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THE LAW
ON SUBSOIL

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THE LAW

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The subsoil is part of the earth's crust below the soil layer and, in its absence, below the earth's surface and the bottom of reservoirs and water courses, extending to the depths available for geological survey and development.

This Law governs relations arising in the field of geological survey, use and protection of the subsoil, development of technologies of geological survey, exploration and production of rare earth metals, use of mining waste and associated processing operations, specific mineral resources (the brine of lakes and estuaries, peat, sapropel, etc.), groundwater, including associated waste water (water extracted from subsoil together with hydrocarbons), and water used by subsoil users for their own production and technological needs.

This Law contains legal and economic basis for comprehensive and rational use and protection of subsoil, ensures the protection of the interests of the state and citizens of the Russian Federation, as well as the rights of subsoil users.

Chapter I. GENERAL PROVISIONS

Article 1. The subsoil legislation of the Russian Federation

The subsoil legislation of the Russian Federation is based on the Constitution of the Russian Federation and consists of this Law and other federal laws and other regulatory legal acts adopted in accordance with it, as well as laws and other regulatory legal acts of subjects of the Russian Federation.

This Law shall apply within the territory of the Russian Federation and shall also govern relations of subsoil use on the continental shelf of the Russian Federation in accordance with federal legislative acts on the continental shelf and the norms of international law.

Laws and other regulatory legal acts of subjects of the Russian Federation may not contradict this Law.

In the event of any conflict between the laws and other regulatory legal acts of the subjects of the Russian Federation and the provisions of federal laws governing subsoil use relations, this Law and other federal laws shall apply.

The relations connected to the use and protection of land, water bodies, flora and fauna, and atmospheric air arising from subsoil use, shall be governed by the relevant legislation of the Russian Federation and the legislation of the subjects of the Russian Federation.

Specific relations connected to the geological survey and production of certain types of minerals, as well as dumping of radioactive wastes and toxic substances, may be governed by other federal laws in compliance with the principles and provisions established by this Law.

The subsoil use relations with foreign legal entities and individuals are

regulated by this Law, other federal laws and other regulatory legal acts of the Russian Federation.

Peculiarities of the relations of subsoil use under production sharing conditions are established in the Federal Law «On Production Sharing Agreements».

Article 1.1. Legal regulation of subsoil use relations

The delimitation of subjects of jurisdiction and powers between State government bodies of the Russian Federation and State government bodies of subjects of the Russian Federation in the sphere of state regulation of relations concerning subsoil use shall be carried out by the Constitution of the Russian Federation and federal laws adopted in accordance with it.

Part two is deleted. – The Federal Law January 2, 2000 No. 20-FZ.

The subjects of the Russian Federation shall adopt their laws and other regulatory legal acts to regulate subsoil use relations within the limits of their powers.

Local self-government bodies are entitled to regulate subsoil use relations within the limits of powers granted to them by the current legislation.

Article 1.2. Subsoil possession

Subsoil within the boundaries of the territory of the Russian Federation, including underground space and mineral, energy and other resources contained in the subsoil, are state property. Possession, use and disposal of subsoil are the joint jurisdiction of the Russian Federation and the subjects of the Russian Federation.

Subsoil plots may not be bought, sold, donated, inherited, deposited, pledged or otherwise alienated. Subsoil use rights may be alienated or transferred from one person to another to the extent that their turnover is permitted by federal laws.

Minerals and other resources extracted from the subsoil under the terms of the license may be in federal state ownership, ownership of the subjects of the Russian Federation, municipal, private and other forms of ownership.

Article 2. The state subsoil fund

The state subsoil fund includes the used plots, which are geometric subsoil blocks, and unused subsoil plots within the territory of the Russian Federation and its continental shelf.

Possession, use and disposal of the state subsoil fund within the territory of the Russian Federation in the interests of nations living in the relevant areas, and all the nations of the Russian Federation, shall be carried out jointly by the

Russian Federation and the subjects of the Russian Federation.

Federal executive bodies and executive bodies of the subjects of the Russian Federation, within the limits of their powers, approve state programs for geological survey of subsoil, reproduction of mineral resources and rational use of subsoil, and, upon submission by the federal body managing the state subsoil fund and under the control of representative bodies, resolve issues of subsoil use, protection of subsoil and environmental protection.

Article 2.1. Subsoil plots of federal significance

In order to ensure the country's defense and state security, certain subsoil plots are classified as subsoil plots of federal significance.

The list of subsoil plots of federal significance is officially published by the federal body managing the state subsoil fund in accordance with the procedure established by the Government of the Russian Federation in the official publication of the Russian Federation.

Subsoil plots of federal significance include:

1) those containing deposits of uranium, especially pure quartz, rare earth metals, nickel, cobalt, tantalum, niobium, beryllium, lithium, primary diamond deposits or primary (ore) deposits of platinum group metals, with reserves recorded in the state balance of mineral reserves starting from January 1, 2006;

2) those located on the territory of a subject of the Russian Federation or on the territories of subjects of the Russian Federation and containing the following deposits on the basis of the state balance of mineral resources starting from January 1, 2006:

- with recoverable oil reserves of 70 million tons or more;
- with gas reserves of 50 billion cubic meters or more;
- with primary (ore) reserves of 50 tons or more;
- with copper reserves of 500 thousand tons or more;

3) internal waters, territorial sea, continental shelf of the Russian Federation;

4) those in the use of which it is necessary to use land plots from the lands of defense and security.

Subsoil plots of federal significance, a list of which is officially published in accordance with part two of this article, shall retain the status of subsoil plots of federal significance irrespective of changes in the requirements established by this article, unless otherwise provided by federal law.

If in the process of geological survey of the subsoil, including that carried out under a combined license by the subsoil user who is a legal entity, with participation of foreign investors, or by a foreign investor, a mineral deposit has been discovered and its characteristics meet the requirements set forth in part three of this Article, the Government of the Russian Federation may make a decision to refuse to grant the right to use the subsoil plot for exploration and

production of mineral resources in the given subsoil plot of federal significance to such entity or, in case of geological survey of subsoil under a combined license, to terminate the right to use the subsoil plot for exploration and production of mineral resources in the given subsoil plot. The procedure for adopting such decisions shall be established by the Government of the Russian Federation.

Reimbursement of the costs of prospecting and evaluation of a discovered mineral deposit and the amount of a one-time payment for the use of a subsoil plot paid in accordance with the terms and conditions of the combined license to entities which, in accordance with part five of this Article, have been denied the right to use a subsoil plot for exploration and production of mineral resources in a subsoil plot of federal significance, and payment of remuneration to such persons shall be made from the federal budget in accordance with the procedure established by the Government of the Russian Federation.

In this Law, the concept of «foreign investor» is used in the meaning indicated in paragraph 2 of Article 3 of the Federal Law of 29 April, 2008 No. 57-FZ «On the procedure for foreign investment in economic companies that are of strategic importance to the defense of the country and the security of the state».

Article 2.2. Federal subsoil reserve fund

In order to meet in the long term the needs of the Russian Federation in strategic and scarce types of minerals, a federal subsoil reserve fund is being formed from the subsoil plots not provided for use.

Subsoil plots included in the federal subsoil reserve fund are not granted for use until the decision on their exclusion from the federal subsoil reserve fund is made.

Decisions on the inclusion of subsoil plots in the federal subsoil reserve fund and on the exclusion of subsoil plots from it shall be taken by the Government of the Russian Federation on the proposal of the authorized federal executive body, unless otherwise stated by federal laws.

Article 2.3. Subsoil plots of local significance

Subsoil plots of local significance include:

- 1) subsoil plots containing common minerals;
- 2) subsoil plots used for construction and operation of underground structures of local and regional significance not related to mining;
- 3) subsoil plots containing groundwater that is used for drinking and domestic water supply (hereinafter referred to as drinking water supply) or technical water supply purposes and whose production volume does not exceed 500 cubic meters per day, as well as for drinking or technical water supply purposes of horticultural non-profit partnerships and/or garden non-profit

partnerships.

Preparation and approval of lists of subsoil plots of local significance with respect to the subsoil plots of local significance specified in paragraph 1 of part one of this Article, shall be carried out by the executive authorities of the subjects of the Russian Federation in coordination with the federal body managing the state subsoil fund or its territorial bodies.

The procedure for preparation, consideration, and approval of lists of subsoil plots of local significance or refusal to approve the lists is established by the federal body managing the state subsoil fund.

Article 3. Powers of federal bodies of state power in regulation of subsoil use relations

Powers of federal bodies of state power in regulation of subsoil use relations include:

1) development and improvement of the subsoil legislation of the Russian Federation;

2) identification and implementation of the federal subsoil use policy, identification of the strategy of use, rates of reproduction, further expansion and qualitative improvement of the mineral resource base through development and implementation of federal programs;

3) development and approval of norms and regulations in the field of use and protection of subsoil, as well as classification of reserves and forecast resources of mineral resources;

3.1) establishing the procedure for determining the amount of the fee for participation in tenders or auctions for the right to use subsoil plots;

4) establishment and maintenance of a unified system of federal geological information fund and its territorial funds; approval of lists of factual geological information on subsoil and interpreted geological information on subsoil submitted by subsoil users to the federal geological information fund and its territorial funds, geological information funds of the subjects of the Russian Federation by types of subsoil use and types of minerals, requirements to the content of geological information on subsoil and the form of its presentation, the procedure for submitting geological information on subsoil to the federal geological information fund and its territorial funds, geological information funds of the subjects of the Russian Federation, the procedure and conditions for using geological information on subsoil of which the Russian Federation is the owner, lists of geological information on subsoil submitted by users of subsoil to the federal geological information fund and its territorial funds, funds of geological information of the subjects of the Russian Federation and transferred for temporary storage by subsoil users, the order of its temporary storage by subsoil users; establishment of the order of presentation of samples of rocks, cores, reservoir fluids, fluids and other material carriers of factual geological

information about the subsoil in state specialized storage, storage, processing and description;

4.1) creation and operation of the federal state information system «Unified fund of geological information on subsoil» (hereinafter referred to as the «Unified fund of geological information on subsoil»), as well as establishment of the procedure for creation and operation of the unified fund of geological information on subsoil, the composition of information submitted by information owners to the unified fund of geological information on subsoil, the procedure for ensuring access to information contained in the unified fund of geological information on subsoil, the procedure for interaction of the unified fund of geological information on subsoil with other state information systems, the format of entries in the register of factual geological information on subsoil and the interpreted geological information on subsoil of the unified fund of geological information on subsoil;

5) the state expertise of mineral and groundwater reserves, geological information on subsoil plots provided for use, except for local subsoil plots, and also except for common mineral and groundwater reserves that are used for drinking or technical water supply purposes and whose extraction volume does not exceed 500 cubic meters per day;

6) official publication of the list of subsoil plots of federal significance in an official publication determined by the Government of the Russian Federation, formation of a federal fund of reserve subsoil plots, establishment of lists of subsoil plots, the right to use which may be granted under production sharing agreements;

6.1) establishment, together with the subjects of the Russian Federation, of regional lists of minerals classified as common minerals;

6.2) coordination of lists of subsoil plots of local significance submitted by the executive authorities of the subjects of the Russian Federation, or refusal to coordinate these lists;

6.3) establishment of a procedure for the preparation, consideration and approval of lists of subsoil plots of local significance submitted by the executive authorities of the subjects of the Russian Federation, or refusal to approve these lists;

7) compilation and maintenance of the state balance of mineral reserves; state accounting of subsoil plots used for mineral extraction and construction of underground structures not related to mineral extraction; compilation and maintenance of the state cadastre of deposits and manifestations of probable resources; state registration of works on geological survey of subsoil; establishment of the procedure for drawing up and maintaining the state balance of mineral reserves, the procedure for drawing up and maintaining the state cadastre of deposits and manifestations of probable resources, the procedure for drawing up and maintaining territorial balances of reserves and cadastres of deposits and manifestations of common minerals;

7.1) establishing a procedure for determining specific amounts of regular subsoil use payments rates;

8) disposal of the subsoil of the continental shelf of the Russian Federation;

8.1) establishment and coordination of rules for preparation of technical projects for development of mineral deposits by types of minerals, rules for preparation of project documentation for geological prospecting and exploration of mineral deposits by types of minerals and rules for development of mineral deposits by types of minerals;

9) introduction of subsoil use restrictions at selected sites to ensure national security and environmental protection;

10) disposal of the state fund of subsoil jointly with the subjects of the Russian Federation, except for the plots under the exclusive jurisdiction of the Russian Federation;

11) approval of agreements on product sharing terms;

12) coordination of research and development activities related to the use of subsoil;

13) protecting the rights of subsoil users and the interests of citizens of the Russian Federation;

14) settlement of disputes on subsoil use issues between subjects of the Russian Federation;

15) conclusion of international treaties of the Russian Federation on geological survey, use and protection of subsoil;

16) establishment of the procedure for state supervision over geological survey, rational use and protection of subsoil, organization and implementation of federal state supervision over geological survey, rational use and protection of subsoil;

17) concluding of product sharing agreements when using subsoil plots;

18) establishment of a procedure for the organization and implementation of federal state supervision over the safe conduct of work related to the use of subsoil (hereinafter – state mining supervision);

19) establishment of the procedure for preparation and execution of documents certifying the specified boundaries of the mining works area;

20) review and approval of mining development plans or schemes by type of mineral;

21) establishing procedures for the preparation, review and approval of plans or schemes for the development of mining activities by type of mineral;

22) establishing the procedure for placing in layers of rock associated water and water used by subsoil users for their own production and technological needs, in the exploration and production of hydrocarbons, the procedure for placing in layers of rock water generated by subsoil users engaged in exploration and production, as well as primary processing of potash and magnesium salts;

23) establishment of criteria for attributing minerals to associated

minerals (minerals extracted from subsurface together with minerals extracted in accordance with this Law) (except for associated waters, hydrocarbons and common minerals);

24) establishing of rules for development of technologies for geological exploration, prospecting and production of rare earth metals, rules for preparation of project documentation for development of technologies for geological survey, prospecting and evaluation of rare earth metals.

Implementation of the general federal subsoil use policy in the Russian Federation is entrusted to the federal body managing the state subsoil fund and its territorial bodies.

The Russian Federation may transfer certain powers on regulation of subsoil use relations to subjects of the Russian Federation

Article 3.1. Transfer of the powers of federal executive bodies in the area of regulation of subsoil use relations to executive bodies of the subjects of the Russian Federation

The powers of federal executive bodies in the sphere of regulation of subsoil use relations provided for by this Law may be transferred to executive bodies of the subjects of the Russian Federation by decrees of the Government of the Russian Federation in accordance with the procedure established by Federal Law of 6 October, 1999 No. 184-FZ «On general principles of organization of legislative (representative) and executive bodies of state power of the subjects of the Russian Federation».

