

LAW FOR THE UNDERGROUND NATURAL RESOURCES

Prom. SG. 23/12 Mar 1999, amend. SG. 28/4 Apr 2000, amend. SG. 108/14 Dec 2001, amend. SG. 47/10 May 2002, amend. SG. 86/30 Sep 2003, amend. SG. 28/1 Apr 2005

Part one. GENERAL PROVISIONS

Chapter one. SUBJECT AND RANGE

Art. 1. (1) This law settles the conditions and the order of:

1. prospecting, exploration and extraction of the underground natural resources on the territory of the Republic of Bulgaria, in the continental shelf and in the exclusive economical zone in the Black sea;

2. protection of the earth womb and rational using of the underground resources on the territory of the Republic of Bulgaria, in the continental shelf and in the exclusive economical zone in the Black sea.

(2) The law shall not apply regarding activities related to:

1. scientific research, educational and lecturing activity;
2. prospecting, exploration and extraction and protection of the underground waters, including the geothermal energy which they carry;
3. collection of rock, mineral and soil samples from the earth surface with non-commercial interest;
4. extraction of gold from the river beds through hand flushing;
5. extraction of salts and elements of the sea water.

Art. 2. The underground natural resources in the context of the law are grouped in:

1. metal natural underground resources;
2. mineral natural resources - industrial minerals;
3. oil and gas;
4. solid fuel;
5. construction materials;
6. rock lining materials;
7. precious and semi-precious stones;
8. industrial technological waste from the mining production and mining processing which are not property of individuals or corporate bodies.

Art. 3. (1) The underground natural resources are exclusive state property.

(2) The underground natural resources under Art. 2, item 5, when used for construction purposes by the population and are extracted by method of criteria in volumes not

larger than 10 000 cubic meters annually.

Art. 4. (1) The prospecting or exploration of the underground natural resources shall be carried out upon giving permit for:

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

(2) The extraction of underground natural resources shall be carried out by granting concession.

Art. 5. Rights for underground natural resources shall be granted through:

1. permits for prospecting and/or exploration, issued by the bodies according to their competence, according to Art. 7, upon approval by the Council of Ministers;

2. permits for prospecting and/or exploration of oil and gas and permits for prospecting and/or exploration of underground natural resources in the continental shelf and in the exclusive economic zone, issued by the Council of Ministers at the proposal of the bodies according to their competence under Art. 7;

3. concession for extraction granted by the Council of Ministers at the proposal of the bodies, according to their competence under Art. 7;

4. concessions for extraction under Art. 3, para 2, granted by the respective municipal councils, upon coordination with the Ministry of environment and waters.

Chapter two.

BODIES OF MANAGEMENT OF THE UNDERGROUND NATURAL RESOURCES

Art. 6. (1) Competent body under Art. 5, item 1 shall be a minister or a head of administrative body according to the competence under Art. 7.

(2) Competent body under Art. 5, item 2 is the Council of Ministers who shall authorise a minister or a head of administrative body under Art. 7 to conclude a contract for prospecting and/or exploration.

(3) Competent body under Art. 5, item 3 is the Council of Ministers which shall authorise a minister or a head of administrative body under Art. 7 to conclude contract for extraction of underground natural resources.

(4) The competent body under Art. 5, item 4 is the respective municipal council.

(5) Competent body in the context of Art. 1, para 1, item 2 is the Minister of environment and waters.

Art. 7. (1) The Minister of environment and waters shall:

1. jointly with the interested ministries and administrative bodies work out and offer to the Council of Ministers the state policy and strategy in the sphere of prospecting, exploring and extraction of underground natural resources and the protection of the earth womb on the territory of the Republic of Bulgaria, in the continental shelf and in the exclusive economic zone of the Black sea;

2. jointly with the interested ministries and administrative bodies work out and carry out the state policy and strategy for encouraging the investments in the prospecting, exploring and extraction of underground natural resources in view of the steady development of the country, the national security and the attraction of investments;

3. in fulfilment of the state policy in the sphere of geology coordinate and assign the fulfilment of investment and other projects for geological and geoecological studies in the country and carry out competitions and tenders for executors of the projects;

4. manage the National geological fund;

5. (amend. SG 47/02) organise the collecting, the maintaining in updated status and the preservation of the data of art. 32, para 1, item 1 of the Law for the cadastre and the property register (LCPR), as well as the creation and the maintenance of specialised maps, registers and information system on the basis of these data and on the basis of data from the cadastre about:

a) the permits for prospecting and/or exploring;

b) the discoveries and the deposits of underground resources;

6. (revoked – SG 47/02);

7. issue certificates for registered opened deposits;

8. organise the creation and keeping of a national balance of the reserves and resources of all types of underground natural resources under Art. 2;

9. hold competitions and tenders, negotiations and give permits for prospecting and/or exploring underground natural resources, item 1, 2, 4, 5, 6, 7 and 8 upon approval by the Council of Ministers and conclude contracts in the cases determined by this law;

10. create the necessary organisation and extend proposals to the Council of Ministers for granting permits for prospecting and/or exploring underground natural resources under Art. 2, item 3 and conclude contracts in the cases determined by this law.

(2) The Minister of industry shall:

1. coordinate and assign the fulfilment of investment and other projects for extraction of underground natural resources under Art. 2, item 1, 2, 7 and 8 in fulfilment of the state policy in this sphere;

2. hold competitions and tenders, negotiations and give permits for prospecting and/or exploring underground natural resources under Art. 2, item 1, 2, 7 and 8 upon approval by the Council of Ministers and conclude contracts in the cases determined by this law;

3. create the necessary organisation and extend proposals for granting permits for prospecting and/or exploring underground natural resources under Art. 2, item 1, 2 and 7 in the continental shelf and in the exclusive economic zone in the Black sea and conclude contracts in the cases determined by this law;

4. create the necessary organisation and extend proposals for granting concessions for extraction of underground natural resources under Art. 4, item 1, 2, 7 and 8;

5. hold competitions, tenders and negotiations and conclude concession contracts in the cases determined by this law;

6. control the fulfilment of the obligations of the concessionaires under the contracts concluded by him under this law;

7. submit to the National Geological Fund the collected geological and technical information under Art. 13 from the holders of permits and from the concessionaires.

(3) The Minister of regional development and public works shall:

1. coordinate and assign the fulfilment of investment and other projects for extraction of underground natural resources according to Art. 2, item 5, 6 and 8, used as raw material in

the construction industry, in fulfilment of the state policy in this sphere;

2. hold competitions, tenders and negotiations and give permits for prospecting and/or exploring underground natural resources according to Art. 2, item 5, 6 and 8 upon approval by the Council of Ministers and conclude contracts in the cases determined by this law;

3. create the necessary organisation and extend proposals for granting concessions for extraction of underground natural resources according to Art. 2, item 5, 6 and 8;

4. hold competitions, tenders and negotiations and conclude concession contracts in the cases determined by this law;

5. control the fulfilment of the obligations of the concessionaires under the contracts concluded by him according to this law;

6. submit to the National Geological Fund the collected geological and technical information under Art. 13 from the holders of permits and from the concessionaires.

(4) (amend. SG 108/01) The Minister of Power Engineering and Energy Resources shall:

1. coordinate and assign the fulfilment of investment and other projects for extracting of solid fuel and energy resources on the territory of the country, in the continental shelf and in the exclusive economic zone of the Black sea in fulfilment of the state policy in this sphere;

2. create the necessary organisation and extend proposals for prospecting and/or exploring of underground natural resources under Art. 2, item 3 and conclude contracts in the cases determined by this law;

3. hold competitions, tenders and negotiations and give permits for prospecting and/or exploring underground natural resources under Art. 2, item 3, 4 and 8 upon permit by the Council of Ministers and conclude contracts in the cases under this law;

4. create the necessary organisation and extend proposals for granting concessions for extraction of underground natural resources under Art. 2, item 3, 4 and 8;

5. hold competitions, tenders and negotiations and conclude concession contracts in the cases determined by this law;

6. control the fulfilment of the obligations of the concessionaires under the contracts concluded by him under this law;

7. submit to the National Geological Fund the collected geological and technical information under Art. 13 from the holders of permits and from the concessionaires.

