

Subsurface Resources Act

Promulgated State Gazette No. 23/12.03.1999, amended SG No. 28/4.04.2000, SG No. 108/14.12.2001, amended and supplemented SG No. 47/10.05.2002, amended SG No. 86/30.09.2003, SG No. 28/1.04.2005, effective 1.04.2005, SG No. 94/25.11.2005, effective 25.11.2005

PART ONE

GENERAL

Chapter One

SUBJECT AND SCOPE

Article 1

(1) This Act shall govern the terms and procedure for:

1. prospecting, exploration and extraction of subsurface resources on the territory of the Republic of Bulgaria, its continental shelf and exclusive economic zone in the Black Sea;
2. conservation of the bowels of the Earth and rational use of the subsurface resources on the territory of the Republic of Bulgaria, the continental shelf and the exclusive economic zone in the Black Sea.

(2) The Act shall not apply to activities pertaining to:

1. research, training and teaching activity;
2. prospecting, exploration, use and conservation of ground waters, inclusive of the geothermal energy they carry;
3. collection of rock, mineral and soil samples from the surface of the Earth for non-commercial purposes;
4. extraction of gold from river beds by manual washing;
5. extraction of salts and elements from sea water.

Article 2

For the purposes of this Act the subsurface resources shall be grouped as follows:

1. metalliferous mineral resources;
2. non-metal mineral resources - industrial minerals;
3. oil and gas;
4. solid fuels;
5. building materials;
6. facing-stone materials;
7. precious and semiprecious stones;
8. manufacture technological waste from the mining, extraction and processing industries, which is not property of natural or legal persons.

Article 3

(1) The subsurface resources shall be exclusive state property.

(2) Municipal property shall be the subsurface resources under Article 2, sub-paragraph 5, when used to meet the construction needs of the population and if extracted by quarrying in quantities not exceeding 10,000 cubic meters per year.

Article 4

(1) Prospecting exploration for subsurface resources shall be carried out on the basis of licence granted for:

1. prospecting;
2. exploration;
3. prospecting and exploration.

(2) Extraction of subsurface resources shall be carried out on the basis of granted concession.

Article 5

Rights on subsurface resources shall be granted by:

1. licences for prospecting and/or exploration, issued by the competent bodies pursuant to Article 7 upon approval by the Council of Ministers;
2. licences for prospecting and/or exploration for oil and gas and licences for prospecting and/or exploration for subsurface resources in the continental shelf and the exclusive economic zone, issued by the Council of Ministers by proposal of the competent bodies pursuant to Article 7;
3. concessions for extraction granted by the Council of Ministers by proposal of the competent bodies pursuant to Article 7;

4. concessions for extraction pursuant to Article 3, paragraph 2, granted by the respective municipal councils after coordination with the Ministry of Environment and Waters.

#### Chapter Two

### AUTHORITIES FOR MANAGEMENT OF SUBSURFACE RESOURCES

#### Article 6

(1) The competent body under Article 5, sub-paragraph 1 shall be a minister or head of department in compliance with the authority under Article 7.

(2) The competent body under Article 5, sub-paragraph 2 shall be the Council of Ministers, which shall authorize a minister or head of department under Article 7 to conclude contract for prospecting and/or exploration.

(3) The competent body under Article 5, sub-paragraph 3 shall be the Council of ministers, which shall authorize a minister or head of department under Article 7 to conclude contract for extraction of subsurface resources.

(4) The competent body under Article 5, sub-paragraph 4 shall be the respective municipal council.

(5) The competent body for the purposes of Article 1, paragraph 2, sub-paragraph 1 shall be the Minister of Environment and Waters.

#### Article 7

(1) The Minister of Environment and Waters shall:

1. together with the ministries and departments concerned develop and propose to the Council of Ministers the Government policy and strategy in the sphere of prospecting, exploration and extraction of subsurface resources and conservation of the bowels of the Earth on the territory of the Republic of Bulgaria, in the continental shelf and the exclusive economic zone in the Black Sea;

2. together with the ministries and departments concerned develop and implement the Government policy and strategy for encouragement of investments for prospecting, exploration and extraction of subsurface resources in view of the sustained development of this country, the national security and for attraction of investors;

3. in implementation of the Government policy in the sphere of geology - co-ordinate and assign the implementation of investment and other projects for geological and geological environmental surveys of this country, and shall organize competitive tenders and auctions for contractors of such projects;

4. manage the National Geo-Fund;

5. (Amended, SG No. 47/2002) organize collection, updating and storage of data under Article 32, para. 1, item 1 of the Cadastre and Property Register Act (CPRA), as well as the elaboration and maintenance of specialized maps, registers and an information system, based on such data and data from the cadastre for

a) permits for prospecting and/or exploration

b) finds and deposits of subsurface resources

6. (Repealed, SG No. 47/2002)

7. issue certificates for registered finds of deposits;

8. organize the establishment of and maintenance of national balance of reserves and resources for all types of subsurface resources under Article 2;

9. organize competitive tenders and auctions, conduct negotiations and issue licences for prospecting and/or exploration for subsurface resources pursuant to Article 2, sub-paragraphs 1, 2, 4, 5, 6, 7 and 8 after approval by the Council of Ministers, and shall conclude contracts in the cases specified in this Act;

10. establish the necessary organization and make proposals to the Council of Ministers for granting licences for prospecting and/or exploration for subsurface resources under Article 2, sub-paragraph 3, and shall conclude contracts in the cases specified in this Act.

(2) The Minister of Industry shall:

1. co-ordinate and assign the implementation of investment and other projects for extraction of subsurface resources under Article 2, sub-paragraphs 1, 2, 7 and 8 in implementation of the Government policy in this sphere;

2. organize competitive tenders and auctions, conduct negotiations and grant licences for prospecting and/or exploration for subsurface resources under Article 2, sub paragraphs 1, 2, 7 and 8 after approval by the Council of Ministers, and shall conclude contracts in the cases specified in this Act;

3. establish the required organization and make proposals for granting licences for prospecting and/or exploration for subsurface resources under Article 2, sub-paragraphs 1, 2 and 7 in the continental

shelf and the exclusive economic zone in the Black Sea, and shall conclude contracts in the cases specified in this Act;

4. establish the required organization and make proposals for granting of concessions for extraction of subsurface resources under Article 2, sub-paragraphs 1, 2, 7 and 8;

5. organize competitive tenders and auctions, and shall conduct negotiations and conclude concession contracts in the cases specified in this Act;

6. supervise the compliance of concessionaires with their obligations under contracts concluded by him pursuant to this

Act;

7. submit to the National Geo-Fund the geological and technical information collected pursuant to Article 13 from holders of licences and concessionaires.

(3) The Minister of Regional Development and Public Works shall:

1. co-ordinate and assign the implementation of investment and other projects for extraction of subsurface resources under Article 2, sub-paragraphs 5, 6 and 8, used as raw materials in the building industry, in implementation of the Government policy in this sphere;

2. organize competitive tenders and auctions, and shall conduct negotiations and grant licences for prospecting and/or exploration for subsurface resources under Article 2, sub paragraphs 5, 6 and 8 after approval by the Council of Ministers, and shall conclude contracts in the cases specified in this Act;

3. establish the required organization and make proposals for granting concessions for extraction of subsurface resources under Article 2, sub-paragraphs 5, 6 and 8;

4. organize competitive tenders and auctions, and shall conduct negotiations and conclude concession contracts in the cases specified in this Act;

5. supervise the compliance of concessionaires with their obligations under contracts concluded by him pursuant to this Act;

6. submit to the National Geo-Fund the geological and technical information collected pursuant to Article 13 from holders of licences and concessionaires.

(4) (Amended, SG No. 108/2001) The Minister of Energy and Energy Resources shall:

1. co-ordinate and assign the implementation of investment and other projects for extraction of solid fuels and energy resources on the territory of this country, in the continental shelf and in the exclusive economic zone in the Black Sea, in implementation of the Government policy in this sphere;

2. establish the required organization and make proposals for granting licences for prospecting and/or exploration for subsurface resources under Article 2, sub-paragraph 3, and shall conclude contracts in the cases specified in this Act;

3. organize competitive tenders and auctions, conduct negotiations and grant licences for prospecting and/or exploration for subsurface resources under Article 2, sub paragraphs 4 and 8 after approval by the Council of Ministers, and shall conclude contracts in the cases specified in this Act;

4. establish the required organization and make proposals for granting of concessions for extraction of subsurface resources under Article 2, sub-paragraphs 3, 4 and 8;

5. organize competitive tenders and auctions, and shall conduct negotiations and conclude concession contracts in the cases specified in this Act;

6. supervise the compliance of concessionaires with their obligations under contracts concluded by him pursuant to this

Act;

7. submit to the National Geo-Fund the geological and technical information collected pursuant to Article 13 from holders of licences and concessionaires.

