LAW OF THE KYRGYZ REPUBLIC

On Subsoil

(As amended by the Law of Kyrgyz Republic dated June 21, 1999 # 82, February 4, 2002 # 23)

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Section I

General Provisions

Article 1. Scope of Application of This Law

Law of the Kyrgyz Republic "On Subsoil" (hereinafter referred to Law) is effective on the entire territory of the Kyrgyz Republic and governs relationships arising between the government and individuals and legal entities, and other states while using subsoil.

Legislation of the Kyrgyz Republic on subsoil use is based on provisions of the Constitution of the Kyrgyz Republic, and consists of this Law and other normative legal acts of the Kyrgyz Republic adopted in accordance with it.

Article 2. Application of Other Laws and Normative Legal Acts while Subsoil Use

Land, water, forest relationships and relationships pertaining to use and protection of flora, fauna, and atmospheric air, and other relationships arising in subsoil use, are governed by the appropriate legislation of the Kyrgyz Republic.

Article 3. Concepts Used in This Law

Subsoil - a part of the surface of the Earth, including mineral resources which extends from the surface or lower border of the soil, the bottom of water reservoirs and channels to depths which are accessible for geological surveying and industrial development.

Mineral resources (minerals) - natural mineral formations of the surface of the Earth used in the area of goods production.

Common mineral resources - widely spread minerals and rock in destroyed and natural state, used in construction and production of construction materials.

Mineral deposits - natural accumulations of mineral formations in the subsoil, which have economic significance, taking into consideration the given level of prices and industrial technologies.

Local deposits - deposits of generally found and other non-metal (coal, gypsum, fossil salt, burnstone, talc and pyrophyllite, graphite) minerals, supplies of which may serve the needs of nearby consumers only.

Technogenic formations of minerals - formations of mineral substances on the surface or in the subsoil which are waist of mining or processing of natural mineral resources, suitable for industrial use.

Subsoil use - actions pertaining to subsoil study, minerals recovery, and the use of subsoil for construction and operation of structures not related to recovery.
Subsoil user (user of subsoil) - a legal entity or an individual who directly conducts a geological study and (or) industrial subsoil development.

Geological allotment - a portion of subsoil allocated for industrial development of useful mineral resources, which is depicted in graphic documentation in geographic or rectangular coordinates of its angular points.

Land allotment - a portion of topsoil provided to a subsoil user for geological study and industrial development of the subsoil, which is depicted in graphic documentation in rectangular coordinates of its angular points.

Mining allotment - a portion of subsoil allocated for industrial mineral development which is depicted in graphic documentation in rectangular three-dimensional coordinates of its angular points.

Geological subsoil study - a set of special research activities pertaining to search and exploration of deposits, determining the amount and quality of a stock of raw minerals contained in the subsoil, and assessment of their economic value, and study of other geological objects which were not related to mineral recovery.

Feasibility study - technical calculations for determining economic expediency of development of the mineral deposit.

Technical project - technical documents containing feasibility study, calculations, drawings, budgets, explanatory notes, and other materials necessary for geological study and industrial development of the subsoil.

Balance stocks - mineral stocks which usage is economically viable under the existing technical level.

Off-balance stocks - mineral stocks which usage is economically non-viable under the existing technical level, and which subsequently may be the object of industrial development.

Mineral recovery - a complex of processes aimed at extraction of minerals from the subsoil.

Impoverishment - decrease of quality of mineral resources in the course of recovery.

Payment for subsoil use right (bonus) - a single time payment to the owner of subsoil resources (the government) for obtaining the right to explore the subsoil.

Payment for subsoil use (royalty) - current payments to the owner of resources (the government) for used mineral stores.

Annuity profit - a part of total profit of industrial development of the deposit conditioned by beneficial natural characteristics of mineral reserves, and development of the infrastructure of the area where this deposit is located.

Irrational selective working - forestalling or selective recovery of the most rich stocks, or stocks which are most suitable for extraction, which leads to loss and devaluation of a portion of balance reserves.

Excessive losses - additional losses of mineral resources while mining or processing caused by violation of rules and technologies provided by feasibility studies or projects.

