

Ministerial Regulation No.13, B.E. 2530 (1987)**Prescribing Rules and Procedures in Determining Economic Potential
and Production Areas**

Issued under the provisions of the Petroleum Act, B.E. 2514

Translation

In exercise of the power conferred by Section 14 (5) and Section 42 of the Petroleum Act, B.E. 2514, the Minister of Industry hereby issues the following Ministerial Regulation:

1. There shall be hereby repealed:

- (1) The Ministerial Regulation No. 8, B.E. 2514 (1971) issued under the provisions of the Petroleum Act, B.E.2514,
- (2) The Ministerial Regulation No. 10, B.E. 2522 (1979) issued under the provisions of the Petroleum Act, B.E. 2514.

2. The commerciality of petroleum well shall mean the productivity of petroleum well or wells in the same structure, whereby if used in producing petroleum in a twelve-year period, such well or wells must produce petroleum having sufficient value to cover the following costs:

- (1) expenditure on drilling, preparing and equipping one or more petroleum wells in that structure, exclusive of the expenses incurred in the exploration of petroleum in such structure before the date of submission of the report demonstrating the commerciality of the well pursuant to paragraph 4,
- (2) expenditure on production, segregation and transportation of petroleum from the well(s) to the point of sale or disposal,
- (3) royalties and fees under the petroleum law and fees for service under other laws. The productivity under the first paragraph shall be estimated on the thickness of pay zone, the specific characteristics of reservoir rock and petroleum, data in connection with the production capacity, and the drainage area which shall not exceed that of the production area under paragraph 3. The petroleum value under the first paragraph shall be determined from the price used as the basis for royalty collection at the time of submission of the report demonstrating commerciality of the well pursuant to paragraph 4.

3. Each production area defined by the concessionaire must be an area which covers a specific drainage area with evidences supporting the existence of petroleum deposit therein and that such petroleum can be produced from the layer found in one or more wells based on well data, geological and seismic data and other data in connection with the petroleum reservoir.

In the case where the production area is defined from one single petroleum well, its area shall not exceed two square kilometers. The shape of a production area must be a polygon with definite geographical co-ordinates.

4. The concessionaire who wishes to demonstrate that a commercial well under paragraph 2 has been found and has defined a production area in accordance with paragraph 3 shall submit the report demonstrating commercial status to the Director-General to obtain his concurrence. The said report shall demonstrate geological evidences, estimation of the productivity, a map showing demarcation lines of the production area and a comparison demonstrating the commercial status, as follows:

- (1) a production scheme in the production area, showing details of the production capacity period by stating the time of commencement and the time of completion, the volume of work to be done during the production, the number and positions of production wells, the production methods as well as equipment used in the production.

- (2) details of the estimation of expenses to invest in the development of the petroleum sources in the production area, interest and other financial expenses, by stating the categories of expenses, the time periods in which those expenses will incur, as well as the estimation of the amount of expenses in each time period. These expenses shall not include the details of expenses already incurred specifically in exploring for petroleum in the said structure prior to the date of submission of the report demonstrating commercial status.
- (3) estimate of the operating expenses and the required remuneration payments to the government.
- (4) details of the petroleum reserves expected to be found in the area applied to be a production area as calculated by means of generally accepted petroleum engineering practices with the approval of the Department of Mineral Resources, the properties of reservoir rock, results of analysis of fluid in the petroleum sources, and in the case of crude oil, the details of the products which can be segregated or refined shall be shown as well.
- (5) details of the estimation of average daily production rate in a twelve-year period in the production area and estimation of the value of production, determined from the price which is used as the basis for collection of royalty at the time of submission of this report.
- (6) details of the commercial status by comparing the value of the petroleum pursuant to (5) with the expenses under (2) and (3).
- (7) geological, geophysical and exploratory drilling data, as well as other petroleum engineering data which are used in the calculations under (3), (4) and (5).
- (8) a map showing demarcation lines of the area applied to be a production area. When the Director-General, with the approval of the Minister, gives his concurrence, the concessionaire shall then proceed with the production of petroleum in that production area in accordance with the production scheme under (1).

5. If the production area has already been defined, the concessionaire shall have to re-define it within a six-month period prior to the expiry date of the petroleum exploration period.

Given on this 30th day of July B.E. 2530

Signed by Mr. Pramual Sabhavasu

Minister of Industry

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