Chapter Three

GOVERNMENT PROCUREMENT FOR GEOLOGICAL SURVEYS

Article 8

Government-funded geological surveys in the Republic of Bulgaria shall be carried out pursuant to the Government and Municipal Procurement Act and on the grounds of elaborated strategy and adopted long-term plans.

Article 9

The Ministry of Environment and Waters shall elaborate and finance the priority subjects and the relevant annual tasks in the sphere of geology.

Article 10

(1) The tasks under Article 9 shall be assigned through competitive tender or auction.

(2) The projects shall be prepared on the basis of technical assignment, elaborated or approved by the Ministry of Environment and Waters.

(3) The Minister of Environment and Waters and the contractors shall conclude contracts.

#### Article 11

All the geological information acquired, as well as the resulting intellectual product shall become property of the state, and shall be delivered to the National Geo-Fund for safekeeping and use.

#### Chapter Four

#### GEOLOGICAL AND TECHNICAL INFORMATION

#### Article 12

(1) Natural geological information shall be the aggregate of all information and data obtained in the process of implementation of geological tasks, which shall be subject to delivery, acceptance, processing and storage.

(2) The geological information may be categorized as natural and original, depending on the type of the information media, whereas:

1. natural geological information shall be carried by natural information media - samples of rocks and mineral raw materials from natural developments and geological survey works, drilling cores, sections, laboratory samples, etc.;

2. original geological information shall be the information and data obtained in the process of implementation of geological tasks, stored on paper, transparent, magnetic and optical media, as well as on various hard-bodied storage devices.

(3) The information may be printed and digital, depending on the method of storage of geological information and data, whereas:

1. printed geological information shall be texts, graphics, tables, sections, maps, layouts, etc.;

2. digital geological information shall be the digital information and data which may be processed, recorded, stored and reproduced by computer devices and systems.

(4) The geological information may be categorized as primary, intermediate and final, depending on the degree of implementation of geological tasks, whereas:

1. primary geological information shall be the aggregate of primary data from natural information, regardless of the information media; it shall be the basis for obtaining intermediate and final information;

2. intermediate geological information shall be data which are not final, but are subject to further processing and are stored until obtaining of final information;

3. final information shall be data which reflect the implementation of geological surveys, technological tests, research work, etc.; final information may be stored on information media of various types.

#### Article 13

(1) The holders of licences for prospecting and/or exploration or the concessionaires shall be obliged:

1. to keep full and detailed documentation of the geological surveys and other activities pertaining to the granted licences or concessions, and to provide it for examination pursuant to the terms of the concluded contracts;

2. to report the results from geological surveys and other activities pertaining to the granted licences or concessions by intermediate reports and final report;

3. to submit to the Ministry of Environment and Waters the obtained material evidence after completion of research work related thereto.

(2) The results of the geological works, their interpretation and the assessment of attained objectives shall be recorded in the geological reports.

(3) The requirements to the geological and technical documentation of exploration and mining and extraction sites shall be regulated by act of the Council of Ministers.

#### Article 14

(1) Throughout the term of validity of the licences for prospecting and/or exploration or of the concessions for extraction the geological and technical information under Article 13 shall be property of the body who has concluded the respective contract, and of the holder of the licence or the concessionaire. The co owners shall be obliged to ensure the confidentiality of information in the course of its collection, storage, delivery and use in compliance with the terms of the concluded contract.

(2) Copies of the information under paragraph 1 shall be delivered for safekeeping to the National Geo-Fund by the body who has signed the respective contract, within 10 days after its submission by the

holder of the licence or the concessionaire.

(3) Upon termination of the licence or the concession the entire information under Article 13 shall become property of the Bulgarian state and shall be submitted to the National Geo Fund.

#### Article 15

The geological and technical information about subsurface resources, obtained before or after the coming of this Act into force, shall be submitted to the National Geo-Fund as state property.

#### Chapter Five

#### NATIONAL GEO-FUND

#### Article 16

(1) The Ministry of Environment and Waters shall maintain a National Geo-Fund, which shall collect, process, store and deliver for use for consideration the geological information from surveys and other activities pertaining to the prospecting, exploration and extraction of subsurface resources.

(2) Introduced and maintained with the National Geo-Fund shall be specialized information systems for the data from the prospecting, exploration and extraction of all groups of subsurface resources under Article 2.

(3) The functions of the National Geo-Fund and the terms and procedure for use of its information by the relevant users shall be regulated by an act of the Council of Ministers.

#### Chapter Six

#### SPECIALIZED MAPS AND REGISTERS OF LICENCES FOR PROSPECTING AND/OR EXPLORATION AND CONCESSIONS FOR EXTRACTION

#### Article 17

(Amended, SG No. 47/2002)

The Ministry of Environment and Waters shall organize the collection, updating and storage of the data under Article 32, para. 1, item 1 of the CPRA regarding the permits for prospecting and/or exploration, issued under the terms and procedure of the law, as well as the elaboration and maintenance of a specialized map, register and an information system, based on such data and data from the cadastre.

#### Article 18

The Council of Ministers shall organize the compilation and maintenance of unified register of concessions for extraction granted in compliance with the terms and procedure under this Act.

#### Article 19

(1) The registers of licences for prospecting and/or exploration and concessions for extraction of subsurface resources shall be compiled and kept in compliance with terms and procedure specified by the Council of Ministers.

(2) (Amended, SG No. 47/2002) The specialized maps and registers of areas for prospecting and/or exploration and concessions for extraction shall be compiled and shall function pursuant to the terms and procedure of Chapter Four of the CPRA.

(3) (Amended, SG No. 47/2002) The specialized maps and registers shall be public and all persons shall be entitled to review and obtain transcripts therefrom against payment as per tariff approved by the Council of Ministers.

#### Chapter Seven

#### NATIONAL BALANCE OF RESERVES AND ASSESSMENT OF RESOURCES. REGISTER OF FINDS AND SPECIALIZED MAPS AND REGISTER OF DEPOSITS

(Amended, SG No. 47/2002)

#### Article 20

(1) The Ministry of Environment and Waters shall compile and keep:

1. national balance of reserves and assessment of subsurface resources under Article 2;
2. (Amended, SG No. 47/2002) specialized map and register of deposits of subsurface resources under Article 2;
3. register of finds.

(2) The national balance of subsurface resources shall be prepared annually on the basis of data for the status and changes of the resources, such as may be provided by contractors of Government procurement orders for geological surveys, holders of licences for prospecting and/or exploration, concessionaires and sole proprietorships with the state as sole owner of capital, that carry out extraction of subsurface resources.

(3) The reserves of subsurface resources included in the national balance shall be accounted for in

compliance with the categorization of reserves of subsurface resources.

(4) (Amended, SG No. 47/2002) Recorded in the specialized map and register of deposits of subsurface resources shall be all registered finds of deposits of subsurface resources.

(5) Recorded in the register of finds shall be:

1. declared finds in result of completed Government procurement tasks;
2. written statements of finds by holders of licences for prospecting and/or exploration under Article 28, sub paragraph 3.

(6) Find by statement of a person who is not a holder of or does not have licence for prospecting and/or exploration, or where such licence has not been entered in the Unified Register of licences for prospecting and/or exploration, shall not be entered in the register.

(7) A find of subsurface resources resulting from geological surveys pursuant to Articles 8 - 11 shall not give rise to rights of the finder pursuant to Article 29.

(8) (Amended, SG No. 47/2002) The activities pertaining to the compilation and keeping of the national balance of reserves shall be regulated by an act of the Council of Ministers.

(9) (New, SG No. 47/2002) The content of the specialized maps and deposits, as well as the terms and procedure for their compilation and maintenance shall be determined by the Minister of Environment and Waters and the Minister of Regional Development and Public Works by means of an ordinance in accordance to Article 32, para. 3 of the CPRA.

#### Article 21

(1) Finds shall be registered as:

1. geological finds;
2. commercial finds.

(2) A geological find shall be the result of activities pertaining to licence for prospecting for subsurface resources, it shall give rise to rights for exploration, and the statement for its registration shall include the following:

1. description of the location of the find;
2. coordinates of the end points and typical points of the area comprising the find;
3. the specific subsurface resources ascertained by the find, and the group to which they belong under Article 2;
4. quality characteristics of the subsurface resources;
5. preliminary assessment of the capacity of the find.

(3) A commercial find shall be the result of activities pertaining to licence for prospecting and exploration or licence for prospecting, it shall give rise to rights to concession and the statement for its registration shall include the following:

1. description of the location of the find;
2. coordinates of the end points and typical points of the area comprising the find;
3. the specific subsurface resources ascertained by the find, and the group to which they belong under Article 2;
4. quality characteristics of the subsurface resources;
5. geological and economic assessment of the capacity of the find.

