

LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

CONVENIENCE TRANSLATION - ACCURACY NOT GUARANTEED

Government of the Republic of the Union of Myanmar
Ministry of Energy
(Petroleum Business Decommissioning Order)
Order No. 102/2024
1386, 11th Waxing Day of Thadingyut
(28 October 2024)

Exercising the powers conferred by section 14 (b) Oilfields Act 1918, the Ministry of Energy hereby issues the following order.

Chapter 1

Title, objectives and definition

1. This order shall be known as the Petroleum Business Decommissioning Order.
2. This order is issued to ensure that the company operating a petroleum business or the petroleum business operator with official permission (Operator) carries out the decommissioning of the petroleum business as prescribed at the end of the project period.
3. The expressions in this order shall have the meanings given to them in the Oilfields Act 1918, and the Rules under the Myanmar Oilfields Act 1918. In addition, the following expressions shall have the meanings given hereunder:
 - (a) **“Petroleum business”** means the exploration and production of oil and natural gas, both onshore and offshore.
 - (b) **“Project”** means development activities that are planned in phases over years to carry out a petroleum business.
 - (c) **“Infrastructure”** means the oil rig (jacket, topside), underwater pipelines, production wellhead equipment and pipelines, etc., which are essential for petroleum production.
 - (d) **“Ministry”** means the Ministry of Energy.

Chapter 2

Particulars to be observed when decommissioning a petroleum business

4. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall comply with the following international and ASEAN regional



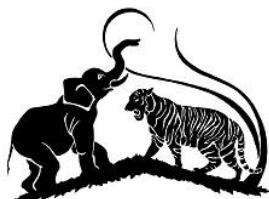
conventions, guidelines and standards when carrying out the decommissioning of a petroleum business:

- (a) Geneva Convention on Continental Shelf, 1958
 - (b) United Nations Convention on the Law of the Sea (UNCLOS), 1982
 - (c) International Maritime Organization (I.M.O) Guidelines and Standards, 1989
 - (d) London Dumping Convention, 1972/1996
 - (e) Basel Convention, 1989
 - (f) ASEAN Council on Petroleum (ASCOPE) Decommissioning Guideline
 - (g) International Finance Corporation Environmental, Health and Safety (IFC EHS) Guidelines for Onshore Oil and Gas Development, 2007
 - (h) International Finance Corporation Environmental, Health and Safety (IFC EHS) Guidelines for Offshore Oil and Gas Development, 2015
5. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall comply with the laws, regulations, and guidelines on natural resources and environmental conservation, as well as the laws, regulations, and guidelines on transportation and communications, so as to avoid harming international maritime navigation and the environment when decommissioning the petroleum business.
6. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall comply with the provisions concerning petroleum business decommissioning in the contracts concluded for petroleum exploration and production such as the production sharing contract (PSC), the improved petroleum recovery contract (IPR), and the performance compensation contract (PCC).

Chapter 3

Things to do in advance before decommissioning a petroleum business

7. Regarding the decommissioning of a petroleum business, the company operating the petroleum business or the petroleum business operator with official permission (Operator) shall submit the following information to the Department of Oil and Natural Gas Management of the Ministry, prior to the decommissioning of the petroleum business:



- (a) Decommissioning plan, including the estimated costs, drawn up at the beginning of the project;
 - (b) calculation and presentation of annual cost estimates; and
 - (c) feasibility study.
8. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall draw up a detailed plan for the decommissioning of the petroleum business and submit it to the Department of Environmental Conservation of the Ministry of Natural Resources and Environmental Conservation for approval at least 2 years before the end of the contract period.
9. The company operating a petroleum business or the petroleum business operator with official permission shall take into account the decommissioning of the petroleum business, starting from the submission of the field development plan at the beginning of the project. Preparations shall be made in advance regarding decommissioning matters during project submission, project implementation, and project completion.
10. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall conduct an environmental impact assessment according to nos. 14 and 17 of appendix A of the Environmental Impact Assessment Procedures to assess the environmental impact of the decommissioning of the petroleum business and submit the report to the Department of Environmental Conservation of the Ministry of Natural Resources and Environmental Conservation.
11. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall submit to the Ministry for approval a plan to establish a petroleum business decommissioning fund, the contribution period, and the amount to be contributed, and contribute in advance to the petroleum business decommissioning fund.

