

Guidelines regarding Section 76 of the Petroleum Law – 1952: Transfer and Charge of Petroleum Rights

PART A: INTERPRETATION

Definitions

1. Terms not defined in these guidelines shall have the meaning given to them in the Petroleum Law – 1952.

In these guidelines -

"Means of Control" – means of control over a consortium or means of control over a corporation, as the case may be ;

"Means of control", in a consortium – each of the following:

- (1) Voting right in a meeting, an operations committee or a different forum in which decisions binding the consortium are reached in connection with operating a Petroleum Right;
- (2) The right to appoint members in a meeting, in an operations committee or a different forum in which decisions binding the consortium are reached in connection with the operating of a Petroleum Right, or to appoint a person in charge of reaching said decisions;

In this case, "Operations Committee" – a body appointed by members of the consortium to direct the consortium's activity in operating a Petroleum Right or determine the manner of operating a Petroleum Right and perform the duties imposed on the Petroleum Right holder pursuant to the terms of the Right or its policy in such matters, or supervise them;

"Means of Control" in a corporation – each of the following:

- (1) Voting right in a company's general meeting or a similar body in a different type of corporation;
- (2) Right to appoint a company director or its CEO, or similar officials in a different type of corporation;

In a limited partnership– the rights prescribed to the corporation serving as general partner;

"Petroleum Right holder", "Holder of a Preliminary Permit", "Licensee", "Lessee" – should the Petroleum Right, the Preliminary Permit, the license or lease, as the case may be, granted to a person – that person is the holder; to a corporation – that corporation is the holder, and to a body of unincorporated persons – the holder shall be any member of that body of persons;

"Holding" – with regards to control, means of control and right to contractual royalties – directly or indirectly, including via others including trustee or agent, or via a right stipulated

The State of Israel
Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

in an agreement or any other way, whether alone or together with others who collaborate with him on a regular basis; In this matter, a corporation holding shall also be considered a holding by its controlling party, directly or indirectly.

"Transfer" – transfer by any means, other than inheritance, including allocation as mentioned in Paragraph 2, with or without consideration, as well as providing an option right, as aforementioned;

"Petroleum Right" – preliminary permit, license or lease, as the case may be;

"Right to contractual royalties" – a right to obtain proceeds or royalties, except for royalties paid to the State pursuant to Section 32 of the Law, from an owner of a preliminary permit, licensee or lessee, or a partial owner of a preliminary permit, license or lease, as the case may be, directly or indirectly, save for a right to receive proceeds in virtue of control or in virtue of holding means of control over a Petroleum Right holder or due to holding of a share, participating unit or another right in the corporation, which provides a right to share in its proceeds or a right to a part of the remaining assets after liquidation of a corporation;

"Member in a Consortium" – any person with direct holding of a part of the Petroleum Right which is held by the consortium;

"The Law" or "The Petroleum Law" – Petroleum Law, 5712-1952 and its regulations;

"Benefits in reference to Petroleum Rights", "benefits in reference to preliminary permits", "benefits in reference to licenses" and "benefit in reference to leases" – includes holding of each of the following:

- (1) Control over an holder of a preliminary permit, license or lease, or a corporate corporation which holds a part in a preliminary permit, license or lease, or in a consortium, as the case may be;
- (2) Over 25 percent of any means of control over the holder of a preliminary permit, license or lease, or a corporation which holds a part in a preliminary permit, license or lease, or a consortium, as the case may be;
- (3) Right to contractual royalties;

"Operator" – a member of a consortium experienced in performing petroleum exploration and production, management and supervision, and entrusted by the consortium to execute all the professional actions related to petroleum exploration and production as per the consortium's Petroleum Right, which meets law requirements and the Commissioner's provisions, and whom the Commissioner approved as an operator;

"Professional crew" – a crew that includes experienced professionals in the field of petroleum exploration, hired by a member of the consortium; approved by the Commissioner.