(4) A find shall be declared geological or commercial by statement under paragraph 2 or paragraph 3, by the holder of the licence for prospecting and/or exploration, filed with the competent body under Article 7 and to the Ministry of Environment and Waters, which shall make registration and issue a certificate for the find.

#### Article 22

Holders of licences for prospecting and/or exploration and concessionaires and companies with the state as sole owner of the capital, such that pursue activities pertaining to extraction of subsurface resources, shall be obliged to submit to the Ministry of Environment and Waters annually or upon request, but not less than twice per year, information about the status and changes of reserves and resources within areas provided thereto, as well as the required geological and technical documentation for verification of their authenticity.

### PART TWO

## PROSPECTING, EXPLORATION AND EXTRACTION OF SUBSURFACE RESOURCES

### Chapter One

## LICENCES FOR PROSPECTING AND/OR EXPLORATION

## AND CONCESSIONS FOR EXTRACTION

### Section I

#### General

##### Article 23

(1) Licences for prospecting and/or exploration and concessions for extraction shall be granted to natural and legal persons who can certify that they have been duly registered as traders and that they have the appropriate technical, management and financial capacity to pursue the relevant activities.

(2) (Amended, SG No. 47/2002) The licences and concessions under paragraph 1 shall be granted after coordination with the specialized map and register of licences and the specialized map and register of deposits of subsurface resources.

(3) More than one licence for prospecting and/or exploration or concessions for extraction may be granted for a certain area, provided they are granted for different types of subsurface resources, the activities pertaining to one of the licences or concession shall not prevent the implementation of activities pertaining to the other licence or concession, and the consent of each operating holder of licence or concessionaire has been obtained.

##### Article 24

(1) A person who meets the requirements under Article 23 may obtain more than one licence or concession for extraction.

(2) In the cases under paragraph 1 separate contracts shall be concluded with the relevant body under Article 7.

##### Article 25

(1) The rights and obligations ensuing from the granted licence for prospecting and/or exploration may be transferred, entirely or in part, to third parties who meet the requirements of Article 23, only with permission of the body under Article 6, paragraphs 1 and 2.

(2) The rights and obligations ensuing from the granted concession for extraction may be transferred, entirely or in part, to third parties who meet the requirements of Article 23, only with permission of the Council of Ministers.

(3) The costs for transfer of rights and obligations under paragraphs 1 and 2 shall be on account of the holder of the licence or the concessionaire.

(4) In the case where the holder of the licence or the concessionaire retains some of his rights under granted licence or concession, he shall be jointly liable with the third party for the obligations undertaken, unless otherwise provided in the contract.

(5) In the case where the holder of the licence or the concessionaire transfers to a third party his rights under the granted licence or concession in full, all rights and obligations shall be transferred to the third party.

##### Article 26

Proceedings for granting of licence for prospecting and/or exploration and for concession for extraction, the implementation of which concerns territories, sites, cultural and historic monuments protected by law, shall be initiated after coordination with the competent ministries with respect to protection of the national security and the defence of this country.

### Section II

#### Licences for prospecting and/or exploration

##### Article 27

Licence for prospecting and/or exploration or for exploration shall be granted for one of the groups of subsurface resources under Article 2.

##### Article 28

The licence for prospecting and exploration or for exploration shall entitle the holder, within the boundaries of the area granted:

1. to pursue all the necessary activities designed to find deposits of subsurface resources for which the licence has been granted;
2. to make assessment of deposits of subsurface resources for which the licence has been granted, inclusive of extraction for technological tests;
3. to declare within the term of validity of the licence, pursuant to the requirements of Article 21, the find as commercial find in view of due registration thereof;
4. to obtain by right concession for extraction pursuant to the provisions of Article 29.

##### Article 29

The holder of licence for prospecting and exploration or for exploration shall be designated directly as concessionaire for extraction from a deposit found, subject to the following conditions:

1. he should have declared and registered pursuant to Article 21, paragraph 3, a find of deposit of subsurface resources within the term of validity and within the area of the granted licence;
2. he should have obtained certificate for commercial find of deposit pursuant to Article 21, paragraph 4;
3. he should have filed a written application for concession to the relevant body under Article 7 within 6 months after obtaining of certificate for the registered find.

#### Article 30

The holder of licence for prospecting and/or exploration shall be obliged:

1. to pursue all the activities pertaining to the granted licence in compliance with the law and pursuant to the terms and conditions of the concluded contract;
2. to notify the competent bodies about each find of subsurface resources and to provide the required information about it;
3. to provide information to the National Geo-Fund pursuant to Article 13;
4. (amended, SG No. 28/2005, SG No. 94/2005) in the event of discovering mineral, historic or archaeological finds which have the attributes of monuments of culture, to suspend work and to notify forthwith the relevant body under Article 7, the Minister of Environment and Waters and/or the Minister of Culture.

#### Article 31

- (1) Licences for prospecting and/or exploration shall be granted for a term of up to three years.
- (2) The term under paragraph 1 may be augmented by two extensions of up to two years each, pursuant to terms and procedure specified in the concluded contract.
- (3) In the event where before the end of the last extension under paragraph 2 the holder of licence for prospecting and/or exploration ascertains a find of subsurface resources, the term of validity of the licence may be extended by up to one year, so that the holder may make assessment of such find.

#### Article 32

- (1) The area granted under licence for prospecting and/or exploration may not exceed:
  1. for inland oil and gas - 5000 sq. km, and in the continental shelf and within the exclusive economic zone in the Black Sea - 20000 sq. km;
  2. for other groups of subsurface resources under Article 2 200 sq. km.
- (2) Parts of the area under paragraph 1 shall be vacated by the holder of licence for prospecting and/or exploration prior to each extension under Article 31, in compliance with terms and procedure specified in the concluded contract.
- (3) The holder of licence shall be entitled to vacate additional areas, by his own discretion, at the end of each calendar year, pursuant to the terms and conditions of the concluded contract.

### Section III

#### Concession for extraction

#### Article 33

Concession for extraction shall be granted for specific deposit of subsurface resources or for separate parts thereof (sections).

#### Article 34

A concession for extraction shall entitle the concessionaire:

1. to acquire right of ownership on the extracted subsurface resources for which the concessions has been granted, as well as on the technological waste from extraction, in compliance with the terms and conditions of the concluded contract;
2. to pursue all the required activities pertaining to extraction, as well as further exploration, storage, processing, transportation and sale of subsurface resources for which the concession has been granted.

#### Article 35

- (1) A concessionaire shall be obliged:
  1. to pursue all the activities pertaining to the granted concession in compliance with the law and the concluded contract;
  2. to provide the information under Article 22 to the Ministry of Environment and Waters.
- (2) (Amended, SG No. 28/2005, SG No. 94/2005) The concessionaire shall be obliged, in the event of finding unique mineral formations or movable monuments of culture, to notify within 7 days the body who has signed the concession contract, and the Minister of Environment and Water and/or the Minister of

Culture.

Article 36

(1) Concessions for extraction shall be granted for terms of up to 35 years.

(2) The term of validity of a concession may be extended by up to 15 years under the terms and conditions of the concluded contract.

Article 37

(1) The concession area granted shall include the area comprising the deposit or separate sections thereof, and the areas needed for implementation of activities pertaining to the concession.

(2) (Amended, SG No. 86/2003) The storage and use of waste from extraction and primary processing shall be carried out in compliance with design approved by the relevant ministry or department, with which the concession contract has been concluded, in coordination with the Ministry of Environment and Waters and in compliance with the provisions of the Waste Management Act.

Article 38

The concession for extraction under Article 29 should be in conformity with the terms and conditions of the licence for prospecting and/or exploration and the relevant contract.

Chapter Two

TERMS AND PROCEDURE FOR GRANTING LICENCES  
FOR PROSPECTING AND/OR EXPLORATION AND CONCESSIONS  
FOR EXTRACTION

Section I

General

Article 39

(1) Licences for prospecting and/or exploration of subsurface resources under Article 2 shall be granted by:

1. competitive tender or auction;
2. direct designation of the holder of licence, should he be the only applicant, upon expiry of one month following the publication in two central dailies of notice for forthcoming granting of licence.

(2) Concessions for extraction of subsurface resources under Article 2 shall be granted by:

1. competitive tender or auction;
2. entitlement of holder of licence for prospecting and exploration or licence for exploration pursuant to the terms and provisions of Article 29.

Article 40

(1) For areas for which licence for prospecting and/or exploration or concession for extraction of subsurface resources has been granted, other licences or concessions may not be granted for the same subsurface resources.

(2) For areas for which licence for prospecting and/or exploration or concession for extraction of subsurface resources has been granted, licences and concessions may be granted for other subsurface resources, in compliance with the requirements of Article 23.

Article 41

(1) The licences and concessions granted shall be promulgated in the State Gazette and shall be notified at the municipalities by location of the site.