Article 4. Powers of public authorities of the subjects of the Russian Federation in the area of regulation of subsoil use relations

Powers of public authorities of the subjects of the Russian Federation in the area of regulation of subsoil use relations include:

1) adoption and improvement of laws and other regulatory legal acts of the subjects of the Russian Federation on subsoil;

2) participation in the development and implementation of state programs for geological survey of mineral resources and development of the mineral resource base of the Russian Federation;

3) development and implementation of territorial programs for the development and use of mineral resources base;

4) creation and maintenance of geological information funds of the subjects of the Russian Federation, establishment of the procedure and conditions for the use of geological information on the subsoil, the owner of which is a subject of the Russian Federation;

5) participation in the state expertise of mineral and groundwater reserves, geological information on subsoil plots provided for use;

6) compilation and maintenance of territorial balances of reserves and cadastral deposits and manifestations of common minerals and accounting of subsoil plots used for construction of underground structures not related to extraction of minerals;

7) management of the unified state fund of subsoil on its territories jointly with the Russian Federation, formation, jointly with the Russian Federation, of regional lists of minerals classified as common minerals and granting the right to use subsoil plots of local significance;

7.1) preparation and approval of lists of subsoil plots of local significance in coordination with the federal body managing the state subsoil fund or its territorial bodies;

8) is no longer valid. – The Federal Law of August 22, 2004 No. 122-FZ;

8.1) approval of technical projects for development of common mineral deposits and other project documentation for works related to the use of subsoil plots of local significance;

9) establishment of the procedure for using subsoil plots of local significance;

10) protecting the interests of smaller nations, the rights of subsoil users and the interests of citizens, and resolving disputes over subsoil use issues;

11) is no longer valid. – The Federal Law of August 22, 2004 No. 122-FZ;

12) participation of the subjects of the Russian Federation, within the limits of powers established by the Constitution of the Russian Federation and federal laws, in production sharing agreements, when using subsoil plots;

13) participation in determining the terms of use of mineral deposits;

14) organization and implementation of regional state supervision over geological survey, rational use and protection of subsoil with respect to subsoil plots of local significance;

14.1) state expertise of mineral and groundwater reserves, geological information on subsoil plots of local significance available for use, as well as common mineral and groundwater reserves used for drinking or technical water supply purposes, the extraction volume of which is not more than 500 cubic meters per day;

15) regulation of other issues in the area of subsoil use and protection, except for those under the jurisdiction of the Russian Federation.

Article 5. Powers of local self-government bodies in regulation of subsoil use relations

Powers of local self-government bodies in regulation of subsoil use relations include:

1) participation in resolving issues related to the observance of socio-economic and environmental interests of the population of the territory in the provision of subsoil for use;

- 2) development of mineral resource base for local industry enterprises;
- 3) is no longer valid. – The Federal Law of November 30, 2011 No. 364-FZ;
- 4) suspension of work related to the use of subsoil on land plots in case of violation of provisions of Article 18 of this Law;
- 5) control over subsoil use and protection under the extraction of common minerals, as well as under the construction of underground structures unrelated to the extraction of minerals;
- 6) is no longer valid. – The Federal Law of August 22, 2004 No. 122-FZ.

Chapter II. SUBSOIL USE

Article 6. Types of subsoil use

Subsoil is available for use for:

1) regional geological survey, including regional geological and geophysical works, geological survey, engineering and geological surveys, research, paleontological and other works aimed at general geological exploration of subsoil, geological works on earthquake prediction and volcanic activity research, creation and maintenance of subsoil conditions monitoring, control over groundwater regime, as well as other works carried out without significant disturbance of subsoil integrity;

2) geological survey, including prospecting and evaluation of mineral deposits, as well as geological survey and evaluation of the suitability of subsoil plots for construction and operation of underground structures not related to the extraction of minerals;

3) exploration and production of mineral resources, including the use of mining waste and associated processing facilities, placement of associated water and water used by subsoil users for their own production and technological needs in exploration and production of hydrocarbons, placement of water generated by subsoil users in layers of rocks, as well as primary processing of potash and magnesium salts;

3.1) *development of technologies for geological survey, exploration and production of rare earth metals;*

4) construction and operation of underground facilities not related to mineral production;

5) formation of specially protected geological sites of scientific, cultural, aesthetic, sanitary and other significance (scientific and educational sites, geological reserves, wildlife sanctuaries, nature monuments, caves and other underground cavities);

6) collection of mineralogical, paleontological and other geological collection materials.

The subsoil may be used simultaneously for geological survey, exploration

and mineral production. At the same time, exploration and production of minerals, except for exploration and production of minerals in a subsoil plot of federal significance by a legal entity controlled by foreign investors, or by a foreign investor, may be carried out both in the process of geological survey of subsoil and after its completion. Exploration and production of mineral resources in a subsoil plot of federal significance by a legal entity controlled by foreign investors or by a foreign investor may be carried out on the basis of a decision of the Government of the Russian Federation on the possibility of carrying out exploration and production of mineral resources in this plot.

Subsoil resources may also be made available simultaneously for the development of technologies for geological survey, exploration and production of rare earth metals and for exploration and production of such metals. The Government of the Russian Federation establishes the types of rare earth metals in respect of which the right to use a subsoil plot may be granted for the development of technologies for geological survey, exploration and production of rare earth metals.

Article 7. Subsoil plots available for use

In accordance with the license for the use of subsoil for mining, construction and operation of underground structures not related to mining, formation of specially protected geological objects, development of technologies for geological survey, exploration and production of rare earth metals, as well as in accordance with the production sharing agreement for exploration and production of mineral resources, the subsoil plot is provided to the user in the form of a mining works area – a geometric subsoil block.

When determining the boundaries of the mining works area, the spatial contours of the mineral deposit, the position of the construction and operation area of underground structures, the boundaries of safe mining and blasting operations, the zones safe from the harmful influence of mining, the zones of rock displacement, the contours of safety targets under natural objects, buildings and structures, different sides of quarries and sections and other factors affecting the state of subsoil and earth surface in connection with the process of geological survey and exploration are taken into account.

The preliminary boundaries of the mining works area shall be established when granting a subsoil use license. After development of the technical project for performance of works related to subsoil use, receipt of a positive conclusion of the state expertise and approval of the said project in accordance with Article 23.2 of this Law, the state mining supervision authority or in cases established by the Government of the Russian Federation, the executive authority of the subject of the Russian Federation (with regard to subsoil plots of local significance) shall issue documents that certify the specified boundaries of a mining works area (the mining works area certificate and graph applications).

The subsoil user granted with a mining works area has an exclusive right for subsoil use within its boundaries according to the license. Any activity related to subsoil use within the boundaries of the mining works area may only be carried out with the consent of the subsoil user to whom it has been granted.

A subsoil plot provided under a license for geological survey without significant disturbance of subsoil integrity (without heavy mining and drilling of wells for mining or construction of underground structures for purposes unrelated to mining) shall be granted the status of a geological works area by decision of the federal administration body of the state subsoil fund or its territorial body. Within the boundaries of a geological works area, several subsoil users may work simultaneously. Their relations are determined when providing subsoil for use.

When a subsoil plot is provided for use in accordance with the production sharing agreement in prospecting, exploration and production of mineral resources, a mining or geological works area is issued within the boundaries defined by the said agreement.

In order to ensure the completeness of the geological survey, rational use and protection of subsoil, the boundaries of the subsoil plot provided for use may be changed.

The procedure for establishing and altering the boundaries of subsoil plots provided for use, the procedure for preparing and executing documents certifying the specified boundaries of a mining works area, shall be established by the Government of the Russian Federation.

In order to ensure efficient and safe execution of work on a subsoil plot provided for use for exploration and production of minerals or for geological survey, exploration and production of minerals carried out under a combined license and containing rare earth metals, by decision of a commission to be established by a federal body managing the state subsoil fund, which also includes representatives of the executive authority of the respective subject of the Russian Federation, upon application of a subsoil user within the boundaries of a subsoil plot granted to him in accordance with this Law, a subsoil plot containing rare earth metals may be allocated for the development of technologies for geological research, exploration and production of rare earth metals, exploration and production of such minerals under a combined license.

When allocating the subsoil plot containing rare earth metals, the subsoil plot from which the allocation is made is kept within the changed boundaries, and the allocated subsoil plot containing rare earth metals is provided for use to the user of the subsoil plot from which the specified subsoil plot is allocated.

The procedure for allocation of the subsoil plot containing rare earth metals for the development of technologies of geological survey, exploration and mining of rare earth metals, exploration and mining of the minerals carried out under a combined license shall be established by the Government of the Russian Federation.

Article 7.1. Correction of technical errors in subsoil use license

Technical errors (lapses, misprints, grammatical or arithmetical errors or similar errors) made during the registration or reissuance of subsoil use licenses, including those in the information on subsoil plot boundaries, are corrected by the federal body managing the state subsoil fund or its territorial body, concerning subsoil plot of local significance – by the authorized executive body of the relevant subject of the Russian Federation within 15 calendar days after the discovery of technical mistakes or concerning subsoil plot boundaries.

The application for correction of technical errors in the subsoil use license shall be submitted by the owner of the license for subsoil use to the federal body managing the state subsoil fund or its territorial body, concerning subsoil plots of local significance – to the authorized body of executive authority of the relevant subject of the Russian Federation.

The federal body managing the state subsoil fund, or its territorial body, or the authorized body of the relevant subject of the Russian Federation concerning the subsoil plot of local significance, shall inform the owner of the subsoil use license on the correction of technical errors in the license or on refusal in their correction within 7 calendar days after the decision on correction of errors or on refusal in their correction. Correction of technical errors in the license shall be made, if such correction does not result in termination, occurrence, or transfer of the subsoil use rights.

Disputes arising from the correction of technical errors in the subsoil use license shall be resolved in court.

Article 8. Subsoil use restriction

The use of individual subsoil plots may be restricted or prohibited with a view to ensuring national security and environmental protection.

Subsoil use in the territories of settlements, suburban areas, industrial, transport, and communication facilities may be partially or completely prohibited in cases where such use may endanger human life and health, damage economic facilities or environment.

Subsoil use in specially protected areas is carried out according to the status of these areas.

Article 9. Subsoil users

Subsoil users may include business entities, including members of simple partnerships, foreign citizens, legal entities, unless otherwise provided by the federal laws.

Subsoil users on the subsoil plots of federal significance, except for the subsoil plots of federal significance on continental shelf of the Russian

Federation, and subsoil plots of federal significance on the territory of the Russian Federation extending to its continental shelf, may be legal entities established in accordance with the laws of the Russian Federation, if the Government of the Russian Federation in accordance with this Law does not establish additional restrictions on the right to participate in auctions for the right to use such subsoil plots for legal entities established in accordance with the laws of the Russian Federation with participation of foreign investors, as well as if the Government of the Russian Federation in the interests of ensuring the country's defense and security of the state, as advised by the federal executive body that carries out the functions of elaboration and implementation of the state defense policy, and/or the federal executive body in the field of security, does not establish additional requirements to legal entities established in accordance with the laws of the Russian Federation with the participation of foreign investors, which are entitled to carry out geological survey of subsoil plots of federal significance in the internal waters and territorial sea of the Russian Federation in order to search for and assess oil, gas and gas condensate deposits.

Subsoil users on the subsoil plots of federal significance on continental shelf of the Russian Federation, as well as on the subsoil plots of federal significance located on the territory of the Russian Federation extending to its continental shelf, may be legal entities established in accordance with the laws of the Russian Federation, which have experience in developing the subsoil plots of the continental shelf of the Russian Federation for at least five years, in which the share (contribution) of the Russian Federation in the authorized capital is more than fifty percent and (or) in respect of which the Russian Federation is entitled to directly or indirectly dispose of more than fifty percent of the total number of votes attributable to the voting shares (stakes) that constitute the authorized capital of the Russian Federation.

Subsoil users on the terms of production sharing agreements may be legal entities and associations of legal entities established on the basis of joint activity agreements (simple partnership agreements) and not having the status of a legal entity, provided that the members of such associations are jointly and severally liable for the obligations arising from production sharing agreements.

If federal laws establish that certain activities related to the use of subsoil require permits (licenses), subsoil users must have permits (licenses) to carry out relevant activities related to the use of subsoil, or to engage entities having such permits (licenses) to carry out such activities.

Subsoil users carrying out activities for the extraction and disposal of radioactive substances and wastes of I-V hazard classes may be legal entities established in accordance with the laws of the Russian Federation and having permits (licenses) issued by the authorized federal executive body to carry out activities for the extraction and use of radioactive substances and the use of wastes of I-V hazard classes.

Rights and obligations of the subsoil user arise from the date of the state

registration of the license for the use of a subsoil plot, and from the date of entry into force of production sharing agreement when granting the right to use a subsoil plot on the terms of such agreement.

Subsoil users – legal entities established in accordance with the laws of the Russian Federation, in the charter capital of which the share (contribution) of the Russian Federation or a subject of the Russian Federation in the aggregate exceeds fifty percent and/or in relation to which the Russian Federation or a subject of the Russian Federation is entitled to directly or indirectly dispose of more than fifty percent of the total number of votes attributable to the voting shares (stakes) constituting the charter capital of such legal entities, subsidiaries of such legal entities that carry out geological survey, exploration and mining of minerals or carry out geological survey, exploration and mining of minerals within the boundaries of mining works areas and/or geological works areas provided to them by this Law under a combined license, may carry out mining of associated minerals (except for associated waters, hydrocarbons and common minerals) that are not specified in the licenses, after receiving the conclusion of the state expert examination provided for in Article 29 of this Law, and after making relevant changes to the license.

Subsoil users on subsoil plots of local significance (chapter I, Article 2.3, part 1) provided for use in accordance with the paragraph 8 of part six, Article 10.1 of this Law, may be legal entities with which civil law contracts for construction, reconstruction, overhaul, repair and maintenance of public highways have been concluded in accordance with the Federal Law of 5 April 2013 No. 44-FZ «On the contractual system for the procurement of goods, works and services to meet state and municipal needs» or the Federal Law of 18 July 2011 No. 223-FZ «On purchase of goods, works and services by certain types of legal entities».

Article 10. Terms of use of subsoil plots

Subsoil plots are available for use for a certain period of time or without a time limit. Subsoil plots are provided for a certain period of time for:

geological survey – for up to 5 years, or for up to 7 years when carrying out geological survey of subsoil plots located in whole or in part within the borders of the Republic of Sakha (Yakutia), the Komi Republic, Kamchatka Krai, Krasnoyarsk Krai, Khabarovsk Krai, Irkutsk Oblast, Magadan Oblast, Sakhalin Oblast, Nenets Autonomous Okrug, Chukotka Autonomous Okrug, Yamalo-Nenets Autonomous Okrug, or for a period of up to 10 years when carrying out geological survey of internal waters, territorial sea and continental shelf of the Russian Federation.

mineral extraction – the period of mineral deposit development calculated on the basis of the feasibility survey for the development of a mineral deposit that ensures rational use and protection of mineral resources;

groundwater extraction – for up to 25 years;
extraction of mineral resources on the basis of granting short-term right to use subsoil plots in accordance with Article 21.1 of this Law – for up to 1 year;
exploration and production of common minerals in the subsoil plots of local significance, which are specified in the first paragraph of paragraph 1 of Article 2.3 of this Law and which are provided in accordance with the paragraph 8 of part six of Article 10.1 of this Law – for the period of the relevant works on construction, reconstruction, overhaul, repair and maintenance of public roads;
development of technologies for geological survey, exploration and production of rare earth metals in accordance with the paragraph 8 of part three of Article 10.1 of this Law – for up to 7 years, and for development of technologies for geological survey, exploration and production of rare earth metals in accordance with paragraph 4.1 of Article 10.1 of this Law – for up to 15 years.

Subsoil plots may be provided for use for an unlimited period for construction and operation of underground structures not related to mining, construction and operation of underground structures related to waste burial, construction and operation of oil and gas reservoirs, placement of associated waters in rock formations, waters used by subsoil users for their own production and technological needs in exploration and production of hydrocarbons, waters generated by subsoil users engaged in exploration and production, as well as primary processing of potash and magnesium salts, for the formation of specially protected geological sites and other purposes.

The term of use of a subsoil plot shall be extended at the initiative of the subsoil user if it is necessary to complete prospecting and evaluation or development of a mineral deposit or to carry out liquidation measures provided that the subsoil user does not violate the terms of the license. The term of development of technologies for geological survey, exploration and production of rare earth metals in the subsoil area provided for use in accordance with the paragraph 8 of part three of Article 10.1 of this Law shall be extended at the initiative of the subsoil user in case it is necessary to complete development of technologies for geological survey, exploration and production of rare earth metals once for up to 3 years. The term for development of technologies for geological survey, exploration and production of rare earth metals in the subsoil plot provided for use in accordance with paragraph 4.1 of Article 10.1 of this Law shall be extended at the initiative of the subsoil user for up to 5 years without limitation of the number of extensions.

