

**Petroleum Act, B.E.2514 (1971)**

As amended until Petroleum Act (No.6), B.E. 2550 (2007)

**Translation**

Bhumibol Adulyadej P.R.

Given on the 26th Day of March, B.E. 2514

Being the 26th Year of the Present Reign

**Section 1**

This Act shall be called the "Petroleum Act, B.E.2514 (1971)".

**Section 2**

This Act shall come into force on the day following the date of its publication in the Government Gazette.

**Section 3**

Those provisions of all other laws, regulations and rules in so far as they are stipulated herein or are contrary to or inconsistent with the provisions hereof shall be replaced hereby.

**DIVISION 1**

**General Provisions**

**Section 4**

In this Act,

"petroleum operation" means the exploration, production, storage, transport, sale, or disposal of petroleum;

"petroleum" means crude oil, natural gas, natural gas liquid, by-products and other naturally occurring hydrocarbons in a free state, whether solid, semi-solid, liquid or gaseous, and it shall include all heavy hydrocarbons which can be recovered in situ by thermal or chemical processes, but shall not include coal, oil shale or other kinds of rocks from which oil can be extracted by application of heat or chemical process;

"crude oil" means crude mineral oil, asphalt, ozokerite, and all kinds of naturally occurring hydrocarbons and bit umens, whether solid, semisolid, or liquid;

"exported crude oil" means the crude oil which the concessionaire exports or sells to other persons for export, and also includes the crude oil refined in Thailand, which has been used in obtaining the refined products that are exported under Section 89 (1);

"natural gas" means all kinds of gaseous hydrocarbons, whether wet or dry, produced from oil or gas wells; and also includes the residue gas remaining after the extraction of liquid hydrocarbons or by-products from wet gas;

"natural gas liquid" means liquid or high vapor pressure hydrocarbons produced with or extracted from natural gas;

"by-products" means helium, carbon dioxide, sulphur, and other substances obtained from petroleum production;

"to explore" means to undertake standard practices in searching for petroleum by employing geological, geophysical, and other surveys; and also includes to undertake

drilling for stratigraphic tests in order to determine the existence of petroleum and its extent, to define the boundaries of petroleum reservoirs or to obtain other essential data which are necessary to petroleum production;

"to produce" means to undertake any operation in order to obtain petroleum from its reservoirs; and also includes to employ any process other than refining and petrochemical operation in order to render petroleum in saleable or disposable forms;

"to store" means to undertake any operation in order to gather and keep in stock the petroleum produced by the concessionaire;

"to transport" means to undertake any operation in order to move the petroleum produced by the concessionaire from production fields to storage places; points of sale or disposal, points of purchase, and points of export; and also includes to move such petroleum between the said points and places;

"sale" includes exchange and transfer with consideration;

"disposal" or "disposed" means delivery of crude oil to a refinery or a storage place for the purpose of refining the concessionaire's crude oil, appropriation of petroleum for use in any activity of the concessionaire without sale, or transfer of petroleum without consideration;

"market price" means the price in an open market or, in the absence of an open market price, means a price which would be charged between persons acting independently without relationship in capital or management;

"posted price" means the price posted under Section 59;

"exploration block" means a territory defined for petroleum explorations;

"production area" means a territory defined for petroleum production;

"Thailand" includes also the areas of the continental shelf over which the Kingdom of Thailand has jurisdiction under the generally recognized principles of international laws and under compacts made with foreign governments;

"company" means a limited company and any juristic person of status equivalent to a limited company, whether incorporated under Thai or foreign law;

"Committee" means the Petroleum Committee;

"competent officers" means those who have been appointed by the Minister to execute this Act;

"Director-General" means the Director-General of the Department of Mineral Resources;

"Minister" means the Minister who has the care and charge of this Act.

*('Crude oil' 'exported crude oil' 'to produce' and 'disposal' repealed. See the amended version in Section 3 of the Petroleum Act (No. 4), B.E. 2532.)*

## **Section 5**

This Act shall have effect on any conduct of petroleum operations undertaken anywhere in Thailand.

## **Section 6**

This Act shall have no effect upon those ministries, agencies, and departments in so far as their own petroleum operations are concerned; but if any of them produces petroleum from a commercial field, the provisions in Division 7 on Royalty shall apply.

## **Section 7**

No one shall destroy, alter, move, take out or let loose such boundary marks delineating exploration blocks or production areas, or such bench marks, both of which have been established, erected or planted by the competent officers, except with a written permission from the Director-General.

## **Section 8**

Documents or instructions addressed to any person for the purpose of execution of this Act may be delivered personally between sunrise and sunset or during working hours of the addressee, or by registered post.

If through any circumstance delivery cannot be made in the manner prescribed under paragraph 1 hereof, such documents or instructions may be delivered by posting them at a conspicuous spot on the door of the house, office, domicile, or place of residence of the addressee, or by advertising their summary in newspapers.

In the event that such delivery has been made in the manner prescribed in paragraph 2 hereof and seven days have elapsed, such documents or instructions shall be deemed received.

## **Section 9**

In the execution of his duties, the competent officer shall have the power to:

- (1) enter upon the places where petroleum operation is conducted and into the office of the concessionaire during office hours for the purpose of inspecting the petroleum operation and determining mining whether it is being carried out in compliance with the concession and with the provisions of this Act;
- (2) give a written instruction to the concessionaire to refrain from any performance which may cause damage to persons or to properties of other persons;
- (3) take, in reasonable quantities for test samples of the petroleum, rocks, soils, and other substances contained from petroleum exploration or production.

The-concessionaire shall have the right to appeal to the Director-General against the instruction of the competent officer given under sub-paragraph (2) hereof within seven days from the date of receipt of such instruction; and the decision of the Director-General shall be treated as final.

The appeal against the instruction of the competent officer made under paragraph 2 hereof shall not constitute cause to defer the compliance with the instruction unless the Director-General finds it appropriate to allow the deferring of the compliance with such instruction.

## **Section 10**

The competent officer shall have an identity card in a form prescribed under the Ministerial Regulation.

## **Section 11**

The competent officer shall be the officer-designate under the Criminal Code.

## **Section 12**

In the event that the concessionaire violates or fails to this Act, and such violation or failure causes damage to the public or causes any public body to take measure in preventing or making good such damage, the concessionaire shall pay compensation for such damage and shall reimburse the expenses incurred through such measure in the amount of money determined by the Minister; and this, however, shall not exclude the right of the injured parties to claim compensation from the concessionaire due to such wrongful acts.

## **Section 13**

The rights to hold the concession shall not be subjected to the execution of judgment.

## **Section 14**

The Minister of National Development shall have the care and charge of this Act and shall have the power to appoint competent officers and to issue the Ministerial Regulations:

- (1) prescribing rules and procedures in conducting petroleum exploration, production, and conservation operations;
  - Ministerial Regulation No.5
  - Ministerial Regulation No.12
  - Ministerial Regulation No.18
- (2) prescribing safety zones and marks in the vicinity of installations and devices which are employed in petroleum exploration and production operations;
  - Ministerial Regulation No.6
  - Ministerial Regulation No.11
- (3) prescribing measures in according care and protection to workers and safety to outsiders;
  - Ministerial Regulation No.7
- (4) prescribing fees not exceeding the rates listed in an appendix of this Act;
  - Ministerial Regulation No.2
  - Ministerial Regulation No.14
- (5) prescribing other matters for the purpose of execution of this Act.
  - Ministerial Regulation No.1
  - Ministerial Regulation No.3
  - Ministerial Regulation No.4
  - Ministerial Regulation No.9
  - Ministerial Regulation No.13
  - Ministerial Regulation No.15
  - Ministerial Regulation No.16
  - Ministerial Regulation No.17
  - Ministerial Regulation No.19
  - Ministerial Regulation No.20

Such Ministerial Regulations shall come into effect upon their publication in the Government Gazette.

## **DIVISION 2**

### **Petroleum Committee**

#### **Section 15**

There shall be a committee called the "Petroleum Committee" which shall consist of the Permanent Secretary of the Ministry of Energy as Chairman, Director-General of the Land Department, Director-General of the Department of Fisheries, Director-General of the Royal Forest Department, Director-General of the Revenue Department, Secretary-General of the Office of Natural Resources and Environmental Policy and Planning, Director-General of the Energy Policy and Planning Office, Representative of the Ministry of Defense, Representative of the Ministry of Finance, Representative of the Ministry of Industry and other qualified persons who have knowledge, skills and experience in the fields of geology, engineering, economics, finance, law or other fields that will be beneficial to petroleum operation, not exceeding five in number which the Council of Ministers may appoint as members.

The qualified persons appointed by the Council of Ministers under paragraph 1 hereof shall not be officials from the same government agencies as those ex-officio members.

The Director-General shall be a member and secretary to the Committee. The Director-General may appoint not more than two officials of the Department of Mineral Fuels as assistant secretary.

*(Repealed by Section 3 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

### **Section 16**

The Committee shall have powers and duties in the following matters:

- (1) rendering advice to the Minister under Sections 22;
- (2) giving concurrence to the Director-General under Section 22/1;
- (3) agreeing on domestic sale price of natural gas under Section 58;
- (4) permitting the concessionaire to own land under Section 65;
- (5) issuing orders relating to importation of aliens under Section 69;
- (6) issuing orders relating to importation of machinery and equipment exempt from import duty and value added tax under Section 70;
- (7) carrying out other acts as prescribed in this Act or as assigned by the Minister or as prescribed in other laws as powers and duties of the Committee.

*(Repealed by Section 3 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

### **Section 16/1**

The qualified member shall have the qualifications and shall not be under any prohibition as follows:

- (1) being of Thai nationality;
- (2) not being adjudged incompetent or quasi-incompetent;
- (3) not being bankrupt;
- (4) not having been convicted and sentenced by a final judgment to imprisonment, except for an offence committed through negligence or a petty offence;
- (5) not being a member of the House of Representatives, senator, political official, member of a local assembly, local administrator, member of the Board of Directors or holder of a position responsible for the administration of a political party, advisor to a political party or official of a political party;
- (6) not being a member of the Board of Directors, or executive, or person having power to manage or having an interest in a juristic person or organization carrying out petroleum business, and not engaging in an occupation or other profession having an interest or conflict of interest with the performance of duties as a member.

*(Added by Section 4 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

### **Section 17**

The qualified member shall hold office for a term of three years and can be reappointed after vacating from office.

In the case where a qualified member has vacated his office upon expiration of term, but a new qualified member has not yet been appointed, such vacated qualified member shall continue to perform his duty until the appointment of a new qualified member has been made.

*(Repealed by Section 5 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

### **Section 18**

Apart from vacating upon expiration of the term of office, a qualified member shall vacate office upon:

- (1) death;

- (2) resignation;
- (3) being dismissed by the Council of Ministers for improper behavior, malfeasance in office or incompetence in the performance of duty;
- (4) lack of qualifications or being under prohibitions under Section 16/1;

When a qualified member vacates his office prior to the expiration of his term, a new qualified member shall be appointed. The appointment may be omitted if the remaining term of such qualified member is less than ninety days. While a new qualified member has not yet been appointed, the remaining members shall continue to perform their duties.

In the case where the appointment, whether it be appointment of an additional member or of a new member to fill the vacancy made by an appointed member, is made during the term of office of the appointed qualified members, the qualified member so appointed shall hold office for the remaining term of his predecessor.