"Consortium" – a body of unincorporated persons in hold of the Petroleum Right;

The State of Israel
Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

"Control" – Control over a consortium or a corporation, as the case may be;

"Control over a consortium" – the capacity, whether alone or with others collaborating on a regular basis, to direct the operations of the consortium, aside from a capacity of an individual which stems from solely from fulfilling a function in the consortium or acting as director or other official in the consortium members, as well as from a capacity which stems solely from acting as an operator; without derogating from the generality of the aforesaid, a person controls the consortium –

- (1) If the part in his possession in a Petroleum Right held by the consortium constitutes half or more;
- (2) If he holds half or more of the consortium's means of control;
- (3) If he has the capacity to make decisions on behalf of the consortium concerning actions in regard to the Petroleum Right and operations, or prevent making said decisions in the consortium;

"Control over a Corporation" – the capacity, whether alone or with others collaborating on a regular basis, to direct the corporation's operation, aside from a capacity which stems solely from acting as director or other official in the corporation; without derogating the generality of the aforesaid, a person controls the corporation:

- (1) If he holds half or more than half of any means of control in the corporation;
- (2) If he has the capacity to make decisions on behalf of the corporation to exercise the Petroleum Right, or prevent making said decisions in the corporation, in virtue of the corporation's Article of Association or in virtue of an agreement;

"Work Programme" – the work Programme of the Petroleum Right holder as approved by the Commissioner, including stages and schedules;

"The Petroleum Regulations" – Petroleum Regulations, 5713-1953¹

PART B: TRANSFER OF PETROLEUM RIGHT AND BENEFIT OF PETROLEUM RIGHT

Transfer Requiring Application

2.
 - A. Obtaining approval from the Commissioner pursuant to Section 76 of the Law for transfer of a Petroleum Right, part of a Petroleum Right or benefits in reference a Petroleum Right, requires submission of an application according to the guidelines hereof.
 - B. Without derogating the generality of subsection (A), its provision shall also apply to the following:
 - (1) Transfer of part of a Petroleum Right, or benefit in reference to a Petroleum Right, between members of the consortium in virtue of their agreement;

¹ Regulations 1953, p.622.

The State of Israel

Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

- (2) Transfer or allocation of means of control, which alone or with means of control, previously in possession of the transferee or receiver of allocation, provide him with a benefit in reference to a Petroleum Right.
- (3) Transfer or allocation of means of control, which together with other means of control previously in the possession of the transferee or the receiver of the allocation, provide him with control over the corporation or consortium which holds a Petroleum Right or a part of a Petroleum Right or they are in possession of a benefit in reference to a Petroleum Right;

Details and Documents of Application

3.

(A) An application shall be submitted to the Commissioner in 3 copies signed by the transferor and the transferee, detailing all of the following:

- (1) The Petroleum Right or part of the Petroleum Right or benefit in reference to the Petroleum Right that is to be transferred;
- (2) The background to the application and its arguments;
- (3) Details concerning the transferee as mentioned in subregulations (1) to (8) and (11) in Regulation 6 of the Petroleum Regulations, *mutatis mutandis*;
- (4) Details updated as per the application submission date about the transferor, as mentioned in sub-regulations (7) and (8) of the Petroleum Regulations, *mutatis mutandis*;
- (5) Details regarding the financial capacity of the Petroleum Right holder, if necessary to prove meeting the terms stipulated in Subsections (4) and (5) in Section 6(1), or Paragraph (2) Section 7(1) herein, as the case may be;
- (6) The fundamentals of the agreements mentioned in Subsection (B) (1) and (2) herein:
 - (A) description of the parties and place of incorporation;
 - (B) description of the transaction;
 - (C) the consideration for the transferred rights, manner of calculation and ways and dates of payment;
 - (D) fundamentals of the parties' commitments;
 - (E) pending warranties, in addition to the Commissioner's approval, if in existence;
 - (F) the prevailing law and place of jurisdiction;
 - (G) other fundamental terms, in accordance with the agreement's special circumstances.

The said details in Subsections (1) to (6) in this Section shall be provided in Hebrew and can be provided in English as well.

(B) The following documents shall be attached to the application in 3 copies:

- (1) A signed agreement between the transferor and the transferee concerning the

The State of Israel

Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

transfer, conditioned by the Commissioner's approval; the Commissioner is entitled to receive an unsigned copy of the said agreement, and in this case his approval, if provided, shall be conditioned by signing the agreement conforming to the submitted version, or with amendments he had approved;

- (2) Additional agreements related to the transfer, which includes amendments to the JOA, if there are any, and in case of transfer of a Petroleum Right or part of a Petroleum Right – agreements on affiliation of the transferee to the JOA;
 - (3) Documents concerning the transferee as mentioned in subregulation (1) to (8) and (11) in Regulation 6 of the Petroleum Regulations, *mutatis mutandis*;
 - (4) Updated documents concerning the transferor as mentioned in subregulation (7) and (8) in Regulation 6 of the Petroleum regulations, *mutatis mutandis*;
 - (5) Documents that prove the transfer terms under to these guidelines are upheld;
 - (6) If the transferor is a member of a consortium or holds control over a member of a consortium – the rest of the consortium members' consent to the application or an approval that the terms of the said agreement were met; this provision shall not prevail if the consortium members inform the Commissioner in advance per an agreement between them that their consent is unnecessary herein, or via an attached signed agreement between the transferee and the rest of the consortium members, whose validity is stipulated by the Commissioner's approval.
- (C) To a benefit transfer application, which is a right for contractual royalties, as mentioned in Section 13, provisions of Section 13(1) shall prevail.
- (D) In this section, "transferee" – includes the holder to which the means of control were allocated, as mentioned in Section 2.

