

THE PRIME MINISTER**DECISION No. 143/2008/QĐ-TTg OF
OCTOBER 29, 2008, PROMULGATING
THE REGULATION ON SETTING UP,
MANAGEMENT AND USE OF THE OIL
AND GAS PROSPECTING AND
EXPLORATION FUND****THE PRIME MINISTER**

*Pursuant to the December 25, 2001 Law on
Organization of the Government;*

*Pursuant to the 1993 Petroleum Law and
the 2000 Law Amending and Supplementing a
Number of Articles of the Petroleum Law;*

*Pursuant to the Government's Decree No.
142/2007/ND-CP of September 5, 2007,
promulgating the Financial Management
Regulation applicable to the parent company -
the Vietnam National Oil and Gas Group;*

At the proposal of the Minister of Finance,

DECIDES:

Article 1.- To promulgate together with this
Decision the Regulation on setting up, management
and use of the Oil and Gas Prospecting and
Exploration Fund.

Article 2.- The Vietnam National Oil and Gas
Group shall set up, manage and use the Fund in
accordance with this Regulation.

implementation of social and religious policies, and petitions and complaints in other domains under its management;

2. Denunciations against agencies', organizations' and individuals' illegal acts in domains specified in Clause 1 of this Article.

Article 11.- The Committee for Science, Technology and Environment shall process the following complaints, denunciations and petitions:

1. Petitions and complaints concerning science, technology, resources and environment; policies on development of science, technology, resources and environment; important national works under the National Assembly's resolutions, and petitions and complaints in other domains under its management;

2. Denunciations against agencies', organizations' and individuals' illegal acts in domains specified in Clause 1 of this Article.

Article 12.- The Committee for Foreign Affairs shall process the following complaints, denunciations and petitions:

1. Petitions and complaints of foreign organizations and individuals and other petitions and complaints about or related to foreign affairs;

2. Denunciations against agencies', organizations' and individuals' illegal acts in domains specified in Clause 1 of this Article.

Article 13.- The Deputies Affairs Board shall assist the National Assembly Standing Committee in processing citizens' complaints and denunciations concerning the election of National Assembly

deputies; denunciations against National Assembly deputies, officials managed by the National Assembly Standing Committee, and National Assembly officials managed by the Party Central Committee.

Article 14.- The People's Aspirations Board shall assist the National Assembly Standing Committee in processing citizens' complaints, denunciations and petitions related to several Committees and the Council for Ethnic Minorities and complaints and denunciation falling beyond the management of the Council for Ethnic Minorities, National Assembly's Committees or the Deputies' Affairs Board.

Article 15.-

1. Biannually and annually, the Standing Board of the Council for Ethnic Minorities, the standing boards of the National Assembly's Committees, the People's Aspirations Board and the Deputies' Affairs Board shall report to the National Assembly Standing Committee on the receipt and processing of citizens' complaints, denunciations and petitions and the results of supervisory activities regarding the settlement of these complaints, denunciations and petitions.

2. The People's Aspirations Board shall assist the National Assembly Standing Committee in reviewing the receipt and processing of citizens' complaints, denunciations and petitions and the results of supervisory activities of the Council for Ethnic Minorities, the National Assembly's Committees and the National Assembly Standing Committee's Boards regarding the settlement of these complaints and denunciations and make

Article 3.- This Decision takes effect 15 days after its publication in "CONG BAO." All previous regulations on the setting up, management and use of the Oil and Gas Prospecting and Exploration Fund of the Vietnam National Oil and Gas Corporation which are contrary to this Decision are annulled.

Article 4.- The Minister of Finance and the Minister of Industry and Trade shall, within the ambit of their state management functions, inspect and supervise the implementation of this Regulation. Ministers, heads of ministerial-level agencies, heads of government-attached agencies, presidents of provincial/municipal People's Committees, and the chairman of the Board of Directors and the general director of the Vietnam National Oil and Gas Group shall implement this Decision.

Prime Minister
NGUYEN TAN DUNG

REGULATION ON SETTING UP, MANAGEMENT AND USE OF THE OIL AND GAS PROSPECTING AND EXPLORATION FUND

(Promulgated together with the Prime Minister's Decision No. 143/2008/QĐ-TTg of October 29, 2008)

Chapter I

GENERAL PROVISIONS

Article 1.- The Oil and Gas Prospecting and Exploration Fund (below referred to as the Fund) is set up to provide financial supports and offset part of risks in oil and gas prospecting and exploration (at home and overseas) and reserves assessment.

The Vietnam National Oil and Gas Group (below referred to as the Group) shall set up, manage and use the Fund in accordance with this Regulation.

Article 2.- In this Regulation, the terms below are construed as follows:

1. Oil and gas prospecting and exploration activities means activities aiming to prospect and assess oil and gas potential and determine the existence of oil and gas reserves and the capacity of oil and gas commercial exploitation within structure objects (seams, formations), structure clusters, blocks or sedimentary basins, covering: geological, geo-physical and geo-chemical preparations and surveys and other surveys; analyses and researches, well drilling and closing; seam test; well improvement; well repair; well destruction and reserves assessment planning.

2. Risks in oil and gas prospecting and exploration (risks) means achieved prospecting and exploration results which fail to attain the minimum objectives already approved by competent authorities.

Article 3.- Fund use purposes

The Fund is used for the Group's implementation of, or capital contribution to, domestic and overseas oil and gas prospecting and

exploration projects which fully satisfy the conditions specified in Clause 1, Article 4 of this Regulation; and for offsetting part of risks in oil and gas basic survey, prospecting, exploration and reserves assessment activities.

