



*CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED*

## **Law Relating to Petroleum Exploration, Drilling and Production**

**2019 Pyidaungsu Hluttaw Law No. --**

**---, 1381**

**---, 2019**

The Pyidaungsu Hluttaw hereby enacts this law.

### **Chapter (1)**

#### **Name and definitions**

1. This law shall be called the Law Relating to Petroleum Exploration, Drilling and Production.
2. The terms in this law shall have the following meanings:
  - (a) **“Union”** means the Republic of the Union of Myanmar.
  - (b) **“Union Government”** means the Union Government of the Republic of the Union of Myanmar.
  - (c) **“Petroleum”** means fossil fuels which are hydrocarbon compounds. This term includes crude oil, condensate and natural gas.
  - (d) **“Crude Oil”** means solid or liquid petroleum which naturally formed and was extracted from underground, liquid formed in shale, liquid compounds of hydrogen and carbon, or condensate formed during the production of natural gas due to changing temperature and pressure.
  - (e) **“Natural gas”** means a gaseous compound composed of hydrogen and carbon elements extracted from the petroleum well. This term includes wet gas which contains petroleum and other compounds, gas which formed in shale, dry gas after other compounds have been naturally or artificially removed, gas formed at the top of a gas well, and the remaining gas removed from wet gas.
  - (f) **“Petroleum activity”** means any activity related to petroleum exploration, drilling and production onshore or offshore in the Union. This term includes petroleum-related activities such as planning, designing, managing, engineering, servicing, purchasing, construction, maintenance, systematic dismantling and the supply of petroleum equipment.



## LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

- (g) **“Petroleum exploration”** means exploring and prospecting, by means of geological, geophysical, geochemical or other modern technological methods, as to whether a layer contains petroleum reserves with high potential and as to whether commercial production is possible. This term does not include the drilling of an exploration well or appraisal well.
- (h) **“Petroleum drilling”** means drilling, testing and appraising in order to produce petroleum onshore, offshore in shallow or deep water or in underground stone layers with any type of drilling method after exploration activities have been concluded and proof of petroleum reserves and the viability of commercial production has been found.
- (i) **“Petroleum production”** means production, by means of human strength, machines or technology, of petroleum after having made development arrangements to commercially produce petroleum.
- (j) **“Permit”** means a permit issued by the Ministry according to this law for petroleum exploration and drilling or for petroleum production.
- (k) **“Block”** means the area demarcated and designated by the Ministry by notification, with the consent of the Central Committee and the approval of the Union government for the operation of an onshore or offshore petroleum production business within the Union.
- (l) **“Offshore”** means the territorial sea of the Republic of the Union of Myanmar, the contiguous zone, the exclusive economic zone and the continental shelf as specified in the Territorial Sea and Maritime Zones Law.
- (m) **“Onshore”** means Union territory encompassing an area starting from the seashore and stretching to the inland border with neighboring countries, including the rivers, streams, lakes, mountains and forests inside the area.
- (n) **“Company or organisation”** includes the following:
  - (1) A company, foreign company foreign corporation established according to the Myanmar Companies Law or a law in force;
  - (2) a partnership established according to the Partnership Law;
  - (3) a cooperative society established according to the Cooperative Societies Law.



## LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

- (o) “**Central Committee**” means the Petroleum Activity Regulatory Central Committee formed according to this law.
- (p) “**Ministry**” means the Ministry of Electricity and Energy of the Union government.
- (q) “**Department**” means the Petroleum and Natural Gas Administration Department under the Ministry of Electricity and Energy.
- (r) “**Inspector General**” means the Director General of the Department.
- (s) “**Myanma Oil and Gas Enterprise**” means a Union-owned enterprise under the management of the Ministry of Electricity and Energy which engages in petroleum exploration, drilling and production activities within the Union.
- (t) “**Petroleum activity permit holder**” means a person who has a permit issued according to this law.
- (u) “**Operator**” means a company or organisation to whom the right to manage has been transferred with the approval of the Ministry by a petroleum activity permit holder.

### Chapter (2) Objectives

3. The objectives of this law are as follows:
- (a) To engage in petroleum activities with the intention of promoting national interest in the better management of petroleum resources;
  - (b) to engage in systematic onshore and offshore drilling and production of petroleum in accordance with the energy policy;
  - (c) to use the petroleum reserves in the Union in sufficient amounts and to obtain foreign income through export;
  - (d) to support the improvement of the social and economic situation in the Union through petroleum activities;
  - (e) to sustainably develop petroleum activities and operate with minimum environmental impact;
  - (f) to develop the ability of citizens, in respect to petroleum activities, to international level;



- (g) to support local companies in their participating effectively in petroleum activities.

