

LAW
REPUBLIC OF UZBEKISTAN

December 13, 2002 No. 444-II

On subsoil
(new version)

The present Law was amended in accordance with
Article 3 of the Law of the RUz No. ZRU-133 dtd 18.12.2007

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I. General

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Article 1. Aim and main tasks addressed by the present Law

The present Law aims to regulate a scope of relationship arisen
when possessing, using and disposing subsoil (mining relations).

Basic tasks of the present Law are as follows: ensuring
rational and complex use of subsoil to satisfy demand for mineral raw
materials and other requirements, protection of subsoil and environment,
safe execution of work when using subsoil, protection of rights of users
of subsoil and interests of a person, society and a state.

Article 2. Basic terms

The present Law deals with the following basic terms:
especially conserved geological objects - used to denote
scientific and training grounds, geological reserves, natural
monuments, caves and other underground cavities of scientific,
historical, cultural, aesthetic and other importance;
subsoil - denote a part of the earth's crust located lower than

topsoil, and in the absence of the latter - lower than ground surface or ground of water objects stretching up to profundity accessible for geological study and development;

geological study of subsoil - is a complex of special research work associated with the elucidation of peculiarities of geological structure of the earth's crust, including regional geological study of the territory of the Republic of Uzbekistan, search, appraisal and prospecting of mineral deposits, determination of quantity and quality of their reserves, processing behavior and economic value, as well as other subsoil' characteristics;

generally used minerals - denote minerals used either as natural or slightly processed and purified ones;

requirements - used to denote a range of requirements grounded by technical and economic calculation imposed on determination of mineral reserves of subsoil (with the exception of oil, gas, and gas condensate) taking into consideration their processing characteristics, mining-and-geological and other conditions of development of deposit, market condition regarding minerals and products of their processing and energy prices;

mineral raw materials - are minerals mined and undergone initial processing;

industrial groundwater - mean groundwater and underground brine containing dissolved minerals;

experimental-industrial mining - denotes mining of minerals in the course of geological study of subsoil with a view to work out or improve a technology of mineral dressing and processing, choice of efficient methods and ways of industrial development of mineral deposits, as well as the use of man-caused mineral formations;

man-caused mineral formations - mean waste of mining and processing industries, containing useful minerals;

mineral component - means constituent component of mineral which extraction with a view of industrial use is considered technologically possible and economically expedient;

mineral deposit - means an area of subsoil which contain minerals of appropriate quantity and quality that allows to regard it as an object of mining;

minerals - are organic, inorganic, hard, liquid or gas mineral formations containing in depths including industrial groundwater, brine and that of salt-pans;

mining of minerals - mean a scope of work associated with excavation of minerals from subsoil to the surface.

Article 3. legislation on subsoil

The legislation on subsoil comprises the present Law and other legislative acts.

Relationship connected with the use of subsoil in the Republic of Uzbekistan are also regulated by the legislation of the Republic of Karakalpakstan.

Relationship associated with the use and protection of land, water (with the exception of industrial groundwater), flora and fauna, as well as ambient air, arisen when using subsoil, shall be regulated by the relevant legislation.

If a certain international agreement signed by the Republic of Uzbekistan lays down rules and regulations other than those contained in the legislation of the Republic of Uzbekistan on subsoil, the rules and regulations specified in international agreement are applicable.

Article 4. Ownership to subsoil

Subsoil are regarded to be property of the Republic of Uzbekistan; they shall be used rationally and protected by the state.

Article 5. State subsoil fund

Both used and not used areas of subsoil, as well as man-caused mineral formations constitute state subsoil fund.

Article 6. Right of ownership to mined minerals and man-caused mineral formations

Minerals mined in keeping with the established procedure, may be in the ownership of the state, legal and natural entities.

The user of subsoil retains the right of ownership to man-caused mineral formations, received as a result of mining of minerals and processing of mineral raw materials for a period during which he uses the area of subsoil.

II. State regulation of mining relations

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Article 7. State management in the sphere of mining relations

The Cabinet of Ministers of the Republic of Uzbekistan, local agencies of state power, as well as specially authorized state agencies execute state management in the sphere of mining relations.

