

Act No. 613 on the Surveying and Production of Oil and Gas in the Territorial Sea and Continental Shelf, and Amendments to Act No. 6 of 11 January 1967 on the Surveying and Production of Oil and Gas

Chapter I
The Continental Shelf

Article 1

For the purpose of this Act, the term "continental shelf" is used as referring to the sea-bed and subsoil of the submarine areas adjacent to the territory of the Italian peninsula and islands but outside the area of the territorial sea, to a depth of 200 metres or, beyond that limit, to where the depth of the superjacent waters admits of the exploitation of the natural resources of the said areas.

The outer boundary of the Italian continental shelf shall be determined by agreement with the States whose coasts are opposite those of the Italian State and which share the same continental shelf.

Pending the entry into force of the agreements referred to in the preceding paragraph, non-exclusive prospecting and surveying licences and concessions for producing oil and gas in the Italian continental shelf shall be issued only in respect of the Italian side of the median line between the Italian coast and that of the opposite States.

Chapter II
Purpose of the Title

Article 2

The right to explore the continental shelf and exploit its natural resources shall be vested in the State.

Operations undertaken with a view to prospecting for, surveying and producing oil and gas in the subsoil of the submarine areas adjacent to the territory of the Italian peninsula and islands, from the coast at low tide to the outer boundary of the Italian continental shelf, shall be subject to the provisions of this Act and to those provisions of the laws in force which are not in conflict therewith.

The operations referred to in the preceding paragraph shall be carried out in such a manner as not to result in unjustifiable interference with the freedom of navigation, fishing, the conservation of the living resources of the sea, other uses of the high seas authorized by international law, or the conservation of the shore, beaches, roadsteads and ports.

Minerals extracted from the continental shelf shall, for all purposes, including taxation not provided for in this Act, be deemed to be equivalent to those extracted in Italian territory.

Authorizations and concessions for exploring the continental shelf for purposes other than those provided for in the foregoing paragraphs and for exploiting natural resources other than gas, oil and other minerals shall come within the jurisdiction of the maritime administration. Such authorizations and concessions shall be governed, in so far as applicable, by the provisions of the Navigation Code and the related regulations, and by the rules in force for determining the relevant fee.

Article 3

The activities referred to in the second paragraph of the preceding article shall be carried out in the following stages:

- (1) Prospecting, which shall consist of reconnaissance of the surface of the entire subsoil of the sea-bed of the territorial sea and continental shelf with a view to ascertaining its geo-mineral characteristics;
- (2) Prospecting, similar to the foregoing but in a delimited zone, which shall be permitted on a non-exclusive basis;
- (3) Surveying on an exclusive basis in a zone of predetermined topography and size, which shall consist of all operations, including mechanical drilling, undertaken with a view to discovering deposits;
- (4) Production on an exclusive basis in the area covered by the survey licence with a view to exploiting the deposits discovered.

Stage (1) shall have absolute priority; this stage shall be reserved, provisionally on an exclusive basis, for the National Hydrocarbons Agency (Ente nazionale idrocarburi).

Stage (2) shall not be mandatory and may be authorized either before, or at the same time as stages (3) and (4); stage (3) shall be mandatory before proceeding to the production stage (4).

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Article 9

... prospecting licences shall be issued to applicant Italian citizens or enterprises and to companies that have their head offices in Italy, and to individuals and corporate bodies having the nationality of States that permit Italian citizens, enterprises and companies to survey for and produce oil and gas in their territorial waters and continental shelf, and which have the technical and financial capacity required to undertake the prospecting operations.

Article 10

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Prospecting licences shall be non-exclusive.

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Article 13

Prospecting licences shall not be transferable inter vivos.

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Chapter IV Surveying Licences

Article 16

Surveying licences shall be exclusive and shall be issued to applicant Italian citizens or enterprises or to companies that have their head offices in Italy, and to individuals and corporate bodies having the nationality of States that permit Italian citizens, enterprises and companies to survey for and produce oil and gas in their territorial waters and continental shelf, and which have the technical and financial capacity required for surveying marine areas.

Where competing applications are submitted for the same zone, consideration shall be given to the rationality and completeness of the planned work programme, to the speedy development of such deposits as may be found, to

the guarantees offered for carrying out the aforesaid programme, particularly as regards mining experience, and to the contribution which the applicant has made or is making to Italy's power resources.

Ceteris paribus the first applicant shall have priority.

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Article 18

A surveying licence may be issued to one or more physical persons or corporate bodies, including joint stock companies, fulfilling the requirements referred to in article 16, in accordance with the shares specified in the licence applications.

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Chapter V Production

Article 27

Any licensee who, upon drilling a well, finds oil or gas shall be granted a production concession for an area which includes that well, provided that the output of the well and other available geo-mineral data make the development of the deposit so discovered technically and economically justifiable.

The area referred to in the preceding paragraph shall be such as to enable the deposit to be developed efficiently.

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Article 34

Up to 50 per cent of the declared profits of companies and corporations, assessed for tax purposes on the basis of their balance-sheets, which are derived from activities relating to the production of oil and gas in the areas referred to in article 2 shall be exempt from the Category B movable property tax for twenty years from the date of the entry into force of this Act if they are invested directly in the non-exclusive prospecting for, or the exclusive surveying of, oil and gas, or in both activities, carried out in the territorial sea, the continental shelf or zones of the national territory subject to the provisions of Act No. 6 of 11 January 1957.

Up to 50 per cent of the cost of the activities referred to in the preceding paragraph shall be eligible for exemption.

In order to obtain the exemption referred to in the first paragraph, companies and corporations whose tax liability is assessed on the basis of their balance-sheets must specifically apply for it by making an annual declaration of income and stating the proportion of the profits which they intend to invest. The declaration shall be accompanied by a draft investment schedule specifying the date of commencement and completion of the operations, their cost and the relevant financing plan.

Chapter VIII Final and Interim Provisions

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Article 49

Surveying and production installations on the Italian continental shelf shall be subject to the laws of the State.

The powers conferred on State organs in their respective purviews shall be exercised by the organs which have jurisdiction over the coast nearest to the installation.

Documents drawn up and acts performed in such installations shall be governed by articles 4 and 5 of the Navigation Code, approved by Royal Decree No. 327 of 30 March 1942, until such time as the installations are afloat.

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Article 55

The oil and gas extracted from the sea-bed referred to in article 2 are intended primarily for the national market. They shall not be exported without the authorization of the Minister of Foreign Trade, subject to the assent of the Minister of Industry, Commerce and Handicrafts.

Gas extracted from the sea-bed referred to in article 2 shall not be sold or otherwise utilized by the concession-holder, except for the purposes referred to in the third paragraph of article 33, without first being offered for sale to the National Hydrocarbons Agency.

In the absence of agreement between the parties, the terms of sale shall be laid down by the Ministry of Industry, Commerce and Handicrafts, after consultation with the parties and with the Technical Committee for Hydrocarbons.

Programmes for the utilization of gas shall be subject to the approval of the Ministry of Industry, Commerce and Handicrafts, with the assent of the Ministry for State-subsidized Industries, which shall base its decisions on the sectoral programmes adopted by the Inter-Ministerial Committee for Economic Programming.