The procedure for the extension of the subsoil plot use period on the terms of the production sharing agreement is determined by the said agreement.

The terms of use of subsoil plots are calculated from the moment of state registration of licenses to use these subsoil plots.

Article 10.1. Grounds for the right to use subsoil plots

Grounds for the right to use subsoil plots include:

1) the decision of the Government of the Russian Federation, adopted:

based on the results of the auction for exploration and production of mineral resources or for geological survey of subsoil resources, exploration and production of mineral resources under a combined license in a subsoil plot of federal significance;

for geological survey of subsoil plots of federal significance in the internal waters and territorial sea of the Russian Federation in order to search for and assess oil, gas and gas condensate deposits from the list of subsoil areas of federal significance approved by the Government of the Russian Federation, which are made available for use without auctioning;

when it is established that a mineral deposit has been discovered in a subsoil plot of federal significance or in a subsoil plot that is classified as a subsoil plot of federal significance as a result of the discovery of a mineral deposit by a subsoil user who carried out geological survey of the subsoil of such a plot for exploration and production of minerals from an open field, except for such works in accordance with a state contract;

for burial of radioactive wastes, wastes of I-V hazard classes in deep horizons, providing localization of such wastes;

for exploration and production of mineral resources or for geological survey of subsoil, exploration and production of mineral resources carried out under a combined license, in a subsoil plot of federal significance on the continental shelf of the Russian Federation, in a subsoil plot of federal significance located on the territory of the Russian Federation and extending to its continental shelf, in a subsoil plot of federal significance containing gas, from the list of subsoil plots of federal significance approved by the Government of the Russian Federation, which have been provided with a list of subsoil plots of federal significance;

2) the decision of the federal body managing the state subsoil fund or its territorial body adopted for the purpose of granting the right of short-term (up to one year) use of a subsoil plot to a legal entity (operator) for carrying out activity on a subsoil plot, the right to use which has been prematurely terminated, except for subsoil plots of local significance;

3) decision of the commission created by the federal body managing the state subsoil fund and including representatives of the executive body of the relevant subject of the Russian Federation for consideration of applications for the right to use subsoil plots:

for the purpose of geological survey of subsoil, except for subsoil plots of federal and local significance;

when it is established that a mineral deposit has been discovered in a subsoil plot by a subsoil user who carried out geological survey of the subsoil

of such a plot for exploration and production of minerals from an open deposit, except for a subsoil plot of federal significance, a subsoil plot classified as a subsoil plot of federal significance as a result of the discovery of a mineral deposit and geological survey of subsoil in accordance with a state contract, and subsoil plots of local significance;

for exploration and extraction of groundwater used for drinking water supply or technical water supply purposes in subsoil plots not classified as subsoil plots of local significance, or for geological survey of subsoil plots not classified as subsoil plots of local significance, for the purposes of prospecting and evaluation of groundwater used for drinking water supply or technical water supply purposes, or for geological survey of subsoil plots for the purposes of prospecting and evaluation of subsoil plots used for drinking water supply or technical water supply purposes;

is no longer valid. – the federal law of November 30, 2011 No. 364-FZ;

for construction of oil and gas reservoirs in rock formations and operation of such oil and gas reservoirs, disposal of production and consumption wastes, disposal of associated water in rock formations, water used by subsoil users for their own production and technological needs in exploration and production of hydrocarbons, water produced by subsoil users engaged in exploration and production, as well as primary processing of potash and magnesium salts;

for formation of specially protected geological sites;

for the development of technologies for geological survey, exploration and production of rare earth metals, exploration and production of such minerals under a combined license in a subsoil plot allocated from a subsoil plot granted to the same user for exploration and production of minerals or for geological survey, exploration and production of minerals under a combined license;

4) decision of the tender or auction commission on granting the right to use a subsoil plot for exploration and production of minerals or for geological survey of subsoil, exploration and production of minerals under a combined license, except for subsoil plots of federal significance;

4.1) the decision of the tender commission on granting the right to use the subsoil plot for the development of technologies for geological survey, exploration and production of rare earth metals in the subsoil plot containing such minerals and not containing mineral reserves of the same type not included in the state balance;

5) the decision of the executive body of a subject of the Russian Federation agreed with the federal body managing the state subsoil fund or its territorial body and adopted for the collection of mineralogical, paleontological and other geological collection materials;

6) the decision of the government body of the subject of the Russian Federation adopted in accordance with the legislation of the Russian Federation on: granting, based on the auction results, the right to use a subsoil plot of local significance included in the list of subsoil plots of local significance

approved by the executive authority of a subject of the Russian Federation for exploration and production of common minerals or for geological survey, exploration and production of common minerals;

granting the right to use a subsoil plot of local significance for construction and operation of underground structures of local and regional significance not related to mineral extraction;

granting the right to use a subsoil plot of local significance containing a common mineral deposit and included in the list of subsoil plots of local significance approved by the executive authority of a subject of the Russian Federation for exploration and production of common minerals of an open deposit when it is established that the subsoil plot has been discovered by a user of the subsoil who has carried out work on the geological survey of such a subsoil plot for the purpose of prospecting and evaluation of common mineral deposits;

granting the right of short-term (up to one year) use of a subsoil plot of local significance to carry out activities on a subsoil plot of local significance by a legal entity (operator), the right to use which has been prematurely terminated;

granting the right to use a subsoil plot of local significance included in the list of subsoil plots of local significance approved by the executive authority of a subject of the Russian Federation for its geological survey for the purpose of searching and assessing deposits of common minerals;

granting the right to use a subsoil plot of local significance for geological survey for the purpose of groundwater exploration and evaluation, for exploration and extraction of groundwater or for geological survey for the purpose of groundwater exploration and evaluation;

granting, without tender or auction, the right to use the subsoil plot of local significance specified in the paragraph 1 of part one of Article 2.3 of this Law for exploration and production of common minerals required for the purposes of construction, reconstruction, overhaul, repair and maintenance of public roads, carried out on the basis of civil law contracts for the performance of these works, concluded in accordance with the Federal Law of April 5, 2013 No. 44-FZ «On the contractual system in the purchase of goods, works and services to meet the state and municipal needs» or the Federal Law of July 18, 2011 No. 223-FZ «On the purchase of goods, works and services by individual types of legal entities»;

granting the right to use a subsoil plot of local importance for the extraction of groundwater used for drinking water supply or technical water supply by horticultural non-profit partnerships and/or garden non-profit partnerships;

7) transfer of the right to use subsoil plots in accordance with the grounds established by federal laws governing subsoil use relations;

8) a product sharing agreement concluded in accordance with the Federal Law «On Production Sharing Agreements» that has entered into force;

9) *a state contract for the execution of works on geological exploration*

of mineral resources (including the regional one), concluded by the federal body managing the state fund of mineral resources in accordance with the Federal Law of April 5, 2013 No. 44-FZ «On the contractual system for the purchase of goods, works and services to meet the state and municipal needs».

Article 11. Subsoil use license

Granting subsoil for use, including by the state authorities of the subjects of the Russian Federation, is executed by a special state permit in the form of a license including a prescribed form of a form with the State Emblem of the Russian Federation, as well as text, graph and other applications that are an integral part of the license and determine the basic conditions of subsoil use.

Granting the subsoil plot(s) for use on the terms and conditions of the production sharing agreement is formalized by the subsoil use license. The license certifies the right to use the specified subsoil plot(s) on the terms and conditions of the agreement defining all necessary conditions of subsoil use in accordance with the Federal Law «On Production Sharing Agreements» and the subsoil legislation of the Russian Federation.

The license is a document certifying the right of its owner to use a subsoil plot within certain boundaries in accordance with the purpose specified in it within a specified period of time, provided that the owner meets previously agreed conditions. An agreement may be concluded between the authorized state authorities and the subsoil user, establishing the terms and conditions for the use of such subsoil plot, as well as the obligations of the parties to fulfill the said agreement.

The license certifies the right to carry out works on geological survey of subsoil, development of mineral deposits, development of technologies for geological survey, exploration and production of rare earth metals, placement of associated water in layers of rocks, water used by subsoil users for their own production and technological needs in the exploration and production of hydrocarbons, water produced by subsoil users engaged in exploration and production, as well as primary processing of potash and magnesium salts, use of mining and associated processing waste, use of subsoil for non-mining purposes, formation of specially protected geological sites, collection of mineralogical, paleontological and other geological collection materials.

It is allowed to grant licenses for several types of subsoil use.

Part 6 is no longer valid since March 1, 2015. – The Federal Law of June 23, 2014 No. 71-FZ.

Article 12. Contents of subsoil use license.

The license and its integral parts must contain:

1) data on the subsoil user who received the license and the authority that

granted the license, as well as the basis for granting the license;

2) data on the intended purpose of work related to the use of subsoil;

3) indication of the boundaries of the subsoil plot to be granted for use;

4) indication of the boundaries of the territory, land plot or water area allocated for work related to subsoil use;

5) *terms of the license and terms of commissioning of works (preparation of the technical design and other design documentation for works related to the use of subsoil, reaching the designed capacity, submission of geological information for state expertise);*

6) conditions related to payments levied for subsoil use, land plots, water areas;

7) *agreed level of extraction of mineral resources, as well as associated minerals (if any), limit of accumulated extraction of mineral resources, established in accordance with the project documentation for development of technologies for geological survey, exploration and extraction of rare earth metals, agreed and approved in accordance with the procedure provided for in Article 23.2 of this Law, indication of the owner of the extracted mineral resources and associated minerals (if any);*

8) deadlines for submission of geological information on subsoil in accordance with Article 27 of this Law to the federal geological information fund and its territorial funds, as well as to the geological information funds of the subjects of the Russian Federation (in respect of licenses for use of subsoil plots of local significance);

9) conditions for meeting the requirements for rational use and protection of subsoil, safe conduct of work related to the use of subsoil, and environmental protection;

9.1) conditions for reducing the content of explosive gases in the mine, coal seams and exhausted space to the established allowable norms during the extraction (processing) of coal (oil shale);

10) procedure and terms for preparation of projects for liquidation or conservation of mine workings and land reclamation.

The subsoil use license sets out the above terms and conditions and the form of the contractual relations of subsoil use, including the contract for granting services (with and without risk), and may be supplemented by other terms and conditions not contrary to this Law.

In case of significant changes in the volume of consumption of manufactured products due to circumstances beyond the control of the subsoil user, the terms of putting objects into operation as defined by the license agreement may be revised by the authorities that issued the license for the use of subsoil plots, based on the application of the subsoil user.

The subsoil license under the terms of the product sharing agreements must contain the relevant data and terms as stipulated in the said agreement.

The subsoil use terms and conditions stipulated in the license shall remain

valid for the term specified in the license or for the entire term of the license. These terms and conditions may only be changed with the consent of the subsoil user and the authority granting the license, or in the cases stipulated by law.

Article 13. Is no longer valid. – The Federal Law of August 22, 2004 No. 122-FZ.

Article 13.1. Tenders and auctions for the right of subsoil use

The Government of the Russian Federation shall take decisions on the holding of auctions for the right to use subsoil plots of federal significance, on the composition and work procedure of auction commissions, and determine the procedure and conditions for holding such auctions for each subsoil plot or group of subsoil plots.

Decisions on holding tenders or auctions for the right to use subsoil plots, on the composition and work procedure of tender or auction commissions and the determination of the procedure and conditions for holding such tenders or auctions with respect to each subsoil plot or group of subsoil plots are made by:

- 1) the state authority of the relevant subject of the Russian Federation in respect of subsoil plots of local significance;
- 2) the federal body managing the state subsoil fund or its territorial bodies with respect to subsoil plots, except for subsoil plots of federal or local significance.

In the interests of ensuring the defense of the country and the security of the State, the Government of the Russian Federation, when determining the procedure and conditions for holding auctions for the right to use subsoil plots of federal significance, except for subsoil plots of federal significance on the continental shelf of the Russian Federation and subsoil plots of federal significance located in the territory of the Russian Federation and extending to its continental shelf, on the recommendation of the federal executive body responsible for the development and implementation of state policy in the area of defense and/or the federal executive body in the area of security, restrictions may be imposed on the admission to participation in such auctions of legal entities established in accordance with the legislation of the Russian Federation with the participation of foreign investors.

The decision on approval of the result of the tender or auction for the right to use the subsoil plot shall be taken within a period not exceeding 30 days from the date of the tender or auction by the bodies specified in chapters I and II of this article.

Tender or auction commissions established by the federal body managing the state subsoil fund or its territorial bodies shall also include representatives of the executive body of the corresponding subject of the Russian Federation.

The main criteria for identifying a winner in the tender for the right to

use a subsoil plot, except for the tender for the right to use a subsoil plot for the development of technologies for geological survey, exploration and production of rare earth metals, are the scientific and technical level of programs for geological survey of subsoil and use of subsoil plots, the completeness of mineral extraction, the contribution to the socio-economic development of the territory, the terms of implementation of the respective programs, and the effectiveness of protection measures. The main criteria for identifying a winner in the tender for the right to use a subsoil plot for the development of technologies for geological survey, exploration and production of rare earth metals are the scientific and technical level of programs of work on the development of technologies for geological survey, exploration and production of rare earth metals, qualification and experience of the proposed participants of such works, and proposals for providing access to the results of such works to the interested parties.

The main criterion for identifying a winner in a tender for the right to use a subsoil plot is the amount of a one-time payment for the right to use a subsoil plot.

If a tender for the right to use a subsoil plot is recognized as invalid due to the receipt of an application from only one participant, a license to use the subsoil plot may be issued to that participant on the terms of such a tender.

An announcement of a tender or an auction for the right to use subsoil plots shall be placed on the official website of the Russian Federation in the information and telecommunication network «the Internet» for placement of information on bidding (hereinafter – the official website).

The official website and the body authorized for its maintenance shall be determined by the Government of the Russian Federation.

An announcement of a tender or an auction for the right to use subsoil plots shall be placed on the official website at least 90 days before the date of the tender for the right to use subsoil plots or at least 45 days before the date of the auction for the right to use subsoil plots. Announcements of auctions for the right to use subsoil plots of federal significance must contain an indication of the information provided for in part three of this article on restrictions on admission to participation in such auctions.

The procedure and conditions for holding tenders or auctions for the right to use subsoil plots for concluding production sharing agreements are determined in accordance with the laws of the Russian Federation.

Prior to the determination by the Government of the Russian Federation of an official website, an announcement of a tender or an auction for the right to use subsoil plots shall be placed on the official websites of the bodies specified in parts one and two of this article, on the information and telecommunication network «the Internet», and shall also be published in the all-Russian mass media and in the mass media published in the territories of the relevant subjects of the Russian Federation at least 90 days before the date of the tender for the right of use of subsoil plots and at least 45 days before the date of the auction for

the right to use subsoil plots, counting from the date of the first publication. The choice of the media for publication of such announcements shall be made by the bodies specified in parts one and two of this article.

It is not allowed to issue a license, conclude a contract (agreement) based on the results of a tender or an auction for the right to use subsoil plots, or if the tender or auction is recognized as failed, earlier than ten days from the date of signing the protocol on the basis of which the license is issued, conclude a contract (agreement), and, if the placement of the said protocol on the website in the information and telecommunication network «the Internet» is provided, earlier than ten days from the date of such placement.

Article 14. Refusal to accept an application for participation in a tender or auction or an application for the right to use mineral resources without holding a tender or auction

Refusal to accept an application for participation in a tender or auction or an application for the right to use mineral resources without holding a tender or auction may occur in the following cases:

1) an application for a license has been submitted in violation of the established requirements, including if its content does not meet the announced terms of the tender or auction;

2) the applicant deliberately misrepresented himself;

3) the applicant has not provided, and cannot provide, evidence that he has, or will have, qualified professionals with the necessary financial and technical means to carry out the work efficiently and safely;

4) if in case of granting the right to use subsoil to this applicant the antimonopoly requirements will not be met;

5) the applicant does not meet the criteria established by the auction conditions for granting the right to use the subsoil plot of federal significance.

