

# OFFICIAL GAZETTE OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

*Issued in Bosnian, Croatian and Serbian*

Year XXI – number 70	Thursday, 28 August, 2014 SARAJEVO	ISSN 1512-7079
----------------------	---------------------------------------	----------------

## GOVERNMENT OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

1772

Pursuant to Article 19(1) of the Law on Government of the Federation of Bosnia and Herzegovina (“Official Gazette of the Federation of Bosnia and Herzegovina“, No. 1/94, 8/95, 58/02, 19/03, 2/06 and 8/06) and Article 43 (7) of the Law on Exploration and Exploitation of Oil and Gas in the Federation of Bosnia and Herzegovina (“Official Gazette of Federation of Bosnia and Herzegovina“, No. 77/13), the Government of the Federation of Bosnia and Herzegovina, at its 128<sup>th</sup> session held on 20 August 2014 issued this

### **DECREE ON THE CONTENTS OF CONCESSION CONTRACTS FOR EXPLORATION AND EXPLOITATION OF OIL AND GAS, MANNER OF CALCULATION AND PAYMENT OF FEES AND CONTROL OVER PRODUCED QUANTITIES OF OIL AND GAS IN THE FEDERATION OF BOSNIA AND HERZEGOVINA**

#### **CHAPTER 1 (GENERAL PROVISIONS)**

##### Article 1

(Subject Matter of the Decree)

- (1) This Decree regulates the contents of concession contracts for the exploration and exploitation of oil and gas (hereinafter: the Contract), manner of calculation and payment of fees and the control over the produced quantities of oil and gas in the Federation of Bosnia and Herzegovina (hereinafter: the Federation).
- (2) The Decree shall apply to the concession award procedure for the exploration and exploitation referred to in Article 9 (2) and (3) and with reference to Article 3(3) of the Law on Exploration and Exploitation of Oil and Gas in the Federation of Bosnia and Herzegovina.

Article 2  
(Definitions)

Expressions used in this Decree shall have the following meaning:

- a) “Law” means the Law on the Exploration and Exploitation of Oil and Gas in the Federation of Bosnia and Herzegovina (“Official Gazette of the Federation of Bosnia and Herzegovina”, Number 77/13);
- b) “Hydrocarbons” means all types of hydrocarbons naturally occurring under the land surface, in a liquid or gaseous condition, as well as crude mineral oil, natural petroleum, natural gases and other substances that may be exploited with them from the deposit;
- c) “Gas condensate” means a hydrocarbon turned into liquid gas by condensation from the gaseous phase, and for the purposes of this Decree, gas condensate shall be understood to mean oil;
- d) “Natural gas” means a type of hydrocarbon which is in gaseous condition under the surface atmospheric pressure and temperature;
- e) “By-product” means a type of hydrocarbon, which is not oil or natural gas, but an integral part of hydrocarbons and can be derived from hydrocarbons, for example sulfur or other minerals;
- f) “Exploitation surface” means the area marked for exploitation pursuant to Article 30 of the Law and Contract which can include multiple exploitation/production fields;
- g) “Competent Ministry” means the Federation Ministry of Energy, Mining and Industry;
- h) “Contract” means a written concession contract for exploration and exploitation of oil and gas signed between the Grantor and the Concessionaire, the contents of which shall be prescribed by this Decree;
- i) “Fiscal metering” of hydrocarbons means the metering of the production at a location specified for fiscal metering of production and determination of fee, as agreed in the contract between the Concessionaire and the Grantor, with the purpose to establish the quality and quantity of hydrocarbons in accordance with API (American Petroleum Institute) and ASTM (American Society for Testing and Materials) principles;
- j) “Metering location” means the location where the hydrocarbon metering system is installed on each exploitation surface pursuant to Article 25 of this Decree and is used for fiscal metering;
- k) “Fee” means a type of fiscal liability paid by the Concessionaire under the Law and this Decree;
- l) “Fiscal agreement” means an integral part of the contract specifying the obligation on the part of the concessionaire in terms of his fiscal obligations, the types of fiscal duties, manner of their determination and payment, as well as obligation on the part of the Grantor not to amend the fiscal obligations during the period of contract validity;
- m) “Barrel” indicates a unit of crude oil volume (USA) and amounts to 158,9873 liters, whereas a unit of 159 liters shall be used for the purposes of calculation;

- n) “mmscf” indicates a million of standard cubic feet –  $1 \text{ ft}^3 = 28.317$  liters; the standard cubic foot is not a unit of volume but a unit of quantity, and conversion to cubic meters is not the same as the conversion of cubic feet into cubic meters (multiplying by 0,0283), bearing in mind the use of standard temperatures and different pressure. The expected calculation is that a standard cubic foot equals 0,026853 normal cubic meters.