Specially authorized state agencies in the sphere of mining relations are - the State Committee of the Republic of Uzbekistan for Protection of Nature, the State Committee of the Republic of Uzbekistan for Geology and Mineral Resources, the State inspectorate of the Republic of Uzbekistan for supervision of safe fulfillment of work in industry, mining and municipal sphere. (In edition of Point 1 of Article 3 of the Law of the RUz No. ZRU-133 dtd 18.12.2007)

Article 8. Authority of the Cabinet of Ministers of the Republic of Uzbekistan in the sphere of mining relations

Authority of the Cabinet of Ministers of the Republic of Uzbekistan include the following:

- disposition of state subsoil fund;
- approval of state programs of the development and reproduction of source of raw minerals, protection of subsoil and execution of control over their implementation;
- establishment of an order of allotment of areas of subsoil in use and execution of monitoring of subsoil;
- organization of state record-keeping of areas of subsoil, allotted in use, as well as state registration of rights to use areas of subsoil;
- establishment of a procedure for approval of mineral reserves, making up national balance of mineral reserves, maintaining state cadastre of deposits, detection of minerals and man-caused mineral formations;
- approval of a list of generally found minerals;
- organization of state control over geological study, use and protection of subsoil;
- execution of other authority in accordance with the legislation.

Article 9. Authority of the local agencies of state power in the sphere of mining relations

Authority of the local agencies of state power are as follows:
participation in working out and implementation in the relevant territory of state programs of the development and reproduction of source of raw minerals, protection of subsoil and execution of control over their implementation;
co-ordination of terms of use of subsoil when mining generally found minerals;
execution of state control over the use and protection of subsoil;
execution of other authority in accordance with the legislation.

Article 10. Restrictions to use subsoil

The use of subsoil in the territory of settlements, suburban areas, industrial, transport and communication enterprises may be restricted if such use may threaten life and health of the population or cause damage to the environment.

Subsoil may be used in specially protected territory in accordance with the legislation.

Article 11. State record keeping of areas of subsoil, allotted for use. State registration of rights to use areas of subsoil

Areas of subsoil allotted in use for geological study, mining of minerals, construction and operation of underground structures not connected with mining of minerals, formation of specially protected geological objects, as well as collection of samples of gemstone raw materials, paleontological remnants and other geological collection materials are liable to state record keeping.

Execution of the right to use subsoil without its state registration is not permitted, with the exception of cases stipulated by the legislation.

The Cabinet of Ministers of the Republic of Uzbekistan specify a procedure for state record keeping of areas of subsoil allotted in use and state registration of right to use areas of subsoil.

Article 12. State record keeping of work associated with geological study of subsoil

Work associated with geological study of subsoil are liable to state record keeping.

The State Committee of the Republic of Uzbekistan for Geology and Mineral Resources keeps state record of work associated with geological study of subsoil in keeping with the procedure specified by the Cabinet of Ministers of the Republic of Uzbekistan.

Article 13. State register of deposits and areas of subsoil prospective to detect mineral deposits

State register of deposits and areas of subsoil prospective to reveal mineral deposits (hereinafter referred to as state register) is kept with a view to determine prospects and further development of source of raw minerals of the Republic of Uzbekistan.

As regards each deposit, prepared for industrial development, state register shall include information on results of geological and economic evaluation and conditions of deposit development, quantity and quality of excavated mineral raw materials and its value, taking market conditions into consideration.

As regards each area of subsoil prospective to detect mineral deposit, state register shall include information on prospective resources (reserves) of minerals, their proposed quality, possible methods of development of potential deposit, as well as recommendations on further geological study of area of subsoil.

Information included into state register shall be taken into consideration when preparing conditions of public auctions, as well as when granting the right to use areas of subsoil on the basis of direct negotiations.

The Cabinet of Ministers of the Republic of Uzbekistan stipulates a procedure for keeping state registers, as well as authorized agency for its keeping.

Article 14. State cadastre of deposits, detection of minerals and man-caused mineral formations

State cadastre of deposits, detection of minerals and man-caused mineral formations shall contain information on each deposit, quantity and quality of main reserves and minerals lying jointly with them, accompanying mineral components, mining-geological, mining-technical, technological, hydro-geological and other terms of deposit development and its geological and economic evaluation, as well as information on each detection of minerals.

As regards man-caused mineral formations, state cadastre of deposits, detection of minerals and man-caused mineral formations shall include information on each type or kind of man-caused mineral formations, their quantitative-and-qualitative characteristics and mining-and-technical terms of their storage.

The State Committee of the Republic of Uzbekistan for Geology

and Mineral Resources keeps state cadastre of deposits, detection of minerals and man-caused mineral formations.

Article 15. State balance of mineral reserves

State balance of mineral reserves shall contain information on quantity, quality and degree of investigation of reserves of each kind of minerals regarding each deposit of industrial importance, as well as information on their location, degree of industrial development, volume of mining and losses and provision of industry with mineral reserves.

