

PETROLEUM LAW

Pursuant to Constitution of the Socialist Republic of Vietnam;

The National Assembly promulgates the Petroleum Law.

Chapter I

GENERAL PROVISIONS

Article 1. Scope

This Law provides for fundamental investigation of petroleum and petroleum operations within the mainland, islands and territorial waters of the Socialist Republic of Vietnam.

Article 2. Regulated entities

This Law applies to Vietnamese and foreign agencies, organizations and individuals related to fundamental investigation of petroleum and petroleum operations.

Article 3. Definitions

For the purposes of this Law, the terms below shall be construed as follows:

1. “*petroleum*” means crude oil, natural gas and solid or semi-solid hydrocarbons in the natural state, unconventional oil. Unconventional oil refers to coal gas, oil shales, shale gas, natural gas hydrates, bitumen, or other possible forms.
2. “*fundamental investigation of petroleum*” includes research, survey and investigation of geological formations and material composition, conditions and laws of petroleum generation in order to assess the petroleum potential as a basis for orientation of hydrocarbon exploration.
3. “*petroleum operation*” includes hydrocarbon exploration, oil and gas field development, extraction of petroleum, decommissioning of petroleum installations.
4. “*petroleum contract*” is a written agreement between Vietnam Oil and Gas Group (PetroVietnam - PVN) with a contractor for carrying out petroleum operations.

5. “*Oil and gas production sharing agreement*” means a petroleum contract, including regulations on the production sharing among parties on the basis of oil production obtained from petroleum operations within a respective contract area; the contractor is entitled to recover costs from the oil production and is responsible for all financial and technical aspects and at its own risk.
6. “*natural gas hydrates*” are ice-like crystalline solids naturally formed by the interaction of hydrocarbon gas and water .
7. “*petroleum installations*” include drilling rigs, extraction rigs, auxiliary rigs, storage facilities, floating storage facilities, pipeline systems, mooring buoys, wells and a combination of related vehicles, machinery and equipment, work structures fabricated, constructed, buried and installed permanently or temporarily to serve petroleum operations.
8. “*shale oil*” is a liquid hydrocarbon naturally formed in fine-grained sedimentary rocks.
9. “*oil initially in place (OIIP)*” refers to the initial oil in natural accumulations which has been or not been discovered by drilling, and is calculated or estimated.
10. “*crude oil*” means a naturally liquid hydrocarbon, asphalt, ozokerite and condensate. Condensate is a liquid hydrocarbon obtained from condensed or extracted natural gas.
11. “*petroleum services*” mean trading, technical and technological services provided for the fundamental investigation of petroleum and petroleum operations.
12. “*petroleum project*” refers to a separate project or a project combined from multiple component projects set up to carry out petroleum operations.
13. “*petroleum recovery factor*” is the proportion of recoverable oil and gas to the oil initially in place (OIIP) of a field or reservoir.
14. “*an outline field development plan (ODP)*” means a document presenting outlines of a research on the necessity, feasibility and preliminary effectiveness of a field development project in order to select an appropriate field development plan of which the expansion potential of the field or area (if any) in the future is taken into account.
15. “*an early field development plan (EDP)*” means a document presenting contents of a research on the necessity, feasibility and effectiveness of an early field development project to carry out the petroleum extraction and addition of information on fields, reservoirs or extraction operations in order to optimize the oil and gas field development.
16. “*a field development plan (FDP)*” means a document presenting contents of a research on the necessity, feasibility and effectiveness of a field development project which has been selected as the basis for oil and gas field development.

17. “*a decommissioning plan*” means a document presenting contents of a research on projects, technical solutions, technologies, environment, costs and progress of decommissioning of petroleum installations.
18. “*petroleum extraction*” refers to an operation which is carried out to recover petroleum from oil and gas fields.
19. “*shale gas*” is a gaseous hydrocarbon formed in organic-rich fine-grained sedimentary rocks.
20. “*associated petroleum gas (APG)*” means a gaseous hydrocarbon fractured in the process of extraction and processing of crude oil.
21. “*coal gas*” means a hydrocarbon of which the primary component is methane which exists in a gaseous state and is found in coal seams.
22. “*natural gas*” means a gaseous hydrocarbon in the natural state, extracted from a dug well, including APG.
23. “*oil block*” means an area limited by points with defined geographical coordinates, delimited to conduct petroleum operations.
24. “*available oil block*” means an oil block which is currently not controlled under any petroleum contract.
25. “*oil and gas field*” refers to a combination of geological formations in the ground that have been identified with one or more reservoirs or aquifers that are assessed to have petroleum.
26. “*marginal field*” means an oil and gas field that cannot be developed and extracted because the investment efficiency is close to the minimum level with the normal technological level and economic and technical conditions at the time of assessment.
27. “*operator*” is a representative organization of contractors who enters into a petroleum contract to perform petroleum operations within the authorization of contractors under the petroleum contract.
28. “*contractor/bidder*” is an investor who is eligible for petroleum operations on the basis of a petroleum contract.
29. “*petroleum discovery*” refers to a petroleum accumulation discovered by well drilling.
30. “*oil and gas field development*” includes plan formulation, design, procurement, manufacturing and construction of petroleum installations for extraction of petroleum.

31. “*participating interest*” refer to rights, interests, obligation and responsibilities of contractors under petroleum contracts. The participating interests of each contracting party in each period shall be expressed as a percentage, recorded in the petroleum contractors and investment registration certificates.
32. “*Vietnam Oil and Gas Group*”, which is the international trading name of “Tập đoàn Dầu khí Việt Nam”, is referred to as “PETROVIETNAM” and is abbreviated to PVN, is a state-owned enterprise of Vietnam.
33. “*hydrocarbon exploration*” is the prospecting and exploration of oil and gas deposits and quantification of such oil and gas deposits.
34. “*international petroleum industry practices*” mean standards, methods, and procedures that have been widely accepted and used by oil and gas investors, countries conducting fundamental investigations and petroleum operations in the world.
35. “*decommissioning of petroleum installations*” means an operation carried out for demolition, dismantlement, destruction, conversion, temporarily and long-term preservation or other technical measures in accordance with the provisions of law and international petroleum industry practices for petroleum installations that are no longer necessary for petroleum operations.
36. “*cost recovery*” is the recovery of the amounts spent on petroleum operations from oil production obtained from the extraction of petroleum in a petroleum contract area in which the recovery is allowed according to the provisions of a petroleum contract.
37. “*oil and gas reserve*” means an expected amount of commercially recoverable oil and gas obtained from oil initially in place (OIIP) of a field with certain economic and technical conditions.
38. “*declaration of commercial discovery*” means a written notice from a contractor to PVN about the discovery of exploitable petroleum that brings economic efficiency.

Article 4. Application of the Petroleum Law, relative laws, foreign laws and international petroleum industry practices

1. In case there are different regulations between the Petroleum Law and other laws on the same specific issue related to fundamental investigation of petroleum and petroleum operations, the Petroleum Law shall apply, including:
- a) Jurisdiction over and procedures for investment in petroleum projects;
 - b) Jurisdiction to grant approval of the Members’ Council of PVN and responsibilities of the Committee for Management of State Capital at Enterprises to make enquiries about the use of capitals of PVN and wholly state-owned subsidiaries of PVN when exercising the right to participate in petroleum contracts, priority over purchase of the participating

interest in petroleum contracts and when performing petroleum operations in different phases of petroleum contracts and petroleum projects; participation of PVN and partially state-owned subsidiaries of PVN in petroleum contracts; rules for handling of costs; management and use of information, data, documents, samples and petroleum installations and other property that have been installed and invested of petroleum contracts which has ended to continue to perform petroleum operations and decommission petroleum installations which have been received and handle the decommissioning of petroleum installations;

c) Selection of petroleum contractors.

2. If another law, promulgated after the date on which this Law comes into force, provides jurisdiction of, procedures and requirements for conducting fundamental investigations of petroleum and its operations different to the Petroleum Law, contents of which the Petroleum Law shall apply or not and contents of which such another law shall apply shall be specifically determined.

3. In case Vietnamese applicable Law does not apply, contracting parties may reach an agreement on the application of foreign laws or international petroleum industry practices if this application does not cause consequences contrary to the fundamental rules of Vietnamese law.

Article 5. State's policies on petroleum

1. The State encourages Vietnamese and foreign investors in conducting fundamental investigations of petroleum and its operations in Vietnam in order to increase reserves and oil production obtained in potential areas, deep-waters and offshore areas, contribute to ensure national energy security, develop national economy, and protect Vietnam's legitimate rights and interests in accordance with international law.

2. The State of Vietnam ensures the ownership of investment capitals, property and other legitimate rights and interests of Vietnamese and foreign entities conducting fundamental investigations of petroleum and its operations in Vietnam.

3. The State of Vietnam does not collect fees for the use of sea areas for conducting fundamental investigations of petroleum and its operations, possessing and transporting petroleum resources obtained from territorial waters of Vietnam to the shore by pipelines under petroleum contracts.

4. The State of Vietnam has investment incentives for oil field-/block-based petroleum projects to encourage exploration, development and extraction of unconventional oil, oil blocks and fields located in deep water, offshore, areas with extremely difficult geographical conditions, complex geology and marginal fields; improve petroleum recovery factor.

5. The State of Vietnam encourages Vietnamese and foreign organizations and individuals to share, access and use petroleum infrastructures and installations to carry out fundamental investigations of petroleum and its operations according to their agreements.

Article 6. Rules for conducting fundamental investigations of petroleum and its operations

1. Petroleum resources of Vietnam must be owned by the whole people and represented by the State of Vietnam and uniformly managed.

2. Organizations and individuals must conduct fundamental investigations of petroleum and its operations on the basis of respecting the independence, sovereignty, territorial integrity, sovereign rights and jurisdiction, ensuring the national interests and security of Vietnam, complying with Vietnamese laws and international treaties to which the Socialist Republic of Vietnam is a signatory.

3. Organizations and individuals conducting fundamental investigations of petroleum and its operations must comply with regulations of Vietnamese laws on national defense, security, social order and safety, community health, environmental protection, response to climate change, response to oil spills, protection of natural resources and cultural heritages and preservation of historical - cultural relics and scenic spots.

4. Organizations and individuals conducting fundamental investigations of petroleum and its operations must use modern technologies, comply with the national technical regulations and apply standards in conformity with regulations of Vietnamese laws and international petroleum industry practices.

5. Organizations and individuals carrying out petroleum operations must take out insurance policies for installations, equipment and vehicles serving petroleum operations, environmental liability insurance (ELI), civil third party liability insurance, personal insurance and other insurance according to regulations of Vietnamese laws and international petroleum industry practices.