## **CHAPTER II**

### **(CONCESSION CONTRACT FOR EXPLORATION AND EXPLOITATION OF OIL AND GAS)**

#### Article 3 (Contract preparation)

- (1) Draft Contract shall be prepared by a professional consultant with whom the competent Ministry, acting as the contracting authority, shall sign a separate contract on consultancy services in accordance with the Law on Public Procurement of Bosnia and Herzegovina.
- (2) Selection of the professional consultant shall be done by the Government of the Federation of Bosnia and Herzegovina (hereinafter: the Government).
- (3) Based on the Government’s decision, the contract on consultancy services shall be signed by the Federation Minister of Energy, Mining and Industry.

#### Article 4 (Signing of contract)

- (1) Contract shall be signed between the Grantor and the Concessionaire in the manner and under the conditions prescribed by Articles 9, 10, 11 and 12 of the Law.
- (2) The Government shall issue a decision on concession award, and the Parliament of the Federation (hereinafter: the Parliament) shall give its consent to the draft decision.
- (3) The Parliament shall authorize the Federation Prime Minister to sign the Contract by the decision referred to in Paragraph (2) of this Article.

#### Article 5 (Contents of the Contract)

- (1) The Contract referred to in Article 4 of this Decree must contain the following chapters:
  - a) Scope and activities of the project:
    - 1) Parties to the contract and relevant information,
    - 2) Geographical coordinates of the surfaces within the awarded block,
    - 3) Corresponding contracts, sale of products and
    - 4) By-products and waste materials

- b) Period of concession duration, time periods for specific oil and gas operations and contract extension.
- c) Land included in the exploration area or exploitation field, construction land or land for other purposes.
- d) The obligation, deadlines and manner of recovery of the part of awarded block surface during the exploration phase.
- e) Oil and gas activities:
  - 1) Exploration phase, deadlines, possibility of extension of deadlines for the obligation under Articles 23, 24 and 25 of the Law,
  - 2) Obligations relating to the completion of exploration phase under Article 26 of the Law,
  - 3) Intended exploration works, minimum scope of exploration works, minimum amount of funds to be spent on exploration works, possibility of their audit, as well as the manner of indemnification for failure to meet the obligations,
  - 4) Discovery of oil and gas, obligations under Article 27 of the Law,
  - 5) Verification phase, deadlines, obligations under Article 28 and 29 of the Law,
  - 6) Rules for measuring the quantities of oil and gas in a deposit, rules for assessing the quality and quantities of extracted reserves, determination of remaining reserve quantities in an exploration area and/or on the exploitation field and/or lost reserves,
  - 7) Deposit development phase, obligations under Article 31 of the Law,
  - 8) Exploitation phase, duration, possibility of extension, obligations under Article 32, 33 and 34 of the Law,
  - 9) Exploitation of oil and gas, application of technical solutions in order to increase the utilization degree of oil and gas from the deposit,
  - 10) Application of technical regulations, norms and standards in oil and gas activities referred to in Article 35 of the Law,
  - 11) Manner of metering of the exploited quantities of oil and gas,
  - 12) Obligations relating to the metering and reporting to the competent Ministry on the quantities of oil and gas used for production,
  - 13) Measuring points,
  - 14) Concessionaire's obligation to deliver the produced oil and gas to the measuring point,
  - 15) Penalties for non-exploitation,

