

ENERGY COUNTRY REVIEW

Tunisia

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Country Review Tunisia

Tunisia was settled around 4000 BC by nomadic Numidians who evolved into Berbers. Phoenicians arrived from 1200 BC, founding the powerful city of Carthage in 814 BC. Carthage was defeated by Rome in 149 BC and the agricultural economy boomed. As Rome fell Arabs conquered the region, founding a series of dynasties from 697 AD. Control was tenuous and the coast was briefly held by Sicily in the 12th century but was recovered by the Almohads and then Hafsiids in 1230. Spain ruled in the 16th century until Ottomans permanently took over in 1574, retaining Tunisia as an autonomous province under the Beys. France then took over in 1881 following years of economic strife.

Tunisia gained independence from France in 1956 and was ruled as a modern but authoritarian republic. In 2011 high unemployment, food inflation, and corruption led to the Tunisian Revolution and overthrow of the long-standing president, inspiring the so-called Arab Spring.

Oil & Gas

Oil was first discovered in 1966. Tunisia has proven oil reserves of around half a billion barrels and has oil production from both onshore and offshore fields. Since the 1970's Tunisia has produced between 70,000 and 120,000 barrels of oil per day.

Tunisia proven gas reserves are around 70 billion cubic metres, with annual production of around 3.6 million cubic metres. A network of oil and gas pipelines covers the country, linking fields with processing facilities, ports and urban centres.

Tunisian Governing Law

The Tunisian government created the country's state-owned oil company, *Enterprises Tunisiennes d'Activités Pétrolières (ETAP)*, in

Country Key Facts

Official name:	Republic of Tunisia
Capital:	Tunis
Population:	11.21 million (2016)
Area:	163,610 square kilometers (63,170 square miles)
Form of government:	Unitary semi-presidential republic
Language:	Arabic, French
Religions:	Muslim
Currency:	Tunisian dinar (TND)
Calling code:	+216

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1972. ETAP's mission is to manage the oil and natural gas exploration and production activities for the Tunisian government. ETAP has worked to attract foreign firms to fund oil exploration, particularly of the country's smaller fields.

Tunisia petroleum fiscal regime

Exploration may be undertaken using a prospecting authorisation, a prospecting permit and/or an exploration permit. Tunisia uses two common forms of structure for developing oil and gas fields - Production Sharing Agreement (PSA) or Joint Venture (JV). ETAP has the right to participate in the development of oil and gas fields by paying its share of exploratory and development costs and then receiving a negotiated share of production, and if this is the case the JV fiscal regime is generally more favourable.

Revenues to the Government are determined by the share of Profit Oil/Gas retained by the contractor (if PSA), or a royalty on gross revenues and corporate income tax (if JV). The exact rates for profit oil/gas, royalties and tax are determined by the "R" factor calculation.

The R Factor for a producing field is calculated annually according to the formula:

$$R = \frac{\text{SUM (Revenues years 1 to n)} - \text{SUM (Royalty + Tax + Other Taxes for years 1 to n-1)}}{\text{SUM (Capex + Opex + Interest for years 1 to n)}}$$

A sliding scale is used - the more profitable a field the higher R Factor and the higher the Government share of profit oil/gas or royalties and tax rate.

Under the PSA, the R Factor sliding scale for the determination of profit oil/gas is typically up for negotiation between the contractor and the government at the time the permit is entered into. Under the JV, the R Factor is typically set out in legislation. The total Government share of profit from producing oil fields is estimated to be around 60%-70%.

Source: Encyclopedia of Earth, NZOG

Tunisian Governing Law

The Hydrocarbon Law of 1999 governs Tunisia exploration and production activities. Key elements of the law include the establishment of a framework for production sharing contracts. The Minister in charge of Hydrocarbons grants licences to the oil

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and gas companies. Two types of contracts are awarded in Tunisia; Production Sharing Agreement (PSA) and Joint Venture. The exploration for hydrocarbons may be undertaken by virtue of a prospecting authorisation, a prospecting permit and/or an exploration permit.

