

**AGREEMENT**  
**BETWEEN**  
**THE GOVERNMENT OF THE REPUBLIC OF TÜRKİYE**  
**AND**  
**THE FEDERAL GOVERNMENT OF THE FEDERAL REPUBLIC OF SOMALIA**  
**IN THE FIELD OF HYDROCARBONS**

The Government of the Republic of Türkiye and the Federal Government of the Federal Republic of Somalia ("**Federal Government**"), (hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**"),

*Considering* the deep relations and close friendship links between the two countries,

*Noting* the importance of intensifying and extending the economic and social cooperation between the Parties,

*Desiring* to strengthen this cooperation in the area of hydrocarbons based on principles of equality, mutual respect and reciprocal benefits,

*Being* fully aware that such cooperation is likely to strengthen relations between the two countries and desiring to further develop the existing relation of cooperation in the field of hydrocarbons,

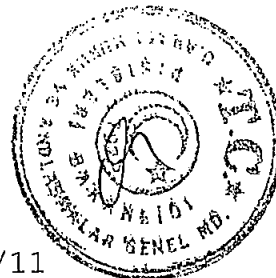
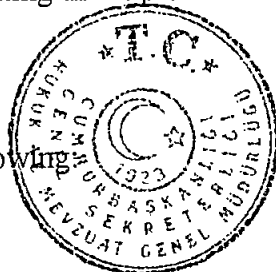
*Recognizing* that the title to all hydrocarbons existing in its natural condition in the Territory of the Federal Republic of Somalia is the common good of the people of Somalia, owned by the Federal Republic of Somalia and vested in the Federal Government,

*Confirming* that, the Federal Government has the authority to grant license(s), permits and other authorizations for the Petroleum Operations and to enter into Production Sharing Agreements,

*Underlining* the desire of the Federal Government to promote and support the exploration and production of Petroleum throughout its Territory, and

*Recognizing* the desire of the Government of the Republic of Türkiye to join and assist the Federal Government in accelerating the exploration and potential production of Petroleum in the Federal Republic of Somalia,

have agreed on the following



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## ARTICLE 1

### DEFINITIONS AND INTERPRETATION

#### 1.1 DEFINITIONS

**Agreement** means this Agreement between the Government of the Republic of Türkiye and the Federal Government of the Republic of Somalia in the field of Hydrocarbons in the onshore and offshore Blocks of the Federal Republic of Somalia.

**Block** means acreage as defined by specific geographic coordinates for purposes of Petroleum Operations.

**Contract Area** means, for each onshore and offshore Block in the Territory of Somalia, the area covered by and described in each Production Sharing Agreement, and any such area as may be modified in accordance with each Production Sharing Agreement, including through amendments, relinquishment, withdrawal, extension or otherwise.

**Contractor** means an Entity with whom the Minister of Petroleum and Mineral Resources of the Federal Republic of Somalia enters into a Production Sharing Agreement and its successors and permitted assigns.

**Cost Gas** means the portion of the available Natural Gas that the Contractor may freely retain and export each calendar year for the purposes of recovery of its Petroleum costs.

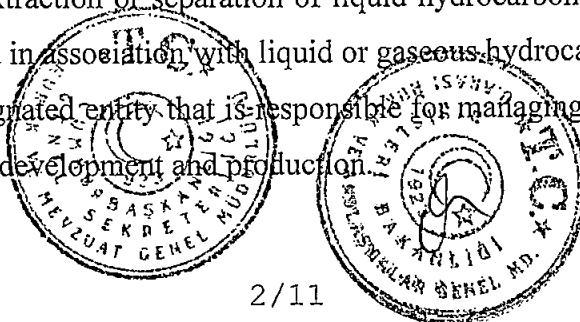
**Cost Oil** means the portion of the available Crude Oil that the Contractor may freely retain and export each calendar year for the purposes of recovery of its Petroleum costs.

**Crude Oil** means all unrefined hydrocarbons regardless of gravity which are produced at the wellhead in liquid state at atmospheric conditions of temperature and pressure, and the liquid hydrocarbons known as distillates or condensate or Natural Gas liquids obtained from Natural Gas by condensation or extraction.

**Entity** means any company, corporation, limited liability company, partnership, limited partnership, joint venture, enterprise, association, trust or other juridical entity or organization; whether of a governmental or private nature, established or organized under the laws of any state or jurisdiction or by written agreement.