Subsoil protection - ensuring rational use of subsoil and mineral resources contained therein, extraction of these mineral resources to the maximum possible extent and in the volume which is economically viable, the complex use of deposits and extracted raw minerals at all stages of processing.

License - a document which provides the subsoil use right issued by a government agency for subsoil use.

License agreement - an agreement between the owner of subsoil and a licensee which stipulates the conditions of subsoil use, including issues of division of production, payments, measures to ensure safety and environment protection, etc. A license agreement is an integral part of the license.

Licensed area - a territory designated in rectangular or geographical coordinates which is subject to the licensee's subsoil use right.

Licensee (license holder) - holder of the license to conduct geological subsoil study, development of mineral deposits, and to other types of subsoil use.

Licensor (license agency) - a government agency for subsoil use with the powers to issue licenses delegated by the Government of the Kyrgyz Republic.

Holders of land rights - agencies of local state administration with the delegated right to allocate land allotments (allotments) and land owners.
Third parties - any persons being business entities, as opposed to subsoil users and license agencies.

Servitude (easement) - right of access to adjacent and remote land, mining, and (or) geological allotments and restrictions of the right to their use provided by the subsoil user, in accordance with the procedure established by Articles 22-25 of this Law. The servitude may be "conciliatory" (free) which is established by the agreement between the parties, or "coercive" (administrative) which is established with the participation of a state agency for subsoil use, or by court.

Force-majeure - circumstances of insuperable force which complicate the performance of a license agreement. Such circumstances are: military conflicts, natural calamities, disasters, etc.

Section II
Ownership and Powers to Use Subsoil

Article 4. Right of Ownership to Subsoil

The subsoil of the Kyrgyz Republic may be in the state, communal, private and other ownership. Minor deposits of generally found minerals appearing on the original ground of the land owners may be only in the communal, private and other ownership.

The government subsoil fund includes utilized and nonutilized portions of subsoil within the boundaries of the Kyrgyz Republic.

The Jogorku Kenesh of the Kyrgyz Republic shall exercise the control over implementation of this Law, hear reports and provide assessment to the activity of the Government of the Kyrgyz Republic related to subsoil use and protection.

Article 5. Powers of the Government of the Kyrgyz Republic

The Government of the Kyrgyz Republic shall dispose of the state fund of subsoil directly through state agencies for subsoil use by means of:
1) development and implementation of state policy in research of subsoil;
2) development of mining business and implementation of anti-monopoly policy;
3) fostering the functioning of state system of licensing, control over compliance with the conditions of licensing and requirements of the subsoil legislation;
4) development and improvement of system of for-fee subsoil use, studying market trends for mineral resources and production of goods;
5) development and implementation of investment policy in subsoil use, solicitation of investments for geological subsoil study, and mineral recovery;
6) monitoring the status of subsoil study, expertise, movement and depletion of explored reserves of mineral resources;
7) formation, development and management of the government subsoil fund;
8) justification of government order to geological subsoil study funded from budget funds;
9) development of normative and methodological provisions, rules, regulations, technological standards of subsoil use;
10) control over subsoil use and protection while geological study and industrial development of the subsoil;
11) expertise of projects of geological exploration and mining projects in the part of subsoil use and protection, ecological and technical safety by involving experts of specialized institutions of the republic and, if necessary, independent experts from international organizations;
12) oversight of technical safety while conducting geological exploration and mining activities related to subsoil use;
13) introduction of restrictions to use of subsoil at certain sites, to ensure national security and environment protection;
14) resolution of disputes arising while subsoil use.

Article 6. Powers of Bodies of Local State Administration and
local governing body of Bishkek city in Subsoil Use

Bodies of Local State Administration and local governing body of Bishkek city have the following powers pertaining to regulation of subsoil relationships:

1) allotment of lands for subsoil use after receiving the subsoil use rights (licence) valid for two years with their subsequent extension for a term of technical project operation and within the borders defined by such project.

2) development and implementation of territorial programs of reproduction, development and use of raw minerals base, in cooperation with local keneshes;

3) organization of the public environmental expertise of subsoil use projects;

4) control of subsoil use and protection while geological study and industrial development of subsoil;

5) introduction of restrictions to use subsoil sectors in instances where this use creates a threat to lives and health of people, or which may cause damage to economic objects and the environment.

