

## Overview of Oil and Gas Regulation in Turkey (2015)

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### Domestic sector

#### 1. Describe the domestic sector and policy for oil and gas, including liquefied natural gas (LNG).

##### Domestic industrial production

At the time of writing, the 2014 data has not yet been published. Therefore, all information outlined below is based on 2013 Annual Reports and Monthly Sector reports (if available).

The Turkish Energy Market Regulatory Authority (EMRA) oversees three main areas of industrial production within the Turkish oil and gas sector:

- **Petroleum.** Between January 2014 and November 2014, 18,497,517 million tonnes of petroleum products were produced in Turkey (November 2014 - Petrol Market Sector Report published by EMRA). These were produced at refineries operated by Türkiye Petrol Rafinerileri A.Ş. (TUPRAŞ).
- Currently, six companies hold petroleum refinery licences in Turkey, but only four sites are actively carrying out refinery activities (located in İzmir, Zonguldak, Kırıkkale and Batman). Construction of two refineries owned by private companies (Doğu Akdeniz Petrokimya ve Rafineri San. Ve Tic. A.Ş. and Star Rafineri A.Ş.) are expected to be completed in 2018.
- **Natural gas.** In total, 537 million cubic metres of natural gas were produced in Turkey during 2013. 2014 production of natural gas has decreased by 15% compared to 2012.
- **Liquefied petrol gas (LPG).** In Turkey, LPG production activities are performed by Türkiye Petrol Rafinerileri A.Ş. (TUPRAŞ), a company that completed privatisation in 2005. Between January 2014 and November 2014, 644,403 tonnes of LPG were produced in Turkey (November 2014 - Petrol Market Sector Report published by EMRA).

##### The import/export market

**Petroleum.** During 2014, Turkey imported 15,995,960 tonnes of crude oil, including imports from Iran, Iraq, Saudi Arabia, Kazakhstan and Colombia.

Between January 2014 and November 2014, Turkey exported 3.1 million tonnes of petroleum products (November 2014 - Petrol Market Sector Report published by EMRA).

**Natural gas.** Turkey imported 45.26 million cubic metres of natural gas during 2013. Turkey has eight agreements in effect with foreign countries for the purchase and import of natural gas. These countries are (in order of greatest to least import volume) (2013 Annual Natural Gas Market Sector Report published by Strategy Development Department Directorate):

- Russia (three separate agreements). 58% of the natural gas export was exported from Russia.
- Iran.
- Azerbaijan.
- Algeria.

- Nigeria.
- Turkmenistan.

Turkey is significantly dependent on Russia for the import of natural gas.

During 2013, state-owned Boru Hatları ve Petrol Taahhütlüğü (BOTA?) accounted for all gas imports and exported 682 million cubic metres to Greece.

Natural gas production companies must obtain a wholesale licence from the EMRA to sell natural gas to wholesale trade companies, import/export companies, and distribution companies. As of 2013, there are eight natural gas wholesale licence holders which produce natural gas in Turkey.

**LPG.** State-owned Türkiye Petrolleri Anonim Ortaklığı (TPAO) produces around half of total natural gas in Turkey. Between January and November 2014, Turkey imported 2,875,662 tonnes of LPG from eight different countries. These imports were received from:

- Algeria.
- Russia.
- Norway.
- Kazakhstan.
- Ukraine.
- France.
- Romania.
- Georgia.

Between January 2014 and November 2014, Turkey exported 78,958 tonnes of LPG to Switzerland, the Turkish Republic of Northern Cyprus and Greece.

Due at least in part to high-priced petrol, Turkey is a major consumer of auto-LPG. However, Turkish consumption of cylinder and bulk LPG is trending downwards as natural gas consumption increases (*2013 Annual Market Sector Report, published by the General Directorate for the LPG Market*).

#### Domestic market structure

See Question 5.

BOTA? dominates the natural gas import and export markets and state-owned TPAO remains dominant in the upstream market for the petroleum sector. However, despite the market share held by these entities, public entities still compete in the market. Since it is an explicit government policy objective to liberalise the oil and gas market, private entities are expected to become increasingly important in the future.

Privatisation of TPAO remains on the agenda of Turkey's Grand National Assembly and a draft law is expected in the near future.

#### Government policy objectives

The Turkish Government's primary policy in this area is to gradually liberalise and deregulate the oil and gas industry. According to the Ministry of Energy and Natural Resources (MENR), the Turkish Government aims to:

- Encourage investment into energy infrastructure.
- Reform the energy markets to increase competition.
- Liberalise the oil and gas market.
- Reduce dependency on foreign resources, while taking advantage of Turkey's own resources in an environmentally friendly way.

New regulations were recently introduced to create a more investor-friendly environment:

- Turkish Petroleum Law numbered 6491 (published in the Official Gazette numbered 28674, 11 June 2013).
- Application Regulation for the Turkish Petroleum Law (published in the Official Gazette numbered 28890, 22 January 2014).

These new regulations support privatisation and liberalise the upstream licence regime. As a result, the TPAO and other applicants are assessed in the same way for upstream licences.

Information regarding recent amendments to the relevant legislation and regulations is explained in Question 27.

### Current market trends

In general, Turkish oil and gas imports are trending upwards, whereas domestic production is trending downwards. Turkey is estimated to be 89% dependent on foreign sources for crude oil and this reliance is a concern for the Government in terms of energy security. The Turkish Finance Minister stated in June 2014 that he expected the country's energy import bill to reach US\$61 billion in 2014, compared with US\$56 billion in 2013. To improve energy security, the Turkish government has put emphasis on privatisation programmes with the intention that increased infrastructure investments will reduce security constraints.

Currently, 60 gas distribution companies have been privatised and tenders for two others are in progress. ?GDA? in Istanbul is the last remaining inner-city distribution company awaiting privatisation. Three companies have obtained operation licenses for petroleum products in the first two months of 2015.

The Turkish government aims to eventually unbundle the vertically integrated structure of state-owned companies (for example, BOTA?). The Natural Gas Market Law requires BOTA?' wholesale, transmission and storage businesses to be unbundled into separate legal entities (Article 4, Natural Gas Market Law). However, despite the Natural Gas Market Law taking effect in 2012, no unbundling has taken place. Draft amendments to the Natural Gas Market Law propose a deadline of 1 January 2015 for unbundling BOTA? into three separate legal entities (transmission, storage and trade). The Law further contemplates establishment of an autonomous Transmission System Operator to own and operate the gas transmission network (Article 4, Natural Gas Market Law; Regulation of Transmission System Operator of Natural Gas Market).

