

PETROLEUM REGULATIONS

Council of Ministers

(28 September 1991)

CHAPTER I

PRELIMINARY

1. Definitions

Unless the subject or context otherwise requires, in these Regulations:

- a. **Exploration Period** means the initial Exploration Period and extension thereof as specified in Article 15.
- b. **Exploration Operations** means all work necessary to explore for Petroleum and evaluate the commercial development of any discovery of Petroleum as provided in a Petroleum Agreement.
- c. **Exploration Block** means the Exploration Block referred to Article 13 whose boundaries shall be demarcated in according with Articles 10 and 12.
- d. **Production Permit** means the production Permit to be issue under sub-article 19.2 of Article 19.
- e. **Production Period** means the Production Period as specified in Article 20.
- f. **Petroleum Operations** means Exploration, Development or Production of Petroleum and includes the treatment, transportation, storage and sale or disposal of petroleum so produced as specified in Chapter 6.
- g. **Petroleum Agreement** means a Production Sharing Contract.
- h. **Production Operations** means all work necessary to product, treat, transport, store and sell or dispose of Petroleum.
- i. **Production Area** means an area described in a Production Permit.
- j. **Petroleum** means crude oil, natural gas and other liquid, gaseous, solid or semisolid hydrocarbons in their natural state and includes sulphur, helium and all similar substances associated with hydrocarbons.
- k. **Crude Oil** means Petroleum produced at the wellhead in the liquid state and asphalt, ozokerite and liquid Petroleum known as distillate or condensate obtained from Natural Gas by condensation or extraction.
- l. **Natural Gas** means wet gas, all other gaseous Petroleum produced from oil or gas wells and the residue gas remaining after the extraction of liquid Petroleum from wet gas.
- m. **Contractor** means person who sign the Petroleum Agreement with the Cambodian Government.
- n. **Subcontractor** means any person hired by a Contractor to carry out Petroleum Operations.

- o. **Contract Year** means a period of twelve consecutive months beginning from the effective Date or from the anniversary of such Effective Date according to the Gregorian Calendar.
- p. **Contract Area** means the area of the Exploration Block as reduced by the relinquishments pursuant to Article 16.
- q. **Dollar** means the United States dollar.
- r. **Inspector** means an individual, official or authority authorized by the Cambodian Government.
- s. **Petroleum Costs** means all expenditures incurred by a Contractor in conducting Petroleum Operations and which are defined in a Petroleum Agreement.
- t. **Budget** means the itemized estimate of costs of all items included in a work program.
- u. **Calendar Year** means a period of twelve (12) consecutive months beginning January 1 and ending on the following December 31 according to the Gregorian Calendar.
- v. **Development Operations** means all work necessary to commercially develop a Field.
- w. **Sales or Disposal** means any sale, exchange or transfer of petroleum with or without payment.
- x. **Commercial Production Day** means the day on which a Contractor makes its first sale or disposal of Petroleum produced in commercial quantities from a Production Area.
- y. **Royalty** means the Royalty to be retained by the Cambodian Government pursuant to Article 21.
- z. **Effective Date** means the date on which the Cambodian Government and a Contractor sign a Petroleum Agreement.
 - a1. **Field** means an area consisting of a single or multiple Petroleum reservoirs all grouped on, or related to, the same individual geological structural feature, or stratigraphic conditions from which Petroleum may be produced commercially.
 - a2. **Board** means the Petroleum Advisory Board constituted under Article 43.
 - a3. **Calendar Quarter** means a period of three (3) consecutive months beginning January 1, April 1, July 1 or October 1 and ending on the following March 31, June 30, September 30 or December 31, spectively, according to the Gregorian Calendar.

CHAPTER II

SELECTION OF CONTRACTOR AND PETROLEUM AGREEMENT

2. Invitation for Bid

In a case where the Cambodian Government desires to conduct Petroleum Operations by employing a Contractor, the Ministry of Industry will issue an invitation for bid and publish notice thereof, in national and international newspaper describing a time limit of at least thirty (30) days for the submission of bids.

3. Particulars to be Mentioned in Invitation for Bid

The following details shall be mentioned in invitations for bid:

- a. The Exploration Blocks open for Petroleum Operations.

- b. Basic information about the Exploration Blocks.
- c. Bidding fee.
- d. Other necessary particulars.

4. Particulars to be Mentioned in Bid

A company desirous of undertaking Petroleum Operations shall submit a sealed bid to the Ministry of Industry in the form prescribed in Schedule 1 with the following details within the time-limit prescribed in the notice published under Article 3.