The State Committee of the Republic of Uzbekistan for Geology and Mineral Resources keeps balance of mineral reserves.

Article 16. Approval of mineral reserves and state examinations of geological materials

Industrial development of mineral deposits may start only after approval of their reserves in keeping with the established procedure.

Reserves of minerals may be approved on all stages of geological study of deposit on the basis of prospective requirements determining industrial value of mineral deposit.

State examination of geological materials is carried out in cases stipulated by the first part of Article 29 of the present Law, as well as regarding areas of subsoil allotted in use both for construction and (or) operation of underground structures not associated with mining of minerals and for waste storage and disposal.

The State Commission for Mineral Reserves operating at the State Committee of the Republic of Uzbekistan for Geology and Mineral Resources approves prospective requirements and mineral reserves and carries out state examination of geological materials.

Regulations on the State Commission for Mineral Reserves operating at the State Committee of the Republic of Uzbekistan for Geology and Mineral Resources are approved by the Cabinet of Ministers of the Republic of Uzbekistan.

Article 17. Writing off mineral reserves

Mined minerals, as well as mineral reserves that have lost their industrial value or those lost in the process of their mining, as well as minerals not confirmed during further geological prospecting work or field development are liable to writing off the balance of the user of subsoil with the introduction of relevant amendments to national balance of mineral reserves.

The State Commission for Mineral Reserves operating at the State Committee of the Republic of Uzbekistan for Geology and Mineral

Resources withdraws mineral reserves, that have lost their industrial value or those not confirmed during further geological prospecting work or field development, from the balance of the user of subsoil.

The user of subsoil withdraws minerals mined and lost in the process of their mining from his balance with the consent of the State inspectorate of the Republic of Uzbekistan for supervision of safe fulfillment of work in industry, mining and municipal sphere. (In edition of Point 2 of Article 3 of the Law of the RUz No. ZRU-133 dtd 18.12.2007)

Article 18. Subsoil monitoring

Subsoil monitoring means a system of supervision of state of subsoil with a view to reveal changes in good time, to appraise them, to prevent and eliminate consequences of negative processes.

The Cabinet of Ministers of the Republic of Uzbekistan establishes a procedure for monitoring of subsoil.

III. Use of subsoil

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Article 20. Users of subsoil

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of the right to use areas of subsoil

Article 19. Types of use of subsoil

Subsoil are allotted for:
geological study;
mining of minerals;
use of man-caused mineral formations;

construction and operation of underground structures not connected with mining of minerals, including for underground storage of oil, gas, gas condensate (hereinafter referred to as hydrocarbons), other substances and materials, as well as for waste storage and disposal;

formation of specially protected geological objects;
collection of samples of gemstone raw materials, paleontological remnants and other geological collection materials.

Article 20. Users of subsoil

Legal and natural entities may be users of subsoil.

Article 21. Payment effected for the use of subsoil

Use of subsoil is chargeable, with the exception of cases stipulated by the legislation.

Article 22. Terms of use of subsoil

Subsoil may be allotted for fixed-term (temporary) and permanent use.

Term of use of subsoil is calculated from the date of state registration of the right to use areas of subsoil.

Article 23. Fixed-term use of areas of subsoil

Areas of subsoil are allotted for fixed-term use for the following purposes:

geological study - for a period of five years;
mining of minerals and utilization of man-caused mineral formations - for a period of development of mineral deposit or man-caused mineral formations specified by technical and economic substantiation;

collection of samples of gemstone raw materials, paleontological remnants and other geological collection materials - for two years.

Term of use of subsoil may be extended following an application of the user of subsoil submitted to the agency issued the license for the right to use area of subsoil (hereinafter referred to as the license) not later than six months before termination of a term to use subsoil provided fulfillment by the user of subsoil of terms specified in the license and necessity to finish work connected with geological study of subsoil, as well as to develop mineral deposit, to use man-caused mineral formations or execute work connected with winding up or temporary closing down of enterprises for mining of minerals and

underground structures not associated with mining of minerals.

A decision on extension or refusal of extension of a term of use of subsoil is taken by the agency issued a license within thirty days from the date an application of the user of subsoil has been received. (Part 3 is supplemented in accordance with Point 3 of Article 3 of the Law of the RUz No. ZRU-133 dtd 18.12.2007)

Article 24. Use of subsoil not limited in time

Areas of subsoil may be allotted for use not limited in time for construction and operation of underground structures not associated with mining of minerals, as well as creation of especially protected geological objects.