Turkey is geographically close to more than 70% of the world's discovered oil and gas reserves. The country also forms a natural bridge between source countries (the Middle East and Caspian basin) and consumer markets in Europe. Therefore, Turkey is a key country in ensuring European energy security, with major pipeline corridors running on both an East-West as well as North-South axis.

Around 4% of the world's daily oil consumption is shipped through the Turkish Straits and this figure is expected to increase. However, potential maritime accidents in the Straits threaten global supply security. Therefore, alternative transit options are being explored, in particular, the Samsun-Ceyhan by-pass oil pipeline, running 550km from North-South through central Anatolia. When completed, this pipeline is predicted to reduce tanker traffic in the Straits by 50%.

Privatisation of TPAO remains on the agenda of Turkey's Grand National Assembly and a draft law is expected in the near future.

The South Stream Pipeline Project was intended to carry natural gas to European markets via the Black Sea and Bulgaria. However, Russia cancelled the project. As a result, an alternative natural gas pipeline project (Turk Stream) has been adopted. Under the new Turk Stream project, the pipeline will deliver natural gas from Russia to Turkish territory on the Black Sea, then carry the gas on to the Greek border.

In March 2015, BP, the State Oil Company of Azerbaijan Republic, and Turkish Petroleum Pipeline Corporation (BOTA?) signed an agreement regarding the Trans-Anatolian Natural Gas Pipeline Project (TANAP). Under this agreement, natural gas produced by Azerbaijan's Shah Deniz II field in the Caspian Sea will be transported to Turkey and then to Europe through Turkey.

## 2. What percentage of domestic energy needs is met by oil and gas?

The percentage of domestic energy needs met by oil and gas is as follows (2012 Annual Market Sector Reports, published by the General Directorate for the Petroleum Market and the General Directorate for the Natural Gas Market, respectively; Electricity Generation Company (Elektrik Üretim A? Genel Müdürlüğü)):

- Natural gas: 32.2%. Domestic natural gas sources met 1.4% of total energy consumption in 2012.
- Coal: 31.3%.
- Oil (including LPG): 26.6%. Domestic oil sources met 10.7% of total energy consumption in 2012.
- Other (including renewable energy and wood): 9.9%.

## 3. Are there specific government policies and/or incentives in place to encourage the exploration and production of unconventional/shale gas and/or oil?

Exploration and production of unconventional/shale gas and/or oil is regulated under the Petroleum Law and accompanying secondary legislation. The Petroleum Law does not have any specific provisions in respect of unconventional/shale gas and/or oil.

However, the definition of "petroleum" under the Petroleum Law includes unconventional/shale gas and/or oil. Therefore, government policies and incentives relating to unconventional/shale gas and/or oil are included within the regimes for other energy sources.

# Regulation

## Regulatory bodies

## 4. Who regulates the extraction of oil and gas?

In Turkey, the five main governmental authorities regulating the oil and gas market, including extraction, licensing and inspection are the:

- **Ministry of Energy and Natural Resources (MENR)(Enerji ve Tabii Kaynaklar Bakanlığı???)**. The MENR has the following functions:
  - determining Turkey's short and long term requirements for energy and natural resources;
  - planning appropriate policy objectives for procurement;
  - supervising all exploration, facility building, development, production, and distribution activities for energy and natural resources.
- **General Directorate of Petroleum Affairs (GDPA) (Petrol ??leri Genel Müdürlüğü)**. The GDPA exists within the MENR and is responsible for issuing and overseeing research permits and licences for exploration and operation (the upstream segment of the oil and gas markets).
- **Energy Market Regulatory Authority (EMRA) (Enerji Piyasas? Düzenleme Kurumu)**. The EMRA is an autonomous authority responsible for regulating and supervising the downstream oil and gas market, including import and export licences and monitoring all energy market activities. It has the power to:
  - issue licences for generation, transmission, distribution and supply;
  - prepare, enforce, amend, and implement oil and gas market legislation to create performance standards;
  - establish and supervise the tariff pricing mechanism for consumers that legislation prevents from choosing their own retail supplier;
  - impose sanctions for improper activities (for example, monetary penalties or licence suspension); and

- resolve disputes between licence holders.
- **Ministry of Labour and Social Security (Çalışma ve Sosyal Güvenlik Bakanlığı)**. This entity is responsible for employee health and safety regulations. It has the following functions:
  - carrying out occupational health and safety measures, examinations and investigations;
  - taking and checking samples for this purpose;
  - inspecting training institutions and joint health and safety units;
  - ensuring occupational health and safety at workplaces; and
  - improving existing health and safety conditions.
- **Ministry of Environment and Urban Planning (Çevre ve Şehircilik Bakanlığı)**. This entity is responsible for environmental compliance and regulations. It has the following functions:
  - co-operating with professional chambers, non-governmental organisations;
  - regulating waste collection, recycling, removal and inspection of related facilities;
  - carrying out environmental measurements, examinations and investigations.

See box, The regulatory authorities.

## The regulatory regime

### 5. Describe the regulatory regime that applies to oil and gas exploration and production, including the key legislation and features of the regime.

Upstream activities for oil and gas are regulated by the Turkish Petroleum Law, numbered 6491 (Petroleum Law). Both oil and natural gas fall within the Petroleum Law's definition of "petroleum". Licences and permits must be obtained from the General Directorate of Petroleum Affairs (GDPA) to undertake research and extraction, or operate petroleum-related facilities (Article 6, Petroleum Law).

- Downstream activities for oil and gas are respectively regulated by the:
- Petroleum Market Law numbered 5015 (Petroleum Market Law).

Natural Gas Market Law numbered 4646 (Natural Gas Market Law).

This includes activities which are sometimes referred to as "midstream". For the purpose of this article, midstream activities are included in the term "downstream".

The Energy Market Regulatory Authority (EMRA) classifies licences for downstream oil activities as follows (*Article 3, Petroleum Market Law*):

- Refinery licence.
- Distribution licence.
- Storage licence.
- Transmission licence.
- Processing licence.
- Delivery of bunker oil.
- Independent user licence.
- Mineral oil licence for production of mineral oil.
- Dealership licences for obtaining goods from the distributor and being authorised to sell them.

The EMRA classifies licences for downstream gas activities as follows (*Article 4, Natural Gas Market Law*):

- Import licence.
- Export licence.
- Transmission licence.
- Storage licence.

- Wholesale sale licence.
- Distribution licence.
- Transportation licence.
- Transmission, distribution and sale of compressed natural gas (CNG). This is a single licence.