- a. Evidence showing that the bidder is a company.
- b. Name and address of the authorized to act on behalf of the bidder.
- c. Evidence showing that the bidders commands capital, machinery, equipment, tools and specialists required for undertaking Petroleum Operations.
- d. Methods and time schedule of Exploration Operations.
- e. Minimum work program and budget for the exploration Period (including two extensions).
- f. In the event that the bidder is to be a joint venture of two or more persons, particulars pertaining to their relationship, responsibilities and percentage interests.
- g. Annual Work Program and Budget for the first Contract Year.

5. Evaluation of Bids

5.1 Upon receipt of bids the Ministry of Industry shall evaluate them according to the following criteria:

- a. Financial competence of the bidder.
- b. Technical competence and professional experience of the bidder.
- c. Experience of the bidder in marketing of Petroleum.
- d. Proposed minimum work and expenditure obligations during the Exploration Period.
- e. Proposed allocation of Net Petroleum.
- f. Proposed educational and training facilities.
- g. Other facilities and benefits proposed.
- h. any other relevant particulars.

5.2 In the course of evaluation of bids, the Ministry of Industry may ask for additional details or clarification on any matters from any bidder.

6. Negotiations

After evaluation of bids, the Ministry of Industry may undertake negotiations with any qualified bidders.

7. Approval of Bids

On the basis of its evaluation of bids and negotiations with bidders, the Ministry of Industry will forward the bids with its recommendations to the Cambodian Government for approval and the Cambodian Government shall decide whether or not to sign any Petroleum Agreement.

8. Notice for Signature of the Petroleum Agreement

8.1 The Ministry of Industry shall inform any bidder approved by the Cambodian Government pursuant to Article 7, and notify it of the date, time and place for signing the Petroleum Agreement.

In case a successful bidder without proper reason fails to appear for signing the Petroleum Agreement at the time mentioned in the notice sent under sub-article 8.1, the Cambodian Government may make alternative arrangements.

9. Petroleum Agreement

9.1 Normally, no bidder shall be granted more than two Exploration Blocks for Petroleum Operations.

9.2 A separate Petroleum Agreement shall be signed for each Exploration Block.

9.3 A Petroleum Agreement shall be signed in substantially the form prescribed in Schedule 2 with such additions or deletions as may be approved by the Cambodian Government.

9.4 The Minister of Industry shall sign Petroleum Agreement on behalf of the Cambodian Government.

CHAPTER III DEMARCATIION OF AREAS

10. Surface Boundaries of Exploration Blocks and Contract Areas

Exploration Blocks and Contract Areas shall be demarcated by coordinates of longitude and latitude or prominent natural or topographic features, such as mountain divides or river courses, and by international boundaries.

11. Surface Boundaries of Production Areas

Production Areas shall be polygons in shape and be demarcated by definite geographical coordinates.

12. Vertical Boundaries of Exploration Blocks Contract Areas and Production Areas

The vertical boundaries of Exploration Blocks, Contract Areas and Production Areas below the surface shall be vertical planes projected through the surface boundaries of such areas.

13. Area of Exploration Block

The area of each Exploration Block shall be as demarcated by the Ministry of Industry and will not normally exceed 7,500 square kilometers.

14. Power to Conduct Surveys

For the purpose of clearly demarcating Exploration Blocks, Contract Areas, and Production Areas, the Ministry of Industry may as it may deem necessary, at Contractor's cost, conduct surveys or order Contractor to conduct surveys.

CHAPTER IV EXPLORATION

15. Exploration Period

15.1 The maximum initial duration of an Exploration Period shall be three (3) Contract Years from the Effective Date. The duration of an Exploration Period may be extended twice for periods of up to two (2) Contract Years each, it so requested by the Contractor in writing, prior to the expiry date of the initial duration and subject to the approval of Ministry of Industry.

15.2 The Ministry of Industry may further extend the duration of the Exploration Period for such time as may reasonably necessary to complete drilling, logging, testing or plugging of any well which is actually being drilled, logged, tested or plugged at the end of an Exploration Period, or to complete any appraisal work, the evaluation of any discoveries, the preparation and submission of detailed development Work Program and Budgets and/or an application for a Production Permit, or to secure an export market (including necessary arrangements and infrastructure) for Petroleum form a Field which has been discovered in a Contract Area.

16. Relinquishment of Areas

16.1 Contractor shall relinquish areas as follows:

- a. At least thirty (30) per cent of the original Contract Area, excluding any area falling under a Production Area, by the end of the initial Exploration Period.
- b. Twenty five (25) per cent of the original Contractor Area, excluding any area falling under a Production Area, by the end of first extension of the Exploration Period.
- c. Subject to sub-article 15.2 of Article 15, all remaining areas of the Original contractor Area, excluding areas falling under a Production Area, by the end of the Exploration Period.

