and Combating Illicit Enrichment and Conflict of Interest, as well as revealing the actual owners of these companies, which will contribute to reducing cases of conflict of interest, and prevent the use of the sector for money laundering purposes.



8 | Official Membership to the Extractive Industries Transparency Initiative (EITI)

Respect the commitments of the Tunisian Government to join the EITI and finalize the composition of the Stakeholders Council (representatives of Government and companies) as CSOs have already chosen their representatives in this Council. Prepare an Action Plan to implement the initiative and expedite the application for membership in accordance with prior commitments. Coordinating between the Ministry of Finance and the Ministry managing the hydrocarbons sector to provide all data, especially those related to revenues.



9 | Respect/Apply Open Contracting Principles

Apply Open Contracting Principles in the hydrocarbons sector in accordance with Commitment No. 7 of the Government's Open Partnership Plan 2018-2020, as open contracting provides for a more transparent selection of investors via the adoption of more competitive procedures, clear selection criteria, and the publishing of contracts and all documents in an open format.



10 | Advance the Role of Civil Society Organizations

CSOs represent one of the key players in the oversight of natural resources management, and a vital contributor to building an effective accountability system for the governance of this sector. The activities of CSOs should cover all stages of hydrocarbons exploitation, starting with the development of major strategies and the drafting of laws all the way to the granting of licenses and management of natural resources revenues and the follow-up of companies' respect of their obligations, especially environmental and social ones. CSOs contribute, if they play their role to the fullest, in building citizens' confidence in the State's governance of this sector and reducing continuous protests. In order for CSOs to fully play their role, they need to build their capacities and knowledge of this sector and work in a neutral and professional manner.



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www.atcp.org.tn