- 16) Third party access under Article 38 and 39 of the Law,
  - 17) Requirements for transport of oil and gas,
  - 18) Ownership right and transfer of ownership of the property acquired and used during contract execution,
  - 19) Ownership right relating to the geological information received during contract execution referred to in Article 54 of the Law,
  - 20) Rules and conditions relating to the use of public infrastructure,
  - 21) Manner of supervision of contract execution i.e. rights and obligations arising from the contract,
  - 22) Protection measures during exploration and exploitation of oil and gas,
  - 23) Obligation to provide security for the works, equipment and people in accordance with the Law, specific regulations of Bosnia and Herzegovina and the Federation and international standards in exploration and exploitation of oil and gas.
- f) Fiscal agreement:
- 1) Fees, indirect and direct taxes,
  - 2) Indirect taxes: customs, excise
  - 3) Fees paid by the concessionaire depending on the oil and gas value and other periodic fees occurring depending on the form of concession contract,
  - 4) Direct taxes,
  - 5) Income tax with special emphasis on determining taxable profit as a tax basis with the application of international accounting standards, depreciation accounting, value correction, acknowledgement of tax loss,
  - 6) Taxes and contributions for the employees.
- g) Land access and ownership:
- 1) Payment of fee for the use of land,
  - 2) Access and consents,
  - 3) Land use,
  - 4) Purchase obligation

- h) Environment, health and safety:
  - 1) Protection measures during exploration and exploitation,
  - 2) Environmental regime in the Federation,
  - 3) Risk management,
  - 4) Ground waters, rivers, lakes, agricultural land,
  - 5) By-products and inorganic gases,
  - 6) Environmental fees.
- i) Abandonment of exploration/exploitation area and restoration of the site to its original condition:
  - 1) Conditions for abandoning of an exploration area and/or exploitation field/area,
  - 2) Obligation to restore an exploration area and/or exploitation field/area after the termination of oil activities.
- j) Legal issues:
  - 1) Contract form,
  - 2) Legal system,
  - 3) Aspects that can have an adverse effect (taxes, laws),
  - 4) Obligations,
  - 5) Approvals, consents and permits,
  - 6) Force majeure,
  - 7) Provisions on contract termination,
  - 8) Local safety regimes,
  - 9) Dispute settlements and standard elements of arbitration,
  - 10) Visas and work permits.
- k) Bodies/authorized persons being the project guarantors:
  - 1) Authorized persons, the Government and concessionaire representatives,
  - 2) Holder of guarantee for the performance of obligations

- l) Subsidiaries and subcontractors:
    - 1) Subsidiaries,
    - 2) Public nature of competition,
    - 3) Fiscal treatments of subsidiaries and subcontractors,
    - 4) Subcontractor treatment
  - m) Employment and training for local professional staff:
    - 1) Use of local work force,
    - 2) Use of local companies,
    - 3) Education and training
  - n) Data exchange and intellectual property:
    - 1) Technology licenses,
    - 2) Exchange of geological data,
    - 3) Exchange of economic data and
    - 4) Exchange of other data.
- (2) Contents of the contract are not exclusive. The contract may include other chapters, as may be negotiated between the Government and the Concessionaire.
- (3) Pending the adoption of standards determining and prescribing the principles to ensure the professional health and safety of people, as well as environmental protection standards with regard to exploration and exploitation of oil and gas, updated API standards listed in the Annex of this Decree shall apply in the territory of the Federation.

Article 6  
(Effectiveness of the Contract)

The Contract enters into force following the adoption of the draft decision and the contract on award of concession by the Parliament.

Article 7  
(Language of the Contract)

- (1) The Contract shall be drafted in one of the languages in official use in Bosnia and Herzegovina and in the English language. Translation of the final version of contract in the English language shall be done by the competent Ministry. Version of the contract in one of the languages in official use in Bosnia and Herzegovina and the English version shall have equal validity.

- (2) The competent Ministry shall ensure the authenticity of all copies of contract to be signed by the contracting parties with the prior approval by the Government.

Article 8  
(Contract termination)

- (1) The Government and the Concessionaire may terminate the Contract in the manner prescribed and regulated by the Contract provisions.
- (2) Contract termination shall not relieve the contracting parties of their obligations that existed at the time when the Decision to terminate the Contract was made.
- (3) In case of premature Contract termination, the Concessionaire shall freely dispose of its property, except in cases provided for differently in the Contract and under Article 72 of the Law.
- (4) In case of Contract termination, the Concessionaire shall independently and at his own cost restore the area of exploration and exploitation to its original condition, in accordance with the Law, specific regulations relating to environmental protection, safety of people and property, protection of people's health and other applicable specific regulations and international standards relating to exploration and exploitation of oil and gas.