**Natural Gas** means hydrocarbons that are in a gaseous phase at atmospheric conditions of temperature and pressure, including wet mineral gas, dry mineral gas, casing head gas and residue gas remaining after the extraction or separation of liquid hydrocarbons from wet gas, and non-hydrocarbon gas produced in association with liquid or gaseous hydrocarbons.

**Operator** means the designated entity that is responsible for managing the day-to-day operation of Petroleum exploration, development and production.



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**Participating Interest** means the undivided percentage interest of each party constituting the Contractor in the rights, privileges, duties and obligations under the Production Sharing Agreement.

**Petroleum** means all hydrocarbons including Crude Oil and Natural Gas, whether capable of being produced from conventional and unconventional reservoirs, including shale oil, oil shale, shale gas, coal bed methane gas, tar sands, and other sources of hydrocarbon reserves.

**Petroleum Operations** means all or any of the operations related to the exploration, appraisal, development, production, separation and treatment, storage and other activities related thereto, including transportation of Petroleum up to the agreed transfer point(s), and abandonment operations including site restoration and decommissioning under the Production Sharing Agreement.

**Production Sharing Agreement** means the agreement which shall be entered into between the Federal Government, on the one hand, and the Contractor, on the other hand, making provision, along with other project agreements, for the exploration, appraisal, development and production of Petroleum from the Contract Area, as each such agreement may be hereafter amended, modified or extended in accordance with the terms thereof.

**Profit Gas** means the remaining available Natural Gas, after the Contractor has taken the Cost Gas.

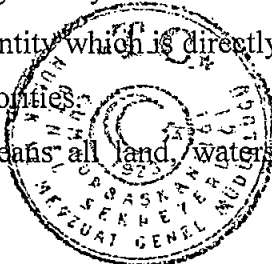
**Profit Oil** means the remaining available Crude Oil, after the Contractor has taken the Cost Oil.

**Project** means all activities related with exploration, appraisal, development and production of Petroleum from the Contract Area.

**State Authority** means, with respect to the Project, each Party and each and every aspect thereof at every level in respect of the Territory, including all central, regional and local authorities or bodies (whether or not part of or controlled by any superior legal authority in the governmental hierarchy) and any and all instrumentalities, branches and subdivisions of any of the foregoing, and any State Entity. Without limiting the foregoing, the term shall include any and all executive and regulatory bodies, agencies, departments, ministries, authorities, State Entities, officials, agents and representatives in respect of the Territory that have the authority to govern, regulate, implement or enforce the law, levy or collect taxes, duties or other similar charges, grant licenses or permits or approve or otherwise similarly affect, directly or indirectly, the Project, notwithstanding any change at any time or from time to time in structure, form or otherwise.

**State Entity** means any Entity which is directly or indirectly owned and/or controlled by a Party or one or more State Authorities.

**Territory of Somalia** means all land, waters, and airspace over which Federal Republic of



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Somalia has sovereignty, including its territorial sea and its continental shelf, and further includes its exclusive economic zone, which has previously been submitted to the United Nations. Federal Republic of Somalia has sole and exclusive rights for the purposes of exploring for, developing and producing its natural resources.

**TPAO** means Türkiye Petrolleri Anonim Ortaklığı, a company organized and existing under the laws of the Republic of Türkiye, whose registered office is at Söğütözü Mahallesi, Nizami Gencevi Cad No. 10, 06530 Çankaya, Ankara, Türkiye.

**Turkish Designated Entity** means TPAO and/or the State Entity designated by the Government of the Republic of Türkiye for the Project and their successors and permitted assigns.

## 1.2 INTERPRETATION

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

Unless otherwise indicated, all references to an "Article" followed by a number or a letter refer to the specified Article of this Agreement.

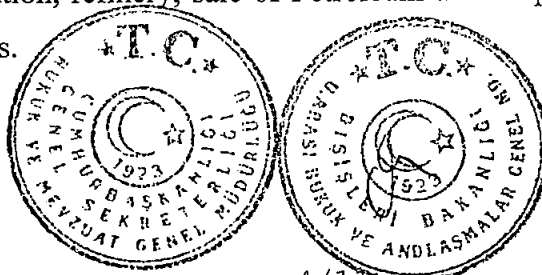
The terms "this Agreement," "hereof," "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular Article or other portion hereof.