(2) (Amended, SG No. 47/2002) Licences for prospecting and/or exploration shall be registered in the specialized map and register of the areas for prospecting and/or exploration with the Ministry of Environment and Waters within 7 days following their promulgation in the State Gazette.

Section II

Granting of licence for prospecting and/or exploration and  
concession for extraction by competitive tender or auction

Article 42

Licences for prospecting and/or exploration and concessions for extraction shall be granted as mandatory by competitive tender or auction:

1. for oil and gas;
2. for subsurface resources in the continental shelf and in the exclusive economic zone;
3. for undeveloped deposits of subsurface resources or areas not granted which contain ascertained finds, explored with Government funds.

Article 43

(1) A competitive tender or auction for granting of licence for prospecting and/or exploration shall be

initiated ex officio or upon application of interested persons to one of the bodies under Article 5, according to their competence.

(2) Proceedings for granting of licence for prospecting and/or exploration upon request of interested persons shall not be initiated in the cases under Article 56. Such denial shall not be subject to appeal in court of justice.

(3) The order for holding of competitive tender or auction for issue of licence in the cases under Article 5, sub-paragraph 1 shall set forth:

1. subject of the licence;
2. term of validity of the licence;
3. term for holding the competitive tender or auction;
4. term for purchase of competitive tender or auction documents;
5. deadline for receiving of documents for participation in the competitive tender or auction;
6. amount and term of deposit;
7. other terms and conditions of the competitive tender or auction.

(4) The order under paragraph 3 shall be promulgated in the State Gazette and at least one central daily.

(5) The body under paragraph 1 shall appoint a commission to organize and hold the competitive tender or auction.

#### Article 44

(1) Licences for prospecting and/or exploration of oil and/or gas or licences for prospecting and/or exploration of subsurface resources in the continental shelf and in the exclusive economic zone shall be issued by the Council of Ministers upon proposal from the body under Article 7.

(2) (Amended SG No. 28/2000) The proposal for initiating of procedure for issue of licence under paragraph 1 should be motivated, it should contain explanation in evidence of its compliance with the law and its feasibility.

(3) The Council of Ministers shall take decision on the proposal under paragraph 2, which shall comprise the requirements under Article 43, paragraph 3, and which shall authorize a minister or head of department under Article 7 to conduct competitive tender or auction.

(4) The decision under paragraph 3 shall be promulgated in the State Gazette and at least one central daily.

(5) The authorized body shall appoint commission to organize and hold the competitive tender or auction.

#### Article 45

(1) The Council of Ministers may take decision for granting of concession by proposal from the relevant body under Article 7.

(2) The proposal should be motivated and accompanied by legal, financial, economic, environmental and social analyses and should be co-ordinated with the concerned ministries, upon discretion of the author.

(3) The decision for granting of concession shall set forth:

1. subject of the concession;
2. term of validity of the concession;
3. terms and conditions, major rights and obligations under the concession;
4. term for holding of competitive tender or auction;
5. term for purchase of competitive tender or auction documents;
6. deadline for acceptance of documents for participation in the competitive tender or auction;
7. amount and term of deposit;
8. the minister or head of department assigned to conduct the competitive tender or auction;
9. other terms and conditions.

(4) The decision of the Council of Ministers to put up notice for competitive tender or auction shall be promulgated in the State Gazette and at least one central daily.

(5) On the grounds of the decision under paragraph 1 the body assigned to organize and hold the competitive tender or auction shall:

1. prepare the required competitive tender or auction documents;
2. set forth the terms and procedure for holding the competitive tender or auction;
3. designate the membership of the competitive tender or auction commission.

#### Article 46

(1) The applicants for participation in competitive tender or auction for obtaining a licence for prospecting and/or exploration or concession for extraction should submit written applications in Bulgarian in conformity with the announced requirements.

(2) Attached to the application shall be:

1. certificate of registration of the applicant as trader;
2. statements of the annual financial reports for the last three years;
3. evidence of purchase of competitive tender or auction documents, deposit and participation fees paid;
4. declaration for confidentiality of the information contained in the competitive tender or auction documents.

(3) The documents under paragraph 2 shall be examined as from the time of their submission, and should they fail to comply to the requirements, the applicant shall be given an opportunity to remedy the eventual faults within a term specified in the competitive tender or auction documents.

#### Article 47

(1) The commission shall take decision for admission for participation in the competitive tender or auction and shall notify the applicants thereof in writing.

(2) A denial for admission for participation in the competitive tender or auction shall be subject to appeal pursuant to judicial procedure according to the Administrative Procedure Act.

(4) The competitive tender may be held in the presence of the participants or not, and the auction - by open or sealed bids.

#### Article 48

(1) The participants admitted to the competitive tender shall submit offers in sealed envelopes in compliance with the competitive tender terms and conditions.

(2) In the event of holding an auction by sealed bids the admitted participants shall submit in sealed envelopes bids for the concession payment. In the case of auction by open bidding the commission shall announce in advance the bid increment.

#### Article 49

(1) Within 14 days following the expiry of the term for submission of offers, the commission shall classify the participants in compliance with the competitive tender or auction requirements. In the case of open bid auction the auction shall be announced to be closed after elaboration of protocol for the final amounts stated by the participants, which shall be signed by the commission and the participants.

(2) In the cases under Article 5, sub-paragraph 1, the relevant minister or head of department shall issue licence to the applicant classified in the first place, after approval by the Council of Ministers, and shall conclude a contract.

(3) In the cases under Article 5, sub-paragraphs 2 and 3, the relevant minister or head of department shall submit to the Council of Ministers proposal for determining the winner of the competitive tender or auction.

#### Article 50

The Council of Ministers shall:

1. approve the issue of licence for prospecting and/or exploration pursuant to Article 49, paragraph 2;
2. issue licence for prospecting and/or exploration, and shall take decision for granting concession to the winner of the competitive tender or auction pursuant to Article 49, paragraph 3, and shall notify the relevant minister or head of department to conclude a contract.

#### Section III

Direct granting of licence for prospecting and/or exploration and concession for extraction

#### Article 51

(1) For the purpose of direct granting of licence for prospecting and/ or exploration or concession for extraction an application in writing shall be submitted to the relevant body under Article 7.

(2) The application should be in Bulgarian and it should comprise the following:

1. full name, address and nationality of the natural person or the name, head office, company registration and nationality of the legal person, certified by the relevant documents;
2. subsurface resources under Article 2, for which the licence or concession is requested;
3. name, location, size and coordinates of the typical border points of the area, illustrated with a map of appropriate scale with indication of numbers of the typical border points.

(3) Attached to the application in sealed envelope shall be:

1. working programme with brief description of the objectives, terms for launching the programme, the types, volume, methods, duration and values of planned activities, as well as measures for conservation of the bowels of the Earth and the environment, the safety and the health of employees, the historical and cultural sites;

2. bank references, which should certify that the applicant is capable of financing the implementation of the working programme, to compensate all damages that may eventually result from the relevant activities and his capacity to make the payments of his obligations;

3. declaration to the effect that the applicant has no overdue debts to the state;

4. legal, financial, economic, environmental and social explanation.

(4) The documents under paragraphs 2 and 3 above shall be examined within 7 days, and should they fail to meet the requirements the applicant shall be given term to remedy the eventual faults.

Article 52

The application under Article 51 shall be reviewed within 30 days after expiry of the term under Article 39, paragraph 1, sub paragraph 2.

Article 53

(1) In the cases under Article 51 the body-recipient of the application shall assess the feasibility and compliance of proposal for granting of licence for prospecting and/or exploration pursuant to the provisions of Article 56.

(2) The denial to initiate proceedings for granting of licence for prospecting and/or exploration shall not be subject to appeal in court of justice.

(3) The body under paragraph 1 shall submit to the Council of Ministers draft of licence for approval.

(4) Within 30 days following the approval by the Council of Ministers the body under paragraph 1 shall issue licence for prospecting and/or exploration and shall conclude a contract with the applicant who has been granted the licence.

Article 54

(1) The body under Article 51, paragraph 1 shall assess the feasibility and compliance of proposal for granting of concession for extraction pursuant to the provisions of Article 56.

(2) The denial to initiate proceedings for granting of concession for extraction shall not be subject to appeal in court of justice.

(3) The body under paragraph 1 shall submit to the Council of Ministers motivated proposal for granting of concession, together with legal, financial, economic, social and environmental analyses, draft decision of the Council of Ministers and draft of contract for concession.

(4) In the cases under Article 29 the body under paragraph 1 shall submit to the Council of Ministers motivated proposal for granting of concession, draft decision of the Council of Ministers and draft of contract for concession, prepared on the basis of plan submitted by the applicant-concessionaire for development of the deposit, comprising legal, financial, economic, social and environmental explanation.

(5) The Council of Ministers shall pass decision on the proposal submitted pursuant to paragraphs 3 and 4.