Chapter three.

STATE ORDER FOR GEOLOGICAL PROSPECTING

Art. 8. The geological research in the Republic of Bulgaria financed by state resources shall be carried out according to the Law for assigning state and municipal orders on the basis of worked out strategy and adopted long-term plans.

Art. 9. The Ministry of environment and waters shall work out and finance the priority subjects and the related annual tasks in the sphere of geology.

Art. 10. (1) The assigning of the tasks under Art. 9 shall be carried out through a competition or a tender.

(2) The working out of the projects shall be carried out on the basis of technical terms

of reference worked out or approved by the Ministry of environment and waters.

(3) The Minister of environment and waters and the executor shall conclude a contract.

Art. 11. The whole obtained geological information, as well as the created intellectual product shall become property of the state and shall be submitted for storing and using at the National Geological Fund.

Chapter four. GEOLOGICAL AND TECHNICAL INFORMATION

Art. 12. (1) Geological information is a combination of all references and data obtained in the process of fulfilment of the geological tasks, which is subject to submission, acceptance, processing and storing.

(2) According to the type of the information carrier the geological information can be qualified as natural and original as:

1. the natural geological information is carried by natural information carriers - samples of rocks and mineral raw materials from natural overburdening and geological prospecting, drill core, schliches, laboratory samples, etc;

2. original geological information are the references and the data obtained in the process of fulfilment of the geological tasks which are stored on paper, transparent, magnetic and optic carriers, as well as various hard body carriers.

(3) According to the method of storing of the geological reference and data the information can be printed and digital as:

1. the printed geological information represents texts, graphics, tables, cross sections, maps, plans etc.

2. the digital geological information are digital geological references and data which can be processed, written, stored and reproduced by computer devices and systems.

(4) According to the degree of fulfilment of the geological tasks the geological information is classified as primary, intermediate and final as:

1. primary information is the combination of the primary data of the natural information regardless of the information carriers; it is a basis of obtaining intermediate and final information;

2. intermediate information are the incomplete data which are subject to additional processing and are stored until obtaining the final information;

3. final information are data which reflect the fulfilment of the geological prospecting, the technological exploring, the scientific and research work and others; the final information can be stored on different information carriers.

Art. 13. (1) The holders of permit for prospecting and/or exploring or the concessionaires shall be obliged to:

1. keep full and detailed documentation for the geological research and the other activities under the granted permits or concessions and present it for inspection in compliance with the conditions of the concluded contracts;

2. account for the results from the geological prospecting and the other activities

under the granted permits or concessions through intermediate and final reports;

3. present at the Ministry of environment and waters the obtained materials upon conclusion of the research work related to it.

(2) The results from the geological work, their interpretation and the assessment of the achieved goals shall be expressed in geological reports.

(3) The requirements for the geological technical documentation of the prospecting and mining sites shall be stipulated by an act of the Council of Ministers.

Art. 14. (1) For the period of validity of the permits for prospecting and/or exploring or of the concessions for extraction the geological and technical information under Art. 13 shall be property of the body who has concluded the respective contract and of the holder of the permit or the concessionaire. The owners shall be obliged to provide confidentiality of the information during its collection, storing, submitting and using according to the conditions of the concluded contract.

(2) Copies of the information under para 1 shall be submitted for storing at the National Geological Fund by the body who has concluded the respective contract within 10 days from its presentation by the holder of the permit or by the concessionaire.

(3) Upon expiration of the permit or the concession the entire information under Art. 13 shall become property of the Bulgarian state and shall be submitted to the National Geological Fund.

Art. 15. The geological and technical information for the underground natural resources, obtained before or after the enactment of this law shall be submitted as a state property to the National Geological Fund.

Chapter five. NATIONAL GEOLOGICAL FUND

Art. 16. (1) The Ministry of environment and waters shall maintain a National Geological Fund which shall collect, process, store and submit for using against payment the geological information from research and other activities related to the prospecting, exploring and extracting of underground natural resources.

(2) Established and maintained at the National Geological Fund shall be specialised informational systems for the data from the prospecting, exploring and extraction of all groups of underground resources under Art. 2.

(3) The functions of the National Geological Fund and the conditions and the order of using its information by the respective users shall be stipulated by an act of the Council of Ministers.

Chapter six. SPECIALISED MAPS AND REGISTERS OF THE PERMITS FOR PROSPECTING AND/OR EXPLORING AND CONCESSIONS FOR EXTRACTION (title amend. SG 47/02)

Art. 17. (amend. SG 47/02) The Ministry of Environment and Waters shall organise the collecting, the maintaining in updated status and the preservation of the data of art. 32, para 1, item 1 of LCPR about the permits for prospecting and/or exploration, conceded under the conditions and by the order of the law and the creating of specialised map and register and information system on the basis of these data as well as on the basis of data from the cadastre.

Art. 18. The Council of Ministers shall organise the establishment and shall maintain unified register of the concessions for extraction granted under the conditions and by the order of this law.

Art. 19. (1) The registers of the permits for prospecting and/or exploring and the concessions for extraction of underground natural resources shall be established and maintained under conditions and by an order determined by the Council of Ministers.

(2) (amend. SG 47/02) The specialised maps and registers of the areas for prospecting and/or exploring and of the concessions for extracting shall be created and shall function under the conditions and by the order of chapter four of LCPR.

(3) (amend. SG 47/02) The specialised maps and registers are public and all persons shall have the right to read and receive copies of abstracts from them against payment according to a tariff approved by the Council of Ministers.

Chapter seven.

NATIONAL BALANCE OF THE RESERVES AND ASSESSMENT OF THE RESOURCES. REGISTER OF THE DISCOVERIES AND SPECIALISED MAPS AND REGISTER OF THE DEPOSITS (title amend. SG 47/02)

Art. 20. (1) The Ministry of environment and waters shall create and keep:

1. national balance of the reserves and assessment of the underground natural resources under Art. 2;

2. (amend. SG 47/02) specialised map and register of the deposits of the underground resources of art. 2;

3. register of the overburden.

(2) The national balance of the reserves of underground natural resources shall be worked out annually by data for the condition and the change of the reserves submitted by the executors of state orders for geological research, by the holders of permits for prospecting and/or exploring, by the concessionaires and sole entrepreneur companies, sole owner of whose capital is the state, carrying out extracting of underground natural resources.

(3) The reserves of underground natural resources, included in the natural balance, shall be accounted in compliance with the classification of the reserves of underground natural resources.

(4) (amend. SG 47/02) In the specialised map and register of for the deposits of underground natural resources shall be reflected all registered discoveries of deposits of underground resources.

(5) The register for the overburdens shall register:

1. the declared overburdens of fulfilled tasks under state order;
2. the written declarations for overburdens by holders of permits for prospecting and/or exploring under Art. 28, item 3.

(6) Not entered in the register shall be an overburden under a declaration by a person who is not holder of or has no permit for prospecting and/or exploring or the permit is not entered in the Unified Register for the permits for prospecting and/or exploring.

(7) The overburden of underground natural resources made as a result of geological prospecting in the context of Art. 8 - 11, does not give rights under Art. 29 for the discoverer.

(8) (amend. SG 47/02) The activity for the working out and keeping the national balance of the reserves shall be provided with an act of the Council of Ministers.

(9) (new – SG 47/02) The contents of the specialised map and register of the deposits, as well as the conditions and the order for creating and maintaining them shall be determined by the Minister of Environment and Waters and the Minister of Regional Development and Public Works with an ordinance according to art. 32, para 3 of LCPR.

Art. 21. (1) The overburden shall be registered as:

1. geological overburden;
2. commercial overburden.

(1) The geological overburden is a result of activities on expansion of prospecting of underground natural resources, originates rights of prospecting and the application for its declaration shall contain:

1. description of the location of the overburden;
2. co-ordinates of the limit and characteristic points including the overburden;
3. the specific underground natural resources established by the overburden and the group under Art. 2 to which they belong;
4. qualitative characteristics of the underground natural resources;
5. preliminary assessment of the potential of the overburden.