Section III
Grounds for and Procedure of Subsoil Use

Article 7. Types of Subsoil Use

Subsoil shall be allocated for use for the following purposes:
1) geological study;
2) development of mineral deposits, including technogenic ones;
3) building and operation of underground constructions which are not associated with mineral recovery (storage of oil, gas, other substances and materials, burials of dangerous substances, use of heat of the earth, and for other needs);
4) formation of especially protected objects of scientific, cultural, aesthetical, sanitation, or other significance (scientific and training polygons, geological sanctuaries, caves, and other subsoil hollows).

Article 8. Subsoil Users

Subsoil users may be legal entities and individuals of the Kyrgyz Republic and of foreign states.

Article 9. The Right to Use Subsoil which is in State Ownership and Term of such Use

The subsoil use right shall be granted on the basis of licenses issued in accordance with requirements of Articles 10-12 and based on Article 19-1 of this Law.
Period of subsoil use is determined by feasibility studies and technical projects, and established while licensing objects of subsoil use.

Article 10. License to Conduct Geological Subsoil Study

License to geological subsoil study shall be issued in compliance with provisions of Articles 9, 16, and 17 of this Law.
The Government of the Kyrgyz Republic shall establish the maximum size of the licensed area and the minimum amount of annual investments for geological study per unit of licensed area.
The license to geological subsoil study gives its holder the exclusive right to conduct research within the boundaries of the licensed area for a period of two years, with the following prolongation for up to 10 years, provided that the conditions of license agreement are observed. The licensee shall relinquish the prospected part of the licensed area (subsoil allotted) within the period established in the license agreement.
The licensed area for prospecting certain types of minerals may be also subject to licenses issued to other licensees to prospect other types of minerals.

Should a deposit be discovered, the licensee shall have an exclusive right to obtain a license.

**Article 11. License to Develop Mineral Deposits**

License to develop mineral deposits shall be issued in accordance with provisions of Articles 9, 16, and 17 hereof.

License to develop mineral deposits grants the licensee the exclusive right, within the boundaries of the mining allotment, to conduct geological study, stripping, deposit preparation, raw minerals recovery and processing, use of mining and processing waste, refining (affinage), to sell and export all recovered minerals and raw minerals processing for a period established by a technical project but no longer than 20 years with the subsequent extension pending the depletion of mineral stocks.

**Article 12. License to Build and Operate Underground Structures Not Related to Mineral Recovery**

The license to build and operate underground structures not related to mineral recovery shall be issued in accordance with requirements of Articles 9, 16, and 17 hereof, and shall grant the licensee the right, within the boundaries of the mining allotment, to build and operate underground structures in accordance with established rules and norms, within a period established by the project, which shall not exceed 20 years, with the subsequent extensions, if necessary, for periods justified by adjusted technical projects.

**Article 13. Pledge of Licence Rights**

A licensee may, from the consent of the state subsoil use agency, pledge the licence rights to third persons for additional funding of the project with regard to a licensed object.

The licence rights shall be pledged in compliance with the Law of the Kyrgyz Republic "On Pledge" and other regulatory acts.

In the event it has acquired the licence, the third person shall within 30 days, after such acquisition, submit, to the state subsoil agency the documents required for reregistration of the licence to its name.

The third person, to which name the license is re-registered, shall assume obligations of the former licensee set forth in the license agreement.

**Article 14. License and Content of License Agreement**

The license shall contain a brief information on the following:
- type of subsoil use;
- to whom the license was issued and the licensee's particulars;
- name of licensing object;
- issuance date and effective period of the license.

The license agreement shall contain the information on the following sections:
- specified program of activities coordinated with the licensee and indication of force-majeure circumstances beyond control;
- necessary data on the license holder;
- target of works related to subsoil use;
- all types of payments and license fees charged for subsoil use;
- space coordinates of angular points of a land, mining and/or geological allotment for subsoil use;
- conditions for applying technologies of recovery and processing of mineral products and recreation of the environment disturbed by subsoil use.