Explanation: For the purpose of sub-article 16.1, Production Area includes any area over which a request for a Production Permit is under consideration.

16.2 Notwithstanding anything contained in sub-article 16.1, each area which is relinquished from time to time shall be not less than ten (10) per cent of the original Contract Area and shall be composed of contiguous blocks.

16.3 The Cambodian Government shall have the right as agreed in the Petroleum Agreement to order a Contractor to relinquish additional areas containing a Field if after the completion of appraisal Work in such areas Contractor does not apply for a Production Permit, in which case Contractor shall relinquish such areas as provided in the Petroleum Agreement.

16.4 During the Exploration Period, Contractor may at any time relinquish any portion of the Contract Area and all such voluntary relinquishments shall be credited towards the mandatory relinquishments specified in sub-article 16.1.

CHAPTER V WORK PROGRAM AND BUDGET AND ALLOCATION OF PETROLEUM

17. Information to be Furnished

If Petroleum discovered in any Contract Area, Contractor shall immediately deliver to the Ministry of Industry a notice of discovery, and promptly submit all information pertaining thereto.

18. Appraisal Work Program and Budget

If Petroleum found in any Contract Area is of possible commercial significance Contractor shall, within ninety (90) days after the date of a notice of discovery given under Article 17, submit a detailed appraisal Work Program and Budget to evaluate the commercial development of the Field to the Ministry of Industry. If Contractor considers such appraisal to be not necessary in order to evaluate the commercial development of the Field, Contractor may submit justification thereof and proceed to apply for a Production Permit.

19. Development Work Program and Budget and Production Permit

19.1 In case appraisal work shows that a Field can be commercially developed, Contractor shall, within a reasonable period, apply to the Ministry of Industry for a Production Permit. Such application for a Production Permit shall include a detailed Development Work Program and Budget for commercially developing the Field, and a detailed description of the Production Area applied for.

19.2 A Contractor shall not proceed with Development Operations until it has obtained the approval of the Ministry of Industry. Following the approval of the development Work Program and Budget by the Ministry of Industry, the Ministry of Industry shall issue a Production Permit.

19.3 If the extent of a Field subject to a Production Permit is demonstrated to be different than that for which the Permit was issued, the Production Area subject to the Production Permit shall be adjusted accordingly, provided that the area covered shall be entirely within an unrelinquished Contract Area.

19.4 If a Contractor discovers Natural Gas, whether or not in association with Crude Oil, the Ministry of Industry and Contractor shall immediately consult for the purpose of developing commercial use of such Natural Gas. If no commercial use for Natural Gas has been developed, Contractor shall have the right to request a Production Permit to enable Contractor to develop a commercial market, as specified in the Petroleum Agreement. In order to assist Contractor to develop a commercial market for such Natural Gas, a committee of representatives of both the Ministry of Industry and Contractor shall be established. The committee shall jointly review assessments of the discovery, adopt procedures for planning commercial development, and monitor progress in implementing agreed programs.

20. Production Period

The duration of a Production Period shall expire thirty (30) years after the effective Date. If commercial production from the Field remains possible at the expiration of such Production Period, the Ministry of Industry shall extend a Production Period for the period of projected commercial production, but not more than five (5) years.

21. Tax Facilities

In the conduct of Petroleum Operations, a Contractor shall be exempt from payment of all taxes, charges, duties and fees leviable under prevailing law except:

- a. A royalty of at least 12.50 per cent as prescribed on the value of Petroleum sold or disposed of. Such royalty shall be paid either wholly or partly in Crude Oil or in cash or both as may be fixed by the Cambodian Government.
- b. Such annual surface rental as may be prescribed.
- c. Income tax at a rate of 25-50 per cent of net Income derived from Petroleum Operations. The Ministry of Industry and Contractor may mutually agree and clearly mention in the Petroleum Agreement the agreed rate of Income tax and the party which shall be liable to pay such Income tax on behalf of the other party.
Explanation: Net income means the net incomes as determined in accordance with the procedure specified in the Petroleum Agreement.
- d. Registration charges or any other fees for services rendered by the Cambodian Government at generally applicable rates for such services.
- e. Any other taxes or charges as may be specified in the Petroleum Agreement.