Decision regarding the Application

4. The Commissioner, in consultation with the council, when consultation is required pursuant to Section 76 of the Law, is entitled to provide a transfer approval, subject to the provisions of the Law and these guidelines, and stipulate it with any condition he sees fit, or refuse the application; Approval of transfer benefit, which constitutes a right to contractual royalties, as mentioned in Section 13, is not subject to the conditions in Sections 5, 6 and 7.

Transfer of Preliminary Permit with Priority Right

5. It is possible to approve transfer of a preliminary permit, to which a priority right has been provided pursuant to its meaning in Section 7A of the Law, or a part of a preliminary permit as mentioned, or a benefit regarding a preliminary permit as mentioned, to a person controlled by the person controlling the preliminary permit holder, or between members of the consortium, provided the conditions in Paragraphs (3), (4), (5) and (7) in Section 6 are upheld, *mutatis mutandis*.

The Conditions for Transfer of License Prior to a Discovery Approval

6. It is possible to permit a transfer of a license, part of a license and benefit regarding a

The State of Israel

Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

license, before the Commissioner approved the existence of a discovery in the licensed area, if all the following conditions are upheld:

- (1) The application was submitted after at least 1 year had passed from the date the license was granted, and on the date the application was submitted the transferor held the transferred right for at least 1 year;
- (2) The experience in petroleum exploration and development of the licensee after the transfer is in accordance with the Law and the provisions of the Petroleum Commissioner;
- (3) If the transferor is the operator or employer of the professional crew, and following the transfer he shall no longer be the operator or employer of the professional crew, as well as due to a decrease in his part of the license below the minimum rate required from an operator – the transferee follows all the conditions required from an operator or employer of the professional crew in accordance with the Law, the regulations and the provisions of the Petroleum Commissioner, and if the transfer is to more than one transferee – one of the transferees meets the said conditions;
- (4) The financial capacity of the licensee following the transfer meets the requirements of the Law, and the Petroleum Commissioner's provisions;
- (5) If the transferor has provided a liability to prove financial capacity for other consortium members as well, the consortium after the transfer meets the conditions in subsection (4), and if required to – presents suitable financial liability as proof;
- (6) On the application submission date, the remaining time until the license validity expires is over 3 months, and in any case, the license period prior the submission shall not exceed 6.5 years.
- (7) If the license and its preceding preliminary permit were given without payment to the State and the consideration supersedes double of the transferor's expenditures in the purchase of the transferred rights and the funding of the relative share, based on the relative part of the transferred rights, of the expenses concerning the execution of operations, linked to the USD official exchange rate from the expenditure date to the date the rights are transferred, the difference between the expenses and the said funding shall be used to continue execution of operations according to the license; In reference to this, "Execution Expenditure" – means the expenses for the following operations pursuant to the license and its preceding preliminary permit: performing geophysical and geological surveys, processing and interpretation of the surveys, performing drilling and production tests, and an overhead of no more than 5% of all said expenses; the transferor shall provide the Commissioner with evidence of the said expenses, including accountant confirmation, and if the consideration for the transfer was not in cash – he shall also provide evidence regarding the value of the consideration.

The Conditions for Transfer of a License after Discovery Approval, and Transfer of a Lease.

The State of Israel

Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

7. It is possible to approve a lease transfer, of a part of a lease and benefit concerning a lease after the commencement of petroleum production at the lease area, if all the following conditions are upheld:
 - (1) The licensee's/lessee's financial capacity after the transfer is in accordance with the Law, and the provisions of the Petroleum Commissioner.
 - (2) the transferor is the operator or employer of the professional crew, and following the transfer he shall no longer be the operator or employer of the professional crew, as well as due to a decrease in his part of the right below the minimum rate required from an operator – the transferee follows all the conditions required from an operator or employer of the professional crew in accordance with the Law, the regulations and the provisions of the Petroleum Commissioner, and if the transfer is to more than one transferee – one of the transferees meets the said conditions;

Multiple Applications

8. Was an application submitted, and before a decision was reached, additional application or applications were submitted in regards to the same Petroleum Right, the applications shall be reviewed considering all the applications for transfer; if the Commissioner believes that due to the total result, it is not possible to approve all the transfers that meet the conditions of these guidelines, the decisions shall be made in accordance with the order in which the applications were submitted.