**Article 15. Concession of Subsoil Use**
Concession for subsoil use shall be granted on the tender basis, in compliance with the Law "On Concessions and Foreign Concession Enterprises in the Kyrgyz Republic".

Payment for concession shall be established in accordance with the natural value of the deposit, and may not be lower than the annuity profit from the development thereof at the moment of signing of the concession agreement.

Article 16. Procedure of Granting of the Right for Subsoil Use

The subsoil use rights shall be granted by a tender and direct negotiations.

Tenders shall be announced and held with regard to gold mining, oil, gas and other objects of state importance upon the decision of the Government of the Kyrgyz Republic. The tender commission under the Government of the Kyrgyz Republic shall be specially formed for each concrete object to determine the tender terms and winners.

The state subsoil agency, appointed by the Government of the Kyrgyz Republic shall grant subsoil use rights on applications of individuals and legal persons by direct negotiations. The application shall have the requisites of on the applicant, location and type of the subsoil activity. The application shall be enclosed with the following documents:
- copies of foundation documents and charter for juridical persons or registration documents for individuals;
- program of geological exploration or development, or construction and exploitation of underground facilities not related to recovery of minerals from the object, subject to aggregative technical and economic calculations made on investments, exploitation costs, profits and profitability of projects;
- statement on financial opportunities for financing the works on the subsoil object in compliance with the presented development program.

The state subsoil agency shall, within one month, consider the application for subsoil use rights and materials enclosed therewith.

The application to participate in the tender to obtain the subsoil use right may be refused in the instances where:
- the applicant has submitted inaccurate information on himself;
- the applicant does not have necessary financial resources to implement effective, technically and environmentally safe development of subsoil. The state subsoil agency shall issue a subsoil license and shall draft a license agreement between the licensor and licensee on the basis of a decision of the tender commission of the Government of the Kyrgyz Republic with regard to the tendered objects approved by the Government of the Kyrgyz Republic or of the protocol of the state subsoil agency.

The licensee shall submit to the state subsoil agency a technical project of works and expertises on technical and environmental safety, subsoil protection and the act of land allotment for the subsoil area development within a term as agreed in the license agreement.

The works which may affect the integrity of the subsoil area are prohibited unless the technical project is agreed.

The Regulation on subsoil licensing procedure, lists of deposits of generally found minerals and deposits of local significance shall be approved by the Government of the Kyrgyz Republic.

Article 17. Organization of State Licensing System

The government agency for subsoil use determined by the Government of the Kyrgyz Republic shall carry out preparatory licensing activities and issue licenses.

The government agency for subsoil use shall establish the mine and subsoil areas allotted for use subject to the limited size defined by the Government of the Kyrgyz Republic.

Article 18. Suspension and Termination of Subsoil Use Right

The subsoil use right may be suspended for a three-month term in the instances where:
1) subsoil is used for a purpose other than that for which it had been allocated;
2) terms of license agreement were breached;
3) force-majeure circumstances arise.

The subsoil use right shall be terminated by withdrawal (annulment) of license in the following instances:

1) where the exploration works are completed, the mineral stock is depleted, and/or the enterprise is liquidated;
2) where technologies are used for subsoil development, which create a threat to health and safety of employees and the population, and a threat of irreparable damage to environment and the loss of mineral stocks;
3) if a technical work project agreed with the government agencies for protection of subsoil, environment, a technical safety and land owners within a term provided by the license agreement;
4) where within one year the user fail to start development of subsoil in the volumes provided by the terms of licensing;
5) where the user voluntarily refuses to use the subsoil or the license term has expired.

Article 19. The Right to Use Subsoil which is in the Communal and Private Ownership

The right to use subsoil which is in communal and private ownership shall be exercised by the land plot owner on the basis of the technical project agreed with the state agencies for subsoil protection, environmental protection, work safety and works registered at the state subsoil agency.

The definition of minor deposits of generally found minerals, their usage procedure and terms shall be set forth by the Government of the Kyrgyz Republic.

Article 19-1. Individual Prospecting Activity

Non-industrial placer exposed minerals may be developed by the individual prospecting method without a license. The Government of the Kyrgyz Republic shall establish a procedure and terms of developing the non-industrial placer exposed minerals.