*(Repealed by Section 5 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

### **Section 19**

At any meeting of the Committee, attendance of not less than one half of the total membership shall be required to constitute a quorum.

In the event that the Chairman is absent from the meeting or unable to perform his functions, the members present shall elect one among themselves to be Chairman in that meeting.

### **Section 20**

Any decision of the meeting shall be taken by a majority of votes.

Each member shall have one vote in casting votes. In the event of a tie in voting the Chairman shall cast one extra vote to reach a decision.

### **Section 21**

In the execution of its duties, the Committee is empowered to appoint a sub-committee to act upon or to review any matter which is under the term of reference of the Committee, and also to invite any person for his presence to furnish information, explanation, advice or opinion.

The provisions of Section 19 and Section 20 shall apply to a meeting of the Sub-Committee.

## **DIVISION 3**

### **Petroleum Exploration and Production**

### **Section 22**

The Minister upon the advice of the Committee shall have the powers and duties as follows:

- (1) award concession under Section 23;
- (2) award a renewal of the petroleum exploration period under Section 25;
- (3) award a renewal of the petroleum production period under Section 26;
- (4) grant approval for the alteration in physical work obligations under Section 30;
- (5) grant approval for the transfer of obligations between exploration blocks under Section 33;
- (6) permit the concessionaire to have other companies co-venture in his petroleum operations under Section 47;
- (7) permit the transfer of concessions under Section 50;

- (8) revoke concession under Section 51, Section 52 and Section 53;
- (9) notify the concessionaire that the government will exercise its right to undertake petroleum operations in any area at its sole risk under Section 52 bis;
- (10) require the concessionaire to supply petroleum for domestic consumption under Section 60;
- (11) issue announcement prohibiting the export of petroleum under Section 61;
- (12) require the concessionaires to produce petroleum under the unit operation under Section 72;
- (13) require the concessionaire to pay royalty in kind under Section 83;
- (14) permit the payment of royalty in foreign currency under Section 87;
- (15) grant a royalty reduction under Section 99 bis and Section 99 ter."
- (16) determine the "geological constant of the exploration block" under Section 100 sex;

The proceeding under (1), (3), (7) or (15) must be approved by the Council of Ministers.

*(Repealed by Section 6 of the Petroleum Act (No. 6), B.E.2550 (2007))*

### **Section 22/1.**

The Director-General with concurrence of the Committee shall have powers and duties as follows:

- (1) extend the term of a concession under Sections 27;
- (2) grant approval for the defining of a production area under Section 42;
- (3) permit the extension of the commencement of petroleum production under Section 42 bis;
- (4) designate other person to make good the pollution arising from petroleum operations on behalf of or jointly with the concessionaire under Section 75;
- (5) give concurrence to the work plan and estimated expenses for decommissioning of installations, structures, materials, equipment and facilities, or designate other person to conduct the decommissioning on behalf of or jointly with the concessionaire under Section 80/1

*(Added by Section 7 of the Petroleum Act (No. 6), B.E.2550 (2007))*

### **Section 23**

Petroleum belongs to the State; and no person shall explore for or produce petroleum in any area, whether such area is owned by him or by other persons, except by virtue of a concession.

The application for concessions shall be in accordance with the rules, procedures and conditions prescribed in the Ministerial Regulation.

- Ministerial Regulation No.3
- Ministerial Regulation No.16

The form of the concession shall be as prescribed in the Ministerial Regulation.

- Ministerial Regulation No.4
- Ministerial Regulation No.17

### **Section 24**

An eligible applicant shall:

- (1) be a company or companies, and
- (2) command assets, machinery, equipment, tools and specialists to such extent that he shall be capable to explore for, produce, sell and dispose of petroleum.

In the event that the applicant does not possess all the qualifications under sub-paragraph (2) hereof, it shall be required to have another company which the Government finds reliable and which possesses all qualifications under sub-paragraph (2) hereof and which has relationship in capital or management with the applicant, guarantee that such company shall make available to the applicant assets, machinery, equipment, tools and specialists to such extent that the applicant shall be capable to explore for, produce, sell and dispose of petroleum.

### **Section 25**

The petroleum exploration period under any concession shall not exceed eight years from the date of the concession.

If the concessionaire has been complying with all provisions of his concession and submitted an application for a renewal of his petroleum exploration period not less than six months prior to the termination of such period, he shall be entitled to one renewal of his petroleum exploration period of not exceeding four years under expenditure and or physical work obligations to be agreed upon. However, the concessionaire, who initially has applied for the petroleum exploration period of not exceeding five years, shall have no right for any renewal of his petroleum exploration period.

*(Repealed; See the amended versions in Section 3 of the Petroleum Act (No 3), B.E. 2522 and Section 7 of the Petroleum Act (No 4), B.E. 2532.)*

### **Section 26**

The petroleum production period under any concession shall not exceed thirty years from the day following the date of termination of the petroleum exploration period, notwithstanding any petroleum production undertaken during the petroleum exploration period.

If the concessionaire has been complying with all provisions of his concession and submitted an application for a renewal of his petroleum production period not less than six months prior to the termination of the petroleum production period, he shall be entitled to one renewal of his petroleum production period of not exceeding ten years on terms, obligations and conditions generally prevalent at that time.

*(Repealed; See the amended versions in Section 4 of the Petroleum Act (No 3), B.E. 2522 and Section 8 of the Petroleum Act (No 4), B.E. 2532.)*

### **Section 27**

In the event that a major portion of petroleum exploration or production or, in so far as it affects petroleum exploration or production, storage or transportation of petroleum in any exploration block has been interrupted substantially due to an event that is not the fault of the concessionaire, if the concessionaire desires an extension of the term of his concession, he shall inform the Director-General within seven days from the date of his knowledge of such event; and in such event, the Director-General shall extend the term of the concession in respect of that exploration block for a period equivalent to such duration of time for which the concessionaire is able to prove that the interruption of petroleum exploration or production is not due to the fault of the concessionaire

*(Repealed by Section 8 of the Petroleum Act (No 6), B.E. 2550 (2007))*

### **Section 28**

In awarding a concession, the Department of Mineral Fuels shall delineate the area of the exploration blocks by publishing in the Government Gazette.

The area of an exploration block which is not located offshore shall not exceed four thousand square kilometers per block.

The area of an offshore exploration block shall include the area of those islands located therein.

*(Repealed by Section 9 of the Petroleum Act (No 6), B.E. 2550 (2007))*



## **Section 29**

For the purpose of defining exploration blocks and production areas, the Director-General shall have the power to order the competent officer to undertake a demarcation survey or a relocation survey.

## **Section 30**

The concessionaire shall perform his obligations in petroleum exploration, both in the amount of expenditure and in the amount of work, as set out in his concession.

In the case that the physical work obligations so prescribed for each obligation period are inappropriate for the geological conditions of the concerned concession block; or in the case that a more modern petroleum exploration technology is developed, upon the concessionaire's request for alteration in physical work obligations, the Minister shall have the power to grant approval for such alteration to the obligations as may deem appropriate", and if such alteration to the obligation results in a decrease in the amount of expenditure by the concessionaire from the amount prescribed in the original obligations, the concessionaire shall be required to pay the amount of money so decreased to the Department of Mineral Resources within thirty days from the date the Minister granted such approval.

*(Paragraph 2 was added by Section 10 of the Petroleum Act (No.4), B.E. 2532)*

## **Section 31**

In determining the obligations under Section 30, the term of the petroleum exploration period shall be divided into three following obligation periods:

The First obligation Period shall be the first three years of the term of the petroleum exploration period or, in the event that the term, of the petroleum exploration period is less than three years, such term of the petroleum exploration period as stipulated in the concession.

The Second obligation Period shall be the remaining petroleum exploration period after the First obligation Period.

The Third obligation Period, if the petroleum exploration period has been renewed, shall be the period of the renewal of such petroleum exploration period.

In the event of an extension of the term of the concession under Section 27 in any obligation period, such obligation period shall be extended for an equal period of time to such extension of the term of the concession.

*(Added by paragraph 3 in Section 5 of the Petroleum Act (No.3), B.E. 2522)*

## **Section 32**

At the end of each obligation period under Section 31, or in the event of relinquishment of whole exploration blocks during the First obligation Period, if the concessionaire has not fulfilled his obligations in petroleum exploration as set out in his concession for any exploration block, the concessionaire shall pay to the Department of Mineral Resources the unspent residue of his exploration obligations for that obligation period within thirty days from the date of the termination of the said obligation period, or the date of such relinquishment, whichever the case may be.

*(Repealed by Section 6 of the Petroleum Act (No. 3), B.E. 2522)*

## **Section 33**

A transfer of obligations from one exploration block to another can be made if there are justifiable grounds and with the approval of the Minister.

*(Repealed by Section 10 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

## **Section 34**

In conducting petroleum exploration within any exploration block in any obligation period, if the concessionaire has expended or worked in excess of the obligations in petroleum exploration for such exploration block in that obligation period, he shall be entitled to

deduct such excess from his obligations in petroleum exploration for the exploration block in the subsequent obligation period.

*(Repealed by Section 7 of the Petroleum Act (No. 3), B.E. 2522)*

### **Section 35**

In the event of the revocation of the concession in the First obligation Period, if the concessionaire has not fulfilled his obligations in petroleum exploration as set out in his concession, the concessionaire shall pay to the Department of Mineral Resources the unspent residue of his exploration obligations for that obligation period within thirty days from the date on which the notice of the revocation becomes effective.

### **Section 36**

Subject to Section 45, the concessionaire shall relinquish the area of each of the exploration blocks in accordance with the following rules:

- (1) at the end of the fifth year from the date of commencement of the petroleum exploration period, the concessionaire shall be obliged to relinquish fifty per cent of the area of that exploration block;
- (2) at the end of the petroleum exploration period and such petroleum exploration period is not renewed, the concessionaire shall be obliged to relinquish the area remaining from subparagraph (1) hereof;
- (3) at the end of the petroleum exploration period and such petroleum exploration period has been renewed, the concessionaire shall relinquish a further twenty-five per cent of the area of that exploration block;
- (4) at the end of the renewed petroleum exploration period, the concessionaire shall be obliged to relinquish all the remaining area.

For purpose of calculating the area to be relinquished hereunder, the production areas shall at first be deducted from the area of that exploration block, and any relinquishment required hereunder shall be made in accordance with the rules and regulations prescribed by the Department of Mineral Resources.

- Announcement of the Department of Mineral Resources ( March 20, B.E. 2518)
- Announcement of the Department of Mineral Resources ( April 4, B.E. 2522)
- Announcement of the Department of Mineral Resources ( March 1, B.E. 2527)

In the event that the concessionaire fails to comply with paragraph 1 hereof, the Department of Mineral Resources, in lieu of the concessionaire, shall define the areas to be relinquished, and when the concessionaire has been informed, such defined areas shall be deemed the areas to be relinquished hereunder.

*(Repealed; See the amended versions in Section 5 of the Petroleum Act (No. 2), B.E. 2516 and Section 11 of the Petroleum Act (No 4), B.E. 2532.)*

### **Section 37**

Subject to Section 38, Section 39, and Section 40 the concessionaire shall be entitled at any time to relinquish the whole or parts of any exploration block.

The relinquishment under paragraph 1 hereof shall be counted towards the relinquishment under Section 36.

