

REPUBLIC OF CAMEROON

PEACE-WORK-FATHERLAND

LAW No. **96 / 14** OF 5 AOUT 1996

GOVERNING THE TRANSPORTATION BY PIPELINE OF
HYDROCARBONS ORIGINATING FROM OTHER COUNTRIES

The National Assembly has deliberated and adopted,
The President of the Republic enacts the Law set out below.

PART I : GENERAL PROVISIONS

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CHAPTER 1 : SCOPE OF APPLICATION OF THE LAW

section 1 :

This law is an integral part of the Cameroon legislation on hydrocarbons, and with regard to the transportation of hydrocarbons originating from other countries, defines the special regime applicable to the construction, operation and maintenance of pipelines for the transportation of these hydrocarbons.

section 2 :

- a) The construction, operation and maintenance of pipelines for the transportation of hydrocarbons are part of the activities, industries, and works pertaining to the petroleum industry.
- b) The construction, operation and maintenance of pipelines for the transportation of liquid or gaseous hydrocarbons produced by other countries and transported through the territory of Cameroon as well as the transportation of hydrocarbons by means of these pipelines are subject to the provisions of this law, its implementing instruments and Conventions of Establishment.

CHAPTER 2 : TRANSPORTATION BY PIPELINE

section 3 :

In accordance with international regulations and subject to a specific agreement between the Republic of Cameroon and any relevant country or countries, the liquid or gaseous hydrocarbons extracted from the subsoil of other countries may be transported by pipeline through the territory of Cameroon which includes the maritime areas where Cameroon's sovereignty applies. The transportation of such hydrocarbons is carried out through a System of Transportation by Pipeline.

section 4 :

The System of Transportation by Pipeline includes : pipelines crossing the territory of Cameroon from one border to another or up to the boundary of territorial waters or at the delivery point, as well as their ancillary facilities, including pump stations, communications systems, storage facilities, loading terminal, all equipment ancillary thereto, extensions, modifications and future additions, as well as onshore or offshore facilities and any future extensions or additions located in the areas under Cameroon's sovereignty.

section 5 :

The exportation of hydrocarbons originating from other countries and transported by pipeline through the territory of Cameroon shall be, within the scope of this law, subject to the transit regime provided by international treaties and the specific agreements signed between the Republic of Cameroon and the other countries concerned.

However, in the exercise of its full sovereignty, to safeguard its legitimate interests in matters of territorial integrity, public safety, civil safety or protection of the environment or in order to comply with its international obligations, the State can, in accordance with the treaties and principles of international law, limit or suspend the transit of hydrocarbons, by reason of their origin or destination, through the territory of Cameroon.

**PART II : REGIME OF AUTHORIZATION FOR
TRANSPORTATION BY PIPELINE**

**CHAPTER 1 :
CONDITIONS OF GRANT OF THE AUTHORIZATION
FOR TRANSPORTATION BY PIPELINE
AND ATTENDANT RIGHTS**

section 6 :

- a) The construction, operation and maintenance of a System of Transportation by Pipeline shall be the subject of an Authorization for Transportation by Pipeline granted by decree. Such authorization shall be suspended or withdrawn in the same manner, according to the conditions and implementation terms provided for in the Convention of Establishment.
- b) Subject to the cases of suspension or withdrawal provided for in the Convention of Establishment, such authorization shall be valid as long as the Convention of Establishment remains in force.

section 7 :

- a) An Authorization for Transportation by Pipeline can only be granted to a company incorporated under Cameroon law.
- b) Companies wishing to engage in the construction, operation and maintenance of a System of Transportation by Pipeline cannot have a right to an Authorization for Transportation by Pipeline and cannot carry out their activities in Cameroon except by virtue of a Convention of Establishment entered into with the State.

section 8 :

In accordance with the provisions of this law, the Convention of Establishment shall lay down :

1. The provisions relating to its objective and to the definitions of the terms thereof ;

2. The rights and obligations of the Holder of the Authorization for Transportation by Pipeline as well as the general conditions for construction, operation and maintenance of the System of Transportation by Pipeline ;
3. The conditions and implementation terms of legal, tax, customs and foreign exchange regimes, and of general guarantees, including the guarantee of stability ;
4. The special provisions including the commercial terms and implementation terms for making land available ;
5. The implementation terms of penalties in the event of a breach of the terms of the Convention of Establishment ;
6. The procedure for settling disputes ;
7. The implementation terms relating to the conditions of the transfer, the renewal, the non-renewal, the expiry of the Convention of Establishment, the renunciation of the Authorization for Transportation by Pipeline and force majeure.

section 9 :

- a) The Convention of Establishment of a pipeline transportation company shall enter into effect from the date of the signing thereof.
- b) The initial term of the Convention of Establishment shall be twenty-five (25) years from the date on which the System of Transportation by Pipeline is put into operation. At the request of the Holder, this Convention may be renewed thereafter for a term of not more than twenty-five (25) years. For all renewals of the Convention, the operation may only continue if the contractual, tax and customs provisions of the Convention of Establishment have been re-negotiated and accepted by agreement between the parties.