6. All samples, documents, information and data collected during the process of fundamental investigation of petroleum and its operations must be managed by the State of Vietnam. The collection, transfer, management, use and security of samples, documents, information and data collected during the process of fundamental investigation of petroleum and its operations must comply with regulations of Vietnamese laws, investigators' agreements and petroleum contracts.

Article 7. Grounds for carrying out petroleum operations

1. Petroleum operations shall be performed under a concluded petroleum contract in respect of oil blocks according to the list approved by the Prime Minister, except for

salvage of oil fields, groups of oil fields and oil blocks in accordance with regulations at Point c Clause 2 and Point b Clause 3 Article 41 hereof.

2. The Prime Minister shall approve the list of oil blocks and the list of oil blocks adjusted according to the proposal of PVN, appraisal results and reports of the Ministry of Industry and Trade.

3. The Government of Vietnam shall issue regulations on documents and procedures for appraisal and approval of the list of oil blocks and the adjusted list of oil blocks.

Article 8. Requirements for petroleum security

1. Organizations and individuals performing petroleum operations must establish safety zones around petroleum installations.

2. Safety zones around offshore petroleum installations include:

a) Petroleum reserved blocks (no-go zones) of offshore petroleum installations, except for subsea installations, refer to areas with a radius of 500 meters measured from the outermost edges of the installations in all directions including anchorages of floating vehicles and mobile structures, except for special cases decided by the Government;

b) No-anchoring areas or areas under prohibition on deep seabed operations refer to areas with a radius of 02 nautical miles measured from the outermost edges of the petroleum installations including subsea installations; vehicles and vessels shall not be permitted to anchor or perform deep seabed operations, except for special cases approved by the contractors or decided by the Prime Minister.

3. Safety zones around onshore petroleum installations refer to safety areas surrounding installations and equipment serving onshore petroleum operations, depending on geographical and social conditions of places where petroleum operations are carried out, for the purpose of ensuring security for the people and vehicles during the process of performance of petroleum operations.

4. Organizations and individuals performing petroleum operations must carry out the following tasks for ensuring petroleum security:

a) Formulate documents on security management, including security management programs, risk assessment reports and emergency response plans and submit them to competent authorities for approval thereof;

b) Establish, maintain and develop security management systems, thereby ensuring control of risks incurring during the entire process of petroleum operation;

c) Establish and maintain emergency response systems in a manner of ensuring the efficiency and minimizing losses of people and assets or damage to environment due to incidents or accidents;

d) Equip with warning systems that are able to detect possible bad circumstances causing harm for installations and environment and automatically give notices of normally unmanned offshore petroleum installations to operation centers ;

dd) Prepare emergency vessels for ensuring timely rescue in cases of emergency in respect of normally manned offshore petroleum installations. Operators working in oil neighboring oil fields or blocks use the same emergency vessel but availability of emergency vessels must be ensured.

5. The Government of Vietnam shall elaborate this Article.

Article 9. Prohibited acts in the process of performance of fundamental investigations of petroleum and its operations

1. Carry out fundamental investigations of petroleum and its operations without permission of competent authorities.
2. Take advantage of fundamental investigations of petroleum and its operations to affect national defense, security, national interests and legal interests of organizations and individuals; cause environmental pollution.
3. Take advantage of fundamental investigations of petroleum and its operations to exploit other natural resources and minerals.
4. Obstruct lawful activities in the process of performance of fundamental investigations of petroleum and its operations.
5. Deliberately destroy assets, equipment and petroleum installations; destroy samples, information and data collected during the process of performance of fundamental investigations of petroleum and its operations.
6. Illegally provide samples, information and data collected during the process of performance of fundamental investigations of petroleum and its operations.
7. Be involved in corruption, cause losses and waste during the process of performance of fundamental investigations of petroleum and its operations.

Chapter II

FUNDAMENTAL INVESTIGATIONS OF PETROLEUM

Article 10. Organizations conducting fundamental investigations of petroleum

1. On the basis of strategies and planning in respect of energy and mineral resources and proposals of organizations meeting the requirements prescribed in Article 12 of this Law, the Ministry of Industry and Trade shall take charge and cooperate with the Ministry of Natural Resources and Environment and related ministries and agencies in formulating a list of projects to conduct fundamental investigations of petroleum in a manner of ensuring the totality and uniformity and submitting it to the Prime Minister for approval. In the list of projects to conduct fundamental investigations of petroleum, contents of organizations presiding over performance, funding sources and cost estimates, conducting period and forms of organization of fundamental investigations of petroleum must be involved.

In case there is a proposal to conduct a fundamental investigation of petroleum in an area where a fundamental geological investigation of minerals or exploration and extraction of minerals under regulations of laws on minerals, the Prime Minister shall decide the cooperation in conducting between relative organizations and individuals on the basis of ensuring the highest efficiency and maximum national interests.

2. Budget for fundamental investigations of petroleum shall be included in the state budget estimates, budgets of PVN, organizations and individuals.

3. Forms of carrying out petroleum-related fundamental investigation projects include:

a) Assignments in case state authorities and enterprises preside over carrying out the projects;

b) Agreements between PVN and other organizations in case such organizations preside over carrying out the projects.

4. On the basis of the approved list of fundamental investigation projects of petroleum, the Ministry of Industry and Trade shall take charge and cooperate with the Ministry of Natural Resources and Environment and related ministries and agencies in performing the following tasks:

a) Approve detailed guidelines and cost estimates for fundamental investigations of petroleum; approve terms and details of the mutual agreements between PVN and organizations presiding over conducting fundamental investigations of petroleum in cases prescribed in Point b Clause 3 of this Article;

b) Guide organization of carrying out fundamental investigations of petroleum; inspect and supervise the progress of petroleum-related fundamental investigation projects;

c) Check before acceptance of the results of fundamental investigations of petroleum and approve them;

d) Appraise expenditures and approve statements of funding from state budget sources (if any), expenditures of PVN (if any) used to conduct fundamental investigations of petroleum.

5. Reports on the results of fundamental investigations of petroleum shall be updated on the national geology and mineral database system.

6. The Government of Vietnam shall issue detailed regulations on this Article.

Article 11. Contents of fundamental investigations of petroleum

1. Doing geological and geophysical researches and surveys, conducting investigations of geological formations and material compositions, performing parametric drilling to collect data and take samples, make reports, building regional geological and geophysical maps and thematic maps for hydrocarbon exploration, combining to research on hazards of geology, environmental geology and other minerals, making relevant thematic maps.

2. Finding signs of petroleum, assessing petroleum potentials and prospects, locating and classifying by separate objects and groups of geological formations in order to identify new potential areas and orient hydrocarbon exploration.

Article 12. Requirements for conducting fundamental investigations of petroleum

1. Organizations presiding over fundamental investigations of petroleum (presiding organizations) must possess sufficient financial and technical capacity as well as experiences in fundamental investigations of petroleum according to regulations of the Government of Vietnam.

2. Organizations failing to fully satisfy requirements must establish a consortium with other organizations or individuals to fully satisfy requirements for conducting fundamental investigations of petroleum as prescribed in Clause 1 of this Article.

3. Individuals participating in conducting fundamental investigations of petroleum must establish a consortium with organizations to fully satisfy requirements for conducting fundamental investigations of petroleum as prescribed in Clause 1 of this Article.

Article 13. Rights and obligation of organizations conducting fundamental investigations of petroleum

1. Organizations conducting fundamental investigations of petroleum shall comply with the following obligation:

a) Compliance with contents of the approved projects;

b) Assurance about the truthfulness and completeness in collecting and consolidating documents and information on petroleum geology; confidentiality of information found during the period of fundamental investigation;

c) Protection of minerals and other natural resources during the process of fundamental investigation;

d) Submission of reports on the results of fundamental investigations of petroleum to the Ministry of Natural Resources and Environment to update them on the national geology and mineral database system.

2. Organizations conducting fundamental investigations of petroleum may transfer the documents collected during the process of fundamental investigation, types of samples with the volumes and types in conformity with the nature and requirements abroad to analyze and experimentally process according to the approved projects and comply with laws on protection of state secrets and other relevant laws.

3. Organizations other than state authorities and enterprises conducting fundamental investigations of petroleum shall have the rights prescribed in Clause 2 of this Article and the following rights:

a) Manage the exploitation and use of information, data and results of the fundamental investigations of petroleum according to the approved agreements;

b) Use information according to the commitments to document security, be able to submit a proposal to recover costs spent when participating in bidding and signing petroleum contracts at oil blocks in the fundamentally investigated areas under the projects.

Article 14. Management, exploitation and use of samples, documents, information, data and results of fundamental investigations of petroleum

1. State authorities and enterprises in charge of fundamental investigation of petroleum shall manage the samples, documents, information, data and results of the fundamental investigations of petroleum conducted by them; other organizations in charge of fundamental investigation of petroleum shall submit their approved samples, documents, information, data and results of the fundamental investigations of petroleum to PVN for management thereof.

2. Organizations and individuals shall be able to exploit and use documents, information, data and results of the fundamental investigations of petroleum to do researches, assessments and propose signing petroleum contracts and must pay fees for exploitation and use of petroleum documents according to regulations of laws on fees and charges or the approved agreements.

3. Organizations and individuals accessing, referencing, exploiting and using documents, information, data and results of the fundamental investigations of petroleum must ensure information security according to laws and agreements.

4. The Government of Vietnam shall elaborate this Article.

Chapter III

SELECTION OF CONTRACTORS FOR SIGNING OF PETROLEUM CONTRACTS

Article 15. Methods of contractor selection

The selection of contractors for available oil blocks shall be made by one of the following methods:

1. Open bidding;
2. Limited bidding;
3. Shopping;
4. Direct contracting.

Article 16. Eligibility requirements for bidding for contractor selection

Organizations and individuals eligible for bidding for selection of petroleum contractors must meet the following requirements:

1. Organizations have business registration certificates granted under laws of bidders' countries; individuals are filled to civil capacity under laws of countries where such individuals are citizens;
2. Organizations and individuals are filled to financial and technical capacity as well as experiences in petroleum operations; in case organizations and individuals do not meet this requirement, they must combine with other organizations and individuals to be eligible for bidding.

Article 17. Contractor selection plans

1. A contractor selection plan made for one or several oil blocks under the list of oil blocks shall be approved in accordance with regulations in Clause 2 Article 7 of this Law for making the selection of petroleum contractors.
2. The main contents of the contractor selection plan include:

- a) The list of oil blocks and methods for contractor selection for each oil block;
- b) A preliminary assessment of the petroleum potentials of each oil block;
- c) Planning period;
- d) Contractor selection criteria;
- dd) Assessment methods.

