

PETROLEUM ACT
(NO. 4)
B.E. 2532

Bhumibol Adulyadej P.R.
Given on the 4th Day of August, B.E. 2532
Being the 44th Year of the Present Reign.

Section 1. This Act shall be called the "Petroleum Act (No.4), B.E. 2532".

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

Section 3. The definition of the terms "**crude oil**", "**exported crude oil**", "**to produce**" and "**disposal**" given by Section 4 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**crude oil**" means crude mineral oil, asphalt, ozokerite, all kinds of naturally occurring hydrocarbons and bitumens, whether solid, semi-solid or liquid and also includes natural gas liquid;

"**exported crude oil**" means the crude oil which is exported from the Kingdom whether by the concessionaire or other persons; and also includes any portion of crude oil sold or disposed of within the Kingdom by the concessionaire which is refined into products and such products are exported, the volume of such portion shall be calculated in accordance with the rules stipulated in Section 89 (1);

"**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, petrochemical operations, gas separation plant operations, liquefied natural gas plant operations or compressed natural gas plant operations, in order to render petroleum in saleable or disposable forms;

"disposal" means:

- (1) the delivery of crude oil to a refinery or a storage place for refining, notwithstanding whether such refinery or storage place is owned by the concessionaire;
- (2) the delivery of natural gas to a gas separation plant, a liquified natural gas plant, a compressed natural gas plant or a gas storage place for such activities, notwithstanding whether such plant or storage place is owned by the concessionaire;
- (3) appropriation of petroleum for use in any activity of the concessionaire or other persons without sale; or
- (4) transfer of petroleum without consideration.

Section 4. The provision of Section 15 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

Section 15. There shall be a committee called the "**Petroleum Committee**" which shall consist of the Permanent Secretary of the Ministry of Industry as Chairman, Director-General of the Department of Mineral Resources, Director-General of the Land Department, Director-General of the Fishery Department, Director-General of the Revenue Department, Representative of the Ministry of Defense, Representative of the Ministry of Finance, Representative of the Ministry of Industry, and other persons not exceeding six in number, which the Cabinet may appoint, as members.

Not less than half of the persons appointed by the Cabinet under paragraph 1 shall not be officials from the same Government agencies as those ex-officio members.

The Committee may appoint any member or an outsider as Secretary to the Committee."

Section 5. The provision of Section 16 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**Section 16.** The Committee shall have such power and duties as stipulated in this Act, and it shall have a duty to render consultation, advice and opinions to the Minister in the following matters:

- (1) awarding concessions under Section 23;
- (2) renewing the petroleum exploration period under Section 25;
- (3) renewing the petroleum production period under Section 26;
- (4) extending the term of the concession under Section 27 and Section 52 bis;
- (5) permitting the concessionaire to have other companies co-venture in his petroleum operation under Section 47;
- (6) permitting the transfer of a concession under Section 50;
- (7) revoking concessions under Section 51;
- (8) requiring the concessionaire to supply petroleum for domestic consumption under Section 60;
- (9) prohibiting the export of petroleum under Section 61;
- (10) requiring the concessionaire to pay royalty in kind under Section 83;
- (11) receiving payments of royalty in foreign currency under Section 87;
- (12) reducing royalty for the concessionaire under Section 99 bis and Section 99 ter;
- (13) other matters which the Minister may assign."

Section 6. The provision of Section 22 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**Section 22.** The Minister with the approval of the Council of Ministers shall have the power to:

- (1) award concessions 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 altering physical work obligation under Section 30;
- (5) permit the concessionaire to have other companies co-venture in his petroleum operations under Section 47;
- (6) grant permission for the transfer of a concession under Section 50;
- (7) notify the concessionaire that the Government shall exercise its rights, at its sole risk, to conduct petroleum operations in a specific area under Section 52 bis;
- (8) reduce royalty on petroleum under Section 99 bis and Section 99 ter;
- (9) prescribe a geological constant of an exploration block under Section 100 sex."