Article 15. State licensing system

The state licensing system is the uniform order of granting licenses, including information, scientifically-analytical, economic and legal preparation of materials and their registration.

The objective of the state licensing system is to provide:

practical implementation of state programmes for the development of the mining industry and mineral resources base, and protection of the national security interests of the Russian Federation;

social, economic, environmental and other interests of the population living in the territory and all citizens of the Russian Federation;

equal opportunities for all legal entities and citizens to obtain licenses;

development of market relations, implementation of antimonopoly

policy in the sphere of subsoil use;

necessary guarantees to licensees (including foreign licensees) and protection of their right to use mineral resources.

Article 16. Organizational support of the state licensing system

Organizational support of the state licensing system is entrusted to the federal body managing the state subsoil fund and to its territorial bodies.

The federal body managing the state subsoil fund or its territorial body:

1) submit to the Government of the Russian Federation proposals on holding auctions for the right to use subsoil plots of federal significance, on including in the list of subsoil plots of federal significance that are provided without auctions, subsoil plots of federal significance on the continental shelf of the Russian Federation, subsoil plots of federal significance located in the territory of the Russian Federation and extending to its continental shelf, subsoil plots of federal significance containing gas for exploration and production of mineral resources or for geological survey of subsoil, for exploration and production of mineral resources carried out under a combined license, subsoil plots of federal significance of internal waters and territorial sea of the Russian Federation for geological survey for the purpose of prospecting and evaluation of oil, gas and gas condensate deposits, as well as the right to use such plots without holding auctions;

2) prepare a list of subsoil plots proposed for use, approve such a list and conditions of granting subsoil plots, except for subsoil plots of federal significance and subsoil plots of local significance;

2.1) agree on lists of subsoil plots of local significance;

3) ensure functioning of the state licensing system, except for licensing the use of subsoil plots of local significance;

4) prepare conditions for the use of subsoil plots for geological survey of subsoil, exploration and production of mineral resources in relation to each subsoil plot, except for subsoil plots of local significance.

Executive authorities of the subjects of the Russian Federation in relation to subsoil plots located on their territories:

1) ensure functioning of the state licensing system for use of subsoil plots of local significance;

2) prepare the conditions for use of subsoil plots of local significance;

3) are entitled to submit proposals to the federal body managing the state subsoil fund or to its territorial bodies on the formation of a program for licensing the use of subsoil plots, on the conditions of tenders or auctions for the right to use subsoil plots and the conditions of licenses for the use of subsoil plots;

4) prepare and approve lists of subsoil plots of local significance in coordination with the federal body managing the state subsoil fund or with its

territorial bodies.

Federal executive authorities shall participate in ensuring the functioning of the state licensing system in accordance with their powers determined by the Government of the Russian Federation.

Preparation, state registration and issuance of the licenses for use of subsoil plots shall be carried out by the federal body managing the state subsoil fund or by its territorial bodies, and in relation to the subsoil plots of local significance – by authorized executive bodies of the relevant subjects of the Russian Federation.

The procedure for preparation, state registration and issuance of the licenses for use of subsoil plots of local significance shall be established by public authorities of the subjects of the Russian Federation.

The procedure for consideration of applications for the right to use subsurface resources for burial of radioactive wastes, wastes of I – V hazard classes in deep horizons ensuring localization of such wastes in case of establishment of the fact of discovery of a mineral deposit in a subsoil plot of federal significance or in a subsoil plot classified as a subsoil plot of federal significance as a result of discovery of a mineral deposit by a subsoil user who carried out geological surveys of subsoil from its own funds for exploration and production of mineral resources from the open deposit, the procedure for consideration of such applications for geological survey for the purpose of prospecting and evaluation of oil, gas and gas condensate deposits in the subsoil plot of federal significance in the internal waters and territorial sea of the Russian Federation, for exploration and production of mineral resources or for geological survey of subsoil, exploration and production of mineral resources carried out under a combined license, subsoil plots provided for use without license and including subsoil plots of federal significance of the internal waters and territorial sea of the Russian Federation, subsoil plots of federal significance of the continental shelf of the Russian Federation, subsoil plots of federal significance located on the territory of the Russian Federation and extending to its continental shelf, subsoil plots of federal significance of the Russian Federation containing gas, and the criteria for attributing minerals to associated minerals (except for associated waters, hydrocarbons and common minerals), shall be established by the Government of the Russian Federation.

Organizational support of the state licensing system is entrusted to the federal body managing the state subsoil fund and to its territorial bodies.

The federal body managing the state subsoil fund or its territorial body:

1) submit to the Government of the Russian Federation proposals on holding auctions for the right to use subsoil plots of federal significance, on including in the list of subsoil plots of federal significance that are provided without auctions, subsoil plots of federal significance on the continental shelf of the Russian Federation, subsoil plots of federal significance located in the territory of the Russian Federation and extending to its continental shelf, subsoil

plots of federal significance containing gas for exploration and production of mineral resources or for geological survey of subsoil, for exploration and production of mineral resources carried out under a combined license, subsoil plots of federal significance of internal waters and territorial sea of the Russian Federation for geological survey for the purpose of prospecting and evaluation of oil, gas and gas condensate deposits, as well as the right to use such plots without holding auctions;

2) prepare a list of subsoil plots proposed for use, approve such a list and conditions of granting subsoil plots, except for subsoil plots of federal significance and subsoil plots of local significance;

2.1) agree on lists of subsoil plots of local significance;

3) ensure functioning of the state licensing system, except for licensing the use of subsoil plots of local significance;

4) prepare conditions for the use of subsoil plots for geological survey of subsoil, exploration and production of mineral resources in relation to each subsoil plot, except for subsoil plots of local significance.

Executive authorities of the subjects of the Russian Federation in relation to subsoil plots located on their territories:

1) ensure functioning of the state licensing system for use of subsoil plots of local significance;

2) prepare the conditions for use of subsoil plots of local significance;

3) are entitled to submit proposals to the federal body managing the state subsoil fund or to its territorial bodies on the formation of a program for licensing the use of subsoil plots, on the conditions of tenders or auctions for the right to use subsoil plots and the conditions of licenses for the use of subsoil plots;

4) prepare and approve lists of subsoil plots of local significance in coordination with the federal body managing the state subsoil fund or with its territorial bodies.

Federal executive authorities shall participate in ensuring the functioning of the state licensing system in accordance with their powers determined by the Government of the Russian Federation.

Preparation, state registration and issuance of the licenses for use of subsoil plots shall be carried out by the federal body managing the state subsoil fund or by its territorial bodies, and in relation to the subsoil plots of local significance – by authorized executive bodies of the relevant subjects of the Russian Federation.

The procedure for preparation, state registration and issuance of the licenses for use of subsoil plots of local significance shall be established by public authorities of the subjects of the Russian Federation.

The procedure for consideration of applications for the right to use subsurface resources for burial of radioactive wastes, wastes of I – V hazard classes in deep horizons ensuring localization of such wastes in case of

establishment of the fact of discovery of a mineral deposit in a subsoil plot of federal significance or in a subsoil plot classified as a subsoil plot of federal significance as a result of discovery of a mineral deposit by a subsoil user who carried out geological surveys of subsoil from its own funds for exploration and production of mineral resources from the open deposit, the procedure for consideration of such applications for geological survey for the purpose of prospecting and evaluation of oil, gas and gas condensate deposits in the subsoil plot of federal significance in the internal waters and territorial sea of the Russian Federation, for exploration and production of mineral resources or for geological survey of subsoil, exploration and production of mineral resources carried out under a combined license, subsoil plots provided for use without license and including subsoil plots of federal significance of the internal waters and territorial sea of the Russian Federation, subsoil plots of federal significance of the continental shelf of the Russian Federation, subsoil plots of federal significance located on the territory of the Russian Federation and extending to its continental shelf, subsoil plots of federal significance of the Russian Federation containing gas, and the criteria for attributing minerals to associated minerals (except for associated waters, hydrocarbons and common minerals), shall be established by the Government of the Russian Federation.

The procedure for licensing the use of subsoil plots shall be established by the laws of the Russian Federation. The template of the subsoil use license form shall be established by the federal body managing the the state subsoil fund.

Article 17. Antimonopoly requirements in subsoil use

The actions of public authorities and any economic entities (subsoil users) aimed at:

- limitation of access to participation in this tender or auction to legal entities and citizens wishing to acquire the right to use subsoil in accordance with this Law;

- evasion from granting licenses to the winners in a tender or at an auction, as well as from granting subsoil use licenses stipulated by Article 11 of this Law on the terms of production sharing agreements;

- replacement of tenders and auctions by direct negotiations, except as provided by this Law and federal laws;

- discrimination of subsoil users, creating structures that compete with economic entities that occupy a dominant position in subsoil use;

- discrimination of subsoil users in providing access to transport and infrastructure facilities

shall be prohibited or deemed ineligible in accordance with the established procedure.

The federal body managing the state subsoil fund has the right to set

limits on the size of subsoil plots, the number of plots and the limit reserves of minerals provided for use.

Article 17.1. Transfer of the right to use subsoil plots and reissuance of licenses to use subsoil plots

The right to use subsoil plots is transferred to another business entity in the following cases:

reorganization of the legal entity – user of subsoil by its transformation – change of its legal form;

reorganization of a subsoil user legal entity by joining another legal entity to it or merging it with another legal entity in accordance with the laws of the Russian Federation;

termination of the activities of the legal entity – subsoil user due to its joining to another legal entity in accordance with the laws of the Russian Federation, provided that the other legal entity meets the requirements for subsoil users, and has qualified specialists, the necessary financial and technical means for the safe conduct of work;

reorganization of a legal entity – subsoil user by its division or separation from it of another legal entity in accordance with the laws of the Russian Federation, if the newly created legal entity intends to continue its activities in accordance with the license for use of subsoil plots granted to the former subsoil user;

legal entity – subsoil user acts as the founder of a new legal entity created to continue operations on the granted subsoil plot in accordance with the subsoil plot use license, provided that the new legal entity is formed in accordance with the laws of the Russian Federation and the property necessary for the activities specified in the subsoil plot use license is transferred to it, including from the property of the development objects within the boundaries of the subsoil plot, as well as the necessary permits (licenses) to carry out activities related to subsoil use, and the share of the former legal entity – subsoil user in the charter capital of the new legal entity at the time of transfer of the right to use the subsoil plot constitutes at least half of the charter capital of the new legal entity;

transfer of the right to use a subsoil plot to a legal entity that is a subsoil user, being the parent company, to a legal entity that is its subsidiary, transfer of the right to use a subsoil plot to a legal entity that is a subsoil user, being the parent company, if the legal entity to which the right to use subsoil is transferred is created in accordance with the laws of the Russian Federation, meets the requirements for the subsoil user by the laws of the Russian Federation, the terms of the tender or auction for the right to use this subsoil plot, the terms of the license for the use of this subsoil plot and the property necessary to carry out the activities specified in the subsoil use

license is transferred to such legal entity, including from the property within the boundaries of the subsoil plot, as well as the transfer of the right to use the subsoil plot to a legal entity that is a subsidiary of the parent company, a legal entity that is a subsidiary of the same parent company, on its instructions, subject to these conditions;

acquisition of property (property complex) of a bankrupt enterprise (subsoil user) by a business entity in accordance with the procedure provided for by the Federal Law «On Insolvency (bankruptcy)», provided that the property purchaser is a legal entity established in accordance with the laws of the Russian Federation, meets the qualification requirements to the subsoil user by the laws of the Russian Federation on subsoil;

conclusion of a concession agreement, lease agreement and other agreements with regard to centralized systems of hot water supply, cold water supply and/or wastewater disposal, individual facilities of such systems provided for by the Federal Law «On water supply and wastewater disposal».

When the right to use a subsoil plot is transferred, the subsoil plot license is subject to reissuance. In this case, the subsoil plot use conditions established by the previous license shall not be subject to revision.

Transfer of the right to use subsoil plots granted to business entities on the basis of production sharing agreements and reissuance of subsoil plot licenses are carried out in accordance with the Federal Law «On Production Sharing Agreements».

The subsoil use licenses shall be subject to reissuance also when the names of legal entities – subsoil users change.

The procedure for reissuance of licenses for use of subsoil plots shall be established by the federal body managing the state subsoil fund, and the procedure for reissuance of licenses for use of subsoil plots of local significance shall be established by the laws of the subject of the Russian Federation.

Refusal to reissue subsoil use licenses may be appealed in court.

The right to use a subsoil plot or subsoil plots acquired by a legal entity in accordance with the established procedure may not be transferred to third parties, including by way of assignment of rights established by civil law, except in cases provided for by this Law or other federal laws.

The license to use subsoil plots acquired by a legal entity in accordance with the established procedure may not be transferred to third parties, including for use.

Unless otherwise provided by this Law, it is prohibited to transfer the right to use a subsoil plot of federal significance to a legal entity established in accordance with the laws of the Russian Federation with the participation of a foreign investor or a group of persons, which includes the foreign investor, who:

1) have the right to directly or indirectly dispose (including under a property trust management agreement, a simple partnership agreement, an

assignment agreement or as a result of other transactions or on other grounds) of more than ten percent of the total number of votes attributable to the voting shares (stakes) constituting the charter (share) capital of such legal entity;

2) have the right, on the basis of a contract or on any other grounds, to determine the decisions taken by such legal entity, including the conditions of its business activities;

3) have the right to appoint a sole executive body and (or) more than ten percent of the collegial executive body and (or) have the unconditional right to elect more than ten percent of the board of directors (supervisory board) or other collegial management body of such legal entity.

By decision of the Government of the Russian Federation, it shall be permitted in exceptional cases to transfer the right to use subsoil plots of federal significance to the subjects of entrepreneurial activity specified in paragraph 9 of this Article.

Article 18. Provision of subsoil plots of local importance and use of common minerals extracted at such plots

Subsoil plots of local importance are provided for use for geological survey of common minerals, exploration and production of common minerals or for their geological survey, exploration and production carried out under a combined license, for geological survey to find and evaluate groundwater used for drinking or technical water supply purposes, for the exploration and production of groundwater or for geological surveys for the purpose of searching for and assessing groundwater and its extraction, for the extraction of groundwater used for drinking water supply or for technical water supply by horticultural and (or) garden non-profit partnerships and (or) garden non-profit partnerships, as well as for purposes not related to the extraction of minerals, in accordance with the procedure established by laws and other regulatory legal acts of the subjects of the Russian Federation.

Subsoil for the extraction of common minerals for the production of construction materials may not be available, provided that mining waste and waste from other industries that are alternative sources of raw materials can be used.

Common minerals extracted on the subsoil plots of local importance, which are specified in the paragraph 1 of part one of Article 2.3 of this Law and which are provided for use in accordance with the paragraph 8 of part six of Article 10.1 of this Law, may be used only to the extent and for the purposes of relevant works on construction, reconstruction, major repairs, repairs and maintenance of public roads.

Article 19. Rights of owners of land plots, land users, land owners, leaseholders of land plots with a view to using for their own needs the common minerals and groundwaters available within the boundaries of land plots

Owners of land plots, land users, land owners, lessees of land plots have the right to carry out within the boundaries of these land plots without the use of blasting operations the use for their own needs of common minerals available within the boundaries of the land plot and not listed on the state balance, groundwaters, the volume of extraction of which should not exceed 100 cubic meters per day, from aquifers which are not sources of centralized water supply and located above aquifers which are sources of centralized water supply, as well as construction of underground structures to a depth of five meters in accordance with the procedure established by laws and other regulatory legal acts of the subjects of the Russian Federation.

Use for own needs of common minerals and groundwaters with the purpose of the present article is understood as their use by owners of land plots, land users, land owners, lessees of land lots for personal, household and other needs not connected with implementation of enterprise activity.