However, taking into consideration the importance and the economic repercussions of the project to be developed on the territory of Cameroon, the Convention of Establishment may provide for an automatic first renewal for a period not exceeding twenty-five (25) years.

The conditions and implementation terms for renewal shall be set out in the implementing decree of this law.

- c) If necessary, the State and the pipeline transportation company may negotiate amendments to the Convention of Establishment.

These amendments, which cannot, except in accordance with the provisions of sub-section 9(b), affect the term of the Convention, the conditions of its renewal and non-renewal, or the renunciation of the Authorization for Transportation by Pipeline, shall be subject to the appropriate provisions of the Convention of Establishment.

section 10 :

In order to carry out the pipeline transportation activity, the Holder of the Authorization for Transportation by Pipeline shall fulfill the conditions laid down by the implementing decree of this law. At the time of application therefor, the Holder shall also bring evidence of exploitable reserves of hydrocarbons and present a transportation agreement signed with the shippers of hydrocarbons.

Section 11 :

The Authorization for Transportation by Pipeline confers upon its Holder :

1. The rights set out in Section 30 on the land easement for the construction, operation and maintenance of the System of Transportation by Pipeline.
2. The right to build, freely operate and maintain a System of Transportation by Pipeline on the territory of Cameroon, including the right to transport, to store and to load hydrocarbons on its own account or on the account of all the shippers of its choice, subject to the provisions of Sections 5 and 13.
3. The right to freely modify the volume of hydrocarbons transported through the pipeline up to the maximum capacity of the System of Transportation by Pipeline as set forth by the Authorization for Transportation by Pipeline. However, the Holder of the Authorization for Transportation by Pipeline shall be bound to inform the competent authorities. Nevertheless, an Authorization for Transportation by Pipeline shall be required for any increase of the maximum capacity of the System of Transportation by Pipeline or for the construction of a new pipeline.

Section 12 :

- a) Subject to the obligations resulting from this law and its Convention of Establishment, the Holder of an Authorization for Transportation by Pipeline shall have the right :

- of free conversion, and
- free transfer of funds.

It shall also have the right, under the conditions specified in its Convention of Establishment, to open foreign currency bank accounts, both within and outside of Cameroon.

This freedom to open accounts, to transfer and to convert currency extends, for the requirements of the activities carried out within the scope of the Authorization for Transportation by Pipeline or relating thereto and in accordance with the terms of the Convention of Establishment, to the shareholders, to lenders, to affiliates, to contractors and subcontractors.

- b) The estimated needs of the Holder of the Authorization for Transportation by Pipeline for the exchange of local currency into foreign currencies shall be forwarded at the beginning of each year to the government with an indication of the anticipated use of these funds.
- c) Without prejudice to the rights granted by sub-section 12 (a), the beneficiaries of these rights shall comply with the administrative formalities required by foreign exchange regulations in Cameroon.

Section 13 :

- a) The Holder of an Authorization for Transportation by Pipeline shall grant priority to the transportation of hydrocarbons from the sedimentary basin(s) of the country or countries at the origin of the application for an Authorization for Transportation by Pipeline and which have been designated in said application.

Nevertheless, and without prejudice to the preferential treatment of the hydrocarbons mentioned in the paragraph above and the specific provisions of an agreement signed between the Republic of Cameroon and the country or countries at the origin of the construction of the System of Transportation by Pipeline, the available transport capacity may be used for the transportation of other hydrocarbons according to the following priority basis :

1. Hydrocarbons extracted from any other sedimentary basins of the country or countries at the origin of the construction of the System of Transportation by Pipeline, equally with those extracted from the sedimentary basins in Cameroon.
2. Hydrocarbons extracted from countries other than those mentioned in paragraph 1 above with which Cameroon has signed and ratified international agreements.
- b) The conditions and implementation terms for the transport of these hydrocarbons shall be laid down by the Convention of Establishment on the one hand, and by the related transportation agreements to be concluded between the Holder of the Authorization for the Transportation by Pipeline and the shippers of hydrocarbons to be transported, on the other hand.

section 14 :

The Holder of the Authorization for Transportation by Pipeline may, before or at the end of the term of the Authorization for Transportation by Pipeline, renounce the right to operate all or part of the System of Transportation by Pipeline. The renunciation shall be made in accordance with the conditions laid down by regulations, and shall become final only when all fees, royalties and taxes owed by the Holder of the Authorization for Transportation by Pipeline have been paid and after having been acknowledged by decree. The renunciation of the Authorization for Transportation by Pipeline shall not give rise to any obligation for the State or any right to indemnification by the State.

section 15 :

- a) The rights conferred by the Authorization for Transportation by Pipeline and the Convention of Establishment may be assigned, including by way of security, or transferred jointly or severally by their holders, under the conditions specified by this law, its implementing regulations and the Convention of Establishment.
Any pledge or assignment, when it is made by way of security for several creditors, may be granted to one of them or to a representative or fiduciary for the common account of all creditors in question.
- b) The assignment, pledge or transfer of the rights deriving from the Authorization for Transportation by Pipeline and from the Convention of Establishment shall result, unless otherwise provided by the deed of assignment, transfer or pledge, in the transfer to the new Holder of the Authorization for Transportation by Pipeline of the pipelines, constructions, works and installations of any kind included in the System of Transportation by Pipeline.
These assets cannot otherwise be the subject of a mortgage or other type of security, nor can they be subject to attachment or legal process.

c) The Convention of Establishment will stipulate the conditions and implementation terms under which the lenders having participated in the financing and/or the refinancing of the System of Transportation by Pipeline can substitute themselves or an entity which they control for the Holder of the Authorization for Transportation by Pipeline in respect of the rights and obligations deriving from the Authorization for Transportation by Pipeline and the Convention of Establishment.