Unless otherwise specifically indicated or the context otherwise requires, words importing the singular shall include the plural and vice versa and "include," "includes" and "including" shall be deemed to be followed by the words "without limitation".

## ARTICLE 2

### OBJECTIVE

The objective of this Agreement is to promote the development of bilateral scientific, technical, technological, legal, administrative and commercial cooperation between the Parties through or together with their affiliates, in the field of upstream, midstream and downstream Petroleum projects including but not limited to exploration, appraisal, development and production of Petroleum from onshore or offshore Blocks of the Federal Republic of Somalia, as well as transportation, distribution, refinery, sale of Petroleum and its products, and service operations related to these projects.



### ARTICLE 3

#### COMPETENT AUTHORITIES

3.1 For the purpose of implementing this Agreement, the Parties have designated the following competent authorities:

- on the part of the Republic of Türkiye, the Ministry of Energy and Natural Resources of the Republic of Türkiye;
- on the part of the Federal Republic of Somalia, the Ministry of Petroleum and Mineral Resources of the Federal Republic of Somalia.

3.2 In the event of alteration of their competent authorities, the Parties shall immediately notify each other thereof in writing through diplomatic channels.

### ARTICLE 4

#### PROJECT IMPLEMENTATION

The Parties hereby agree that the Production Sharing Agreement shall be negotiated in a good faith basis and include the provisions reflecting the principles below:

#### 4.1 GRANT OF RIGHTS

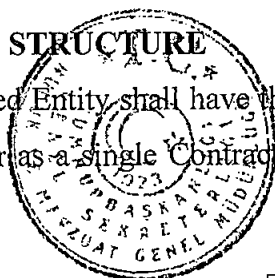
The Federal Republic of Somalia hereby grants to the Turkish Designated Entity the sole and exclusive right to conduct Petroleum Operations within and with respect to the Contract Area. In order to exercise of such right, the Federal Government shall provide the pertinent technical data, which is already available or may become available from time to time, at no cost to the Turkish Designated Entity and shall conclude a Production Sharing Agreement with the Turkish Designated Entity for each Contract Area that the Turkish Designated Entity deems appropriate.

For the avoidance of doubt, Turkish Designated Entity shall have the exclusive right to conduct seismic operations, including but not limited to acquisition, processing and interpretation, and drilling operations in each Contract Area whether as a Contractor or as a sub-contractor of a Contractor or of the Federal Government. The Contractor and/or its sub-contractors shall have the right to process and interpret the collected data in, abroad or inside Somalia.

Turkish Designated Entity shall have the right to act as either an Operator or a non-Operator in each Contract Area.

#### 4.2 PARTNERSHIP STRUCTURE

Turkish Designated Entity shall have the right to participate in each Contract Area that it deems appropriate, either as a single Contractor or as a joint venture Contractor without being



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obliged to establish a new company or an office in the Federal Republic of Somalia. The Turkish Designated Entity, at its sole discretion, may open a branch office in the Federal Republic of Somalia following the commencement of any development and production period.

#### **4.3 ASSIGNMENT**

Turkish Designated Entity shall have the right to assign all or any part of its Participating Interest, shares, rights, privileges, duties or obligations for each Contract Area to another Entity.

#### **4.4 PARTICIPATING INTEREST**

Turkish Designated Entity shall have the right to determine the percentage of its Participating Interest under the Production Sharing Agreement for each Contract Area that the Turkish Designated Entity deems appropriate.

#### **4.5 FEES AND BONUSES**

Before, on or after the signing of the Production Sharing Agreement under this Agreement, the Contractor shall not be obliged to pay to the Federal Government any signature bonus, development bonus, production bonus and any other bonus whatsoever for the fulfilment of its obligations under the Production Sharing Agreement under this Agreement.

Before, on or after the signing of the Production Sharing Agreement under this Agreement, the Contractor shall not be obliged to pay to the Federal Government any surface fees and administrative fees.