Article 20. Rights and Duties of Subsoil Users

Subsoil users have the right to:
1) use subsoil allotments to exercise entrepreneurial or other activity which complies with the requirements specified in the license;
2) foreign investors are guaranteed the right to repatriation of the capital, and to export the profit, or a part thereof in the form of foreign currency, product received by recovery or processing of any raw minerals including gold;
3) recover common minerals and underground waters for their own needs within the boundaries of the licensed area allocated provided the respective licenses for use of common minerals and underground waters are received;
4) with the consent of the government agency for subsoil use, assign the rights provided by licenses to geological and industrial development of the subsoil to other persons, provided that the terms of the license agreement will be observed.

Subsoil users must:
1) comply with requirements of the legislation and standards (rules, normatives) pertaining to the subsoil use, established in compliance with the established procedure;
2) monitor the status and movement of stocks, losses and impoverishment, and storage of temporarily non-used accompanying minerals;
3) annually submit to the government agency for subsoil use of information pertaining to geological research, explored, recovered and left mineral stocks and components contained therein, and the use of subsoil for the purposes not related to mineral recovery and plans for development of works for the next year;
4) provide safety of works related to subsoil use;
5) protect subsoil, and comply with permissible norms of impact on physical and biological state of the environment while implementation of works related to subsoil use;
6) bring land plots and other natural objects disturbed while the subsoil use into the state which is suitable for further use thereof in compliance with the normative requirements;
7) preserve explored mining workings and boreholes which may be used in development of deposits and for other economic purposes, and liquidation mining workings and boreholes which may not be used, in compliance with the established procedure;
8) ensure safety of geological and other documentation obtained while geological study and industrial exploration of the subsoil;
9) make timely and accurate payments for the use of subsoil.

Article 21. Protection of Rights of Subsoil Users

The subsoil user shall be the owner of structures and buildings erected by the subsoil users at the land plots allocated for subsoil development, with all acquired equipment related thereto, and may assign them into ownership of the state and other subsoil users only in compliance with the procedure provided by the license agreement, or by the decision of the court.

Where the subsoil use right was unjustifiably terminated, the government agencies that suspended the production activities shall indemnify the damage inflicted by such suspension through court.

Article 22. Priority Right of the Kyrgyz Republic to Acquire Precious Metals and Precious Stones

Where precious metals and precious stones are sold or exported, the licensee must submit an advanced notice on that to the National Bank of the Kyrgyz Republic, or other agency authorized by the Government of the Kyrgyz Republic, and grant the aforementioned agencies the priority right to buy the entire stock or a part thereof of the produced precious metal and precious stones regardless of whether they had been refined in or beyond the territory of the Kyrgyz Republic.

Section IV
Relationships between Subsoil Users and Holders of Land Use Rights

Article 23. Servitude at Adjacent Mining Allotments

The right to free or coercive access to an adjacent mining allotment shall arise in the following instances:
1) where there is evidence that the work at this mining allotment may cause a damage to the adjacent mining allotment;
2) where liquidation works in cases of accidents at mining workings will be sooner carried out if implemented at the adjacent mining allotment.

In all instances losses pertaining to implementation of works stipulated in points 1) and 2) of this Article shall be indemnified at the cost of a party which gains profit.

Article 24. Servitude at Land Allotments while Subsoil Use

The right to free and prescriptive access to an adjacent or non-adjacent land plot shall arise in the following instances:
1) servicing and repairs of auto- and railway roads, water, oil, and gas pipelines, electric power lines, and other constructions of regional and state significance laid within the land allotment area;
2) where in case of an accident in the mining allotment, an adjacent and/or nonadjacent land allotment provides a faster access to that allotment;
3) where geophysical, topographic, mine-surveying, archaeological, and other research works of the state significance are implemented.
Article 25. Relationships between Subsoil Users and Holders of Land Rights

Subsoil users must make agreements with holders of land rights to use the land plots. Also, agreements may be made to use other natural resources necessary for subsoil use.

If a holder of land rights has an intention to change his/her irrigation or other systems for agricultural purposes, and such measurements may affect geological surveying and/or mining works, he/she must obtain a permission to do that from the government agency for subsoil use.