## Chapter (3)

### Formation of the Central Committee and its Duties

4. The Union government shall -
- (a) form the Central Committee as follows in order to efficiently implement the provisions of this law -
- (1) Union Minister, Ministry of Electricity and Energy - chairman
  - (2) one representative from the Union Government - member
  - (3) one representative from the Ministry of Agriculture, Livestock and Irrigation - member
  - (4) one representative from the Ministry of Foreign Affairs - member
  - (5) one representative from the Ministry of Transport and Communications - member
  - (6) one representative from the Ministry of Natural Resources and Environmental Conservation - member
  - (7) one representative from the Ministry of Commerce - member
  - (8) one representative from the Ministry of Planning and Finance - member
  - (9) one representative from the Ministry of Investment and Foreign Economic Relations - member
  - (10) Director General, Petroleum and Natural Gas Administration Department - secretary
  - (11) Managing Director, Myanma Oil and Gas Enterprise - joint secretary
- (b) The Central Committee formed according to sub-section (a) may be restructured as required.
5. The duties of the Central Committee are as follows -
- (a) setting petroleum activity policies with the consent of the Union government;



- (b) coordinating with the relevant ministries and organisations in order to implement the objectives of this law;
- (c) providing guidance on the specification of the blocks and reviewing applications to engage in a petroleum activity;
- (d) coordinating in order to achieve a transparent selection through open tenders with regard to applications by qualified companies, organisations and persons wishing to engage in petroleum exploration and drilling;
- (e) consenting to the engagement of local or foreign companies, organisations or persons having won a tender in a petroleum activity in a block in cooperation with Myanma Oil and Gas Enterprise;
- (f) approving or rejecting the petroleum and natural gas development and production plan, submitted by a petroleum activity permit holder through the Ministry and checked by the Ministry, which should prove the potential for commercial production;
- (g) forming working committees and sub-committees and assigning their duties in order to implement a petroleum activity;
- (h) coordinating with the government of the region or state in which the block is located or the Nay Pyi Taw Council *[if the block is located within its jurisdiction]* with regard to matters arising from the operation of a petroleum activity in a block;
- (i) coordinating with the government of the region or state where the operation shall take place or the Nay Pyi Taw Council *[if the operation shall take place in its jurisdiction]* and members of parliament of the respective constituency with regard to the socio-economic development plan;
- (j) performing the duties assigned by the Union government with regard to a petroleum activity.

#### **Chapter (4)** **Specifying a block**

6. The Ministry may, after having specified the area of onshore and offshore blocks where a petroleum activity can be done with the approval of the Central Committee, issue a notification with the approval of the Union government.



7. The Ministry may, when specifying petroleum blocks according to section 6, designate reserved blocks for exclusive operation by the Union in the national interest for the sustainable use of petroleum reserves.
8. The Ministry shall -
  - (a) before specifying and announcing an onshore block according to section 6, announce to the public according to the standard procedure which area it intends to designate as a block;
  - (b) form an investigation committee headed by the Director General of the Department and manned with relevant experts which shall investigate what losses may occur to citizens in the area, assist the citizens in enforcing their rights, and implement measures with regard to the designation of the block;
  - (c) if the Ministry wishes to designate land that is under the management of a particular government department or organisation as a block according to section 6, it shall coordinate and negotiate with the respective government department or organisation before doing so;
  - (d) a petroleum activity permit holder wishing to engage in a petroleum activity on land where a person or an organisation has the right to farm, own, use, have interest, inherit or transfer shall, with regard to the use of the land, proceed according to the law in force.
9. The Ministry may, by notification, amend or revoke the designation as a block according to section 6 for an entire block or a part thereof with the consent of the Central Committee and the approval of the Union government.