Article 18. Open bidding

1. Open competitive bidding shall be applied to the selection of petroleum contractors for oil blocks that are ineligible for cases prescribed in Articles 19, 20 and 21 of this Law.
2. An open bidding process consists of the following stages:
 - a) Notice bidders;
 - b) Receive bidders' registration applications;
 - c) Issue bidding documents;
 - d) Receive, open and evaluate bids;
 - dd) Appraise, approve and notice the contractor selection results and basic economic and technical requirements of petroleum contracts;
 - e) Negotiate and complete petroleum contracts;
 - g) Appraise, approve and sign petroleum contracts.

Article 19. Limited bidding

1. Limited bidding shall be applied to the selection of petroleum contractors in case there are special requirements that only a few contractors can satisfy.
2. A limited bidding process consists of the stages of the open bidding process prescribed in Clause 2 Article 18 of this Law.

Article 20. Shopping

1. The selection of petroleum contractors shall apply shopping in case oil blocks are not under the existing contractor selection plans and are proposed by at least 02 eligible organizations and individuals prescribed in Article 16 of this Law to sign petroleum contracts.

2. A shopping process consists of the following stages:

- a) Notice shopping;
- b) Apply for shopping;
- c) Issue shopping documents;
- d) Receive documents and evaluate competitive bidding documents;
- dd) Appraise, approve and notice contractor selection results and basic economic and technical requirements of petroleum contracts;
- e) Negotiate and complete petroleum contracts;
- g) Appraise, approve and sign petroleum contracts.

Article 21. Direct contracting

1. Direct contracting shall be applied to the selection of contractors for signing of petroleum contracts for oil blocks in the following cases:

- a) They are related to national defense and security;
- b) Only one of the eligible organizations and individuals prescribed in Article 16 of this Law proposes signing a petroleum contract after being widely announced for 30 days but there are no other interested bidders;
- c) A contractor who is under a petroleum contract proposes additional investment in the same contract and economic and technical requirements to a new petroleum contract after the current contract expires.

2. A direct contracting process consists of the following stages:

- a) Issue requests for proposals for direct contracting;
- b) Receive and evaluate proposals;
- c) Appraise, approve and notice contractor selection results and basic economic and technical requirements of petroleum contracts;
- d) Negotiate and complete petroleum contracts;
- dd) Appraise, approve and sign petroleum contracts.

Article 22. Contractor selection criteria and methods for evaluation of bids, competitive bidding documents and proposals

1. Contractor selection criteria consist of:
 - a) Qualifications of bidders;
 - b) Technical requirements suitable for each oil block;
 - c) Economic requirements suitable for each oil block;
2. Methods for evaluation of bids, competitive bidding documents and proposals include scoring method, comparing method and consolidating method.
3. The Government of Vietnam shall issue detailed regulations on this Article.

Article 23. Approval for contractor selection results

Bidders shall be considered to be selected when the following requirements are satisfied:

1. Valid bids, competitive bidding documents and proposals;
2. Requirements for qualifications in petroleum operations;
3. Technical requirements;
4. Economic requirements;
5. Bidders' bids, competitive bidding documents and proposals to be ranked first.

Article 24. Organization of contractor selection

1. PVN shall:
 - a) Make contractor selection plans, report them to the Ministry of Industry and Trade for appraisal and submit them to the Prime Minister for approval;
 - b) Send notices of invitation for bids or notices of competitive bidding; issue bidding documents, shopping documents or requests for proposals for direct contracting; organize evaluation of bids or proposals;
 - c) Report contractor selection results to the Ministry of Industry and Trade for approval;
 - d) Send notices of contractor selection results and basic economic and technical requirements of petroleum contracts, negotiate and complete petroleum contracts, submit

reports on them to the Ministry of Industry and Trade for appraisal and the Prime Minister for approval to be the basis for signing of petroleum contracts.

2. The Government shall issue regulations on documents and procedures for selection of petroleum contractors.

Article 25. Bid security

1. Bidders must submit their bid security according to the requirements stated in bidding documents.

2. Bid security shall be refunded to non-winning bidders or contractors after their contracts have been signed.

Chapter IV

PETROLEUM CONTRACTS

Article 26. Approval for petroleum contracts

1. After a petroleum contract is successfully negotiated, on the basis of the approved contractor selection result, PVN shall submit a report on the terms of the petroleum contract to the Ministry of Industry and Trade for appraisal and the Prime Minister for approval before PVN signs the petroleum contract.

2. Contents of petroleum contract appraisal include:

a) The validity of an application for appraisal and approval of the terms of the petroleum contract;

b) The rationality of results of negotiation of the petroleum contract;

c) The conformity of the draft petroleum contract with the approved contractor selection result and relevant laws.

3. Approval for the terms of the petroleum contract of the Prime Minister forms the basis for signing of the petroleum contract and replaces approval for investment policies for petroleum projects in accordance with the Law on Investment and the Law on Public Investment.

4. The Government shall issue regulations on documents and procedures for appraisal and approval of the petroleum contractor.

Article 27. Issuance of investment registration certificates

1. On the basis of the signed petroleum contracts, the Ministry of Industry and Trade shall issue investment registration certificates to contractors performing petroleum operations.

2. Main contents of an investment registration certificate consist of:

a) Name of the petroleum contract, oil block, petroleum project;

b) Objectives and scale;

c) Execution site;

d) Operating office;

dd) Contractors, participation interest rate, operator;

e) Minimum financial commitment of the hydrocarbon exploration phase;

g) The contractor's financial, technical and risk responsibilities;

h) Rights of the contractor who is eligible for recovering costs obtained from the oil production according to the petroleum contract;

i) Term of the petroleum contract;

k) Effective date of the petroleum contract.

3. The Government shall issue regulations on documents and procedures for issuance of investment registration certificates.

Article 28. Amendments to terms of petroleum contracts and investment registration certificates

1. Terms of petroleum contracts shall be amended according to approvals of the Prime Minister on the basis of proposals of PVN and appraisal reports of the Ministry of Industry and Trade.

2. The Ministry of Industry and Trade shall amend the contractors' investment registration certificates on the basis of the approved amended petroleum contracts.

3. The Government shall issue regulations on documents and procedures for appraisal and approval of amended petroleum contracts and investment registration certificates.

Article 29. Types of petroleum contracts

1. Oil and gas production sharing agreements.

2. Other types of petroleum contracts.

Article 30. Main terms of petroleum contracts

1. Main terms of an oil and gas production sharing agreement include:

- a) Legal status, participating interests of contractors selected for signing the agreement;
- b) Eligible entities of the agreement;
- c) Area limit and schedule for return of contract area;
- d) Effective date, term and phases of the agreement, conditions for extension of the phases of the agreement and amendments to the agreement and extension thereof.
- dd) Rights and obligation of contracting parties and operator;
- e) Minimum work obligation and minimum expenditure obligation in phases of the agreement;
- g) Rules for sharing of petroleum products and determination of recoverable costs;
- h) Rules for selection of contractors for provision of petroleum services and goods for petroleum operations;
- i) Rights of the host country for petroleum installations and assets after cost recovery and contract termination;
- k) Conditions for transfer of rights and obligation of contracting parties;
- l) Rights of PVN to participate in the agreement when a commercial discovery is determined and priority over purchase of participating interests, rights and obligation assigned by the contractor in the agreement whenever possible;
- m) Commitments to have commissions, training, scientific research funds and take priority over use of Vietnamese employees and services;
- n) Charges for environmental protection and safety measures conducted in petroleum operations; obligation to decommission petroleum installations;
- o) Requirements for termination of the agreement and handling of violations thereof;
- p) Methods for settling disputes arising from the agreement and applicable law.

2. The Prime Minister shall decide main contents of other petroleum contracts suitable for specific characteristics of oil fields, groups of oil fields and blocks.

3. The Government shall issue an oil and gas production sharing agreement template.

Article 31. Duration of petroleum contracts

1. Duration of a petroleum contract shall not be over 30 years, where the hydrocarbon exploration period shall not exceed 05 years, except for the case prescribed in Clause 2 of this Article.

2. For an oil block named in the list of oil blocks to which investment incentives and special investment incentives shall be given, the duration of the petroleum contract shall not exceed 35 years, where the hydrocarbon exploration period shall not exceed 10 years.

3. Duration of a petroleum contract may be extended at the maximum of 05 years and the exploration period may be extended but the extension period shall not exceed 05 years on the basis of the approval of the Ministry of Industry and Trade, except for the case prescribed in Clause 4 of this Article.

4. For reasons of national defense and security, complicated petroleum geology conditions, particularly disadvantageous field conditions for performing petroleum operations or in case of necessity to ensure effective gas extraction period, the Prime Minister shall approve of further extension of the duration of the petroleum contract and the extension period prescribed in Clause 3 of this Article on the basis of the appraisal of the Ministry of Industry and Trade.

5. After the contractor declared that the discovery is commercial but consumer market is not found and appropriate requirements for pipelines and processing facilities are not met, the contractor may retain the discovered area. The further period in which the discovery area is retained shall not exceed 05 years on the basis of the approval for the Ministry of Industry and Trade. In case the period in which the discovery area is retained expires but consumer market is not found and appropriate requirements for pipelines and treatment facilities are not met, the Prime Minister shall consider extending the period for not exceeding 02 years on the basis of the appraisal of the Ministry of Industry and Trade. During the further period, the contractor must perform works committed in the petroleum contract.

6. In case of force majeure that contracting parties consents to temporarily relinquish exercise of several rights and obligation mentioned in the petroleum contract, PVN shall send a report to the Ministry of Industry and Trade for decision. The period in which several rights and obligation stated in the petroleum contract are temporarily relinquished due to force majeure shall be calculated from the beginning to the end of this force majeure.

7. The period in which several rights and obligation stated in the petroleum contract are temporarily relinquished shall be decided by the Government according to the proposal of the competent authority for national defense and security reasons.

8. The extension period of hydrocarbon exploration, the period in which the discovery area that is declared a commercial discovery is retained and the period in which several rights and obligation stated in the petroleum contract are temporarily relinquished due to force majeure or for the national defense and security reasons shall not be included in the duration of the petroleum contract.

9. The Government shall issue regulations on documents and procedures for extension of the duration of the petroleum contract and extension of the exploration period, and decide the period in which the discovery area is retained and the period in which several rights and obligation stated in the petroleum contract are temporarily relinquished due to force majeure or for the national defense and security reasons.

Article 32. Petroleum contract area, return and extension thereof as well as consolidation of discovery of petroleum and oil and gas fields

1. A petroleum contract area includes the area of one or more oil blocks prescribed in the petroleum contract.

2. The contractor shall be responsible for partial return of the contract area in the end of each part of the exploration period and decommissioning of petroleum installations involved in the returnable contract area as prescribed in this Law and other related laws.