Article 9  
(Decision authorizing oil and gas exploration)

- (1) Pursuant to Article 16(2) of the Law, the Concessionaire shall have an obligation to submit its program of geological explorations for the approved area to the competent Ministry no later than 90 days from the date of signing of the Contract.
- (2) The scope and contents of geological exploration program referred to in Paragraph (1) of this Article shall be defined by the Contract in accordance with the Law and international standards regulating this type of activity.
- (3) The scope of exploration works, contents and deadlines for submission of project documentation for the performance of exploration works on the blocks referred to in Article 16(3) of the Law shall be defined by the Contract in accordance with the Law and international standards regulating this type of activity.
- (4) Based on the project documentation referred to in Paragraphs (1) and (2) of this Article and Contract provisions, the competent Ministry shall issue a decision authorizing the exploration works within the approved exploration area and their registration in the exploration areas' cadaster.



Article 10  
(Decision contents)

The following shall be specified in the Decision:

- a) Subject matter of exploration;
- b) Name and place of the Concessionaire;
- c) Name of exploration area;
- d) Exploration blocks, size of the exploration area determined by coordinates
- e) The least scope and type of exploration works to be done during the exploration phase; type and scope of seismic works, number and depth of exploration boreholes for each approved block;
- f) Dynamics of the exploration works;
- g) Reporting obligation with respect to performed exploration works;
- h) Requirements and restrictions to be complied with by the company that has been authorized to conduct exploration during its performance of exploration works;
- i) Deadline for the start of exploration;
- j) Obligation to restore the land to its original condition after exploration;
- k) Registration of exploration areas into cadaster.

Article 11  
(Cadaster records for exploration areas)

- (1) No later than 30 days after the decision allowing exploration becomes effective, the competent Ministry shall register the exploration area in the appropriate registers and cadaster for approved exploration areas, as prescribed by specific regulations.
- (2) The exact size of the areas for exploration shall be registered in the cadaster of exploration areas, which shall serve as the basis for calculation of fees for the exploration area.
- (3) For every recovery of the area approved for exploration referred to in Article 15 of the Law, the competent Ministry shall issue a decision and any changes to the surfaces shall be registered in the cadaster.

Article 12  
(Cadaster records for exploitation fields)

No later than 30 days upon commencement of exploration phase referred to in Article 21 of the Law, the competent Ministry shall register the exploitation field in the relevant registers and cadaster for exploitation fields, prescribed by specific regulations.

**CHAPTER III**  
**(CALCULATION AND PAYMENT OF FEE DURING EXPLORATION AND EXPLOITATION PHASES)**

Article 13  
(Concession fee)

- (1) Fees to be paid by the Concessionaire are divided into:
  - a) Regular fees during the phase of exploration and verification of reserves;
  - b) Regular fees during the exploitation phase.
- (2) During the exploration and verification of reserves phase, a regular fee shall be determined for the exploration area.
- (3) During the exploitation phase, a regular fee shall be determined for the produced oil and regular fee for the produced gas.
- (4) The amount of regular fees referred to in Paragraph 1 of this Article shall be subject to negotiations and based on the principles of encouraging investments in exploration of hydrocarbons and maximum exploitation of hydrocarbon deposits in the territory of the Federation.
- (5) In addition to the regular fee referred to in Paragraph (1) of this Article, one-off fees to be paid by the Concessionaire may also be negotiated and offered: a fee for the signing of Contract between the Government and the Concessionaire, a fee for reaching of a certain volume of production and other negotiated or offered fees.
- (6) Fees referred to in Paragraphs (1) and (5) of this Article shall be calculated in USD (U.S. Dollars) and paid in counter value in KM (Convertible Mark) according to the exchange rate of the Central Bank of Bosnia and Herzegovina on due date.

Article 14  
(Fee during exploration and verification of reserves phase)

- (1) During the exploration and verification of reserves phase, upon signing of the Contract, the Concessionaire shall be paying a regular annual fee for the exploration area.
- (2) The annual fee for the exploration area shall be calculated using the criteria set out in the Contract and based on the determined size of the area being used by the Concessionaire for exploration, as registered in the cadaster for exploration areas referred to in Article 11 of this Decree.