A consortium's Capacity and Experience

9. Regarding Sections 6,7, a financial capacity and experience of a Petroleum Right holder who is a consortium, means the entire financial capacity and experience of all members of the consortium, unless the Law or the Commissioner's provisions state otherwise.

The Conditions for Transfer of a Right Granted Following a Competition

10. Without derogating from the other provisions in the guidelines herein, if the Petroleum Right is granted following a competition, and the competition procedure stipulates pre-conditions or priority to contenders per stated criteria of previous experience and financial capacities, the transfer of the Petroleum Right, part thereof, or benefit, shall be conditioned so, that following the transfer the Petroleum Right holder shall meet the same pre-conditions and at least the same level of standards on the date the Petroleum Right was first granted. The Commissioner shall be entitled to deviate from the aforesaid, *inter alia*, considering the duration of time from the date the right was granted following the competition, and the status of the Petroleum exploration market.

Transfer of Rights in a Small Scale

11. In each of the following cases, a transfer is may be approved even if not all the

The State of Israel

Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

conditions specified in Sections 6(1) to (7) or 7 are upheld, as the case may be.

- (1) The transferee shall not receive more than 5 percent in the license or the lease, whether once or more than once during a period of 6 months, whether from one transferor or more than one transferor;
- (2) The transferee shall not receive more than 5 percent of any means of control over the licensee or the lessee, whether once or more than once in a period of 6 months, whether from one transferor or more than one transferor;

Transfer under Special Circumstances

12.

- (A) Despite the specified in Sections 6 and 7 hereof, a transfer may be approved - as mentioned in the beginning of the said sections - even if not all the conditions in them are upheld, as long as , under the circumstances, not upholding the conditions is not fundamental and the Commissioner is convinced there are special circumstances that justify it, and after the transfer, the violations shall be amended, if there are any, and the licensee or lessee's capacities shall be improved enabling him to meet his liabilities.
- (B) A transfer of a part of a license, or a lease or benefit regarding a license or a lease may be approved even though not all the conditions specified in Sections 6 or 7, and 9 herein, are upheld, as the case may be, provided the Commissioner was convinced there are special reasons justifying it, and that the transfer shall significantly strengthen the licensee or lessee in the aspects reviewed when the rights are provided, and his capacity to meet all the provisions of the Law and uphold the provisions of the license or the lease, as the case may be.
- (C) It is possible to approve a transfer of benefit, even though not all the conditions specified in Sections 5,6 or 7 and 9 are upheld, as the case may be, if the Commissioner is convinced there are special reasons that justify it; A situation in which the preliminary permit, a license or a lease, or part whereof, as the case may be, do not constitute an essential part of the transferor's assets or businesses; a situation in which the same person controls the transferor and the transferee; and a situation where the transferee is a company controlled by a foreign state, all constitute special reasons under this subsection.
- (D) If the same person controls the transferor and the transferee, the conditions mentioned in Paragraphs (1) to (7) in Section 6 and Sections 5,8,7 and 9, as the case may be, are unnecessary.

Transfer of Rights to Contractual Royalties

13. Despite the specified in the guidelines herein, regarding transfer of benefit which is a right to contractual royalties, as well as its transfer from the Petroleum Right holder or anyone in possession of part of the Petroleum Right to another, the following provisions shall prevail, as long as the transferee shall only have the right to royalties

The State of Israel
Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

and shall not have any influence over the Petroleum Right holder or holder of part of the Petroleum Right:

- (1) The Application shall contain the following details:
 - (A) The right to royalties requested for transfer;
 - (B) The background to the application and its arguments;
 - (C) Details regarding the transferee as mentioned in subregulations (1) to (5) in Regulation 6 of the Petroleum Regulations, under the binding amendments;
 - (D) The fundamentals of the agreements mentioned in Paragraphs (2) (A) and (B) below, containing the details mentioned in Section 3(6).