The rules and regulations prescribed under paragraph 2 of Section 36 shall apply in relinquishing parts of the exploration block hereunder.

### **Section 38**

The concessionaire, who exercises his right in relinquishing the whole or parts of any exploration block during the First obligation Period, shall not be entitled to a reduction in his petroleum exploration obligations for that exploration block in the First obligation Period.

In the event of the relinquishment of any whole exploration block during the First obligation Period under paragraph 1 hereof, the concessionaire shall be released from the petroleum exploration obligations for that particular exploration block in the subsequent obligation periods.

### **Section 39**

In the event that the concessionaire exercises his right to relinquish areas of exploration blocks during the Second or Third obligation Period, if such relinquishment is for the total remaining area of any exploration block, the concessionaire shall be released from all his outstanding petroleum exploration obligation for that particular exploration block.

*(Repealed; See the amended version in Section 12 of the Petroleum Act (No. 4), B.E. 2532.)*

### **Section 40**

In the event that the concessionaire exercises his right in relinquishing a part or parts of his exploration block between the beginning of the fourth year and the end of the fifth year from the date on which his petroleum exploration period in that particular exploration block commenced, if the aggregate of the areas so relinquished does not exceed that required to be relinquished under Section 36, the concessionaire shall not be entitled to a reduction in his petroleum exploration obligations for the particular exploration block in the obligation period during which he exercises his right of relinquishment. If, however, the aggregate of the areas so relinquished exceeds that required to be relinquished under Section 36, the concessionaire shall be entitled to a reduction in his outstanding petroleum exploration obligations for that particular exploration block in the obligation period during which he exercises his right of relinquishment in proportion to the ratio which such excess of the aggregate of the areas so relinquished over that required to be relinquished under Section 36, bears to the total area which the concessionaire has been holding in that exploration block before that particular relinquishment takes effect, less the area required to be relinquished under Section 36, or the ratio which the time remaining in that particular obligation period bears to the total duration of that obligation period, whichever ratio is smaller.

After having relinquished the area of the exploration block in accordance with Section 36, if the concessionaire exercises his right in relinquishing a part or parts of his exploration block after the end of the fifth year from the date on which his petroleum exploration period in that particular exploration block commenced, the concessionaire shall be entitled to a reduction in his outstanding petroleum exploration obligations for that particular exploration block in the obligation period during which he exercises his right of relinquishment in proportion to the ratio which the aggregate of the areas so relinquished bears to the total area which the concessionaire would be holding should he not exercise his right of relinquishment at that particular time; or the ratio which the time remaining in that particular obligation period bears to the total duration of that obligation period, whichever ratio is smaller.

*(Repealed by Section 12 of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 41**

During the petroleum exploration period, the concessionaire may produce petroleum.

### **Section 42**

Before producing petroleum from any place in an exploration block, the concessionaire shall demonstrate that a commercial well has been found and a production area has been correctly defined; and he may produce petroleum from such production area when approval has been given by the Director-General

*(Repealed by Section 11 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

### **Section 42 bis.**

When the concessionaire has obtained from the Director-General an approval to produce petroleum from the production area under Section 42, the concessionaire shall be required

to submit a detailed production plan for that particular production area in accordance with the rules, procedures and period of time as stipulated by the Ministerial Regulations, and the concessionaire shall commence the petroleum production according to such production plan within four years as from the date on which the approval under Section 42 is given by the Director-General. If the concessionaire fails to commence the petroleum production within the stipulated period, that period for petroleum production from the area defined as production area shall be deemed expired.

In the case the concessionaire wishes to apply for an extension to the period for commencing the petroleum production under paragraph one, the concessionaire shall notify the Director-General in writing together with reasons therefore at least six months prior to the expiry of the period in paragraph one. If the Director-General finds that the failure to commence petroleum production was not due to the fault of the concessionaire, the Director-General shall be empowered to grant approval to extend the period for commencing the production as he may deem appropriate, provided that each extension shall not exceed two years and the extension approval shall not exceed two in total.

Throughout the petroleum production period for the production area, the concessionaire shall review the petroleum production plan described under paragraph one and report the results of such review in writing annually to the Director-General; and if the concessionaire wishes to alter the petroleum production plan, the concessionaire shall seek from the Director-General the approval therefore prior to altering the petroleum production plan.

*(Repealed by Section 11 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

#### **Section 43**

During the petroleum exploration period, if in any obligation period the concessionaire develops a petroleum field in any exploration block, the concessionaire shall be entitled to count his development expenditure against his petroleum exploration obligations for that particular exploration block in that obligation period.

#### **Section 44**

At the end of the petroleum exploration period, if the concessionaire is unable to demonstrate that a commercial well has been found in any exploration block or he fails to define a production area under Section 42, his concession in respect of such exploration block shall be deemed expired.

#### **Section 45**

At the end of the petroleum exploration period in any exploration block in which the concessionaire has obtained the right to produce petroleum, the concessionaire shall be entitled to reserve areas in that exploration block to an aggregate amount of not exceeding twelve and one half percent of the initial area of that exploration block till the petroleum production period terminates or till the concessionaire relinquishes such reserved areas prior to the termination of such period; and the concessionaire shall have the right to explore for petroleum in the areas thus reserved.

In reserving the areas under paragraph 1 hereof, the concessionaire shall pay annual reservation fees in advance, and such reservation shall be made in accordance with the rules, procedures and conditions prescribed in the Ministerial Regulation.

In the event that the concessionaire discovers petroleum within his reserved areas and desires to produce such petroleum, the provision of Section 42 shall apply.

*(Repealed by Section 14 of the Petroleum Act (No.4), B.E. 2532)*

#### **Section 46**

The concessionaire, who has paid his surface reservation fees for any year, shall be entitled to receive a refund of the surface reservation fees for that year in the amount equivalent to the petroleum exploration expenditure spent in that year within the reserved areas; provided, however, that such refund shall not exceed the surface reservation fees paid.

Application for a refund of the surface reservation fees shall be in accordance with the rules, procedures and conditions prescribed in the Ministerial Regulation.

#### **Section 47**

The concessionaire may have other companies co-venture in his petroleum operations under the concession when he has obtained permission from the Minister; and in such case each co-venturer shall pay royalty, income tax and other moneys and shall perform his own obligations in connection with the petroleum operations.

Every co-venturer shall be responsible jointly and severally in the performance under the concession and under this Act, however, each co-venturer shall not be responsible in the payment of income tax under the laws on petroleum income tax for another co-venturer.

In case where any co-venturer fails to pay the income tax which is due to him, the Minister shall inform all the other co-venturers by written notice of such failure, and if such failure has not been rectified within ninety days from the date of receiving the notice, it may also be deemed another ground for revocation.

#### **Section 48**

The concessionaire shall hold the right to transfer his concession in whole or in respect of any particular exploration block, production areas, or reserved area, to another company without being required to apply for permission in the following cases:

- (1) the concessionaire company holds in the transferee company more than fifty percent of its shares of voting rights;
- (2) the transferee company holds in the concessionaire company more than fifty per cent of its shares of voting rights; or
- (3) a third company holds both in the concessionaire company and in the transferee company more than fifty per cent of their shares of voting right.

The concessionaire shall notify the Minister in writing of the transfer under paragraph 1 together with evidence showing that such transfer has been in compliance with the provision of paragraph 1; and in the case the concessionaire is guaranteed by a company which has a relationship in capital or management with the concessionaire in relation to capital, machinery, tools, equipment and specialists under paragraph 2 of Section 24, the concessionaire shall also furnish evidence of such company's guarantee for the transferee company to the Minister, unless the Minister regards that the transferee company may apply for a concession without having to have a guarantee or another company acceptable to the Government provides a guarantee for the transferee company in accordance with Section 24.

The transfer under this Section shall become effective upon the concessionaire having received a written notification from the Director-General advising that the transfer has been executed in compliance with this Section

*(Repealed by Section 15 of the Petroleum Act (No. 4), B.E. 2532)*

#### **Section 49**

The transferor company and the transferee company under Section 48 shall be responsible jointly and severally in the performance under that concession and under this Act.

#### **Section 50**

Save as provided in Section 48, the concessionaire may transfer his concession in whole or in respect of any particular exploration block, production area, or reserved area to another company only when he has obtained permission from the Minister.

The concession transferee under paragraph one shall possess the qualifications prescribed in Section 24.

*(Repealed by Section 13 of the Petroleum Act (No.6), B.E. 2550 (2007))*

## **Section 51**

The Minister shall have the power to revoke the concession when the concessionaire:

- (1) fails to perform his obligations in petroleum exploration as prescribed in the concession under Section 30;
- (2) fails to deposit a security or deposit the security not in full as required under Section 80/2;
- (3) fails to pay royalty under Division 7 or special remuneration benefit under Division 7 bis;
- (4) fails to pay income tax in accordance with the Petroleum Income Tax Act;
- (5) fails to comply with sound technical principles or good petroleum industry practice; or
- (6) violates or fails to comply with the provisions set out in the concession as the grounds for revocation.

*(Repealed by Section 14 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

## **Section 52**

When a circumstance which is a ground for revocation has occurred and such circumstance in the Minister's opinion can be rectified, the Minister shall inform the concessionaire of such circumstance by a written notice and require the concessionaire to rectify the circumstance within a period of time which the Minister deems reasonable. If the concessionaire with justifiable grounds cannot rectify the circumstance within such period of time, he shall, not less than seven days prior to the termination of such period, apply for an extension of that period for the length of time he deems necessary; and in the event that the Minister considers appropriate, the Minister shall have the power to grant the extension for a length of time not exceeding that which the concessionaire has applied for the extension. If the concessionaire fails to rectify it within the specified period of time or cannot rectify it within the extended period, the Minister shall then issue without delay an order of revocation.

In the event that a circumstance which is a ground for revocation has occurred and such circumstance in the Minister's opinion cannot be rectified, the Minister shall issue an order of revocation without acting under paragraph 1 hereof.

The order of revocation shall become effective after thirty days from the date on which the concessionaire received such order, unless the concessionaire shall proceed in accordance with Section 53.

## **Section 52 bis**

In the case the State has a need for petroleum products to foster the implementation of economic development plan, the Government may require the concessionaire to expedite the petroleum production from the area the concessionaire reserved under Section 45 by proposing a production plan for any area specifically designated with respect to the structure of the petroleum field.

If such area has unfavourable geological condition, the Government may or may not offer a reduction of royalty under Section 99 bis, and/or an increase of the geological constant for the exploration block under Section 100 sex (b) for the concerned area.

If within twelve months following the concessionaire's receipt of such proposal from the Government as prescribed in paragraph 1, the concessionaire is unable to come into terms with the Government and the Government deems that such expedition of petroleum production is necessary for the national economy, the Government shall then be entitled to serve a written notice to the concessionaire to the effect that the Government will exercise its right to undertake petroleum operations in that area at its sole risk.

Once the Government has notified the concessionaire of such intention to exercise such right, it shall be deemed that the concessionaire's rights under the concession particularly on the part over the area so prescribed in accordance with paragraph 1 are terminated and the Government shall have the power to assign any government agency or state enterprise or any person to undertake the petroleum operations in such area.