3. The contractor has the right to submit a proposal to retain all the contract area or a proposal to temporarily relinquish the obligation to return the contract area in case the contractor submitted the proposal to continue to carry out hydrocarbon exploration and quantification of some potential structures involved in the contract area to be returned on the basis of the approval of the Ministry of Industry and Trade.

4. In case of discovery of commercial hydrocarbons and an oil and gas field encroaches on the area of the adjacent available oil block, the contractor may submit a proposal for extension of the petroleum contract area.

5. In case of discovery of commercial hydrocarbons and an oil and gas field encroaches on the area of one or more adjacent oil blocks for which the petroleum contract has been signed, contractors shall be permitted to propose consolidation of these fields for simultaneous quantification and development for the purpose of improving economic efficiency and optimally exploiting oil and gas resources.

6. The contractor shall submit the proposal for extension of the contract area and consolidation of discovery of petroleum and oil and gas fields for simultaneous quantification as well as development to PVN for consideration, report it to the Ministry of Industry and Trade for appraisal and submit it to the Prime Minister for approval.

7. In case of necessity to construct works and equipment outside the petroleum contract area in service of extraction, refining and transport of petroleum obtained from the contract area, the contractor shall be permitted to propose it in the outline field

development plan (ODP), an early field development plan (EDP) (if any) and oil and gas field development plan, submit it for appraisal and approval as prescribed in Articles 46, 47 and 48 hereof.

8. The Government shall issue regulations on documents and procedures for submission, appraisal and approval of the proposal for retention or temporary relinquishment of exercising obligation to return and extend the contract area and consolidation of discovery of petroleum and oil and gas fields.

Article 33. Cost recovery in petroleum contracts

Contracting parties may enter into an agreement on cost recovery of the contractor in the petroleum contract according to the following regulations:

1. The oil production obtained in a year shall not exceed 50% in terms of petroleum contracts for normal oil blocks;
2. The oil production obtained in a year shall not exceed 70% in terms of petroleum contracts for oil blocks and fields to which investment incentives shall be given;
3. The oil production obtained in a year shall not exceed 80% in terms of petroleum contracts for oil blocks and fields to which special investment incentives shall be given.

Article 34. Languages employed in petroleum contracts

Vietnamese and English or another common foreign language shall be employed in petroleum contracts and enclosed documents of the contracts agreed upon by the parties. Vietnamese and English or another common foreign language shall be of equal value.

Article 35. Termination of petroleum contracts

1. A petroleum contract shall be terminated according to the term prescribed in the contract or when the duration of the contract ends but the contract is not renewed according to Clause 3 and Clause 4 Article 31 of this Law.
2. A petroleum contract shall be terminated prior to the term agreed upon by the parties if they fulfilled their agreed obligation and no

Article 36. Transfer of participating interests, rights and obligations of contractors under petroleum contracts

1. Contractor may transfer his/her participating interests and his/her rights and obligations under the petroleum contract. The entire or partial transfer of the participating interests, rights and obligations of the contractor under the petroleum contract must comply with the following requirements:

a) The transferee must undertake to succeed participating interests, rights and obligation of the transferor and fulfill all terms of the petroleum contract;

b) The transferor and transferee must comply with the requirements according to this Law and other related laws;

c) The transferor must pay tax, fees and charges related to the transfer as prescribed by law on tax, fees and charges and other related laws.

2. The transfer of the participating interests, rights and obligation of the contractor under the petroleum contract shall be approved by the Prime Minister on the basis of the appraisal of the Ministry of Industry and Trade and come into force as prescribed in the amended investment registration certificate.

3. The Government shall issue regulations on documents and procedures for submission, appraisal and approval of the transfer of the participating interests, rights and obligation of the contractor under the petroleum contract.

Article 37. Methods for settling disputes arising from petroleum contracts

Disputes arising from a petroleum contract must first be resolved by consultation and negotiation. In the event that no agreement is reached, these disputes may be settled through arbitration or court proceedings prescribed in the petroleum contract in accordance with the Law on Investment and other related laws.

Article 38. Operating offices of foreign operators in petroleum contracts

1. Foreign operators must establish operating offices in Vietnam to execute petroleum contracts. The operating offices must have their seals, accounts and must be permitted to recruit employees and fulfill rights and obligations within the authorization prescribed in the petroleum contracts and operating agreements of contractors and under Vietnamese laws.

2. A foreign operator may use an operating office in Vietnam for management of petroleum operations of one or multiple petroleum contracts in Vietnam. Management costs for each petroleum contract must be separately allocated and entered in the accounts.

3. In case of change of operating office address or change of the head of operating office or receipt of operating office due to change of the operator, the operator must send a written notice to an investment registration agency where the operating office is located.

4. Upon termination of operating office's operations, the operator must send a notice of termination to an investment registration agency where the operating office is located.

5. The Government shall issue regulations on documents and procedures for establishment and termination of operating office's operations and change for the cases prescribed in Clause 3 of this Article.

Article 39. Exercise of participating interests, priority over purchase of participating interests, and receipt of participating interests in petroleum contracts

1. PVN shall be permitted to exercise participating interests in petroleum contracts; priority over partial or whole purchase of participating interests that contractors intended to assign in signed petroleum contracts, on the basis of transfer conditions agreed upon between intentional transferors and potential transferees.
2. PVN shall be permitted to fully receive transfer of existing participating interests, data and petroleum installations of a contractor in case the contractor decide to withdraw from the petroleum contract for the special reasons approved by the Prime Minister.
3. PVN shall submit a report on the exercise of participating interests, priority over purchase of participating interests and full receipt of transfer of participating interests of the contractor stated in the petroleum contract to the Ministry of Industry and Trade for appraisal and submit the report to the Prime Minister for consideration.
4. The Government shall issue regulations on documents and procedures for submission, appraisal and approval of the enjoyment of participating interests, priority over purchase of participating interests and full receipt of transfer of participating interests of the contractor stated in the petroleum contract; mechanism for management, monitoring, use, settlement of assets and receipt of transfer of participating interests from the contractor for the special reasons.

Article 40. Proposals for additional investment plans, signing of new petroleum contracts before the applicable petroleum contracts expire

1. At least 02 years before ending duration of a petroleum contract, the contractor shall be permitted to propose a plan for additional investment in order to increase petroleum reserves, improve petroleum recovery factors and petroleum extraction in the same contract area with appropriate economic and technical conditions to sign a new petroleum contract after the current petroleum contract expires.
2. On the basis of a proposal of a contractor who is under a petroleum contract, PVN shall submit a report on the appointment of the contractor for signing of a new petroleum contract according to the regulations in Point c Clauses 1 and 2 Article 21 of this Law to the Ministry of Industry and Trade for appraisal, submit it to the Prime Minister for consideration.
3. The contractor signing the new petroleum contract shall be permitted to continue to use without payment for use of information, data, samples and petroleum installations and other assets which have been installed and invested in the same contract area for carrying

out petroleum operations under the new petroleum contract in the event that the case in which the contractor is not subject to such payment is involved in the determination of interests of the host country in the new petroleum contract.

Article 41. Receipt of oil fields, groups of oil fields and blocks from contractors upon expiration of petroleum contracts

1. At least 02 years before a petroleum contract expires, PVN shall submit a report on the follow-up plan for handling of oil fields, groups of oil fields and oil blocks being exploited at the petroleum contract area to the Ministry of Industry and Trade of Vietnam.

2. At least 06 months before ending duration of the petroleum contract and no new contract is signed under regulations in Article 40 hereof, PVN shall submit a report on the follow-up plan for handling of oil fields, groups of oil fields and oil blocks according to one of the following methods to the Ministry of Industry and Trade for appraisal and submit it to the Prime Minister for approval:

a) Do not continue to exploit oil fields, groups of oil fields and blocks;

b) Continue to exploit oil fields, groups of oil fields and blocks on the basis of a new petroleum contract in the appropriate economic and technical conditions. In this case, the contractor signing the new petroleum contract shall be permitted to use information, data, samples, petroleum installations and other assets which have been installed and invested in the same contract area according to the regulations in Clause 3 Article 40 hereof;

c) Assign PVN to salvage all oil fields, groups of oil fields and blocks.

3. If oil fields, groups of oil fields and oil blocks are allowed to continue exploiting according to the regulations in Point b Clause 2 of this Article, from the date a petroleum contract expires, PVN shall receive such oil fields, groups of oil fields and oil blocks from the contractor in their status quo and carry out petroleum operations under the financial mechanism stated in the approved handling plan to the date on which a new petroleum contract is signed but the duration does not exceed 02 years. After 02 years from the date on which PVN receives oil fields, groups of oil fields and blocks but no contractor expresses interest in or is eligible for signing of the new petroleum contract, PVN shall submit a report on a follow-up plan for handling of such oil fields, groups of oil fields and blocks according to one of the following methods to the Ministry of Industry and Trade for appraisal and submit it to the Prime Minister for approval:

a) Do not continue to salvage oil fields, groups of oil fields and blocks;

b) Assign PVN to salvage all oil fields, groups of oil fields and blocks.

4. The Government of Vietnam shall issue regulations on documents and procedures for appraisal and approval of the follow-up plan for handling of such oil fields, groups of oil

fields and blocks, contents of the handling plan; the financial mechanism until the date on which the new petroleum contract is signed.

5. The operating mechanism of salvage of oil fields, groups of oil fields and blocks prescribed in Point c Clause 2 and Point b Clause 3 of this Article shall be decided by the Government of Vietnam.

Chapter V

PETROLEUM OPERATIONS

Article 42. Onshore field development projects; field development project with a uniform chain of onshore and offshore petroleum installations and equipment

1. During the process of preparing an outline field development plan (ODP), if it is deemed necessary to build a uniform chain of onshore and offshore installations and equipment apart from the initial contract area serving exploitation, handling and transport of petroleum for manufacturing commercial petroleum products in order to improve the economic efficiency of the field development project, PVN shall submit a report on the guidelines for implementation of the field development project with a uniform chain of onshore and offshore petroleum installations and equipment to the Ministry of Industry and Trade of Vietnam for appraisal and submit it to the Prime Minister for approval.