Article 25. Grounds of origin of right to use area of subsoil for geological study at the expense of the state budget

Design estimates for geological study of subsoil approved in keeping with the established procedure serves as the ground for origin of right to use area of subsoil for geological study at the expense of funds of the state budget.

Grounds to start work associated with geological study of subsoil at the expense of funds of the national budget are as follows:
state registration of the right to use areas of subsoil;
positive opinion of the state ecological commission of experts;
decision of the local agencies of state power on allotment of land plot or an agreement for use of land plot during fixed term.

The State Committee for Protection of Nature of the Republic of Uzbekistan approves a list of work connected with geological study of subsoil not requiring state ecological examination.

Article 26. License for the right to use area of subsoil

A license serves as the ground of origin of right to use areas of subsoil for geological study on terms of business risk, mining of minerals, use of man-caused mineral formations and other purposes not connected with mining of minerals.

The license is issued following a decision of an appropriate state agency giving a guarantee to allot land plot with a view to execute work associated with the use of subsoil.

The license certifies the right of its holder to use area of subsoil within certain boundary during the established period and specifies terms to use areas of subsoil.

It is permitted to issue the license simultaneously for several types of use of subsoil.

The license should include the information on:
the holder of the license;
purpose of work connected with the use of subsoil;
preliminary size of area of subsoil allotted for use;
period of use of subsoil and date to start work;
terms of use of area of subsoil.

Legal and natural entities financing work connected with geological study of subsoil have an exclusive right to obtain a license for mining of minerals in deposits prospected by them.

Article 27. Issue of licenses

The agency authorized to issue licenses issues the license to legal or natural entity.

Licenses are issued within thirty days according to results of public auctions or direct negotiations of legal and natural entities with the agencies authorized to issue licenses.

In case where the right to use area of subsoil is granted to an association of legal entities without legal entity status, the license is issued to one of participants of such association; such license should specify that the given participant acts on behalf of such association, as well as all other participants of the association.

The State Committee of the Republic of Uzbekistan for Geology and Mineral Resources issues licenses for geological study, mining of minerals, use of man-caused mineral formations, construction and operation of underground structures not connected with mining of minerals, creation of especially protected geological objects and collection of samples of gemstone raw material, paleontological remnants and other geological collection materials, with the exception of licenses specified in the fifth Part of the present Article. (In edition of Point 4 of Article 3 of the Law of the RUz No. ZRU-133 dtd 18.12.2007)

The agency authorized by the Cabinet of Ministers of the Republic of Uzbekistan issues licenses for geological study for the purpose of searching and prospecting of fields, extraction of hydrocarbons, construction and operation of underground structures designed for hydrocarbons storage. (Part 5 is excluded in accordance with Point 4 of Article 3 of the Law of the RUz No. ZRU-133 dtd 18.12.2007)

Part 6 is regarded as Part 5 in accordance with Point 4 of Article 3 of the Law of the RUz No. ZRU-133 dtd 18.12.2007

According to results of direct negotiations, the State Committee of the Republic of Uzbekistan for Protection of Nature issues licenses for construction and operation of underground structures for the purpose of waste storage and disposal.

Article 28. Mining lease

In accordance with the license for mining of minerals, use of man-caused mineral formations, construction and operation of underground structures not connected with mining of minerals, formation of especially protected geological objects, subsoil are allotted for use as areas of subsoil restricted in area and depth (hereinafter referred to as mining lease).

Economic and other activities are carried out within the boundary of mining lease only with consent of the user of subsoil whom it has been allotted.

The State inspectorate of the Republic of Uzbekistan for supervision of safe fulfillment of work in industry, mining and municipal sphere allots mining lease (areas of subsoil). (In edition of Point 5 of Article 3 of the Law of the RUz No. ZRU-133 dtd 18.12.2007)

To use areas of subsoil allotted in accordance with the license for experimental-and-industrial mining of minerals (with the exception of experimental-and-industrial extraction of hydrocarbons) mining lease is not required.

Procedure for allotment of mining lease (areas of depths) is specified by the Cabinet of Ministers of the Republic of Uzbekistan.

Article 29. Change of conditions to use area of subsoil

Upon revelation, on the moment of the issue of the license, data on existence of new kinds of minerals or accompanying mineral components, as well as on new properties or minerals in field being developed, the agency issued the license, has the right to forward geological materials for state examination and according to its results, introduce proposals on re-approval of mineral reserves to the State Commission for Mineral Reserves operating at the Committee of the Republic of Uzbekistan for Geology and Mineral Resources.