- (2) These documents shall be attached to the Application:
 - (A) The agreement forming the right to royalties requested for transfer, and if the transferor is not a party of the said contract – also the contract granting the right;
 - (B) The agreement concerning the transfer of the right to royalties, and its accompanying agreements, if there are any;
 - (C) Documents concerning the transferee as mentioned in subregulations (2) and (3) in Regulation 6 of the Petroleum Regulations, under the binding amendments;

- (3) The transfer may be approved even if not all the conditions specified in Sections 5,6,7 or 9 are upheld, as the case may be; the Commissioner is entitled to stipulate types of transfers as mentioned, which allow an approval in advance per application submitted after the Petroleum Right is initially registered in the Petroleum Registry or after the first transfer of the right to contractual royalties in the Petroleum Registry is recorded.

- (4) The Commissioner shall not approve the transfer of contractual royalties whose value exceeds 5 percent of the value of the petroleum to be produced and exploited as part of the right. In exceptional cases, the Commissioner shall be entitled to approve the transfer of royalties in a value exceeding 5 percent of the value of the petroleum to be produced and exploited as part of the right, as long as it does not exceed 10 percent of the said petroleum value.

- (5) The Commissioner shall not approve a transfer of contractual royalties, if it is a part of the transfer of rights procedure, mentioned in Section 6.

Advance Approval of Transfer between Members of a Consortium

14. The Commissioner is entitled to provide, upon granting the license or afterwards, an advance approval to types of transfers of license or benefits regarding the license between members of a consortium, under conditions that shall be included in the approval (hereinafter – advance approval); advance approval shall also take place if the conditions in Sections 6,7 or 9 were not upheld, as the case may be; if the

The State of Israel
Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

Commissioner provided an advance approval, the transferor and transferee shall give the Commissioner an advance notice on their intention to perform a transfer based on the advance approval, with details and evidence that it meets the advance approval conditions; if the Commissioner believes the said transfer is not part of the advance approval, he shall instruct the transferor and transferee to submit an application according to the guidelines hereof; if the Commissioner did not provide instructions within 30 days upon receiving the notice, the transfer shall be considered to meet the conditions of the advance approval; The Commissioner is entitled to revoke an advance approval if after it was given, the circumstances have changed, making the transfer of rights liable to impair the capacity of the licensee to meet the requirements.

Approval of to an Option Right

15.

- (A) On providing an option right to receive a transfer, as mentioned in Section 2, the provisions of the guidelines herein shall prevail as if the transfer is conducted on the date an option right is given, and upon application submission the applicant shall note he is requesting approval on giving an option right; the Commissioner shall not approve giving an option right, as mentioned, if the period to exercise an option right exceeds 6 months; once the option right is exercised, as approved by the Commissioner in accordance with the subsection herein, the transferor and the transferee shall give, without delay, a written notice on the matter to the Commissioner.
- (B) If an application for a transfer was approved by the Commissioner, as mentioned in Section 2, also includes an option right to receive a transfer, the approval shall not constitute an approval to the option right, unless the Commissioner separately and explicitly approved the option right.

Restrictions to Transfer

16.

- (A) The Commissioner shall not approve a transfer of a Petroleum Right, a part of a Petroleum Right or a benefit regarding a Petroleum Right, if, to the opinion of the Commissioner, one of the following takes place:
 - (1) The transfer might delay or impair the execution of duties of the Petroleum Right holder to explore or produce petroleum, according to the license or lease or according to the Petroleum Law, as the case may be;
 - (2) The transfer might significantly impair the competition in the field of exploration and production;
 - (3) The transfer might significantly impair the royalties' payment to the state treasury stipulated by the Law and any law;
 - (4) The transferee or his controlling shareholder violated provisions of the Petroleum Law, or provisions, demands, rulings and decisions made by the Commissioner regarding a different Petroleum Right he has or had or

The State of Israel

Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

of which he had a part, or benefit in regards to it, or the conditions of the said Petroleum Right, or acted in the matter of the Petroleum Right, as mentioned, inefficiently or irresponsibly, and as a result, is deemed unworthy to be the Petroleum Right holder, or be in a possession of a part of the Petroleum Right or own benefits regarding the Petroleum Right, as the case may be;

- (5) The transferor or transferee have yet to pay a debt to the State Treasury regarding the Petroleum Right they have or had.
- (B) The Commissioner is entitled not to approve a transfer, although all the conditions for approval, as specified in the guidelines herein, are upheld, if he is convinced that reasons of public safety, national security, foreign relations or international commerce relations justify it, including if the transferee is a corporation governed by a foreign country or there are other special circumstances in existence making the transfer not in the public or Israel's Energy market's best interest.