If the petroleum operations in such area yield annual petroleum profit as mentioned in Section 100 quarter of Division 7 bis, the Government shall apply such profit to repayment to the concessionaire for an amount of money the concessionaire has invested in such area until full repayment is effected. The calculation of profit and loss from the petroleum operation of the Government under this Section shall be made in the same manner as the calculation of profit and loss for other concessionaires' operations, but without any special reductions under Section 100 ter (4) in calculating expense.

During the course of petroleum operations of the Government under this Section, the concessionaire shall have the right to seek co-venture with the Government by applying such rules and conditions in accordance with the terms regarding petroleum operation on a sole risk basis as stipulated for co-venture agreement between petroleum operators used in Thailand, as best favor the concessionaire. However, that exercise of such right shall be advised to the Government not later than three years from the date the Government exercised its right to undertake petroleum operations by virtue of this Section.

If the Government fails to earnestly commence the petroleum operations within the area so prescribed in paragraph 1 within two years from the date on which the concessionaire's concession rights have been terminated in accordance with paragraph 4, then the concessionaire shall be entitled to request for the return of concession area concerned to him by putting the request in writing and submitting it to the Minister within six months upon the elapse of such two-year period. In the case the rights to the area are returned, the concession period for the concerned area shall be extended for a period equal to the period the Government exercised the rights under this Section, and the Government shall be entitled to receive the refund of the money it invested in such area to an amount equal to the investment benefit the concessionaire

*(Section 52 bis was added by Section 17 of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 53**

Any dispute in connection with the Minister's instruction requiring the concessionaire to rectify a circumstance which is a ground for revocation under Section 52, and any dispute as to the question whether the provisions of the concession have been complied with, if it cannot be settled, shall be referred to arbitration in accordance with the procedures set out in the concession.

In the event that the concessionaire has refused to comply with any arbitration decision or has failed to comply with any arbitration decision within the designated period of time, the Minister shall have the power to revoke all or parts of the rights and benefits of the concessionaire or to revoke the concession.

## **DIVISION 4**

### **Storage and Transport of Petroleum**

#### **Section 54**

The concessionaire shall hold the right to store and transport petroleum.

Storage and transport of petroleum shall be in accordance with those provisions set out in the concession.

#### **Section 55**

In case of emergency, the competent officer or the concessionaire shall have the power to pass through or enter upon any land or places owned by any person for the purpose of

inspecting, repairing or maintaining petroleum pipelines at all times; provided that the owner or the person who holds the right to occupy such land or places shall be informed as soon as possible of such passage or entry.

If such passage or entry under paragraph 1 hereof has caused damage, the owner, person who holds the right to occupy or person who holds any other right upon such land or places shall be entitled to demand a compensation from the competent officer or from the concessionaire; and if a settlement cannot be reached as to the amount of compensation, such difference shall be assessed by reference to arbitration through having the provisions of the Civil Procedure Code shall be applied.

## **DIVISION 5**

### **Sale and Disposal of Petroleum**

#### **Section 56**

Subject to the provisions of this Division, the concessionaire shall hold the right to sell and dispose of the petroleum which he produces.

#### **Section 57**

In selling the crude oil produced for consumption in Thailand, the concessionaire shall sell it at the following prices:

- (1) in the event that no concessionaire has been exporting regularly the crude oil produced in Thailand, a price which does not exceed that of imported crude oil delivered to refineries in Thailand;
- (2) in the event that a concessionaire or concessionaires have been exporting regularly the crude oil produced in Thailand, a price which does not exceed the average realized price on the crude oil exported by all concessionaires in the preceding calendar month, and in such event the Director-General may require the concessionaire to supply him with necessary evidences regarding the prices realized at the points of export;
- (3) in the event that the total amount of all the crude oil produced in Thailand is equal to or more than ten times of the total demand in Thailand, a price which shall bring a reasonable profit, with due regard to comparable arrangements in substantial crude oil producing countries.

Determination of the prices under this Section shall be made with due regard to differences in the qualities, transportation costs, and all relevant circumstances.

#### **Section 58**

In selling the natural gas produced for consumption in Thailand, the concessionaire shall sell it at the following prices:

- (1) a price which has been agreed upon between the concessionaire and the Committee with the approval of the Minister, that shall not exceed the average price of natural gas exported, provided that due regard shall also be given to differences in the qualities and in transportation costs;
- (2) in the event that the total amount of all the natural gas produced in Thailand is more than the total demand in Thailand, a price which shall bring a reasonable profit, with due regard to all relevant circumstances and comparable arrangements in substantial natural-gas producing countries.

#### **Section 59**

Before exporting crude oil, except exporting it for analyses or tests, the concessionaire shall post the F.O.B. price at the relevant point of export according to its grade, gravity and quality.



The price posted under paragraph 1 shall be established and varied from time to time by the most up-to-date method for quality valuation, paying due regard to the posted price of comparable crude oil in the countries within the same region as Thailand, geographical locations of the point of export and the point of purchase, as well as market outlets and transportation costs.

In the case the Director-General finds that the price posted by the concessionaire is inconsistent with the conditions under paragraph 2, the Director-General shall notify the concessionaire to rectify such posted price in accordance with the conditions within a prescribed period. If the concessionaire fails to revise or a revision is made but the same remains inconsistent with the conditions under paragraph 2, the Director-General shall have the power to prescribe a new posted price for the concessionaire.

In the case the concessionaire finds that the price posted by the Director-General under paragraph 3 is inconsistent with the conditions mentioned in paragraph 2, the concessionaire may file an application with the Court for a new posted price but such application must be submitted within one month from the date the Director-General prescribed the price; and the Court shall have jurisdiction over prescribing a new posted price as it may deem appropriate. If the concessionaire fails to file the application within such time prescription, the posted price shall be the price as prescribed by the Director-General.

In the case the application is submitted to the Court in accordance with paragraph 4, the price posted by the Director-General shall prevail until a final Court decision is rendered.

*(Repealed by Section 18 of the Petroleum Act (No. 4), B.E. 2532)*

## **Section 60**

When the Minister considers appropriate, the concessionaires may be required to supply petroleum of suitable quality for the purpose of having an adequate supply of petroleum for the demand in Thailand at the prices specified in Section 57, and each concessionaire shall be required to supply such petroleum in the ratio that his petroleum production bears to total petroleum production in Thailand as shown in the past six months.

In case where the Minister required the concessionaire to pay royalty in kind under Section 83 on the un-exported petroleum, and such royalty petroleum in kind was later on exported, the concessionaire shall not be required under paragraph 1 hereof to replace its equivalent.

In requiring the concessionaires to supply petroleum under paragraph 1 hereof, the Minister shall inform the concessionaires of such requirement by prior written notices of not less than three months by designating the first month, and also the last month if the Minister so desires, of such supply; and in the event that the Minister has not designated the last month of the said supply, the Minister shall terminate the supply only when the concessionaires have been informed of such termination by prior written notice of not less than three months.

## **Section 61**

In the case where it is necessary for the purpose of national security, or in order to ensure an adequate supply of petroleum to meet domestic demand, the Minister shall have the power to issue a Ministerial Announcement prohibiting temporarily the export of all or part of the petroleum produced by the concessionaires, or prohibiting temporarily such export to any specific destination.

In the event that the Minister issues a Ministerial Announcement prohibiting the export of part of the petroleum produced by the concessionaires, the Minister shall prohibit such export on pro rata basis based on the quantities of all the petroleum produced in Thailand during the preceding six-month period.

The Ministerial Announcement issued under this Section shall be published in the Government Gazette.

## **Section 62**

In case where the prohibition of the export of petroleum is enforced for the purpose of having an adequate supply of petroleum for the demand in Thailand under Section 61, the Minister shall, on a request of the concessionaire, make such arrangement that there shall be buyers for the petroleum thus prohibited from export at the prices set out under Section 57 or Section 58, as the case may be.

## **DIVISION 6**

### **Benefit, Rights and Duties of the Concessionaire**

## **Section 63**

The award of a concession under this Act shall not rule out the right to award concessions or permits under other laws in respect of the exploitation of any natural resource other than petroleum.

## **Section 64**

The concessionaire shall receive the following guarantees:

- (1) save the deliveries of the concessionaire's properties to the State under the provisions of concession, the State shall not nationalize the concessionaire's properties and his rights to conduct petroleum operations;
- (2) the State shall not restrict the export of petroleum except in the circumstances under Section 61.

## **Section 65**

For the purpose of conducting petroleum operations, the Committee shall hold the power to permit the concessionaire to own land to such extent as it is necessary for the petroleum operations, even in excess of the limit permissible under other laws.

The concessionaire may transfer his ownership on the land acquired under paragraph 1 hereof upon receiving permission from the Committee.

The Director-General shall inform the concessionaire of the permission given by the Committee under this Section by a written notice.

## **Section 66**

The concessionaire shall hold the right to conduct petroleum operations within the exploration blocks and production areas under his concession, and in the event that the concessionaire requires any land located within his exploration block or production area for his petroleum operations or any land located beyond his exploration blocks or production areas for storage or transport of his petroleum, where a person or a Government's agency owns or holds the right to occupy or has the care and charge of such land under the laws, the concessionaire shall proceed as follows:

- (1) in case where such land is the public domain which is not being used by the public, the concessionaire shall have the right to enter upon or pass through it and to erect upon it any structure without applying for permission and without payment of compensation;
- (2) in case where a Government's agency owns or holds the right to occupy or has the care and charge of such land under the laws, the concessionaire shall apply for permission to that Government's agency;
- (3) in case where a person owns or holds the right to occupy such land, the concessionaire shall make arrangements with that person.

## **Section 67**

In the event that the concessionaire finds it necessary, for the purpose of exploring for petroleum, to enter into and upon a portion of land which a person owns or holds the right

to occupy, the concessionaire shall seek a prior permission from the owner or the holder of the right to occupy such land.

If the owner or the holder of the right to occupy such land under paragraph 1 hereof refuses to grant the permission and, in the competent officer's opinion, it is necessary to enter into and upon such land for the purpose of exploring for petroleum and such refusal is without justifiable grounds, the concessionaire may enter into and explore for petroleum upon such land under the supervision of the competent officer when the competent officer has given to the owner or the holder of the right to occupy such land a prior notice of not less than seven days that such entry shall be made for the purpose of petroleum exploration upon such land.

If such an entry under paragraph 2 hereof has caused damage, the owner, the holder of the right to occupy or the holder of any other right upon such land shall be entitled to demand a compensation from the concessionaire; and if a settlement cannot be reached as to the amount of compensation, such difference shall be assessed by reference to arbitration through having the provisions of the Civil Procedure Code applied to this case.

### **Section 68**

When it is necessary to acquire an immovable property for the purpose of conducting petroleum operations, proceedings in expropriation shall be taken under the law on expropriation of immovable properties.

### **Section 69**

Subject to the laws on immigration in so far as it is not otherwise provided herein, the concessionaire and those contractors who have made firm contracts directly with the concessionaire shall hold the right to bring into Thailand skilled workers or specialists, including their spouses and dependent children, who are aliens, for the purpose of his petroleum operations in such number and for such period as the Committee has issued orders which it deems appropriate, irrespective of whether it is in excess of the quotas and the duration of stay provided by the laws on immigration.

The concessionaire shall have the right to appeal to the Minister against the order of the Committee within thirty days from the date of receipt of such order, and the decision of the Minister shall be treated as final.