### **Chapter (5)**

#### **Duties and Rights of the Ministry**

10. The duties relating to petroleum activities of the Ministry are as follows -
  - (a) implementing an efficient and transparent management of petroleum resources;
  - (b) following the submission of applications by qualified companies or organisations wishing to engage in petroleum activities, reviewing the applications and selecting from among them in accordance with the tender rules;



## LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

- (c) administering and regulating petroleum activities done by Myanma Oil and Gas Enterprise and petroleum activities done by companies or organisations in cooperation with Myanma Oil and Gas Enterprise;
- (d) assisting in obtaining required approvals and in other administrative matters in order to enable a petroleum activity permit holder to operate smoothly;
- (e) issuing recommendations and permits to assist the petroleum activities which are operated with the approval of the Ministry;
- (f) assisting a petroleum activity permit holder in tax matters by coordinating with relevant government departments and organisations according to the law in force or the terms in the contract;
- (g) approving or rejecting an application made by a petroleum activity permit holder to extend or cancel this person's permit period;
- (h) approving or rejecting, according to the law in force and the terms in the contract, an application made by a petroleum activity permit holder to sell, transfer or otherwise dispose of all or part of this person's shares, rights and obligations or interest in a petroleum activity to a company or organisation;
- (i) making available to the public the relevant information from among all of the information obtained when implementing this law, and conducting awareness campaigns from time to time;
- (j) coordinating with the relevant ministries with regard to the preservation of health and safety of employees and workers working for a petroleum activity;
- (k) announcement of directives, procedures and regulations, laws and rules for the awareness of the public with regard to the conclusion and amendment of a contract and with regard to petroleum activities;
- (l) making an announcement for public awareness when a petroleum permit holder notifies the amount of the petroleum reserves with the potential for commercial production, together with sufficient evidence;
- (m) screening and reporting to the Central Committee the production and development plan of a petroleum activity permit holder, and implementing it as a national project if the Central Committee has approved it;



## LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

- (n) negotiating taxes and rent payable to the Union from projects;
  - (o) coordinating the projects and making arrangements in order to prioritise the employment of local workers and experts and the transfer of technology.
11. The rights of the Ministry in petroleum activities are as follows -
- (a) ordering a petroleum activity permit holder to provide required evidence and data with regard to the activity;
  - (b) overseeing compliance with the terms of the contract and the laws in force in Myanmar; taking action if a violation is found;
  - (c) right to obtain, from a petroleum activity permit holder in accordance with the contract, the physical assets used when engaging in the petroleum activity, original data collected in such activity, calculations and estimates, samples of soil, petroleum and chemicals, information and reports, and right to own these things;
  - (d) right to enter at any time the location where the activity takes place, the neighbouring area and the block, and checking the data, records and ledgers of the activity;
  - (e) entering the premises and checking whether relevant policies or emergency plans with regard to work safety, security and health matters are being implemented according to the law in force;
  - (f) participating in shares, rights and obligations or interest in a petroleum activity as prescribed;
  - (g) ordering a petroleum activity permit holder to assess social, environmental and health risks according to the law in force;
  - (h) pre-emptive right if the petroleum activity permit holder wishes to transfer the activity or this person's shares, rights and obligations or interest in the petroleum activity;
  - (i) pre-emptive right to purchase and, if required, negotiating a bigger purchase with regard to produced oil in order to meet the Union's consumption needs;
  - (j) specifying, amending or cancelling work rules with regard to workers working for a petroleum activity;





- (k) right to use the data and information collected from the operation of a petroleum activity if strict confidentiality is observed;
  - (l) right to collect fees for separate services provided to a petroleum activity;
  - (m) specifying necessary rules and regulations in order to support the petroleum activity.
12. The Ministry may allow Myanmar Oil and Gas Enterprise to engage in one petroleum activity or more than one petroleum activity on the blocks designated for exclusive operation by the Union according to section (7) among the blocks specified according to section (6).

### **Chapter (6)**

#### **Right of Myanmar Oil and Gas Enterprise to engage in petroleum activities**

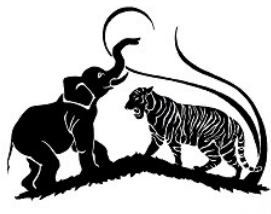
13. Myanmar Oil and Gas Enterprise -
- (a) may, with the approval of the Ministry, engage in a petroleum activity alone without cooperating with another company or organisation;
  - (b) shall be exempt from obtaining a permit according to this law for the engagement in a petroleum activity according to sub-section (a).
14. Myanmar Oil and Gas Enterprise may, after having reported to the Ministry and having obtained approval of the Union government, enter into a cooperation contract of any of the following types with a local or foreign investor having won a tender to engage in a petroleum activity onshore or offshore, provided that a permit according to this law has been obtained -
- (a) production sharing system;
  - (b) improved petroleum recovery system;
  - (c) joint venture;
  - (d) profit sharing system;
  - (e) operating in another type of cooperation.