Upstream liquefied petrol gas (LPG) activities are governed by the Petroleum Law. Downstream LPG activities are regulated by the LPG Market Law numbered 5307, which requires that a similar range of licences be obtained from the EMRA to undertake activities in relation to LPG (Article 3, LPG Market Law).

## Rights to oil and gas

### Ownership

#### 6. How are rights to oil and gas held, and who holds those rights?

According to the Turkish Constitution, natural resources belong to the state, along with the right to explore and exploit these resources (Article 168, Turkish Constitution). The state can delegate these rights to persons or corporate bodies for a certain period of time.

A petroleum right holder can obtain the utilisation rights for a piece of land within its exploration licence or exploitation licence. These rights can be obtained by:

- Agreement (for privately owned land).
- Expropriation (for privately owned land, if an agreement cannot be reached).
- Leasing (for privately owned land).
- Usufruct rights from the Ministry of Finance and recording these on the license (if the land is owned by the Treasury, or is governed by and at the disposal of the State).

Petroleum resources are under the possession of the state (including natural gas). State-owned companies TPAO (petroleum products) and BOTA? (natural gas and liquefied petrol gas (LPG)) exercise these rights on behalf of the state. However, the government has an explicit policy objective to privatise these sectors and increase the role of privately-owned market players (see Question 1).

## Nature of oil and gas rights

#### 7. What are the key features of the leases, licences or concessions which are issued under the regulatory regime? Can these rights be leased by the right-holder?

##### Lease/ licence/ concession term

The General Directorate of Petroleum Affairs (GDPA) issues upstream oil and gas licences for the following periods:

- Exploration licences for (Article 16, Application Regulation of the Petroleum Law):
  - five years maximum for land-based activities;
  - eight years maximum for sea-based activities.

If a licence holder proposes an investment programme and provides a guarantee of 2% of the proposed investment amount, it can extend its licence by up to two years for land-based activities and three years for sea-based activities. If the licence holder completes the investment programme within the extension period, the licence holder can apply to re-extend the licence period for a further two years for land-based activities and three years for sea-based activities. However, in total, the licence period cannot exceed nine years for land-based activities or 14 years for sea-

based activities (Article 6(6), Petroleum Law).

- **Operation** licences. There is no specified minimum period, but there is a maximum period of 20 years, including extensions (Article 18, Application Regulation of the Petroleum Law).
- **Research permits.** There is no specified permit duration. The Petroleum Law provides that these permits are granted via an agreement prepared by the GDPA (*Article 15, Turkish Petroleum Law Application Regulation*).

Template petitions for applying for extensions of operation and research permits are contained in Exhibit-11 of the Turkish Petroleum Law Application Regulation. In addition to the template petition, extension applications for research permits must also include:

- Fee receipt.
- Justification for the extension request.
- The length of the extension requested.
- Business and investment program undertaken for the extension.

For operation licenses, extension applications must also include:

- Fee receipt.
- Justification of the extension request.
- The length of the extension requested.
- Information on completed actions.
- Information about transmission lines on the site.
- Information on waste water.
- Annual business and investment program for the extension period.
- Annual production programme for the extension period.

The Energy Market Regulatory Authority (EMRA) issues downstream licences for the following periods and the respective laws do not state specific extension procedures:

- **Licenses granted under the Petroleum Market Law.** There is no specified minimum period, but the maximum period is 49 years (*Article 14, Petroleum Market Licence Regulation*).
- **Licenses granted under the Natural Gas Market Law.** The minimum period is ten years and maximum period is 30 years (*Article 7, Natural Gas Market Licence Regulation*).
- **Licenses granted under the Liquefied Petrol Gas (LPG) Market Law.** There is no specified minimum period, but the maximum period is 49 years (*Article 14, LPG Market Licence Regulation*).

### Fees

Licence holders must pay a guarantee to the GDPA before obtaining a research permit, exploration licence, or operation licence (Article 22(8), Petroleum Law). The amount is paid back at the end of the licence period, provided all the conditions are met. The guarantee is intended to meet any loss or damages that may arise during licence activities. The guarantee amount depends on the licence type and is calculated as follows:

- **Research permit.** 5/10,000 of the investigation permit duty for each hectare of the licence area being applied for.
- **Exploration license.** 1/1,000 of the exploration licence duty for each hectare of the licence area being applied for.
- **Operation license.** 5/1,000 of the production lease duty for each hectare of the licence area being applied for.

The Council of Ministers has the discretion to increase or decrease this rate by up to 50%, if it is deemed necessary.

Applicants for research permits must pay a fee to the GDPA against potential damages. The fee is calculated as TRY0.05 per hectare of research area and is non-refundable (Article 5, Petroleum Law).

Under the old law, licence holders were required to pay an annual royalty based on the size of the licence area. The Petroleum Law no longer includes a royalty. Instead, the new Petroleum Law introduces an obligation on exploration and operation licence holders to pay the state one eighth of the market rate value for the extracted petroleum and natural gas (Article 9(1), Petroleum Law) (see Question 10).

The fees associated with downstream licences are outlined in an annual decree issued by the EMRA. Licence fees differ between oil, gas and LPG, as well as between activity types.

### Liability

The Petroleum Law and respective market laws provide detailed obligations for the various classes of oil, gas and LPG licence holders. If a licence holder breaches a requirement or fails to satisfy an obligation, sanctions available to the EMRA or GDPA include administrative fines and licence revocation (see Question 25).

### Restrictions

The main restrictions on licence holders include:

- Any share transfer that may cause a change in the majority shareholding is subject to the Ministry of Energy and Natural Resources' pre-approval (Article 21, Petroleum Law).
- Holders of research permits, as well as exploration and operating licences must compensate the owner of the relevant area for any loss of income which results from being prevented from using the area (Article 21, Petroleum Law).
- The volume of natural gas imported annually by a single entity cannot exceed 20% of the annual national consumption forecast for that year, as estimated by the EMRA (Article 19, Natural Gas Market Licence Regulation).
- No single legal entity can sell more than 20% of estimated national natural gas consumption forecast for that year, as estimated by the EMRA (Article 25, Natural Gas Licence Regulation).

## **8. How are such leases, licences or concessions awarded?**

Upstream licences are granted by the General Directorate of Petroleum Affairs (GDPA), while downstream licences are granted by the Energy Market Regulatory Authority (EMRA). The conditions for each type of licence are determined in detail by the Petroleum Law, Petroleum Market Law, Natural Gas Market Law and Liquefied Petrol Gas (LPG) Market Law.

Provided the legislatively mandated licence conditions are met, neither the GDPA nor the EMRA have explicit discretion to reject any licence application. However, in practice, these government entities have a limited discretion regarding the adequacy and appropriateness of the documents and information that make up the applications.