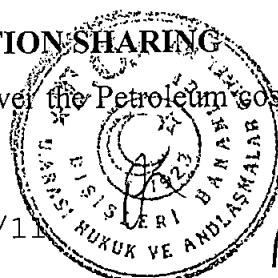
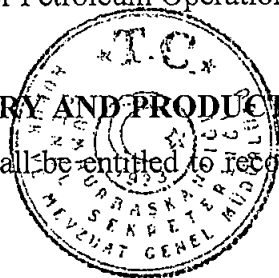
The amounts payable by the Contractor under the community fund and training fund shall become part of, be considered as and be included in Contractor's expenditures for the fulfilment of the minimum expenditure obligation and shall be included in Petroleum costs for the purpose of cost recovery under the Production Sharing Agreement signed under this Agreement.

#### **4.6 ROYALTY**

The Federal Government shall own and be entitled to a royalty, if any, in cash or in kind up to five (5%) percent of production of all Petroleum produced and saved from the Contract Area. For greater certainty, the production does not include any Petroleum which is reinjected in the reservoirs or consumed for Petroleum Operations in the field.

#### **4.7 COST RECOVERY AND PRODUCTION SHARING**

The Contractor shall be entitled to recover the Petroleum costs incurred and paid by the



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Contractor pursuant to the provisions of the Production Sharing Agreement, by taking and separately disposing of an amount equal in value to a maximum of ninety percent (90%) of Crude Oil and ninety percent (90%) of Natural Gas produced from the Contract Area during that fiscal year and not used in Petroleum Operations after the payment of all royalties due to the government. Such cost recovery Petroleum is the "**Cost Petroleum**" consisting of two categories, the Cost Oil and the Cost Gas.

To the extent that, in a fiscal year, the Petroleum costs that are recoverable are less than the maximum value of the Cost Petroleum, the excess shall become part of, and be included in the Profit Petroleum disaggregated into Profit Oil and Profit Gas.

Crude Oil and Natural Gas production shall be respectively disaggregated into the Cost Oil and the Profit Oil (and the Cost Gas and the Profit Gas) for the Cost Petroleum and for the Profit Petroleum.

The Contractor shall be entitled to Profit Oil and/or Profit Gas and/or Profit Petroleum that will be distributed according to the Production Sharing Agreement.

#### **4.8 DOMESTIC SUPPLY OBLIGATIONS AND SALE OF PRODUCTION**

The Contractor shall have the right to separately take, dispose, market, export at prices equivalent to international market prices for Crude Oil and Natural Gas of the same grade, gravity and quality prevailing at international markets on similar terms, all of the Cost Gas, Cost Oil, Profit Gas and Profit Oil to which it is entitled as is determined by the Production Sharing Agreement and to retain abroad all funds acquired by it including the proceeds of the sale of its share of exported Crude Oil and Natural Gas and proceeds of domestic sales of Crude Oil and Natural Gas.

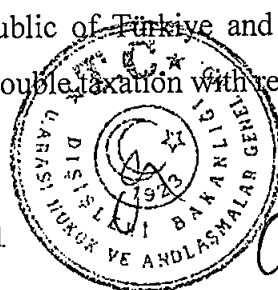
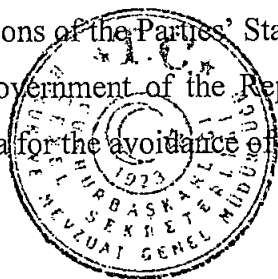
#### **4.9 ASSISTANCE**

The Parties shall provide all necessary conditions for unhindered implementation of the Project and shall render assistance in obtaining all permits, approvals and licenses to implement the Project.

### **ARTICLE 5**

#### **TAXATION**

All taxes and duties in connection with the Project shall be levied in accordance with the applicable laws and regulations of the Parties' States, taking into account this Agreement and the Agreement between the Government of the Republic of Türkiye and the Government of the Federal Republic of Somalia for the avoidance of double taxation with respect to taxes on income dated 3 June 2016.



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## ARTICLE 6

### SECURITY

The Federal Republic of Somalia is liable for the conduct of security operations within the Territory of the Federal Republic of Somalia. However, the Republic of Türkiye and/or the Contractor shall have a right to take supplementary security measures. The cost of such supplementary security measures shall be considered as and included in Petroleum costs for the purpose of cost recovery under the Production Sharing Agreement under this Agreement.