### **Section 70**

The concessionaire and those contractors who have made firm contracts directly with the concessionaire shall have the right to bring into Thailand machinery, equipment, tools structures, transport vehicles, accessories, spare parts and other materials which are to be used in the petroleum operations free of import duty under the law on customs tariff and free of business taxes under the Revenue Code; provided, however, that the said goods shall be those on which the Committee has issued orders of the approval that they are necessary for the conduct of petroleum operations.

The concessionaire shall have the right to appeal to the Minister against the order of the Committee within thirty days from the date of his receiving such order.

*(Repealed by Section 3 of the Petroleum Act (No.5), B.E. 2534)*

### **Section 71**

In the conduct of petroleum operations, the concessionaire shall be exempted from payment of all kinds of taxes, duties, and levies due to central, local and municipal administrations except the following:

- (1) income tax under the law on petroleum income tax;
- (2) timber royalty, forest improvement fees and other fees under the laws on forestry and on national reserved forests;
- (3) royalty and fees under this Act;

(4) fees for services rendered under other laws.

*(Provision (3) repealed by Section 19 of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 72**

For the purpose of the conservation of petroleum resources or of good petroleum industry practice, in case where concessionaires have their production areas covering the same petroleum reservoir, the Minister shall have the power to require such concessionaires to produce petroleum under the unit operation.

### **Section 73**

If historical objects, fossils, economic minerals, or those minerals which are of significant value in geological studies are discovered in the conduct of his petroleum exploration or production operations, the concessionaire shall report such discovery to the Department of Mineral Resources within thirty days from the date of the discovery.

### **Section 74**

In conducting petroleum operations in offshore areas, the concessionaire shall not cause any unjustifiable interference with navigation, aviation, the conservation of the living resources of the sea, or scientific researches; and the concessionaire shall not undertake any operation which hinders the laying of submarine cables or pipelines or causes damage to the submarine cables or pipelines.

### **Section 75**

In conducting petroleum operations, the concessionaire shall take appropriate measures in accordance with good petroleum industry practice to prevent pollution of any place by oil, mud or any other substance.

In the event that pollution of any place by oil, mud or any other substance results from the concessionaire's petroleum operations, the concessionaire shall take immediate action to combat such pollution.

In the case where the concessionaire fails to proceed, or proceeds under paragraph two in delay, or if immediate action not taken may result in more damage, the Department of Mineral Fuels or other person designated by the Director-General may proceed to make good such pollution on behalf of or jointly with the concessionaire at the concessionaire's expense

*(Paragraph 3 was added by Section 15 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

### **Section 76**

The concessionaire shall submit progress reports, annual work programme and budget in accordance with the rules, procedures and period of time specified by the Director-General.

The reports and results under paragraph 1 shall be treated as confidential and shall not be disclosed until the end of one year from the date the Department of Mineral Resources received or deemed in receipt of the reports and results under paragraph 1; except in the following circumstances:

- (1) such disclosure is to be made in the performance of the Government's service to the Government agencies or persons who have duties to perform in accordance with the laws or with the Government's regulations;
- (2) such disclosure is the making use of information from such reports and results in preparing and publishing those scientific, technical or statistical reports or records with a prior approval of the Director-General; provided, however, that the disclosure of commercial information shall be avoided to the utmost extent; or
- (3) such disclosure has been agreed by the concessionaire through a prior written consent; but the concessionaire shall give his consent or dissent without delay.

The provision of paragraph 2 shall not be applicable to reports and results related to petroleum production in the production area and the area which the concessionaire has already relinquished under Section 36 or Section 37.

*(This provision was repealed by Section 8 of the Petroleum Act (No.3), B.E.2522 and Section 20 of the Petroleum Act (No. 4), B.E. 2532)*

*(Paragraph 1 was repealed by Section 16 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

### **Section 77**

The concessionaire shall submit a summary statement of his expenditures and annual financial statement for the petroleum operations in accordance with the rules, procedures and period of time specified by the Director-General.

*(Repealed by Section 17 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

### **Section 78**

The concessionaire shall have the right to retain, take or remit abroad money in foreign currency if it is earned from the conduct of his petroleum operations.

### **Section 79**

The Director-General shall hold the power to permit any central, local and municipal administration to make use of water in any well which the concessionaire does not want to use in the conduct of his petroleum operation; but such administration shall have to pay to the concessionaire a fair amount of compensation for the materials which the concessionaire might otherwise remove for other uses.

### **Section 80**

In the conduct of petroleum operations, irrespective of whether the petroleum exploration or production rights under the concession have terminated or not, the concessionaire shall execute all operations in accordance with sound technical principles and good petroleum industry practice in respect of the petroleum operations and the conservation of petroleum resources.

### **Section 80/1**

For the purposes of promotion and preservation of environment, the concessionaire shall be responsible for the decommissioning of installations, structures, materials, equipment, and facilities used in the exploration, production, storage, or transportation of petroleum whereby the concessionaire shall submit his decommissioning plan together with estimated expenses thereof in order to seek the concurrence of the Director-General in accordance with the rules, procedures, conditions and period of time prescribed in the Ministerial Regulations.

In the case there are additional installations, structures, materials, equipment, and facilities used in the exploration, production, storage, or transportation of petroleum which must be decommissioned or the decommissioning technology has changed, or the estimated expenses of the decommissioning are varied, the Director-General shall have the power to order the concessionaire to amend, revise or adjust the plan and estimated expenses so approved under paragraph one, or the concessionaire may submit his proposal for the amendment to or adjustment of the plan or estimated expenses approved under paragraph one to the Director-General for his concurrence in accordance with the rules, procedures and conditions prescribed in the Ministerial Regulations. Upon approval by the Director-General, they shall be deemed the decommissioning plan and estimated expenses for such petroleum production area.

The concessionaire shall complete the decommissioning in accordance with the plan so approved under paragraph one or paragraph two. If the concessionaire fails to proceed with the decommissioning or proceeds in delay which may cause damage, the Director-General shall have the power to designate other person to carry out the decommissioning on behalf of or jointly with the concessionaire using the security under Section 80/2.

*(Added by Section 18 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

## **Section 80/2**

The concessionaire shall deposit a security for the decommissioning of installations, structures, materials, equipment, and facilities under Section 80/1 with the Director-General in accordance with the rules, procedures, conditions and period of time prescribed in the Ministerial Regulations. The security can be in the form of cash, Thai government bonds, a bank guarantee, or any other form.

The security in the form of cash, Thai government bonds or any other assets though not subject to enforcement of any judgment are not released from the liability under this Act.

If the concessionaire fails to deposit the security, or deposit the security not in full as required or not within the period of time prescribed in paragraph one, the concessionaire shall pay a surcharge of two percent per month of the amount required or the shortfall, as the case may be, commencing from the due date and the Director-General shall give him a notice on the deposit of the security with surcharge to be made within thirty days from the date of receipt of the written notice. If the security and surcharge still are not properly deposit, the Minister may issue an order revoking the concession.

In the case that the Director-General designates other person to carry out, on behalf of or jointly with the concessionaire, the decommissioning of installations, structures, materials, equipment, and facilities under Section 80/1, the security under paragraph one shall be used. If the security is insufficient, the concessionaire shall be responsible for the shortfall, and the balance, if any, shall be returned to the concessionaire.

The maintenance and disbursement of the security shall be in accordance with the rules, procedures and conditions prescribed in the Ministerial Regulations.

*(Added by Section 18 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

## **Section 81**

The concessionaire and his agents and employees shall have a duty to accord due facilities to the competent officers in respect of the performance of their duties under this Act.

## **DIVISION 7**

### **Royalty**

## **Section 82**

The concessionaire shall pay royalty on petroleum which is sold or disposed of; and the concessionaire shall be exempted from payment of royalty on the following categories of petroleum:

- (1) petroleum delivered as payment of royalty in kind;
- (2) petroleum produced and used in Thailand in its natural state for analyses, test, and in the conduct of petroleum exploration, petroleum production, conservation of petroleum resources, storage and transport of petroleum;
- (3) petroleum exported for analyses and tests;
- (4) natural gas transferred without consideration to other concessionaires for the purpose of the conservation of petroleum resources with a prior approval of the Director-General;
- (5) natural gas flared unavoidably in connection with petroleum production operations.

Provided, however, that such exemptions under (2) to (5) inclusive shall be in accordance with the rules, procedures and conditions prescribed by the Department of Mineral Resources.

*(Provision (1) was repealed by Section 21 of the Petroleum Act (No. 4), B.E. 2532.)*

### **Section 83**

The concessionaire shall pay royalty in cash, but the kind Minister may by order require the concessionaire to pay the whole or a part of the royalty in kind instead of cash for each category and grade or quality of petroleum which is subject to royalty payment. The order under paragraph 1 hereof shall be given by the Minister to the concessionaire in a prior written notice of not less than six months, and the Minister shall specify in that order whether the concessionaire is required to pay royalty in kind in respect of the petroleum exported or of the petroleum un-exported or of both, and the Minister shall specify also the first month from which the royalty is payable in kind and he may specify also the last month to which royalty is payable in kind. In the case that the Minister has not specified such last month, he may terminate such payment of royalty in kind by giving the concessionaire a prior written notice of the termination of not less than six months.

### **Section 84**

Subject to the provisions of Section 99, Section 99 bis and Section 99 ter, the concessionaire shall pay royalty on the petroleum that the concessionaire has produced from each exploration block in the following manner:

- (1) in the case of payment in cash, the concessionaire shall pay royalty on the value of petroleum sold or disposed of during that month at the rate as prescribed in the Schedule of Royalty annexed to this Act; or
- (2) in the case of payment in kind, the concessionaire shall pay in a volume of petroleum equivalent in value to the royalty payable under (1); the petroleum paid as royalty shall be included in the calculation of petroleum sold or disposed of.

The value of petroleum sold or disposed of during that month under (1) means the total value of all petroleum the concessionaire sold or disposed of in that month.

For petroleum produced from production area within an exploration block which the Department of Mineral Resources has designated as an offshore exploration block having a waterdepth in excess of 200 meters, the concessionaire shall pay royalty at 70 per cent of the royalty payable under paragraph 1.

*(Repealed by Section 22 of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 85**

The value of petroleum for royalty purposes shall be determined on the following bases:

- (1) The volume of petroleum shall be based on the volume at a temperature of 60 degrees Fahrenheit and a pressure of 14.7 pounds per square inch;
- (2) The prices of petroleum shall be based on the following prices:
  - (a) the posted price, in respect of the exported crude oil;
  - (b) the market price, in respect of the crude oil delivered to the Government as payment of royalty in kind on the crude oil other than the exported crude oil;
  - (c) the tax reference price under the law on petroleum income tax, in respect of the crude oil delivered to the Government as payment of royalty in kind on the exported crude oil;
  - (d) the market price, in respect of the petroleum other than crude oil delivered to the Government as payment of royalty in kind;
  - (e) in respect of the petroleum other than those under (a) to (d) inclusive, the realized price if it is sold, or the market price if it is disposed of; and in respect of natural gas liquid and the by-products, the realized price or the market price, as the case may be, less processing costs in the plant in rendering them saleable or disposable.

Provided always, however, that petroleum shall be valued at points of sale or disposal in Thailand which the Director-General and the concessionaire shall agree upon; but exported crude oil shall be valued at points of export; and in the case that the points of sale or disposal under (e) differ from those agreed upon, adjustments of the prices of petroleum shall be made with due regard to differences in transportation costs between these points of sale or disposal and those which have already been agreed upon.