As part of the licence application process, an entity can also be required to provide an Environmental Impact Assessment report to the Ministry of Environment and Urban Planning and receive a decision about the proposed project (see Questions 16 and 17).

A separate import licence is required for each import contract that an entity may enter into (Article 4(4), Natural Gas Market Law).

## **Transfer of rights**

## **9. How are oil and gas rights transferred? Are there any restrictions on the disposal of interests?**

To transfer an upstream oil or gas licence, the licence holder (transferor) and transferee must jointly apply to the General Directorate of Petroleum Affairs (GDPA). The rights covered by upstream licences are recorded in the oil registry, which is maintained by the GDPA. Both of the parties must provide detailed documents, maps and information about the proposed transfer to the GDPA for its consideration. The GDPA assesses the transfer application on the basis of detailed criteria related to the transferee's finances, technical abilities, qualifications and goodwill (Article 50, Petroleum Bylaw number 14111, issued by the Board of Ministers on 11 May 1989).

While the GDPA has sole discretion to decide on transfer requests, these decisions can be challenged by making an objection to the Ministry of Energy and Natural Resources. A further appeal mechanism exists beyond this, allowing parties with legitimate interests to make claims about the Ministry's decisions to the Council of State as the court of first instance (Articles 20, Petroleum Law).

Downstream licences issued by the Energy Market Regulatory Authority (EMRA) are not transferable (Article 5, Natural Gas Market Licensing Regulation; Article 5, Petroleum Market Licensing Regulation). If a party wishes to take over an existing downstream oil or gas licence, they must make a fresh application to the EMRA. The old licence holder must also contact the EMRA to rescind its licence.

However, if a bank or financial institution provides limited or irrevocable project financing to a licensee, it can state in the loan agreements that the bank and/or finance institution has the right to ask the EMRA to grant the licence to another legal entity. Justification for the request must be provided to the EMRA and the new legal entity will only be granted the related licence if it meets the usual requirements for obtaining such a licence (Article 42, Natural Gas Market Licensing Regulation; Article 5, Natural Gas Market Licensing Regulation and Article 5, Petroleum Market Licensing Regulation).

## Tax

### **10. What payments, such as taxes or royalties, are payable by oil and gas interest holders to the government?**

Upstream licence holders in Turkey must pay royalties equal to one eighth of the market rate value for the extracted oil and gas (Article 9(1), Petroleum Law). These royalties are paid monthly to the tax office to which the licence holder is registered. If the licence holder fails to pay the royalty for two months in a row, or three times in a year, the licence will be cancelled (Article 24(4), Petroleum Law).

All licence holders (both upstream and downstream) are subject to income and corporate tax, as well as other charges and duties, provided their licence is valid. However, some exemptions and incentives exist:

- The total proportion of taxes that licence holders are liable to pay on their net income, combined with the income tax deduction which they are liable to withhold on behalf of their shareholders, must not exceed 55% of the net profit gained through a petroleum transaction.
- Agreements concerning petroleum licence holders' exploration and operation activities are exempt from stamp duty.
- The withholding tax rate decreases from 15% to 5%.
- Imported materials, equipment and fuel oil which are necessary for carrying out petroleum activities are exempt from customs tax and duties. Licence holders who intend to import materials must obtain permission from the General Directorate of Petroleum Affairs (Article 35, Petroleum Law Implementation Regulation). This exemption from taxes also applies to materials, equipment and fuel oil which are imported into Turkey and then sold on. The exemption lasts for ten years.
- Petroleum transactions performed by a licence holder are separately taxed to transactions the entity may be involved with which are un-related to petroleum (Article 12(3), Petroleum Law).
- Petroleum licence holders are taxed separately even if a partnership is established between them, provided their principal business activities are the performance of petroleum transactions (Article 12(3), Petroleum Law).

See Question 12.

### **11. Does the government derive any other economic benefits from oil and gas exploration and production?**

Apart from the royalties, taxes, charges and duties mentioned above (see Question 10), the Turkish government does not derive any other economic benefit from exploration and production of oil and gas.

According to the Petroleum Law, a petroleum right holder must separately note its activities related to petroleum transactions in its accounting records. If two or more petroleum right holders enter a joint-venture, they must each note activities related to petroleum transactions separately from other activities in their respective company accounting records (records of the petroleum transaction are not recorded in their joint-venture accounting records). Activities related to petroleum transactions are taxed based on a petroleum right holder's own company records.

### **12. What taxes and duties apply on import and export of oil and gas?**

There are a number of taxes, duties and exemptions relating to the import and export of oil and gas (see also Question 10):

- Transportation of foreign oil and gas through Turkish transit pipelines are exempt from value added tax.
- Crude oil and gas imported into Turkey is subject to standard value added tax (18%) and stamp duties. An exception exists for imported equipment and fuel oil (see Question 9).
- Oil and gas imported from the European Union or the European Free Trade Association countries are exempt from customs tax.
- Imported crude oil is exempt from special consumption tax. However, petroleum products derived from imported crude oil may be subject to the tax (Article 13, Special Consumption Tax Law). Imported gas is always subject to special consumption tax. The special consumption tax ranges from TRY0.023 to TRY2.2985 TRY per kg/litre/cubic metre depending on the imported gas type.
- Oil and gas exports from Turkey are exempt from all taxes, except for stamp duty.

## **Transportation by pipeline**

### **13. What regulatory requirements apply to the construction and operation of pipelines?**

To build and operate pipelines, the following must be obtained:

- The necessary licence from Turkish Energy Market Regulatory Authority.
- A construction licence from the relevant public authority.
- An Environmental Impact Assessment (EIA) Report from the Ministry of Environment and Urban Planning (see Question 16).

Depending on the nature of the pipeline project, other additional requirements may be imposed, such as specific approvals from BOTA?.

Quality standard regulations outline the types of the materials which must be used to build the facilities and pipelines.

Parties involved in transporting oil and gas through Turkey via pipeline must obtain an authorisation certificate from the Ministry of Energy and Natural Resources.

### **14. Is there a system of third party access to pipelines and other infrastructure?**

BOTA? has long held a monopoly role in Turkey and it was not till 2007 that a party besides BOTA? could access the BOTA? transmission network.

The Natural Gas Market Law numbered 4646 (Natural Gas Market Law) provides that connection and transmission tariffs are set by the EMRA, rather than third parties negotiating with the company owning the transmission network (*Article 11(1) and 11(2), Natural Gas Market Law*). Third parties can apply to EMRA if a dispute arises with BOTA? regarding access to the transmission network (*Article 16, Transmission Network Operation Principles, published in the Official Gazette numbered 25561, dated 22 August 2004*).