On the grounds of decision taken by the State Commission for Mineral Reserves operating at the Committee of the Republic of Uzbekistan for Geology and Mineral Resources, the agency issued the license, may introduce amendments to terms of use of area of subsoil.

Article 30. Assignment of the right to use area of subsoil

With a view to mine minerals, to use man-caused mineral formations the holder of a license, as agreed with the agency issued the license, may assign his right of use of area of subsoil (either completely or partly) to the other entity in keeping with the procedure established by the legislation if such entity undertakes obligations on fulfillment of terms specified by the license.

Article 31. Use of subsoil for economic and domestic needs

Landowners and land users have the right, without obtaining the license, within the territory of their land plots, to mine generally found minerals which reserves have not been taken into account in the state balance, as well as to construct underground structures for economic and domestic needs without execution of explosive work on terms stipulated by the legislation.

If landowners and land users violate the legislation, mining of minerals and construction of underground structures may be prohibited in accordance with the established procedure.

Article 32. Rights enjoyed by users of subsoil

The users of subsoil have the following rights:

- to use results of their activity, including geological and other information on subsoil, as well as on mined minerals or their part which is in their disposal according to terms of the license;

- unless otherwise specified in the license, to use man-caused mineral formations received in the process of mining of minerals and processing of mineral raw materials;

- to take decisions concerning mining technology used in the area of subsoil;

- to introduce amendments, in keeping with the established procedure, to technical projects and schedule of the development of mining work, as well as to the projects of the development of hydrocarbon deposits;

- to apply operational requirements in the process of development of mineral deposits;

- to carry out, without additional permission, geological study of subsoil within an area of mining lease allotted in accordance with the license;

- to construct, within an area of mining lease and land plots allotted in keeping with the established procedure, production and social enterprises required to execute work, as well as to use objects and communications of general use on a contractual basis;

- to attract, on a contractual basis, executors of certain kinds of work associated with the use of area of subsoil;

- to apply for revision of terms to use area of subsoil in connection with the change of situation with regard to mineral raw materials and products of their processing if under such conditions mining of minerals is economically inexpedient, as well as upon beginning of conditions essentially different from those under which the license has been issued.

The users of subsoil may have other rights in accordance with

the legislation.

Article 33. Obligations of users of subsoil

Obligations of the users are as follows:

to use area of subsoil in accordance with the purpose for which it has been allotted;

to comply with norms and rules of mining technology associated with the use of subsoil and processing of mineral raw materials;

to observe requirements of technical projects and plans of the development of mining work, as well as projects of the development of hydrocarbon deposits;

to draw up geological, survey and other documents in the process of the development of mineral deposits, the use of subsoil for other purposes not connected with mining of minerals and to protect their safety;

to keep records of quantity and quality of minerals both main and accompanying ones, either mined from or left in the subsoil, as well as products of processing of mineral raw materials and man-caused mineral formations;

to preserve mined, but temporarily not used accompanying minerals and mineral products;

to ensure compliance with norms of loss when mining minerals and processing mineral raw materials;

do not permit selective development of rich areas of mineral deposits;

to present the data on state and movement of reserves of main and accompanying minerals and mineral components, as well as information required to keep state cadastre of deposits and detection of minerals and man-caused mineral formations to the State Committee of the Republic of Uzbekistan for Geology and Mineral Resources;

to present, in keeping with the procedure established by the legislation, data on volume of mined minerals;

to ensure safety of workers (personnel) and the population located in the zone of influence of work associated with the use of area of subsoil;

to ensure safe execution of work connected with the use of subsoil; taking of measures on prevention of extraordinary situations, elaboration of plans to liquidate accidents;

to observe the established procedure for winding up and temporary closing down of enterprises for mining of minerals and underground structures not associated with mining of minerals;

to ensure execution of work connected with planning or terracing of dump slopes and pit edges, as well as erosion preventive measures;

to execute measures associated with environmental protection, as

well as bringing land plots and other natural objects, damaged as a result of use of subsoil, to the state useful for their further use.

The users of subsoil may have other obligations in accordance with the legislation.

Article 34. Grounds for limitation, suspension and termination of the right to use areas of subsoil

The right to use subsoil may be limited, suspended or terminated ahead of time in the following cases:

rise of threat to life or health of the population or environment in the zone of influence of work associated with the use of areas of subsoil;

if the user of subsoil did not use area of subsoil within a year;
systematic failure to effect payment for the use of subsoil;
violation by the user of subsoil of basic terms of the license;
non-fulfillment of provisions stipulated by Articles 36, 37, 39 and 40 of the present Law.