Article 26. Resolution of Disputes between Subsoil Users and Holders of Land Rights

Where subsoil users and holders of land rights fail to achieve an agreement regarding the terms of land use and/or access to mining and/or land allotments, the court shall make the final decision on such dispute.

Section V

Government Regulation of Subsoil Use

Article 27. Requirements to Subsoil Use

Following shall be the main requirements to subsoil use:
1) compliance with the established procedure of providing subsoil into use, and prevention of unauthorized subsoil use;
2) compliance with requirements of the legislation and standards (rules and norms) of subsoil study, use and protection, approved in compliance with the established procedure;
3) conduct of advanced geological studying of subsoil and providing accurate assessment of mineral stock, conditions of subsoil use for the purposes not associated with recovery of minerals;
4) government expertise and state registration of mineral stock, and subsoil portions used for the purposes not related to mineral recovery;
5) ensuring the maximum possible recovery of principal and jointly deposited mineral stock and accompanying components in compliance with regulations provided by the feasibility study and technical project;
6) registration of recovered, processed mineral stock and accompanying components, and those left in the subsoil while development of the deposit;
7) protection of mineral deposits from floods, augmentation of water supply, fires and other factors which worsen the quality of minerals and the industrial value of deposits, or complicate the development thereof;
8) prevention of subsoil pollution caused by works related to subsoil use, or by underground storage of oil, gas and other substances and materials, burials of dangerous substances, production waste and sewage release;
9) compliance with the established procedure of conservation and liquidation of mineral recovery enterprises and underground structures not related to mineral recovery;
10) prevention of unauthorized construction at areas of mineral deposits, and compliance with the established procedure of use of these areas for other purposes;
11) prevention of accumulation of industrial and household waste at areas where drainage systems are located, or in the places of underground waters deposits which are used for drinking or industrial water supply;
12) prohibition of excessive mineral losses, selective developments, and damage of deposit stocks.

Article 28. Anti-Monopoly Requirements

Any acts shall be prohibited or invalidated in compliance with the established procedure, if such acts are aimed at the following:
- restriction of participation in tenders (auctions), or negotiations between legal entities and individuals;
- evasion of issuance of licenses to winners of tenders (auctions);
- discrimination of legal entities and individuals who compete with the business entities which prevail in subsoil use;
- discrimination while granting the right of access to adjacent and non-adjacent land and mining allotments.

Article 29. Safe Works while Subsoil Use

Construction and operation of enterprises involved in mineral recovery, or underground structures used for various purposes, or geological subsoil study shall be allowed only if measures were taken to ensure the life and health of the employees of such enterprises, and of the population in the influence area of subsoil use works.

The appropriate government agencies and subsoil users, within the scope of their competence, must ensure compliance with the requirements of the legislation and safety standards (norms, rules) of subsoil use works approved in accordance with the established procedure.

Article 30. Terms for Construction at Areas where Minerals Are Bedded

Designing and building settlements, industrial complexes, and other economic objects shall be prohibited, until information on absence or presence of mineral deposits in the subsoil under that area of planned construction become available. The government agency for subsoil use shall be obligated to provide such information.

In exceptional cases, the government agency for subsoil use may allow construction at the mineral deposit areas, and placement of underground structures not related to mineral recovery at such areas.


Upon completion of mineral stocks working, or if there is no further need in objects and structures for subsoil use, and where further development or operation of the deposit is impossible due to economic or other reasons, mineral recovery enterprises and objects and constructions which are not designed for mineral recovery shall be liquidated or conservated at the cost of subsoil user, by coordination with the government agency for subsoil use.

In case of complete or partial liquidation or conservation of mineral recovery enterprises or facilities which are not designed for recovery, the mining workings and subsoil use facilities must be brought, at the expense of subsoil user, in a state which ensures safety to the population, environment protection, safety of constructions and structures, and in case of conservation - ensure preservation of deposits, mining workings and facilities pending the period of conservation. In liquidation of mineral recovery enterprises, the issue of further use of mining workings for other purposes should be resolved.

After liquidation and conservation of mineral recovery enterprises, subsoil facilities and constructions, all mine-surveying, geological and technical documentation shall be handed over to the government agency for subsoil use for storage.