Parties wishing to use the BOTA? transmission network must first apply for a capacity allocation at an entry and exit point. Entities wishing to transport gas through a transmission or distribution pipeline owned by another licensee must enter a standard transportation contract with the licensee (*Transmission Network Operation Regulation, published in the Official Gazette numbered 24918, 26 October 2002; BOTAS Transmission Network Operation Principles, published in the Official Gazette, 1 September 2004*).

## Health, safety and the environment

### Health and safety

**15. Describe the health and safety regime that applies to oil and gas exploration and extraction, and transportation by pipeline.**

#### Exploration

With regard to the health and safety of the environment and third parties, licensees are required to build and operate facilities in a manner which does not (*Article 22, Petroleum Law*):

- Directly or indirectly cause any dangerous act, or which may allow such acts to occur during petroleum transactions.
- Obstruct the life of local residents.
- Cause harm to the environment.
- All employers are required under Turkish law to (*Article 6, Occupational Health and Safety Law*):
- Prevent occupational risks and protect against or mitigate these risks.
- Provide occupational health and safety services to employees, including establishing a workplace health unit and providing training.

Under occupational health and safety legislation, oil and gas activities fall within the "very dangerous" class (*Hazard Class List Communiqué on Occupational Health and Safety, published in the Official Gazette, numbered 28509, 26 December 2012*). By virtue of this classification, employers in the oil and gas sectors are subject to other occupational health and safety obligations besides the general ones noted above. For example, such employers must provide and keep records of staff training and professional education regarding occupational health and safety matters.

The following regulations also apply to entities operating in the oil and gas sector:

- Regulation Regarding the Health and Safety Precautions to be taken for Working with Chemical Materials (published in the Official Gazette numbered 25328, 26 December 2003).
- Regulation Regarding Occupational Health and Safety in Mining Workplaces (published in the Official Gazette numbered 28770, 19 September 2013).

#### Extraction

The health and safety regime applicable to oil and gas extraction is similar to the framework which applies to exploration (see above, Exploration).

#### Transportation

**By land.** Parties transporting oil and gas by land must, among others things:

- Obtain an authorisation certificate.
- Obtain a vehicle compliance certificate.
- Hold valid liability insurance.

The authority to contact regarding these certificates differs depending on the regulatory class of material being transported. Detailed regulatory restrictions and obligations also exist in relation to parking, as well as transit through tunnels, or over bridges (Regulation Regarding Land Transportation of Dangerous Materials numbered 28801, published in the Official Gazette, 24 October 2013 and European Contract Regarding International Land Transportation of Dangerous Materials).

**By sea.** Parties transporting oil and gas by sea must ensure they show internationally recognised documents to prove their compliance with navigation, life, property, and environment safety standards, as set by international conventions signed by Turkey. Failure to do so will mean the vessels will not be allowed to enter Turkish waters ( *International Convention for the Prevention of Pollution from Ships*).

Transportation of oil and gas by sea is primarily regulated in Turkey by the Law Concerning the Principles of Emergency Response and Compensation for Damages for Pollution of the Marine Environment by Oil and Other Harmful Substances, numbered 5312 (*Law Numbered 5312*). The transportation safety rules contained in Law Numbered 5312 are based on the International Convention for the Prevention of Pollution from Ships (MARPOL), as well as other international conventions.

Ships are required to inform public authorities of any dangerous materials they are carrying and any risk of pollution ( *Article 5, Implementation Regulation for Law Numbered 5312, published in the Official Gazette 26150, 26 April 2006*).

**By pipeline.** Parties transporting oil and gas by pipeline are subject to detailed health and safety requirements, as well as certain provisions for transit pass via BOTA? pipelines. For example, transit pipelines through Turkey must be guarded by private security organisations and be insured against third party damage (Code Regarding the Transit Pass of Oil Through Pipelines numbered 4586; Regulation Regarding Technical Safety and Environment of Pipelines Concerning BOTA? Petroleum and Natural Gas).

## Environmental impact assessments (EIAs)

### 16. Is an EIA required before extracting or processing oil and gas?

Projects that are always required to obtain an affirmative EIA Report are listed in Annex I to the EIA Regulation. EIA Reports are obtained from organisations which are authorised by the government to make such environmental assessments. Annex II of the EIA Regulation sets forth certain projects that are subject to an "elimination criteria". This means the projects listed in Annex II are not automatically obliged to obtain an affirmative EIA Report. They must first present the Ministry with a Project Introduction File, which describes the environmental effects of the project. If the Ministry reviews the Project Introduction File and decides that an EIA is required in these circumstances, the project must then obtain an affirmative EIA Report. Therefore, projects are effectively exempt from the EIA process if they are not listed under either Annex I or Annex II, or they are listed under Annex II and the Ministry decides that an affirmative EIA Report is not required in the circumstances.

Parties must obtain an EIA report from the Ministry of Environment and Urban Planning for the following activities ( *Annex 1, Article 7, Environmental Impact Assessments Regulation*):

- Extraction of more than 500 tonnes of crude oil per day.
- Extraction of more than 500,000 cubic metres of natural gas per day.

- Transportation of oil or gas with 600 millimetre calibre pipes that are longer than 40 kilometres (pipelines with capacity or length less than these thresholds are not ostensibly covered by the scope of the EIA process).
- Storage facilities for petroleum, natural gas, petro chemistry and chemical materials, with a capacity of more than 50,000 cubic metres.
- Facilities for refining crude oil.
- Facilities for liquefaction and gasification of natural gas.
- Facilities for production of explosive and flammable materials.

For activities that exceed the above thresholds, obtaining an EIA report from the Ministry of Environment and Urban Planning is mandatory. The project owner must submit a project presentation file directly to the Ministry. If a project owner begins construction and discovers that increased scope has now pushed the project over one of the Annex 1 thresholds noted above, an EIA report must then be prepared for the project.

Parties undertaking the following projects must first present the Ministry with a project presentation file (*Annex 2, Article 7, Environmental Impact Assessments Regulation*):

- Storage facilities for petroleum, natural gas, petro chemistry and chemical materials, with a capacity between 500 and 50,000 cubic metres (facilities with capacity less than 500 cubic metres are not ostensibly covered by the scope of the EIA process).
- Storage facilities for explosive and flammable materials, with a total capacity of more than 500 tonnes (facilities with capacity less than 500 tonnes are not ostensibly covered by the scope of the EIA process).
- Demolition of facilities mentioned in Annex 1 of the Environmental Impact Assessments Regulation (listed above).