(3) The trade overburden is a result of activities under a permit for prospecting and exploration or permit for research, originates rights of concession and the application for its registration contains:

1. description of the location of the overburden;
2. co-ordinates of the limit and characteristic points including the overburden;
3. the specific underground natural resources established by the overburden and the group under Art. 2 to which they belong;
4. qualitative characteristics of the underground natural resources;
5. geological and economic assessment of the reserves.

(4) The declaring of the overburden as geological or trade overburden shall be done by the application under para 2 or para 3 by the holder of permit for prospecting and/or exploring to the competent body under Art. 7 and to the Ministry of environment and waters which shall carry out registration and issue certificate for the overburden.

Art. 22. The holders of permits for prospecting and/or exploring and the concessionaires and the trade companies, sole owner of whose capital is the state, those who carry out activities related to the extraction of underground natural resources shall be obliged, annually or upon request, however not more than twice a year, to present to the Ministry of environment and waters information about the condition and the change of the reserves and the

resources in the ceded areas, as well as the necessary geological and technical documentation for verification of their authenticity.

Part two.
PROSPECTING, EXPLORING AND EXTRACTION OF NATURAL
RESOURCES

Chapter one.
PERMITS FOR PROSPECTING AND/OR EXPLORING AND
CONCESSIONS FOR EXTRACTING

Section I.
General Provisions

Art. 23. (1) Permits for prospecting and/or exploring and concessions for extracting shall be granted to individuals and corporate bodies who prove that they have due registration as entrepreneurs and have the technical, managerial and financial capacity necessary for carrying out the respective activities.

(2) (amend. SG 47/02) The permits and the concessions under para 1 shall be granted upon coordination with the specialised map and register of the permits and with the specialised map and register of the deposits of underground natural resources.

(3) Granted for a given area can be more than one permit for prospecting and/or exploring or concession for extracting on condition that they are granted for different types of underground natural resources, the activities related to one of the permits or concessions will not obstruct the fulfilment of the activities related to the other permit or concession and the consent of each of the acting holders of permits or concessionaires is given.

Art. 24. (1) A person who meets the requirements of Art. 23 can obtain more than one permit or concession for extraction.

(2) In the cases under para 1 individual contracts shall be concluded with the respective body under Art. 7.

Art. 25. (1) The rights and the obligations ensuing from a granted permit for prospecting and/or exploring can be transferred entirely or partially to third persons who meet the requirements of Art. 23 only by permit of the body under Art. 6, para 1 and 2.

(2) The rights and obligations ensuing from the granted concession for extracting can be transferred entirely or partially to third persons who meet the requirements of Art. 23 only by permit of the Council of Ministers.

(3) The expenses related to the transfer of the rights and obligations under para 1 and 2 shall be for the account of the holder of the permit or of the concessionaire.

(4) In case that the holder of the permit or the concessionaire retains a part of his rights under the granted permit or concessions he shall bear responsibility in solidarity with the

third person for the undertaken obligations unless the contract stipulates otherwise.

(5) In case the holder of the permit or the concessionaire transfers to a third person entirely his rights under the granted permit or concession all rights and obligations shall be transferred to the third person.

Art. 26. Proceedings for granting permit for prospecting and/or exploring and of concession for extracting shall be opened upon coordination with the competent ministries for protection of the national security and the defence of the country, for territories protected by a law, sites, cultural and historical monuments.

Section II. Permits for prospecting and/or exploring

Art. 27. Permits for prospecting and/or exploring shall be granted for one of the groups of underground natural resources under Art. 2.

Art. 28. The permit for prospecting and exploring or for exploring shall give right to the holder within the limits of the ceded area:

1. to carry out all necessary activities aimed at discovering deposits of underground natural resources for which the permit has been given;
2. to make assessment of deposits of underground natural resources for which the permit has been given, including extraction for technological testing;
3. to declare, within the term of the permit according to the requirements of Art. 21, the overburden with a trade nature with the purpose of its due registration.
4. to obtain, by right, a concessions for extraction under the conditions of Art. 29.

Art. 29. The holder of permit for prospecting and exploring or for exploring shall be directly appointed as concessionaire for extraction of discovered deposit under the following conditions:

1. to have declared and registered by the order of Art. 21, para 3 a deposit of underground natural resources within the period and the limits of the area under the granted permit;
2. to have obtained certificate for trade overburden of deposit by the order of Art. 21, para 4;
3. to have presented written application for concession to the respective body under Art. 7 within 6 months upon receipt of a certificate for registered overburden.

Art. 30. The holder of the permit for prospecting and/or exploration shall be obliged:

1. to carry out all activities under the granted permit in compliance with the law and according to the conditions of the concluded contract;
2. to inform the competent bodies about every overburden of underground natural resources and present the necessary information regarding the latter;
3. to present information under Art. 13 to the National Geological Fund;
4. (amend. SG 28/05) in discovering mineral, historical or archaeological findings

having the signs of cultural monuments, to stop the work in due time and inform immediately the respective body under Art. 7, the Minister of environment and waters and/or the Minister of Culture and Tourism.

Art. 31. (1) Permit for prospecting and/or exploring shall be granted for a period up to three years.

(2) The period under para 1 can be extended twice by up to two years each under conditions and by an order determined by the concluded contract.

(3) If before the end of the last extension under para 2 the holder of permit for prospecting and/or exploring discovers underground natural resources the term of the permit can be extended by up to one year, enabling the holder to assess this discovery.

Art. 32. (1) The area submitted by the permit for prospecting and/or exploring cannot exceed:

1. for oil and gas on the land - 5 thousand square meters, and in the continental shelf and in the exclusive economic zone in the Black Sea - 20 thousand square meters;

2. for the other groups of underground natural resources under Art. 2 - 200 square meters.

(2) Parts of the area under para 1 shall be vacated by the holder of the permit for prospecting and/or exploring before every extension under Art. 31 under conditions and by an order determined by the concluded contract.

(3) The holder of the permit shall have the right, by his judgement, to vacate additional areas at the end of every calendar year according to the conditions of the concluded contract.

Section III. Concession for extraction

Art. 33. Concession for extraction shall be granted for a specific deposit of underground natural resources or its separate parts (sectors).

Art. 34. The concession for extraction shall entitle the concessionaire:

1. to acquire right of ownership on the extracted underground natural resources for which the concession is granted, as well as on the technological waste from the extraction, in compliance with the conditions of the concluded contract;

2. to carry out all necessary activities related to the extraction, as well as additional prospecting, storing, processing, transport and sale of underground natural resources for which the concession is granted.

Art. 35. (1) The concessionaire shall be obliged:

1. to carry out all activities under the granted concession according to the law and the concluded contract;

2. to present the information under Art. 22 to the Ministry of environment and waters.

(2) (amend. SG 28/05) The concessionaire shall be obliged, in cases of discovery of

unique mineral formations or movable cultural monuments, to inform within 7 days the body with whom he has concluded the concession contract and the Minister of the environment and waters and/or the Minister of Culture and Tourism.

Art. 36. (1) The concession for extracting shall be granted for a period up to 35 years.

(2) The term of the concession can be extended up to 15 years under the conditions of the concluded contract.

Art. 37. (1) The granted concession area includes the area covering the deposit or individual sectors of it and the necessary areas for carrying out the activity under the concession.

(2) (amend. SG 86/03) The storing and using of the waste from the extraction and the primary processing shall be carried out by an established project of the respective ministry or administrative body with whom the concession contract has been concluded, coordinated with the Ministry of environment and waters and in compliance with the conditions of the Law of waste management.

Art. 38. The concession for extraction under Art. 29 must be complied with the conditions of the permit for prospecting and/or exploring and of the respective contract.

Chapter two.

CONDITIONS AND ORDER OF GRANTING PERMITS FOR PROSPECTING AND/OR EXPLORING AND CONCESSIONS FOR EXTRACTING

Section I.

General Provisions

Art. 39. (1) Permits for prospecting and/or exploring underground natural resources under Art. 2 shall be granted through:

1. a competition or a tender;
2. direct determining of the holder of the permit if he is the only applicant, upon expiration of one month from the publication in two daily newspapers of announcement for forthcoming granting of permit.