Section 7. The provision of Section 25 of the Petroleum Act B.E. 2514 as amended by the Petroleum Act (No.3), B.E. 2522 shall be repealed and replaced by the following:

"**Section 25.** The petroleum exploration period under any concession shall not exceed six years from the date of granting of such concession. In the case that the concessionaire wishes to apply for a renewal of the petroleum exploration period, the concessionaire shall submit an application for renewal together with proposed expenditure obligation and/or physical work obligation for the petroleum exploration for the Third obligation Period not less than six months prior to the termination of the exploration period; however, the concessionaire who has initially applied for the petroleum exploration period of not exceeding three years shall have no right for any renewal of his petroleum exploration period.

A renewal of the petroleum exploration period may be granted only when the concessionaire has, not less than fifteen days prior to the termination of the Second obligation Period, complied with all provisions of the concession and agreed upon his obligations for the petroleum exploration during the Third obligation Period.

A renewal of the petroleum exploration period shall be made only once for a period of not exceeding three years.

Section 8. The provision of paragraph 1 of Section 26 of the Petroleum Act B.E. 2514 as amended by the Petroleum Act (No.3), B.E. 2522 shall be repealed and replaced by the following:

"**Section 26.** The petroleum production period under any concession shall not exceed twenty years from the day following the date of termination of the petroleum exploration period, notwithstanding any petroleum production undertaken during the petroleum exploration period.

Section 9. The provision of Section 28 of the Petroleum Act B.E. 2514 as amended by the Petroleum Act (No.2), B.E. 2516 shall be repealed and replaced by the following:

"**Section 28.** In awarding a concession, the Minister shall have the power to award to each applicant not more than four exploration blocks; but in the case that the Minister considers appropriate, the Minister may award to such applicant one more exploration block; provided, however, that the aggregate areas of such exploration blocks shall not exceed twenty thousand square kilometers.

The exploration blocks which are not located offshore shall be delineated by the Department of Mineral Resources as published in the Government Gazette, but the area of such an exploration block shall not exceed four thousand square kilometers.

The area of an offshore exploration block shall be delineated by the Department of Mineral Resources as published in the Government Gazette, and the area of such offshore exploration block shall include the area of those islands located therein.

The provision of paragraph 1 shall not apply to exploration blocks which the Department of Mineral Resources has designated as offshore exploration blocks having a waterdepth in excess of two hundred meters. In such case, the Minister shall have the power to award the applicant a concession in the number of exploration blocks and the total area thereof as the Minister may deem appropriate."

Section 10. The following provision shall be added as paragraph 2 of Section 30 of the Petroleum Act B.E. 2514.

"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.

Section 11. The provision of (1) of Section 36 of the Petroleum Act B.E.2514 as amended by the Petroleum Act (No.2),B.E.2516 shall be repealed and replaced by the following:

"(1) at the end of the fourth 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 exploration 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."

Section 12. The provisions of Section 39 and Section 40 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**Section 39.** In the case that the concessionaire exercises his right to relinquish area 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 obligations for that particular exploration block, except those obligations which the concession so requires the concessionaire to fulfil prior to the relinquishment; for such case the provision of Section 32 shall apply mutatis mutandis.

Section 40. In the case that the concessionaire once or severally exercises his right in relinquishing a part or parts of his exploration block during the Second obligation Period, the concessionaire shall be entitled to a reduction in his remaining obligations for petroleum exploration for that particular block as follows:

(1) in the case the relinquishment is made during the fourth year as from the date on which his 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 Second obligation Period. If, however, the aggregate of the areas so relinquished through once or several relinquishments exceeds that required to be relinquished under Section 36, the concessionaire shall be entitled to a reduction in his outstanding petroleum exploration obligations for the Second obligation Period as from the commencement date of such obligation period in proportion to the ratio which such excess of the area so relinquished each time over that required to be relinquished under Section 36 bears to the total area held by the concessionaire at the commencement date of the Second obligation Period, less the area required to be relinquished under Section 36, or the ratio which the time remaining in the Second obligation Period counting from the date each relinquishment is made, bears to the total duration of the Second obligation Period, whichever ratio is smaller,

(2) in the case the concessionaire exercises his right in relinquishing an area after the end of the fourth year from the date on which his petroleum exploration period in that particular exploration block commenced, the concessionaire shall, as from the commencement date of the fifth year of the petroleum exploration period for that particular exploration block, be entitled to a reduction in his outstanding petroleum exploration obligations in the Second obligations Period in proportion to the ratio which the aggregate of the areas so relinquished each time bears to the total area held by the concessionaire at the commencement date of the fifth year; or the ratio which the time remaining in the Second obligation Period counting from the date each relinquishment is made, bears to the total duration of the Second obligation Period counting from the commencement date of the fifth year, whichever ratio is smaller.