## 17. What are the different stages of the EIA?

If the Ministry decides an EIA decision is required, or the project is required to undertake this process by the Environmental Impact Assessments Regulation (*listed in Annex 1, Article 7, see Question 16*), the project owner must submit a project presentation file to the Ministry of Environment and Urban Planning.

Certain private institutions and organisations are authorised by the Ministry to prepare EIA reports as environmental experts (Authorised Environmental Experts). When preparing a project presentation file and EIA report, the project owner must use an Authorised Environmental Expert (*Article 4, Environmental Impact Assessments Regulation*).

Once the project presentation file is submitted to the Ministry of Environment and Urban Planning, the general process is as follows:

- The Ministry assesses the project presentation file.
- If the project presentation file was duly prepared and submitted, the Ministry must establish a Commission, comprised of representatives from relevant institutions and organisations, officials of the Ministry, and the project owner and/or its representatives.
- A public meeting is held. The chairman can decide to receive public submissions in writing.
- The project owner arranges for an Authorised Environmental Expert to complete an initial EIA report. The Environmental Impact Assessments Regulation requires that a specific format be followed.
- The project owner submits the initial EIA report to the Ministry's Observation Commission.
- The Ministry's Observation Commission checks the initial EIA report to ensure it complies with the required format. If the initial EIA report is in the correct format, the Observation Commission notifies the project owner and the project owner arranges for an Authorised Environmental Expert to prepare a final EIA report.
- The project owner submits the final EIA report to the Ministry of Environment and Urban Planning (not the Ministry's Observation Commission).
- The Ministry submits the final EIA report to the general public via newspapers or the Ministry's website (*Article 11, Environmental Impact Assessments Regulation*).
- The Ministry issues a final decision regarding the proposed project, either positive or negative. The Ministry's decision takes the public's views into account, but is not bound by these.

If the Ministry gives a negative decision about the proposed project, there is no specific appeal mechanism in the regulations. However, the Administrative Court could potentially cancel an EIA decision on the basis that such a decision is arguably an "executive decision" and the Administrative Court has the power to review the procedural aspects of all such decisions. The Administrative Court cannot consider the substantive matters and arguments that were raised during the initial executive decision, merely whether the appropriate procedure was followed. It is not settled law whether an EIA decision is or is not an executive decision.

If a project must obtain an EIA report, the process is generally completed within one to two years from the date of the application to the Ministry.

## Environmental permits

### **18. Is there a permit regime for environmental damage or emissions produced during the extraction or processing of oil and gas?**

Entities active in the energy sector must obtain an environment licence and environment permit from the Ministry of Environment and Urban Planning (Article 7, Environmental Permit and License Regulation published in the Official Gazette dated 10 September 2014, numbered 29115). Requirements for environment licenses are determined by considering the activity of a given business and whether this activity is listed in Annex 1 and Annex 2 of the regulation. Collectively, these permits and licences contemplate:

- Emissions.
- Discharges.
- Dangerous material discharges.
- Waste collection.
- Recycling matters.

These environment permits and licences must be obtained before operations begin. They are different to the EIA reports and related positive or negative decision from the Ministry of Environment and Urban Planning (see *Questions 16 and 17*).

The Ministry monitors ongoing compliance with the terms of environment licences and environment permits via annual audits (Article 7 of the Environmental Permit and License Regulation). Non-compliance can result in administrative fines or cancellation of the licence or permit.

## Environmental concerns

### **19. Are there any specific government policies and/or incentives aimed at meeting the environmental concerns associated with the exploration and production of oil and gas, particularly unconventional/shale oil and/or gas? Are there other non-environmental concerns which inhibit the development of the sector?**

Serious concerns have been raised about extracting shale gas and use of the fracking technique for shale gas extraction. These concerns relate to lack of reliable data on resources, lack of technical information and staff for fracking techniques, as well as uncertainty about the profitability of Turkey's shale gas. However, as there are no specific regulations related to shale gas, there are also no specific government policies and/or incentives aimed at meeting the environmental concerns associated with the exploration and production of oil and gas via these methods (see *Question 3*).

On the other hand, the Turkish State Planning Organisation (*Türkiye Devlet Planlama Teşkilatı*) and the World Bank are co-ordinating a project called the "Turkish National Environmental Strategy and Action Plan". The project's aim is to implement activities in Turkey related to Agenda 21, a non-binding, voluntarily implemented action plan developed by the United Nations with regard to sustainable development. Therefore, Turkey shows its intention to comply with

basic global environmental standards in this respect.

## Waste

### 20. What are the regulations on the disposal of waste products resulting from oil or gas extraction or processing?

In Turkey, waste disposal is regulated according to the type of waste involved. Waste products produced during the extraction and processing of oil and gas fall within the scope of the:

- Regulation Regarding Handling of Dangerous Waste, numbered 25755.
- Regulation Regarding Handling of Waste Oils, numbered 26952.

According to these Regulations, producers of waste related to oil and gas must:

- Take the necessary measures to minimise waste production and render waste harmless.
- Obtain permission from the local governorship for waste storage.
- Keep records of the waste that has been produced.
- Analyse waste products and submit the related documents to the Ministry of Environment and Urban Planning.

The Ministry audits waste production and mitigation measures, although not on a regular schedule.

Entities which extract and process oil and gas must annually report their waste to the Ministry of Environment and Urban Planning via an online "waste declaration form". This disclosure includes information about disposal methods, hazardous properties, chemical compositions, and volumes, among other information.

Tax payers are subject to environment tax and fees for solid waste, collection, carriage and waste disposal, payable to local municipalities (Duplicate Article 44, Code on Municipality Incomes and Article 11 of the Environment Code).

## Flares and vents

### 21. Are flare and vent regulations in place?

In addition to general health and safety obligations, environment permits (see Question 18) require employers to ensure flare and ventilation systems also comply with the Regulation Regarding Controlling of Air Pollution Based on Industry (*published in the Official Gazette numbered 27277, 3 July 2009*).

The Ministry can determine that an area requires special attention to improve air quality and decide not to allow the permit holder to operate its facilities, or to build the facilities at all. The Ministry can also prohibit use of certain raw materials and/or fuels (*Article 31 and 32, Regulation Regarding Controlling of Air Pollution Based on Industry*).

Under the requirements of environment permits, every two years the permit holder must report the current emissions measurements of its facility to the Ministry of Environment and Urban Planning, as well as the improvements it has made with regard to air pollution matters.