Article 31-1. Financial Guarantees for Restoration of Subsoil Objects

The subsoil users which received the right to develop the subsoil areas shall present their financial guarantees for restoration of the damaged environment. The terms of such financial guarantees shall be defined by the Regulation approved by the Government of the Kyrgyz Republic.

Article 32. Use of Information on Subsoil
Information on subsoil obtained in the event of budget funding shall be the property of the Kyrgyz Republic.

Information on subsoil obtained in the event of funding by entrepreneurs, enterprises and organizations, including joint ventures and foreign entities, shall be the property thereof pending the period determined by the license agreement, and on expiration of that term this information shall become the property of the government, without compensation.

Information on subsoil obtained regardless of the sources of funding shall be handed over to the government agency for subsoil use, and shall be subsequently included into the government subsoil information fund. Officials who have the right of access to licensees' information on subsoil must keep this information confidential.

The government agency for subsoil use shall determine the procedure and terms of use of the government subsoil information, and the procedure and terms of use of subsoil information being a corporate and/or private property shall be determined by coordination with the owner of such information while issuance of the license to use subsoil, and in the license agreement.

Article 33. State Record and Registration while Subsoil Use

The state record and registration of subsoil use shall be conducted in accordance with the single system developed in the Kyrgyz Republic, in compliance with the procedure established by the government agency for subsoil use.

The state record and registration shall be mandatory for the following: geological subsoil study, subsoil portions allocated for mineral recovery, including technogenic formations, and also for the purposes not related to the recovery.

Article 34. State Expertise of Mineral Stocks and Information on Subsoil Portions not Related to Recovery

The state expertise shall be obligatory for mineral stocks at explored deposits and information on subsoil portions allocated for construction and operation of subsoil facilities not related to mineral deposits development.

The state expertise may be held at any stage of deposit study. To hold state expertise, the government agency for subsoil use shall engage independent experts.

The opinion of the state expertise shall be the ground for recording explored mineral stocks into the state balance.

Mineral recovery prior to the state expertise of the mineral stock shall be prohibited.

The state expertise shall be conducted at the expense of the customer.

Article 35. State Cadastres while Subsoil Use

State cadastres shall be composed on deposits, mineral shows and technogenic formations of minerals, and on subsoil facilities used for the purposes not designated for mineral recovery.

State cadastres of mineral deposits, shows and technogenic formations of minerals shall contain information on their location, amount, and quality of the principal and jointly deposited minerals, mining and technical, hydrogeological and other conditions of deposit development and the economic assessment thereof.

State cadastres of subsoil facilities not designated for mineral recovery shall contain information on the location, size, designation, term of service, mining and geological and other natural conditions of the object.

The government agency for subsoil use shall be responsible for maintaining state cadastres.

Article 36. State Balances of Mineral Stock

State balances of mineral stock shall contain information on the amount, quality, and the level of study of minerals at the deposits of industrial
significance, their economic assessment, placement and the level of industrial development, recovery, losses, and supply of operating enterprises by explored mineral resources.

State balances of mineral stock shall be based on the opinion of the state expertise and accountability of subsoil users which study and develop mineral deposits and process raw minerals.

The government agency for subsoil use shall be responsible for composing the State Balances of Mineral Stock.

Article 37. Writing Off

The government agency for subsoil use shall write off from the record of subsoil users the mineral stock depleted by recovery and shall make appropriate changes in the State Balance of Mineral Stock.

Article 38. Protection of Subsoil Portions of Special Scientific or Cultural Value

Subject to the opinion of the government agency for subsoil use, geological outcrops, mineralogical formations, paleontologic objects and other subsoil portions of special scientific or cultural value may be declared geological sanctuaries or reserves, or natural or cultural monuments. Any activity which might affect the safety of these sanctuaries, reserves, and natural monuments shall be prohibited.

Should any rare geological and mineralogical formations, meteorites, paleontological, archaeological and other objects of scientific or cultural value be discovered while subsoil use, the subsoil users must discontinue works at such plot, and inform the government agency for subsoil use on that.


