

**PETROLEUM ACT
(NO. 2)
B.E. 2516**

**Bhumibol Adulyadej P.R.
Given on the 20th Day of November , B.E. 2516
Being the 28th Year of the Present Reign.**

Section 1. This Act shall be called the "**Petroleum Act (No. 2), B.E.2516**"

Section 2. This Act shall come into force on the day following the date of its publication in the Government Gazette.

Section 3. The following provision shall be added as paragraph 4 of Section 28 of the Petroleum Act B.E. 2514:

"The provisions of paragraph 1 shall not apply to the exploration blocks which the Department of Mineral Resources has designated as offshore blocks having a water depth in excess of two hundred meters. In such cases, the Minister shall have the power to allow the applicants to be awarded concessions in the number of exploration blocks and the total area thereof as the Minister may deem appropriate."

Section 4. The provision of Section 33 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"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 Council of Ministers, but a transfer of obligations between an exploration block designated by the Department of Mineral Resources as an offshore block having a waterdepth in excess of two hundred meters and one which is not a block designated by the Department of Mineral Resources as an offshore block having a waterdepth in excess of two hundred meters, cannot be made

Section 5. The provision of Section 36 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**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; but if it is an exploration block which the Department of Mineral Resources has designated as an offshore block having a waterdepth in excess of two hundred meters, the concessionaire shall be obliged to relinquish thirty-five per cent of the area of that exploration block;
- (2) at the end of the petroleum exploration period and such exploration period is not renewed, the concessionaire shall be obliged to relinquish the entire area remaining from sub-paragraph (1) hereof;
- (3) at the end of the petroleum exploration period and such exploration period has been renewed, the concessionaire shall relinquish a further twenty-five per cent of the area of that exploration block; but if it is an exploration block which the Department of Mineral Resources has designated as an offshore block having a waterdepth in excess of two hundred meters, the concessionaire shall relinquish a further forty per cent of the area of that exploration block;
- (4) at the end of the petroleum exploration period which has been renewed , the concessionaire shall be obliged to relinquish all the remaining area.

For purpose of calculation 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.

In the event that the concessionaire fails to comply with paragraph 1, 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.

Section 6. The provision of Section 50 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**Section 50.** Save as provided in Section 48, the concessionaire may transfer his concessionaire 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 transferee under paragraph 1 shall possess the qualifications prescribed in Section 24 , and the number and the aggregate areas of the exploration blocks being held together with those to be held by the transferee shall not exceed that prescribed in Section 28."

Section 7. The following provision shall be added as paragraph 2 of Section 84 of the Petroleum Act B.E. 2514.

"For petroleum produced from an exploration block which the Department of Mineral Resources has designated as an offshore block having a waterdepth in excess of two hundred meters, in the case of payment in cash, the concessionaire shall pay royalty at the rate of $8\frac{3}{4}$ per cent of the value of petroleum sold or disposed of, or in the case of payment in kind, in a volume equivalent in value to $\frac{7}{73}$ parts of the value of petroleum sold or disposed of. But in the case of exported crude oil, royalty shall be in a volume equivalent in value to $\frac{7}{73}$ parts of the volume of exported crude oil, multiplied by the posted price and divided by the tax reference price under the law on petroleum income tax."