

## PETROLEUM REGULATIONS 1974, PU(A) 432/1974

IN exercise of the powers conferred by section 7 of the Petroleum Development Act, 1974, the Prime Minister hereby makes the following regulations:

### 1. Citation.

These Regulations may be cited as the Petroleum Regulations, 1974.

### 2. Existing bodies and companies to submit data, information and records.

On the coming into force of these regulations, all existing bodies of persons or companies who are issued with exploration licences or have entered into petroleum agreements under the Petroleum Mining Act, 1966 shall make available and submit forthwith to PETRONAS for no consideration all data, information and records in respect of any survey, study, research, exploration and production carried out by them.

### 3. Applications made to PETRONAS.

The following applications for a licence shall be made to the President of PETRONAS:

- (a) a licence to commence or continue any business or service, onshore or offshore relating to the exploration, exploitation, winning and obtaining of petroleum and, in particular involving the supply and use of rigs, derricks, ocean tankers and barges;
- (b) a licence to commence or continue any business or service involving the supply of equipment and facilities and services required in connection with the exploration, exploitation, winning and obtaining of petroleum including the following:
  - (i) survey and exploration services;
  - (ii) all engineering, technical and consultancy services involved in exploration, drilling and production of crude oil and natural gas;
  - (iii) all engineering, construction and maintenance works connected with upstream activities;
  - (iv) rigs and drilling services;
  - (v) supplies of all exploration, drilling and production materials, equipments, platforms, derricks, tools and installations, pipe and pipe-laying services, barges and tankers;
  - (iv) supply of general services connected with upstream operations.

### 3A. Applications permission to process or refine, to manufacture, to market or distribute petroleum or petrochemical products.

(1) Application for permission to commence or continue any business of processing or refining of petroleum or manufacture of petrochemical products from petroleum under section 6(1) of the Act shall be made to the Secretary-General, Ministry of International Trade and Industry.

(2) Application for permission to commence or continue any business of marketing or distributing of petroleum or petrochemical products under section 6(3) of the Act shall be made to the Secretary-General, Ministry of Internal Trade and Consumer Affairs.

### 4. Application to contain detail and information.

Every application referred to in regulation 3 and regulation 3A hereof shall contain such detail and information as may be required from time to time.

### 5. Approval and conditions.

(1) The Chairman and Chief Executive of PETRONAS shall process applications made to them under regulation 3 and shall thereafter forward them to the Prime Minister who shall reject or approve such applications.

(1A) The Secretary-General, Ministry of International Trade and Industry and the Secretary General, Ministry of Internal Trade and Consumer Affairs shall process applications made to them under regulations 3A (1) and (2), as the case may be and shall thereafter forward them to the Prime Minister who shall reject or approve such applications.

(1AA) Permission and licences granted in pursuance of the applications made under sub-regulations (1) and (IA) shall be subject to the payment of fees as specified in the Schedule hereto.

(2) Without prejudice to the generality of the foregoing the said conditions may relate to any of the following:

- (i) royalties, bonuses, levies or other such payments;
- (ii) fees as specified in the Schedule hereto;
- (iii) work and investment programme;
- (iv) method of working;
- (v) inspection of worksite and plant;
- (vi) employment and training;
- (vii) report of discovery and production of petroleum;
- (viii) submission of all data, information and records connected in any survey or research;
- (ix) volume of production;
- (x) quality;
- (xi) fixing of prices;
- (xii) keeping and inspection of records including books of account;
- (xiii) distribution, marketing, including the appointment of retailers, and export;
- (xiv) purchase of petroleum, petroleum products and petrochemical products from overseas or locally;
- (xv) option to purchase petroleum; and
- (xvi) right of preemption.

6. (Deleted).

7. Furnishing of information.

(1) Any officer authorised by the Prime Minister may from time to time by notice under his hand require any person to give in writing within a time specified in the notice all such information or particulars as may be required of him for the purposes of these Regulations in respect of any business specified under regulations 3 and 3A.

(2) Any person who without reasonable excuse fails to comply with a notice given under paragraph(1) of this regulation shall be guilty of an offence and shall on conviction be liable to a fine not exceeding five thousand ringgit or to imprisonment for a term not exceeding two years or to both.

(3) Any person who furnishes or causes to be furnished any false particulars or false information pursuant to paragraph (1) of this regulation shall be guilty of an offence and shall on conviction be liable to a fine not exceeding ten thousand ringgit or to imprisonment for a term not exceeding four years or of both.

8. Definition.

For the purposes of these Regulations —

"officer" means a member of the general public service of the Federation;

"paid-up capital" means that part of the issued capital of the company which has been paid up by the shareholders as a result of calls to pay on the company's shares;

"shareholders' funds" means shareholders' funds as defined in the Income Tax Act 1962.

9. Offences.

Any person who commences or continues any business or service mentioned in regulation 3 without a licence or fails to comply with any condition of any such licence shall be guilty of an offence and shall on conviction be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding two years or to both and in the case of a continuing offence he shall be liable to a further fine of one thousand ringgit for each day or part of a day during which the offence continues after the first day in respect of which the conviction is recorded.

10. Saving clause.

Any licence or permission granted or issued under the Petroleum Development Act 1974 and any regulations made thereunder shall continue to be in force until superseded, revoked or otherwise terminated and the provisions of these Regulations shall apply to such licence or permission:

Provided that any such licence or permission which is expressed to remain in force for a definite period shall not remain in force after the expiration of that period unless it shall be renewed in accordance with the Petroleum Development Act 1974 and these Regulations, as the case may be.

**SCHEDULE**

**(Regulation 5)**

(a) (i) Fee chargeable for a licence to commence or continue any business or service specified in regulation 3 in respect of any applicant with a paid-up capital appearing under column I is as provided for in the corresponding entry under column II as follows:

<i>I</i>		<i>II</i>	
<i>Paid-up Capital</i>		<i>Fee per year</i>	
(i)	Less than RM100,000.00 ... ..	...	RM 50.00
(ii)	RM100,000.00 to RM1,000,000.00	...	RM 250.00
(iii)	RM1,000,001.00 to RM5,000,000.00	...	RM 500.00
(iv)	More than RM5,000,000.00 ...	...	RM 1,000.00
(ii)	Fee chargeable for a licence to commence or continue any business or service specified in regulation 3 in respect of any applicant which is a sole proprietorship or a partnership for one year ... ..		RM25.00

(b) Fee chargeable for a permission to commence or continue any business specified in paragraph (a) of regulation 3A in respect of any applicant with shareholders' funds appearing under column I is as provided for in the corresponding entry under column II as follows:

<i>I</i>		<i>II</i>	
<i>Shareholders' funds.</i>		<i>Fee on issue.</i>	
		<i>of licence</i>	
(i)	Less than RM100,000.00 ... ..	...	RM 50.00
(ii)	RM100,000.00 to RM1,000,000.00...	...	RM 250.00
(iii)	RM1,000,001.00 to RM5,000,000.00	...	RM 500.00

(iv)	More than RM5,000,000.00... ..	...	RM 1,000.00
(c) Fee chargeable for a p ermission to commence or continue any business specified in paragraph (b) of r egulation 3A for one year ... ..			RM25.00