22. Allocation of Petroleum

22.1 The Cambodian Government shall retain as Royalty according to the Article 21(a).

22.2 The balance of Petroleum produced within a Contract Area remaining, after retention of Royalty by the Cambodian Government, and payment of Petroleum Costs to Contractor, shall be allocated to the Cambodian Government and to Contractor in accordance with the provisions of the Petroleum Agreement.

22.3 For the purpose of this Article, Petroleum produced within a Contractor Area means the amount of Petroleum remaining after deducting the Petroleum used as follows from the amount of Petroleum produced from each Field within the Contract Area:

- a. Petroleum used for analysis, test, or in Petroleum Operations.
- b. Natural Gas made available without cost to other Contractor for the purpose of conservation of Petroleum resources or flared, with the prior approval of the Ministry of Industry.
- c. Natural Gas utilized by the Cambodian Government at its own risk.

CHAPTER VI PETROLEUM OPERATIONS

23. Details to be Furnished

23.1 At least thirty (30) days prior to undertaking any Petroleum Operations Contractor shall submit the following details concerning the proposed work:

- a. Proposed work program in detail.
- b. Time schedule.
- c. Map of the area showing proposed location of work.
- d. If the work is to be carried out by Subcontractors, their names and addresses.

23.2 In case any necessary changes are to be made in the details submitted under sub-article 23.1 Contractor shall submit the details of the proposed changes fifteen (15) days prior to such changes being made.

23.3 After the details under sub-article 23.1 or 23.2 are received, the Ministry of Industry may ask for additional information from Contractor, and it shall be the duty of the Contractor to furnish the information so requested as soon as possible.

24. Standards of Conducting Petroleum Operations to be Prescribed

The Ministry of Industry may prescribe that Contractor in respect of any specific Petroleum Operations shall comply with the standard of oil field operations published by a recognized professional institution, with or without any modifications for conditions in the State of Cambodia.

25. Conduct of Petroleum Operations

Contractor shall make the following arrangements while conducting Petroleum Operations:

- a. Establish security areas around all machinery, equipments and tools.
- b. Erect fences at a distance of not less than fifty (50) meters from any drilling rig, generator, and other structures.
- c. Provide secure storage areas for all explosive, detonators, and similar dangerous materials used in Petroleum Operations.
- d. Protect the natural environment, avoid causing loss or damage to life of men, animals, natural property, forest, fishery and archaeological subject to concerning Rules.
- e. Maintain records of workers working in each work area, and send a copy thereof to the Ministry of Industry within fifteen (15) days from the date of commencement of Operations in the area.
- f. Maintain a register of workers in the form prescribed by the Ministry of Industry, and send details of workers joining or leaving every month to the Ministry of Industry within the first week of the following month.
- g. Report to the Ministry of Industry within twenty four (24) hours in case any worker is injured while performing his duties in connection with Petroleum Operations.
- h. Be in charge to protect the health of the people and their working security.
- i. Arrange necessary insurance as provided in the Petroleum Agreement.
- j. Provide safety and fire-fighting equipment in each work area.

26. Operation and Maintenance of Wells

26.1 Contractor before undertaking any drilling or workover operations shall give written notice to the Ministry of Industry at least fifteen (15) days prior thereto including notice of its detailed drilling program. Contractor shall give the Ministry of Industry as much notice as practicable before undertaking logging or casing.

26.2 In all well drilling, production and maintenance operations, Contractor shall:

- a. Not drill a well in such a manner that it passes through an underground vertical plane of the boundary of the Production Area.
- b. Install and keep in good working order blow-out preventers on all wells, and in accordance with the prescribed procedure, test such equipment from time to time and maintain records thereof.
- c. Use drilling mud of proper specifications and in appropriate quantities in order to prevent the blow-out of Petroleum from any well.
- d. Take cutting samples at intervals not exceeding ten meters a part or as directed by the Ministry of Industry throughout the depth of the well while drilling wells. Such samples shall be labeled with the number and the relevant interval of depths of the concerned well.
- e. In cases where core samples are taken, the cores shall be split and placed in core boxes in stratigraphic order. The body of each core box shall be accurately labelled with number of cores, the depth of top and bottom intervals of the cores, percentage of core recovery, and the name of the well.
- f. Make available to the Ministry of Industry within a reasonable time period one set each of cutting and core samples taken under clause (d) and (e).

27. Flow Rate Measurement Equipment and Method

27.1 In the production of Crude Oil or Natural Gas, Contractor shall install equipment for measuring the rate of the Crude Oil or Natural Gas of the type as prescribed by the Ministry of Industry.

27.2 The method of installation of equipment under sub-article 27.1 or procedure for measurement, calculation and calibration of the rate of flow of Crude Oil or Natural Gas shall be as prescribed by the Ministry of Industry.