Chapter 4

Petroleum business decommissioning methods

12. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall consider the following when decommissioning a petroleum business:
 - (a) Occupational health and safety;
 - (b) environmental protection;



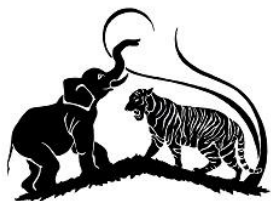
- (c) public perception of the project;
 - (d) costs;
 - (e) socio-economic status of those who depend on the sea for their livelihood (e.g. fishermen, [maritime] pilots, sailors and divers);
 - (f) impact on the country and the region.
13. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall do the following when decommissioning a petroleum business:
- (a) Well plug & abandonment;
 - (b) removal & disposal;
 - (c) leave in place;
 - (d) using in another way.
14. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall do the following when plugging and abandoning wells:
- (a) Sealing the area where petroleum could be released from below the surface with cement;
 - (b) sealing it using additional plugs;
 - (c) testing the strength of the cement plugs used for sealing;
 - (d) placing the cement plug on the hole of the surface to be sealed;
 - (e) cutting the strings; and
 - (f) identifying abandoned wells on land and filling them back up with soil.
15. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall do the following when removing and disposing offshore petroleum infrastructure:
- (a) Not [sic] lifting the offshore infrastructure with a crane;
 - (b) cutting it into small, medium or large pieces on land;
 - (c) floating it on water;



- (d) using specially constructed vessels;
 - (e) cutting, not [*sic*] lifting the platform leg with a crane;
 - (f) floating the platform leg on water;
 - (g) toppling.
16. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall do the following when removing and disposing of a floating storage and offloading (FSO) vessel used for storing produced petroleum:
- (a) Cleaning & flushing of pipelines, dismantling and transporting them ashore;
 - (b) Disconnecting the moorings of the floating storage and offloading (FSO) vessel;
 - (c) removing the pipe and flexible pipes connecting the platform;
 - (d) removing and disassembling the equipment and materials connected to the pipe;
 - (e) removing moorings equipment;
 - (f) removing submerged objects;
 - (g) inspecting and verifying the removal.
17. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall, when removing and disposing according to paras. 15 and 16, remove and dispose according to international practice the pipelines that connect to the infrastructure or the floating storage and offloading vessel (FSO) and are not buried under the sea floor such as umbilicals and power cables.
18. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall submit to the Ministry the request to leave the infrastructure or related facilities in place if removal & disposal is not possible due to any of the following reasons:
- (a) Not technically feasible;
 - (b) extreme costs;
 - (c) unacceptable risk to personnel;
 - (d) unacceptable risk to marine environment.



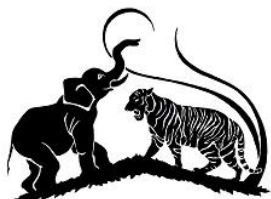
19. The Ministry shall, based on the submissions and information pursuant to para. 18, decide, in consultation with other relevant departments, whether or not to allow the infrastructure or related facilities to remain in place.
20. The company operating a petroleum business or the petroleum business operator with official permission (Operator) may, if the Ministry decided to allow the infrastructure and associated facilities to remain in place, reuse it for other construction projects, onshore petroleum production, and in other ways in other oil platforms.
21. The Ministry may permit the use of infrastructure or related facilities that are allowed to remain in place for the following:
 - (a) Conversion into underwater reefs;
 - (b) conversion into wind power plants;
 - (c) conversion into thermal power plants;
 - (d) reuse as a research center; and
 - (e) reuse for fishing activities.
22. If the Ministry decides not to allow *[infrastructure or related facilities]* to remain in place, the company operating a petroleum business or the petroleum business operator with official permission (Operator) shall decommission the petroleum business.
23. The following submarine pipelines, which are used to transport oil and natural gas from infrastructure, do not require removal as they do not affect navigation:
 - (a) Oil or gas export pipeline;
 - (b) pipelines connecting onshore or offshore oil fields;
 - (c) pipeline within an onshore or offshore field; and
 - (d) loading hose.
24. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall constantly monitor and ensure that the infrastructure or associated facilities remaining in place does not interfere with the navigation of other maritime users.