## Decommissioning

### 22. What are the decommissioning obligations and liabilities that arise?

There are no specific provisions in Turkish legislation addressing decommissioning requirements, although upstream licence holders are required to return the land to its former condition (*Article 22(3), Petroleum Law*). While legislation is silent on the decommissioning requirements, the obligation to comply with environmental rules remains, along with

the obligation to avoid endangering society and the environment (see *Questions 18 and 19*).

When an entity operating in the upstream market segment wishes to decommission its facilities, the entity must arrange for its rights to be deregistered from the GDPA's petroleum registry (*Article 21, Petroleum Law*).

If a licensee ceases its activities it must notify the relevant authority three months before its suspension (*Article 18, Environmental Permit and License Regulation*).

Since decommissioning generally involves closing a place of business, the employer must also notify the relevant tax office of the decommissioning, as well as other institutions, such as the social security and district labour offices.

## Sale and trade

### 23. How is trade in oil and gas usually completed?

Crude oil can only be traded between holders of refinery and producer licences (*Article 9, Petroleum Market Law*). Holders of refinery licences can trade in fuel oil, crude oil and related products. The Ministry of Energy and Natural Resources' (EMRA) approval is not required for oil trade between such parties.

Under Turkish law, parties can freely import crude oil and fuel oil, provided they hold a refinery, distributor or bunker licence as well as obtain a letter of conformity from the EMRA (*Communiqué on the Principals Regarding Procurement of Petroleum Products Apart From Fuel Oil Domestically or Abroad; Article 9, Petroleum Market Law*). There is no specific import licence applicable to oil, as there is for gas.

To trade gas, entities must obtain an import, export, or wholesale licence from the EMRA. Entities that extract natural gas must obtain a wholesale licence from the EMRA to trade the extracted gas (*Article 26, Natural Gas Market Licensing Regulation*).

For downstream activities in the petroleum and liquefied petrol gas (LPG) markets, distribution and dealership licenses are different licenses. For downstream activities in the natural gas market, distribution and wholesale licenses are separated.

Therefore, the wholesale and consumer markets are separated in the Turkish oil and gas sector.

## 24. Are oil and gas prices regulated?

### Upstream oil and gas

The Petroleum Law regulates upstream oil and gas prices to ensure that Turkey is balanced and comparable to other markets. Consequently, upstream prices in Turkey are legislatively required to be in line with the geographically closest global free market price (*Article 10, Petroleum Market Law*).

For domestic crude oil, the market price is calculated as being the free competitive price, adjusted for the quality and specific gravity (density) of crude oil in Turkey, or in the nearest accessible world market, plus half of the expenses that would be incurred in transporting the same quality of crude oil from world markets to a Turkish delivery point. In calculating this price, Suez Channel crossing and Batman-Dörtyol pipeline fees are not included. The price for oil extracted in and around Batman is either the market price calculated at Batman, or the actual sales price applied at a delivery point in Turkey by the producer (excluding taxes). This is also the price applied if no accessible world market price is available.

### Downstream oil

Prices in the Turkish downstream oil sector are freely determined by the transaction parties. The exception is that storage tariffs and the BOTAS transmission tariffs are subject to the approval of the Ministry of Energy and Natural Resources (EMRA) (Article 10, Petroleum Market Law).

### Downstream gas

The EMRA regulates downstream gas market activities in Turkey, including prices (*Article 11, Natural Gas Market Code and Tariff Regulation*). Consequently, the EMRA regulates the following tariffs for gas in Turkey:

- Connection tariffs.
- Transmission and storage tariffs.
- Wholesale tariffs.
- Retail tariffs.

### Imported crude oil

The price of imported crude oil must be in line with globally announced prices and spot market valuations (*Article 10, Petroleum Market Law*). Parties operating in the Turkish oil market must inform the EMRA monthly of their price determinations of each stage, as required according to each licence type.

## Enforcement of regulation

### 25. What are the regulator's enforcement powers?

#### Orders

Legislation outlines in detail the circumstances where the General Directorate of Petroleum Affairs (GDPA) and the Ministry of Energy and Natural Resources (EMRA) can make orders to suspend or cancel licences.

Circumstances where an upstream licence can be suspended include (*Article 24(5), Petroleum Law*):

- Failure to compensate a land owner for damages or loss of profits.
- Entering a prohibited area.
- A change in circumstances which threaten the petroleum operation.

The upstream licence holder will be given 90 days to rectify the situation. If the situation is not resolved at the end of that period, the GDPA can choose to either suspend the licence for between 90 and 180 days, or cancel the licence entirely.

The Minister of Energy and Natural Resources makes the final decision about cancelling upstream licences (*Article 24(8), Petroleum Law*). Circumstances where a licence could be cancelled include:

- **Dangerous acts.** If an upstream licence holder does not address dangerous situations within a certain period of time, the GDPA can take the necessary measures to prevent the dangerous act occurring any further. The GDPA is empowered to charge the licence holder for rectification. The necessary amount is taken from the guarantee which the licence holder paid during its licence application (*Article 22(8), Petroleum Law*, see Question 7). The licence holder is given two months to repay any amount used. If the licence holder fails to do so, the outstanding balance will increase 10% per month until paid. If this remains unpaid after one year, the licence will be terminated (*Article 24(2), Petroleum Law*).
- **Failure to comply with a legal obligation or license condition.** The GDPA will send a warning to the licence holder with notification that failure to comply within 90 days will result in the licence being cancelled. The GDPA has the discretion to give extensions of up to 60 days (*Article 24(3), Petroleum Law*).
- **Failure to use an operating license.** If no production has begun within one year of the GDPA issuing an upstream licence, or on-going production is halted, the GDPA can ask for production to begin within 180 days. The GDPA can provide a further 180 days to begin operations. However, if production has not begun

at the end of the extension period, the licence will be cancelled (*Article 24(7), Petroleum Law*).

For downstream oil licence holders, the EMRA can initiate a preliminary inquiry or investigation if it believes the licence holder is failing to comply with the licence terms, EMRA directives, or obligations under the Petroleum Market Law and related regulations. The licence holder will be given 15 days to rectify the non-compliance. If the licence holder fails to do so, the EMRA can choose to suspend the licence for between 30 and 180 days, or cancel the licence entirely (*Article 20, Petroleum Market Law*).

For downstream natural gas licence holders, the EMRA can issue a notification to a licence holder if it believes the licence holder is failing to comply with the licence terms, EMRA directives, or obligations under the Natural Gas Market Law and related regulations. The length of time the licence holder is allowed to rectify the non-compliance depends on the breach (either 15 or 30 days). If the licence holder fails to rectify the breach, the EMRA can issue a fine. If a licence holder's fines exceed 20% of its net sale revenue for the previous financial year, the EMRA can choose to cancel the licence (*Article 9, Natural Gas Market Law*).