## Chapter (7)

### Invitation to cooperate with companies or organisations in the operation of a petroleum activity

15. When the Ministry selects, with the approval of the Central Committee, a local or foreign company or organisation to cooperate with Myanma Oil and Gas Enterprise in the operation of petroleum exploration and drilling, the Ministry shall -
  - (a) make arrangements to avoid a monopoly and price rigging, ensure fair competition, transparency, responsibility and accountability and safeguard the interest of the Union and its citizens;
  - (b) form tender committees and other required committees, invite bids and transparently select winners in an open tender system.
  
16. The following items shall be included in the tender invitation for engaging in a petroleum exploration and drilling activity in cooperation with Myanma Oil and Gas Enterprise acting on behalf of the Union -
  - (a) information to be specified by the Ministry;
  - (b) name, description, location, size, latitude and longitude of the block to be operated in cooperation;
  - (c) cooperation system (joint venture, production sharing contract, profit sharing contract or improved petroleum recovery system);
  - (d) information to be provided by the bidder -
    - (1) financial statements proving financial capability with regard to the investment amount;
    - (2) copy of the memorandum and articles of association or constitution if the bidder is a company or organisation;
    - (3) evidence of having sufficient technology, technicians and other experts;
    - (4) proof of experience in exploration, drilling and production in a block;
    - (5) amount and ratio to be received by the Union;
    - (6) work plan with regard to exploration and drilling;



- (7) plan to make an environmental and social impact assessment.

## Chapter (8)

### Application and selection for a petroleum activity permit

#### Issuance of permit

17. Anyone wishing to engage in any petroleum activity shall apply to the Ministry as prescribed for an exploration and drilling permit in order to obtain the permit.
18. (a) The Ministry shall form a tender committee and other required committees as prescribed and assign to them the duty to review the application.
- (b) The tender committee shall transparently make an initial selection among the applicants that have fulfilled the requirements and report the shortlist to the Ministry.
- (c) The Ministry shall announce the shortlisted applicants.
19. The tender committee shall carefully check the application for the blocks of the shortlisted applicants and suggest suitable applicants for petroleum exploration and drilling to the Ministry.
20. The Ministry may -
- (a) issue a permit with the approval of the Union government, specifying the permit period and terms and conditions with the consent of the Central Committee, to the following companies or organisations -
- (1) the company or organisation wishes to engage in a petroleum activity with 100% citizen or foreign investment;
- (2) the company or organisation is a joint venture between a citizen and a foreign investor;
- (3) the company or organisation is a cooperation between a citizen and a foreign investor.
- (b) The Ministry shall collect the payable fees from the petroleum activity permit holder upon the issuance of the permit according to sub-section (a).
- (c) The petroleum activity permit holder and Myanma Oil and Gas Enterprise shall enter into a contract as prescribed.



## Chapter (9)

### Engaging in petroleum exploration and drilling

21. The Ministry -
- (a) may grant a permit period of up to 2 years with regard to the petroleum exploration permit;
  - (b) may extend the permit period for the petroleum exploration only once for up to one year if an application for extension is made with sufficient evidence within the prescribed period;
  - (c) may grant a permit for a period not exceeding 8 years for petroleum drilling.
22. The permit holder shall report the activities and results of the exploration and drilling to the Ministry and Myanma Oil and Gas Enterprise as prescribed; a final report on the activities and results shall be submitted after the completion of the relevant activity.

## Chapter (10)

### Discovery of petroleum for commercial production

23. The permit holder shall -
- (a) notify the Ministry and Myanma Oil and Gas Enterprise within 30 days from the date of discovery together with sufficient evidence if petroleum has been found in the permitted exploration block;
  - (b) after having made the notification according to sub-section (a), submit a detailed appraisal drilling plan covering the commercial production of petroleum and a financial estimate as prescribed and obtain approval of the Ministry and Myanma Oil and Gas Enterprise;
  - (c) if the potential for commercial production is confirmed upon the completion of the appraisal drilling, the permit holder shall make a development and production plan in accordance with the terms of the contract and submit it through the Ministry for approval of the Central Committee;
  - (d) if the potential for commercial production is confirmed upon the completion of the appraisal drilling, the commercial production area may be re-defined according to the terms of the contract. The block shall be returned to the Ministry if no development and production plan is submitted;



- (e) an official confirmation of the amount of the petroleum reserves to be commercially extracted from a block shall be obtained from a third-party company or organisation with high reputation, experience and knowledge in the international oil and gas sector; the amount that can potentially be extracted shall be announced to the public through the Ministry.