## ARTICLE 7

### RELATIONSHIP BETWEEN THIS AGREEMENT AND OTHER INTERNATIONAL AND DOMESTIC OBLIGATIONS

7.1 Each Party confirms and warrants that the execution and performance of this Agreement is within its powers.

7.2 Nothing in this Agreement shall derogate from the rights or obligations of any Party under any international agreement or rule of international law.

## ARTICLE 8

### CHANGE OF LAW

8.1 For the purposes of this Article, a "Change of Law" shall mean, in relation to the Federal Republic of Somalia:

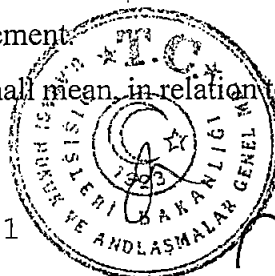
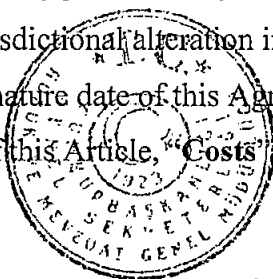
(a) any international or domestic agreement, legislation, directive, order, promulgation, issuance, enactment, decree, regulation, policy, permission, permit, licence, authorisation or similar act of the Federal Government, State Authority or State Entity;

(b) any change to any of the foregoing (including changes resulting from amendment, repeal, withdrawal, termination or expiration);

(c) any interpretation or application, by the courts, executive or legislative authorities, or administrative or regulatory bodies, of any of the foregoing; or

(d) any decision, policy, other similar action, or failure or refusal to take action, exercise authority or enforce, by any judicial body, tribunal, court or State Authority, in relation to any of the foregoing, or jurisdictional alteration in relation to any such body which arises or comes into effect after the signature date of this Agreement.

8.2 For the purposes of this Article, "Costs" shall mean, in relation to any Change of Law, any



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new or increased cost or expense, or any reduction in revenue or return, directly resulting from, or otherwise directly attributable to, that Change of Law, which is incurred or suffered in connection with the Project by the Turkish Designated Entity and/or the Contractor. Such costs or expenses may include:

- (a) capital costs;
- (b) costs of operation and maintenance; or
- (c) costs of taxes, royalties, duties, imposts, levies or other charges imposed on or payable by the Turkish Designated Entity and/or the Contractor.

**8.3** If any Change of Law has the effect of impairing, conflicting or interfering with the implementation of the Project, or limiting or adversely affecting the value of the Project or any of the rights, indemnifications or protections granted or arising under this Agreement or any other agreement, or of imposing directly or indirectly any Costs on the Turkish Designated Entity and/or the Contractor, the Federal Government shall compensate the Turkish Designated Entity and/or the Contractor for the Costs incurred by the Turkish Designated Entity and/or the Contractor as a result of the Change of Law. Such compensation shall be realized in kind from the Federal Government's share of the Profit Oil and Profit Gas, within one year from the effective date of the Change of Law.

## ARTICLE 9

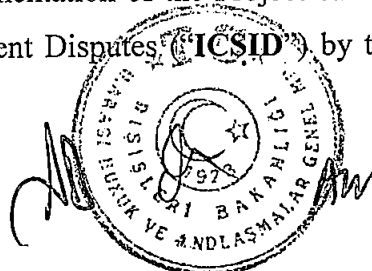
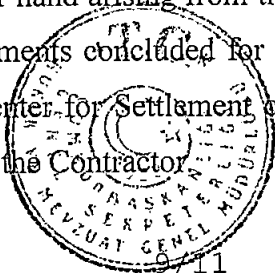
### TREATMENT OF INVESTMENT

**9.1** Turkish Designated Entity and/or the Contractor shall be considered as investors and their investments are considered as investments within the context of the Convention on the Settlement of Investment Disputes between States and Nationals of other States dated 14 October 1966.

**9.2** Each Party shall admit to provide necessary, favourable and non-discriminatory conditions for the implementation of the Project, in particular refrain from imposing project specific discriminatory measures.

**9.3** Each Party shall admit in its territory, investments and activities associated therewith, on a basis no less favourable than that accorded in similar situations to investments of its investors or to investments of investors of any third country, whichever is the most favourable.