To that effect, the substitution shall entail the vesting in the new entity of such rights and obligations together with the assets mentioned in sub-section 15 (b), notwithstanding any provision to the contrary, including in the event of bankruptcy or dissolution by the court of the previous holder of the Authorization for Transportation by Pipeline.

section 16 :

Any transfer or issue of shares of the Holder of the Authorization for Transportation by Pipeline, for the benefit of a third party, shall be subject to the prior approval of the Minister in charge of mines, unless the transfer or issue is the result of pledge of shares for the benefit of lenders. Failure to respond within a period of three (3) months from the date of notification shall signify approval.

Any transfer or issue of shares, without the prior authorization of the Minister in charge of mines when required, shall be null and void.

section 17 :

Any agreement under which the Holder of an Authorization for Transportation by Pipeline transfers to a third party, in whole or in part, the rights conferred by the Authorization for Transportation by Pipeline, unless such transfer is made by way of security as provided for in Section 15, shall be subject to prior notification to the State for its approval. Failure to respond within a period of six (6) months from the date of notification shall signify approval.

section 18 :

The rights and advantages granted within the scope of this law by the Convention of Establishment may be suspended in the event of failure to comply with sub-section 24(b), and Sections 42 and 49 of this law.

The conditions and implementation terms of this suspension shall be defined in the implementing decree of this law and reiterated in the Convention of Establishment. However, this suspension can only occur after forty-five (45) days have elapsed from the date of notification, during which there has been no response. The notification shall be issued on the thirty-first (31st) day of non-payment.

section 19 :

a) In the event of the non-renewal of the Convention of Establishment or renunciation of the Authorization for Transportation by Pipeline, the Holder of the Authorization for Transportation by Pipeline must give two (2) years' prior notice to the Minister in charge of mines of its decision to cease operations. If the State wishes to use all or part of the System of Transportation by Pipeline, it may decide to acquire ownership thereof under terms to be mutually agreed on by the parties.

b) In the event that the System of Transportation by Pipeline is not acquired by the State in whole or in part, the Holder of the Authorization for Transportation by Pipeline must, prior to the expiry date of the Convention of Establishment or the effective date of the renunciation of the Authorization for Transportation by Pipeline, and in accordance with the legal provisions in force governing environmental protection :

1. clean the System of Transportation by Pipeline and seal the open ends of the buried pipeline, in accordance with standard practices in the industry,
2. remove any surface facilities, level the corresponding area and plant the appropriate vegetation to avoid soil erosion, to the extent required by the State.

CHAPTER 2 :
CONDITIONS OF CONSTRUCTION AND OPERATION
OF A SYSTEM FOR TRANSPORTATION BY PIPELINE

Section 20 :

a) The construction, operation and maintenance works for pipelines and for the facilities necessary to the operation of the System of Transportation by Pipeline, as well as the general route and main specifications of the pipeline, shall be authorized and approved in accordance with statutory instruments.

b) The contracts and procurement for works, supplies and services entered into by the Holder of the Authorization for Transportation by Pipeline for the construction, operation and maintenance of the System of Transportation by Pipeline shall not be subject to the regulations governing State or Local Authorities public procurement.

However, the contracts and procurement of any nature entered into by the Holder of the Authorization for Transportation by Pipeline must normally be preceded by a bidding process, without any discrimination other than against those companies which have not fulfilled their tax obligations, are bankrupt or have lost their right to bid for public contracts as provided for by the legislation in force or by decision of the competent authorities.

Section 21 :

a) Pipeline transportation companies shall, for the construction, operation and maintenance of the pipelines and their ancillary facilities, conform to standard practices in the industry and the Cameroon legislation in force, including the technical and safety measures relating to the protection of the environment and of the population.

b) Any work undertaken in violation of the provisions of sub-section 21(a) may be stopped by the competent authorities for such matter.

section 22 :

- a) The transportation of hydrocarbons and the operation of the System of Transportation by Pipeline shall take place after a certificate of conformity of the work has been issued by the Minister in charge of mines, within the specifications authorized and approved by the statutory instruments referred to in Section 20. This certificate shall serve as the authorization for the start-up of the System of Transportation by Pipeline. The conditions for the delivery of such certificate shall be laid down by decree.
- b) Any start-up of a System of Transportation by Pipeline before the issuance of the certificate of conformity provided for in sub-section 22 (a) shall be stopped by the competent authority.