Subject to the provision of Section 39, in exercising the rights to relinquish part or parts of the exploration block during the Third obligation Period, the concessionaire shall not be entitled to a reduction in his petroleum exploration obligations for that particular exploration block in the Third obligation Period. "

Section 13. The following provision shall be added as **Section 42 bis** of the Petroleum Act B.E. 2514.

"**Section 42 bis.** When the concessionaire has obtained from the Director-General a concurrence 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 concurrence under Section 42 is granted 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 1, the concessionaire shall notify the Director-General in writing together with reasons therefor at least six months prior to the expiry of the period in paragraph 1. If the Director-General finds that the failure to commence petroleum production was not due to the fault of the concessionaire, the Director-General, with approval of the Minister, 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 1 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 a concurrence therefore prior to altering petroleum production plan.."

Section 14. The provision of Section 45 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**Section 45.** At the end of the exploration period for any exploration block which the concessionaire has obtained the right to produce petroleum from, the concessionaire shall be entitled to reserve areas in that exploration block to an aggregate amount of not exceeding twelve and a half per cent of the initial area of that exploration block for a period to be specified by the concessionaire ; provided that such period shall not exceed five years from the termination date of the exploration period of that particular exploration block. However, the concessionaire may relinquish that part of exploration block so reserved prior to the termination of the period so specified.

The reservation of area under paragraph 1 shall be made in accordance with the rules, procedures and conditions as prescribed in the Ministerial Regulations. once the area reservation is properly made, the concessionaire shall be entitled to conduct petroleum exploration work within such reserved area; and the concessionaire shall pay in advance an area reservation fee annually at the rate prescribed in the Ministerial Regulations.

In the case the concessionaire discovers petroleum within his reserved area and desires to undertake petroleum production therefrom, the provision of Section 42 shall apply."

Section 15. The provision of Section 48 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**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."

Section 16. The provision of (3) of Section 51 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

Section 17. The following provision shall be added as Section 52 bis of the Petroleum Act B.E. 2514.

"**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 18. The provision of Section 59 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**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."

Section 19. The provision of (3) of Section 71 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"(3) royalty, special remuneratory benefit and fees under this Act."

Section 20. The provision of Section 76 of the Petroleum Act B.E. 2514 as amended by the Petroleum Act (No.3), B.E. 2522 shall be repealed and replaced by the following:

"**Section 76.** The concessionaire shall submit reports and results of his petroleum operations to the Department of Mineral Resources in accordance with the rules, procedures and periods as prescribed by the Department of Mineral Resources.

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."

Section 21. The provision of (1) of Section 82 of the Petroleum Act B.E. 2514 shall be repealed.

Section 22. The provision of Section 84 of the Petroleum Act B.E. 2514 as amended by the Petroleum Act (No.2), B.E. 2516 shall be repealed and replaced by the following:

"**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."

Section 23. The provision of (2) (e) of Section 85 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"(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."

Section 24. The provisions of Section 87, Section 88 and Section 89 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**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.

Announcement of Department of Mineral Resources (May 4, B.E. 2526)

Announcement of Department of Mineral Resources (August 26, B.E. 2534)

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.

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.

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."

Section 25. The provision of paragraph 1 of Section 90 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**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."

Section 26. The provision of Section 94 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"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."

Section 27. The following provisions shall be added as Section 99 bis and Section 99 ter of the Petroleum Act B.E. 2514:

"Section 99 bis. In order to foster and expedite the exploration and/ or development of petroleum resources in certain areas within any exploration block or production area of the concessionaire, where the geological conditions are unfavourable and which are not under the exploration or production plans 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 /or develop such area in accordance with the plans which the Department of Mineral Resources shall prescribe in accordance with the agreement so to be made.

