

## **The Law on deregulation in oil and gas industry in Ukraine has come into force**

Since April 01, 2018 the Law of Ukraine “On amendments of certain legislative acts of Ukraine concerning deregulation in oil and gas industry” dated March 01, 2018 No. 2314-VIII is in force. The Law is aimed to largely liberalize provisions of current legislation regulating permission procedures in the oil and gas industry. The instrument also is going to allow enterprises of oil and gas industry to optimize expenses in conducting exploration and construction works, as well as in maintenance of wells and objects of their installation.

According to the Law the enterprises, institutions and organizations conducting exploration works, can continue to use land plots after termination of research development on the basis of an agreement on conducting exploration works with the owner of the land or upon the agreement with the land user on the period of preparing documents certifying the rights to use relevant land plot. At the same time, the Law provides reimbursement for the land owners and land users of losses and expenses caused by the use of land plots for the purposes of the oil and gas industry.

An important innovation of the Law is the rule that the provision of land plots for construction, placement and exploitation of oil and gas extraction facilities and the arrangement of the deposit will be carried out by establishing land servitudes. The application of such a mechanism for the provision of land plots will allow owners of special permits for the use of oil and gas subsoil use such land plots without changing their intended purpose.

The Law also establishes that the removal and transfer of soil cover of land plots for drilling and arrangement of oil and gas wells, construction and exploitation of pipeline transport facilities, etc., may be carried out without special permit of the relevant body, but on the basis of a working project on land arrangement.

It should be noted that the Law also introduces a number of important changes aimed at simplifying certain licensing procedures in the oil and gas industry.

The Law cancels the requirement on the necessity of mining allotment by users of oil and gas subsoil, which received a special permit for the use of such subsoil, as well as the requirement on the binding authority for the registration of works and studies related to the geological study of the subsoil. Moreover, the right of subsoil users to dispose of geological information, which is in their property, is provided without the consent of the state authorities or local self-government bodies.

The Law also provides the prolongation of special permit for the use of oil and gas subsoil, its reissuance, as well as its amendment is not considered as granting of special permit for using the oil and gas subsoil and is provided free of charge. At the same time, the Law clarifies that

granting of special permits for the oil and gas extraction (industrial development of deposits) is carried out with due regard to the results of environmental impact assessment.

Finally, it should be emphasized that according to the Law introduction to industrial development of a deposit or a separate deposit of oil and gas will be carried out by the user, and hence, the number of necessary approvals of project documents by the bodies of state mining supervision decreases.

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This Legal Alert is intended as a general overview of latest changes in legislation of Ukraine and does not constitute a legal advice.

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