## **Chapter (12)**

### **Engaging in petroleum production**

- 24. A company or organisation having discovered petroleum reserves for commercial production shall obtain a production permit from the Ministry and conclude a contract with Myanma Oil and Gas Enterprise as prescribed.
- 25. The Ministry may allow a production permit for initially 20 years at most. However, the permit period may be set to extend to up to 30 years based on the commercial profit and the size of the reserves.
- 26. The permit holder shall report the activities and results of the production to the Ministry and Myanma Oil and Gas Enterprise as prescribed; a final report on the activities and results shall be submitted after the completion of the production.

## **Chapter (13)**

### **Relinquishing a block**

- 27. A permit holder -
  - (a) wishing to relinquish a block according to the terms of the contract during the permit period shall notify the Ministry 30 days in advance and may return the block with the approval of the Ministry in accordance with the terms specified by the Ministry;
  - (b) if no petroleum has been found by the end of the permit period, shall relinquish the permitted block and return it to the Ministry;
  - (c) if petroleum has been found during the permit period, shall relinquish the remaining area and return it to the Ministry before the expiry of the permit term, with the exception of the production area;
  - (d) wishing to return the petroleum development and production area due to the reserves for commercial production having been exhausted, shall notify the Ministry 90 days in advance and return the block to the Ministry as prescribed;



- (e) shall relinquish the petroleum development and production area and return the block to the Ministry as prescribed after the expiry of the permit.
- 28.
- (a) A petroleum activity permit holder shall be responsible for settling any expenses, damages, liabilities and other matters to be done prior to relinquishing any petroleum activity. Furthermore, the petroleum activity permit holder shall arrange for the relinquished block to be as closely returned to its original condition as possible.
  - (b) Myanma Oil and Gas Enterprise shall not be obliged to comply with the provision of sub-section (a) unless agreed otherwise.

### Chapter (14)

#### Rights and obligations of a petroleum activity permit holder

29. The obligations of a petroleum activity permit holder are as follows -
- (a) compliance with the law in force, the provisions of this law, the rules, regulations, procedures, notifications, orders and directives issued under this law, the terms specified in the contract, the tax liabilities and the terms and conditions of the permit;
  - (b) when engaging in a petroleum activity, operating responsibly according to international best practice, the policy and the law in force with regard to environmental conservation, work safety and security, health matters and waste disposal;
  - (c) providing all funds and technology required for the petroleum activity;
  - (d) providing insurance from an insurance company licensed in the Union for workers working for the petroleum activity;
  - (e) hiring citizen experts and workers with priority; making arrangements to build their capacity; causing the operator and sub-contractors to do the same; according the same rights to citizen experts and workers based on their proficiency and experience as are accorded to foreign workers;
  - (f) paying compensation for the land used for the petroleum activity as well as for the buildings, crops and forests attached to this land according to the law in force;
  - (g) immediately notifying the Ministry or relevant department if any natural resources, antiques or treasures other than petroleum are found in the permitted block during the operation;



## LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

- (h) keeping safe all the information obtained during the petroleum activity and transferring, during the permit period or after the expiry of the permit period or the relinquishment of the block, all physical assets used when engaging in the petroleum activity, original data collected in such activity, calculations and estimates, samples of soil, petroleum and chemicals, information and reports;
- (i) allocating produced petroleum to the Union consumption needs as provided in the terms of the contract and if the Union needs to purchase more, selling with priority in accordance with the market price;
- (j) providing a guarantee of the parent company and a performance bank guarantee in accordance with the terms and conditions in the contract as required for the activity;
- (k) purchasing domestic goods and services required for the activity with priority;
- (l) obtaining official confirmation from a third-party company or organisation with high reputation, experience and knowledge in the international oil and gas sector of the amount of the petroleum reserves to be commercially extracted;
- (m) after a commercial production reserve has been confirmed, submitting the development and production plan according to the terms and conditions to the Ministry and obtaining its approval;
- (n) arranging for maximum rehabilitation of blocks after the completion of petroleum exploration, drilling or production;
- (o) making emergency plans for the disposal of hazardous waste, accidents and natural disasters, submitting them annually to the Ministry and obtaining its approval;
- (p) complying with international best practice for safe operation with regard to the venting and flaring of natural gas during the production period;
- (q) making a corporate social responsibility plan including an estimate of the amount to be spent, submitting it annually to the Ministry and obtaining its approval;
- (r) notifying the Ministry in order to obtain Myanmar Investment Commission approval with regard to the sale, transfer or other disposal of all or part of the shares, rights, interest and obligations of the petroleum activity permit holder;
- (s) if the petroleum activity permit holder is composed of more than one organisation, appointing, from among them and with the approval of the Ministry, as operator the