PART C: CHARGE OF A PETROLEUM RIGHT AND BENEFIT REGARDING A PETROLEUM RIGHT

Application to Receive Charge Approval

17.

- (A) A person requesting approval from the Commissioner pursuant to Section 76 of the Law for charge of a license or lease, part of the license or lease or benefit regarding a license or lease, shall submit to the Commissioner his application in 3 copies signed by the transferor or the transferee, specifying, in Hebrew, the following:
- (1) The Petroleum Right or part of the Petroleum Right or benefit regarding the Petroleum Right requested for a charge;
 - (2) The background for the application and the goals of the charge;
 - (3) The fundamentals of the agreement mentioned in Subsection (B) including:
 - A. Name of the debtor, if he is not the Petroleum Right holder or benefit owner, and location of incorporation;
 - B. Names of the creditor or creditors and the name of their representing trustee, if in existence, and location of incorporation;
 - C. The debits guaranteed by the charge and the fundamentals of the debtor and creditor's liabilities;
 - D. The rights to which the charge is subject, including the lawful right of the state to royalties;
 - E. If other assets and rights, present or future, related to the specified in Paragraph (1), charged or an obligation is given to charge –details thereof;
 - F. Pending warranties, in addition to the Commissioner's approval, if there

The State of Israel

Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

are any;

- G. Provision in the matter of prevalence of the Israeli law and Israel as the place of jurisdiction. (if requested that the law and place of jurisdiction be different – provide arguments). In any case related to the matter in Subsection (A)(3)(D) the Israeli law shall prevail and the jurisdiction shall be in Israel.
- (B) The applicant shall attach to his application a signed copy of the charge agreement conditioned by the Commissioner's approval; the Commissioner is entitled to receive a copy of the said agreement, unsigned, and in this case his approval, if provided, shall be conditioned by signing the agreement conforming to the submitted version, or with amendments he had approved;
- (C) If the applicant is a member in a consortium, he shall also attach to his application, agreements to the application by the rest of the consortium members, or a legal opinion report stating, as per the agreement between the consortium members, that the agreements are unnecessary or the conditions herein were met in the said agreement.

The Terms and Conditions for Charge Approval

18.

- (A) It is possible to approve a charge of a license or lease, or part of a license or lease, before commercial production commenced, if the charge was to be used as security for these purposes:
 - (1) Receiving a loan to fund the operations of the licensee or lessee, as the case may be, in reference to the license or lease, in accordance with the Law, license terms or lease deed and the work program;
 - (2) Receive a loan to fund the operations in Paragraph (1), and vital necessities the Commissioner saw fit to approve, for special reasons, as long as this does not impair the ability of the licensee or lessee, as the case may be, to meet the provisions of the Law and the charged license or lease;
 - (3) Ensuring the right to receive contractual royalties.
- (B) It is possible to approve charge of a lease or part of a lease after commercial production commenced, and charge of benefit concerning the lease, if the charge was designated to be used as security for the purposes mentioned in Subsection (A), and for a different purpose if according to the Commissioner this does not prevent the lessee from meeting the provisions of the Law, and the lease terms.
- (C) Approval for charge does not constitute an approval to transfer the charged right, and if conditions for realization of the charge take place, the license or the lease, or any part of them, or benefit regarding the license or the lease, as the case may be, shall not be transferred to the holder of the charge or any other agent, unless the Commissioner approved the transfer to the transferee in advance and in writing, in accordance with these rules; appointing a

The State of Israel
Ministry of National Infrastructure, Energy and Water Resources
Natural Resources Administration

receiver over the charged right shall not be subject to the rules applying to its transfer, unless the Commissioner agreed in advance and in writing to the identity of the receiver and the capacities given to him.

PART D: DIFFERENT PROVISIONS

Authority to Demand Information and Documents

19. The Commissioner, in accordance with these guidelines, is entitled to demand from the person who submitted the application additional details and documents to the ones specified in these guidelines, including approvals by an attorney or accountant in matters instructed in his demand, to the extent the Commissioner sees fit so he may reach a decision about the application.

Prevalence and Interim Provisions

- (A) These guidelines shall apply to the transfer of a Petroleum Right, of a part of a Petroleum Right and benefit regarding a Petroleum Right, whose application for transfer was submitted after these guidelines were published.
- (B) If the application for transfer of a Petroleum Right or part of a Petroleum Right or benefit concerning a Petroleum Right is pending on the day these guidelines are published, and a decision has not yet been received about it, the applicants are entitled to request that these guidelines shall prevail.

December 31st, 2015, Petroleum Commissioner.