

(Unofficial Translation)



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ROYAL DECREE

ON

THE FORMATION OF CAMBODIAN NATIONAL PETROLEUM AUTHORITY

Preah Bat Samdech Preah Norodom Sihanouk, King of Cambodia

- Seen the Constitution of the Kingdom of Cambodia of 1993,
- Seen the Royal Decree dated 24th September 1998 on the appointment of the First and Second Prime Ministers of the Royal Government of the Kingdom of Cambodia,
- Seen the Royal Decree of Preah Bat Norodom Sihanouk, King of Cambodia, dated 1st November 1993 on the nomination of the Royal Government of Cambodia,
- Seen the Royal Decree No. 1094 83, dated 24th October 1994 on the reshuffle of the Royal Government of Cambodia,
- Seen the Royal Decree No. 02/94, dated 20th July 1994 on the law of the formation and function of the Council of Ministers,
- Seen the Royal Decree 0897/147, dated 7th August 1997 on the reshuffle of the Royal Government of Cambodia,
- Seen sub-decree No. 33, dated 3rd March 1995 on the formation of the Inter-Ministerial Technical Committee for Oil Exploration and Exploitation,
- In accordance with the proposal made by the First and the Second Prime Ministers, Co-Ministers of Council of Ministers, and Co-Chairman of the of Inter-Ministerial Technical Committee for Petroleum Exploration and Exploitation
- In accordance with the unanimous adoption of the Cabinet Meeting of the Council of Ministers, dated 24 January 1996

IT IS DECIDED

Article 1: Establish the Cambodian National Petroleum Authority in order to manage, govern, and provide the RGC with recommendation on the policy guidelines and also to facilitate petroleum exploration and petroleum resources development on overall petroleum business

operations activities both Upstream and Downstream including exploration, exploitation, assessment, development, production, processing, transportation, storage, refinery, petrochemical products, export-import and marketing etc., in accordance with agreement or contract with the individual, legal person or entity or authority or petroleum companies.

Article 2: The Cambodian National Petroleum Authority shall be governed by the permanent board of Directors:

- One chairman or co-chairman
- One vice chairman
- Director General of Cambodian National Petroleum Authority

Vice chairman and Director General of the Cambodian National Petroleum Authority will be appointed based on the effective law and by the request of Chairman or Co-Chairman.

Structure and organization chart of the Cambodian National Petroleum Authority is attached as the Annex 1. The formation and function of the Cambodian National Petroleum Authority shall be defined by sub-decree of the Royal Government of Cambodia as per the request made by the Chairman or Co-chairman.

Article 3: The Cambodian National Petroleum Authority shall be the permanent institution governed directly by the Prime Minister, and shall have the right to use seal of the Council of Ministers, and has the Office to be located by the Council of Ministers, and if in any necessary cases, the Cambodian National Petroleum Authority may create its branch offices in anywhere in the Kingdom of Cambodia or overseas.

Article 4: The Cambodian National Petroleum Authority shall have the following duties and capabilities:

- Set up strategy and policy guidelines in order to effectively rule the petroleum exploration, production, and petroleum resources development in the Kingdom of Cambodia
- Collect and preserve data and information relating to the areas and characteristics of the petroleum resources in Cambodia
- Based on the existing data, determine the petroleum areas or blocks throughout the Kingdom of Cambodia in order to divide those areas into the exploration blocks through the international bidding or direct negotiation with the petroleum companies.
- Issue tender notices on the bidding for the petroleum areas, receive bidding document applications, and carry out procedures of registration of the bidding companies.