organisation that is the most qualified, financially strongest and best equipped to operate the petroleum activity;

- (t) if the petroleum activity permit holder is composed of more than one organisation, causing the operator organisation to appoint citizen experts from the other organisations and to enable them to participate in the petroleum activity;
- (u) if a petroleum reserve is encompassing the area of other reserves, the respective petroleum activity permit holders shall endeavour to come to an arrangement with the approval of the Ministry to produce jointly;
- (v) if the petroleum reserve is close to the border with other nations, notifying the Ministry in order to coordinate the interests of the concerned nations;
- (w) reserving a fund in order to dismantle and deconstruct the equipment and buildings used in the petroleum activity safely with the approval of the Ministry after the cessation of petroleum production;
- (x) measuring, testing and analysing produced petroleum and petroleum to be sold with qualified modern equipment according to internationally accepted standards.

30. The rights of a petroleum activity permit holder are as follows -

- (a) In order to prepare for a petroleum activity: Right of access to geological, geophysical and geochemical data of the relevant block kept by Myanma Oil and Gas Enterprise according to the terms specified by the Ministry;
- (b) right to keep data and information obtained from the operation of the petroleum activity confidential; right to disclose such data to the relevant government authority, members of the operator, financial organisations and potential transferees with the approval of the Ministry;
- (c) right to disclose operation, production and financial data obtained from the operation of the petroleum activity with the exception of business secrets such as geo-scientific facts and engineering data.





## Chapter (15)

### Inspecting, supervising and taking action

31. The inspector general may appoint appropriate officers from the departments under the Ministry as inspection officers or inspection team in order to perform his or her duties on his or her behalf.
32. The duties of the inspector general are as follows -
  - (a) inspecting whether a petroleum activity permit holder is in compliance with the provisions of this law and the rules, regulations, procedures, orders and directives issued according to this law, the terms specified in the permit and the terms specified in the contract;
  - (b) reporting to the Ministry so that the Ministry may take administrative action against a petroleum activity permit holder who was found, when inspected according to sub-section (a), to have committed a violation;
  - (c) inspecting employment arrangements for citizen workers and experts;
  - (d) overseeing healthcare, safety, accident prevention, improvement of the working environment and regulatory matters related to workers working for a petroleum activity;
  - (e) overseeing the activities to be done by the petroleum activity permit holder during the operation according to the environmental and social impact assessment;
  - (f) specifying the duties of the inspection officers and overseeing their performance;
  - (g) performing the duties assigned by the Ministry as required.

## Chapter (16)

### Administrative orders

33. The Ministry may -
  - (a) issue any of the following administrative orders if any petroleum activity permit holder is found to have violated any prohibition in the law, the rules, regulations, procedures, orders or directives issued according to this law or any terms specified in the contract -
    - (1) temporary suspension of the permit for a specified period;



- (2) revocation of the permit;
  - (3) termination of the contract made with the petroleum activity permit holder;
  - (4) placement on the list of blacklisted persons or list of blacklisted businesses and announcing this.
- (b) If a petroleum activity permit holder is found to have violated any obligations contained in chapter (13) except the prohibitions specified in section (29) sub-sections (b), (f), (l), (n) and (u), issue any of the following administrative orders -
- (1) notice;
  - (2) imposition of a fine specified in the rules issued under this law;
  - (3) temporary suspension of the permit for a specified period;
  - (4) revocation of the permit.

### **Chapter (17)** **Prohibitions**

34. No one shall engage in petroleum exploration, drilling or production without a permit.
35. A petroleum activity permit holder shall not, with regard to any activity -
  - (a) impact the environment as a consequence of non-compliance with specified standards;
  - (b) fail to comply with arrangements specified in accordance with the prescribed terms for health and work safety;
  - (c) fail to comply with any obligations specified in section (29) sub-sections (b), (f), (l), (n) and (u).
36. A petroleum activity permit holder shall not provide false information, make a false report or submission or take a false oath concerning a petroleum activity.
37. No one shall disturb or prevent a petroleum activity operated according to a permit issued under this law.