(6) The decision for granting concession for extraction shall set forth: subject and term of the concession, the person obtaining the concession, the minister or the head of department authorized to conduct negotiations and to conclude a contract, the terms and conditions of the concession, the major rights and obligations of the parties, the mandatory improvements, the type and amount of guarantees for implementation of the obligations under the concession contract, the requirements pertaining to the national security, the defence of this country, the conservation of the bowels of the Earth and the environment, the territories and sites protected by law, as well as other requirements appropriate to the nature of the concession.

(7) The decision of the Council of Ministers shall be subject to appeal before the Supreme Administrative court within 7 days following its promulgation in the State Gazette.

Article 55

Negotiations shall be conducted and contract for concession shall be concluded within one month following the coming into force of the decision under Article 54.

Article 56

Granting of licence for prospecting and/or exploration or concession for extraction may be denied where:

1. this endangers the national security and the defence of this country, the bowels of the Earth and

the environment, the safety and the health of the employees, and the territories, sites, cultural and historic monuments protected by law;

2. the applicant has provided untrue information;

3. the applicant offers minimum mandatory working programme which is not in compliance with the established technical and technological standards and the requirements for conservation of the bowels of the Earth and the environment;

4. the applicant puts forward a request for an area within the boundaries of which rights for prospecting and/or exploration or for extraction have been granted, and the terms and conditions under Article 23, paragraph 3 are not at hand.

Article 57

Granting of concession for extraction pursuant to the provisions of Article 29 may be denied, if after a deposit has been found certain circumstances occur which endanger the national security and the defence of this country, the bowels of the Earth and the environment, and territories, sites, cultural and historic monuments protected by law. In such case the applicant for concession for extraction who has ascertained the find shall be compensated pursuant to procedure established by an act of the Council of Ministers.

Chapter Three

FINANCIAL TERMS AND CONDITIONS

Article 58

Granting of rights to prospecting and/or exploration or for extraction of subsurface resources by licence for prospecting and/or exploration or by concession for extraction shall be done in return for due consideration.

Article 59

(1) The applicants for licence for prospecting and/or exploration and the applicants for concession for extraction shall pay charges upon submission of applications.

(2) The charges under paragraph 1 shall be collected to cover the administrative costs pertaining to the proceedings for granting of licence or concession.

(3) The procedure for collection and the amount of the charges under paragraph 1 shall be determined by an act of the Council of Ministers.

Article 60

(1) The holder of licence for prospecting and/or exploration shall pay annual charges for the area.

(2) The amount of the charges shall be determined according to the term of the licence, the size of the area granted, and the group of subsurface resources for which licence has been granted.

(3) The procedure, amount and terms for payment of the charges under paragraph 1 shall be determined by an act of the Council of Ministers.

Article 61

(1) The concessionaire shall pay concession payment.

(2) The principles and methods for determining the concession payment shall be adopted by an act of the Council of Ministers.

(3) The amount, terms and conditions and procedure for effecting concession payment shall be set forth in the concession contract.

(4) The concession payment shall be due regardless of whether the concessionaire is incurring losses.

(5) For deposits of subsurface resources with unfavourable mining, geological, technological and economic characteristics the concessionaire may be temporarily exempt from effecting concession payment, or the latter may be reduced by not more than 50 percent of that agreed, on the grounds of decision of the Council of Ministers. This shall be recorded in additional agreement to the contract.

Article 62

(1) The amounts under Article 61, paragraph 1 shall be considered revenues from concession operations and shall be distributed pursuant to the Concessions Act.

(2) The amounts under Article 59, paragraph 1 shall be paid to the budget of the relevant ministry or department, where the application has been filed.

(3) The amounts under Article 60, paragraph 1 shall be paid to the budget of the ministry or department which has granted the licence, and shall be spent to cover the costs for granting of rights for prospecting and/or exploration, for funding of geological projects and for conservation of the bowels of the Earth and the environment, related to geological surveys and mining operations.

#### Article 63

In the event of changes in the Bulgarian legislation that may restrict the rights or may cause material damage to the holder of licence for prospecting and/or exploration or the concessionaire, upon request thereby the terms and conditions of the concluded contract shall be amended so as to restore his rights and interests in conformity with the initially concluded contract.

#### Article 64

(1) In the case where the holder of licence for prospecting and exploration or for exploration is granted concession for extraction pursuant to the provisions of Article 29, the costs for prospecting and/or exploration, except those under Articles 59 and 60, paragraph 1, shall be recognized as actual costs.

(2) The costs for development of the deposit for the purpose of extraction shall be recognized as actual costs.

(3) The costs under paragraphs 1 and 2, accounted for as financial loss, shall be deducted subsequently in the course of the next five as from the year of starting the extraction. In the event of formation of new losses in the course of operation of the deposit, their reimbursement shall commence as from the time of their occurrence and the five-year term for reimbursement shall apply to each loss.

(4) The source for reimbursement of costs incurred for prospecting, exploration, development and the operation costs shall be the revenues from extracted subsurface resources after effecting of the concession payment.

(5) The costs for recovery of the natural environment shall be included in the costs before taxation of profit.

(6) The costs incurred additionally by the holder of the licence or the concessionaire, and explicitly agreed upon in the contract pursuant to Article 66, paragraph 1, sub-paragraphs 16 and 17, shall be recognized as actual costs.

#### Chapter Four

#### CONTRACTS, TERMINATION, ARBITRATION AND EXPERT ANALYSES

##### Section I

##### General

#### Article 65

The licence for prospecting and/or exploration or the concession for extraction shall come into force as from the date of signature of contract, unless otherwise provided therein.

#### Article 66

(1) The contract shall contain as mandatory the following:

1. parties to the contract;
2. subject of the contract, coordinates and size of the area granted;
3. term of the contract and conditions for its extension;
4. rights and obligations of the parties;
5. minimum mandatory working programme to be implemented;
6. financial terms and conditions and procedure for payment for granted rights and outstanding obligations, inclusive of such for failure to carry out recultivation.
7. terms and procedure for transfer of rights and obligations pursuant to Article 25;
8. terms and procedure for termination of the contract;
9. terms and procedure for preparation and submission of designs, reports, primary data, accounting documents and other information;
10. conditions determining the rights on geological and other information obtained by the holder of the licence or the concessionaire in the course of operations under the contract;
11. procedure and manner of implementing the activities and for suspension thereof;
12. terms and procedure for inspections;
13. terms and conditions for conservation of the bowels of the Earth, the environment and the safety and the health of the employees;
14. terms and procedure for settlement of disputes, inclusive of such for international arbitration;
15. terms and procedure for action in the event of occurrence of force majeure;
16. programmes for training and opening of new jobs;
17. additional terms and conditions.

(2) The contract for prospecting and/or exploration shall comprise the obligation of the holder of licence to vacate parts of the area in favour of the state, pursuant to the requirements of Article 32, paragraph 2.

(3) The contract for extraction may comprise also an obligation of the concessionaire to effect the concession payment to the state in kind, entirely or in part.

## Section II

### Termination

#### Article 67

(1) The rights acquired on the grounds of licence for prospecting and/ or exploration or concession for extraction shall be terminated upon termination of the relevant contract.

(2) The contract shall be terminated:

1. upon expiry of its term;
2. in the event of objective impossibility to pursue the activities under the granted licence or concession;
3. where a decision for declaration of bankruptcy of the holder of licence or the concessionaire has come into force;
4. by mutual agreement;
5. by virtue of decision of a court of justice or a court of arbitration;
6. for other reasons provided for in the contract.

(3) In the event of death of the natural person or dissolution of the legal person - holder of the licence for prospecting and/or exploration, the contract may be extended by additional agreement upon decision of the competent bodies under Article 6, paragraphs 1 or 2, provided the successor files within 30 days application for extension of the contract and assumes all obligations thereunder and meets the requirements under Article 23.

(4) In the event of death of the natural person or dissolution of the legal person - concessionaire, the contract may be extended by decision of the Council of Ministers upon proposal of the body that has concluded the contract, provided the successor files within 90 days application for extension of the contract and assumes all obligations thereunder and meets the requirements under Article 23.

#### Article 68

(1) The minister or the head of the department that has concluded the contract shall be entitled to suspend the validity of the licence for prospecting and/or exploration or of the concession, should the holder of the licence or the concessionaire pursue activities that are contrary to the legislation in force or should they be in default of the terms and conditions of the concluded contract.

(2) In the event of suspension the body under paragraph 1 shall notify in writing the holder of the licence or the concessionaire of the reasons and shall set him an appropriate term to come in compliance with the terms and conditions of the contract.

(3) Holders of licence or concessionaires with suspended activities pursuant to paragraph 1 may not exercise their rights under the relevant contract, nor seek compensation for unrealized profit for the relevant period of suspension.