section 23 :

Each pipeline transportation company shall be bound to :

1. ensure the professional and technical training of the national work force, under the conditions laid down in its Convention of Establishment, in order to allow the engineers, senior staff, technicians, workers and administrative employees to have access to all employment opportunities for which they qualify. To this effect, in the first year of its inception, the company must submit a training programme to the Government for approval. The obligations of the company with regard to this programme shall be defined in its Convention of Establishment ;
2. comply with all measures that may be ordered by the Government in accordance with the law in force to ensure a better protection of the environment and of the population ;
3. provide, annually, the Minister in charge of mines with an estimate of the volumes of hydrocarbons scheduled to be transported for the following year ;
4. make reparations, in accordance with the provisions of ordinary law, for damages incurred by any natural or legal entity as a result of the construction, operation or maintenance of the System of Transportation by Pipeline.

section 24 :

- a) Pipeline transportation companies and their contractors shall be free to choose suppliers, contractors and subcontractors in order to obtain goods and services of good quality, in connection with every aspect of the construction of the System of Transportation by Pipeline, irrespective of national origin.
- However, these companies and their contractors shall give priority to the use of Cameroonian personnel, equipment and material available in Cameroon, as well as services of contractors, insurers and subcontractors incorporated in the Republic of Cameroon, provided that their services and equipment meet the criteria of efficiency, technical capabilities and financial considerations while remaining comparable to the equipment, material, insurance and services of foreign origin with regard to price, quality, reliability, availability and delivery terms.
- b) In matters of insurance coverage, pipeline transportation companies, their suppliers, contractors and subcontractors are bound to comply with Cameroon law and international agreements and treaties ratified by Cameroon. They must, among other things, except in the case of a derogation granted by decree, comply with the local payment requirements for insurance contracts and subscribe to those necessary to their activities only by means of those entities approved by the Cameroon authorities.

Nevertheless, if they take out risk coverage with a foreign insurance company, pipeline transportation companies, their suppliers, contractors and subcontractors are bound to secure local representation of such insurance company by a duly approved insurance company incorporated in the Republic of Cameroon.

section 25 :

The specific rules for carrying out the works and the conditions for the transportation of hydrocarbons shall be laid down by decree.

section 26 :

Hydrocarbons in transit originating from other countries or necessary for the operating requirements of the System of Transportation by Pipeline shall not be subject to a prior import or export declaration. However, declarations shall be required for purposes of control related to Government supervision and to the application of the provisions of the Convention of Establishment.

PART III : RELATIONS WITH LANDOWNERS

CHAPTER 1 : PERIMETERS OF PROTECTION

section 27 :

- a) Perimeters of protection within which the construction and operation of pipelines are forbidden or subject to certain conditions may be instituted without the Holder of the Authorization for Transportation by Pipeline being entitled to claim any compensation. Those perimeters are established, among other things, for the protection of urban centers, buildings, springs, routes of communication, infrastructure, and public utility works.
- b) However, a compensation in the amount of expenses related to the works or projects that have been demolished or abandoned shall be due in the case where the Holder of the Authorization for Transportation by Pipeline would have to demolish or abandon works duly carried out within the perimeters before the perimeters were determined.
- c) Perimeters of protection within the land easement mentioned in Section 11 can be established to meet the needs of the construction, operation and maintenance of the System of Transportation by Pipeline. The perimeters established for the needs of the construction of the System of Transportation by Pipeline shall remain valid until the construction of facilities has been completed within such perimeters, and those established for the needs of the operation and maintenance of the System of Transportation by Pipeline shall remain valid during the term of the Authorization for Transportation by Pipeline.

CHAPTER 2 : OCCUPATION OF LAND

Section 28 :

- a) The works related to the construction, operation and maintenance of a System of Transportation by Pipeline shall be declared to be for a public purpose by the State under the conditions and implementation terms of the expropriation procedure provided for in the land and real property legislation in force.
- The Holder of the Authorization for Transportation by Pipeline cannot be relieved of any special or additional obligations which shall be specified in its Convention of Establishment.
- b) The land easement mentioned in Section 11 shall be made up of the land intended for the construction, operation and maintenance of the System of Transportation by Pipeline and shall include the easement of the System of Transportation by Pipeline. The easement of the System of Transportation by Pipeline shall be made up of the land which shall remain allocated for the operation and maintenance of the System of Transportation by Pipeline, in accordance with Section 29.