The right to use areas of subsoil is terminated in the following cases:

the expiry of the established term to use area of subsoil;
refusal of the user of the right to use area of subsoil;
winding up of a legal entity or termination of activity of an individual entrepreneur whom area of depth has been allotted for use.

The Cabinet of Ministers of the Republic of Uzbekistan establishes the procedure for limitation, suspension and termination of the right to use area of subsoil.

IV. Rational use and protection of subsoil

Article 35. Basic requirements imposed on rational use and protection of subsoil

Article 36. Basic requirements imposed on geological study of subsoil

Article 37. Basic requirements imposed on the development of mineral deposits and processing of mineral raw materials

Article 38. Special conditions of the development of small major fields of precious metals

Article 39. Basic requirements imposed on the use of subsoil for construction and operation of underground structures not connected with mining of minerals

Article 40. Basic requirements to ensure safe execution of work connected with the use of subsoil

Article 41. Mine-rescue units and services for protection and

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Article 42. Terms of the development of mineral bedding area
Article 43. Protection of areas of subsoil of scientific,
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Article 44. Winding up and temporary closing down of
enterprises for mining of minerals and underground
structures not connected with mining of minerals
Article 45. Geological and other information on subsoil
Article 46. Remuneration for detection of mineral deposits
Article 47. Guarantee of rights of users of subsoil
Article 48. Compensation for caused damages

Article 35. Basic requirements imposed on rational use and
protection of subsoil

Basic requirements imposed on rational use and protection of
subsoil are as follows:

- ensuring completeness of geological study and complex use of
subsoil;
- prevention of unauthorized mining of minerals and development of
areas of their bedding;
- state record keeping of mineral reserves;
- approval of mineral reserves and making state examination
of geological materials;
- ensuring most complete mining from subsoil of both economically
profitable basic and accompanying minerals and mineral components;
- protection of mineral deposits from flood, watering, fire and
from other facts either reducing minerals' quality and industrial value
of deposits or complicating their development;
- ensuring safety of mineral reserves bedding in subsoil, mine
tunnels, wells and underground structures when carrying out work
connected with the use of subsoil;
- prevention of subsoil pollution when executing underground
storing of hydrocarbons, products of their processing, other
substances, waste disposal and effluent discharge;
- enterprises for mining of minerals and underground structure
not connected with mining of minerals are winded up and temporarily
closed down in keeping with the established procedure.

Article 36. Basic requirements imposed on geological study of
subsoil

Basic requirements imposed on geological study of subsoil are as
follows:

completeness of geological study of subsoil, mining,
hydrogeological, geoeconomical and other conditions of the development

of prospected mineral deposits, areas of subsoil allotted for construction and operation of underground structures not connected with mining of minerals, including for storage and disposal of waste;

determination of quantity and quality of reserves of main and accompanying minerals and mineral components;

investigation of characteristics of stripping and adjoining rocks to be used in industry and re-cultivation of land, as well as radiation-and-hygiene appreciation of minerals;

execution of work associated with geological study of subsoil using methods and ways excluding unwarranted loss of minerals and drop in their quality;

choice of areas for placement of rocks and minerals mined from subsoil, excluding their deleterious effect on the environment;

ensuring safety of prospecting mine openings and drill-holes that may be used when developing mineral deposits and for other purposes, as well as liquidation, in keeping with the established procedure, mine openings and drill-holes not liable to use;

ensuring safety of geological, surveying and other documents, samples of rocks and ores, core and duplicates of minerals' samples that may be used for further study of subsoil, development of mineral deposits, use of subsoil and for other purposes not associated with mining of minerals.

Article 37. Basic requirements imposed on the development of mineral deposits and processing of mineral raw materials

Mineral deposits are developed and mineral raw materials are processed in accordance with technical projects and plans of the development of mining work, projects of the development of hydrocarbon deposits, rules of technical maintenance and protection of subsoil approved in accordance with the established procedure.

Prospecting requirements apply in the process of development of mineral deposits. Working requirements approved in keeping with the procedure specified by the Cabinet of Ministers of the Republic of Uzbekistan may apply if mining-and-geological and other conditions of development of deposits, market situation with regard to mineral raw materials and products of their development, as well as prices for energy supply have been changed.