(2) Concessions for extracting underground natural resources under Art. 2 shall be granted:

1. through a tender or a competition;
2. by right to a holder of permit for prospecting or exploring for prospecting under the conditions of Art. 29.

Art. 40. (1) For areas, for which permit has been given for prospecting and/or exploring or concession for extraction of underground resources other permits and concessions

for the same underground natural resources shall not be granted.

(2) For areas, for which permit is granted for prospecting and/or exploring or concession for extraction of underground natural resources can be granted permits or concessions for other underground natural resources in compliance with the requirements under Art. 23.

Art. 41. (1) The granted permits and concessions shall be promulgated in the State Gazette and shall be announced in the municipalities at the location of the site.

(2) (amend. SG 47/02) The permits for prospecting and/or exploring shall be entered in the specialised map and register of the areas for prospecting and/or exploring at the Ministry of Environment and Waters within 7 days from their promulgation in the State Gazette.

Section II.

Granting permits for prospecting and/or exploration and concessions for extraction through a competition or a tender

Art. 42. Permits for prospecting and/or exploration and concessions for extraction shall be granted by obligatory competition or tender:

1. for oil and gas;
2. for underground natural resources in the continental shelf and in the exclusive economic zone;
3. for not utilised deposits of underground natural resources or areas of established discoveries which are not ceded, studied by state resources.

Art. 43. (1) Competition or tender for granting permits for prospecting and/or exploring shall be held by official initiative or upon application of interested persons to one of the bodies according to their competence under Art. 5.

(2) Proceedings for granting permit for prospecting and/or exploring upon request of interested persons shall not be opened in the cases under Art. 56. The refusal shall not be subject to appeal by court order.

(3) Determined by the order for carrying out competition or tender for issuance of permit in the cases under Art. 5, item 1 shall be:

1. the object of the permit;
2. the term of the permit;
3. the term of holding the competition or the tender;
4. the term of purchasing the competition or the tender papers;
5. the term within which the documents for participation in the competition or the tender shall be accepted;
6. the size of the deposit and the term within which it must be paid;
7. other conditions of the competition or the tender.

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

(5) The body under para 1 shall appoint a commission which shall organise and hold the competition or the tender.

Art. 44. (1) Permit for prospecting and/or exploring of oil and/or gas or permit for prospecting and/or exploring underground natural resources in the continental shelf and in the exclusive economic zone shall be issued by the Council of Ministers at the proposal of the body under Art. 7.

(2) (amend., SG 28/00) The proposal for starting a procedure for issuing the permit under para 1 must be motivated, must contain substantiation proving its legality and expediency.

(3) The Council of Ministers shall take decision on the proposal under para 2 which shall contain the requirements under Art. 43, para 3 and which authorises a minister of a head of administrative body under Art. 7 to hold a competition or a tender.

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

(5) The authorised body shall appoint a commission which shall organise and hold the competition or the tender.

Art. 45. (1) The Council of Ministers can adopt a decision for granting concession at the proposal of the respective body under Art. 7.

(2) The proposal must be motivated, accompanied by legal, financial and economical, ecological and social analysis and coordinated with the interested ministries by the judgement of the proposing party.

(3) The decision for granting concession shall determine:

1. the subject of the concession;
2. the term of the concession;
3. the conditions, the basic rights and obligations under the concession;
4. the term and the holding of the competition or the tender;
5. the term of purchasing the competition or the tender papers;
6. the term of acceptance of the documents for participation in the competition or the tender;
7. the size of the deposit and the term of its payment;
8. the minister or the head of administrative body to whom the holding of the competition or the tender is assigned;
9. other conditions.

(4) The decision of the Council of Ministers for announcing competition or tender shall be promulgated in the State Gazette and in at least one central daily newspaper.

(5) On the grounds of the permit under para 1 the body to whom it is assigned to hold the competition or the tender shall:

1. prepare the necessary competition or tender documents;
2. determine the conditions and the order of holding the competition or the tender;
3. determine the members of the competition or the tender commission.

Art. 46. (1) The applicant for participation in a competition or a tender for obtaining permit for prospecting and/or exploring or concession for extracting must present written application in Bulgarian language according to the announced requirements.

(2) The application shall be accompanied by:

1. certificate for registration of the participant as entrepreneur;
2. abstract from the annual accountancy reports for the last three years;

3. proof for purchased competition or tender documents, paid deposit and participation fee;

4. declaration for preservation of the secret of the information contained in the competition or tender documentation.

(3) The documents under para 2 shall be considered from the moment of their filing and if they do not meet the requirements the applicant shall be given the opportunity to remove the admitted irregularities within a period determined by the competition or tender documents.

Art. 47. (1) The commission shall adopt a decision for admission for participation in the competition or the tender, for which it shall inform the applicants in writing.

(2) The refusal for admission to participation in the competition or the tender shall be subject to appeal by a court order according to the Law for the administrative proceedings.

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

(4) The competition can be held by attendance or in absentia, and the tender - by open or secret bidding.

Art. 48. (1) The participants admitted to the competition shall file proposals sealed in an envelope in fulfilment of the conditions of the competition.

(2) In holding secret-bidding tender the admitted participants shall file proposals in a sealed envelope regarding the concession consideration. In carrying out open tender the commission shall announce in advance the bidding step.

Art. 49. (1) Within 14 days from expiration of the deadline for filing proposals the commission shall classify the participants in compliance with the competition or tender requirements. In holding open tender it shall be announced concluded upon issuance of written statement for the declared final sums by the participants, which shall be signed by the commission and by the participants.

(2) In the cases under Art. 5, item 1 the respective minister or head of administrative body shall issue a permit to the applicant elected first, upon approval by the Council of Ministers and shall conclude a contract.

(3) In the cases under Art. 5, item 2 and 3 the respective minister or head of administrative body shall present at the Council of Ministers proposal for determining the winner of the Competition or the tender.

Art. 50. The Council of Ministers shall:

1. approve the issuance of permit for prospecting and/or exploring under Art. 49, para 2;

2. issue permit for prospecting and/or exploring and shall adopt decision for granting concession to the winner of the competition or the tender under Art. 49, para 3 and shall authorise a minister or a head of administrative body to conclude a contract.

Section III.

Direct granting of permits for prospecting and/or exploring of concessions
for extracting

Art. 51. (1) For direct granting of permit for prospecting and/or exploring or concession for extracting written application shall be filed with the respective body under Art. 7.

(2) The application must be written in Bulgarian language and must contain:

1. the full name, the address and the nationality of the individual or the name, the headquarters, the company registration and the nationality of the corporate body certified by the respective documents;

2. the underground natural resources under Art. 2, for which the permit or the concession is requested;

3. the name, the location, the size and the co-ordinates of the characteristic border points of the area illustrated by a map in a suitable scale, with indicated numeration of the characteristic border points.

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

1. operative programme with a brief description of the goals, the time of its starting, the type, the volume, the methods, the duration and the cost of the planned activities, as well as the measures for protecting the earth womb and the environment, the safety and the health of the workers, the historical and cultural sites;

2. bank recommendations which certify that the applicant is in condition to finance the fulfilment of the operative programme, to compensate all damages eventually ensued from the respective activities and his ability to make the payment for which he is obliged;

3. declaration stating that the applicant has no overdue liabilities to the state;

4. legal, financial and economical, ecological and social substantiation.

(4) The documents under para 2 and 3 shall be inspected within 7 days and if they do not meet the requirements the applicant shall be given time for removal of the admitted irregularities.

Art. 52. The application under Art. 51 shall be considered within 30 days from expiration of the period under Art. 39, para 1, item 2.

Art. 53. (1) In the cases under Art. 51 the body with whom the application has been filed shall assess the expediency and the legality of the proposal for granting permit for prospecting and/or exploring according to the conditions of Art. 56.

(2) The refusal to open proceedings for granting permit for prospecting and/or exploring shall not be subject to appeal by court order.

(3) The body under para 1 shall present for approval at the Council of Ministers a draft permit.