*(Provision of (2) was repealed by Section 23 Of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 86**

For the purpose of determining the value of petroleum under Section 85, conversion of foreign currencies into Thai currency, wherever conversion is necessary, shall be made as follows:

- (1) in the case of the posted price; foreign currencies shall be valued in terms of Thai currency at the average exchange rate in each quarter of the royalty payments under Section 87. Such exchange rate shall be calculated from the daily average buying rate of the commercial banks as computed by the Bank of Thailand;
- (2) in other cases, foreign currencies or claims bearing value in terms of foreign currencies received shall be valued in terms of Thai currency at the exchange rate at which the foreign currencies are sold. In the absence of a sale of a foreign currency, such foreign currency or claim shall be valued at the average exchange for a one-month period prior to the month of such receipt. Such exchange rate shall be calculated from the daily buying rate of the commercial banks as computed by the Bank of Thailand.

### **Section 87**

In the case where royalty is to be made in cash, it shall be remitted by the concessionaire each calendar month.

Royalty on petroleum sold or disposed of in any month shall be treated as royalty payable for that month; and it shall be remitted by the concessionaire to the competent officer within the succeeding month at the place designated by the Director-General together with a royalty return with all its entries duly filled as required in the form prescribed by the Director-General, as well as all supporting documents specified by the Director-General.

The concessionaire may apply for permission to remit royalty in any particular foreign currency; and if the Minister finds it appropriate, the Minister may permit the concessionaire to remit royalty in that particular foreign currency under the conditions and procedures to be determined by the Minister

*(Repealed by Section 24 of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 88**

In the case where there is an export of crude oil or products derived from refining of the crude oil which the concessionaire sold or disposed of within the Kingdom and the concessionaire has not paid royalty on the exported crude oil at the posted price as prescribed in Section 85 (2) (a), the concessionaire or the exporter shall pay royalty on the exported crude oil or on that portion of crude oil so refined into products exported in the amount equivalent to the difference between the royalty that the State would have received from the concessionaire if the concessionaire himself had been the person to export such crude oil at the time of the actual exportation and the royalty the State has already received from the concessionaire when the concessionaire sold or disposed of the crude oil within the Kingdom

*(Repealed by Section 24 of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 89**

The royalty payable under Section 88 shall be determined on the following basis and conditions:



- (1) the volume of exported crude oil during the month shall be;
  - (a) in the case of export as crude oil, the total volume of crude oil which the concessionaire or the exporter exported during that month;
  - (b) in the case of export of products refined from crude oil the volume of crude oil used in refining so as to derive products in the volume so exported during that month. The volume of such crude oil shall be calculated by taking the volume of crude oil sold or disposed of in the Kingdom by the concessionaire which is used in refining into the products so exported during that month and multiplying it by the "standard percentage rate" of the volume of the exported products derivable from refining the crude oil used for such refining, and multiplying it by the volume of products exported during the month, and dividing it by the total volume of such refined exported products in the month.

The "standard percentage rate" of the exported products derivable from refining of crude oil shall be calculated with regard to the grade of crude oil used in refining, the refining methods and other technical conditions, as prescribed by the Department of Mineral Resources;

- (2) the posted price to be used for calculating the royalty on exported crude oil shall be the posted price at the time of export. In the absence of such a posted price, the posted price for crude oil of identical or similar quality of other concessionaire shall be applied; and in the absence of the latter posted price, the Director-General shall prescribe a posted price giving due regard to the conditions under paragraph 2 of Section 59;
- (3) the method for calculating the difference in royalties under Section 88 shall be in accordance with the rules prescribed in the Ministerial Regulations;
- (4) the rules and conditions other than those prescribed in this Section shall be in accordance with the provisions of this Division.

*(Repealed by Section 24 of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 90**

In the case where royalty payment is required in kind, it shall be remitted on monthly basis by the concessionaire in accordance with paragraph 1 of Section 87 and such royalty payable shall be remitted to the competent officer within such time and in accordance with such procedures determined by the Director-General at the places designated under paragraph 2 of Section 85; together with a royalty return with all its entries duly filled as required in the form prescribed by the Director-General, as well as all supporting documents specified by the Director-General.

- Announcement of Department of Mineral Resources (May 4, B.E. 2526)
- Announcement of Department of Mineral Resources (August 26, B.E. 2534)

In the event that the concessionaire is required to remit his royalty in kind at places other than those agreed upon by the Director-General and the concessionaire under paragraph 2 of Section 85, the concessionaire shall not be required to pay any excess of transportation enquired to pay any excess of transportation costs beyond the amount due.

*(Paragraph 1 was repealed by Section 25 of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 91**

The Director-General shall have the power to assess royalty and surcharges under this Act when:

- (1) the concessionaire fails to file a royalty return within the designated time;
- (2) the concessionaire files a royalty return which is inaccurate or includes errors which reduce royalty liability;

- (3) the concessionaire fails to comply with a summons issued by the Director-General, or refuses without justifiable grounds to give answers to the questions put by a competent officer with the authority to verify the royalty, or is unable to produce records necessary for computing royalty.

### **Section 92**

For the purpose of exercising his authority under Section 91, the Director-General shall have the power to:

- (1) prepare a royalty return on the basis of evidence which is believed to be correct when the concessionaire has failed to file a royalty return;
- (2) adjust any particulars in the royalty return or in any document filed in the support of the return for accuracy;
- (3) determine the value of petroleum on the basis of the market price if there is a disposal or if a sale is made for a consideration less than the market price without justifiable grounds;
- (4) in the case under Section 91 (3) , determine the amount of royalty which is believed to be accurate in accordance with his knowledge or judgment.

### **Section 93**

In exercising his authority under Section 91 or Section 92, the Director-General shall have the power to:

- (2) issue a summons to the concessionaire or any person concerned for questioning,
- (3) issue an instruction requiring the concessionaire or any person concerned to give answers in writing, or to produce books of account, evidences, records or any other relevant document for examination or investigation.

Provided that a period of not less than seven days from the date of receiving the summons or instruction shall be given to the receiver of the summons or instruction for compliance.

### **Section 94**

The Director-General shall, upon completion of royalty assessment, give written notice of the result of the assessment to the concessionaire and at the same time demand the concessionaire to remit the royalty thus assessed within thirty days from the date the concessionaire is in receipt of the notice of the assessment.

If the concessionaire is not satisfied with the assessment made by the Director-General, the concessionaire may file an application to the Court to prescribe a new royalty amount; but, such application shall be submitted within six months from the date of receipt of the notice of the assessment and the Court shall have jurisdiction over prescribing the royalty amount as it may deem appropriate. If the concessionaire fails to submit such application within such prescribed period, the royalty payable shall be the amount so assessed by the Director-General.

The submission of application to the Court under paragraph 2 shall not be set up as reason to defer payment of royalty; and for the purpose of paying the royalty while the application is pending in the Court, the amount of royalty shall be that as assessed by the Director-General in accordance with Section 91 or as prescribed by the Director-General in accordance with Section 92.

*(Repealed by Section 26 of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 95**

Assessment by the Director-General is subject to the following time limitations:

- (1) five years from the last day of the time limit for filing a royalty return in the case that the concessionaire has filed the royalty return within the time limit;
- (2) five years from the date on which the concessionaire filed a royalty return in the case that the concessionaire filed the royalty return after the time limit; provided, however, that such period does not exceed ten years from the last day of the time limit for filing the royalty return;

- (3) ten years from the last day of the time limit for filing a royalty return in the case that the concessionaire has failed to file a royalty return or has filed an inaccurate royalty return which reduces royalty liability by more than twenty-five per cent of the actual amount of the payable royalty.

### **Section 96**

If the concessionaire fails to pay royalty within the time limit under Section 87 or pays royalty less than the amount payable, the concessionaire shall pay a surcharge of two per cent per month, or per fraction thereof, of the amount of royalty payable or unpaid, as the case may be.

The surcharge under paragraph 1 hereof shall not be calculated in the manner of compound interest, and shall accrue on the last day of the time limit for filing the royalty return to the day of the payment of such surcharge.

The surcharge under this Section shall not exceed the amount of royalty payable or unpaid, as the case may be.

### **Section 97**

If the concessionaire fails to pay royalty in kind within the time limit designated by the Director-General under Section 90 or pays royalty in kind less than the amount payable, the concessionaire shall remit the outstanding amount of the royalty in kind and in addition, pay a surcharge of two per cent per month, or per fraction thereof, of the value of royalty in kind payable or unpaid, as the case may be.

The value of the royalty in kind under paragraph 1 hereof shall be calculated at the market price of petroleum during the time limit of royalty payment, and the provisions under paragraphs 2 and 3 of Section 96 shall apply to it.

### **Section 98**

The surcharge may be waived or reduced in accordance with the rules and procedures prescribed in the Ministerial Regulation.

### **Section 99**

The rate of royalty under this Act may be reduced temporarily by not exceeding thirty per cent in accordance with the rules and procedures prescribed in the Ministerial Regulation to suit circumstances or the state of petroleum production.

### **Section 99 bis**

In order to foster and expedite the exploration and development of petroleum resources in certain areas within any exploration block or production area of the concessionaire, where the geological conditions are unfavorable or the production rate is declining and which are not under the exploration or production plan of the concessionaire, the Minister, upon the advice of the Committee, shall have the power to grant a royalty reduction to the concessionaire by making an agreement with the concessionaire so as to encourage the concessionaire to explore and develop such areas in accordance with the plans to be prescribed by the Department of Mineral Fuels.

In providing the Minister with the advice for reduction of royalty under paragraph one, the Committee shall pay due regard to the geological conditions and petroleum potential of such areas, statistics data on petroleum exploration and production expenses for the areas having similar geological conditions, domestic demand for petroleum products, the price sensitivity for petroleum products in the market, and other advantages and disadvantages which the nation would realize from the expedition of petroleum exploration and resource development.

The royalty to be reduced under this Section shall be either the royalty derivable from the petroleum operation already undertaken by the concessionaire in the exploration block or production area, or the royalty that will be derivable from the petroleum production in the area or areas which the Department of Mineral Fuels prescribed in its plans; and such reduction shall not exceed ninety per cent of the amount of royalty payable by the

concessionaire on all the petroleum produced from the exploration block and the production area located within such exploration block, or not exceeding ninety per cent of the amount of royalty which will be derivable from the petroleum production conducted within the area so prescribed by the Department of Mineral Fuels; while the period to be granted for reduction shall not exceed five years from the date of execution of the agreement or the date of commencement of production. Such agreement made with the concessionaire may include any conditions or terms

*(Repealed by Section 19 of the Petroleum Act (No.6), B.E.2550 (2007))*

### **Section 99 ter**

For the area which its geological conditions indicate that the production of petroleum in such area would require a very high expenditure or the production of petroleum in such area is not commercial, the Minister, upon the advice of the Committee, may award a concession for that area with provision on royalty reduction on the petroleum derivable when production commences in such area in respect with the volume of petroleum to be specified in the concession; provided that the size of the area under such concession shall not exceed two hundred square kilometers and the reduction of royalty shall not exceed ninety per cent of the amount of royalty payable while the period the concessionaire would be granted with royalty reduction shall not exceed five years from the date of commencement of petroleum production from the production area. The concessions awarded under this Section may prescribe any conditions.