Common minerals and groundwaters available within the boundaries of a land plot and used by owners of land plots, land users, land owners, lessees of land plots for personal, domestic and other needs not related to the implementation of entrepreneurial activities cannot be alienated or transferred from one person to another.

Article 19.1 Exploration and extraction of common minerals and groundwaters by users of subsoil engaged in exploration and extraction of other types of minerals, development of technologies for geological survey, exploration and extraction of rare earth metals, within the limits of the mining works areas and/or geological works areas provided to them, location of associated water in layers of rocks, water used by subsoil users for their own production and technological needs in exploration and production of hydrocarbons, water generated by subsoil users engaged in exploration and production, as well as primary processing of potash and magnesium salts

Subsoil users carrying out exploration and extraction of minerals or geological survey, exploration and extraction of minerals under a combined license, development of technologies for geological survey, exploration and extraction of rare earth metals or development of technologies for geological survey, exploration and extraction of rare earth metals under a combined license, exploration and extraction of such minerals within the boundaries of mining works areas and/or geological works areas provided to them in accordance

with this Law, have the right, on the basis of an approved technical design for their own production and technological needs, to extract common minerals in accordance with the procedure established by the relevant executive authorities of the subjects of the Russian Federation.

Subsoil users carrying out exploration and extraction of minerals or geological survey, exploration and extraction of minerals under a combined license, development of technologies for geological survey, exploration and extraction of rare earth metals or development of technologies for geological survey, exploration and extraction of rare earth metals under a combined license, exploration and extraction of such minerals within the boundaries of mining works areas and/or geological works areas provided to them in accordance with this Law, have the right, on the basis of an approved technical design for their own production and technological needs, to extract groundwater in accordance with the procedure established by the federal body managing the state subsoil fund.

Subsoil users carrying out exploration and extraction of minerals or geological survey, exploration and extraction of minerals under a combined license, development of technologies for geological survey, exploration and extraction of rare earth metals or development of technologies for geological survey, exploration and extraction of rare earth metals under a combined license, exploration and extraction of such minerals within the boundaries of mining works areas and/or geological works areas provided to them in accordance with this Law, have the right, on the basis of an approved technical design, to place in the rock formations the associated water and water used for own production and technological needs during the exploration and production of hydrocarbons in accordance with the procedure established by the federal body managing the state subsoil fund.

Subsoil users carrying out the exploration and extraction of potash and magnesium salts or geological survey, exploration and extraction of potash and magnesium salts under a combined license, as well as their primary processing within the boundaries of the mining works areas and/or geological works areas provided to them in accordance with this Law, have the right, on the basis of an approved technical project, to place in the rock formations of the waters formed in them in accordance with the procedure established by the federal body managing the state subsoil fund.

Article 19.2. Groundwater extraction by horticultural non-profit partnerships and/or gardening non-profit partnerships

Horticultural non-profit partnership and (or) gardening non-profit partnership (hereinafter for the purposes of this article – partnership) shall be entitled to carry out, in accordance with the procedure established by laws and other regulatory legal acts of the subjects of the Russian Federation, the

extraction of groundwater for drinking water supply or technical water supply of the partnerships.

Groundwater use for drinking water supply or technical water supply of partnerships for the purposes of this Law shall be understood as their use by partnerships and right holders of horticulture or garden land plots located within the boundaries of the area of cultivation or gardening of citizens for their own needs, for personal, household and other needs not related to the implementation of entrepreneurial activities for the purposes of gardening or horticulture and the creation of favorable conditions for it, as well as to ensure the development of land plots located within the territory of citizens' gardening or horticulture for their own needs.

Groundwater extraction for drinking water supply or technical water supply of the companies is carried out without geological survey of subsoil, state expertise of mineral and underground water reserves, geological information on subsoil plots provided for use, coordination and approval of technical projects and other project documentation for works related to subsoil use, and without providing evidence that the partnerships have, or will have, qualified professionals with the necessary financial and technical means to carry out the work efficiently and safely. Groundwater extraction for drinking water supply or technical water supply of the partnerships should be carried out in compliance with the rules of protection of groundwater bodies, as well as the basic requirements for rational use and protection of subsoil.

Article 20. Grounds for termination of subsoil use rights

Subsoil use rights shall be terminated:

- 1) at the end of the license's terms of use;
- 2) in case the license holder waives the right to use subsoil;
- 3) upon occurrence of a certain condition (if it is fixed in the license), upon the occurrence of which the right to use the subsoil ceases;
- 4) in case of re-issuance of the license in violation of the conditions stipulated by Article 17.1 of this Law;
- 5) in cases provided for by the laws of the Russian Federation on concession agreements, laws of the Russian Federation on public-private partnership and municipal-private partnership.

Subsoil use right may be prematurely terminated, suspended or restricted by the licensing authorities in the following cases:

- 1) an imminent threat to the life or health of people working or living in the area of influence of subsoil use activities;
- 2) violation of essential license conditions by the subsoil user;
- 3) systematic violation of the established rules of subsoil use by the subsoil user;
- 4) emergency situations (natural disasters, military operations and others);

5) if the subsoil user has not started using the subsoil within the term specified in the license;

6) liquidation of an enterprise or other economic entity to which the subsoil was provided for use;

7) at the initiative of the license holder;

8) failure by a user of the subsoil to submit reports provided for by the laws of the Russian Federation on subsoil, failure to submit or violation of deadlines for submission of geological information on subsoil in accordance with Article 27 of this Law to the Federal Fund of geological information and its territorial funds, as well as to the funds of geological information of the subjects of the Russian Federation (in respect of licenses to use subsoil plots of local significance);

9) at the initiative of the subsoil user at his request.

The right to use subsoil plot of federal significance for exploration and extraction of minerals carried out under a combined license shall be prematurely terminated by the bodies that granted such license on the basis of the decision of the Government of the Russian Federation taken in accordance with paragraph 5 of Article 2.1 of this Law.

If a subsoil user disagrees with the decision to terminate, suspend or restrict the right to use subsoil, he may appeal against it in administrative or judicial proceedings.

When using subsoil in accordance with the product sharing agreement, the right to use subsoil may be terminated, suspended or restricted on the terms and in the manner prescribed by the said agreement.

Article 21. The procedure for premature termination of license use rights

In the case provided for in the paragraph 2 of part one of Article 20 of this Law, the waiver of the right to use subsoil shall be declared by the license owner by written notification of the bodies that provided the license, not later than six months before the declared term.

The owner of a subsoil use license shall fulfill all obligations specified in the license in case of premature termination of the right to use subsoil before the established term of termination of the right to use subsoil. In case of non-fulfillment of the mentioned obligations by the owner of the license, the bodies that have granted the license have the right to collect the sum of the damage from their non-fulfillment in court.

In cases provided for in the paragraphs 1 and 4 of parts two and three of Article 20 of this Law, subsoil use shall be terminated immediately after the competent authority makes a decision to that effect with written notification from the subsoil user.

In the cases provided for in the paragraphs 2, 3, 5, 8 of part two of Article 20 of this Law, decision on termination of the right to use subsoil may be

taken at the end of three months from the date of receipt by the user of written notification about the violations, provided that the user has not eliminated these violations within the specified period.

In case of premature termination of the right to use subsoil, liquidation or conservation of the enterprise shall be carried out in accordance with the procedure provided for in Article 26 of this Law. Costs of conservation and liquidation of the enterprise shall be borne by the subsoil user, if the subsoil use is terminated for the reasons set forth in paragraphs 1 (if the enterprise is guilty), 2 and 3 of part 2 of Article 20 of this Law, or on the initiative of the subsoil user.

Costs of conservation and liquidation of the subsoil user enterprise shall be borne by the State if the subsoil use is terminated for the reasons specified in paragraph 1 (in the absence of the fault of the enterprise) and paragraph 4 of parts two and three of Article 20 of this Law.

If the circumstances or conditions which caused the suspension or restriction of the subsoil use right have been eliminated, this right may be restored in full. The time for which it was suspended shall not be included in the total term of the license if the subsoil user is not at fault.

When using subsoil in accordance with the production sharing agreement, the terms and procedure for premature termination of the right to use subsoil are determined by the said agreement.

Article 21.1. Use of subsoil plots in case of premature termination of the right to use subsoil plots

If, in the interests of rational use and protection of subsoil, it is unreasonable or impossible to suspend mining operations, the bodies that prematurely terminated the right to use the respective subsoil plot may grant the right of short-term (up to one year) use of such subsoil plot to a legal entity (operator) until a decision on a new subsoil user is taken in accordance with the established procedure and the relevant license is issued in the manner prescribed by this Law.

A contract may be concluded between a subsoil user whose right to use subsoil has been terminated prematurely, and a temporary operator for the transfer of property necessary to ensure subsoil use on a compensable basis.

Article 22. The main rights and obligation of the subsoil user

Subsoil user has the right:

1) to use the subsoil plot granted to it for any form of business or other activity consistent with the purpose specified in the license or product sharing agreement;

2) to independently choose the forms of these activities that do not contradict the current legislation;

3) to use the results of its activities, including extracted minerals, in accordance with the license or production sharing agreement and the current legislation;

4) to use the mining waste generated by this subsoil user and related processing facilities, unless otherwise specified in the license or the product sharing agreement;

5) to restrict the development of mineral deposits within the boundaries of the mining works area provided to him;

6) to conduct, without additional permits, geological surveys of subsoil at its own expense within the boundaries of a mining works area provided under a license or production sharing agreement;

7) to apply to the authorities that have granted the licence to review the terms and conditions of the licence if circumstances are substantially different from those in which the licence was granted;

8) to use surface and enclosing rocks, production wastes of ferrous metals of hazard classes IV and V for the liquidation of mine workings;

9) to extract rare earth metals in the process of development of technologies for geological survey, exploration and production of such minerals in the amounts determined in accordance with the project documentation for development of technologies for geological survey, exploration and production of rare earth metals agreed and approved in accordance with the procedure provided for in Article 23.2 of this Law.

Subsoil user is obliged to provide:

1) compliance with laws, regulations and rules in the field of subsoil use and protection;

2) compliance with the requirements of technical projects, plans or schemes of mining development, prevention of excessive losses, dilution and selective mining of minerals;

3) maintenance of geological, surveying and other documentation in the process of all types of subsoil use;

4) submission of geological information on subsoil in accordance with Article 27 of this Law to the federal geological information fund and its territorial funds, as well as to the geological information funds of the subjects of the Russian Federation, if subsoil use is carried out on subsoil plots of local significance;

5) submission of reliable data on the explored, extracted and abandoned mineral reserves, the components contained therein, on the use of subsoil for purposes unrelated to the extraction of mineral resources to the federal fund of geological information and its territorial funds, as well as to the funds of geological information of the subjects of the Russian Federation, if subsoil use is carried out on the subsoil plots of local significance, to state statistics bodies;

6) he safe conduct of work related to the use of subsoil;

7) compliance with the requirements for rational use and protection

of subsoil, safe conduct of work related to the use of subsoil, environmental protection;

8) bringing the land plots and other natural objects disturbed during subsoil use to a condition suitable for their further use;

8.1) safety of mine workings, boreholes and other subsoil-related facilities located within the boundaries of the subsoil plot provided for use;

9) *safety of exploratory mine workings and boreholes that may be used in the exploration of deposits and/or for other economic purposes; liquidation of mine workings and boreholes that may not be used in accordance with the established procedure;*

10) compliance with the conditions set out in the license or product sharing agreement, timely and correct payment of subsoil use fees;

11) preservation of valuable and dangerous cargoes, geological, surveying and other documentation, special correspondence, as well as cargoes containing data carriers classified as state secrets;

12) elimination of negative environmental impact when placing associated water, water used by subsoil users for their own production and technological needs, water generated by subsoil users engaged in exploration and production, as well as the primary processing of potash and magnesium salts.

Subsoil users or other legal entities and individuals engaged in subsoil use are required to have special qualification and experience confirmed by the state license (certificate, diploma) for the respective type of activity: geological survey, prospecting, exploration, various methods of mining, construction and operation of underground facilities, other types of subsoil use.

If subsoil users specified in paragraph 8 of Article 9 of this Law, established the presence of associated minerals not specified in the license for the use of subsoil, such subsoil users (except for subsoil users in the subsoil plots of local significance) have the right to apply to the federal body managing the state subsoil fund or its territorial body for appropriate changes to the license.

Article 22.1. The right to acquire, retain and use service weapons by organizations carrying out field work on regional geological survey of subsoil and geological survey, including prospecting and evaluation of mineral deposits, in areas of the Far North and equivalent areas

Organizations carrying out, in accordance with this Law, field work for regional geological survey of subsoil and geological survey, including prospecting and evaluation of mineral deposits, in the areas of the Far North and similar areas, as well as in other sparsely populated and inaccessible areas, a list of which is established by the Government of the Russian Federation, on the basis of articles 4 and 12 of Federal Law of 13 December 1996 No. 150-FZ «On Arms», have the right, in accordance with the established procedure, to acquire,

store and use service weapons (except for short-barrelled service weapons) and hunting firearms (hereinafter referred to as weapons) as service weapons.

Officials and employees of the organizations mentioned in the first part of this article have the right to store, carry and use weapons for self-defense purposes, as well as in the performance of their duties to protect valuable and dangerous cargoes, geological, surveying and other documentation, special correspondence and cargoes containing data carriers classified as state secrets in accordance with the procedure established by Federal Law of April 14, 1999 No. 77-FZ «On Departmental Protection».

The list of organizations specified in paragraph 1 of this article, officials and employees of such organizations, as well as the kinds, types, models and cartridges of weapons and the norms for the provision of service weapons shall be established by the Government of the Russian Federation.

Organizations specified in the first part of this article are obliged to acquire, store, keep records and conduct the issuance of weapons to officials and employees in the manner prescribed for legal entities with special statutory tasks by the Federal Law of 13 December, 1996 No. 150-FZ «On weapons» and other regulatory legal acts of the Russian Federation.

Chapter III. RATIONAL USE AND PROTECTION OF SUBSOIL

Article 23. Basic requirements to rational use and protection of subsoil

The main requirements to rational use and protection of subsoil include:

1) compliance with the procedure established by law for the provision of subsoil for use and prevention of unauthorized use of subsoil;

2) ensuring completeness of geological survey, rational integrated use and protection of subsoil;

3) carrying out an advance geological survey of subsoil to ensure a reliable assessment of mineral reserves or properties of a subsoil plot made available for use for purposes unrelated to mineral extraction;

4) conduction of state expertise of mineral and groundwater reserves, geological information on subsoil plots provided for use, state accounting of works on geological survey of subsoil, subsoil plots provided for use, and licenses for subsoil use;

5) ensuring the fullest possible recovery of the main and associated minerals and associated components from the subsoil;

6) reliable accounting of extractable and abandoned reserves of the main minerals and their associated components in the development of mineral deposits;

7) protection of mineral deposits against flooding, waterlogging, fires

and other factors that reduce the quality of minerals and the industrial value of deposits or complicate their exploitation;

8) prevention of subsoil pollution during activities related to subsoil use, especially occurring from the underground storage of oil, gas or other substances and materials, burial of wastes of I – V hazard classes, wastewater discharge, placement of associated water, water used by subsoil users for their own production and technological needs, water generated by subsoil users engaged in exploration and production, as well as primary processing of potash and magnesium salts;

9) compliance with the established procedure for conservation and liquidation of mineral extraction enterprises and underground structures not related to the extraction of minerals;

10) prevention of unauthorized building on mineral deposit and manifestation areas and compliance with the established procedure of other uses of these areas;

11) prevention of disposal of production and consumption wastes in groundwater catchment areas and groundwater aquifers used for drinking or technical water supply purposes or reserved for drinking water supply sources.

In case of violation of the requirements of this article, the right to use subsoil may be restricted, suspended or terminated by authorized state bodies in accordance with the law.