In providing the Minister with the advice for reduction of royalty under paragraph 1, the Committee shall pay due regard to the geological conditions and petroleum potential of such areas, statistical 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 Resources prescribed in its plans; and such reduction shall not exceed thirty 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 thirty 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 Resources, whichever the case may be; while the period to be granted for reduction shall not exceed four years as from the date of execution of the agreement, or the date on which the Director-General approved the prescription of production area under Section 42 for each of the production area within the areas prescribed in the plan of the Department of Mineral Resources, as the case may be. Such agreement made with the concessionaire may include any conditions or terms as may be appropriate for the case.

Section 99 ter. For the area which its geological conditions indicate that the production of petroleum from such area would require a very high expenditure, the Minister, upon the advice of the Committee, may award 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 thirty per cent of the amount of royalty payable while the period the concessionaire would be granted with royalty reduction shall not exceed three years from the date the Director- General granted his concurrence for the prescription of production area under Section 42 for each production area.

In providing the advice of the Committee under paragraph 1, the rules as set out in paragraph 2 of Section 99 bis shall apply, and the awarding of concession under this Section shall be exempt from the limitation on the number of exploration blocks or aggregate area of exploration blocks in awarding concessions under Section 28.

In the prospectus for applications for concession under paragraph 1, the Department of Mineral Resources shall prescribe the amount of minimum expenditure obligations and/or physical work obligations for petroleum exploration which the applicant for concession shall have to comply with if the Government awards him the concession with reduction of royalty under this Section."

Section 28. The provision of Section 100 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**Section 100.** In collecting royalty under Section 88 from persons other than the concessionaire, the Minister may delegate the Excise Department to collect same on behalf of the Department of Mineral Resources."

Section 29. The following provisions shall be added as Division 7 bis and

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 evaluated 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 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 7 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 Regulations;

(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 applications 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 unfavorable;

(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 leum operations.

The provisions of Section 91, Section 92, Section 93, Section 94, Section 95 Section 96 and Section 98 shall become applicable or 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.

Section 30. The following provision shall be added as Section 104 bis of the Petroleum Act B.E. 2514.

"**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."

Section 31. The following provision shall be added as **Section 109 bis** of the Petroleum Act BE. 2514.

"**Section 109 bis.** Whoever obstructs the competent officer when under- taking the duty under Section 100 octo shall be punished with imprisonment not exceeding one month, or a fine not exceeding ten thousand Baht.

Section 32. The provision of Section 110 of the Petroleum Act B.E. 2514 shall be repealed and replaced by the following:

"**Section 110.** Whoever furnishes false information, makes false statement, gives false answers, produces false evidence, or commits any act in order to evade or in an attempt to evade payment of royalty or special remuneratory benefit shall be punished with imprisonment for a term ranging from three months to seven years, and a fine from fifty thousand Baht to five hundred thousand Baht."

Section 33. The Schedule of Fees annexed to the Petroleum Act B.E. 2514 shall be repealed, and the Schedule of Fees annexed to this Act shall become applicable in its place.

SCHEDULE OF FEES		
1. Application fee	per application	50,000 baht
2. Area reservation fee a fraction of a square kilometer is to be prorated	per square kilometer	200,000 baht per annum
3. Demarcation survey fee, by the length of traverses		500 baht kilometer or a fraction thereof
4. Boudary mark on land		1,000 baht per mark

Section 34. The Schedule of Royalty annexed to this Act shall be the Schedule of Royalty annexed to the Petroleum Act B.E. 2514.

SCHEDULE OF ROYALTY		
	The volume of all types of petroleum sold or disposed of during the month	Per cent of value of petroleum sold or disposed of during the month
1st level	not exceeding 60,000 barrels	5.00
2nd level	the portion exceeding 60,000 barrels but not exceeding 150,000 barrels	6.25
3rd level	the portion exceeding 150,000 barrels but not exceeding 300,000 barrels	10.00
4th level	the portion exceeding 300,000 barrels but not exceeding 600,000 barrels	12.50
5th level	the portion exceeding 600,000 barrels	15.00

The volume of petroleum sold or disposed of during the month means the total volume of all types of petroleum which the concessionaire sold or disposed of during that month.