27.3 The basis and procedure for determination of the specific gravity and average temperature of Crude Oil and the quantity of sediment and water in Crude Oil shall be prescribed by the Ministry of Industry.

27.4 In the event equipment for measuring the rate of flow of Crude Oil or Natural Gas is damaged or unable to be used for any reason, Contractor shall evaluate the rate of flow by using the best available data, as approved by the Ministry of Industry.

27.5 A Contractor shall submit to the Ministry of Industry a report of the calibration of equipment for measurement of rate of flow of Crude Oil or Natural Gas in the form prescribed by the Ministry of Industry within seven days from the date of 1 completion of calibration.

28. Construction, Maintenance and Use of Permanent Facilities

28.1 Contractor shall construct, operate, repair and maintain all facilities required in a Production Area in connection with Petroleum Operations.

28.2 Contractor shall have the right to construct, operate, repair and maintain road, pipe-line and other transportation, communication and storage facilities outside a Production Area necessary for Petroleum Operations subject to prior approval of work program and budget by the Ministry of Industry and the acquisition of area required for such operations.

28.3 If the Cambodian Government undertakes the construction, operation, repair and maintenance of the facilities described in sub-article 28.2, Contractor shall have the right to use such facilities for appropriate tariffs as fixed by the Government.

28.4 The Cambodian Government or other persons may use the facilities constructed under sub-article 28.1 or 28.2 in such a way as not to impair the work of Contractor and as mentioned in a Petroleum Agreement.

28.5 All permanent facilities constructed and all other assets other than those which are leased or imported for temporary use, which are permanently installed for the exploration, production, treatment, transportation or storage of Petroleum, shall become the property of the Cambodian Government upon completion of construction or installation.

28.6 The Cambodian Government may order a Contractor to remove at the cost of Contractor, all or part of the facilities and other assets described in sub-article 28.5 at the end of Petroleum Agreement.

28.7 Title to the facilities and assets removed under sub-article 28.6 shall pass to Contractor.

29. Work upon Completion of Petroleum Operations

After completion of Petroleum Operations in any area or after the expiry of the duration of Petroleum Agreement or after the termination of the Petroleum Agreement, Contractor shall perform the following work at its own cost:

- a. Restore the area used for Petroleum Operations to its original condition, unless otherwise instructed by the Ministry of Industry.
- b. Erect walls or fences around any holes, pits, trenches, or wells in order to prevent any possible danger to persons or animals.
- c. Remove all structures, foundations, machinery, equipment, and other materials which are of no further use, unless otherwise instructed by the Ministry of Industry.

CHAPTER VII REPORT AND INFORMATION

30. Reports and Information

30.1 Contractor shall submit to the Ministry of Industry the following reports and information concerning Petroleum Operations undertaken by it.

- a. Monthly, quarterly and annual reports.
- b. Reports on magnetic and gravity surveys.
- c. Reports on surface geological surveys.
- d. Report on seismic data and interpretations thereof.
- e. Reports on drilling operations.
- f. Reports on investigation of Petroleum reserves, Field limits and economic evaluations.
- g. Reports on production of Petroleum.

- h. Safety programs and reports on accidents.
- i. Procurement plans for goods and services, and copies of all contracts with Subcontractors.
- j. Design criteria, specifications, maps and construction records.
- k. Report of technical investigations relating to Petroleum Operations.
- l. Statements of Petroleum Costs.
- m. Reports on education and training programs.
- n. Such other reports as may be required according to the accounting procedures prescribed by the Cambodian Government.
- o. Any other reports as may be required by the Ministry of Industry.

30.2 Contractor shall submit to the Ministry of Industry all other samples, reports, documents, data and information which are required under Petroleum Agreement.

31. Magnetic and Gravity Surveys

31.1 Contractor shall submit the following to the Ministry of Industry concerning magnetic and gravity surveys:

- a. Flight path maps in 150,000 and 1:250,000 scales.
- b. Aerial magnetic recording tapes.
- c. of equipment used in the magnetic and gravity surveys.
- d. Reports on Daily records of the earth's magnetic fields.
- e. Specifications the interpretation of clause a, b and c together with maps showing the intensity of magnetic and/or gravity and depth of basement, and structural maps in both transparencies and paper prints at scales used by Contractor as well as 150,000 and 1250,000 scales.

31.2 Reports on clauses a, b, c, and d shall be submitted within thirty (30) days after completion of the magnetic and gravity surveys, and reports on clause e shall be submitted within ninety (90) thereof.