## **Chapter (18)** **Offences and penalties**

38. Anybody found to have violated the prohibition contained in section 34 shall be sentenced to imprisonment for up to 1 year or a fine from Ks. 500,000,000 to Ks. 1,000,000,000 or both; the relevant evidence shall be confiscated as public property.
39. Anybody found to have violated a prohibition contained in section 35 shall be fine from Ks. 500,000,000 to Ks. 1,000,000,000.
40. Anybody found to have violated a prohibition contained in section 36 shall be fine from Ks. 50,000,000 to Ks. 100,000,000.
41. Anybody found to have violated the prohibition contained in section 37 shall be sentenced to imprisonment for up to 1 year or a fine from Ks. 50,000,000 to Ks. 100,000,000 or both.

## **Chapter (19)** **Royalties and other fees**

42. A permit holder shall pay 12.5% of the crude oil or natural gas (gross value or volume) produced annually as royalty to the Union budget in cash or in kind as specified by the Ministry.
43. The Ministry may specify the fees for a permit, rent, service fees and other fees with regard to a petroleum activity with the approval of the Union government.
44. If a permit holding company or organisation has to pay royalties and other fees in cash, this can only be done in foreign currency according to the specified terms.

## **Chapter (20)** **Miscellaneous**

45. If any petroleum is found above ground or underground on land or offshore where a person or organisation has the right to farm, own, use, have interest, inherit or transfer, such petroleum shall be considered to be Union property.
46. Prior approval from the Ministry shall be obtained before prosecuting offences under this law.
47. The operation of petroleum activities permitted according to the law in force before the enactment of this law may continue according to the terms in the contract made with Myanmar Oil and Gas Enterprise. The operation shall comply with the provisions of this law after the end of the contract period.



## LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

48. Matters covered by this law shall be done in accordance with this law irrespective of the provisions in any other law in force. However, the provisions of the Hand-dug Petroleum Law (Pyidaungsu Hluttaw Law No. 15/2017) shall not be considered to cover matters under this law.
49. A petroleum activity permit holder shall maintain a reserve fund according to the specified terms for environmental conservation activities.
50. A petroleum activity permit holder shall maintain a reserve fund according to the specified terms for petroleum activity research and development.
51. A petroleum activity permit holder shall maintain a training fund according to the specified terms for human resources development for the benefit of workers working for the petroleum activity.
52. The Ministry shall, with the approval of the Union government and based on the special nature of the petroleum activity and international best practice, specify the regular working hours, working days, overtime pay, leave, off-days and benefits for workers working at onshore and offshore blocks and associated businesses using a shift system.
53. A person wishing to engage in a petroleum activity shall obtain a permit from the Myanmar Investment Commission according to the Myanmar Investment Law.
54. In implementing the provisions of this law -
  - (a) the Ministry may issue required rules and regulations with the approval of the Union government;
  - (b) the Central Committee and the Ministry may issue required notifications, orders, directives and procedures;
  - (c) the Department and Myanma Oil and Gas Enterprise may issue required orders and directives.
55. The Petroleum Resources (Development Regulation) Act (1957 Act No. 55) is repealed by this law.



## LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

### About Lincoln Legal Services (Myanmar) Limited

Lincoln Legal Services (Myanmar) Limited provides the full range of legal and tax advisory and compliance work required by investors. We pride ourselves in offering result-oriented work, high dependability and a fast response time at very competitive prices. Please do not hesitate to contact us:

- Sebastian Pawlita, Managing Director  
Phone: +95-9-262546284 (English)  
E-Mail: [sebastian@lincolnmyanmar.com](mailto:sebastian@lincolnmyanmar.com)
- Nyein Chan Zaw, Director  
Phone: +95-790488268 (Myanmar)  
E-Mail: [nyeinchanzaw@lincolnmyanmar.com](mailto:nyeinchanzaw@lincolnmyanmar.com)

Office address: La PyiWun Plaza, Room 409 (4<sup>th</sup> Floor), 37 Alan Pya Pagoda Road, Dagon Township, Yangon

Web: [www.lincolnmyanmar.com](http://www.lincolnmyanmar.com)