For the purpose in determining the volume of petroleum, it shall be deemed that the quantity of heating value of natural gas in amount of 10 million BTU is equivalent to 1 barrel of petroleum.

Section 35. Unless the concessionaire has received the consent of the Minister under Section 36, none of the provisions of the Petroleum Act B.E. 2514 as amended by this Act, except those provisions on

the demarcation survey fee and the fee on boundary mark, shall be applicable to concessionaires for the concessions awarded prior to the date on which this Act comes into force, and the Petroleum Act B.E. 2514 prior to the amendment by this Act shall remain in force for such concessionaire.

Section 36. A concessionaire awarded with any concession prior to the date on which this Act comes into force shall be entitled to submit a written application to the Director-General, in accordance with the rules and procedures stipulated in this Section, for the provisions of the Petroleum Act B.E. 2514 as amended by this Act to be applied to an exploration block from which no petroleum has been produced and sold or disposed of prior to the date this Act come into force. In this regard, the provisions of the Petroleum Act B.E. 2514 as amended by this Act as well as all the provisions of the Petroleum Income Tax Act B.E. 2514 as amended by the Petroleum Income Tax Act (No.4), B.E. 2532 shall become enforceable to such exploration blocks except only those provisions concerning petroleum exploration period, size of exploration block under the concession and area relinquishment requirement, for which such concessionaire shall retain the right held as before as described in Section 25, Section 28, Section 36 and Section 40 of the Petroleum Act B.E. 2514 prior to amendment by this Act.

The submission of the written application under paragraph 1 shall be made within one year as from the date this Act comes into force; and after the submission of the written application to the Director-General, such concessionaire shall undertake to make an agreement with the Government relating to determination of the special reductions and a declaration of information and facts for the purpose of determining the special remuneratory benefit under the provisions of Division 7bis of the Petroleum Act B.E. 2514 as amended by this Act, in accordance with the regulations stipulated by the Department of Mineral Resources. In making such agreement, the concessionaire shall have to reach a preliminary agreement with the Department of Mineral Resources within 180 days following the date of submission of the application. In the case the concessionaire is unable to reach the preliminary agreement within the time so prescribed, that application shall become null and void unless the Minister, with the approval of the Cabinet, permits the extension of time as may be necessary, but such extension shall not exceed one year from the date of submission of the application.

The agreement with the Government shall become effective when the Minister, with approval of the Cabinet, gives his consent to the concessionaire who has submitted the application in accordance with this Section; the Minister's consent shall be notified to the concessionaire in writing. The exploration block in the concession for which the concessionaire has applied to exercise the rights and has been granted the consent of the Minister under this Section, shall be subject to the provision of the petroleum Act B.E. 2514 as amended by this Act and the Petroleum Income Tax Act B.E 2514 as amended by the Petroleum Income Tax Act (No. 4), B.E. 2532 as from the day such concessionaire receives notification of the Minister's consent under paragraph 3; whereas the existing concession of the concessionaire shall be deemed to be in force for the time being, to the extent that it is not contrary to or inconsistent with the provisions of the Petroleum Act B.E. 2514 as amended by this Act, until a supplementary concession with stipulations in line with the Petroleum Act B.E. 2514 as amended by this Act is issued, and in the case where the applicant is a holder of a concession for an onshore exploration block awarded between the 5th day of February B.E. 2525 (1982) and the date on which this Act comes into force, the concessionaire shall be released from the obligations for annual benefits and annual bonuses as stipulated in the concession.

The change of rights and duties of the concessionaire by virtue of this Act shall not affect any benefits or considerations the concessionaire has paid or is required to pay to the Government as specified in the original concession, prior to the date such original concession ends (ineffective) under paragraph 4 nor shall it confer the concessionaire with the right to claim for any damage from the Government.

Section 37. The Minister of Industry shall have the charge and control of this Act.