In providing the advice of the Committee under paragraph one, the rules as set out in paragraph two of Section 99 bis shall apply.

*(Repealed by Section 20 of the Petroleum Act (No.6), B.E.2550 (2007))*

### **Section 100**

The Minister may assign to the Excise Department to collect royalty payment from those persons under Section 88 (2) on behalf of the Department of Mineral Resources.

*(Repealed by Section 28 of the Petroleum Act (No.4), B.E.2532.)*

## **"DIVISION 7 BIS**

### **Special Remuneratory Benefit**

*(Division 7 bis, Section 100 bis, Section 100 ter, Section 100 quarter, Section 100 quinque, Section 100 sex, Section 100 septem and Section 100 Octo was added by Section 29 of the Petroleum Act (No. 4), B.E. 2532)*

### **Section 100 bis**

In this Division:

"petroleum revenue" means the revenue of the concessionaire which derived from each exploration block, specifically, the items of revenue specified under Section 100 ter (1);

"petroleum capital expenditure" means the capital expenditure which the concessionaire has expended as investment for the petroleum operation in each exploration block in accordance with the rules stipulated in Section 100 ter (2);

"ordinary and necessary petroleum expenditure" means the ordinary and necessary expenditures which the concessionaire has expended for the petroleum operation in each exploration block in accordance with the rules stipulated in Section 100 ter (3), exclusive of allowance for capital expenditure and money paid as special remuneratory benefit, if any;

"special reductions" means the amount of monetary reductions prescribed by the Government in Section 100 ter (4), for each exploration block.

### **Section 100 ter**

Petroleum revenue, petroleum capital expenditure, ordinary and necessary petroleum expenditure and special reductions under this Division shall be in compliance with the following rules and conditions:

- (1) Petroleum revenue means specifically the aggregate sum of the following items of revenue:
  - (a) gross income from sale of petroleum;
  - (b) value of petroleum disposed of;
  - (c) value of petroleum delivered as payment of royalty in kind;
  - (d) gross income arising from a transfer of any property or right related to petroleum operation.

The value of petroleum under (b) and (c) shall be calculated as described in Section 85; and in the case of any transfer of concession under Section 48, the gross income arising from the transfer of property or right under (d) shall not be less than the latest book value of the transferor company on the effective date or the transfer;

- (2) Petroleum capital expenditure shall be the capital expenditure under the law on petroleum income tax;
- (3) ordinary and necessary petroleum expenditures shall be the ordinary and necessary expenditures under the law on petroleum income tax exclusive of allowances for capital expenditure and money paid as special remuneratory benefit, if any. The ordinary and necessary petroleum expenditures must be the expenditures which the concessionaire can prove to the satisfaction of the Director-General that they are the ordinary and necessary expenditures for normal course of petroleum operation;
- (4) special reductions shall be the amount of money which the Government from time to time, when awarding concession, prescribed in accordance with the rules and procedures as stipulated in the Ministerial Regulations. This amount of money the Government allows the concessionaire to of money the Government allows the concessionaire to apply in the calculation of expenditure as if it were an expenditure for investment in each exploration block in order to deduct from petroleum revenue to result in reduction of the concessionaire's profit in making payment of special remuneratory benefit to the Government under this Division. The special reductions shall be the incentive measure to induce investment for petroleum operations in Thailand, and the Government shall prescribe such amount paying due regard to the competitive situation in international investment.

In the case the revenue or expense under this Section involve several exploration blocks which may not be clearly apportioned, the calculation of revenue or expense amounts for each exploration block shall be made in accordance with the rules and procedures stipulated in the Ministerial Regulations.

### **Section 100 quarter**

The calculation of profit and loss from petroleum operations in each exploration block shall be made annually in accordance with an accounting period under the law on petroleum income tax; and the petroleum revenue which has been subtracted from it the sum of petroleum capital expenditure, ordinary and necessary petroleum expenditures and special reductions shall be the "annual petroleum profit" or "annual petroleum loss", as the case may be.

In the case there sustains "annual petroleum profit", the amount of "annual petroleum loss" sustained before that current accounting period shall be allowed to be deducted therefrom; and, if there is still any amount of annual petroleum loss remaining, such

outstanding amount may be carried forward for deduction in the subsequent accounting period, but only to the extent of the balance that remains.

During any accounting period, if the petroleum operation in any exploration block yields "annual petroleum profit," the concessionaire shall pay to the Government the special remuneratory benefit in accordance with the provisions of this Division.

### **Section 100 quinque**

Special remuneratory benefit shall be levied on the annual petroleum profit at the rate which shall be determined by the "annual revenue per one meter depth of well" according to the following rules:

- (1) the portion of the annual revenue per one meter depth of well which does not exceed Baht 4,800, no special benefit shall become payable;
- (2) the portion of annual revenue per one meter depth of well which exceeds Baht 4,800 but does not exceed Baht 14,400, at the rate of 1 per cent of the first Baht 240; and a supplement at the rate of 1 per cent for each subsequent Baht 240. Fraction of Baht 240 shall be treated as Baht 240;
- (3) the portion of annual revenue per one meter depth of well which exceeds Baht 14,400 but does not exceed Baht 33,600, a supplement at the rate of 1 per cent for each Baht 960. Fraction of Baht 960 shall be treated as Baht 960;
- (4) the portion of annual revenue per one meter depth of well which exceeds Baht 33,600 onwards, a supplement at the rate of 1 per cent for each Baht 3,840. Fraction of Baht 3,840 shall be treated as Baht 3,840.

Provided that the special remuneratory benefit shall not be levied in excess of 75 per cent of the petroleum profit of each year.

### **Section 100 sex**

The "annual revenue per one meter depth of well" shall be the amount of the concessionaire's petroleum revenue derived from an exploration block during the year, divided by the sum of the accumulated depth of all the petroleum wells which the concessionaire has already invested for their drilling in the concerned exploration block, and the "geological constant of the exploration block."

The determination of the annual revenue per one meter depth of well in this Section is intended to provide due proportion between the concessionaire's revenue derived from petroleum produced from an exploration block, and the concessionaire's efforts to invest as well as geological conditions of the concerned exploration block.

The calculation for the "annual revenue per one meter depth of well" under paragraph 1 shall be made in accordance with the following rules and conditions:

- (a) The petroleum revenue of the concessionaire which derived from an exploration block during the year shall use only those items under Section 100 ter (1) (a), (b) and (c) in the calculation, and adjusted by an inflation factor and variation in currency exchange rate factor, in accordance with the rules and procedures as prescribed in the Ministerial Regulation;
- (b) "geological constant of an exploration block" means the depth in meters of wells drilled in the exploration block which the Government allows the concessionaire to apply as factor in calculation in order to reduce the payment of special remuneratory benefit. The constant shall be stipulated by the Minister in the prospectus for concession application and specified in the concession giving due regard to the geological conditions of the exploration block and the statistical data on petroleum exploration and production expenditure required for areas with a similar geological conditions to the exploration block concerned. The announcement of the geological constant may also include stipulations on the increase of constant in case the geological conditions are unfavourable;
- (c) the total cumulative depth of all petroleum wells that the concessionaire drilled in the exploration block shall be the total depth in meter measured along the route

of all the petroleum well bore which the concessionaire has drilled in the concerned exploration block as from his commencement of petroleum operation to the end of the accounting period. This shall include the depth of the wells which the concessionaire has drilled in accordance with the good petroleum exploration, conservation and production practice notwithstanding whether the petroleum production from such wells is undertaken, but exclude the wells from which accumulated petroleum production volume has exceeded 100,000 barrels and have been abandoned by the concessionaire.

#### **Section 100 septem**

For the purpose of calculating the special remuneratory benefit under this Division, the concessionaire shall file a special remuneratory benefit return for each exploration block within the time and in the form prescribed by the Director-General. All entries must be duly filled and filed together with all supporting documents as specified by the Director-General. This shall be made by the concessionaire as from the commencement of petroleum operations.

The provisions of Section 91, Section 92, Section 93, Section 94, Section 95, Section 96 and Section 98 shall become applicable for the assessment of special remuneratory benefit, and surcharge in the case the concessionaire fails to pay the special remuneratory benefit within the prescribed period.

#### **Section 100 octo**

In the case there is a necessity for the purpose of collecting the special remuneratory benefit under this Division, the Director-General shall be empowered to issue a written order to the competent officer to search, examine or seize account books, documents or other evidence pertaining to revenue or expenditures related to petroleum operations.

### **DIVISION 8**

#### **Punishment**

#### **Section 101**

Whoever violates Section 7 shall be punished with a term of imprisonment not exceeding one month, or a fine not exceeding one thousand Baht, or both.

#### **Section 102**

Whoever fails to comply with the Ministerial Regulation issued under sub-paragraph (1), (2) or (3) of Section 14 shall be punished with a fine not exceeding fifty thousand Baht.

#### **Section 103**

Whoever fails to comply with paragraph 1 of Section 23 shall be punished with a term of imprisonment not exceeding two years, or a fine not exceeding four hundred thousand Baht, or both.

#### **Section 104**

Any concessionaire who produces petroleum without the approval of the Director-General under paragraph one of Section 42 shall be punished with a fine not exceeding two hundred thousand Baht

*(Repealed by Section 21 of the Petroleum Act (No. 6), B.E. 2550 (2007))*

#### **Section 104 bis.**

Any concessionaire who fails to submit the petroleum production plan as prescribed by the Ministerial Regulations issued by virtue of paragraph 1 of Section 42 bis or fails to furnish the results on his annual review of petroleum production plan, as required by paragraph 3 of Section 42 bis, shall be punished with a fine not exceeding fifty thousand Baht, and a

further fine at five thousand Baht per day until the concessionaire has fulfilled all actions required.

*(Added by Section 30 of the Petroleum Act (No. 4), B.E. 2532)*

#### **Section 105**

Whoever violates paragraph 1 of Section 61 shall be punished with a term of imprisonment not exceeding two years and a fine not exceeding four hundred thousand Baht.

#### **Section 106**

Any concessionaire who fails to comply with Section 73 shall be punished with a term of imprisonment not exceeding one year, or a fine not exceeding ten thousand Baht, or both.

#### **Section 107**

Any concessionaire who fails to comply with Section 74 or paragraph 1 of Section 76, or Section 77 shall be punished with a fine not exceeding ten thousand Baht.

#### **Section 108**

Any concessionaire who fails to comply with Section 75 shall be punished with a fine not exceeding one hundred thousand Baht.

#### **Section 109**

Whoever fails to accord facility to a competent officer under Section 81 shall be punished with a fine not exceeding five thousand Baht.

#### **Section 109 bis**

Whoever obstructs the competent officer when undertaking the duty under Section 100 shall be punished with imprisonment not exceeding one month, or a fine not exceeding ten thousand Baht.

*(Insert Section 109 bis by Section 31 of the Petroleum Act (No. 4), B.E. 2532)*

#### **Section 110**

Whoever furnishes false information, makes false statement, gives false answers, produces false records, or does act in order to evade or in an attempt to evade payment of royalty shall be punished with a term of imprisonment from three months to seven years, and a fine from two thousand Baht to two hundred thousand Baht.