32. Surface Geological Surveys

Contractor shall submit the results of surface geological surveys within a reasonable time but in any case not later than six months after the completion of the survey including but not limited to:

- a. Geological maps in scales used by contractor and at scales of 150,000 and 1,250,000 and maps showing the location of the collection of samples in 150,000 scale in both transparencies and paper prints.
- b. Analysis of Petroleum reservoirs specifying the rock types, petrology, permeability and porosity.
- c. Petroleum source rocks analysis, consisting of total organic carbon contents, types and maturity.

- d. Paleontology analysis, stratigraphy, and environment of deposition.

33. Seismic Surveys

33.1 Contractor shall submit the following in relation to seismic surveys:

- a. Source and receiver pattern diagrams.
- b. Specifications of equipment used in seismic surveys.
- c. Maps showing permanent marks used in the survey in 150,000 scale.
- d. Seismic shot point maps at Contractor's scales and also at 150,000 and 1,250,000 scales, if used by Contractor, in both transparencies and paper prints.
- e. Source wave form characteristic analysis.
- f. Weathering profile.
- g. Magnetic field tapes and final processed tapes; and reprocessed tapes if they have been used for reinterpretation and/or location of well(s).
- h. Seismic sections processed and reprocessed in both transparencies and paper prints at scales of one second per ten centimeters and one second per five centimeters vertical scale.
- i. Copies of all seismic sections interpreted and reinterpreted by Contractor.
- j. Velocity analysis and interval velocities at each shot point location which Contractor has determined.
- k. Seismic interpretation of every horizon which Contractor has interpreted, including thickness, structure, facies, environment, geochemical maturity and any other interpretive maps which Contractor has constructed during the course of his study.
- l. Maps prepared under clauses j and k at the scales used by Contractor as well as 1,250,000.

33.2 Reports on clauses a, b, c, d, e, f, g, h and i shall be submitted as soon as possible after the acquisition of the seismic profiles and in no case later than sixty (60) days after the interpretation of the seismic profile.

33.3 Reports on clauses j, k and l shall be submitted within ninety (90) days after completion of the interpretation.

34. Drilling of Exploration and Production Wells

Contractor shall submit the following details to the Ministry of Industry in regard to the drilling of exploration and production wells within the following time-limits:

- a. A daily report within 13:00 hours of the following day, which must contain the following details:
 - 1. Names of well and Contractor.
 - 2. Date and time of operation.

3. Name of drilling rig.
 4. Days of previous operation on the particular well.
 5. Depth of well at time of report.
 6. Diameter of well.
 7. Type and size of drill bit.
 8. Deviation of well.
 9. Type, weight, and specification of drilling mud.
 10. Operation and problems during previous 24 hours.
 11. Lithology within previous 24 hours.
 12. Petroleum found.
 13. Type, size, weight and depth of casing.
 14. Cementing.
 15. Pressure test of Petroleum blow-out preventer, casing and other related equipment.
 16. Well logging, including type and depth of logging.
 17. Core sampling.
 18. Flow test and the depth thereof.
 19. Well abandonment.
 20. Drilling rig, released.
 21. Conditions of weather.
- b. A complete suite of continuously spliced well logs at a scale of 1:1,000 in transparency and paper print within thirty (30) days of the completion of the logging operations in addition to the well logs at various scales which are received in the normal course of logging.
 - c. The well completion report shall be submitted within ninety (90) days after the completion of a well. In case there are clear reasons and basis due to which the report could not be submitted within the said period, the Ministry of Industry may extend the period by additional ninety (90) days. This report shall include a complete description of the results of the well, test results, details of geology and lithology, log interpretation results, including formulae and methods of calculations, and petroleum, water and pressure analyses. The well completion log shall be at a scale of 1:1,000 and shall consist of:
 1. Log curves.

2. Lithologic descriptions.
3. Formation tops.
4. Velocity information.
5. Shows and tests.
6. Casing and plugs.
7. Cores.
8. Paleontologic and palynologic markers.
9. Environment of deposition.
10. Other information which Contractor has plotted on its own well logs and which contributes to the interpretation of the results of the well.

35. Petroleum Production

Contractor shall submit the following details to the Ministry of Industry in regard to Petroleum production within the following time-limits:

- a. A daily report within 13:00 hours of the following day, with following details:
 1. Amount of Petroleum produced.
 2. Amount of Petroleum stored, sold, or disposed.
 3. Amount of Petroleum used as fuel.
 4. Amount of Petroleum flared.
 5. Gravity and viscosity.
 6. Vapour pressure.
 7. Pour point.
 8. Dew-point and composition of Natural Gas.
 9. Impurities.
 10. Water produced and result of the analysis.
 11. Tubing and casing pressure.
 12. Choke size.
 13. Well test.
 14. Operation during the previous 24 hours.
- b. Workover report, giving reasons, length and details of work over within thirty (30) days after the completion of the workover.