- set up the rational criteria for the evaluation on the bidding documents and the appropriate minimum work program and budget for the exploration in each block or area.
- Conduct negotiations and make amendments to any agreements or contracts which would be requested by the bidding companies based on the national and international law and in accordance with the general technical standard with the transparency and the national economic profits.
- The Chairman of the Cambodian National Petroleum Authority, following the decision and approval of the Royal Government and with the receipt of delegation of power from the RGC, shall have right to sign on the agreements/contracts on the conditional petroleum areas or non-conditional petroleum areas, the transfer of rights, extension given to the selected companies.
- Conduct an audit and examination on financial status of the petroleum contract, observe the facilities and work obligations of the contractors for the initial contract-the transfer of rights-and for the extension of exploration period; follow up the test-results-quantity- and collect the data and oil specimen.
- Convene regularly the board of management, the contractors, and national and international experts on legal, economics, and techniques in order to make progress on such subjects in cooperation with other relevant authorities.
- Keep control on the downstream activity.
- In cooperation with other relevant authorities and oil companies in Cambodia, set up the storage place in order to store the appropriate quantity of oil for the use in the special occasion or in any other urgent cases.
- Create the security system around the tankers, gas stations, gas pipelines, and especially, take the activity against environment impact and lives of the people.
- Fix the law and regulation to control and limit the criteria on refinery project, limit the quantity of the final products needed for the local use, distribution, shipment, and marketing.
- Promote the quality control and fix the standards on the petrochemical products and liquid gas (LNG, LPG, ...etc.), Methanol.
- Create the commercial rule to fix the oil value and promote the free market price and quality.

Article 5: The Cambodian National Petroleum Authority, in cooperation with other concerned ministries, shall limit the area within the exploration block, which shall be prevented from conducting petroleum operations by any technical reason in order to preserve national security, keep sailing lines, preserve environment, reduce to minimum the impact on the society properties and the use of any other natural resources, as

well as the compensation to the residents whose property infected by petroleum operation or to be used as the petroleum operation area.

Article 6: In cooperation with the concerned ministries/authorities, the Cambodian National Petroleum Authority shall, be responsible for creation of policy-strategy-planning for bilateral or multi negotiation, and enter into the memorandum or international treaty to preserve and develop the petroleum resources.

Article 7: Create the permanent general direction, which shall act as the direct agent to the Cambodian National Petroleum Authority in order to cooperate and carry out the work obligations relating to petroleum agreement/contract which have been approved by the authority. The composition of the permanent general direction is as follow:

- Director General of the Cambodian National Petroleum Authority
- One Deputy Director General in charge of Upstream
- One Deputy Director General in charge of Downstream
- One Deputy Director General in charge of Negotiation
- Upstream Section
- Downstream Section
- Administration-Cooperation-Management Section
- Negotiation Team

Director General, Deputy Director General and all sections shall be appointed by the request of co-chairman and based on the effective law.

Article 8: The permanent general direction of the Cambodian National Petroleum Authority shall have the following duties:

- Implement all the decisions and policy made by the Director General
- Prepare planning, weekly-monthly-semester activity reports in cooperation with the national and foreign experts of laws to be further submitted to co-chairman and ask for the approval from the government.
- Control all the activities of Upstream and Downstream
- Prepare the legal and technical documents to be brought to discuss with Thailand concerning the Joint Development Area of the Overlapping Claimed Area in the Gulf of Thailand.
- Create law on management of petroleum resources and all activities including:
 - Exploration

- Development
 - Production
 - Control of data
 - Import - Export
 - Distribution
 - Transportation
 - Storage
 - Refinery and Petrochemical products
 - marketing
- Human resources development

Article 9: All costs to cover the activities of the Cambodian National Petroleum Authority shall be funded by the Government and other bilateral and multiple contributions.

Article 10: Any provision contrary to this Royal Decree shall be null and void, and this Royal Decree voids the sub-decree No. 33.

Article 11: The First and Second Prime Ministers shall implement this Royal Decree

Article 12: This Royal Decree shall be effective from the date of the royal signature.

Phnom Penh, 22 January 1998
For and by the order of
King Norodom Sihanouk

Acting Head of State
Chea Sim

ANNEX 1: ORGANIZATION CHART OF CNPA