Government control over subsoil use and protection, environment protection, and safe conduct of works shall be targeted at ensuring the compliance by all subsoil users while subsoil use and study with norms of the legislation, standards (norms and rules), rules of state record of mineral stock, environment protection, safe mining works, prevention and elimination of dangerous impact of such works on population, environment, buildings and construction.

The competence of government agency for control over subsoil use and protection, environment protection and safety of works while subsoil use, rights, duties, and the procedure of their work shall be determined by the regulation approved by the Government of the Kyrgyz Republic.

Section VI Taxes and Payments for Subsoil Use

Article 40. Taxation System

Mineral deposit exploration and development enterprises shall be subject to the effective tax legislation of the Kyrgyz Republic.

Article 41. System of Payments

Subsoil shall be used for fee, except the instances provided by Article 41 of this Law.

The system of payments for subsoil use shall include the following:
- payment for subsoil use right (bonus);
- payment for subsoil use (royalty).

Moreover, subsoil users shall make other payments provided by the legislation of the Kyrgyz Republic.

Article 42. Exemption from Payments
The following shall be exempted for subsoil use:

1) manufacturers of agricultural production who recover common minerals at a land plot which they possess or lease for the purposes of their holding, in compliance with the established procedure;

2) subsoil users who carry out geological, geophysical, and other activities aimed at subsoil study, as well as forecasting earthquakes, engineering and geological research, geo-ecological study, control over the underground waters regime, and other works conducted without affecting the integrity of the subsoil;

3) subsoil users who obtained subsoil portions to establish a specially protected objects with scientific, cultural, aesthetical and other significance (geological sanctuaries, natural monuments, etc.).

Section VII
Resolution of Disputes on Issues Pertaining to Subsoil Use and Liability for Violation of Subsoil Legislation

Article 43. Procedure of Dispute Resolution

Disputes arising on issues of subsoil use shall be resolved in compliance with the procedure established by the legislation of the Kyrgyz Republic.

Article 44. Liability for Breach of Subsoil Legislation

Any transactions which infringe the right to possess, use and dispose of the subsoil provided by this Law shall be invalidated.

Individuals who are guilty of concluding such transactions, and of:
- implementing works related to subsoil use by methods and ways which create the threat to the safety of the workers and the population, and pollution of the subsoil and the environment;
- implementing unauthorized construction at the areas of mineral deposits;
- using the subsoil without authorization;
- irrational selective working of deposits, formation of excessive losses of minerals while recovery and processing of raw minerals;
- infringing the ownership rights to information on subsoil;
- destroying or damaging observation regime holes for underground waters, minesurveying and geodesic signs;
- failure to comply with requirements to bring the liquidated or conserved mining workings, and boreholes in the state which would ensure the safety of the population, and the requirements to preserve mining workings and boreholes pending the conservation of the enterprise;
- shall bear liability established by the legislation of the Kyrgyz Republic.

The government agency for subsoil use shall rule to terminate unauthorized use of the subsoil, and unauthorized construction at the areas with mineral deposits without indemnification.

Article 45. Indemnification to Subsoil User

Losses inflicted to the subsoil user shall be indemnified at the cost of individuals and legal entities, if their activity caused worsening natural qualities of subsoil and led to the situation where subsoil use is completely or partially impossible. In the instances where the land plot in question was not assigned for use, the indemnification shall be paid to the budget of the Kyrgyz Republic.

Article 46. Indemnification to the State by Subsoil User

The indemnification of losses inflicted to the state shall be determined based on the amount and the value of the stocks which lost their economic significance by the subsoil user's fault. Cases in dispute shall be resolved in compliance with the legislation of the Kyrgyz Republic.
Section VIII
Final Provisions

Article 47. International Agreements

Where an international agreement establishes rules other than those contained herein, rules of the international agreement shall apply.

Article 48. Effectuation

This Law shall become effective as of the moment of its publication;
The following shall be invalidated:
- The Law of the Republic of Kyrgyzstan "On Subsoil" (Vedomosti Verhovnogo Soveta Respuliki Kyrgyzstan, 1992, No.2, page 49);

President of the Kyrgyz Republic A.Akaev

Adopted by Legislative Assembly
of Jogorku Kenesh of the Kyrgyz Republic June 24, 1997