(4) Within 30 days from the approval of the Council of Ministers the body under para 1 shall issue permit for prospecting and/or exploring and shall conclude contract with the applicant who has obtained a permit.

Art. 54. (1) The body under Art. 51, para 1 shall judge the expediency and legality of the proposal for granting concession for extraction according to the conditions of Art. 56.

(2) The refusal to open a procedure for granting concession for extraction shall be subject to appeal by court order.

(3) The body under para 1 shall present at the Council of Ministers a motivated proposal for granting concession together with a legal, financial and economic, social and

ecological analysis, draft decision of the Council of Ministers and draft contract for concession.

(4) In the cases under Art. 29 the body under para 1 shall present at the Council of Ministers a motivated proposal for granting concession, a draft decision of the Council of Ministers and a draft contract for concession, worked out on the basis of a plan presented by a candidate concessionaire for development of the deposit, including legal, financial and economic, social and ecological substantiation.

(5) The Council of Ministers shall adopt a decision on the presented proposal under para 3 and 4.

(6) The decision for granting concession for extraction shall determine: the subject and the term of the concession, the person who has received the concession, the minister or the head of the administrative body who shall hold negotiations and conclude contract, the conditions of the concession, the basic rights and obligations of the parties, the obligatory improvements, the type and the size of the guarantees for fulfilment of the obligations under the concession contract, the requirements related to the national security, the defence of the country, the protection of the earth womb and the environment, the territories and sites protected by a law, as well as other requirements in accordance with the nature of the concession.

(7) The decision of the Council of Ministers can be appealed before the Supreme Administrative Court within 7 days from its promulgation in the State Gazette.

Art. 55. Within one month from the enactment of the decision under Art. 54 negotiations shall be held and a concession contract shall be concluded.

Art. 56. The granting of permit for prospecting and/or exploring or of concession for extraction can be refused when:

1. there is a danger for the national security and the defence of the country, for the earth womb and the environment, for the safety and the health of the workers and for the territories and sites protected by a law, cultural and historical monuments;

2. the applicant has presented false information;

3. the applicant has proposed a minimal obligatory operative programme which does not meet the established technical and technological standards and the requirements for preservation of the earth womb and the environment;

4. the applicant files a request for an area within whose borders are granted rights for prospecting and/or exploring or extraction and the conditions under Art. 23, para 3 are not present.

Art. 57. The granting of concession for extraction under the conditions of Art. 29 can be refused if, after discovering a deposit circumstances occur which create danger for the national security and the defence of the country, for the earth womb and the environment and for territories protected by a law, for sites, cultural and historical monuments. In this case the applicant for a concession for extracting who has made the discovery shall be compensated by an order determined by an act of the Council of Ministers.

Chapter three.

FINANCIAL TERMS

Art. 58. The granting of rights for prospecting and/or exploring or for extraction of underground natural resources through permit for prospecting and/or exploring or a concession for extraction shall pay fees when filing the applications.

Art. 59. (1) The applicants for permit for prospecting and/or exploring and the applicants for concession for extraction shall pay fees when filing the applications.

(2) The fee under para 1 shall be collected for covering the administrative expenses related to the proceedings for granting the permit or the concession.

(3) The order of collecting and the size of the fee under para 1 shall be determined by an act of the Council of Ministers.

Art. 60. (1) The holder of the permit for prospecting and/or exploring shall pay annual fee for area.

(2) The size of the fee shall be determined depending on the term of the permit, the size of the ceded area and the group of underground natural resources for which permits are granted.

(3) The order, the size and the terms of payment of the fee under para 1 shall be determined by an act of the Council of Ministers.

Art. 61. (1) The concessionaire shall pay concession consideration.

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

(3) The size, the conditions and the order of payment of the concession consideration shall be determined by the concession contract.

(4) The concession consideration shall be due regardless of whether the concessionaire operates at a loss.

(5) For deposits of underground natural resources of unfavourable mining and geological, technological and economic characteristics the concessionaire can be temporary exempt from payment of concession consideration or it can be reduced by no more than 50 percent of the already contracted on the basis of a decision of the Council of Ministers. This shall be indicated in an additional agreement to the contract.

Art. 62. (1) The sums under Art. 61, para 1 shall be considered income from the concession activity and shall be distributed according to the Law for the concessions.

(2) The sums under Art. 59, para 1 shall be deposited to the budget of the respective ministry or administrative body where the application has been filed.

(3) The sums under Art. 60, para 1 shall be deposited to the budgets of the ministry or administrative body which has granted the permit and shall be spent for covering the expenses related to granting rights for prospecting and/or exploring, for financing geological projects and for protection of the earth womb related to the geological research and mining activity.

Art. 63. For changes in the Bulgarian legislation which restrict the rights or cause

material damages to the holder of the permit for prospecting and/or exploring or to the concessionaire amended, at his request, can be the conditions of the concluded contract with the purpose of restoring his rights and interests, in conformity with the initially concluded contract.

Art. 64. (1) In case the holder of a permit for prospecting and exploring or exploring is granted concession for extraction under the conditions of Art. 29 the expenses for prospecting and/or exploring, with exception of those under Art. 59 and Art. 60, para 1 shall be acknowledged as actual expenses.

(2) The expenses for development of the deposit for extraction shall be acknowledged as actual expenses.

(3) The expenses under para 1 and 2 formed as financial losses shall begin to be deducted from the year when the extraction begins, consequently during the next five years. In forming new losses during exploitation of the deposit their restoration shall begin from the moment of their occurrence and the five-year term of acquittal shall be valid for every loss.

(4) Source of acquittal of the expenses made in connection with prospecting, exploring, development and exploitation shall be the income from the extracted underground natural resources upon payment of the concession consideration.

(5) The expenses related to the restoration of the environment shall be included in the expenses before profit taxation.

(6) The expenses made additionally by the holder of the permit or by the concessionaire and explicitly stipulated by the contract under Art. 66, para 1, item 16 and 17 shall be acknowledged as actual expenses.

Chapter four.

CONTRACTS, TERMINATION, ARBITRATION AND EXPERTISE

Section I.

General Provisions

Art. 65. The permit for prospecting and/or exploring or the concession for extraction shall come into force on the date of conclusion of the contract unless it stipulates otherwise.

Art. 66. (1) The contract shall obligatory contain:

1. the parties to the contract;
2. the subject of the contract, the co-ordinates and the size of the ceded area;
3. the term of the contract and the conditions of its extension;
4. the rights and obligation of the parties;
5. the minimal obligatory operative programme which must be fulfilled;
6. the financial terms and the order of payment of the ceded rights and for the unfulfilled obligations, including such as for unfulfilled re-cultivation;
7. the conditions and the order of ceding rights and obligations under Art. 25;
8. the conditions and the order of terminating the contract;
9. the conditions and the order of working out and submitting projects, reports,

primary data, accountancy documents and other information;

10. the conditions which determine the rights on geological and other information obtained by the holder of the permit or by the concessionaire during the activities under the contract;

11. the order and the way of carrying out the activities and their temporary stopping;

12. the conditions and the order of inspections;

13. the conditions of protecting the earth womb, the environment and the safety and the health of the workers;

14. the conditions and the order of settlement of disputes, including international arbitration;

15. the conditions and the order of acting in occurred circumstances of insurmountable force;

16. training programmes and opening new occupations;

17. additional conditions.

(2) The contract for prospecting and/or exploring shall also contain the obligation of the holder of the permit for releasing parts of the area in favour of the state according to the requirements of Art. 32, para 2.

(3) The contract for extraction may contain obligation of the concessionaire to submit to the state the concession consideration entirely or partially in kind.

Section II. Termination

Art. 67. (1) The rights, acquired on the basis of permit for prospecting and/or exploring or for concession for extracting, shall be terminated with the termination of the respective contract.

(2) The contract shall be terminated:

1. with the expiration of its term;

2. for objective inability to carry out the activities under the granted permit or concession;

3. for enacted decision for declaring insolvent the holder of the permit or the concessionaire;

4. by mutual agreement;

5. by virtue of a court or arbitration decision;

6. on other grounds stipulated by the contract.