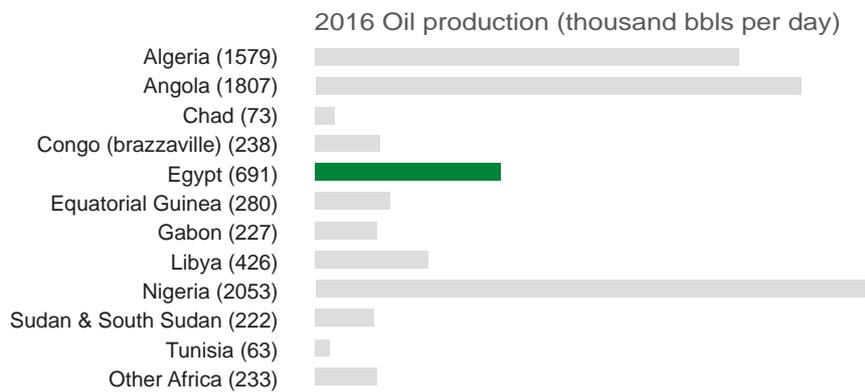
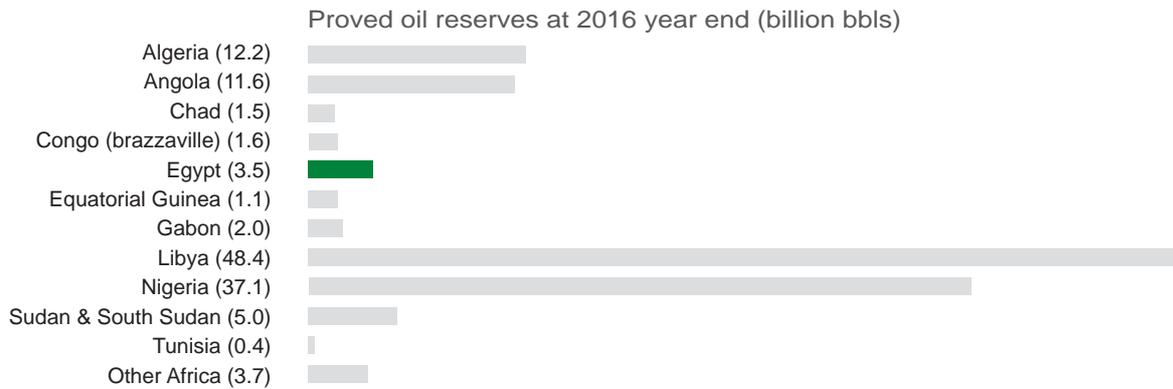
The National Oil Company

The L'Entreprise Tunisienne d'Activités Pétrolières (ETAP) is the state-owned industrial and commercial company, established in 1972. ETAP is responsible for the management of oil and gas exploration and production activities on behalf of the State. ETAP participates in exploitation concession at a rate which it decides on its own, within the limits of the maximum rate agreed upon in the Special Convention.

Tunisian pipelines

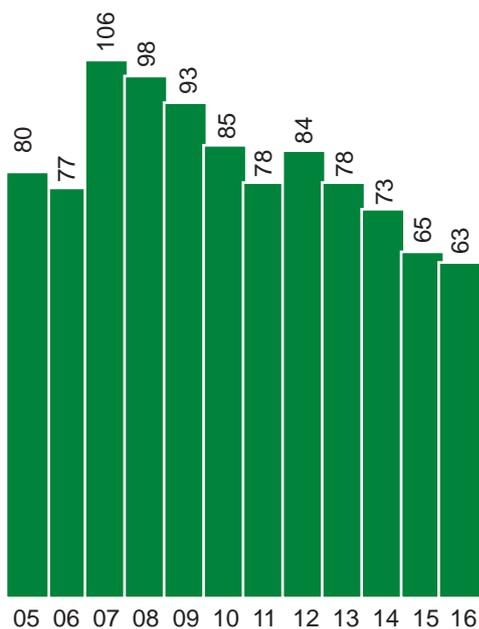
The total length of crude oil, petroleum and natural gas pipeline network in Tunisia in 2008 was 3,291.2 km. Tunisia's contribution to Middle East and Africa's total pipeline length is 2.3%. Major pipelines in the country include the Trans-mediterranean Pipeline, the Transmed Pipeline (Tunisia Section) and the Gabes-Tunis Pipeline. These pipelines have lengths of 775.00km, 740.00km and 319.50km respectively. The top three pipeline companies operating in Tunisia are ENI S.p.A., Sonatrach and Enterprise Tunisienne d'Activites Petrolieres.

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Source: BP Statistical Review

Historical Oil Production (Thousand barrels daily)



Source: BP Statistical Review

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Major Oil & Gas Fields