2. The repurposing of forests and land (if any) of an onshore field development project or a field development project with a uniform chain of onshore and offshore petroleum installations and equipment shall be showed as follows:

a) The National Assembly shall decide on guidelines for the repurposing of forests and land for the onshore field development project before the outline field development plan (ODP) is approved according to the regulations in Clause 1 Article 46 hereof and for the field development project with a uniform chain of onshore and offshore petroleum installations and equipment before the Prime Minister approves the guidelines for implementation of the project according to the regulations in Clause 1 of this Article in case that the projects require the repurposing of land of national parks, nature reserves, landscape protection zones, forests serving researches and scientific experiments, special-use forests, watershed protection forests, or border protection forests of at least 50 hectares; land for wet rice cultivation with at least 02 crops of at least 500 hectares; protective forests for preventing wind and blocking sand and protective forests for breaking waves and blocking sea encroachment of at least 500 hectares; production forests of at least 1.000 hectares;

b) Except the case prescribed in Point a of this Clause, for the onshore field development project, the Prime Minister shall decide on guidelines for the repurposing of forests and land before the outline field development plan (ODP) is approved according to the regulations in Clause 1 Article 46 hereof; for the field development project with a uniform chain of onshore and offshore petroleum installations and equipment, the Prime

Minister shall decide on the guidelines for the repurposing of forests and land as well as approve the implementation of the project as prescribed in the regulations in Clause 1 of this Article;

c) After the decision of the competent authorities on the guidelines for the repurposing of forests and land and is taken and the outline field development plan (ODP) is approved, the Provincial People's Committee shall decide on the repurposing of forests and land for the projects to develop petroleum fields.

3. The Government shall issue regulations on documents and procedures for implementation of Clause 1, Point b and Point c Clause 2 of this Article and documents to be submitted to the National Assembly prescribed in Point a Clause 2 of this Article.

Article 43. Preparation of and approval for operating programs and annual operating budgets (AOBs)

1. On the basis of the obligations stated in petroleum contracts and programs and plans which are approved (if any), contractors shall prepare operating programs and annual operating budgets (AOBs) to be submitted to PVN for approval thereof.

2. The main contents of an operating program and AOB include:

- a) Operating contents;
- b) Cost estimates;
- c) Plans for using human resources.

Article 44. Development, appraisal of and approval for programs of hydrocarbon exploration

1. During the period of hydrocarbon exploration, on the basis of regulations stated in petroleum contracts, contractors shall develop programs of hydrocarbon exploration to be submitted to PVN for appraisal and approval thereof.

2. The main contents of a program of hydrocarbon exploration include:

- a) Overall of the petroleum contract;
- b) History of exploration, quantification and extraction of petroleum (if any);
- c) Materials on geology, geophysics, documentation of drilling, survey and other researches;
- d) Characteristics of petroleum geology, petroleum system, petroleum resource assessment system;

- dd) Implementation schedule, workload, cost estimate;
- e) Plan for implementation of safety and environmental protection, including safety and incident handling and solutions to prevent and handle pollution risks;
- g) Expected results, hydrocarbon exploration risks;
- h) Conclusion and recommendation.

3. The contents of the appraisal of the program of hydrocarbon exploration include:

- a) Assessment of the suitability of the materials on geology, geophysics, documentation of drilling, survey and other researches;
- b) Assessment of the reasonableness of data on the characteristics of petroleum geology, petroleum system, petroleum resource assessment system;
- c) Assessment of the feasibility and reasonableness of the implementation schedule, workload, cost estimate;
- d) Assessment of the satisfaction of the safety and environmental protection requirements;

dd) Evaluation of the expected results achieved and hydrocarbon exploration risks.

4. In case there is a change of the main contents of the program of hydrocarbon exploration prescribed in Clause 2 of this Article, the contractor shall propose adjustment of the program and submit it to PVN for appraisal and approval.

5. During the process of oil and gas field development, petroleum extraction, the contractor may propose additional hydrocarbon exploration and develop the additional hydrocarbon exploration program, and submit it to PVN for appraisal and approval according to the regulations in Clause 2 and Clause 3 of this Article.

Article 45. Preparation, appraisal of and approval for oil and gas resources and reserves

1. In case of discovery of commercial hydrocarbons according to in a petroleum contract area from the results of exploration and quantification of petroleum, the contractor shall make and submit a report on oil and gas resources and reserves to PVN, which will submit a report to the Ministry of Industry and Trade for appraisal and approval.

2. The main contents of the report on oil and gas resources and reserves include:

- a) History of exploration, quantification and extraction of petroleum;

- b) Documentation of seismic surveys and other geophysical exploration methods; documentation of drilling, survey and other researches;
 - c) Regional geology and field geology;
 - d) Reservoir parameters include geological formation of oil and gas reservoirs, well logging, field technology, results of extraction and force pump of oil, gas and water (if any);
- D) Calculation of oil initially in place (OIIP) and oil and gas reserves of discovered petroleum and petroleum fields;
- e) Conclusion and recommendation.
3. The contents of the appraisal of the report on oil and gas resources and reserves include:
- a) Assessment of the results of exploration and quantification of petroleum;
 - b) Rationality of geology, reservoir models, reservoir parameters and field technology;
 - c) Rationality and reliability of the results of the calculation of oil initially in place (OIIP) and oil and gas reserves.
4. PVN is responsible for monitoring and summarizing oil and gas resources and reserves of petroleum fields in the territory of Vietnam and annually updating information about oil and gas resources and reserves and submitting a report to the Ministry of Industry and Trade.
5. The contractor is responsible for updating reports on the oil and gas resource and reserve of each field during 03 years from the date on which the first oil and gas flow enters into commercial production and then periodically updating them for every 05 years. In case there is a change of more than 15% in the total oil initially in place (OIIP) compared to the latest approval, the contractor shall prepare an up-to-date report on oil and gas resources and reserves and submit it to PVN, which will submit a report to the Ministry of Industry and Trade for consideration and approval according to the regulations of this Article.
6. The Government shall issue regulations on documents and procedures for submission, appraisal and approval of the report on oil and gas resources and reserves.

Article 46. Preparation, appraisal of and approval for outline field development plans (ODPs)

1. After the report on oil and gas resources and reserves is approved, the contractor shall implement the phase of petroleum field development and prepare and submit an outline

field development plan (ODP) to PVN, which will submit a report to the Ministry of Industry and Trade for appraisal and approval.

2. The main contents of the ODP include:

a) History of exploration and assessment of quality and quantity of petroleum and geological models of petroleum fields as well as a plan for quantification of petroleum for the following phase;

b) Petroleum field technology and preliminary recovery factor; field development plans and methods for selection thereof;

c) Forecast of the oil production and management of oil and gas field operation;

d) Preliminary design following selected field development plans and preliminary determination of investment costs;

dd) Drilling techniques, well completion and drilling plans;

e) Plans for implementation of safety and environmental protection;

g) Economic and technical assessment and selection of appropriate field development plans at the time of preparing the report;

h) Parameters and main criteria of the plans selected as the basis of creation of an overall technical design;

i) Preliminary plans for consumption of natural gas;

k) Assessment of tech-related risk degrees, oil price fluctuations and finance affairs of the projects;

l) Estimate of progress of implementation of the projects;

m) For onshore field development projects, onshore and offshore field development projects with a uniform chain of installations and equipment, apart from contents prescribed in points a, b, c, d, dd, e, g, h, i, k and l of this Clause, the following main contents must be included according to the regulations of laws on construction: preliminary contents of land use demand; resource use needs; the project's conformity with the relevant strategy and planning; assessment of socio-economic impacts, assurance about the national defense and security of the projects;

n) Conclusion and recommendation.

3. The contents of the appraisal of the ODP include:

- a) Assessment of the suitability of field technology, forecast of oil production and preliminary recovery factor;
- b) Assessment of the suitability of scheduled development plans on drilling techniques and extraction techniques and plans for selection thereof; parameters and main criteria of the plans selected as the basis of creation of the overall technical drawing;
- c) Assessment of the satisfaction of the safety and environmental protection requirements;
- d) Assessment of the reasonableness of the preliminary assessment of economic and technical efficiency; tech-related risk degrees, product price fluctuations and finance affairs of the projects;
- dd) Assessment of the conformity with related planning;
- e) Contents of the appraisal under regulations of laws on construction, for the contents prescribed in Point m Clause 2 of this Article.

4. The preparation, appraisal of and approval for the ODP shall replace those of the construction investment pre-feasibility study reports of the projects in accordance with the Construction Law.

5. When changing the selected development plans or land use demands (if any) or gas consumption plans formulated in the approved ODP, the contractor shall submit the adjusted ODP to PVN, which will submit a report to the Ministry of Industry and Trade for consideration and approval. Other contents of the adjusted ODP shall be considered and approved by PVN.

6. The Government shall issue regulations on documents and procedures for appraisal of and approval for the ODP.

Article 47. Preparation, appraisal of and approval for early field development plans (EDPs)

1. After the ODP is approved, if it is necessary to have study and additional collection of information to minimize risks later, the contractor may prepare and submit an early field development plan (EDP) to PVN, which will submit a report to the Ministry of Industry and Trade for appraisal and approval.

2. The main contents of the EDP include:

- a) Results of the study of characteristics of field geology;

- b) Statistics and analyses of composition and properties of reservoir fluids, studies on field simulation models, field technology and extraction process design and forecast of oil production and recovery factor;
- c) Information about extraction techniques and feasibility studies;
- d) Well completion and drilling techniques;
- dd) Description of the system of installations and equipment used in hydrocarbon extraction;
- e) Explanatory report on an overall technical drawing;
- g) Plans for protection of resources, environment and ecology, including safety and incident handling and solutions to prevent and handle pollution risks and decommission petroleum installations;
- h) Calculation of the total investments and economic efficiency of early field development projects;
- i) Assessment of tech-related risk degrees, crude oil price fluctuations and finance affairs of the projects;
- k) Implementation progress;
- l) Estimate of costs for decommissioning of petroleum installations;
- m) Gas sale framework agreement, for gas extraction projects;
- n) For onshore field development projects, onshore and offshore field development projects with a uniform chain of installations and equipment, apart from contents prescribed in points a, b, c, d, dd, e, g, h, i, k, l and m of this Clause, the following main contents must be included according to the regulations of law on construction: information on the current land use status; conditions for land recovery; construction sites; plans for connection of technical infrastructure inside and outside the petroleum installations; construction solutions and mainly used building materials; assessment of socio-economic impacts, assurance about the national defense and security of the project;
- o) Conclusion and recommendation.

3. The contents of the appraisal of the EDP include:

- a) Assessment of the conformity with the plans selected in the ODP;
- b) Assessment of the suitability of field geology, properties of reservoir fluids, field simulation models, extraction process design, oil production and recovery factor;

- c) Assessment of the suitability of drilling techniques, extraction techniques and petroleum installation and equipment system;
- d) Assessment of the reasonableness of the assessment of economic efficiency; tech-related risk degrees, product price fluctuations and finance affairs of the projects; and implementation progress;
- dd) Assessment of the suitability of design solutions and standards applied in an overall technical drawing;
- e) Assessment of the satisfaction of the safety and environmental protection requirements;
- g) Contents of the appraisal under regulations of laws on construction, for the contents prescribed in Point n Clause 2 of this Article.