Article 4.- Conditions on projects to be financed by the Fund

1. To be financed by the Fund, an oil and gas basic survey or prospecting and exploration project must fully satisfy the following conditions:

a/ Having been approved by a competent authority under regulations and being other than those specified in Article 5 of this Regulation;

b/ Having detailed cost estimates for each job volume to be performed, which have been approved by the Group's Board of Directors.

2. The Group's Board of Directors shall, based on the provisions of Clause 1 of this Article and the Fund's capital-balancing capacity, decide on the use of the Fund for investment in specific projects in the following order of priority:

a/ Projects in overlapping areas and areas under disputes with regional countries which are related to national sovereignty or security; projects implemented by the Group in Laos and Cambodia, and other projects as decided by the Prime Minister;

b/ Encouraged oil and gas investment projects according to the list of oil and gas blocks decided by the Prime Minister;

c/ Other projects which fully satisfy the conditions specified in Clause 1, Article 4 of this Regulation.

Article 5.- Projects not to be financed by the Fund

1. Projects funded with capital of other sources.

2. Projects aiming to increase oil and gas reserves under exploitation projects or development projects, of which the development for oil and gas exploitation has been decided by a competent authority.

Chapter II

SETTING UP, MANAGEMENT AND USE OF THE FUND

Article 6.- Sources and levels of deductions for setting up the Fund

Annual deductions shall be made for the Fund from the following sources:

1. Not more than 10% of the host country's annual oil and gas profit allocated to the parent company - the Group.

2. 10% of the annual after-tax profit of the parent company - the Group.

3. Other sources (if any).

Deductions mentioned in Clauses 1 and 2 of this Article will not be made for the Fund once its balance has reached 10% of the charter capital of the parent company - the Group.

Article 7.- The Group's general director shall work out and submit annual plans on the use of the Fund to the Group's Board of Directors for approval as a basis for implementation, and include them as a separate item in the Group's annual financial plans.

Article 8.- Advance, take-over test, payment

1. The Group shall advance funds from the Fund for the implementation of oil and gas basic survey, prospecting and exploration projects on the basis of approved plans, implementation progress and detailed cost estimates. The specific advance level for each job item of a project shall be decided by the Group's general director but must not exceed 90% of the project's total estimate.

Advanced funds must be used for proper purposes; if they are used for improper purposes or not used up, they must be returned to the Fund within 15 days after a decision to this effect is issued by the Group's Board of Directors Chairman or a state agency competent to conduct examination, inspection or state audit.

2. Upon the termination or suspension of a project under a competent authority's decision, the Group shall set up a test council to determine the volume of completed jobs, implementation expenses for and results of the project. The Test Council's composition shall be decided by the Group's Board of Directors Chairman who shall take responsibility before the Group's Board of Directors and law for the truthfulness and accuracy of test results.

3. The payment of all expenses for project implementation is based on project test results.

Article 9.- Management and use of the Fund's idle capital

The Group may use the Fund's idle capital for its production and business needs other than the Fund's use purposes specified in Article 1 of this Regulation on the principle that it must refund this

capital and ensure the Fund's sufficient capital to meet arising funding needs. The use of the Fund for the above purposes must not affect oil and gas prospecting and exploration activities.

The Group's general director shall take responsibility before the Board of Directors and law for the efficient use of Fund's idle capital in accordance with the above principles.

Article 10.- Settlement of allocated funds upon project termination

1. Upon the termination of an oil and gas prospecting and exploration project, if oil and gas discoveries are of commercial value and when such project is decided to be transformed into a development project by a competent authority, the Fund's allocations for the project shall be debited and, at the same time, the Group owner's investment capital shall be credited.

2. In case an oil and gas prospecting and exploration project faces risks and is incapable to retrieve expenses:

a/ For projects on basic surveys and projects specified at Points a and b, Clause 2, Article 4 of this Regulation, the Group may debit the Fund's allocations in proportion to the volumes of the projects' oil and gas prospecting and exploration jobs already paid by the Fund;

b/ For other projects, the parent company - the Group shall use its financial provision fund to cover expenses; if this fund is deficient, the deficit shall be accounted as the parent company's production and business expenses within 5 years from the date of project termination.

Article 11.- Settlement of oil and gas prospecting and exploration projects

Within 6 months after an oil and gas prospecting and exploration project is completed or is forced to terminate ahead of schedule, the Group's Board of Directors shall evaluate and approve the settlement of the Fund's allocations for the project. Its approval decision must clearly state the actual value used from the Fund after subtracting the damages of the insurer or concerned collectives and individuals and the value of supplies and assets paid by the project (if any).

Article 12.- Year-end reports

Within 90 days after the year-end, the Group shall make a report on the setting up, use and settlement of the Fund and send it to the Ministry of Finance and the Ministry of Industry and Trade for monitoring and supervision.

The Ministry of Finance shall inspect and supervise the setting up, management and use of the Fund; guide in detail accounting regulations and the form of report on the setting up, use and settlement of the Fund.

Chapter III

IMPLEMENTATION PROVISIONS

Article 13.- The Group's Board of Directors shall, based on this Regulation, direct the Group in the setting up, management and use of the Fund, and take responsibility for the setting up, management and efficient and proper use of the Fund. Problems arising in the course of implementation should be reported to the Ministry

of Finance for study, synthesis and submission to the Prime Minister for amendment and supplementation.

Prime Minister
NGUYEN TAN DUNG