Section 29 :

- a) The land intended for the construction, operation and maintenance of the System of Transportation by Pipeline which is not already in the Private Property of the State or in the Public Property shall be incorporated, in accordance with the land and real property legislation in force, by decree into the Private Property of the State, after expropriation where necessary.
- b) The land easement, granted by decree, shall comprise Private Property of the State including the land incorporated into the Private Property of the State by virtue of sub-section 29 (a), and Public Property which, in such case, is subject to an authorization of occupation.
- The decree granting the land easement shall allocate it temporarily for the construction, operation and maintenance of the System of Transportation by Pipeline and shall confer on the Holder of the Authorization for Transportation by Pipeline the rights referred to in Section 30.
- c) The decree referred to in sub-section 29 (b) shall specify the time period within which the Holder of the Authorization for Transportation by Pipeline is required to forward to the Minister in charge of mines the coordinates of the land constituting the easement of the System of Transportation by Pipeline.
- For the establishment of the easement of the System of Transportation by Pipeline, this decree shall be amended to maintain the allocation of such land, in accordance with the land and real property legislation in force, for the operation and maintenance of the System of Transportation by Pipeline.
- The amending decree shall restrict the rights of the Holder of the Authorization for Transportation by Pipeline on the part of the land easement which is not included in the easement of the System of Transportation by Pipeline, and make it subject to the conditions of utilization for the benefit of maintenance works involving excavation.
- d) The land constituting the land easement is and shall remain the private property of the State. It cannot, under any circumstances, either be assigned during the term of the Authorization for Transportation by Pipeline or become the property of the Holder of the Authorization for Transportation by Pipeline.

- e) On completion of the construction works for the System of Transportation by Pipeline, the land located within the land easement may be used for other purposes, subject to compliance with the perimeters of protection referred to in sub-section 27 (c), provided, however, that the use thereof does not interfere with the normal functioning and maintenance of the System of Transportation by Pipeline.
- f) The decrees referred to in sub-sections 29 (b) and (c) constitute the title conferring to the Holder of the Authorization for Transportation by Pipeline the land rights referred to in Section 30.

section 30 :

- a) The decrees referred to in sub-sections 29 (b) and (c) confer to the Holder of the Authorization for Transportation by Pipeline :
1. A right of occupation of the land ;
 2. A right of enjoyment of the land in accordance with the object and the intention of the Authorization for Transportation by Pipeline ;
 3. A right of free access to the installations of the System of Transportation by Pipeline ;
 4. Perimeters of protection inside the easements ;
 5. A right of use of such installations.

Furthermore, these decrees authorize the Holder of the Authorization for Transportation by Pipeline :

- within the perimeter of the easement, and subject to payment of fees, levies and royalties in accordance with the legislation in force, to cut down the wood necessary for its work, to use waterfalls and springs which are not in use or reserved, and to harness them for the needs of its work ;
- to carry out the work necessary to its activity and ancillary industries.

- b) Notwithstanding the fact that the State remains the owner of the land allocated for the System of Transportation by Pipeline, the pipeline and the ancillary facilities of the System of Transportation by Pipeline shall be and shall remain the property of the Holder of the Authorization for Transportation by Pipeline.

section 31 :

The costs and the compensation of establishment of servitudes, of incorporation, allocation and release of the land necessary for the construction, operation and maintenance of the System of Transportation by Pipeline shall be established in accordance with the procedure in force relating to expropriation for a public purpose.

The compensation due for the use of the servitudes mentioned in sub-section 29 (c) shall correspond to the destruction of the improvements made by third parties in conformity with the provisions of Section 32.

The conditions and implementation terms for allocation of such costs and compensation shall be defined in the Convention of Establishment.

section 32 :

The private land owners or their rightful claimants, the users of Public Property, the holders of public service concessions or the occupants of National Land shall not be authorized to proceed with any work or construction that might interfere with the construction, operation and maintenance of the System of Transportation by Pipeline.

section 33 :

The Holder of the Authorization for Transportation by Pipeline may also, if its request is deemed to be well-founded, be authorized, against payment of fair remuneration, to occupy temporarily the private lands necessary for the construction, operation or maintenance of the System of Transportation by Pipeline, outside the land easement.

The authorization of temporary occupation shall state the merits of the request, describe the land needed and authorize its temporary occupation in accordance with the land and real property legislation in force.

section 34 :

- a) The Holder of an Authorization for Transportation by Pipeline may, by paying fair compensation to the owner of the land located outside the land easement, and for the purposes of the construction, operation and maintenance of the System of Transportation by Pipeline and activities related thereto, use all non-concessible substances, the removal of which is a necessary consequence of the works.
- b) The owners of private land shall retain at their disposal, without compensation, the non-concessible substances which are not used by the Holder.

section 35 :

When the System of Transportation by Pipeline is a permanent obstacle to the use of land located outside the easement of the System of Transportation by Pipeline, or when the temporary occupation of the land deprives their owners of the use of the land for more than one year, or when following the temporary occupation, the land is no longer suitable for its initial purpose, the private land owner may demand an expropriation.

section 36 :

The Holder of the Authorization for Transportation by Pipeline may, in accordance with the land and real property legislation in force, outside the land easement, temporarily occupy National Land, Public Property or the Private Property of the State or of local Public Authorities. This occupation shall be authorized by decree of the Minister in charge of lands, upon authorization of local Public Authorities or public services with regard to their respective private properties and portions of the Public Property for which they are responsible.

However, the authorization of occupation shall not confer upon the Holder the full ownership of the land concerned.