4. The preparation, appraisal of and approval for the EDP shall replace those of the construction investment feasibility study reports of the projects in accordance with the Construction Law.

5. The contractor shall submit an adjusted EDP to PVN for consideration and approval in case the adjustment leads to the increase of less than 10% of the total investments in terms of the following contents:

- a) Adjustment of the number and size of intra-field pipelines, adjustment of capacity of equipment to increase the project efficiency as well as increase recovery factor;
- b) Optimal adjustment of location, order and number of wells to increase oil production and reserves or optimize investment;
- c) Application of additional technical solutions, open of new petroleum reservoirs discovered in the process of development drilling to increase the oil production and improve the project efficiency;
- d) Test extraction for increasing recovery factor;
- dd) Additional drilling of infill wells.

6. The contractor shall submit an adjusted EDP to PVN for consideration and submit a report to the Ministry of Industry and Trade for appraisal and approval in other cases apart from the cases prescribed in clause 5 of this Article.

7. After completing the EDP, the contractor shall submit its results to PVN for consideration and submit a report to the Ministry of Industry and Trade and update an extraction model with statistics and analyses to prove and conclude the capacity to apply the test diagram to extraction of the entire fields.

8. The Government of Vietnam shall issue regulations on requirements for preparation of an EDP as well as documents and procedures for appraisal of and approval for the EDP.

Article 48. Preparation, appraisal of and approval for field development plans (FDPs)

1. After the ODP is approved or before the time limit for implementation of the EDP ends, the contractor shall prepare and submit an FDP to PVN, which will submit a report to the Ministry of Industry and Trade for appraisal and approval.

2. The main contents of the FDP include:

a) Results of the EDP (if any);

b) Results of the study of characteristics of field geology;

c) Statistics and analyses of components and properties of reservoir fluids, studies on field simulation models, field technology and extraction process design and forecast of oil production and recovery factor;

d) Information about extraction techniques and feasibility studies;

dd) Well completion and drilling techniques;

e) Description of the system of installations and equipment used in extraction of petroleum;

g) Explanatory report on an overall technical drawing;

h) Plans for protection of resources, environment and ecology, including safety and incident handling and solutions to prevent and handle pollution risks and decommission petroleum installations;

i) Calculation of the total investments and economic efficiency of the projects;

k) Assessment of tech-related risk degrees, oil price fluctuations and finance affairs of the projects;

l) Implementation progress and schedule;

m) Statistics of principles and technical regulations applied in the process of petroleum drilling and extraction;

n) Gas sale framework agreement, for gas extraction projects;

o) Estimate of costs for decommissioning petroleum installations;

p) For onshore field development projects, onshore and offshore field development projects with a uniform chain of installations and equipment, apart from contents prescribed in points a, b, c, d, dd, e, g, h, i, k, l and m of this Clause, the following main contents must be included according to the regulations of laws on construction: information on the current land use status conditions for land recovery, land use demands; construction sites; plans for connection of technical infrastructure inside and outside the petroleum installations; construction solutions and mainly used building materials; assessment of socio-economic impacts, assurance about the national defense and security of the projects;

q) Conclusion and recommendation.

3. Contents of the appraisal of the FDP include:

a) Assessment of the conformity with the plans selected in the ODP;

b) Assessment of the suitability of field geology, properties of reservoir fluids, field simulation models, extraction process design, oil production and recovery factor;

c) Assessment of the suitability of drilling techniques, extraction techniques and petroleum installation and equipment system;

d) Assessment of the reasonableness of the assessment of economic efficiency; tech-related risk degrees, product price fluctuations and finance affairs of the projects; and implementation progress;

dd) Assessment of the suitability of design solutions and standards applied in an overall technical drawing;

e) Assessment of the satisfaction of the safety and environmental protection requirements;

g) Contents of the appraisal under regulations of laws on construction, for the contents prescribed in Point p Clause 2 of this Article.

4. The preparation, appraisal of and approval for the FDP shall replace those of the construction investment feasibility study reports of the projects in accordance with the Construction Law.

5. The contractor shall submit an adjusted FDP to PVN for consideration and approval in case the adjustment leads to the increase of less than 10% of the total investments in terms of the following contents:

a) Adjustment of the number and size of intra-field pipelines, adjustment of capacity of equipment to increase the project efficiency or increase recovery factor;

b) Optimal adjustment of location, order and number of wells to increase oil production and reserves or optimize investment;

c) Application of additional technical solutions, open of new petroleum reservoirs discovered in the process of development drilling to increase the oil production and improve the project efficiency;

d) Test extraction for increasing recovery factor;

dd) Additional drilling of infill wells.

6. The contractor shall submit an adjusted FDP to PVN for consideration and submit a report to the Ministry of Industry and Trade for appraisal and approval in other cases apart from the cases prescribed in clause 5 of this Article.

7. The Government shall issue regulations on documents and procedures for appraisal of and approval for the FDP.

Article 49. Combustion and discharge of gases

1. The contractor is responsible for the collection of gases after being used inside the field (if any) during the hydrocarbon extraction process and must present a plan for collection of gases in the EDP or FDP.

2. The contractor shall be permitted to combust and discharge gases in the following cases:

a) During the process of well testing to clear and clean wells; complete, repair or treat wells and to relieve pressure in wells;

b) In an emergency, in order to ensure the safety of people, assets and petroleum operations, or in case the gas treatment and transportation system is suspended due to a problem;

c) Based on the plan for annual combustion and discharge of gases related to operating security, and periodic maintenance of the petroleum field approved by PVN.

Article 50. Preparation, appraisal of and approval for decommissioning plans

1. During the period of performing operations, after ending each phase or terminating the petroleum contract, the contractor must decommission petroleum installations which are no longer used or can not be continually used for petroleum operations due to severe damage or unsuitable technology affecting the safety and efficiency of petroleum operations.

2. Within 01 year from the date of commercial production of the first oil and gas flow from the petroleum contract area, the contractor must prepare and submit a decommissioning plan to PVN, which will submit a report to the Ministry of Industry and Trade for appraisal and approval.

3. At least 01 year before the date on which the petroleum contract terminates or the extraction period ends, the contractor must update and send the decommissioning plan to PVN, which will submit a report to the Ministry of Industry and Trade for appraisal and approval.

4. The main contents of the decommissioning plan include:

a) List and description of means, equipment complexes and construction structures of petroleum installations to be decommissioned;

b) Solutions and technical plans for decommissioning petroleum installations;

c) Waste management and marine pollution control plan, environmental monitoring plan, environmental incident prevention and response plan, safety assurance plan during the decommissioning of petroleum installations;

d) Estimate of decommissioning costs, plans and progress of appropriation of funds to ensure the obligation to decommission petroleum installations;

dd) Progress of decommissioning petroleum installations.

5. Contents of the appraisal of the decommissioning plan include:

a) Assessment of the suitability of the list of means, equipment complexes and construction structures of petroleum installations to be decommissioned;

b) Assessment of the suitability of solutions and technical plans for decommissioning petroleum installations;

c) Assessment of the suitability of the waste management and marine pollution control plan, environmental monitoring plan, environmental incident prevention and response plan and safety assurance plan;

d) Assessment of the suitability and reasonableness in the estimate of decommissioning costs, plans and progress of appropriation of funds to ensure the obligation to decommission petroleum installations as well as the operating progress;

6. The contractor shall submit an adjusted decommissioning plan to PVN in case there is an increase in size or number of petroleum works, equipment or/and wells, thereby increasing less than 20% of decommissioning costs compared to the estimated costs mentioned in the latest approved decommissioning plan.

7. During the period of implementing the petroleum exploitation and development project, if it deems that a petroleum installation which has failed can not be repaired or is unsafe to be used, the contractor shall submit a decommissioning plan to PVN for consideration and approval.

8. The contractor shall submit an adjusted decommissioning plan to PVN, which will submit a report to the Ministry of Industry and Trade for appraisal and approval in the following cases:

a) There is an increase in size or number of petroleum works, equipment and wells or change of requirements for technology, techniques and slippage in service prices, thereby increasing at least 20% of decommissioning costs compared to the estimated costs mentioned in the latest approved decommissioning plan;

b) Decommissioning of petroleum installations must be partially implemented in case it is not determined in the approved decommissioning plan, decommissioning is suspended or the installations are left in place.

9. The Government shall issue regulations on documents and procedures for appraisal of and approval for the decommissioning plan.

Article 51. Decommissioning trust funds

1. Financial security in decommissioning of petroleum installations shall be done by the method of setting up a fund.

2. Within 01 year from the date of commercial production of the first oil and gas flow from the petroleum contract area, the contractor must prepare a decommissioning trust fund. This fund is annually allocated on the basis of the approved decommissioning plan and transferred to PVN. The fund annually allocated of each contractor is related to the participating interest of such contractor prescribed in the petroleum contract and is included in the recovery cost of the petroleum contract.

3. Before the petroleum contract terminates or the extraction period ends, the contractor must complete the allocation and transfer of the decommissioning trust fund.

4. The decommissioning trust fund shall be managed by PVN in a manner that is in accordance with the regulations of law and meet requirements for decommissioning according to the approved decommissioning plan. In the period of using this fund, PVN shall pay the amount of money of this fund into a commercial bank in which the State holds a controlling interest; and interests generated annually after fulfilling financial obligations according to relative laws shall be recorded as an increase in the decommissioning trust fund.

5. In case the balance of the decommissioning trust fund does not meet necessary demands in the decommissioning of petroleum installations, the contractor must make an

additional contribution to ensure the fulfillment of the obligation to decommission petroleum installations. In case the fund for decommissioning of petroleum installations is not completely used, the remainder shall be refunded to the contracting parties according to regulations of the petroleum contract.

6. The Government shall issue regulations on the allocation, transfer, management and use of the decommissioning trust fund.

Article 52. Decommissioning

1. The contractor shall decommission petroleum installations according to the approved decommissioning plan. Petroleum installations must be decommissioned in a manner that meets requirements for safety and environmental protection in accordance with laws.

2. The contractor shall submit a proposal to leave part or the whole petroleum installations in place, suspend or terminate the decommissioning of petroleum installations to PVN, which will submit a report to the Ministry of Industry and Trade for approval.

3. The contractor must immediately decommission part or whole of petroleum installations which are severely damaged; petroleum installations which are seriously degraded but can not be repaired affecting the safety of petroleum operations.

4. During the extraction period, the contractor is entitled to decommission each part or several of petroleum works and equipment and destroy the wells which are included in the approved decommissioning plan but are no longer used in order to reduce operation and maintenance expenses according to the regulations in Clause 7 Article 50 of this Law.