(4) A licence or concession suspended pursuant to paragraph 1 shall be renewed provided the holder of the licence or the concessionaire remedy the reasons therefor within the term under paragraph 2.

(5) The suspension under paragraph 1 shall not be reason to extend the term of validity of the relevant contract and that of the licence or the concession.

#### Article 69

In the cases under Article 5, sub-paragraph 1 the licence may be terminated by the body that has issued it, and in the cases under Article 5, sub-paragraphs 2 and 3 the licence or the concession may be terminated by decision of the Council of Ministers in the event that:

1. the validity of the licence or the concession has been suspended and the holder of the licence or the concessionaire have failed to remedy the reasons within the term under Article 68, paragraph 2;
2. this endangers the national security and the defence of this country.

#### Article 70

(1) In the cases under Article 69, sub-paragraph 1 the holder of the licence or the concessionaire shall be liable for damages and unrealized profit caused by the early termination, inclusive of the period of suspension.

(2) In the cases under Article 69, sub-paragraph 2 compensation shall be due to the holder of the licence or the concessionaire, except where such danger has resulted from their actions.

(3) The body that has concluded the relevant contract shall forward advance notice in writing to the holder of the licence or the concessionaire for termination.

(4) In the event of termination under Article 69 the holder of the licence or the concessionaire shall carry out full recultivation of the affected land.

#### Article 71

The provisions of Part Three of the Commerce Act and the Obligations and Contracts Act shall apply to cases of conclusion, execution and termination of the contracts, which have not been provided for.

#### Section III

#### Arbitration and expert analyses

#### Article 72

(1) All disputes between the contracting parties, which fail to be settled by mutual agreement, shall be settled by court proceedings or by court of arbitration, unless otherwise provided in the relevant contract.

(2) In the case where provisions for international arbitration have been agreed, the language, the place of arbitration and other terms and conditions must be specified in the relevant contract.

#### Article 73

The parties to the contract may agree to refer some disagreements or disputes to be settled by experts pursuant to procedure specified in the concluded contract.

#### Chapter Five

#### USE OF LAND

#### Article 74

(1) The registration of find of subsurface resources and its entry in the register for finds of subsurface resources shall not change the ownership, the designation and use of the real property on the surface of the Earth.

(2) The granted licences for prospecting and/or exploration and the concession for extraction shall entitle the holder of such licence or the concessionaire to undertake on his own the relevant legal and actual actions to reach an agreement with the holders of rights on the land in the granted area, who hinder or create difficulties to the implementation of the activities pertaining to the licence or the concession and to the execution of the relevant contract.

#### Article 75

(1) The holder of licence for prospecting and/or exploration or the concessionaire and the owner of the land may sign a contract for establishment of proprietary rights on the land in favour of the holder of the licence or the concessionaire for the purpose of use of the land for the term of the licence or the concession, where the terms and conditions and procedure and compensation for use of the land are specified.

(2) (Amended, SG No. 47/2002) Where no agreement is reached under paragraph 1, the interested party may refer the matter to be solved by the relevant body, who may, depending on the nature of the works, their duration and impact on the bowels of the Earth and the environment, submit a request through the Governor of the region by location of the land, to the Minister of Finance or the Minister of Regional Development and Public Works for compulsory appropriation of the private properties or part thereof in view of the needs of the exploration and the extraction of subsurface resources, pursuant to Chapter Three of the State Property Act, and after equivalent compensation in advance. The request for compulsory appropriation shall be accompanied by a draft-design based on data from the cadastral map and an excerpt from the cadastral register of real estates.

(3) The manner of compensation of the owner and the price of the real property shall be specified by the Governor of the region by location of the real property, after confirmation from the Minister of Finance and the Minister of Regional Development and Public Works.

(4) The property shall be considered appropriated upon payment of the specified compensation or where a title deed is issued for the real property granted as compensation.

(5) The minister or the head of the department that has concluded the contract for granting of rights pursuant to Article 5, shall follow the procedure specified by the laws governing the changes in designation of land, should it be farm land, land from the state forestry fund, municipal land or of some other type.

(6) Putting in possession shall be conducted pursuant to the administrative procedure in compliance with the provisions of paragraph 2.

(7) Where within three years following the compulsory appropriation of the property the concessionaire has failed to undertake actions pertaining to the implementation of the detailed design, the former owner or the Governor of the region shall be entitled to request the district court by location of the

real property to revoke the compulsory appropriation and to rule for restitution of what has been delivered by both parties.

(8) After the termination of activities pertaining to the licence for prospecting and/or exploration or concession for extraction, the holder of rights shall be obliged to undertake all measures to mend the damages to the land in compliance with the terms and conditions of the contract under paragraph 1, the licence for prospecting and/or exploration or the concession for extraction, the existing legislation on conservation of the environment, other applicable laws and the concluded contract.

(9) The decisions under the preceding paragraphs shall be communicated to the parties concerned by the minister or the head of department that have concluded the contract for granting of rights under Article 5, pursuant to the Civil Procedure Code . A decision shall be subject to appeal before the Supreme Administrative court within two weeks of the communication. The decision of the Supreme Administrative Court shall be final and not subject to appeal.

#### Article 76

(1) The compensations under Article 75, paragraph 1 shall be determined on the basis of the damages resulting as direct and immediate consequence of the damage to the land caused by the activities pertaining to the licence for prospecting and/or exploration or the concession for extraction and the relevant contract.

(2) Should it turn out that after the termination of the licence for prospecting and/or exploration or the concession for extraction the land may not be used as formerly designated, the properties shall be appropriated pursuant to the State Property Act.

### PART THREE

## CONSERVATION OF THE BOWELS OF THE EARTH AND RATIONAL USE OF THE SUBSURFACE RESOURCES

### Chapter One

#### GENERAL

#### Article 77

The conservation of the bowels of the Earth and the rational use of the subsurface resources shall be major obligation of all who pursue activities for their exploration and use, who design mine construction, prepare the operation of and extract subsurface resources.

#### Article 78

All holders of licence for prospecting and/or exploration or concessionaires shall be obliged to pursue the activities pertaining to the granted licences or concessions for extraction and the relevant contracts in compliance with the requirements for conservation of the bowels of the Earth and rational use of the subsurface resources, as provided for in this Act and in the Concessions Act, the regulative normative acts thereto and the legislation for conservation of the environment.

#### Article 79

Extraction of subsurface resources shall be done only from deposits registered pursuant to Article 21.

### Chapter Two

## MINES AND QUARRIES

#### Article 80

The boundaries of each mine or quarry shall be determined in reference of the established outlines of reserves and subsurface resources - subject to operation.

#### Article 81

(1) For each mine and quarry there shall be elaborated:

1. a detailed topographic layout of the surface of the mine or quarry field of appropriate scale, with indication of boundaries, cartographic marks designating the location of the mine or quarry, the nature of the locality and all installations and facilities thereon;

2. accurate subsurface layouts of appropriate scale, with indication of sections operated throughout the year, as well as those yet to be operated; the layouts should have indications of the mine and quarry fields;

3. layouts of the general location of the individual parts of the mine or quarry with indicated boundaries of the reserves and the resources and the mine works;

4. geological map with the necessary sections and data through the deposit;

5. technical and other data for the monitoring of mine operations;

6. the required registers, layouts and statistical data pertaining to the requirements for operation and

safety and health of the employees working in the mines and quarries.

(2) (New, SG No. 47/2002) The layouts under para. 1, items 1, 2 and 3 shall be elaborated on the basis of data from the cadastre, from a large- scale topographic map of this country, as well as from other specialized maps.

#### Chapter Three

#### DETAILED DESIGNS

##### Article 82

(1) The prospecting, exploration, extraction and primary processing of subsurface resources, the liquidation and preservation of geological survey and mining sites shall commence as mandatory and shall be executed on the basis of comprehensive and annual detailed designs, prepared by the holders of licences for prospecting and/or exploration or the concessionaires.

(2) The designs for prospecting, exploration, extraction and primary processing of subsurface resources shall be subject to mandatory assessment of their impact on the environment pursuant to the requirements of the Environment Conservation Act.

(3) The annual designs for prospecting, exploration, extraction and primary processing of subsurface resources shall be subject to mandatory coordination with the Ministry of Environment and Waters in respect of the requirements for conservation of the bowels of the Earth and the rational use of subsurface resources and the measures for conservation and recovery of the environment under terms and procedure determined by the Minister of Environment and Waters.

##### Article 83

(1) The detailed designs for prospecting and/or exploration, extraction and primary processing of subsurface resources should comprise detailed information about the volume, the technical and technological conceptions and the terms of planned activities, the amounts of required investment, measures for conservation of the bowels of the earth, the environment and for the safety and health of the employees.