Section 37 :

Apart from the construction, operation and maintenance works of the System of Transportation by Pipeline themselves, the related activities, industries, and works shall include :

- installation and operation of power stations, electric cables and transmitters ;
- telecommunication systems ;
- emergency structures ;
- storage and warehousing of materials, equipment, products and waste as well as the installations for ballasting and elimination of pollution ;
- construction of buildings intended for the housing, health, welfare, and training of staff ;
- installation or improvement of all routes of communication, including roads, bridges, railways, drains, channels, canals, river and sea ports, and landing strips ;
- placing of demarcation and boundary marks of the land easement.

Section 38 :

The Holder of the Authorization for Transportation by Pipeline may, upon request and as long as it is not detrimental to the telecommunications installations, the power lines, the water supply and the medical, educational, athletic and recreational facilities which it has installed, put these at the disposal of neighboring establishments and the public, subject to payment of fair compensation.

Section 39 :

In the event of the use of the Public Property, no action may be brought against the State, the public services or the local Public Authorities by the Holder of an Authorization for Transportation by Pipeline :

- either because of damage that the use of the Public Property could cause to its installations ;
- or because of works executed on the Public Property, in the national interest or for public security, except in the case of gross negligence.

Section 40 :

The Holder of the Authorization for Transportation by Pipeline shall remain subject :

- regarding the land and works necessary for the construction, operation and maintenance of the System of Transportation by Pipeline, to the provisions of the land and real property legislation in force ;
- regarding the quarries necessary for the construction, operation and maintenance of the System of Transportation by Pipeline, to the provisions of the mining legislation in force ;

when such provisions are not in contradiction with this law.

section 41 :

The Holder of the Authorization for Transportation by Pipeline shall be bound to make up for any damage that the works or operation could cause to the property of third parties outside the land easement; the compensation payable in such a case being equivalent to the damage incurred. This compensation shall be determined, in the absence of an agreement between the parties, by the competent courts. The request for compensation shall be presented no later than four (4) years from the date of cessation of the events giving rise to the damage.

section 42 :

The Minister in charge of mines may, subject to compliance with the provisions of Section 13 of this law, request the Holder of the Authorization for Transportation by Pipeline to make connections to its System of Transportation by Pipeline. The Holder of the Authorization for Transportation by Pipeline cannot object to the establishment of such connection and the transportation of the concerned crude, provided that the owner of that crude agrees to pay :

1. a commercial tariff negotiated with the Holder of the Authorization for Transportation by Pipeline, and
2. the cost of modifications of the System of Transportation by Pipeline effected to enable the transportation of such crude to take place.

Such connections must be made in accordance with the conditions laid down by regulation and by the Convention of Establishment.

PART IV : TAXATION OF THE TRANSPORTATION OF HYDROCARBONS BY PIPELINE

CHAPTER 1 : FIXED FEES AND ROYALTIES

section 43 :

- a) The fixed fees and royalties relating to the operation of a System of Transportation by Pipeline shall be determined as indicated in the following sections.
- b) They shall be collected by the Public Treasury, based upon payment schedules established by the competent Technical Services. Production of a receipt or declaration of payment from the Public Treasury shall be evidence of payment of such fees.

Section 44 :

The fixed fees required for the delivery, renewal or transfer of an Authorization for Transportation by Pipeline valid for the operation of a System of Transportation by Pipeline are specified by decree.

However, in the event of transfer by way of substitution as provided in sub-section 15 (c), the above fees shall not be payable.

SUB-CHAPTER 1 : TRANSIT FEE

section 49 :

Companies referred to in Section 48 are bound to pay a Transit Fee in respect of their activity, the amount of which is set on a case-by-case basis by their Convention of Establishment, in consideration of the importance and of the economic repercussions of the project to be undertaken on the territory of Cameroon, and of the advantages and privileges requested from and granted by the State.

section 50 :

For purposes of calculating the Transit Fee, the volumes of liquid or gaseous hydrocarbons transported are those certified at the loading facility and declared by the pipeline transportation company, in accordance with the terms laid down in its Convention of Establishment.

The quantities transported are those lifted from the System of Transportation by Pipeline by the shippers and measured at the loading facility.

section 51 :

The Transit Fee for the transportation of hydrocarbons for a given month is payable to the Public Treasury not later than the fifteenth (15th) day of the following month.

This payment is made on the basis of a statement of the volume of hydrocarbons transported monthly which is attached to said payment.

The currency for payment shall be specified in the Convention of Establishment.

section 52 :

- a) In the case of a late payment of the Transit Fee, the amount due is increased by one tenth of one percent (0.1%) per calendar day by which it is late. The Minister in charge of finance may waive this increase in whole or in part.
- b) When payment of the Transit Fee is late by thirty (30) days, a tax assessment is made against the company based on the volumes transported as established by the Republic of Cameroon in view of the bills of lading relating to the loadings made during the month in question. The amount of the Transit Fee so determined is increased by a penalty of ten percent (10%).
- c) In the case of an under-declaration, the amount of fees not declared is subject to a ten percent (10%) penalty without affecting the late payment interest provided for above.

section 53 :

The rules of collection and dispute applicable to the Transit Fee are those provided for in the General Tax Code for the other taxes and fees.

section 54 :

The Transit Fee is considered a deductible charge for the determination of the profit taxable under the Corporate Income Tax.