(3) In case of death of the individual or closing down the corporate body - holder of permit for prospecting and/or exploring the contract can be continued by an additional agreement upon decision of the competent bodies under Art. 6, para 1 or 2 if the legal successor presents, within 30 days, an application for continuation of the contract, undertakes all liabilities under it and meets the requirements of Art. 23.

(4) In case of death of the individual or closing down the corporate body - concessionaire the contract can be continued by a decision of the Council of Ministers at the proposal of the body who has concluded the contract if the legal successor presents, within 90 days, application for continuation of the contract, undertakes all liabilities under it and meets the requirements under Art. 23.

Art. 68. (1) The minister or the head of administrative body who has concluded the contract shall have the right suspend the permit for prospecting and/or exploring or of the concession when the holder of the permit or the concessionaire carries out activities contradicting the acting legislation or violating the conditions of the concluded contract.

(2) In case of termination the body under para 1 shall inform in writing the holder of the permit or the concessionaire about the reasons and shall determine a suitable period for complying with the conditions of the contract.

(3) Holder of permit or concessionaire whose activities have been suspended according to para 1 shall not have the right to exercise his rights under the respective contract, as well as to seek compensation for missed profit for the respective period of suspension.

(4) Permit or concession, suspended by the order of para 1, shall be renewed if the holder of the permit or the concessionaire eliminate the reasons within the period under para 2.

(5) The suspension under para 1 shall not extend the period of the respective contract and that of the permit or of the concession.

Art. 69. In the cases under Art. 5, item 1 the permit can be suspended by the body who has issued it and in the cases under Art. 5, item 2 and 3 the permit or the concession can be terminated by a decision of the Council of Ministers when:

1. the permit or the concession has been suspended and the holder of permit or the concessionaire has not eliminated the reasons within the period under Art. 68, para 2;

2. there is a danger for the national security and the defence of the country.

Art. 70. (1) In the cases under Art. 69, item 1 the holder of permit or the concessionaire shall be responsible for suffered damages and missed profit caused by the termination ahead of term, including for the period of suspension.

(2) In the cases under Art. 69, item 2 due to the holder of permit or the concessionaire shall be compensation unless the danger has not occurred as a result of his activities.

(3) The body who has concluded the respective contract shall notify in writing the holder of the permit or the concessionaire about the termination.

(4) In case of termination under Art. 69 the holder of the permit or the concessionaire shall carry out full re-cultivation of the affected land.

Art. 71. For the unsettled cases related to the conclusion, fulfilment and termination of the contracts shall apply the provisions of Part Three of the Commercial Law and the Law for the obligations and contracts.

Section III. Arbitration and Expertise

Art. 72. (1) Every dispute between the parties to a contract which cannot be settled by mutual agreement shall be settled by a court order or by arbitration if so stipulated by the respective contract.

(2) In case that an international arbitration is contracted the language, the place of arbitration and other conditions must be indicated in the respective contract.

Art. 73. The parties to the contract can agree to refer some disagreements or disputes for settlement by experts according to a procedure agreed upon in the concluded contract.

Chapter five. USING LAND

Art. 74. (1) The registration of discovery of underground natural resources and its entry in the register of discoveries of deposits of underground natural resources shall not change the ownership, the purpose and the using of the real estate on the land surface.

(2) The granted permits for prospecting and/or exploring or concessions for extracting shall give right to the holder of the permit or the concessionaire to undertake independently the respective legal and actual activities for achievement of agreement with the holders of rights over the land in the ceded area which obstruct or encumber his activities under the permit or the concession and the respective contract.

Art. 75. (1) The holder of permit for prospecting and/or exploring or the concessionaire and the owner of the land can conclude a contract which, in favour of the holder of the permit or the concessionaire, establishes real rights of using the land for the period of the permit or the concession and determines the conditions, the order and the compensation for using the land.

(2) (suppl. SG 47/02) If an agreement cannot be reached under para 1 the interested party shall refer the issue for settlement to the respective body which, depending on the nature of the work, its duration and effect on the earth womb and the environment can extend a request through the regional governor at the location of the land to the Minister of Finance and to the Minister of Regional Development and Public works for compulsory expropriation of the private real estates or a part of them for the purposes of the prospecting and extraction of underground natural resources by the order of Chapter Three of the Law for the state property and upon preliminary equivalent compensation. The request for alienation shall be accompanied with a sketch – design on the basis of data from the cadastral map with excerpt from the cadastral register of the immovable properties.

(3) The way of compensation of the owner and the price of the real estate shall be given by the regional governor at the location of the real estate upon confirmation by the Minister of finance and the Minister of regional development and public works.

(4) The real estate shall be considered expropriated when the determined compensation is paid or when a notary act is issued for the ownership of the real estate ceded as compensation.

(5) The minister or the head of administrative body who has concluded the contract for ceding rights under Art. 5 shall observe the order determined by the laws which settle the change of the purpose of the land, if it is farm land, a land of the state forest fund, municipal or of another nature.

(6) Under the conditions of para 2 the entry into possession shall be carried out by an administrative order.

(7) If, within three years from the compulsory expropriation of the real estate, the concessionaire has not undertaken activities for fulfilment of the operative project, the former owner or the regional governor shall have the right to request the district court at the location

of the real estate to revoke the compulsory expropriation and to decree restoration of the submitted by the two parties.

(8) Upon termination of the activities under the permit for prospecting and/or exploring or under the concession for extraction the holder shall be obliged to take all measures for elimination of the damages of the land in compliance with the conditions of the contract under para 1, the permit for prospecting and/or exploring or the concession for extracting, the acting legislation for protection of the environment, other applicable laws and the concluded contract.

(9) The decisions under the preceding paras shall be announced to the interested parties by the minister or the head of administrative body who has concluded the contract for ceding rights under Art. 5, by the order of the Civil procedural Code. The decision can be appealed before the Supreme Administrative Court and it shall be final and shall not be subject to appeal.

Art. 76. (1) The compensations under Art. 75, para 1 shall be determined on the basis of the damages which are a direct and immediate consequence from the damaging of the land by the activities under the permit for prospecting and/or exploring or the concession for extraction and the respective contract.

(2) If it turns out that after termination of the permit for prospecting and/or exploring or of the concession for extracting the land cannot be used according to its prior purpose the real estates shall be expropriated by the order of the Law for the state property.

Part three.

PROTECTION OF THE EARTH WOMB AND RATIONAL USE OF THE UNDERGROUND NATURAL RESOURCES

Chapter one.

GENERAL PROVISIONS

Art. 77. The protection of the earth womb and the rational using of underground natural resources is a basic obligation of everybody who carries out activities on their prospecting and using, design mining construction, prepare the exploitation and extract underground natural resources.

Art. 78. Every holder of permit for prospecting and/or exploring or concessionaire shall be obliged to carry out the activities under the granted permits or concessions for extracting and the respective contract according to the requirements for using the earth womb and the rational using of underground natural resources stipulated by this law and by the Law for the concessions, by the normative acts to them and by the legislation for protection of the environment.

Art. 79. The extraction of underground natural resources shall be carried out only from deposits registered according to Art. 21.

Chapter two. MINES AND PITS

Art. 80. The borders of every mine or pit shall be determined according to the established contours of the reserves and the resources of underground natural resources - subject of exploitation.

Art. 81. (1) (prev. art. 81 – SG 47/02) For every mine and pit shall be worked out:

1. precise topographic plan of the surface of the mine or pit field in a suitable scale indicating the borders, the cartographic signs determining the location of the mine or the pit, the nature of the area and all installations and equipment on it;

2. precise underground plans in a suitable scale with indication of the sectors exploited through the years, as well as those to be exploited; the plans shall also indicate the borders of the mine and the pit fields;

3. plans of the general layout of the individual parts of the mine or pit with indicated borders of the reserves and resources and of the mining works;

4. geological plan with the necessary profiles and data for the deposit;

5. technical and other data for the carried out supervision of the mining activities;

6. the necessary registers, plans and statistical data related to the requirements for the exploitation and the safety and the health of the workers in the mines and pits.

(2) (new – SG 47/02) The plans of para 1, items 1, 2 and 3 shall be worked out on the basis of data from the cadastre, from the large scale topographic map of the country as well as from other specialised maps.

