

DECREE OF THE PRESIDENT OF THE REPUBLIC OF AZERBAIJAN ON ESTABLISHMENT OF THE STATE OIL FUND OF THE REPUBLIC OF AZERBAIJAN

Including the addendums and amendments according to the Decrees of the President of the Republic of Azerbaijan № 849 dated February 7, 2003 and № 202 dated March 1, 2005

Business co-operation between the State Oil Company of the Republic of Azerbaijan and leading international oil companies, which commenced with the signing of the Contract of the Century in 1994, is about to give its first real results. To direct expected revenues towards social-economic progress of the Republic of Azerbaijan is a primary purpose of the state policy.

Taking the aforementioned into account, and for the purposes of securing accumulation and efficient management of currency and other revenues generated from sale of profit oil produced as a result of joint development of oil fields with foreign companies, application of such proceeds to development of primary areas and performance of projects of social-economic significance, **it is hereby decreed:**

1. To establish the State Oil Fund of the Republic of Azerbaijan.
2. To accumulate resources of the State Oil Fund of the Republic of Azerbaijan on the account of the following sources:
 - 2.1. Revenues generated from implementing agreements on exploration, development and production sharing for oil and gas fields in the territory of the Republic of Azerbaijan including the Azerbaijani sector of the Caspian Sea, as well as other agreements on oil and gas exploration, development and transportation entered into between the State Oil Company of the Republic of Azerbaijan or other authorized state body and investors:
 - 2.1.1. Net revenues from the sale of hydrocarbons falling on the share of the Republic of Azerbaijan (to deduct expenditures incurred for hydrocarbons transportation, customs clearance and bank costs, marketing, insurance and independent surveyor fees and not to include revenues falling on a participating interest or investment of the State Oil Company of the Republic of Azerbaijan in a project if it is an investor, participant or a contracting party of this project);
 - 2.1.2. Oil and gas agreements signature or performance bonuses paid by investors to the State Oil Company of the Republic of Azerbaijan or an authorized state body;