Article 15  
(Calculation of the fee for exploration area)

- (1) Fee referred to in Article 14 Paragraph (1) shall be calculated and paid per square kilometer.

- (2) The amount of fee for the exploration area shall be subject to negotiations or offer between the Government and the Concessionaire, but may not be less than 300.00 KM per km<sup>2</sup> (square kilometer).
- (3) The amount of fee in case of extending the exploration phase referred to in Article 25 of the Law shall be subject to negotiations or offer, but may not be less than 3,000.00 KM per km<sup>2</sup> (square kilometer).
- (4) When calculating the fee referred to in Paragraph (1) of this Article, the surface awarded under the Contract shall be rounded to the closest square kilometer.
- (5) Calculation of the fee for the area surface shall be done by the competent Ministry by a decision and shall be provided to the Concessionaire no later than December 31 for the next calendar year.
- (6) Fee referred to in Paragraph (5) of this Article shall be paid by the Concessionaire no later than January 15 of the current year.
- (7) Exploration area fee shall not be calculated for the surface that has been approved as an exploitation field.

#### Article 16

(General provisions relating to the fee during the exploitation phase)

- (1) During the exploitation phase, fee for monthly output of oil and gas shall be calculated and paid separately depending on the hydrocarbon type at the metering place. Fee shall be calculated and paid for each individual exploitation area.
- (2) Fee referred to in Paragraph (1) of this Article shall be paid in cash or equivalent quantities of hydrocarbons in the manner and amount determined by this Decree and Contract.
- (3) Rates for the produced hydrocarbons shall be progressive and subject to negotiations or offer and shall be defined in each contract individually.

#### Article 17

(Manner of fee calculation)

- (1) Fee referred to in Article 16 of this Decree shall be paid on a three monthly basis pursuant to the Law, this Decree and rates stipulated in the Contract.
- (2) Fee for the produced hydrocarbons payable in cash shall be calculated by applying progressive fee rates determined by the Contract multiplied by total produced quantities of oil or gas during the three-month period at the metering place and multiplied by hydrocarbon value determined by Article 18 of this Decree and Contract.
- (3) Fee for the produced oil and gas payable in equivalent quantities of oil or gas shall be calculated in the manner set forth in Paragraph (2) of this Article so that is equal to the fee that would have been paid in money.

- (4) Calculation of fees referred to in Paragraph (1) of this Article for the produced hydrocarbons shall be done by the competent Ministry, in a decision, within 20 days from the date set for receipt of documentation according to the Contract.
- (5) Contents and deadline for submission of documents referred to in Paragraph (4) of this Article shall be set out in the Contract.
- (6) The calculated fee from Paragraph (4) of this Article shall be paid by the Concessionaire within 15 days from the date of the submitted calculation by the competent Ministry.
- (7) If the fee is paid by supplying oil and gas, the supply shall be done within the deadline set out in Paragraph (6) of this Article.

**Article 18**  
(Progressive rates for the fee for oil and condensate)

- (1) The progressive rates of fees for oil and condensate shall be based on an average daily production measured at the metering place.
- (2) Fee for oil and condensate shall be calculated in the manner set out in Table 1.

<b>Table 1</b>		
<b>Fee for oil and condensate based on the tranches of average daily oil production</b>		
00 to 20 000 barrel/a day		[x%]
20 001 to 50 000 barrel/a day	0-20 000	[x%]
	20 001 – 50 000	[y%]
50 001 to 100 000 barrel/a day	0 – 20 000	[x%]
	20 001 – 50 000	[y%]
	50 001 – 100 000	[z%]
100 001 to 200 000 barrel/a day	0 – 20 000	[x%]
	20 001 – 50 000	[y%]
	50 001 – 100 000	[z%]
	100 001 – 200 000	[w%]
From 200 001 barrel/daily	0 – 20 000	[x%]
	20 001 – 50 000	[y%]
	50 001 – 100 000	[z%]
	100 001 – 200 000	[w%]
	Over 200 001	[v%]

