
THE PRIME MINISTER**DECISION No. 198/2006/QĐ-TTg OF AUGUST 29, 2006, APPROVING THE SCHEME ON THE FORMATION OF THE VIETNAM NATIONAL OIL AND GAS GROUP****THE PRIME MINISTER**

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

Pursuant to the November 26, 2003 Law on State Enterprises;

Pursuant to the November 29, 2005 Law on Enterprises;

Pursuant to the Government's Decree No. 153/2004/ND-CP of August 9, 2004, on organization and management of state corporations and transformation of state corporations and independent state companies after the parent company-subsidary company model;

At the proposal of the Management Board of the Vietnam Oil and Gas Corporation,

DECIDES:

Article 1.- To approve the Scheme on the formation of the Vietnam National Oil and Gas Group, with the following contents:

1. To form the Vietnam National Oil and Gas Group under multiple ownership with the State holding the dominant share of capital on the basis of reorganizing the Vietnam Oil and Gas Corporation and its member units. The Vietnam National Oil and Gas Group shall have modern technologies and management level and a high degree of specialization, deal in various

business lines, in which oil and gas exploration, exploitation, processing and distribution constitute the main one; closely combine production and business activities with scientific and technological research and application and training; and act as the core for the Vietnam's oil and gas industry to develop in a sustainable manner, raise its competitiveness, effectively integrate into the international economy and ensure energy security for national development.

2. The Vietnam National Oil and Gas Group shall consist of:

a/ The parent company – the Vietnam Oil and Gas Group - which is a state company having the function of signing and supervising the performance of petroleum contracts with foreign countries; executes national key projects on oil and gas; makes financial investment in other enterprises; holds the right of dominance over subsidiary companies through capital and properties assigned by the State for management, technologies, brands and markets; and is formed on the basis of reorganizing the managerial and executive apparatus, assisting bodies and project management units of the Vietnam Oil and Gas Corporation.

b/ Corporations operating after the parent company-subsidiary company model, with the parent companies having 100% of their charter capital held by the Vietnam Oil and Gas Group:

- Petroleum Exploration and Exploitation Corporation (to be formed on the basis of reorganizing units operating in oil and gas survey, exploration and exploitation);

- Gas Corporation (to be formed in the basis of reorganizing PetroVietnam Gas Company, gas production and wholesale units, joint-venture factories and gas project management units);

- Power Production and Trading Corporation (to be established when power plants invested by the Vietnam Oil and Gas Group are put into operation);

- Oil Refinery Corporation (to be established when

oil refinery plants invested by the Vietnam Oil and Gas Group are put into operation).

The aforesaid corporations' managerial structure shall each comprise a chairman, a general director, deputy general directors, a chief accountant and an assisting body.

c/ One-member limited liability companies in which the Vietnam Oil and Gas Group holds 100% of charter capital (to be executed in 2006-2007):

- PetroVietnam Finance One-Member Limited Liability Company;

- PetroVietnam Trading One-Member Limited Liability Company;

- Petroleum Product Processing and Trading One-Member Limited Liability Company;

- PetroVietnam Manpower Supply and Export One-Member Limited Liability Company (to be newly established).

d/ Companies in which the Vietnam Oil and Gas Group holds more than 50% of charter capital:

- Joint-stock companies:

- + Petroleum Technical Service Joint-Stock Company;

- + PetroVietnam Tourism and Service Joint-Stock Company;

- + PetroVietnam Drilling and Drilling Service Joint-Stock Company;

- + PetroVietnam Investment Consultancy and Design Company;

- + PetroVietnam Engineering and Construction Company;

- + Drilling Mud Company;

- Companies to be equitized in 2006-2007:

- + PetroVietnam Insurance Company;

- + PetroVietnam Transport Company;

- + PetroVietnam Fertilizer and Chemicals Company;

- Joint-venture factories:

- + VietsovPetro Joint-Venture Factory;

+ Mekong Petroleum Joint-Venture Company;
- Enterprises newly established under the provisions of law:

- + PetroVietnam Real Estate Joint-Stock Company;
- + PetroVietnam Securities Joint-Stock Company;
- + PetroVietnam Joint-Stock Bank.

e/ Companies in which the Vietnam Oil and Gas Group holds less than 50% of charter capital:

- Companies to be equitized in 2006-2007:
- + Northern Liquefied Gas Trading Company;
- + Southern Liquefied Gas Trading Company.
- Other companies to be set up under the provisions of law.

f/ Scientific and technological enterprises: To be formed on the basis of reorganizing the Vietnam Petroleum Institute and research units under the Vietnam Oil and Gas Corporation.

g/ Training establishments:

- Petroleum Human Resource Training School;
- Petroleum University (which shall be established when conditions permit and operate under the business mechanism).

3. The Vietnam Oil and Gas Group and its member units shall be organized and operate under legal provisions applicable to their organizational form. The relationship between the Vietnam Oil and Gas Group and the State in the capacity as its owner as well as its member units shall comply with the laws and the organization and operation charter of the Vietnam Oil and Gas Group.

The Government shall perform the unified management of, exercise the rights and perform the obligations of the owner towards, the Vietnam Oil and Gas Group. The Prime Minister shall assign ministries, ministerial-level agencies, government-attached agencies and the Managing Board of the Vietnam Oil and Gas Group to exercise some rights of the owner

according to current provisions of law and the organization and operation Charter of the Vietnam Oil and Gas Group.

4. The establishment of new member units, transformation of member units into one-member limited liability company and joint-stock company, and addition of new member units shall comply with the provisions of law.

Article 2.- Organization of implementation:

1. Ministries, ministerial-level agencies and government-attached agencies shall perform the function of state management in relevant domains, exercise some rights and perform some obligations of the owner towards the Vietnam Oil and Gas Group as assigned by the Prime Minister.

2. The Ministry of Industry shall have to direct and supervise the implementation of this Decision; promptly detect and settle arising problems and report to the Prime Minister on matters falling beyond its competence; assume the prime responsibility for, and coordinate with concerned agencies in, studying and proposing to the Prime Minister new solutions which need to be experimented during the course of implementation.

3. The Ministers of Finance; Planning and Investment; Labor, War Invalids and Social Affairs; and Home Affairs, heads of concerned agencies, and the Steering Committee for Renewal and Development of Enterprises shall, according to their functions and tasks, have to coordinate with the Ministry of Industry and the Managing Board of the Vietnam Oil and Gas Corporation and the Managing Board of the Vietnam Oil and Gas Group in performing the aforesaid tasks.

Article 3.- This Decision shall take effect 15 days after its publication in "CONG BAO."

The Ministers of Industry; Finance; Planning and Investment; Labor, Invalids and Social Affairs; and Home Affairs, heads of concerned units, the Steering

Committee for Renewal and Development of Enterprises, the Management Board of the Vietnam Oil and Gas Corporation and the Management Board of the Vietnam Oil and Gas Group shall have to implement this Decision.

Prime Minister

NGUYEN TAN DUNG