(2) The holders of licences for prospecting and/or exploration and the concessionaires shall prepare comprehensive and annual designs, which should ensure:

1. the application of methods, technology and systems, which alleviate the negative impact on the bowels of the Earth and the environment;
2. the optimum extraction of reserves of subsurface resources from the bowels of the Earth and of useful components in the course of primary processing;
3. the compliance with the requirements for depositing and storing of soil materials and technological waste;
4. the conservation of the environment and recovery (recultivation) of damaged terrain;
5. the safety and the health of the employees.

##### Article 84

The designs for liquidation or preservation of geological survey and mining sites should comprise detailed information about the volume, the technical implementation and the terms for liquidation, preservation and recultivation, about the amount of required investment, the measures for conservation of the bowels of the Earth, the environment, the safety and the health of employees and of other persons, who may accidentally come into the area of the sites.

##### Article 85

The coordination of designs under Article 84 and of the amendments thereto in respect of conservation of the bowels of the Earth and the environment shall be carried out pursuant to procedure set forth by the Minister of Environment and Waters.

##### Article 86

The holders of licences for prospecting and/or exploration or the concessionaires shall report the implementation of detailed designs, the used funds and the attained major results annually by report in writing to the minister with whom the contract has been concluded, unless otherwise provided.

#### Chapter Four

#### CONSERVATION OF THE BOWELS OF THE EARTH

##### Article 87

The conservation of the bowels of the Earth in the course of prospecting, exploration, extraction and primary processing of subsurface resources shall comprise the following:

1. compliance with the procedure for prospecting and exploration for subsurface resources, approved in the detailed design;

2. compliance with the procedure for utilization of reserves of subsurface resources, approved in the detailed design;
3. optimum extraction of reserves of subsurface resources in the course of operation of deposits thereof;
4. optimum extraction of useful components from extracted subsurface resources in the course of primary processing;
5. conservation of deposits of subsurface resources in respect of industrial and other construction which may complicate the operation and rational use of reserves;
6. compliance with the requirements for depositing in depots, storing and utilization of waste from exploration, extraction and primary processing of subsurface resources;
7. compliance with approved designs for preservation, liquidation and recultivation of the geological survey and mining sites.

#### Article 88

For the purpose of conservation of the bowels of the Earth and the rational use of subsurface resources, each holder of licence for prospecting and/or exploration and each concessionaire shall be obliged:

1. to carry out activities pertaining to prospecting, exploration, extraction and processing of subsurface resources in compliance with the provisions of the Bulgarian legislation in force;
2. to elaborate and approve after coordination with the Ministry of Environment and Waters economically justified conditions for operation of deposits of subsurface resources in view of the optimum extraction thereof from the bowels of the Earth;
3. to co-ordinate with the Ministry of Environment and Waters the detailed designs for prospecting, exploration, extraction and primary processing of subsurface resources, the designs for recultivation of damaged terrain and the designs for preservation and conservation of sites;
4. to comply to the procedure for industrial utilization of reserves and subsurface resources, the primary processing thereof and the measures for conservation and recovery of the bowels of the Earth and the environment, as approved in the detailed designs;
5. to keep, in compliance with the current regulative provisions, the required geological and mine-surveying and statistical documentation for monitoring the movement of reserves and subsurface resources and the indicators of the rate and quality of extraction thereof from the bowels of the Earth (losses and depletion);
6. to seek optimum extraction of useful components from extracted subsurface resources in the course of primary processing (concentration);
7. to co-ordinate with the Ministry of Environment and Waters admissible unplanned losses of subsurface resources and useful components in the course of extraction and primary processing;
8. to avoid development of deposits without reserves of subsurface resources, approved and recorded in the national balance of subsurface resources;
9. to recultivate the terrain damaged by prospecting, exploration, extraction and primary processing of subsurface resources, on the basis of design co-ordinated with the Ministry of Environment and Waters;
10. to provide the bodies for conservation of the bowels of the Earth and the environment with statements and explanations required for the implementation of their duties.

#### Article 89

(Amended, SG No. 47/2002)

(1) The Ministry of Environment and Waters shall organize the establishment and functioning of monitoring of the geological environment and of specialized geological-environmental map and register of the mining operations at national level.

(2) The content of the map and register under para. 1 and the terms and procedure for their establishment and maintenance shall be determined by the Minister of Environment and Waters and the Minister of Regional Development and Public Works by means of an ordinance pursuant to Article 32 of the CPRA.

#### Chapter Five

#### CONTROL OF THE CONSERVATION OF THE BOWELS OF THE EARTH AND THE RATIONAL USE OF SUBSURFACE RESOURCES

#### Article 90

(1) The control of the conservation of the bowels of the Earth and the rational use of subsurface resources shall be exercised by the bodies of the Ministry of Environment and Waters.

(2) The Minister of Environment and Waters may bring in part-time associates for the purpose of exercising control activities under paragraph 1.

#### Article 91

The control bodies for conservation of the bowels of the Earth and rational use of subsurface resources shall be authorized:

1. to access freely all sites, buildings and facilities of the holder of licence for prospecting and/or exploration or the concessionaire, within the boundaries of the granted area;
2. to take samples and specimens for laboratory control tests;
3. to issue instructions in writing for remedy of ascertained faults and violations relevant to the conservation of the bowels of the Earth and the rational use of subsurface resources;
4. to suspend, following notification in writing, the activities pertaining to prospecting, exploration, extraction or processing of subsurface resources, in the event of default on the requirements under sub-paragraph 3;
5. to impose fines and/or property sanctions for ascertained violations relevant to the conservation of the bowels of the Earth and the rational use of subsurface resources.

#### Article 92

The control bodies for conservation of the bowels of the Earth and rational use of the subsurface resources shall be obliged:

1. to ascertain objectively the facts and to record the results of inspections;
2. to keep in confidence official, manufacturing and commercial secrets, to avoid divulgence of information relevant to inspections prior to the completion thereof, as well as to avoid use of information from the inspections for purposes other than the designated;
3. to employ independent experts for implementation of their control functions, by procedure set forth by the Minister of Environment and Waters.

#### Chapter Six

#### ADMINISTRATIVE AND PENAL PROVISIONS

#### Article 93

(1) A person who pursues prospecting and/or exploration or extraction of subsurface resources without duly issued licence or granted concession shall be penalized by fine or property sanction from BGL 5 million to BGL 50 million, unless subject to more severe punishment.

(2) A person who pursues prospecting and/or exploration or extraction of subsurface resources within the meaning of this Act without compliance with the requirements of Article 30, sub paragraph 3, or who has provided untrue information pursuant to this Act, shall be penalized by fine or property sanction from BGL 5 million to BGL 50 million, unless subject to more severe punishment.

(3) Any person who fails to meet his obligations under Article 7, paragraph 2, sub-paragraph 7, Article 7, paragraph 3, sub paragraph 6 and Article 4, sub-paragraph 7, shall pay a fine of BGL 2 million, and in the case of repeated violation - BGL 10 million, unless subject to more severe punishment.

#### Article 94

(1) A person who is in default of the obligations pertaining to conservation of the bowels of the Earth and the rational use of subsurface resources, or who infringes rights in the course of implementation of activities pertaining to granted licence for prospecting and/or exploration or concession for extraction, shall be penalized by fine or property sanction from BGL 5 million to BGL 50 million.

(2) In the case of repeated violation under paragraph 1 the fine or the property sanction shall be tripled, unless more severe punishment is provided.

#### Article 95

(1) The violations under Articles 93 and 94 shall be ascertained by protocols made by officers of the Ministry of Environment and Waters.

(2) Penal rulings shall be issued by the Minister of Environment and Waters or by officers authorized thereby.

#### Article 96

(1) A person who, by action or inaction, is in default of the requirements for labour safety, or who endangers the health of the employees as per Article 83, paragraph 2, sub-paragraph 5, shall be penalized by fine or property sanction from BGL 5 million to BGL 50 million, unless subject to more severe punishment.

(2) Violations under paragraph 1 shall be ascertained by protocols made by officers of the Ministry of Labour and Social Policy, and the penal rulings shall be issued by the Minister of Labour and Social Policy

or officers authorized thereby.

#### Article 97

The proceedings for imposing of administrative punishments and for appeal of penal rulings shall be pursuant to the Procedure of the Administrative Violations and Punishments Act.

(3) Competitive tender or auction shall be held also when there is only one applicant.