*(Repealed by Section 32 of the Petroleum Act (No. 4), B.E. 2532)*

#### **Section 111**

The petroleum, equipment, tools, transport vehicles or any machinery which a person has acquired or employed in committing an offence, or employed as means to obtain advantages in committing an offence under Section 103, Section 104, or Section 105, shall all be forfeited, notwithstanding whether there is any convicted executed by judgment, except where the owners of those properties are not conspirators of the offence.

### **Transitory Provisions**

#### **Section 112**

The provisions in respect of petroleum exploration under this Act shall not apply to the exploration for crude mineral oil deposits under the agreements into which the Department of Mineral Resources has entered prior to the 23<sup>rd</sup> day of June, B.E. 2507.

#### **Section 113**

Within six months from the date on which this Act comes into force, the holders of Exclusive Petroleum Exploration Licenses and the holders of Petroleum Mining Leases under the Minerals Act, B.E. 2510, whose licenses and leases have been issued in



accordance with the petroleum agreements made prior to the 4th day of July, B.E. 2511, may apply for concessions in compliance with this Act.

The Minister shall have the power to award concessions to the applicants under paragraph 1 hereof. Such concessions shall have the provisions in respect of the rights in petroleum exploration and production consistent with those stipulated in the petroleum agreements referred to in paragraph 1 hereof; and the terms of petroleum exploration period and petroleum production period in such concessions shall be counted back from the dates of the issuances of the relevant Exclusive Petroleum Exploration Licenses and Petroleum Mining Leases; and such Exclusive Petroleum Exploration Licenses and Petroleum Mining Leases shall terminate on the day on which the relevant concession is awarded by the Minister.

In case of failure to act in accordance with paragraph 1 hereof, it shall be deemed that the holder of the Exclusive Petroleum Exploration License or the holder of the Petroleum Mining Lease, as the case may be, has abandoned his right to do so; and such Exclusive Petroleum Exploration License or Petroleum Mining Lease shall terminate on the closing date of the time limit specified under paragraph 1 hereof, but the holder of such Exclusive Petroleum Exploration License or the holder of such Petroleum Mining Lease shall still be liable under the relevant Petroleum Agreement.

Countersigned by

Field Marshall Thanorm Kittikajorn

Prime Minister

#### **SCHEDULE OF FEES\***

- |   |                          |
|---|--------------------------|
| (1) Application Fee per square kilometer or fraction thereof application  | Baht 100 - per           |
| (2) Surface Reservation Fee   | Baht 6,000 - per annum   |
| (3) Demarcation Survey Fee by the length of traverses or fraction thereof | Baht 180 - per kilometer |
| (4) Boundary Mark onshore   | Baht 750 - per mark      |

*\*(Repealed; See the amended version in Section 33 of the Petroleum Act (No. 4), B.E. 2532.)*

## **Announcement of the Department of Mineral Resources**

### **Rules and procedures for the submission of reports on petroleum operations**

In exercise of the power conferred by Section 76 of the Petroleum Act, B.E. 2514 as amended by the Petroleum Act (No.4), B.E. 2532, the Department of Mineral Resources hereby issues the following announcement.

1. The Announcement of the Department of Mineral Resources on Rules and Procedures for the Submission of Reports on Petroleum Operations dated 18th May B.E. 2525 shall be hereby repealed.

2. The rules, procedures and period for the submission of reports on petroleum operations shall be as follows:

**1. In the magnetic and gravity surveys,** the concessionaire shall submit the following details:

- (2) The result of the surveys within 180 days from the completion date which shall consist of the following:
  - a. Specifications of the equipment used and the survey methods.
  - b. Maps showing the survey path, scale 1:250,000.
  - c. Daily records of the earth magnetic fields.
  - d. Processing reports together with maps showing the intensity of magnetic field and gravity maps, scale 1:50,000 and 1:250,000 both on sepia and blueprints.
  - e. Reports on the interpretation of data together with basement maps showing the boundary and depth of the basement, scale 1:50,000 and 1:250,000 both on sepia and blueprints.
- (3) Copies of data acquisition tapes, standard format, within 90 days after completion of such survey.
- (4) The daily report containing the details below must be submitted within 1300 hours of the following day.
  - a. Name of the concessionaire.
  - b. Name of the contractor.
  - c. Date and time of operation.
  - d. Days and the time taken for such operation.
  - e. Cumulative recorded shot points, seismic line and coverage in kilometres.
  - f. Area of operation.
  - g. Daily result.

**2. In the geological survey,** the concessionaire shall submit the following details:

- (1) The report on the petroleum geological survey together with geological maps and maps showing locations of rock sampling, scale 1:250,000 within 90 days after the date of completion.
- (2) The report on rock sample analysis i.e. rock type and petrography, the radiometric dating, and petrophysics within 120 days after the date of completion of the survey.

- (3) The report on petroleum source rock analysis, including total organic carbon contents, organic types, and organic maturity, within 120 days after the date of completion of the survey.
- (4) Paleontological analysis within 120 days after the completion date of the survey.

**3. In the seismic surveys,** the concessionaire shall submit the following:

- (1) The report of the surveys within 90 days after the completion of each phase of the survey which shall contain the following details:
  - a. Specifications of the equipment used in the seismic survey.
  - b. Details of the permanent marks and levels used in the survey, together with maps scale 1:250,000.
  - c. Source and receiver diagrams.
  - d. Field static correction.
  - e. Source wave form characteristics analysis.
  - f. Seismic lines, scale 1:250,000.
  - g. Seismic shot point maps, scale 1:50,000 and 1:250,000 both on sepia and blueprints.
  - h. Low velocity layer and weathering profile.
  - i. Copies of standard seismic magnetic tape.
  - j. Seismic processing report in detail including seismic Section scale one second per 3.75" both on sepia and blueprints.
  - k. Root mean square velocity and interval velocity of every selective point in each and every lines.
- (2) The interpretation reports within 270 days after completion of each phase of the survey which shall contain the following details:
  - a. Seismic Sections with posted markers and horizons and geologic age.
  - b. Time structural map interpreted from (1) j. and (1) k. of the basement and at least one another horizon, scale 1:50,000 both on sepia and blueprints.
- (3) A daily report within 1300 hours of the following day which shall contain the following details:
  - a. Name of the concessionaire.
  - b. Name of the contractor.
  - c. Date and time of operation.
  - d. Days and time taken for such operation.
  - e. Cumulative recorded seismic line and coverage in kilometers.
  - f. Low velocity layer record.
  - g. Uphold survey acoustic record.
  - h. Area of operation.
  - i. Daily result.
  - j. Compensation.
  - k. Problems and obstacles.

**4. In the drilling of petroleum exploration and development wells,** the concessionaire shall submit the following details:

- a. A daily report within 13:00 hours of the following day which shall contain the following details:
  - a. Name of the well and the concessionaire.
  - b. Date and time of operation.
  - c. Name of the drillship or drilling rig.
  - d. Cumulative days of operation on the particular well.
  - e. Depth of well at the time of report.
  - f. Type and size of bit.
  - g. Deviation and direction of well.
  - h. Type, weight and specification of drilling mud.
  - i. Operation and problems during the previous 24 hours.
  - j. Lithology within the previous 24 hours.
  - k. Hydrocarbon found.
  - l. Type, size, weight and depth of casing.
  - m. Cementing.
  - n. Pressure test of blow out preventer, casing and other related equipment.
  - o. Well logging including type and depth of logs.
  - p. Core sampling and depth of cores.
  - q. Flow test and pressure test and the depth thereof.
  - r. Wireline pressure tests and sampling by RFT and the depth thereof.
  - s. Well abandonment.
  - t. Drillship or drilling rig released.
  - u. Safety and environmental protection and waste control.
  - v. Condition of sea and weather.
  - w. Daily and cumulative expenses.
- (2) All logging information, scale: 1:200 and 1:1,000 both on sepia and blueprints (one set of each) and a copy of magnetic tape within 15 days after the completion date of operation.
- (3) Final well report consisting of drilling data, geological data, log evaluation and its computation formula, flow test, well completion and well abandonment together with composite log within 60 days after the completion date.
- (4) Geological report on exploration well within 120 days after well completion date (well abandonment). The report shall contain:
  - a. Stratigraphy with log markers and seismic markers.
  - b. Rock sample analysis i.e. petrography, radiometric dating, and petrophysics.
  - c. Source rock analysis report including total organic carbon contents, organic types and organic maturity.
  - d. Paleontological analysis.
- (5) Well test reports within 60 days after the completion date of each test which shall contain the following details:

- a. Depth interval.
  - b. Data on the pressure, temperature, hydrocarbon and water flow.
  - c. Analysis of hydrocarbon and water.
  - d. Formation pressure and formation properties, and calculated pressure after production test.
- (6) Rock samples from every interval within 30 days after the total depth, with details as follows:
- a. Unwashed samples in cloth bag and wooden crate as specified in the appendix attached hereto together with proper labeling of the company name, well name, sampled date and depth.
  - b. Washed samples in bag and paper box as specified in the appendix attached hereto together with proper labeling of the company name, well name, sampled date and depth.
- (7) Core samples from well at every depth where samples were collected within 30 days after the total depth. The samples shall be arranged in depth order in wooden boxes specified in the appendix with proper labeling of the company name, well name, sampled date and depth interval.

**5. In the assessment of petroleum exploration and development**, the concessionaire shall submit the following details:

- (1) A monthly progress report of exploration and development of petroleum within the 5th day of the following month.
- (2) Petroleum reserve assessment and details of calculation together with supporting maps within 60 days after discovery of petroleum in each structure. In the event that additional petroleum is discovered in a previously discovered structure, a new assessment shall be submitted within 60 days after the date of such discovery. The Concessionaire shall submit and updated reserve estimate every year within February of each year.
- (3) Structural contour map of all horizons together with well locations, scale 1:10,000 and 1:50,000 and cross Section of each structure within February of each year.
- (4) Deliverability assessment together with details of calculation and the reservoir simulation report to be submitted not less than 90 days prior to production.
- (5) The Concessionaire shall update the deliverability assessment report on each field every year within February of each year.
- (6) Engineering data together with well completion diagrams within 30 days after completion and when there are changes.

**6. In the production of petroleum**, the concessionaire shall submit the following details:

- (1) A daily report within 13:00 hours of the following day with the following details:
  - a. Production rate.
  - b. Amount of petroleum stored, sold or disposed.
  - c. Amount of petroleum used as fuel.
  - d. Amount of petroleum flared.
  - e. Petroleum specific gravity and viscosity.
  - f. Vapor pressure of natural gas liquid or crude oil.

- g. Pour point.
- h. Heating value, dew point and composition of natural gas.
- i. Water-oil (WOR) and Gas-oil (GOR) ratio produced.
- j. Impurity types and amount.
- k. Water produced and segregated from petroleum production and its analysis prior to disposal.
- l. Wellhead and bottom hole pressure.
- m. Choke size.
- n. Well test.
- o. Operation during the previous 24 hours.
- p. Workover reports on all wells, giving reasons, duration and details of workover within 30 days after the completion date.
- q. Stimulation report, stating the methods and details of materials used within 30 days after completion of operation.
- r. Bottom hole pressure test report on all wells within 15 days after the completion of test.
- s. Reports on production test of all types including details of calculation within 30 days after completion of operation.

Announced on this 9th Day of August B.E. 2534

Signature

Visith Noiphan

Director-General

Department of Mineral Resources

#### **Disclaimer**

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