SUB-CHAPTER 2 : CORPORATE INCOME TAX

section 55 :

a) Pipeline transportation companies referred to in Section 48 are subject to Corporate Income Tax in accordance with the General Tax Code, at a reduced rate.

However, regarding such companies :

- the taxable revenues subject to this reduced rate are the profits realized from conducting the transportation of hydrocarbons from all sources, including those in Cameroon ;
 - the profits which are taxable are determined in accordance with the General Tax Code, subject to the specific provisions of their Convention of Establishment.
- b) When pipeline transportation companies undertake activities other than the construction, operation and maintenance of a System of Transportation by Pipeline, including those defined in Section 37, all profits derived from these activities are subject to the normal rate of Corporate Income Tax.

section 56 :

The reduced rate of Corporate Income Tax referred to in Section 55 is set at five percent (5%) including the local council surcharge.

section 57 :

The accounts of pipeline transportation companies shall be kept in accordance with the provisions of the General Tax Code, the rules of the OCAM Accounting Plan, and in the currency specified in their Convention of Establishment. Their share capital shall be in the same currency.

SUB-CHAPTER 3 : OTHER TAXES AND CHARGES

section 58 :

- a) Pipeline transportation companies, subject to the Transit Fee and the Corporate Income Tax, shall be exempt from all other direct tax imposed on the income from their activities for the benefit of the State, Public Authorities, and any legal entities governed by public law.
- b) The regime defined in the preceding sub-section entails the exemption from all taxes, fees, levies, withholdings or assessments imposed on the revenues resulting from the company's activities at the time of their distribution to its shareholders.

In addition, the pipeline transportation company, insofar as its activities of construction, operation and maintenance of the System of Transportation by Pipeline are concerned, is exempt from all taxes, fees, levies, withholdings and assessments on interest and other financing charges on loans or any other forms of credit as well as on payment made in consideration of guarantees for or insurance or such loans.

Recipients of such payments shall be exempted from taxes, fees, levies, withholdings and assessments that would otherwise be payable when they are collected.

section 59 :

The activity of transportation by pipeline of hydrocarbons originating from other countries shall be exempt from the payment of all taxes and fees on turnover.

The services directly related to such activities and rendered to companies engaged in these activities shall also be exempt from the payment of all taxes and fees on turnover.

The materials and equipment necessary for the construction of the pipelines may be purchased on the local market free of all taxes and fees on turnover, in accordance with the implementation terms laid down in the Convention of Establishment.

section 60 :

Subject to the exonerations and other forms of tax reduction provided for by this law and their Convention of Establishment, pipeline transportation companies shall remain subject, by virtue of their activities and of the assets which are assigned to them, to other taxes, fees, charges, and royalties provided by ordinary law at rates and according to implementation terms which do not discriminate against them in any way.

section 61 :

The exemptions provided for under this part shall not exempt the pipeline transportation companies from the payment of levies and royalties which are a payment for services.

CHAPTER 3 :
CUSTOMS TARIFFS

section 62 :

Pipeline transportation companies are subject to the customs regulations defined by the Customs Code of Cameroon and its implementing instruments and by the special provisions of this law.

section 63 :

- a) Equipment and materials, machines and tools as well as chemical products which are directly necessary for the construction of the System of Transportation by Pipeline, whether they are imported directly by the pipeline transportation company or through subcontractor enterprises, shall benefit from a reduced total rate of five percent (5%) for customs fees and duties levied upon importation.

- b) The pipeline transportation companies must provide to the Minister in charge of finance :
- a general schedule of imports ;
 - an annual forecast of the imports subject to the reduced rate.
- c) Application of the reduced global rate ceases upon the date on which the System of Transportation by Pipeline is put into operation. Nevertheless, the reduced global tax regime can continue to be applied to companies starting up operations. This extension of the benefit of the reduced rate is provided by the Minister in charge of finance and cannot exceed a period of five (5) years from the date on which the System of Transportation by Pipeline is put into operation.

section 64 :

Equipment and materials, machines and tools which are directly necessary to the activities of pipeline transportation companies and of the contractors and subcontractors shall be exempt from all fees and taxes on the basis of normal or special temporary admission, as the case may be, when such equipment and materials, machines and tools are intended to be re-exported after use.

section 65 :

All the imports not addressed in any of the regimes set forth in Sections 63 and 64 shall be subject to the ordinary law regime, including the import of personal property or goods and services unrelated to the operations for the transportation of hydrocarbons.

section 66 :

All imports carried out within the scope of this law shall be subject to the formalities and documentation required by the Customs Administration without prejudice to the advantages and guarantees provided in this law and in the Convention of Establishment.