Chapter 5

Things to be done to prevent environmental damage during the petroleum business decommissioning

25. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall take the following measures to prevent environmental damage before, during, and after the decommissioning of the petroleum business:
- (a) Preparing a comprehensive environmental impact assessment (EIA) report for the decommissioning operations according to the method selected from chapter 4;
 - (b) obtaining an environmental compliance certificate from the Ministry of Natural Resources and Environmental Conservation;
 - (c) preparing measures in advance according to the law and rules [*refers probably to the Environmental Conservation Law and Rules*] and other relevant laws in force to reduce adverse effects;
 - (d) contributing the costs in advance to the petroleum business decommissioning fund;
 - (e) contributing a portion of the profits from the extraction, trading and use of natural resources to an environmental conservation fund;
 - (f) paying special attention to prevent noise, dust emissions, air emissions, and spills of hazardous petroleum and chemicals from the decommissioning of an onshore petroleum business;
 - (g) paying special attention to prevent seabed pollution, seabed erosion, changes in sea currents, and the infiltration of waste from the decommissioning of an offshore shallow or deep-water petroleum business;
 - (h) submitting the matter to relevant departments so that maritime warnings may be issued for the safety of vessels while the decommissioning work is underway;
 - (i) disposing waste materials that may cause environmental damage or pose a hazard in a systematic manner according to international standards;
 - (j) when disposing objects from the petroleum business, selecting a location where maritime traffic or commercial fishing is not affected and health, safety & environment (HSE) requirements are met;
 - (k) monitoring and inspecting for environmental damage;



- (l) upon completion of the offshore shallow water or deep-water decommissioning work, removing the markers shown in the navigation chart and submitting the matter to the relevant departments so that adjustments may be made to suit the situation;
- (m) monitoring and inspecting the decommissioning sites upon completion of the petroleum business decommissioning;
- (n) conducting surveys and analyses to ensure that there is no oil and gas leakage;
- (o) taking responsibility for the consequences that may arise from the decommissioning of the petroleum business;
- (p) paying compensation according to rule 30 Environmental Conservation Rules if the environment is polluted;
- (q) upon completion of the oil and gas operations, restoring the land and water in the areas where the oil and gas operations were conducted to their original condition as much as possible;
- (r) conducting the environmental impact assessment until it is verified and approved by an internationally recognised domestic or foreign organisation (third party).

Chapter 6 Miscellaneous

- 26. If the company operating a petroleum business or the petroleum business operator with official permission (Operator) has, at the end of the project period, any tax arrears on materials, equipment, vehicles, machinery, etc. imported from abroad to implement the project, he shall comply with the tax laws, rules, regulations and procedures in force and submit evidence to the Ministry that the tax arrears have been cleared.
- 27. The company operating a petroleum business or the petroleum business operator with official permission (Operator) shall submit a petroleum business decommissioning plan using the headings in appendix A, [a report of] the completion of the decommissioning work using the headings in appendix B, and [a report of] the completion of the disposal using the headings in appendix C to the Department of Oil and Natural Gas Management of the Ministry.

(Signed)
Ko Ko Lwin
Union Minister



Headings to be included in the submission of the petroleum business decommissioning plan

1. Introduction
2. Executive summary
3. Background
4. Items to be decommissioned
5. Inventory of materials
6. Decommissioning and disposal methods
7. Selection of the decommissioning and disposal methods
8. Wells
9. Drilling cuttings
10. Environmental assessment
11. Recommendations from relevant groups
12. Funding and costs
13. Timeline
14. Project management and approval
15. Waste disposal
16. Post-decommissioning monitoring and maintenance
17. Supporting studies
18. References
19. Appendices



Headings to be included in the report on the completion of the decommissioning work

1. Introduction
2. Executive summary
3. Approval of the final disposal agreement
4. Disposal management method
5. Disposed volume
6. Determining disposal routes
7. Preparation of disposal management plans
8. Operational structure for implementation
9. Onshore waste acceptance, disposal, and removal methods
10. Project-related documents
11. Safety measures
12. Environmental impact mitigation measures
13. Project timeline
14. Summary of costs
15. Lessons to be learned and recommendations
16. References



Headings to be included in the disposal completion report

1. Introduction
2. Executive summary
3. Approval of the final disposal agreement
4. Operational structure for implementation
5. Removal of structures
6. Removal of pipelines and cables
7. Onshore disposal
8. Safety measures
9. Environmental impact mitigation measures
10. Inspection of remaining structures
11. Waste disposal
12. Environmental assessment
13. Inspection stages
14. Identifying remaining materials
15. Project timeline
16. Summary of costs
17. Stages of independent confirmation
18. Approval of remaining structures
19. Lessons to be learned and recommendations
20. Conclusion
21. References



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22. Appendices

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:

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