5. The Government shall issue regulations on documents and procedures for submission, appraisal of and approval for the proposal to leave in place, suspend decommissioning of part or the whole petroleum installations.

Chapter VI

INCENTIVES FOR PETROLEUM OPERATIONS AND RESOURCE EXTRACTION POLICIES APPLIED TO SALVAGED OIL AND GAS FIELDS, GROUPS OF OIL FIELDS AND BLOCKS

Article 53. Eligible entities

1. Investment incentives shall be applicable to oil and gas fields and blocks if one of the following criteria is met:

a) Oil and gas blocks are located in deep waters, offshore waters, areas with particularly difficult geographical conditions and complicated geological conditions;

b) Regular oil and gas blocks for which bidding has been held according to economic and technical conditions included in the petroleum contract but proposals are not submitted by any bidder or investor;

c) Oil and gas blocks are formed from the returnable contract area, for regular oil and gas blocks;

d) Regular oil and gas blocks are returned by the contractor before ending duration of the petroleum contract;

dd) Oil and gas blocks are formed from the consolidation of the returnable contract area and oil and gas blocks that the contractor has returned prescribed in Point c and Point d of this Clause;

e) Marginal fields that belong to regular oil and gas blocks for which the petroleum contract has been signed;

g) At the end of a regular petroleum contract, the extraction of oil and gas fields may be continued but the minimum investment efficiency can not be achieved when applying economic and technical conditions of such petroleum contract;

h) Unexplored or undiscovered hydrocarbons in sedimentary basins.

2. Special investment incentives shall be applicable to oil and gas fields and blocks if one of the following criteria is met:

a) Oil and gas blocks eligible for investment incentives for which conditional bidding has been held but proposals are not submitted by any bidder or investor;

b) Oil and gas blocks are formed from the returnable contract area according to the petroleum contract for oil and gas blocks to which investment incentives shall be given;

c) Oil and gas blocks to which the investment incentives have been given are returned by the contractor before ending duration of the petroleum contract;

d) Oil and gas blocks are formed from the returnable contract area and those are returned by the contractor as prescribed in Point b and Point c of this Clause;

dd) Marginal fields that belong to oil and gas blocks to which investment incentives have been given and the petroleum contract for such blocks has been signed.

e) At the end of a petroleum contract eligible for investment incentives, the extraction of oil and gas fields may be continued but the minimum investment efficiency can not be achieved when applying economic and technical conditions of this petroleum contract;

g) Oil and gas blocks that contain unconventional oil.

3. The Prime Minister shall issue a list of oil and gas fields and blocks to which investment incentives and special investment incentives shall be given.

4. The Government shall issue detailed regulations on this Article.

Article 54. Incentives

1. Incentives applicable to oil and gas fields and blocks shall be given through a petroleum contract.

2. For a petroleum contract for oil and gas fields and blocks to which investment incentives shall be given, a corporate income tax rate of 32%, a crude oil export tax rate of 10% and a maximum cost recovery rate of 70% of the oil production obtained in a year shall be imposed.

3. For a petroleum contract for oil and gas fields and blocks to which special investment incentives shall be given, a corporate income tax rate of 25%, a crude oil export tax rate of 5% and a maximum cost recovery rate of 80% of the oil production obtained in a year shall be imposed.

Article 55. Resource extraction policies applied to salvaged oil and gas fields, groups of oil fields and blocks

1. Resource extraction policies applied to salvaged oil and gas fields, groups of oil fields and blocks as prescribed in Point c Clause 2 and Point b Clause 3 Article 41 of this Law shall be implemented as follows:

a) The difference between revenues and costs of resource extraction for salvaged oil and gas fields, groups of oil fields and blocks shall be remitted to the State budget on the principle of ensuring the efficiency in salvage and strict control of costs for petroleum operations;

b) Information, data, documents, specimens, petroleum installations and other assets that have been installed and invested prescribed in a petroleum contract which has terminated shall be permitted to be used to salvage without payment;

c) Additional investment in resource extraction for salvaged oil and gas fields, groups of oil fields and blocks, decommissioning of petroleum installations and treatment after decommissioning when ending the extraction shall comply with the regulations of this Law and on the basis of balancing revenues from the salvage for oil and gas fields, groups of oil fields and blocks.

2. The Government shall elaborate this Article.

Chapter VII

ACCOUNTING, AUDITING AND FINALIZATION FOR PETROLEUM OPERATIONS

Article 56. Accounting, auditing and finalization for petroleum operations under petroleum contracts

1. Accounting, auditing and finalization for petroleum operations under a petroleum contract shall comply with the regulations of laws on accounting, auditing and finalization of Vietnam and must be conformable with international petroleum industry practices.
2. Corporate income tax on petroleum operations shall be determined on the basis of petroleum contracts in accordance with the regulations of this Law and the Law on Corporate Income Tax, regardless of the production and business results (losses or profits) of enterprises participating in petroleum contracts.
3. In case an oil and gas block consists of marginal fields belonging to oil and gas blocks with which a petroleum contract has been signed as prescribed at Point e Clause 1 and Point dd Clause 2 Article 53 of this Law, the accounting, auditing, declaration and payment of taxes shall be carried out for separate oil and gas fields and the petroleum contract.

Article 57. Finalization of costs for petroleum operations under petroleum contracts

1. The finalization of costs for petroleum operations under a petroleum contract shall be carried out by a contractor after each clause and item of the contract is completed or when finishing the petroleum project and its component projects.
2. The finalization of costs for petroleum operations shall be truthful, adequate, reasonable and valid according to the regulations of Vietnamese Law.
3. The Government shall elaborate this Article.

Chapter VIII

RIGHTS AND OBLIGATION OF CONTRACTORS

Article 58. Rights of contractors

1. Contractors have the following rights:
 - a) Enjoy investment incentives and guarantees in accordance with the regulations of Vietnamese law;
 - b) Use the collected samples, information and data to perform petroleum operations.

- c) Recruit workers on the basis of taking priority over recruitment of Vietnamese workers;
- d) Hire organizations and individuals providing petroleum services and goods serving petroleum operations in accordance with the regulations of this Law and in conformity with international petroleum industry practices;
- dd) Exempt from import and export tariffs to serve petroleum operations in accordance with the regulations of the Law on Import and Export Tariffs;
- e) Own petroleum products and other products extracted under petroleum contracts after fulfilling financial obligations according to the regulations of law; be permitted to sell these products together from time to time they are sold without being considered a violation of the law on competition;
- g) Export and sell in the Vietnamese market products under their ownership as agreed upon in the petroleum contracts, unless the contractors have to perform the obligation to sell in the Vietnamese market as prescribed in Clause 8 Article 59 of this Law. The contractors do not be necessary to apply for import permits when exporting the products under their ownership;
- h) Recover costs for petroleum operations as agreed upon on the petroleum contracts;
- i) Access and use the existing traffic system, petroleum infrastructure and installations in accordance with the regulations of law; access and use the existing petroleum infrastructure and installations to serve the performance of petroleum operations through petroleum contracts or agreements with units that are owners or operating managers of petroleum infrastructure and installations on the basis of ensuring the benefits of each party in conformity with the regulations of law;
- k) Buy foreign currency at commercial banks to make a contribution to the participation in a petroleum contract and fulfillment of financial obligation to the state budgets;
- l) Other rights under the regulations of this Law.

2. Apart from the rights prescribed in Clause 1 of this Article, contractors who are foreign organizations and individuals have the following rights:

- a) Open accounts at home or abroad according to the regulations of law on foreign exchange control;
- b) Transfer their lawful income obtained from petroleum operations under the regulations of the petroleum contracts abroad according to the regulations of law on foreign exchange control and other regulations of relevant laws after fulfilling financial obligations in accordance with laws;

c) Buy foreign currency at commercial banks to perform current transactions and other permitted transactions in accordance with the law on foreign exchange control.

Article 59. Obligations of contractors

1. Fulfill obligations stated in petroleum contracts.
2. Declare and submit taxes, fees and charges in accordance with the regulations of Vietnamese law;
3. Transfer technology; train and employ Vietnamese workers and ensure their legitimate and legal rights and interests.
4. Comply with regulations of law on national defense and security; implement measures for environmental protection and assurance about the safety in petroleum operations; meet regulations and guidelines of **competent authorities** on economic and technical costs and norms.
5. Submit reports on petroleum operations to competent authorities and PVN, and submit reports to competent tax authorities according to tax laws on transfers that lead to change of ownership of contractors who are holding the participating interests stated in the petroleum contracts in Vietnam.
6. Provide necessary documents to inspection teams of functional agencies upon request.
7. Decommission petroleum installations, equipment and vehicles after terminating petroleum operations in accordance with laws.
8. Buy in the Vietnamese market upon request of the Government in terms of the following products:
 - a) Natural gases under the ownership of the contractor as agreed upon in gas exploitation development projects;
 - b) Crude oil under the ownership of the contractor at an internationally competitive price.
9. Remit the contribution to the joint account opened by an operator or an operator's operating office in Vietnam to pay for petroleum operations in accordance with the regulations of the petroleum contract.
10. Share the use of the existing petroleum infrastructure and installations with the third party on the basis of the contracts or agreements between these parties if the sharing does not affect petroleum operations and is conformable with regulations of Vietnamese law and international petroleum industry practices.

11. Enable organizations and individuals to conduct scientific researches, exploration and extraction of other minerals and natural resources apart from oil and gas in the petroleum contract area in conformity with regulations of Vietnamese law on a principle of not obstructing petroleum operations and causing no damage to people, assets and environment.

12. Organize selection of contractors providing petroleum services and goods serving petroleum operations on the basis of ensuring the principles of competition, fairness, transparency, efficiency and conformity with the regulations of the petroleum contracts; report the organization of selection of contractors to provide petroleum services and goods serving petroleum operations to PVN.

13. Other obligations under this Law and other relevant laws.

Chapter IX

FUNCTIONS, RIGHTS AND OBLIGATION OF PVN IN FUNDAMENTAL INVESTIGATIONS OF PETROLEUM AND PETROLEUM OPERATIONS

Article 60. Functions of PVN in fundamental investigations of petroleum and petroleum operations

1. PVN shall conduct fundamental investigations of petroleum and perform petroleum operations in the role of a contractor signing a petroleum contract according to the regulations of this Law. PVN participating together with partially state-owned subsidiaries of PVN in petroleum contracts as prescribed in Article 39 of this Law shall not be considered to commit a violation against laws on managing and using the state capital to invest in production and business in the enterprises.

2. After a project for fundamental investigations of petroleum is approved, PVN shall sign an agreement on conducting fundamental investigations of petroleum with an organization other than state authorities and enterprises presiding over carrying out the project.