### Fines and penalties

The GDPA can issue fines to upstream licence holders ranging from TRY10,000 to TRY500,000 and the EMRA can issue fines to downstream licence holders of between TRY1,000 and TRY913,719.

Circumstances in which a fine can be issued include where a licence holder (*Article 23(2), Petroleum Law; Article 20 Petroleum Market Law; Article 9, Natural Gas Market Law*):

- Causes serious and irreparable damage by a dangerous act.
- Conducts a dangerous act during petroleum operations (this attracts a daily fine if the act is not rectified in the given time).
- Conducts petroleum operations without a licence.
- Impedes a party appointed to enforce the law.
- Provides false declarations or representations during licence applications, inspections or information requests.
- Fails to submit required information and documents.
- Performs activities beyond the licence scope.
- Provides incomplete, incorrect or deceptive information to the EMRA during site surveys or information requests.
- Begins construction and/or operation of facilities without holding a licence.
- Fails to meet licence or permit conditions, or the obligations imposed by specified legislative clauses.
- Hinders access to transmission and storage facilities.

### Other

Revenues and petroleum obtained without an exploration or operation licence can be confiscated by the state (*Article 24(1), Petroleum Law*).

Oil smuggling is punishable with imprisonment for a period between two and five years (*Supplementary Article 5, Petroleum Market Law*).

## **26. Is there a right of appeal against the regulator's decisions?**

Any administrative act is subject to judicial review in Turkey, including decisions, as well as administrative fines issued by the General Directorate of Petroleum Affairs (GDPA)(Article 125, Turkish Constitution). Once they have been notified of the decision, parties with a legitimate interest are allowed 60 days to apply to the authorised administrative court. The administrative court must consider these requests as urgent matters.

Actions against the decisions made by the Ministry which affect the rights arising from research permits, exploration licenses, or operation licences must be filed before the Council of State as the first instance court.

For administrative acts made by the Energy Market Regulatory Authority (EMRA), parties with a legitimate interest can file a suit before the administrative courts within 60 days following the notification. The competent administrative court must consider such requests as urgent matters.

According to the Article 45 of Administrative Procedures Law, even if there is a contrary provision in other laws, the final judgments of administrative courts may be appealed before District Administrative Courts within 30 days of the notification date. However, judgments in lawsuits where the subject matter does not exceed TRY5,000 are considered definitive and cannot be appealed under any circumstances.

According to the Article 46 of Administrative Procedures Law, judgments made by administrative courts for the following matters may be appealed before Council of State within thirty days of the notification date:

- Actions concerning annulment of regulatory acts.
- Tax disputes.
- Full remedy actions.
- Annulment of administrative acts of which the matter in dispute is higher than TRY100,000.
- Annulment of individual acts concerning suspension of trade practices for 30 days or more.
- Application of laws regarding mines, stone quarries, forests, geothermal sources and natural mineral waters.

## Reform

### 27. Are there plans for changes to the legal and regulatory framework?

The Turkish Petroleum Law numbered 6491 came into force in June 2013. It has the specific purpose on enabling expedient, continuous and effective exploration, development and production of petroleum resources, in accordance with national interests. In the short term, both the Government and industry's focus will be on implementation of the new legislation and its requirements, rather than further reform. For example, the new Law introduced a new royalties scheme for upstream licence holders (*see Question 10*).

Privatisation of state-owned oil and gas activities continues in Turkey. The Prime Ministry Privatisation Administration has undertaken a programme to restructure and liberalise the Turkish energy sector in order to create a competitive and liberal energy market. The programme involves expanding the private sector's role in the Turkish energy sector, in turn reducing the burden of public institutions on the Government budget and improving operational efficiency through increased commercial competition (*see Question 1*).

The Ministry of Energy and Natural Resources prepared two draft laws in 2013 that respectively:

- Extend the Petroleum Market Law to include liquefied petrol gas (LPG) and compressed natural gas (CNG).
- Amend the current Natural Gas Market Law to be in line with the new Petroleum Law.

These two drafts contain overlapping provisions in relation to CNG. While the draft laws have been published, there is no information available about the enactment timetable.

Privatisation of TPAO remains on agenda of the Turkey's Grand National Assembly and a draft law is expected in the near future.

The Petroleum Market Law was amended by an Omnibus Law (*published in the Official Gazette dated 3 February 2015, numbered 29256*) and the Natural Gas Market Law was amended by another Omnibus Law (*published in the Official Gazette dated 11 September 2014, numbered 29116*).

The amendment of the Petroleum Market Law grants the Energy Market Regulatory Authority (EMRA) the power to issue licenses for storage and transmission within the scope of the Law regarding Incorporation and Duties of Operating Directorate of Facilities of Fuel Oil Supply and NATO POL of Ministry of Defence.

An amendment to the Natural Gas Market Law means that the provincial administration in some cities is empowered to incorporate a company and obtain a distribution license from EMRA in order to become the natural gas distributor for that city. A provincial administration may do this if:

- BOTA? constructed the natural gas transmission lines.
- A tender process has run on three occasions to take over these transmission lines, but no applications have been received.

The Constitutional Court has cancelled the discretionary power of the Council of Ministers for making changes to the rates of export rights. The court decided that the final sentence of the Article 22/12 of the Petroleum Law violates the Turkish Constitution. However, this change has not yet entered into force because a justified decision of the Constitutional Court has not been published in the Official Gazette.

Other recent minor legislative amendments include:

- The Petroleum Market License Regulation was been amended four times by the Regulations Regarding the Amendment of Petroleum Market License Regulation (*published in the Official Gazettes dated 26 December 2014 and numbered 29217; dated 1 February 2015, numbered 29254; dated 28 November 2014, numbered 29189; and dated 19 February 2015, numbered 29272*).
- The Natural Gas Market License Regulation was amended by the Regulation Regarding the Amendment of Natural Gas Market License Regulation (*published in the Official Gazette dated 26 December 2014, dated 29217*).

Notable changes contained in these amendments include:

- Fees must be paid in cash for:
  - licence amendments;
  - licence extensions;
  - issuing copies of licences;
  - dealership licences;
  - free users licences; and
  - transportation licences.
- EMRA must respond to applications for license extensions (at least initially) within 60 days of receiving the complete written application.
- If any change is made to the capital structure, board of directors, or authorised signatories of the license owner company, the change must be notified to EMRA within six months of the change being announced in the *Turkish Trade Registry Gazette*.

## Related Practices

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