When developing mineral deposits, the following terms shall be ensured:

application of efficient and environmentally safe technologies of mining of minerals;

prevention of developed and adjoining mineral deposits and other areas of subsoil from damage as a result of execution of mining work; conservation of mineral reserves bedding in subsoil;

execution of instrumental control over fastness of benches and edges of pits, processes of strata movement, displacement of surface, buildings and structures.

When processing mineral raw materials, the following criteria shall be ensured:

observance of technological methods of processing which ensure efficient and complex extraction of mineral components;

record keeping and control over partition of mineral components at different stages of processing and degree of their extraction from mineral raw materials;

study of processing characteristics and composition of mineral raw materials; making experimental tests with a view to improve the technology of their processing;

efficient use of processed products and waste, as well as sewage;

warehousing, record keeping and storage of production products and waste containing mineral components not used temporarily.

Article 38. Special conditions of the development of small major fields of precious metals

Prospecting of small major fields of precious metals and, at the same time, their development by underground method is permitted in keeping with the procedure established by the Cabinet of Ministers of the Republic of Uzbekistan.

Article 39. Basic requirements imposed on the use of subsoil for construction and operation of underground structures not connected with mining of minerals

Subsoil designed for construction and operation of underground structures not associated with mining of minerals are used in accordance with technical projects approved in keeping with the established procedure.

When operating underground structures not associated with mining of minerals, neutralization or localization of waste and sewage within certain boundary shall be ensured, as well as appropriate measures to prevent their penetration into mine openings, on ground surface and to ambient air and water shall be taken.

Article 40. Basic requirements to ensure safe execution of work connected with the use of subsoil

Basic requirements to ensure safe execution of work connected with the use of subsoil are as follows:

access to work of persons undergone special training and having

appropriate qualification; access to manage mining work - persons having relevant special education;

provision of persons involved in mining, drilling and other work with overalls and individual and collective means of protection;

application of machines, equipment and materials that meet safety regulations, sanitary rules and environmental normative;

observance of rules to use explosives and blasting means, as well as their record keeping, storage and spending;

execution of geological, survey and other work and supervision required to ensure regular technological turnaround and forecasting of dangerous situations, opportune replenishment of technical documentation and plans of accidents liquidation with data defining boundary of zones of safe execution of work more precisely;

systematic control over state of underground air, content of oxygen, noxious and explosive gas and dust in it.

In case where state of depths is dangerous for life and health of people, execution of work associated with the use of subsoil is banned.

Heads of organizations executing work associated with the use of subsoil are responsible for safe execution of such work.

Article 41. Mine-rescue units and services for protection and liquidation of open oil gushers and gas blowouts

Users of subsoil carrying out underground mining work, shall be served by mine-rescue unit, while those carrying out drilling work when searching, prospecting and developing hydrocarbon deposits - by services for prevention and liquidation of open oil gushers and gas blowouts.

The Cabinet of Ministers of the Republic of Uzbekistan approves regulations on mine-rescue units and services for prevention and liquidation of open oil gushers and gas blowouts.

Article 42. Terms of the development of mineral bedding area

When choosing area to build settlements, industrial and other enterprises, the State Committee of the Republic of Uzbekistan for Geology and Mineral Resources shall issue an appropriate conclusion confirming non availability of minerals in subsoil under land plot designed for construction.

The development of mineral bedding area not allotted for industrial development, (with the exception of deposits of generally used minerals), as well as construction of underground structures not connected with mining of minerals in areas of their bedding, is permitted in exclusive cases as agreed with a specially authorized State agencies in the sphere of mining relations taking an opportunity to mine minerals from subsoil into consideration.

Article 43. Protection of areas of subsoil of scientific,
historical, cultural and aesthetic importance

Rare natural or man-made geological outcrops, mineralogical formations, paleontological, archaeological objects and areas of subsoil of scientific, historical, cultural and aesthetic importance, may be declared especially protected geological objects in keeping with the procedure established by the legislation.

In case of revealing objects, when using subsoil, specified in the first Part of the present Article, the users of subsoil shall stop work at relevant area of subsoil and notify the agency issued the license and the agencies of the local State power of the fact.

Article 44. Winding up and temporary closing down of
enterprises for mining of minerals and underground
structures not connected with mining of minerals

Enterprises for mining of minerals and underground structures not connected with mining of minerals are liable to winding up or temporary closing down in the following cases:

the expiry of a term to use subsoil;

termination of the right to use areas of subsoil;

complete development of economically profitable mineral reserves;

rise of threat to flood or damage mine openings, underground structures not connected with mining of minerals which prevention is impossible or economically inexpediently;

no need to use underground structures not connected with mining of minerals.