**PART V : GOVERNMENT SUPERVISION
AND CONTROL**

**CHAPTER 1 :
GOVERNMENT SUPERVISION AND
TECHNICAL CONTROL**

section 67 :

Liquid or gaseous hydrocarbons transported by pipeline shall be governed by the supervision, control, and safety provisions provided for by this law and its implementing instruments.

section 68 :

- a) The Minister in charge of mines shall be responsible for overseeing the implementation of this law and of its implementing instruments, as well as for ensuring the administrative and technical monitoring aspects of the activities of pipeline transportation.
- b) The government civil servants and State employees appointed for this purpose shall carry out the preparation, gathering, conservation and distribution of documentation concerning the supervision of the construction, operation and maintenance of the pipelines intended for the transportation of hydrocarbons. For this purpose, during office hours, they shall have authority to undertake, at any time, any sample verification operation and have access at all times to the works and installations within the scope of their control. The Holder of the Authorization for Transportation by Pipeline shall be required to provide them with the means to perform their supervisory duties.

CHAPTER 2 :
SUPERVISORY RULES AND DECLARATIONS

section 69 :

- a) When any underground work requires, for whatever reason, excavation to a depth exceeding ten (10) meters below ground level, a declaration must be made to the Minister in charge of mines.
- b) The government civil servants and employees referred to in Section 68 shall have access to work sites and shall be provided with all samples, documents or information of a geological, hydrogeological, or mining nature obtained in the scope of the construction, operation and maintenance of the System of Transportation by Pipeline.
- c) The surveys of a photographic, photogrametric, geochemical, geophysical, geodesic, topometric and bathymetric, oceanographic and biological nature, among others, shall be performed in accordance with the statutory provisions in force and the results shall be forwarded to the competent government authorities and public organizations.

section 70 :

- a) No document or information gathered by virtue of Sections 68 and 69 shall, without the agreement of the Holder of the Authorization for Transportation by Pipeline, be made public or be made available to third parties by the government before the expiry of a five (5) year period from the date on which it was obtained. There is no restriction on the State and public organizations on the exclusive internal use of said documents and information as of their disclosure date.
- b) If the documents or information mentioned in sub-section (a) above are subject to a contractual obligation of confidentiality, the State and the public organizations shall be bound to honour such obligation.
- c) Upon request by the Holder of the Authorization for Transportation by Pipeline, this obligation of confidentiality shall apply equally if these documents or information constitute technical know-how or have commercial value.

section 71 :

- a) Any serious accident occurring in any installation that is part of the System of Transportation by Pipeline shall be reported as soon as possible by the Holder of the Authorization for Transportation by Pipeline to the competent government departments, including the Ministry in charge of mines and the department in charge of public order.
- b) The Holder of the Authorization for Transportation by Pipeline shall comply with the measures which may be imposed on it by the Minister in charge of mines, including the installation of equipment so as to prevent or remove the causes of the dangers which its works may pose to public safety, civil safety, the environment, to the health of its personnel, or to the conservation of protected sites and reserves, sources and public ways as provided by the legislation in force.
- Nevertheless, the Holder of the Authorization for the Transportation by Pipeline shall be consulted in respect of the means of carrying out these works in order to protect the interests of the different parties.
- c) In the event of imminent danger and of failure to act on the part of the Holder of the Authorization for Transportation by Pipeline, the duly appointed officials and State employees shall immediately take the necessary steps to remove the danger and may call for any specialist whose intervention is deemed necessary.

section 72 :

Any work proven to be undertaken in violation of the provisions of Part V of this law or its implementing instruments, and likely to cause serious harm, must be stopped by the competent government authority. Work shall resume once the causes leading to that stoppage have been removed.

PART VI : TRANSITIONAL AND FINAL PROVISIONS

section 73 :

The commitments undertaken by the State, in particular regarding tax, customs and exchange control matters, prior to the enactment of this law, within the scope of agreements reached with a pipeline transportation company or with companies intending to take, directly or through affiliates, an interest in such a company, shall prevail over the provisions of this law which are contrary to such commitments.

These commitments shall be reiterated and included in the Convention of Establishment of the pipeline transportation company concerned.

section 74 :

The State shall guarantee to pipeline transportation companies the stability of the legal, tax, customs and exchange control regimes applicable to the activities carried out under their Convention of Establishment, for its duration.

Section 75:

Intentional damaging or destruction of pipelines or of ancillary facilities shall be punishable by the penalties provided for in Article 316, sub-paragraph 2 of the Penal Code.

Section 76:

The conditions and implementation terms of this law shall be determined by regulations, including :

- ° the grant of the Authorization for Transportation by Pipeline;
- ° the rights and obligations of the operator of the construction works;
- ° the implementation of the rights granted on the land easements;
- ° the easement royalties provided for in Section 47;
- ° the technical and safety regulations provided for in Section 25, and the right of control of the State with respect to the construction, operation and maintenance of the works;
- ° the consequences of the renunciation to the operation of all or part of the System of Transportation by Pipeline, and the fate of the works in such a case or at the expiry date of the Convention of Establishment.

Section 77:

This law shall be registered, published according to the procedure of urgency and inserted in the Official Gazette in English and French.

YAOUNDE, 5 AOUT 1996

THE PRESIDENT OF THE REPUBLIC



PAUL-BIYA