Article 23.1. Geological, economic and cost evaluation of mineral deposits and subsoil plots

State regulation of subsoil use relations and solution of tasks of mineral resource base development are carried out using geological, economic and cost evaluation of mineral deposits and subsoil plots. Methods of geological, economic and cost evaluation of mineral deposits and subsoil plots by type of minerals shall be approved by the federal body managing the state subsoil fund.

Article 23.2. Technical projects and other project documentation for the execution of works related to the use of mineral resources

The exploitation of mineral deposits (except for the extraction of groundwater used for drinking water supply or technical water supply purposes, the production volume of which is not more than 100 cubic meters per day) is carried out in accordance with approved technical projects and other project documentation for the implementation of works related to the use of mineral resources, and with the rules of exploitation of mineral deposits by types of minerals, established by the federal body managing the state subsoil fund in coordination with federal executive bodies authorized by the Government of the Russian Federation. Subsoil use for non-mining purposes is carried out in

accordance with approved technical projects and other project documentation for carrying out the work related to the use of mineral resources. Development of technologies for geological survey, exploration and production of rare earth metals is carried out in accordance with the approved project documentation for development of technologies for geological survey, exploration and production of rare earth metals, and also rules of development of technologies of geological research, exploration and extraction of rare earth metals, established by the federal body managing the state subsoil fund in coordination with federal executive bodies authorized by the Government of the Russian Federation.

Specified in the first part of this article technical designs and other project documentation for works related to the use of subsoil, changes made to technical designs and other project documentation for works related to the use of subsoil, except for project documentation for the development of technologies for geological exploration, exploration and production of rare earth metals, prior to approval, are subject to approval by the Commission created by a federal body managing the state subsoil fund and includes representatives of federal executive bodies authorized by the Government of the Russian Federation, and in respect of subsoil plots of local significance – with the state authorities of the relevant subjects of the Russian Federation. Project documentation for the development of technologies for geological survey, exploration and production of rare earth metals, changes made to the above project documentation, prior to approval, are subject to approval by the Commission established by the federal body managing the state subsoil fund, which includes representatives of federal executive bodies authorized by the Government of the Russian Federation and authorized public authorities of the relevant subjects of the Russian Federation.

The composition and content of technical projects for the development of mineral deposits shall be determined by the rules for the preparation of technical projects for the development of mineral deposits by types of minerals, the composition and content of project documentation for the development of technologies for geological survey, exploration and production of rare earth metals shall be determined by the rules for the preparation of project documentation for the development of technologies for geological survey, exploration and production of rare earth metals, established by the federal body managing the state subsoil fund and federal executive bodies authorized by the Government of the Russian Federation.

The procedure for preparation, coordination and approval of technical projects for development of mineral deposits and other project documentation for works related to the use of subsoil plots shall be established by the Government of the Russian Federation by types of minerals and types of subsoil use.

Article 23.3. Primary processing of mineral raw material by subsoil users

Subsoil users carrying out primary processing of minerals extracted from subsoil must provide:

1) strict observance of technological schemes of processing of minerals ensuring rational, complex extraction of useful components contained in it; accounting and control of distribution of useful components at different stages of processing and the degree of their extraction from minerals;

2) further survey of technological properties and composition of minerals, conducting pilot technological tests in order to improve mineral processing technologies;

3) the most complete use of products and wastes of processing (sludge, dust, waste water and others); storage, accounting and preservation of products and wastes of production temporarily not used and containing useful components.

Article 24. Basic requirements for the safe conduct of work related to the subsoil use

Construction and operation of mining enterprises, underground structures for various purposes, geological survey of subsoil are allowed only when ensuring safety of life and health of employees of these enterprises and the population in the zone of influence of works related to subsoil use.

Public authorities and subsoil users are obliged to ensure compliance with the requirements for the safe conduct of work related to subsoil use.

State mining supervision bodies, within the limits of their competence, ensure state regulation of safety issues related to subsoil use, and also perform control functions.

Direct responsibility for ensuring safe working conditions related to the subsoil use shall be borne by the managers of the enterprises, regardless of whether these enterprises carry out work in accordance with the license granted to them or are engaged to perform work under the contract.

Basic requirements for the safe conduct of work related to the subsoil use include:

1) admitting to work persons with special training and qualifications, and to the management of mining work – persons with relevant special education;

2) providing mining and drilling workers with special clothing, personal and collective protection equipment;

3) using machines, equipment and materials that comply with safety and health regulations;

4) the proper use of explosives and detonators, their proper accounting, storage and disposal;

5) carrying out a set of geological, surveying and other observations sufficient to ensure a normal technological cycle of work and to forecast

hazardous situations, timely identification and application of hazardous zones on mining plans;

6) systematic monitoring of the mine atmosphere, its content of oxygen, harmful and explosive gases and dusts;

7) prohibition of mining operations if the air temperature, as well as the content in the mine atmosphere of active mine workings out of oxygen, harmful, explosive gases and dusts do not meet the requirements of safety standards and rules, sanitary norms and regulations;

8) implementation of special activities to forecast and prevent sudden emissions of gases, water, mineral and rock breakthroughs, and rock strikes;

9) management of deformation processes in the mountain massif, ensuring safe presence of people in the mine workings;

10) development and implementation of measures to ensure the protection of employees of enterprises engaged in activities related to subsoil use and the population in the zone of influence of these activities from the harmful effects of these activities in their normal mode and in case of emergency situations.

Measures to comply with the basic requirements to ensure safe operations related to subsoil use are included in mining development plans or schemes, which are subject to approval by the state mining supervision body. The procedure for preparation, review and approval of plans or schemes for the development of mining operations by type of minerals shall be established by the Government of the Russian Federation.

All works connected with increased danger at subsoil use are carried out on the basis of licenses for the relevant type of activity.

Subsoil users conducting underground mining operations should be serviced by professional mining rescue services, while those conducting drilling operations during exploration and development of oil and gas deposits should be serviced by professional services for prevention and liquidation of open-air oil and gas fountains on the basis of contracts concluded by subsoil users with such services.

Managers of enterprises carrying out work related to the use of mineral resources, other authorized officials in the event of an immediate threat to the life and health of employees of these enterprises shall immediately suspend work and ensure the transportation of people to a safe place.

If there is a direct threat to life and health of the population in the zone of influence of works related to subsoil use, managers of the relevant enterprises are obliged to immediately inform the relevant state and local authorities.

Article 25. Terms of carrying out construction works on mineral deposit and manifestation areas

Building capital construction objects on land plots located outside residential areas, placement of underground structures outside residential areas

are allowed only after receiving the conclusion of the federal body managing of state subsoil fund or its territorial body on the absence of minerals in the subsoil under the site of the forthcoming development.

Construction works on land plots located beyond the boundaries of settlements and located in the mineral deposit and manifestation areas are allowed on the basis of permission of the federal body managing of the state subsoil fund or its territorial body. Such permission may be issued through a multifunctional public and municipal service centre.

Unauthorized construction works on mineral deposit and manifestation areas stipulated in part two of this Article shall be terminated without compensation for the costs incurred and the costs of site restoration and dismantling the constructed facilities.

For the issuance of permission for construction works of land plots located beyond the boundaries of settlements and located in mineral deposit and manifestation areas, as well as for the placement of underground structures within a mining works area beyond the boundaries of settlements on mineral deposit and manifestation areas state duty is paid in the size and order established by the legislation of the Russian Federation on taxes and fees.

Article 25.1. Provision of land plots and water bodies owned by the state or municipality and necessary for conducting work related to subsoil use

Land plots, including forest plots, water bodies owned by the state or municipality and necessary for conducting work related to the use of subsoil, shall be provided to subsoil users in accordance with civil legislation, land legislation, forest legislation, water legislation and the present Law.

The land plots owned by the state or municipality and necessary for conducting work related to the use of subsoil shall be provided to subsoil users on lease without bidding (tenders, auctions). The use of lands or land plots owned by the state or municipality, except for land plots provided to citizens or legal entities, for the purposes of geological survey of subsoil may be carried out without the provision of land plots and establishment of easements on the basis of the permission of a state or local government body provided for in Article 39.2 of the Land Code of the Russian Federation.

The land plot owned by the state or municipality and necessary for conducting works related to the use of subsoil, shall be granted to subsoil user after reception of the license for use of subsoil and registration of a geological works area and/or mine tap, and also after the approval of the project documentation for conducting specified works.

Article 25.2. Termination of the rights of citizens and legal entities for land plots and water objects necessary for conducting works related to subsoil use

Termination of the rights of citizens and legal entities for land plots and water objects necessary for conducting works related to subsoil use shall be carried out in accordance with civil, land, and water legislation and with this Law.

Withdrawal of land plots, including forest plots, for state or municipal needs shall be allowed if such land plots are necessary for conducting works related to the use of subsoil.

Article 26. Liquidation and conservation of enterprises engaged in the extraction of mineral resources and underground structures not associated with the extraction of mineral resources

Mineral extraction enterprises and underground structures not related to mineral extraction are subject to liquidation or conservation upon expiration of the license term or upon early termination of the subsoil use.

Until the process of liquidation or conservation is completed, subsoil user shall bear the responsibility entrusted to him by this Law.

In case of complete or partial liquidation or conservation of the enterprise or underground construction, mining workings and drilling wells shall be brought to a condition ensuring the safety of life and health of the population, environmental protection, buildings and structures, and in case of conservation – also the safety of the deposit, mining workings and drilling wells for the duration of conservation. Overburden and containment rocks, production wastes of ferrous metals of IV and V hazard classes according to the project of mine workings liquidation may be used for mine workings liquidation.

In the event of liquidation and conservation of the enterprise for the extraction of minerals or its part, as well as the underground structure not associated with the extraction of minerals, geological, surveying and other documentation is replenished at the time of completion of work and submitted in accordance with the established procedure for storage.

Liquidation and conservation of a mining enterprise or an underground structure not associated with the extraction of minerals shall be deemed completed after the signature of the act of liquidation or conservation by the bodies that granted the license and the state mining supervision body.

Conservation and liquidation of mine workings and other structures related to the use of subsoil is carried out at the expense of enterprises – subsoil users.

Conservation and liquidation of mine workings and other structures related to the use of subsoil in accordance with the production sharing agreement

are carried out at the expense of the liquidation fund created by the investor, the size, procedure for the formation and use of which is determined by such agreement in accordance with the legislation of the Russian Federation.

Article 27. Geological information on subsoil

Geological information on subsoil is defined as information on geological structure of the subsoil, on contained minerals (including specific mineral resources, groundwater), on conditions of their development, other qualities and features of the subsoil (including the underground cavities of natural or artificial (man-made) origin), Observation data obtained during the implementation of the types of subsoil use as provided for by this Law, during protection of subsoil resources, during the use of mining wastes and related processing industries, during the implementation of activities related to geological survey and mining of certain types of minerals, burial of radioactive wastes and toxic substances in accordance with other federal laws, and presented on paper or electronic media or on other material carriers (in samples of rocks, cores, reservoir fluids, fluids and other material carriers of factual geological information on subsoil).

Geological information on subsoil is divided into factual geological information on subsoil and interpreted geological information on subsoil.

Factual geological information on subsoil includes geophysical, geochemical and other information on subsoil obtained directly in the process of implementation of types of subsoil use provided for by this Law, and during other activities related to geological survey and exploration of separate types of mineral raw material, burial of hazardous waste and toxic substances carried out in accordance with other federal laws.

Interpreted geological information on subsoil includes the results of processing factual geological information on subsurface, including geological reports, maps, plans, sketches.

For the purposes of this Law, the owner of geological information on subsoil shall be deemed to be a entity which has received geological information on subsoil independently at his own expense or acquired the right to permit or restrict access to geological information on subsoil on the basis of law or contract.

The owner of geological information on subsoil obtained by the user of the subsoil at the expense of the federal budget, at the expense of the republican budget of the RSFSR and the part of the state budget of the USSR that made up the union budget, the state off-budget fund for the reproduction of mineral resources of the Russian Federation, part of deductions for reproduction of mineral resources base, which were transferred to the subsoil user, funds of the Federal Fund for Reproduction of Mineral Resources, is the Russian Federation. On behalf of the Russian Federation, the powers of the owner of geological information on subsoil are exercised by the federal body managing the state

subsoil fund or its territorial bodies.

The owner of geological information on subsoil obtained by the subsoil user at the expense of the budgets of the subjects of the Russian Federation and local budgets is the respective subject of the Russian Federation. On behalf of a subject of the Russian Federation, the powers of the owner of geological information on subsoil shall be exercised by the authorized executive body of the subject of the Russian Federation.

The owner of the geological information on subsoil obtained by the subsoil user at his own expense is the relevant subsoil user.

Factual geological information on subsoil and interpreted geological information on subsoil obtained by the subsoil user shall be submitted by the subsoil user to the federal geological information fund and its territorial funds. Geological information on a subsoil plot of local significance obtained by a subsoil user is also subject to submission by the subsoil user to the geological information fund of the subject of the Russian Federation where the subsoil plot of local significance is located. If a subsoil plot of local significance is located on territories of two or more subjects of the Russian Federation, geological information on subsoil is subject to submission by the subsoil user to the geological information funds of the relevant subjects of the Russian Federation.

Lists of factual geological information on subsoil and interpreted geological information on subsoil submitted by a user of subsoil to the federal geological information fund and its territorial funds, geological information funds of the subjects of the Russian Federation by types of subsoil use and types of minerals, requirements to the content of geological information on subsoil and the form of its presentation, the procedure for submission of geological information on subsoil to the federal geological information fund and its territorial funds, geological information funds of the subjects of the Russian Federation shall be determined by the federal body managing the state subsoil fund.

Geological information on subsoil, in the cases and according to the procedure established by other federal laws, shall also be submitted to the relevant state authorities of the Russian Federation, state authorities of the subjects of the Russian Federation, and shall also be submitted to organizations under the jurisdiction of the said state authorities.

From the date of submission of geological information on subsoil to the federal geological information fund and its territorial funds, public authorities of the Russian Federation and its provision to organizations under the jurisdiction of the said public authorities, the ownership of the material carrier containing geological information on subsoil shall be transferred to the Russian Federation.

From the date of submission of geological information on subsoil to the geological information funds of the subjects of the Russian Federation, the state authorities of the subjects of the Russian Federation and its submission to the organizations under the jurisdiction of the said state authorities, the ownership

of the material carrier containing geological information on subsoil shall be transferred to the subject of the Russian Federation.

The subsoil user who is the owner of the factual geological information on subsoil specified in Parts 9 and 11 of this Article shall be entitled to determine the conditions of its use, including for commercial purposes, within three years from the date of submission of such geological information to the federal geological information fund and its territorial funds, funds of geological information of the subjects of the Russian Federation, public authorities of the subjects of the Russian Federation and its presentation to organizations under the jurisdiction of these public authorities. The subsoil user who is the owner of the interpreted geological information on subsoil specified in parts 9 and 11 of this Article shall be entitled to determine the terms and conditions of its use, including for commercial purposes, within five years from the date of submission of such geological information to the federal geological information fund and its territorial funds, funds of geological information of the subjects of the Russian Federation, public authorities of the subjects of the Russian Federation and its presentation to organizations under the jurisdiction of these public authorities. In cases specified by law, geological information on subsoil specified in parts 9 and 11 of this Article may be used by the public authorities of the Russian Federation, the public authorities of the subjects of the Russian Federation, and organizations under the jurisdiction of the said public authorities without consent of the subsoil user.

Upon expiration of the periods specified in part 14 of this Article, the Russian Federation acquires the rights of the owner of geological information on subsoil specified in parts 9 and 11 of this article, except for geological information on subsoil in respect of subsoil plots of local significance, the rights of the owner of which is acquired by the relevant subject of the Russian Federation. At the same time, the subsoil user has the right to use the geological information on subsoil obtained by him at his own expense by any means not prohibited by the laws of the Russian Federation.

The procedure and conditions for the use of geological information on subsoil owned by the Russian Federation shall be established by the Government of the Russian Federation.