- c. Stimulation report, stating methods and details of materials used for the purpose within thirty (30) days after the completion of operations.
- d. Bottom hole pressure test report within fifteen (15) days after the completion of the test.
- e. Production test report including details of calculation within thirty (30) days after completion of the test.
- f. Reports concerning petroleum reserves, limits of the field, and economic evaluation(s) (as specified in Development Work).

CHAPTER VIII

SURFACE RENTAL BONUS, AND OTHER FEES

36. Surface Rental and Other Fees

Contractor shall pay surface rental and other fees to the Cambodian Government in Dollars at the rates mentioned in Schedule 3.

37. Calculation of Surface Rental

All payments of surface rental shall be computed on a Calendar Year basis, reduced *pro rata* to reflect rights to areas for less than a full Calendar Year. Each payment shall be accompanied by a summary which indicates its basis of computation. If during any Calendar Year a change occurs in the area of the Contract Area which results in a change the payment due, the payment for the following Calendar Year shall be adjusted accordingly to compensate for the change.

38. Time for Paying Surface Rental

Contractor shall pay surface rental for the first Calendar Year within a period of thirty (30) days after the Effective Date, and for each successive Calendar Year within thirty (30) days after the beginning of the Calendar Year.

39. Signature and Production Bonus

Any signature bonus shall be paid within thirty (30) days of the Effective Date and any production bonuses shall be paid within ninety (90) days of the Commercial Production Day, if the Petroleum Agreement includes the provision for such payments.

CHAPTER IX

INSPECTION AND INVESTIGATIONS

40. Inspections and Investigations

40.1 An Inspector may at any time visit any contract Area and initiate inspections and investigations.

40.2 An Inspector may take necessary equipment and personnel along with him while undertaking inspections and investigations under sub-article 40.1.

41. Power to Demand Clarification

In course of inspections and investigations in case it is found that a Contractor has failed to perform his work in accordance with these Regulations or the Petroleum Agreement, or it is found to have committed any irregularities, the Inspector may ask for clarification from Contractor in respect thereof, and Contractor shall give a written explanation within the time prescribed by the Inspector.

42. Inspection and Investigation Reports

42.1 An Inspector shall submit the report of inspections and investigations to the Ministry of Industry within the time limit prescribed by the Ministry of Industry.

42.2 After receiving reports under sub-article 42.1, the Ministry of Industry may issue necessary directives to Contractor, and it shall be Contractor's duty to comply with them.

CHAPTER X ADVISORY BOARD

43. Constitution of Petroleum Advisory Board

43.1 A Petroleum Advisory Board comprising the following members shall be constituted for advising the Cambodian Government on matters relating to Petroleum Operations:

- a. Minister of Industry, Chairman
- b. Secretary of State and/or Under Secretary of State, Ministry of Planning, Member
- c. Secretary of State and/or Under Secretary of State, Ministry of Industry, Member
- d. Secretary of State and/or Under Secretary of State, Ministry of Finance, Member
- e. Secretary of State and/or Under Secretary of State, Ministry of Commerce, Member
- f. Secretary of State and/or Under Secretary of State, Ministry of Agriculture, Member
- g. Secretary of State and/or Under Secretary of State, Ministry of Interior, Member
- h. Secretary of State and/or Under Secretary of State, Ministry of National Defense, Member
- i. Secretary of State and/or Under Secretary of State, Ministry of Environment, Member
- j. Secretary of State and/or Under Secretary of State, Ministry of Foreign Affair and International Cooperation, Member
- k. Secretary of State and/or Under Secretary of State, Ministry of Public Work and Transportation, Member
- l. Representative of the Cambodian Development Council, Member
- m. Termination of Petroleum Agreements
- n. Any other matters referred by the Cambodia Government

43.2 The Cambodian Government may change the size or the composition of the Board Constituted under sub-article 43.1 by a notification published in the Cambodian Gazette.

43.3 The Board may, if it so deems necessary, invite any local or foreign individual who is well-acquainted with the Petroleum industry to participate in its meetings in the capacity of an observer.