3. After a petroleum contract is approved, PVN shall sign and manage the contract with organizations and individuals performing petroleum operations; show its participating interest and priority over purchase of a part or whole of the rights of the contractor in the petroleum contract including special cases.

4. PVN shall receive oil and gas fields, cluster and blocks from the contractor when the petroleum contract becomes invalid to select a new contractor to sign a new petroleum contract, manage and operate them.

5. PVN shall extract oil and gas fields, groups of oil fields and blocks according to the resource extraction policies for salvaged oil and gas fields, groups of oil fields and blocks.

6. In order to fulfill the functions prescribed in Clauses 2, 3, 4 and 5 of this Article, PVN shall have the rights and obligations prescribed in Article 61 and Article 62 of this Law.

Article 61. Rights of PVN

1. Sign an agreement with an organization other than state authorities and enterprises presiding over carrying out the project for fundamental investigation of petroleum; manage and supervise the fulfillment of agreements related to collection of information, data and results of the fundamental investigation of petroleum as prescribed in the regulations of this Law and other regulations of relevant laws.
2. Sign petroleum contracts with organizations and individuals to perform petroleum operations according to the regulations of this Law and other regulations of relevant laws.
3. Manage and supervise the execution of a petroleum contract; approve the operating program and AOBs; audit the cost of performing petroleum operations according to the regulations of the petroleum contract; approve the finalization of expenses under the petroleum contract.
4. Approve programs of hydrocarbon exploration and adjusted programs of hydrocarbon exploration, additional programs of hydrocarbon exploration as prescribed in Article 44 of this Article.
5. Approve adjusted ODPs, EDPs, FDPs and decommissioning plans prescribed in Clause 5 Article 46, Clause 5 Article 47, Clause 5 Article 48 and Clause 6 Article 50 hereof; approve decommissioning plans prescribed in Clause 7 Article 50 hereof.
6. Supervise design and construction of petroleum installations in accordance with the regulations of a petroleum contract.
7. Organize sales of products of the host country together with products of PVN which are extracted under a petroleum contract in the role of a contractor, and be permitted to sell these products together with other contractors in the petroleum contract as prescribed in Point e Clause 1 Article 58 hereof.
8. Manage petroleum operations; salvage and make additional investment to salvage oil and gas fields, groups of oil fields and blocks, and monitor and use assets related to the receipt of participating interests of contractors, receipt of oil and gas fields, groups of oil fields and blocks.

Article 62. Obligation of PVN

1. Effectively and rationally manage and exploit petroleum resources, protect resources and environment, and ensure the safety in petroleum operations.

2. Manage, store, preserve and use samples, documents, information, data and results of fundamental investigations of petroleum conducted by organizations apart from the state agencies and enterprises presiding over conducting fundamental investigation of petroleum; samples, documents, information and data collected during the process of performing petroleum operations and after ending petroleum contracts to ensure the right to access of organizations and individuals to such documents, information, data and results of the fundamental investigations of petroleum and petroleum operations.

3. Manage and supervise the fulfillment of agreements on fundamental investigation of petroleum related to the exploitation of information, data and results of the fundamental investigation of petroleum in accordance with the regulations of law and the signed agreements.

4. Strictly and effectively manage and supervise the execution of petroleum contracts in accordance with the regulations of law and the petroleum contract.

5. Report petroleum operations to competent authorities periodically or upon request.

6. Propose solutions and cooperate in making policies, strategies, and orientations related to the rational and effective exploitation of petroleum resources, protection of environmental resources and sustainable development at the request of competent authorities.

Article 63. Approval for use of capital of PVN and wholly state-owned subsidiaries of PVN in petroleum operations

The Members' Council of PVN shall:

1. Approve the use of capital of PVN and wholly state-owned subsidiaries of PVN, regardless of the contribution after being approved in accordance with the regulations of this Law in the following cases:

a) Exercise the participating interest in petroleum contracts and priority over partial or whole purchase of the participating interest prescribed in Article 39 of this Law;

b) Perform petroleum operations according to phases of petroleum contracts and petroleum projects;

2. Approve the termination of unsuccessful petroleum projects and costs for unsuccessful petroleum projects of PVN and wholly state-owned subsidiaries of PVN;

3. Report the approved contents in accordance with the regulations in Clause 1 and Clause 2 of this Article to the Committee for Management of State Capital at Enterprises for monitoring, inspection and supervision.

Article 64. Handling of costs of PVN

1. Costs for fundamental investigation of petroleum conducted by PVN apart from the funding secured by the state budget (if any) shall be paid by the post-tax profit of PVN.
2. Costs for hydrocarbon exploration of the unsuccessful project for hydrocarbon exploration of PVN, after a decision of the Members' Council of PVN on termination of the petroleum project and finalization of costs is issued, shall be covered from the annual post-tax profit of PVN and allocated for 05 years from the date on which the decision is issued.
3. Costs prescribed in Clauses 1 and 2 of this Article shall be handled from the post-tax profit of PVN before extracting funds in accordance with regulations of law on managing and using the state capital to invest in production and business in enterprises.
4. PVN shall be permitted to transfer to state budget the revenues from selling the remaining petroleum products of the host country from petroleum contracts before determining interest shared to the host country to pay costs and fulfill obligations as follows:
 - a) Costs incurred by the host country, under the regulations of the petroleum contracts, which are paid by PVN on behalf of the host country;
 - b) The obligation fulfilled by PVN for the remaining petroleum products of the host country stated in the petroleum contracts on behalf of the host country;
 - c) Costs for management and supervision of petroleum contracts;
 - d) Costs for remaining petroleum contracts in case PVN receives the participating interest from the contractors for the special reasons or fulfils tasks assigned by the Prime Minister related to petroleum operations.

Chapter X

STATE MANAGEMENT AND RESPONSIBILITIES OF THE COMMITTEE FOR MANAGEMENT OF STATE CAPITAL AT ENTERPRISES FOR FUNDAMENTAL INVESTIGATION OF PETROLEUM AND PETROLEUM OPERATIONS

Article 65. State management of fundamental investigation of petroleum and petroleum operations

1. The Government shall uniform the state management of fundamental investigation of petroleum and petroleum operations.
2. The Ministry of Industry and Trade shall be responsible before the Government for the state management of fundamental investigation of petroleum and petroleum operations and have the following tasks and entitlements:

- a) Promulgate legislative documents, strategies and plans for development of the petroleum industry under its competence or appeal to competent authorities to promulgate them;
- b) Formulate, promulgate and guide cost norms, economic and technical norms for fundamental investigation of petroleum and petroleum operations;
- c) Consolidate, monitor and report the development and results of hydrocarbon exploration, petroleum extraction, domestic consumption and export of petroleum;
- d) Carry out international cooperation;
- dd) Guide, disseminate, organize, monitor, inspect and evaluate the implementation of legislative documents on petroleum;
- e) Inspect and handle violations and settle complaints and denunciations about fundamental investigation of petroleum and petroleum operations under its competence;
- g) Take charge and cooperate with Ministries and ministerial agencies in inspecting and supervising the fulfillment of rights and obligation of PVN prescribed in Article 61 and Article 62 of this Law;
- h) Carry out other tasks for state management of fundamental investigation of petroleum and petroleum operations under its competence according to the regulations of this Law.

3. Ministries, ministerial agencies, the Provincial People's Committees, under their competence in tasks and entitlements, are responsible for cooperating with the Ministry of Industry and Trade in state management of fundamental investigation of petroleum and petroleum operations.

Article 66. Responsibilities of the Committee for Management of State Capital at Enterprises

1. Make enquiries about the use of capitals of PVN when enjoying the participating interest in a petroleum contract, the priority over purchase of the participating interest in the petroleum contract and when performing petroleum operations according to phases of the petroleum contract and the petroleum project, and submit the results to the Ministry of Industry and Trade for consolidation during the process of appraisal of the contents according to the regulations of this Law.
2. Inspect and supervise the contribution to the participation in the petroleum contract, transfer of the participating interest in the petroleum contract and performance of petroleum operations according to phases of the petroleum contract and petroleum project of PVN.

Chapter XI

IMPLEMENTATION CLAUSES

Article 67. Amendments to certain Articles of the Law on Corporation Income Tax and Law on Resource Tax

1. Amendments to Clause 3 Article 10 of Law on Corporation Income Tax No. 14/2008/QH12 which is amended by Law No. 32/2013/QH13, Law No. 71/2014/QH13 and Law No. 61/2020/QH14:

Replace the phrase “The corporate income tax rate applicable to the hydrocarbon exploration, exploitation and other rare and precious resources in Vietnam ranges from 32% to 50%, suitable for each project and each business establishment.” by the phrase “The corporate income tax rate applicable to petroleum operations ranges from 25% to 50% depending on each petroleum contract; the corporate income tax rate applicable to exploration and extraction of other rare and precious resources in Vietnam ranges from 32% to 50% depending on each project and each business establishment.”.

2. Amendments to Clause 1 Article 3 of Law on Resource Tax No. 45/2009/QH12 which is amended by Law No. 71/2014/QH13:

“1. Payers of resource tax are resource-extracting organizations and individuals subject to resource taxation, except for exploitation of oil and gas fields, groups of oil fields and blocks according to the regulations of law on petroleum.”.

Article 68. Effect

1. This Law comes into force from July 01, 2023.

2. The Petroleum Law dated July 06, 1993 which is amended by Law No. 19/2000/QH10, Law No. 10/2008/QH12 and Law No. 35/2018/QH14 becomes invalid from the date on which this Law comes into force.

Article 69. Transitional provisions

1. Contractors who sign petroleum contracts are granted investment registration certificates before the effective date of this Law shall continue to execute the signed petroleum contracts and the granted investment registration certificates.

2. Petroleum projects, reports, plans and programs which are approved before the effective date of this Law are continued to be applied according to the approved contents and are not required to supplement the contents specified in this Law.

3. Petroleum reports, plans, programs and contracts which are submitted to competent authorities before the effective date of this Law are not required to be re-submitted and shall be appraised and approved according to the regulations of law before the effective date of this Law.

4. The operation of the salvage shall be performed according to the operating mechanisms approved before the effective date of this Law shall be continued to be performed according to the issued decisions and regulations of law before the effective date of this Law./.

This Law was passed on November 14, 2022, by the XVth National Assembly of the Socialist Republic of Vietnam at its 4th session.

CHAIRMAN OF THE NATIONAL ASSEMBLY

Vuong Dinh Hue

*This translation is made by **THƯ VIỆN PHÁP LUẬT**, Ho Chi Minh City, Vietnam and for reference purposes only. Its copyright is owned by **THƯ VIỆN PHÁP LUẬT** and protected under Clause 2, Article 14 of the Law on Intellectual Property. Your comments are always welcomed*