

LATEST AMENDMENTS TO THE CODE ON SUBSOIL AND SUBSOIL USE

On 28 December 2023, Kazakhstan adopted a [Law](#)¹ introducing amendments into the [Code](#) of the Republic of Kazakhstan "On Subsoil and Subsoil Use" (the "**Code**") and Environmental Code of the Republic of Kazakhstan. Most of the introduced amendments were put into effect on 28 February 2024.

The key amendments affect hydrocarbons exploration, determine the levels of operation of depleting fields, and simplify certain administrative procedures and regulations.

Furthermore, other significant adjustments have been introduced into the Code, including with respect to uranium and solid minerals.

Below we briefly consider certain introduced amendments in the sphere of subsoil use.

■ Amendments in the Sphere of Hydrocarbons Exploration

- According to the amendments introduced in Articles 117 and 118 of the Code, the maximum exploration period was extended under the hydrocarbons exploration and production contracts at the blocks, which are not referred to complicated. It became possible to extend the exploration period to evaluate a discovered deposit (aggregate of deposits), including the stage of test operation. Following the introduced amendments the maximum duration of exploration with extensions may reach 12 consecutive years.
- A new paragraph 13-1 was added to Article 123 of the Code, provisions of which grant the right to a subsoil user to refuse to drill a well stipulated by a production program in case of complying with certain conditions. Thus, a subsoil user now has an opportunity to reduce the scope of its obligations without risk to violate the license and contract conditions.
- Competence of the state commission on reserves relating to the state expert examination of subsoil with respect to hydrocarbons was extended up to 1 January 2026. After the said date, this function will be imposed on the Central Commission for the Reserves of Hydrocarbons of the Republic of Kazakhstan.

■ Depleting Fields

The Code introduces a new category of depleting hydrocarbon fields, criteria for which are established by Article 153-1. This article also provides for investment obligations for subsoil users carrying out production operations at the said fields, among which are:

- additional investment in the development of a depleting field; and/or

¹ Law No. 52-VIII of the Republic of Kazakhstan "On Introduction of Amendments into Certain Legislative Acts of the Republic of Kazakhstan on the Issues of Subsoil Use and Environment" dated 28 December 2023.

- additional financing of social and economic development of the region in accordance with the procedure established by the Code.

■ **Optimizing the Procedure for Participation in an Auction for the Subsoil Use Right for Hydrocarbons**

The amendments introduced into Article 96 of the Code resulted in significant reduction of the set of documents required for participation in an auction for the subsoil use right for hydrocarbons.

Furthermore, in case of detecting technical errors, the competent authority previously rejected the applicant's application for the auction participation. From now on, according to the amendments introduced into Article 97 of the Code, an applicant has an opportunity to resubmit an application after rectifying the discrepancies specified by the competent authority.

■ **Miscellaneous**

- The subsoil users now have an additional option to store funds intended for liquidation of consequences of their activities with the National Postal Operator.
- The amendments established the regulator's competence relating to implementation of pilot projects involving automation of monitoring over the subsoil user's performance of obligations and a number of other procedures through the information systems under the condition of voluntary participation.
- The amendments also provide for a separate procedure for imposing encumbrances over the subsoil use right and subsoil use right-related objects.

It is worth mentioning that the Code contains a number of other amendments not mentioned in this Legal Update. Should you have any additional questions, we would be happy to provide more detailed information.

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