Chapter three. OPERATIVE PROJECTS

Art. 82. (1) The prospecting, exploring, extraction and primary processing of underground natural resource, the liquidation and the conservation of geological and mining sites shall obligatory start and shall be carried out on the grounds of complete and annual operative projects worked out by the holders of permits for prospecting and/or exploring and by the concessionaires.

(2) The projects for prospecting, exploring, extraction and primary processing of underground natural resources shall be subject to obligatory assessment of the effect on the environment according to the requirements of the Law for protection of the environment.

(3) The annual projects for prospecting, exploring, extraction and primary processing of underground natural resources shall be coordinated obligatory with the Ministry of environment and waters regarding the requirements for protection of the earth womb and the rational using of the underground natural resources and the measures for protection and recovering of the environment under conditions and by an order determined by the Minister of environment and waters.

Art. 83. (1) The operative projects for prospecting and/or exploring, extraction and primary processing of underground natural resources must contain comprehensive data about

the volume, the technical and the technological decisions and the term of the planned activities, the size of the necessary investments, the measures for protection of the earth womb, the environment and the safety and health of the workers.

(2) The holders of permits for prospecting and/or exploring and the concessionaires shall work out complete and annual projects which must provide:

1. the application of methods, technologies and systems restricting the negative influence on the earth womb and on the environment;
2. optimal extraction of the reserves of natural resources from the earth womb and of the useful components during their primary processing;
3. compliance with the requirements for depositing and storing the soil materials and technological waste;
4. protection of the environment and restoration (re-cultivation) of damaged terrain;
5. the safety and the health of the workers.

Art. 84. The projects for liquidation or conservation of geological or mining sites must contain substantial data for the size, the technical fulfilment and the terms of liquidation, conservation and re-cultivation, the measures for protection of the earth womb, the environment and the safety and the health of the workers and of the other persons getting by chance in the regions of the sites.

Art. 85. The coordination of the projects under Art. 84 and of their amendments and supplements regarding the protection of the earth womb and the environment shall be carried out by an order determined by the Minister of environment and waters.

Art. 86. The holders of permits for prospecting and/or exploring and the concessionaires shall report the fulfilment of the operative projects, the used resources and the obtained basic results annually by a written report to the minister with whom the contract has been concluded unless stipulated otherwise.

Chapter four. PROTECTION OF THE EARTH WOMB

Art. 87. The protection of the earth womb during the prospecting, exploring, the extraction and primary processing of underground natural resources includes:

1. observance of the order determined by operative projects for prospecting and exploring underground natural resources;
2. observance of the order approved by operative projects for utilisation of the reserves of underground natural resources;
3. optimal extraction of the reserves of underground natural resources in the exploitation of their deposits;
4. optimal extraction of the useful components of the extracted underground natural resources in their primary processing;
5. protection of the deposits of underground natural resources from industrial and other construction, complicating the exploitation and the rational using of the reserves;

6. compliance with the requirements for depositing, storing and utilisation of the waste from the prospecting, the extraction and the primary processing of the underground natural resources;

7. observance of the approved projects for conservation, liquidation and re-cultivation of the geological and mining sites.

Art. 88. For protection of the earth womb and the rational using of underground natural resources every holder of permit for prospecting and/or exploring and concessionaire shall be obliged:

1. to carry out the activities related to prospecting, exploring, extraction and processing of underground natural resources in compliance with the requirements of the acting Bulgarian legislation;

2. to work out and approve upon coordination with the Ministry of environment and waters economically substantiated conditions for exploitation of deposits of underground natural resources with the purpose of their optimal extraction from the earth womb;

3. to coordinate with the Ministry of environment and waters the operative projects for prospecting, exploring, extraction and primary processing of underground natural resources, the projects for re-cultivation of damaged terrain and the projects for conservation and liquidation of the sites;

4. to observe the order approved by the operative projects for industrial utilisation of the reserves and resources of underground natural resources, their primary processing and the measures for protection and restoration of the earth womb and the environment;

5. to keep, according to the acting normative provisions the necessary geological and mine surveying and statistical documentation for establishing the changing of the reserves and the resources of underground natural resources and the indices for the degree and the quality of their extracting from the earth womb (losses and reduction);

6. to extract in an optimal way the useful components from the extracted underground natural resources during their primary processing (dressing);

7. to coordinate with the Ministry of environment and waters admissible non-project losses of underground natural resources and useful components during the extraction and primary processing;

8. not to develop deposits without approved and registered in the national balance reserves of underground natural resources;

9. to re-cultivate the terrain damaged by the prospecting, exploring, extraction and primary processing of the underground natural resources on the basis of a project coordinated with the Ministry of environment and waters;

10. to submit to the bodies for protection of the earth womb and the environment information and explanations necessary for the fulfilment of their official duties;

Art. 89. (amend. SG 47/02) (1) The Ministry of Environment and Waters shall organise the creation and the functioning of monitoring of the geological environment and specialised geological ecological map and register of the mining activity on national level.

(2) The contents of the map and the register of para 1 and the conditions and the order for their creating and maintaining shall be determined by the Minister of Environment and Waters and the Minister of Regional Development and Public Works with an ordinance according to art. 32, para 3 of LCPR.

Chapter five.
CONTROL OVER THE PROTECTION OF THE EARTH WOMB AND
THE RATIONAL USING OF THE UNDERGROUND NATURAL
RESOURCES

Art. 90. (1) The control over the protection of the earth womb and the rational using of the underground natural resources shall be exercised by the Ministry of environment and waters.

(2) The Minister of environment and waters can draw in assistants for carrying out the control activity under para 1.

Art. 91. The control bodies for protection of the underground natural resources and the rational using of the underground natural resources shall have the right:

1. to free access to all sites, buildings and installations of the holder of the permit for prospecting and/or exploring or of the concessionaire within the borders of the ceded area;

2. to take samples and specimens for control laboratory tests;

3. to give written prescriptions for elimination of established omissions and violations related to the protection of the earth womb and to the rational using of the underground natural resources;

4. to suspend, upon written warning, the activities on prospecting, exploring, extraction or processing of underground natural resources when the requirements under item 3 are not complied with;

5. to impose fines and/or proprietary sanctions for established violation of the protection of the earth womb and of the rational using of underground natural resources.

Art. 92. The control bodies for protection of the earth womb and the rational using of the underground natural resources shall be obliged:

1. to establish objectively the facts and to register the results from the inspection;

2. to keep the official, industrial and trade secrets, not to disseminate information related to the inspections before their conclusion, as well as not to use the information related to the inspection outside its purpose;

3. to use independent expertise in carrying out their control activity by an order stipulated by the Minister of environment and waters.

Chapter six.
ADMINISTRATIVE AND PUNITIVE PROVISIONS

Art. 93. (1) Who carries out prospecting and/or exploring or extraction of underground natural resources without duly issued permit or granted concession shall be punished by a fine or a proprietary sanction from 5 thousand levs to 50 thousand levs unless subject to a more severe penalty.

(2) Who carries out prospecting and/or exploring or extraction of underground natural resources in the context of this law without complying with the requirements of Art. 30, item 3

or who has presented false information by the order of this law shall be punished by a fine or a proprietary sanction of 5 thousand levs to 50 thousand levs unless subject to a more severe penalty.

(3) Every person who has not fulfilled his obligations under Art. 7, para 2, item 7, para 3, item 6 and para 4, item 7 shall pay a fine amounting to 2 thousand levs unless subject to a more severe penalty.

Art. 94. (1) Who does not comply with the obligations related to the protection of the earth womb and the rational using of the underground natural resources or violates rights in carrying out activities under granted permits for prospecting and/or exploring or concessions for extraction shall be punished with a fine or a proprietary sanction from 5 thousand levs to 50 thousand levs.

(2) For repeated violation under para 1 the fine or the proprietary sanction shall be in triple amount unless subject to a more severe penalty.

Art. 95. (1) The violations under Art. 93 and 94 shall be established by acts issued by officials of the Ministry of environment and waters.

(2) The penalty decrees shall be issued by the Minister of environment and waters or by officials authorised by him.