The procedure and conditions for the use of geological information on subsoil owned by the subject of the Russian Federation shall be established by laws and other regulatory legal acts of subjects of the Russian Federation.

In the event that in the course of reorganization or liquidation of a legal entity which is the owner of geological information on subsoil not specified in parts nine and eleven of this article, the rights to such information were not transferred to third parties in accordance with the procedure established by legislation of the Russian Federation, it is subject to transfer to the federal fund of geological information and its territorial funds in accordance with the procedure established by the Government of the Russian Federation, and the

rights of the owner in respect of such geological information shall be transferred to the Russian Federation.

Subsoil users who have submitted to the federal geological information fund and its territorial funds, geological information funds of the subjects of the Russian Federation the geological information on subsoil specified in parts 9 and 11 of this Article, are obliged to accept for temporary storage on a non-repayable basis the submitted by them geological information on subsoil at the request of the federal body managing the state subsoil fund or its territorial body in accordance with the procedure and in accordance with the list established by the federal body managing the state subsoil fund. If such geological information on subsoil is transferred for temporary storage to the subsoil user who submitted it, it shall be deemed to have been submitted to the federal geological information fund and its territorial funds, geological information funds of the subjects of the Russian Federation and shall not be suspended for the period of time provided for in part 14 of this Article.

The use of geological information on subsoil referred to the information constituting the state secret is carried out in accordance with the procedure established by the legislation of the Russian Federation on state secret. The period of validity of the commercial confidentiality regime in respect of the factual geological information on subsoil and the interpreted geological information on subsoil specified in parts 9 and 11 of this Article may not exceed the period specified in part 14 of this Article.

Article 27.1. Unified fund of geological information on subsoil

Unified fund of geological information on subsoil is a federal state information system containing a register of factual geological information on subsoil and interpreted geological information on subsoil available in the federal geological information fund and its territorial funds, funds of geological information of the subjects of the Russian Federation, the State authorities of the subjects of the Russian Federation, and the organizations under the jurisdiction of these State authorities, other commercial organizations and non-commercial organizations, as well as factual geological information on subsoil and interpreted geological information on subsoil presented in electronic media and available in the federal geological information fund and its territorial funds.

The Government of the Russian Federation determines the federal executive body authorized to establish and operate the unified fund of geological information on subsoil, which is the operator of the unified fund of geological information on subsoil. In order to exercise its powers to create and operate a unified fund of geological information on subsoil, the operator of the federal state information system shall be entitled to engage organizations subordinate to it or other organizations in accordance with the procedure established by laws of the Russian Federation.

The procedure for creation and operation of the unified fund of geological information on subsoil, composition of information provided by owners of information to the unified fund of geological information on subsoil, procedure of information interaction of the operator of the federal state information system of the unified fund of geological information on subsoil with owners of this information and its users, the procedure for ensuring access to information contained in the unified fund of geological information on subsurface resources, the procedure for interaction of the unified fund of geological information on subsoil with other state information systems are established by the Government of the Russian Federation.

Geological information on subsoil included in the register of factual geological information on subsoil and interpreted geological information on subsoil of the unified fund of geological information on subsoil is used by the federal body managing the state subsoil fund or its territorial bodies, state authorities of the Russian Federation, state authorities of the subjects of the Russian Federation for information purposes for the management of the state subsoil fund, maintaining a state cadastre of deposits and manifestations of probable resources, the state balance of mineral reserves, the state register of works on geological survey of subsoil, the state register of subsoil plots granted for use and licenses for use of subsoil, prevention of dangerous natural processes and phenomena and elimination of their consequences, provision of national defense and state security, organization and implementation of state control (supervision).

In order to establish a unified fund of geological information on subsoil, to maintain a unified system of the federal fund of geological information on subsoil and its territorial funds and to ensure prompt replenishment of the unified fund of geological information on subsoil, measures for the state geological survey of subsoil (including regional geological survey of subsoil, creation of a state network of reference geological and geophysical profiles, parametric and ultra-deep wells, scientific and technical support of geological exploration, thematic and experimental methodological work related to geological survey of subsoil, collection, processing, storage, use and provision of geological information on subsoil) shall be taken by state (budget or autonomous) institutions under the jurisdiction of the federal body managing the state subsoil fund and its territorial bodies, on the basis of a state assignment, activities for geological survey of subsoil are carried out by subsoil users independently or with the involvement of other persons in accordance with the established procedure.

The register of factual geological information on subsoil and interpreted geological information on subsoil is based on information provided by owners of geological information on subsoil. Format for making records of factual geological information on subsoil and interpreted geological information on subsoil available in the federal geological information fund and its territorial

funds, geological information funds of the subjects of the Russian Federation, state authorities of the Russian Federation, state authorities of the subjects of the Russian Federation, organizations under the jurisdiction of the said authorities, other profit and non-profit organizations, to the register of the unified fund of geological information on subsoil shall be established by the federal body managing the state subsoil fund.

Article 27.2 Peculiarities of representation, storage and use of samples of rocks, core, formation fluids, fluids and other material carriers of factual geological information on subsoil

Subsoil users must ensure the safety of samples of rocks, cores, reservoir fluids, fluids and other material carriers of factual geological information on subsoil obtained during the work on the subsoil plot, before their transfer to the specialized state storage.

As part of the geological information on subsoil, the user must submit to the federal fund of geological information and its territorial funds, and in respect of the factual geological information on subsoil plots of local significance also to the funds of geological information of the subjects of the Russian Federation samples of rocks, cores, reservoir fluids, fluids and other material carriers of the factual geological information on subsoil obtained during the work in the subsoil plot. The subsoil user must ensure the proper condition of samples of rocks, cores, reservoir fluids, fluids and other material carriers of factual geological information on subsoil at their submission to specialized state storage facilities in order to ensure the possibility of their use throughout the period of storage.

The procedure for submitting samples of rocks, cores, reservoir fluids, fluids and other material carriers of factual geological information on subsoil to specialized state storages, their storage, processing and description shall be established by the federal body managing the state subsoil fund.

Article 28. State accounting and state registration

State accounting of geological exploration works is carried out through keeping a state register of geological exploration works. The state accounting of subsoil plots granted for use and subsoil use licenses is carried out by maintaining the state register of subsoil plots granted for use and subsoil use licenses.

State accounting and maintenance of state registers specified in part one of this Article shall be carried out under a unified system in accordance with the procedure established by the federal body managing the state subsoil fund.

Article 29. State expertise of mineral and groundwater reserves, geological information on subsoil plots provided for use

Mineral and groundwater reserves, geological information on subsoil plots provided for use are deemed to state expertise, except for groundwater reserves located on subsoil plots provided for extraction of groundwater used for drinking or technical water supply purposes and extraction volume of which does not exceed 100 cubic meters per day, as well as rare earth metals extracted during the development of technologies for geological research, exploration and extraction of rare earth metals.

Extraction of minerals and groundwater is permitted only after the state expert examination of their reserves, except for the extraction of groundwater used for drinking or technical water supply purposes, the extraction volume of which is not more than 100 cubic meters per day, as well as the extraction of rare earth metals in the process of developing technologies for geological survey, exploration and extraction of rare earth metals.

The results of the state expertise of mineral and groundwater reserves shall be formalized by the conclusion of the state expertise of mineral and groundwater reserves, which is the basis for their placement on the state balance in accordance with the procedure stipulated by Article 31 of this Law.

State expertise of mineral resources and groundwater reserves may be conducted during the entire period of geological survey of subsoil, provided that the paragraph 2 of part one of Article 10 of this Law is submitted for state expertise of documents and materials that allow to provide an objective assessment of the quantity and quality of mineral resources and groundwater reserves, their industrial significance, mining, technical, hydrogeological, environmental and other conditions of their extraction.

Geological information on subsoil plots suitable for construction and operation of underground structures not related to mining shall also be subject to state expertise. The provision of such subsoil plots for use for the construction and operation of underground structures not related to the extraction of mineral resources is allowed only after the state expertise of geological information, the results of which are drawn up in the conclusion of the state expertise of geological information on the subsoil plots provided for use.

State expertise of mineral and groundwater reserves and geological information on subsoil plots provided for use is carried out upon application of subsoil users. State expertise of mineral and groundwater reserves, geological information on subsoil plots, except for subsoil plots provided for use, shall be carried out at the request of state institutions under the jurisdiction of the federal body managing the state subsoil fund or its territorial body.

State expertise of mineral and groundwater reserves and geological information on subsoil plots provided for use shall be conducted at the expense of applicants.

State expertise of mineral and groundwater reserves, geological information on subsoil plots provided for use shall be conducted by the federal body managing the state subsoil fund and (for subsoil plots of local significance, as well as for common mineral reserves and groundwater reserves used for drinking and technical water supply purpose and extraction volume of which does not exceed 500 cubic meters per day) by state bodies of the subjects of the Russian Federation in accordance with the procedure established by the Government of the Russian Federation.

Fee for the state expertise of mineral and groundwater reserves, geological information on subsoil plots provided for use goes to the federal budget, except for the fee for the said expertise of subsoil plots of local significance, which is paid to the budgets of the subjects of the Russian Federation, as well as common mineral reserves and groundwater reserves used for drinking and technical water supply purpose and extraction volume of which does not exceed 500 cubic meters per day.

The amount of fee for state expertise of mineral and groundwater reserves, geological information on subsoil plots provided for use and the procedure for its collection shall be determined by the Government of the Russian Federation.

Article 30. State cadastre of deposits and manifestations of probable resources

State cadastre of deposits and manifestations of probable resources shall be maintained to ensure the development of federal and regional programs for the geological survey of subsoil, the comprehensive use of mineral deposits, the rational location of enterprises for their extraction, as well as for other national and economic purposes.

State cadastre of deposits and manifestations of probable resources shall include information on each deposit that characterizes the quantity and quality of the main minerals and, together with them, the components contained therein, mining, technical, hydrogeological, environmental and other conditions for exploitation of the deposit, contain a geological and economic assessment of each deposit, and also include information on identified manifestations of probable resources.

Article 31. State balance of mineral reserves

In order to account for the state of the mineral resource base, the state balance of mineral resources is maintained. It shall contain data on the quantity, quality and degree of survey of reserves of each type of minerals by deposits of industrial significance, their location, the degree of industrial development, production, losses and the availability of explored mineral reserves to the industry based on the classification of mineral reserves approved in accordance

with the procedure established by the Government of the Russian Federation.

Mineral reserves are placed on the state balance and written off from the state balance according to the procedure established by the federal body managing the state subsoil fund in coordination with state mining supervision bodies

Article 32. Compilation and maintenance of the state cadastre of deposits and manifestations of probable resources and the state balance of mineral reserves

The state cadastre of deposits and manifestations of probable resources and the state balance of mineral reserves are compiled and maintained by the federal body managing the state subsoil fund on the basis of geological information provided by subsoil users engaged in geological survey of subsoil, to the federal fund of geological information and its territorial funds, as well as to the funds of geological information of the subjects of the Russian Federation, if subsoil use is carried out on subsoil plots of local significance, in accordance with this Law, and on the basis of state reports of subsoil users engaged in exploration of mineral deposits and their production, submitted to the said funds in accordance with the procedure established by the federal executive body authorized by the Government of the Russian Federation.

Article 33. Protection of subsoil plots of special scientific or cultural value

Rare geological outcrops, mineralogical formations, paleontological objects and other subsoil plots of special scientific or cultural value may be declared geological reserves, sanctuaries or monuments of nature or culture in accordance with the established procedure. Any activity violating the safety of the said reserves, sanctuaries and monuments shall be prohibited.

If rare geological and mineralogical formations, meteorites, paleontological, archeological and other objects of interest for science or culture are discovered while using subsoil, subsoil users are obliged to suspend the work in the respective area and inform the authorities that have granted the license.

Article 33.1. Establishment of the discovery of a deposit of common minerals

Establishment of the discovery of a deposit of common minerals shall be carried out by the commission created by executive authorities of the subject of the Russian Federation including representatives of the federal body managing the state subsoil fund.

Article 34. State monetary remuneration for the discovery of a mineral deposit

Individuals identified in accordance with the procedure established by the Government of the Russian Federation as persons participating in the discovery of a previously unknown mineral deposit (except for the common minerals deposit) financed from the federal budget of the RSFSR and constituting the Union budget of the part of the USSR state budget), whose mineral reserves are placed on the state balance sheet are entitled to state monetary remuneration. Such remuneration shall be paid from the federal budget in accordance with the procedure and in the amount determined by the Government of the Russian Federation.

Chapter IV. STATE REGULATION OF SUBSOIL USE RELATIONS

Article 35. Objectives of state regulation of subsoil use relations

The main objective of state regulation of subsoil use relations is ensuring the reproduction of the mineral resource base, its rational use and protection of mineral resources in the interests of present and future generations of the peoples of the Russian Federation.

State regulation of subsoil use relations is implemented through management, licensing, accounting and state supervision.

Objectives of state regulation include:

determining the volumes of production of the main types of minerals for the current period and for the future by the Russian Federation as a whole and by regions;

ensuring the development of the mineral resource base and preparation of the reserve of subsoil plots used for the construction of underground structures not related to the extraction of minerals;

ensuring geological exploration of the territory of the Russian Federation, its continental shelf, the Antarctic and the seabed of the World Ocean;

quoting deliveries of extracted minerals;

introduction of payments related to the use of subsoil as well as regulated prices for certain types of minerals;

development of norms and regulations in the field of subsoil use and protection.

Article 36. State management of subsoil use relations

State management of subsoil use relations shall be carried out by the President of the Russian Federation, the Government of the Russian Federation, executive government bodies of the subjects of the Russian Federation, as well as the federal body managing the state subsoil fund and state mining supervision bodies.

Part two is no longer valid. – The Federal Law of August 22, 2004 No 122-FZ.

The federal body managing the state subsoil fund and its territorial bodies cannot fulfill the functions of managing the economic activities of enterprises engaged in the exploration and development of mineral deposits or the construction and operation of underground facilities not related to the extraction of minerals, and engage in commercial activities (as amended by The Federal Law of January 2, 2000 No. 20-FZ).

Article 36.1. State geological survey of subsoil

In the Russian Federation, the state geological survey of subsoil is carried out with the following tasks: geological mapping of the territory of the Russian Federation and its continental shelf, prospecting and evaluation of mineral deposits in accordance with state programs, monitoring of the state of subsoil and forecasting of the processes occurring therein, collection and storage of information on subsurface resources, the state of the mineral resource base and other types of work related to geological survey of subsoil.

The organization of the state geological survey of subsoil is entrusted to the federal body managing the state subsoil fund.

Measures for state geological survey of subsoil (including regional geological survey of subsoil, creation of state network of reference geological and geophysical profiles, parametric and extra deep wells, scientific and technical support of geological exploration work, thematic and experimental-methodical works related to geological survey of subsoil, collection, processing, storage, use and provision of geological information on subsoil provided for use) shall be carried out by state (budgetary or autonomous) institutions under the jurisdiction of the federal body managing the state subsoil fund or its territorial body on the basis of a state assignment.

Works on regional geological survey of subsoil, geological survey of subsoil, including prospecting and evaluation of mineral deposits, exploration of mineral deposits, carried out at the expense of public funds and funds of subsoil users, shall be carried out in accordance with approved project documentation, expertise of which shall be organized by the federal body managing the state subsoil fund or its territorial bodies and conducted by the state institution administered by the federal body managing the state subsoil fund or its territorial

body at the expense of the applicants.

Requirements for the composition and content of project documentation for regional geological survey of subsoil, geological survey of subsoil, including prospecting and evaluation of mineral deposits, exploration of mineral deposits are determined by the rules of preparation of project documentation for geological survey of subsoil and exploration of mineral deposits by types of minerals, established by the federal body managing the state subsoil fund. The procedure for conducting the expertise of project documentation for conducting regional geological survey of subsoil, geological survey of subsoil, including prospecting and evaluation of mineral deposits, exploration of mineral deposits and the amount of payment for its implementation shall be set by the federal body managing the state subsoil fund.

