



Dugger Law

UPDATES—MAY 2016

HAVE YOU VISITED OUR NEW OFFICE?

If you haven't been to our new offices (still on Enclave Parkway—a very short drive from our previous location) we would love to meet with you and show you around. Feel free to stop by whether you have pending matters to discuss or just want to catch-up!



Major Changes at Sonangol

On April 27, 2016 a new institutional framework of the Angolan Oil Sector was approved by the Council of Ministers under the guidance of the President, José Eduardo dos Santos:

- Sonangol E.P. will undergo major restructuring. While Sonangol will continue to focus on exploration and production, the role of oil and gas concessionaire in the preparation and negotiation of oil blocks and resolution of conflicts regarding them will be transferred to a new National Petroleum Agency under the direct supervision of the President.
- A new Superior Council of Oil Sector Monitoring will also be created to monitor and oversee the oil sector, including managing the Government's shareholdings in the Sonangol holdings companies discussed below, and will also report directly to the President.
- It was also reported that three Sonangol holding companies will be formed to organize and assist in operations and report to the Superior Council: Sonangol Operations (oversight of core business activities including managing and monitoring petroleum contracts), Sonangol Support (will likely focus on mid-stream and down-stream activities), and a third holding company (SGPS) that will focus on non-core business operations (SonAir, telecommunications infrastructure projects, etc.), some of which may eventually be privatized.
- The purpose of the reorganization is to increase the efficiency of the oil sector allowing greater exploitation of hydrocarbons by separating concession and operation activities.
- According to the Angolan Petroleum Minister, José María Botelho de Vasconcelos, current agreements in force with Sonangol and the Angolan government will not be affected by the restructuring and the Ministry will continue to exercise its current powers until future adjustments are made.

Navigating a Quickly-Changing Landscape

The coming changes to Angola's oil sector will be the most sweeping reorganization that has been made in several decades, and will impact all companies operating in Angola's petroleum industry, from the major operators and drillers to downstream firms. These changes will require revisions by Parliament in some laws, and it's anticipated the changes won't be implemented until late 2017. We will continue to monitor these changes as they are implemented.

Dugger & Associates, and its founder and principal Gary W. Dugger, have been working with Sonangol for twenty years through major changes in Angola and the oil and gas industry as a whole. Please feel free to contact our law office if you have any questions with regard to the above. This newsletter does not substitute for specific legal advice, may not reflect the most current legal developments, and is not intended to create an attorney-client relationship.

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