Art. 96. (1) Who, by his activity or inactivity, violates the requirements for labour safety or creates danger for the health of the workers under Art. 83, para 2, item 5 shall be punished by a fine or proprietary sanction of 5 thousand levs to 50 thousand levs unless subject to a more severe penalty.

(2) The violations under para 1 shall be established by acts issued by officials of the Ministry of environment and waters and the penalty decrees shall be issued by the Minister of environment and waters or by officials authorised by him.

Art. 97. The proceedings for imposing administrative sanctions and on the appeal of penalty decrees shall be carried out by the order of the Law for the administrative offences and penalties.

Additional provisions

§ 1. In the context of the law:

1. "geological discovery" is the presence of underground natural resources established as a result of activities related to the permit for prospecting, characterised by preliminary assessment of reserves;

2. "activities under granted permit for prospecting and/or exploring or concession for extraction" are all activities related to the prospecting, exploring, preparation for extraction, the extraction and the processing of underground natural resources for which the permit has been issued or concession has been granted and which are carried out in compliance with the conditions and the order of the permit, the concession and the respective contract;

3. "activities, not related to prospecting, exploring, extraction and primary processing

of underground natural resources" are storing of waste, using the earth womb for reservoirs of carbon nitrogen, engineering activity of national importance - tunnels, motorways, pipes for transporting carbon nitrogen, etc.;

4. "extraction" is a process of extraction of solid, liquid and gaseous natural resources from the earth womb;

5. "reserves" is the quantity of natural resources and the deposit of natural resources which is technically possible and economically feasible to be subject of extraction;

6. "earth womb" is the part of the earth crest accessible by the human activity;

7. "pit" is a combination of mining works and equipment for open-air extraction and processing of non-metal underground resources, construction and rock lining materials;

8. "conditions" is a combination of requirements for the quality and the quantity of the underground natural resources in the earth womb complied with the mining and technical and economic conditions for their exploitation;

9. "concession area" is the area on which rights are ceded for extraction of the underground natural resources;

10. "metal underground resources" are natural mineral raw materials containing metals or metal compounds in quantities and in type suitable for their technological extraction and industrial using;

11. "mine" is an industrial unit (enterprise) for development of underground natural resources;

12. "mining region" is the area of the deposit where the mine is located expanded by the necessary territory of technological nature for the normal functioning of the mine;

13. "deposit of underground natural resources" is a natural heaping of mineral and organic substances (natural resources) which, under certain technical, financial and economical conditions could be subject of extraction;

14. "non-metal natural resources" are those used in the material production directly in their natural condition in the form of separate minerals or chemical compounds extracted from them;

15. "oil and gas" are all natural liquid fuel and gaseous carbon nitrogen in the earth womb, as well as other useful components associated with them;

16. "protection of the earth womb" - stipulated by the legislative provision order and requirements for using the earth womb which also includes the requirements for the rational using of the underground natural resources in prospecting, exploring, extraction and primary processing;

17. "optimal extracting" is the fullest and most favourable extraction of the reserves from the deposits of underground natural resources and of the useful components contained in them by applying suitable and ecological technologies for extracting and dressing;

18. "separate parts (sectors) of deposit" are separate parts of a deposit of underground natural resources which can be ceded independently for extraction in compliance with the requirements for protection of the earth womb, the environment and the labour safety;

19. "commercial discovery" or "discovery of deposit" is a deposit of underground natural resources opened and registered as a result of activities under permit for prospecting and/or exploring or concession, at a place and a moment when its development and the extraction of natural resources from it an economically feasible and have commercial value according to current market criteria;

20. "area of the permit" is the area on which rights are ceded for prospecting and/or exploring underground natural resources;

21. "underground natural resources" are natural mineral and organic formations in the earth womb (earth crest) which can be used in the material production; they can be solid, liquid and gaseous; underground natural resources are also the technological waste, the mining and technological waters obtained in their transformation, extraction and processing;

22. "using the land according to the purpose of a permit" is the passing through the real estate or temporary accommodation and carrying out activities for the needs of the prospecting and/or the exploring;

23. "primary processing" or "processing" is extraction of the useful components from the extracted natural resources and underground waters by different methods of dressing, as well as the related preparatory, accompanying and subsequent activities;

24. "produced technological waste" is the heaped waste from the prospecting, extraction and/or the primary processing of the underground natural resources heaped before the enactment of this law or as a result of concluded activities under permit for prospecting and/or exploring of under concessions for extraction;

25. "prospecting operations" are the activities carried out in fulfilment of obtained permit for prospecting and/or exploring of concluded contract with the purpose of discovery of deposit and its assessment, as well as the characteristics and its probable behaviour during the extraction; included are: geological, geophysical, geochemical and other necessary specialised observations, analyses and research, drilling or mining, their putting down, leaving or conclusion, technological tests, as well as the related unforeseen operations;

26. "expenses for prospecting and/or exploring" are the expenses, spending and liabilities made in fulfilment of the prospecting operations;

27. "expenses for development" are the expenses, the spending and the liabilities made by the concessionaire during the development of the deposit before assuming permanent extraction;

28. "resources" are the probable quantity of natural resources in definite sectors which are not outlined or proven convincingly enough by geological studies or for which enough technical, technological and economic assessment is missing, necessary for the designing and fulfilment of extraction;

29. "construction materials" are: various natural rocks, such as construction stones, decorative and lining rocks, inert materials, etc.;

30. "solid fuel" is every solid organic energetic and technological formations, such as turf, coal, bitumolites;

31. "holder of permit" or "concessionaire" is every individual or corporate body carrying out activities in the Republic of Bulgaria by virtue of given permit or granted concession in compliance with this law and other applicable laws;

32. "prospecting and/or exploring" is a combination of activities aimed at prospecting, discovering and assessment of deposits of underground natural resources with the purpose of determining their location, quantity, quality and other geological and economic, mining technical and technological parameters necessary for designing and extraction;

33. "technological waste" are rock and earth masses obtained from prospecting, extraction and processing of underground natural resources, deposited according to an approved project, including slack from the metallurgy, slag and ashes from electric and thermal stations, phosphoric gypsum, pyrite dross, etc.;

34. "actual expenses" are the main production expenses which do not include the financial and extraordinary expenses, as well as the expenses for organisation and management of the enterprise according to the Law for the Accountancy.

Transitional and concluding provisions

§ 2. The found cases in which activities are carried out, stipulated by this law, shall be settled according to its provisions, from the date of its enactment.

§ 3. Persons carrying out activities for prospecting and/or exploring of underground natural resources shall, within three months from enactment of this law, file application to the bodies under Art. 7 for bringing the activity in compliance with the conditions and the order of this law.

§ 4. Within 3 months from enactment of this law normative acts for its implementation shall be adopted.

§ 5. In Art. 4, para 1, item 1 of the Law for the concessions (prom., SG, No 92 of 1995; No 16 of 1996 - Decision No 2 of the Constitutional Court of 1996; amend., No 44 of 1996, No 61 and 123 of 197, No 93 of 1998) the words "natural" and "prospecting, exploring and" are deleted.

§ 6. In the Law for the municipal property (prom., SG, No 44 of 1996; amend., No 104 of 1996, No 55 of 1997, No 22 and 93 of 1998) Art. 69, item 3 is amended as follows:

"3. inert and other materials used for meeting the construction needs of the population and extracted by pits in volume not larger than 10 000 cubic meters annually;"

§ 7. This law revokes the Law for the mines and pits (prom., Izv., No 92 of 1957; corr., No 17 of 1958; amend. and suppl., No 68 of 1959, No 104 of 1960; SG, No 84 of 1963, No 27 of 1973, No 36 of 1979, No 27 and 56 of 1986, No 35 of 1996, No 11 of 1998).

§ 8. In the Law for the sea territories of the Republic of Bulgaria (prom., SG, No 55 of 1987; amend., No 11 and 59 of 1998) Art. 43 is revoked.

§ 9. The fulfilment of the law is assigned to the Council of Ministers.

The Law was adopted by the 38th National Assembly on February 26, 1999 and was affixed with the official seal of the National AssemblTT|p