Article 36.2. State monitoring of subsoil condition

1. State monitoring of subsoil condition is part of the state environmental monitoring (state monitoring of the environment).

2. State monitoring of subsoil condition shall be conducted by the federal body managing the state subsoil fund in accordance with the laws of the Russian Federation.

Article 37. State supervision of geological survey and rational use and protection of subsoil

Objectives of state supervision of geological survey and rational use and protection of subsoil include prevention, detection and suppression of violations by subsoil users of the requirements of international treaties of the Russian Federation, the legislation of the Russian Federation on subsoil, norms and rules in the field of use and protection of subsoil.

State supervision of geological survey and rational use and protection of subsoil shall be carried out by authorized executive bodies (federal state supervision) and by executive bodies of subjects of the Russian Federation (regional state supervision) according to their competence and in accordance with the procedure established by the Government of the Russian Federation and the supreme executive authority of the subject of the Russian Federation, respectively.

The provisions of Federal Law of December 26, 2008 No. 294-FZ on the protection of the rights of legal entities and individual entrepreneurs in the course of state control (supervision) and municipal control are applied to relations related to state supervision of geological exploration, rational use and protection of subsoil, organization and conduct of inspections of legal entities and individual entrepreneurs.

Article 38. State supervision over the safe conduct of work related to the use of mineral resources

The objectives of the state mining supervision are to prevent, detect and suppress violations by subsoil users or persons working on subsoil plots provided for the use to subsoil users, requirements for safe conduct of work related to subsoil use.

State mining supervision shall be carried out by the authorized executive body when performing federal state supervision in the field of industrial safety according to the procedure established by the laws of the Russian Federation.

The powers of state mining supervision bodies, their rights, obligations and procedures shall be determined by a regulation approved by the Government of the Russian Federation.

Chapter V. SUBSOIL USE PAYMENTS

Article 39. The system of subsoil use payments

In case of subsoil use, the following payments are made:

1. one-time subsoil use payments upon occurrence of certain events stipulated in the license, including one-time payments paid upon change of boundaries of subsoil plots provided for use;
2. regular subsoil use payments;
3. is no longer valid since January 1, 2011. – The Federal Law of May 19, 2010 No. 89-FZ;
4. tender (auction) participation fee;
5. is no longer valid. – The Federal Law of December 27, 2009 No. 374-FZ.

In addition, subsoil users pay other taxes and duties established in accordance with the laws of the Russian Federation on taxes and duties.

Subsoil users who are parties to production sharing agreements are payers of subsoil use payments in accordance with the laws of the Russian Federation.

When entering into production sharing agreements, the division of extracted mineral resources between the Russian Federation and the subsoil user is provided for in accordance with the Federal Law «On Production Sharing Agreements». A subsoil user who is a party to a production sharing agreement is exempt from certain taxes and other mandatory payments in the part and according to the procedure established by the Federal Law «On Production Sharing Agreements» and the legislation of the Russian Federation. Collection of the said taxes and payments is replaced by a product section in accordance with the terms of a product section agreement concluded in accordance with the Federal Law «On Production Section Agreements». The distribution of

the products received by the state as a result of the division of the produced products in accordance with the terms of the production sharing agreement or its cost equivalent between the Russian Federation and the subject of the Russian Federation, on the territory of which the subsoil plot to be provided for use is located, is carried out on the basis of agreements concluded by the corresponding executive authorities of the Russian Federation and executive authorities of the subject of the Russian Federation.

The procedure and amounts of payments for subsoil use and the conditions for collection of such payments when fulfilling production sharing agreements are established by the said agreements in accordance with the laws of the Russian Federation in effect as of the date of signing the agreement.

When executing production sharing agreements concluded before the Federal Law «On Production Sharing Agreements» entered into force, the terms of calculation and payment of subsoil use payments established in the said agreements are applied.

Article 40. One-time subsoil use payments upon the occurrence of certain events specified in the license

Subsoil users who have obtained the right to use subsoil shall pay one-time payments for the use of subsoil upon occurrence of certain events stipulated in the license (hereinafter in this article – one-time subsoil use payments).

The minimum (starting) amounts of one-time subsoil use payments are established at least ten percent of the amount of the mineral extraction tax per average annual capacity of a mining organization, except for one-time subsoil use payments established with respect to oil and/or gas condensate. The minimum (starting) amounts of one-time subsoil payments, established with respect to oil and (or) gas condensate, shall be established at least five percent of the amount of the mineral extraction tax on the basis of the average annual capacity of the producing organization for oil and (or) gas condensate, respectively. In the event of an auction for the right to use a subsoil plot of federal significance containing a mineral deposit discovered in the course of geological survey by a legal entity with the participation of foreign investors or a foreign investor, in respect of which the Government of the Russian Federation has decided to refuse to grant the right to use the subsoil plot for exploration and production of minerals in accordance with part 5 of Article 2.1 of this Law, the minimum (starting) amount of a one-time subsoil use payment is established as the sum of expenses of this entity for prospecting and evaluation of such a mineral deposit. The methodology for calculation of the minimum (starting) amount of a one-time subsoil use payment shall be established by the federal body managing the state subsoil fund. When granting the right to use subsoil by allocating a subsoil plot for the development of technologies for geological survey, exploration and production of rare earth metals, exploration and production of such minerals

carried out under a combined license from a subsoil plot granted to the same user for exploration and production of minerals or for geological survey, no one-time subsoil use payment shall be charged when conducting a tender for the right to use a subsoil plot for the development of technologies for geological survey, exploration and production of rare earth metals.

The final amount of one-time subsoil use payments is determined based on the results of a tender or auction and is fixed in the subsoil use licenses. One-time payments for the use of subsoil on subsoil plots provided for use without tenders and auctions for exploration and production of minerals or for geological survey of subsoil, exploration and production of minerals under a combined license, except for short-term (up to one year) subsoil use rights, are established in the subsoil use licenses in the amount determined in accordance with the procedure established by the Government of the Russian Federation. In the event of changes in the boundaries of subsoil plots provided for use, as well as in the event of changes in the license in terms of establishing the possibility of extraction of associated minerals, the subsoil user shall pay a one-time payment in the amount determined in accordance with the procedure established by the Government of the Russian Federation.

It is not allowed to establish in the license the amount of one-time subsoil use payments below the established conditions of the tender (auction), as well as each of these payments below the stated in the winner's tender proposals.

One-time payments shall be made according to the procedure established in the subsoil use license.

One-time payments may be made in installments in cases and according to the procedure established by the Government of the Russian Federation.

The amounts of one-time payments for the use of mineral resources, as well as the procedure for their payment during the performance of production sharing agreements are established in the production sharing agreement.

One-time subsoil use payments upon occurrence of certain events specified in the license are credited to the federal budget and budgets of subjects of the Russian Federation in accordance with budget legislation of the Russian Federation.

In the event of termination, including premature termination, of the right to use subsoil, one-time subsoil use payments made by subsoil users shall not be refunded, except for the case provided for in Article 2.1 of this Law.

Article 41. Is no longer valid since January 1, 2011. – The Federal Law of May 19, 2010 No. 89-FZ.

Article 42. Tender (auction) participation fee

Tender (auction) participation fee shall be paid by all its participants and is one of the conditions of registration of the application. The amount of fee

shall be determined based on the the cost of preparing, holding and summing up the tender (auction), remuneration of labor of the experts involved.

The procedure for determining the amount of fee for participation in tenders or auctions shall be established by the federal body managing the state subsoil fund.

The amount of the fee for participation in the contest (auction) goes to the federal budget. The amount of the fee for participation in the contest (auction) for subsoil plots of local significance goes to the income of the budgets of the subjects of the Russian Federation, which regulate the process of subsoil use on the said plots.

Article 43. Regular subsoil use payments

1. Regular subsoil use payments are charged for granting subsoil users exclusive rights to prospect and evaluate mineral deposits, mineral exploration, geological survey and assessment of suitability of subsoil plots for construction and operation of structures not related to extraction of minerals, construction and operation of underground structures not related to extraction of minerals, except for engineering structures of shallow occurrence (up to 5 meters) used for the intended purpose.

Regular subsoil use payments are charged separately for each type of work carried out in the Russian Federation, on the continental shelf of the Russian Federation and in the exclusive economic zone of the Russian Federation and outside the Russian Federation in the territories under the jurisdiction of the Russian Federation (as well as leased from foreign countries or used under an international treaty unless otherwise stipulated by an international treaty).

For the purposes of this Article, construction and operation of underground structures not related to mining also include construction of artificial structures and laying of cables and pipelines under water.

Regular subsoil use payments are not charged for:

- 1) subsoil use for regional geological survey;
- 2) subsoil use for the formation of specially protected geological sites of scientific, cultural, aesthetic, sanitary and other significance. The procedure for attributing the subsoil use objects to specially protected geological objects having scientific, cultural, aesthetic, sanitary and health-improvement and other significance shall be established by the Government of the Russian Federation;
- 3) deleted. – The Federal Law of May 29, 2002 No. 57-FZ;
- 3) exploration of mineral resources at deposits put into commercial operation within the boundaries of the mining works area provided to the subsoil user for the extraction of these minerals;
- 4) exploration of a mineral within the boundaries of a mining works area granted to a subsoil user for the extraction of that mineral;
- 5) *use of subsoil to develop technologies for geological survey, exploration*

and production of rare earth metals;

6) use of subsoil to develop technologies for geological survey, exploration and production of rare earth metals carried out under a combined license when using subsoil to develop technologies for geological study, exploration and production of rare earth metals.

2. The amount of regular subsoil use payments shall be determined depending on economic and geographical conditions, size of the subsoil plot, type of mineral, duration of work, degree of geological exploration of the area and risk level. The procedure for determining specific amounts of regular subsoil use payments shall be set by the federal body managing the state subsoil fund.

Regular subsoil use payment is charged for the area of the subsoil plot provided to the subsoil user minus the area of the returned part of the subsoil plot. Payments for the right to use subsoil are established in strict accordance with the steps and stages of the geological process and are charged:

at the rates established for exploration of deposits – for the area of the subsoil plot on which the reserves of the respective mineral (except for the area of the mining works area and/or mining works areas) are established and accounted for in the State Reserves Balance Sheet;

at the rates established for exploration and evaluation of mineral deposits – for the area from which the territories of discovered deposits are excluded.

The rate of regular subsoil use payment is established for one square kilometer of subsoil plot area per year.

The specific amount of the regular subsoil use payment rate is set by the federal body managing the state subsoil fund or its territorial bodies, in respect of subsoil plots of local significance by the authorized executive bodies of the relevant subjects of the Russian Federation separately for each subsoil plot for which a subsoil use license is issued in accordance with the established procedure, within the following limits:

RUB per 1 sq. km
of subsoil plot

	Rate	
	Min	Max
1. Rates of regular payments for the use of subsoil for prospecting and evaluation of mineral deposits		
Hydrocarbons	120	540
Hydrocarbons on the continental shelf of the Russian Federation and in the exclusive economic zone of the Russian Federation, as well as outside the Russian Federation in the territories under the jurisdiction of the Russian Federation	50	225

Precious metals	90	405
Metallic minerals	50	225
All kinds of placer mineral deposits	45	205
Nonmetallic minerals, coal, oil shale and peat	27	135
Other solid minerals	20	75
Groundwaters	30	135
2. Rates of regular payments for the use of subsoil for exploration purposes		
Hydrocarbons	5000	20000
Hydrocarbons on the continental shelf of the Russian Federation and in the exclusive economic zone of the Russian Federation, as well as outside the Russian Federation in the territories under the jurisdiction of the Russian Federation	4000	16000
Precious metals	3000	18000
Metallic minerals	1900	10500
All kinds of placer mineral deposits	1500	12000
Nonmetallic minerals	1500	7500
Other solid minerals	1000	10000
Groundwaters	800	1650
3. Rates of regular payments for the use of subsoil during the construction and operation of underground structures not related to the extraction of mineral resources		
Storage of oil and gas condensate (RUB per 1 ton)	3,5	5
Storage of natural gas and helium (RUB per 1,000 cubic meters)	0,2	0,25

The amount of regular payments for the use of subsoil is included by organizations into other expenses related to production and sales, which are taken into account in determining the corporate income tax base, in equal shares during the year.

3. The amounts of regular payments for the use of subsoil and the conditions and procedure for their collection when fulfilling production sharing agreements are established by production sharing agreements within the limits established by this Article.

When performing production sharing agreements concluded before the Federal Law «On Production Sharing Agreements» entered into force, the terms of calculation and payment of regular payments established by the said agreements are applied.

When product sharing agreements concluded after the Federal Law «On

Production Sharing Agreements» entered into force and before this Article entered into force, the payment of regular payments for the use of subsoil, the conditions and procedure for their collection shall be established by the said agreements in accordance with the laws of the Russian Federation in force on the date of signing of each such agreement.

4. Regular subsoil use payments are paid by subsoil users on a quarterly basis, not later than the last day of the month following the expired quarter, in equal installments of one fourth of the payment amount calculated for the year.

The procedure and conditions for collecting regular payments for the use of subsoil from users of subsoil who are engaged in prospecting and exploration of deposits on the continental shelf of the Russian Federation and in the exclusive economic zone of the Russian Federation, as well as outside the Russian Federation in areas under the jurisdiction of the Russian Federation, are established by the Government of the Russian Federation, and the amounts of these payments are sent to the federal budget.

5. Regular payments for subsoil use are collected in cash and credited to federal, regional and local budgets in accordance with the budget legislation of the Russian Federation.

6. Subsoil users submit quarterly, no later than the last day of the month following the expired quarter, to the territorial bodies of the federal executive body that performs the functions of control and supervision over compliance with the legislation on taxes and duties, and the federal executive body in the field of natural resources authorized by the Government of the Russian Federation at the location of subsoil plots calculations of regular payments for the use of subsoil by form approved by the federal body of executive power which carries out functions on development of state policy and normative-legal regulation in sphere of budgetary and tax activity, in coordination with the federal body managing the state subsoil fund.

Chapter VI. LIABILITY FOR VIOLATION OF THE SUBSOIL LEGISLATION OF THE RUSSIAN FEDERATION AND RESOLUTION OF DISPUTES OVER SUBSOIL USE ISSUES

Article 49. Administrative, criminal liability for violation of the subsoil legislation of the Russian Federation

Persons guilty of violating the subsoil legislation of the Russian Federation shall bear administrative and criminal responsibility in accordance with the procedure established by the laws of the Russian Federation.

Bringing to justice for a violation of the subsoil legislation of the Russian

Federation does not exempt the guilty persons from the obligation to eliminate the violation and compensate for the damage caused by these persons.

Article 50. The procedure for resolution of disputes

Disputes over subsoil use issues shall be resolved by public authorities, a court or an arbitration court in accordance with their powers and in the manner prescribed by law.

Part two is no longer valid since June 1, 2016. – The Federal Law of April 5, 2016 No. 104-FZ.

By mutual agreement of the parties, property disputes over subsoil use may be transferred to an arbitration court.

Disputes over subsoil use under the terms of production sharing are resolved in accordance with the terms of the said agreements.

Article 51. Compensation for damages caused to the subsoil as a result of violation of the subsoil legislation of the Russian Federation

Persons who have caused damage to the subsoil as a result of violation of the subsoil legislation of the Russian Federation shall compensate for it voluntarily or in court.

The procedure for calculating the amount of damage caused to the subsoil as a result of violation of the subsoil legislation of the Russian Federation shall be established by the Government of the Russian Federation. Chapter VII. INTERNATIONAL TREATIES

Article 52. International treaties

If an international treaty of the Russian Federation establishes rules other than those stipulated by this Law, the rules of the international treaty shall apply.

President of the RSFSR
B. YELTSIN

Moscow, House of Soviets of Russia

February 21, 1992

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