**Article 19**  
(Gas fee)

- (1) Evaluation of gas at the metering place shall be done on a monthly basis in USD per million standard cubic feet (USD/mmscf), according to the following formula:

$$\begin{aligned}
 & \text{(volume of domestic gas x domestic price +} \\
 & \text{(volume of gas export x export price)} \\
 \text{Evaluation =} & \dots\dots\dots \\
 & \text{Volume of domestic gas +} \\
 & \text{Volume of exported gas}
 \end{aligned}$$

Whereby:

“assessment” is the assessed price of gas for each calendar month in which the gas is measured at the metering place;

“volume of domestic gas” is the total volume of gas supplied by the seller to consumers in the Federation during the same calendar month;

“domestic price” is an assessment which will be calculated as the sale price in accordance with the Contract on gas sale;

“volume of gas export” is the total volume of gas exported by seller to consumers outside the territory of Bosnia and Herzegovina during the same calendar month;

“export price” is the price to be calculated as the sale price in accordance with the contract on gas sale.

(2) Progressive gas fee shall be based on an average daily gas production measured at the metering place.

(3) Fee for gas shall be calculated in the manner set out in Table 2.

00 to 20 000 mmscf/a day		[x%]
20 001 to 50 000 mmscf/ a day	0-20 000	[x%]
	20 001 – 50 000	[y%]
50 001 to 100 000 mmscf/a day	0 – 20 000	[x%]
	20 001 – 50 000	[y%]
	50 001 – 100 000	[z%]
100 001 to 200 000 mmscf/a day	0 – 20 000	[x%]
	20 001 – 50 000	[y%]
	50 001 – 100 000	[z%]
	100 001 – 200 000	[w%]
200 001 mmscf/a day	0 – 20 000	[x%]
	20 001 – 50 000	[y%]
	50 001 – 100 000	[z%]
	100 001 – 200 000	[w%]
	Over 200 001	[v%]

Article 20  
(Oil value)

(1) Different oil qualities produced from the contracted area shall be grouped by the Concessionaire into appropriate oil categories according to their determined physical characteristics.

(2) Each oil category referred to in Paragraph (1) of this Article shall be assessed using the average sale price in USD/barrel which the Concessionaire reached in a sale to a third party, according to the “arm's length” principle with a F.O.B at the delivery point clause, compared to the oil of similar oil category as the produced one, and as published in “Platts European Marketscan” on the transaction day and each of the following five days after the transaction (hereinafter: reference oil price).

- (3) The price on the transaction day referred to in Paragraph (2) of this Article, if necessary, may be adjusted to reflect the costs of quality, classifying into appropriate group, security and transport.
- (4) If the reference price is published for less than five days, the average shall be calculated by reference to days after the price was published.
- (5) If the reference price is not published on the transaction day or five days after the transaction, calculation shall be done in accordance with the internationally acknowledged market reference, as agreed by the parties.
- (6) All costs, taxes and other payments to be included in the transport costs, and which cannot be otherwise separately attributed to the specific quantity of oil for which a calculation is made, shall be proportionally assigned to the relevant quantity of oil.
- (7) The average sale price per barrel shall be determined on a monthly basis by cross-referencing the total income from sales for the month, including quantities of oil arriving for sale during that month, with the total quantities of barrels of oil that have been sold or are going to be sold during that month.

#### Article 21

##### (Exemptions in determining oil value)

- (1) If an oil category is sold to a third party without the F.O.B. at the delivery point clause, its price shall be the average sale price for such oil category calculated in accordance with Article 18 (2) of this Decree.
- (2) Sale among related persons shall also be considered as sale to a third party “at arm's length” if the sales:
  - a) Include non-cash payments;
  - b) In addition to USD also include payments in currencies freely changeable to USD;
  - c) Are affected by other commercial relations between the buyer and the seller or motivated by reasons such as usual economic incentives for oil sale “at arm's length”.

#### Article 22

##### (Ownership of produced oil and gas volumes)

- (1) The Concessionaire shall become the owner of extracted oil and gas quantities according to the Law and the Contract.
- (2) If the Contract provides for a fee for produced oil and gas to be paid in oil and gas supply, the Federation shall become the owner of the portion of produced oil and gas quantities corresponding to the scope and the amount of the fee for the produced oil or gas from the moment of delivery.