Enterprises for mining of minerals and underground structures not connected with mining of minerals are winded up or temporary closed down in accordance with technical (technological) project approved in accordance with the established procedure.

When liquidating or temporary closing down either enterprise for mining of minerals or its part, as well as underground structures not connected with mining of minerals, mine openings and wells shall be put in state ensuring safety of life and health of the population and environment. In case of temporary closing down either enterprise for mining of minerals or its part, appropriate measures protecting deposits, mine openings and wells shall be taken for the whole period of temporary closing down.

In case of winding up or temporary closing down of enterprises for mining of minerals and underground structures not connected with mining of minerals, the users of subsoil shall replenish geological, survey and other documentation on the moment of completion of work and

forward it to be stored in keeping with the established procedure.

The enterprise for mining of minerals and underground structures not connected with mining of minerals are winded up or temporary closed down as agreed with the State inspectorate of the Republic of Uzbekistan for supervision of safe fulfillment of work in industry, mining and municipal sphere and the State Committee of the Republic of Uzbekistan for Protection of Nature following a procedure established by the legislation. (In edition of Point 6 of Article 3 of the Law of the RUz No. ZRU-133 dtd 18.12.2007)

The user of subsoil bears responsibility for the use of subsoil in accordance with the legislation until the process of winding up or temporary closing down of enterprises for mining of minerals and underground structures not connected with mining of minerals has been completed.

Article 45. Geological and other information on subsoil

Geological and other information on subsoil receipt at the expense of own funds of the users of subsoil is considered to be their property. The owner of geological and other information on subsoil specifies a procedure for its use. Right of ownership to geological and other information on subsoil is protected in accordance with the procedure established by the legislation.

Geological and other information on subsoil received at the expense of funds of the state budget, as well as own funds of the users of subsoil shall be presented free to the State Committee of the Republic of Uzbekistan for Geology and Mineral Resources according to the established form for record keeping, storage and systematization.

The State Committee of the Republic of Uzbekistan for Geology and Mineral Resources shall ensure confidentiality of information received.

The Cabinet of Ministers of the Republic of Uzbekistan specifies a procedure and terms for presentation of geological and other information on subsoil received at the expense of funds of the state budget.

Article 46. Remuneration for detection of mineral deposits

Entities discovered and prospected mineral deposit of industrial value that has not been known earlier, as well those revealed additional mineral reserves or new minerals and accompanying mineral components in deposit known earlier that essentially increase its industrial value, have the right for monetary reward in accordance with the procedure established by the Cabinet of Ministers of the Republic of Uzbekistan.

Article 47. Guarantee of rights of users of subsoil

Interference of the state agencies in activity of users of subsoil is not permitted.

Outraged rights of users of subsoil may be restored in keeping with the procedure stipulated by the legislation. Losses suffered by the user of subsoil because of unfounded limitation, suspension or termination of the right of the user of subsoil, as well as loss of profit, shall be compensated according to the procedure established by the legislation.

Article 48. Compensation for caused damages

Damages caused to the user of subsoil by other entities is liable to compensation in accordance with the legislation.

Damages caused to the state as a result of activity carrying out by the user of subsoil who selectively developed reach areas of mineral deposit, as well as executed other actions (inactivity) serving as reasons of spoilage of the deposit or creation of conditions excluding further use of area of subsoil either completely or partly, is liable to compensation at the expense of funds of the user of subsoil in keeping with the legislation.

V. Concluding provisions

Article 49. Agencies executing state control over geological study, use and protection of subsoil

Article 50. Industrial control over use and protection of subsoil

Article 51. Settlement of disputes

Article 52. Responsibility borne for the infringement of the legislation on subsoil

Article 49. Agencies executing state control over geological study, use and protection of subsoil

Local agencies of state power, as well as specially authorized state agencies in the sphere of mining relations execute state control over geological study, use and protection of subsoil in accordance with the procedure stipulated by the legislation.

Article 50. Industrial control over use and protection of subsoil

Geological, survey or technical services of users of subsoil execute control over use and protection of subsoil.

The Cabinet of Ministers of the Republic of Uzbekistan approves standard regulations on geological and survey services.

Article 51. Settlement of disputes

Any disputes which may arise in the sphere of mining relations are settled in accordance with the procedure established by the legislation.

Article 52. Responsibility borne for the infringement of the legislation on subsoil

Persons identified as having violated the legislation on subsoil shoulder the responsibility in accordance with the established procedure.