#### ADDITIONAL PROVISION

§ 1. For the purposes of this Act:

1. "Geological find" shall be the availability of subsurface resources, established in result of activities pertaining to licence for prospecting, characterized by preliminary assessment of reserves;

2. "Activities pertaining to granted licence for prospecting and/or exploration or concession for extraction" shall be all activities pertaining to the prospecting, exploration, preparation for extraction, extraction and processing of subsurface resources, referred to in the licence or concession, pursued in compliance with the terms and procedures of the licence, the concession and the relevant contract'

3. "Activities which are not related to prospecting, exploration, extraction and primary processing of subsurface resources" shall be storing of waste, use of the bowels of the earth as reservoirs for hydrocarbons, engineering operations of national importance - tunnels, highways, pipelines for transit of hydrocarbons, etc.;

4. "Extraction" shall be the process of obtaining of solid, liquid and gaseous resources from the bowels of the earth;

5. "Reserves" shall be the quantity of mineral resources and the deposit of resources, for which it is technically possible and economically feasible to be subject of extraction;

6. "Bowels of the earth" shall be those parts of the crust of the Earth (the lithosphere), which are accessible for human activity;

7. "Quarry" shall be the aggregate of mine works and facilities for open pit extraction and processing of non-metal mineral resources, building materials and facing-stone materials;

8. "Conditions" shall be the aggregate of requirements to the quality and quantity of subsurface resources in the bowels of the Earth, in conformity with the mining, technical and economic conditions for their operation;

9. "Concession area" shall be the surface area with granted rights for extraction of subsurface resources;

10. "Metalliferous mineral resources" shall be natural mineral resources containing metals or metal compounds of quantity and type appropriate for technological extraction and industrial use;

11. "Mine" shall be a production unit (enterprise) for development of subsurface resources;

12. "Mine region" shall be the surface area of the deposit where the mine is located, extended to include the technological territory required for the normal functioning of the mine;

13. "Deposit of subsurface resources" shall be natural concentration of mineral and organic substances (mineral resources), which could be subject to extraction under certain technical, financial and economic conditions;

14. "Non-metal mineral resources" shall be such which are used in manufacturing directly in their natural state as separate minerals or chemical compounds obtained therefrom;

15. "Oil and gas" shall be all natural liquid and gaseous hydrocarbons in the bowels of the Earth, as well as other useful components associated with them (vanadium, nickel, helium, argon, etc.);

16. "Conservation of the bowels of the Earth" - procedures and requirements for the use of the bowels of the Earth, regulated by legislative provision, which also includes requirements for the rational use of subsurface resources in the course of prospecting, exploration, extraction and primary processing;

17. "Optimum extraction" shall be the fullest and most beneficial drawing out (separation) of reserves from the deposits of subsurface resources and of the useful components contained therein, through employment of appropriate and environmentally compliant technology for extraction and concentration;

18. "Separate parts (sections) of deposit" shall be separated parts of deposit of subsurface resources, which may be delivered individually for extraction in conformity with the requirements for conservation of the bowels of the Earth, the environment and labour safety;

19. "Commercial find" or "find of deposit" shall be deposit of subsurface resources, found and registered in result of activities pertaining to licence for prospecting and/or exploration or concession, at location and time where its development and the extraction of mineral resources therefrom are economically feasible and have commercial value according to current market criteria;

20. "Surface area of licence" shall be the surface area for which rights have been granted for

prospecting and/or exploration of subsurface resources;

21. "Subsurface resources" shall be natural mineral and organic formations in the bowels of the Earth (the crust of the Earth), which may be used in manufacturing; they may be solid, liquid or gaseous; subsurface resources shall also be the technological waste, the mine and technological waters obtained from the transformation, extraction and processing thereof;

22. "Use of land in compliance with licence designation" shall be the transit through real property or temporary occupation and conducting activities for the purposes of prospecting and/or exploration;

23. "Primary processing" or "processing" shall be the drawing out of useful components from extracted mineral resources and ground waters through various methods of concentration, as well as the relevant preparatory, concurrent and subsequent activities;

24. "Produced technological waste" shall be the waste accumulated from exploration, exploration and/or primary processing of subsurface resources, accumulated prior to the coming into force of this Act or accumulated in result of completed activities pertaining to licence for prospecting and/or exploration or under concessions for extraction;

25. "Exploratory operations" shall be the activities conducted in implementation of licence obtained for prospecting and/or exploration on the grounds of contract for find of deposit and its assessment, as well as its characteristics and eventual conduct in the course of extraction; here shall be included: geological, geophysical, geochemical and other required specialized observations, analyses and tests, drilling or mine works, additional sinking, abandoning or completion thereof, technological tests, as well as any relevant contingency operations;

26. "Prospecting and/or exploration costs" shall be the costs, expenses and debts incurred in the course of implementation of exploratory operations;

27. "Development costs" shall be the costs, expenses and debts incurred by the concessionaire in the course of development of the deposit before proceeding to continuous extraction;

28. "Resources" shall be the presumable quantity of mineral resources within certain sections, which has not been outlined or proven with sufficient certainty by geological exploration, or which lack sufficient technical, technological and economic assessment required for design and extraction;

29. "Building materials" shall be: various natural rocks such as building stones, decorative facing stone, aggregate materials, etc.;

30. "Solid fuels" shall be all formations of organic origin, energy-yielding and technological formations, such as peat, coal and bitumens;

31. "Holder of licence" or "concessionaire" shall be any natural or legal person who pursues activity in the Republic of Bulgaria by virtue of granted licence or concession pursuant to this Act and other applicable laws;

32. "Prospecting and/or exploration" shall be the aggregate of activities designed for prospecting, finding and assessment of subsurface resources with the intent to determine their location in terms of space, quantity, quality and other geological, economic, mining, technical and technological parameters, required for design and extraction;

33. "Technological waste" shall be rock and earth mass obtained in result of exploration, extraction and processing of subsurface resources, which is stored at depots of approved design, inclusive of metallurgical slag, cinder and ash from thermal power stations and thermal stations, phosphogypsum, pyrite dross, ablations, slurries, etc.;

34. "Actual costs" shall be the basic manufacturing costs, except for financial and contingency costs, as well as costs pertaining to the organization and management of the enterprise pursuant to the Accountancy Act.

#### TRANSITIONAL AND CONCLUDING PROVISIONS

§ 2. The existing instances of implementation of activities regulated by this Act shall be governed pursuant to its provisions as from the date of its coming into force.

§ 3. Persons who pursue activities pertaining to prospecting and/or exploration for subsurface resources shall, within three months following the coming into force of this Act, file an application with the authorities under Article 7, for the purpose of bringing their operations in compliance with the terms and procedures of this Act.

§ 4. The regulative normative acts relevant to the application of this Act shall be adopted within 3 months following the coming of this Act into force.

§ 5. In Article 4, paragraph 4, sub-paragraph 1 of the Concessions Act (promulgated, SG, No. 92/1995; No. 16/1996 Decision No. 2 of the Constitutional Court of 1996; as amended, No. 44/1996, Nos.

61 and 123/1997, No. 93/1998) the words "natural" and "prospecting, exploration and" shall be deleted, and the word "тяжното" shall be replaced by "техния" [applicable to the Bulgarian version].

§ 6. Article 69, sub-paragraph 3 of the Municipal Property Act (promulgated, SG, No. 44/1996; as amended, No. 104/1996, No. 55/1997, Nos. 22 and 93/1998) shall be amended as follows:

"3. aggregate and other materials used to meet the construction needs of the population, produced by quarrying in quantities not exceeding 10000 cubic meters per year;"

§ 7. This Act shall repeal the Mines and Quarries Act (promulgated, Izvestia, No. 92/1957; as corrected, No. 17/1958; as amended, No. 68/1959, No. 104/1960, SG, No. 84/1963, No. 27/1973, No. 36/1979, Nos. 27 and 56/1986, No. 35/1996, No. 11/1998).

§ 8. Article 43 of the Territorial Waters of the Republic of Bulgaria Act (promulgated, SG, No. 55/1987; as amended, Nos. 11 and 59/1998) shall be hereby repealed.

§ 9. The implementation of this Act shall be hereby assigned to the Council of Ministers.

This Act was passed by the XXXVIII National Assembly on 26 February 1999 and the official seal of the National Assembly was affixed thereto.

Lev Re-denomination Act

Promulgated, State Gazette No. 20/5.03.1999,  
amended, SG No. 65/20.07.1999 (effective 5.07.1999).

#### TRANSITIONAL AND FINAL PROVISIONS

§ 4. (1) (Amended, SG No. 65/1999) Upon the entry of this Act into force, all figures expressed in old lev terms as indicated in the laws which will have entered into force prior to the 5th day of July 1999 shall be replaced by figures expressed in new lev terms, reduced by a factor of 1,000. The replacement of all figures expressed in old lev terms, reduced by a factor of 1,000, shall furthermore apply to all laws passed prior to the 5th day of July 1999 which have entered or will enter into force after the 5th day of July 1999.

(2) The authorities, which have adopted or issued any acts of subordinate legislation which will have entered into force prior to the 5th day of July 1999 and which contain figures expressed in lev terms, shall amend the said acts to bring them in conformity with this Act so that the amendments apply as from the date of entry of this Act into force.

§ 7. This Act shall enter into force on the 5th day of July 1999.