Article 23  
(Use of produced oil and gas)

- (1) Without any special charges, the Concessionaire shall have the right to use the following quantities of hydrocarbons:
  - a) Quantities of hydrocarbons used for purposes of direct production in the same exploitation area or amounts lost before the metering point; and
  - b) Volume of gas that is being reinserted in the exploitation field, provided that the exploitation fields are included in the same concession contract.
- (2) Quantities of hydrocarbons used, lost or reimported during the exploitation process referred to in Paragraph (1) shall be excluded from calculation of fee.
- (3) The Concessionaire is obligated to foresee the amount referred to in Paragraph (1) in the field development plan, which the competent Ministry shall approve by issuing a decision.
- (4) The Concessionaire shall seek the approval from the competent Ministry for burning of any gas volumes to which a decision shall be issued in accordance with the Law and the Contract.
- (5) The Concessionaire shall have an obligation to perform accurate metering of quantities referred to in Paragraph (1) and shall submit a monthly report to the competent Ministry in accordance with the Law and Contract.

**CHAPTER IV**

**(CONTROL OF THE PRODUCED AMOUNTS OF HYDROCARBONS – METERING OF PRODUCED QUANTITIES)**

Article 24  
(Fiscal metering of hydrocarbons)

- (1) At each exploitation field, the Concessionaire shall install an attested metering system for fiscal metering of hydrocarbons to be located beyond the exit point from the production plant for that exploitation field.
- (2) If a large number of exploitation fields are sharing joint processing facilities, the quantities of hydrocarbons for each exploitation field must be metered separately, before they enter the processing facilities, and quantities of hydrocarbons metered after processing shall be treated on a proportionate basis – in proportion to the separated metered quantities.
- (3) Metering places shall be defined in the Contract.
- (4) Fiscal metering shall be done continuously, on a permanent basis, and each month the Concessionaire shall submit to the competent Ministry:
  - a) Report on daily and monthly production and injecting, for each exploitation field;

- b) Report on daily and monthly production and injecting, for each exploitation area.
- (5) The metered quantities of hydrocarbons shall be shown in reports in standard units used for any type of hydrocarbons (oil, gas and liquid gas).

Article 25  
(Entry into force of the Decree)

This Decree shall enter into force on the seventh day from the day of its publishing in the “Official Gazette of the Federation of Bosnia and Herzegovina”.

V. number 1535/2014  
August 20, 2014  
Sarajevo

Prime Minister  
**Nermin Nikšić**

**ANNEX**

API standards:

- API Bulletin D16, *Suggested Procedure for Development of a Spill Prevention Control and Countermeasure Plan*
- API Bulletin E2, *Management Of Naturally Occurring Radioactive Materials (NORM) In Oil & Gas Production*
- API Bulletin E3, *Well Abandonment and Inactive Well Practices for U.S. Exploration and Production Operations, Environmental Guidance Document*
- API Bulletin E5, *Environmental Guidance Document: Waste Management in Exploration and Production Operations*
- API Recommended Practice 51R, *Environmental Protection for Onshore Oil and Gas Production Operations and Leases*
- API Recommended Practice 52, *Land Drilling Practices for Protection of the Environment*
- API Recommended Practice 54, *Recommended Practice for Occupational Safety for Oil and Gas Well Drilling and Servicing Operations*
- API Recommended Practice 55, *Recommended Practices for Oil and Gas Producing and Gas Processing Plant Operations Involving Hydrogen Sulfide*
- API Recommended Practice 67, *Recommended Practice for Oilfield Explosives Safety*
- API Recommended Practice 68, *Recommended Practice for Oil and Gas Well Servicing and Work over Operations Involving Hydrogen Sulfide*



- *API Recommended Practice 74, Recommended Practice for Occupational Safety for Onshore Oil and Gas Production Operation*
- *API Bulletin 75L, Guidance Document for the Development of a Safety and Environmental Management System for Onshore Oil and Natural Gas Production Operation and Associated Activities*
- *API Recommended Practice 74, Contractor Safety Management for Oil and Gas Drilling and Production Operations*
- *API Publication 7103, Management and Disposal Alternatives for Naturally Occurring Radioactive Material (NORM) Wastes in Oil Production and Gas Plant Equipment*