**9.4** The Federal Republic of Somalia unconditionally and irrevocably accepts that any dispute between the Federal Republic of Somalia on the one hand and the Turkish Designated Entity and/or the Contractor on the other hand arising from the application and/or interpretation of this Agreement and/or of other agreements concluded for the implementation of the Project can be submitted to the International Center for Settlement of Investment Disputes (ICSID) by the Turkish Designated Entity and/or the Contractor.



## ARTICLE 10

### DISPUTE SETTLEMENT

**10.1** Any dispute between the Parties concerning the application and/or interpretation of this Agreement shall be resolved through consultations and/or negotiations between the Parties. As proposed by either Party, the Parties may hold meetings in order to discuss recommendations as to the implementation of this Agreement and to the settlement of disputes.

**10.2** If any dispute cannot be resolved within ninety (90) days from the date of commencement of any such consultations and/or negotiations, either Party may elect to submit the matter for final and binding resolution to be settled by arbitration in accordance with the arbitration rules of the United Nations Commission on International Trade Law ("**UNCITRAL Arbitration Rules**") as at present in force.

**10.3** The number of arbitrators shall be three.

**10.4** The presiding arbitrator of the arbitral tribunal shall be a citizen of a third state other than the Parties' states.

**10.5** The appointing authority shall be the Secretary-General of the Permanent Court of Arbitration at the Hague. If the Secretary-General of the Permanent Court of Arbitration is a citizen of the Parties' states or prevented from discharging this task, the appointing authority shall be the Deputy Secretary-General of the Permanent Court of Arbitration. If the latter, in turn, is a citizen of the Parties' states or prevented from discharging this task, the appointing authority shall be the most senior legal counsel of the Permanent Court of Arbitration who is not a citizen of the Parties' states.

**10.6** The tribunal shall decide the dispute in accordance with this Agreement and applicable rules and principles of international law.

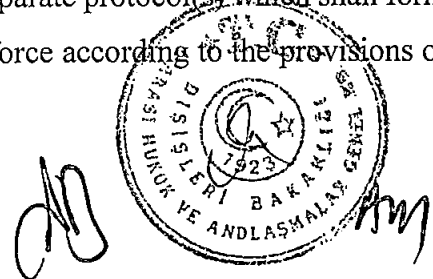
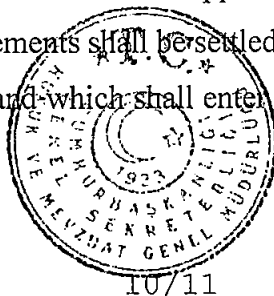
**10.7** The place of arbitration shall be İstanbul, Türkiye.

**10.8** The language to be used in the arbitral proceedings shall be the English language.

## ARTICLE 11

### AMENDMENTS

This Agreement may be amended and supplemented upon mutual agreement of both Parties. All amendments and supplements shall be settled in separate protocol(s) which shall form an integral part of this Agreement and which shall enter into force according to the provisions of the Article 12 of this Agreement.



## ARTICLE 12

### ENTRY INTO FORCE, DURATION AND TERMINATION

**12.1** This Agreement shall enter into force on the date of the receipt of the last written notification by which the Parties inform each other, through diplomatic channels, of the completion of their internal legal procedures required for its entry into force.

**12.2** Each Party hereby covenants to the other that, following the execution of this Agreement, it shall promptly and properly take necessary measures in order to make it effective under its domestic law and international law.

**12.3** Where this Agreement establishes the rules other than those provided by the national legislation of the Parties' states, the rules established by this Agreement shall apply.

**12.4** This Agreement shall remain in force for a period of five (5) years and shall be extended automatically for successive periods of three (3) years, unless one of the Parties notifies the other Party in writing through diplomatic channels of its intention to terminate this Agreement at least six (6) months prior to its expiration.

**12.5** The termination or expiration of this Agreement shall not affect the activities and projects already in progress or executed.

Signed in İstanbul on 7 March 2024 in Turkish, Somali and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

**On Behalf of the Government of  
the Republic of Türkiye**

**On Behalf of the Federal Government of  
the Federal Republic of  
Somalia**

  
**Alparslan BAYRAKTAR**  
**Minister**

  
**Abdirizak Omar MOHAMED**  
**Minister**

**of Energy and Natural Resources of  
the Republic of Türkiye**

**of Petroleum and Mineral Resources of  
the Federal Republic of Somalia**