44. Functions Duties and Powers of the Board

The duty of the Board shall be to advise the Cambodian Government on the following matters:

- a. Selection of Contractor to carry out Petroleum Operations.
- b. Amendments of Petroleum Agreements.
- c. Extension of Production Periods.
- d. Participation by the Cambodian Government in Petroleum Operations.
- e. Supply of Petroleum to meet internal demand.
- f. Imposition of temporary ban on the export of Petroleum.
- g. Marketing of Government's Entitlement to Petroleum.
- h. Transfers of rights and obligations by Contractors.
- i. Joint Venture arrangements.
- j. Arbitration.
- k. Termination of Petroleum Agreements.
- l. Any other matters referred by the Cambodian Government.

45. Meetings and Procedure of the Board

- 45.1 Meetings of the Board shall be held at the time and venue specified by the Chairman.
- 45.2 Meetings of the Board shall be presided over by the Chairman, and, in his absence, by a person designated by the Chairman, or by a person selected by the members in case the Chairman has not designated any person to preside over the meeting.
- 45.3 The opinion of the majority shall be binding at meetings of the Board. In the event of a tie, the person presiding over the meeting may exercise a casting vote.
- 45.4 The Member-Secretary shall record and certify the decisions of the Board.
- 45.5 Other procedures of the Board shall be as determined by the Board.

CHAPTER XI GOVERNMENT PARTICIPATION

46. Right of Participation

The Cambodian Government shall have the right to participate in Petroleum Operations under Petroleum Agreements, to the extent of the percentage interest specified in a Petroleum Agreement.

47. Procedure for Participation

The procedures for participation by the Cambodian Government in Petroleum Operations under a Petroleum Agreement shall be as specified in the Petroleum Agreement.

48. Reimbursement of the Expenditure

In case the Cambodian Government participates in Petroleum Operations it shall reimburse to Contractor its share of Petroleum Costs without interest incurred by Contractor up to the time the Cambodian Government elects to participate, on the terms specified in the Petroleum Agreement.

However, in no case shall the Cambodian Government reimburse any share of expenses incurred by Contractor for training and education, bonus and any other payments made by Contractor to the Cambodian Government.

49. Operating Agreement

In case the Cambodian Government participates in Petroleum Operations under a Petroleum Agreement an operating Agreement shall be concluded between the Cambodian Government and contractor according to international oil industry practice.

CHAPTER XII MISCELLANEOUS

50. Power to Sell Data Information, Etc.

The Ministry of Industry shall have the power to sell geo-physical and geological data, maps, reports, and analyses, as well as other information relating to Exploration Blocks opened for Petroleum Operations.

51. Basic Data and Samples to be Kept in the State of Cambodia

Contractor shall keep all basic data and samples, and reports relating thereto, obtained in the course of Petroleum Operations in the State of Cambodia, except in cases in which Ministry of Industry grants permission for taking them out of the State of Cambodia for tests, analysis and evaluation.

52. Facilities to be Provided

The Ministry of Industry shall have the right to assign representatives to observe all Petroleum Operations and to assist Contractors, and Contractors shall bear the reasonable costs of such representatives.

53. Guarantees to be Furnished

Contractor must provide a guarantee of a financial institution acceptable to the Cambodian Government to secure performance of its work obligations under a Petroleum Agreement.

54. Confidentiality

All information, documents, data and materials acquired by a Contractor during Petroleum Operations shall be kept confidential in accordance with the provisions of the Petroleum m A Agreement.

55. Valuation of Petroleum

Petroleum is to be valued according to objective standards. Exported crude oil is to be valued at weighted average realized price received in arm's length transactions in freely convertible currencies from non-affiliated third parties not involving barter or other special considerations.

56. Unitization

In cases in which joint development and operation of one or more Fields is desirable to conserve Petroleum resources and to facilitate development more economically, the Ministry of Industry shall have the right to order one or more Contractors to jointly develop an area under a joint operating program approved by the Ministry of Industry.

57. Use of Associated Natural Gas

In case a Contractor who is producing Crude Oil determines that it will not be commercial to develop Natural Gas found in association with Crude Oil, the Cambodian Government has the right to take and utilize such gas as described in the Petroleum Agreement.

58. Notifications to be Published

Notifications relating to the following issues shall be published in the Cambodian Gazette.

- a. Invitations for bids to undertake Petroleum Operations.
- b. Signing of Petroleum Agreement.
- c. Relinquishment of area by Contractor.
- d. Issue of Production Permit to Contractor.

59. Charge to be Complied with this Regulation

The Minister of the Cabinet of the Council of Ministers, The Ministry of Industry, the Ministers of related Ministries, the Presidents of the city and Province's Councils must be in charge to comply with this regulation.

60. These Regulations Shall Come into Force as from the Signature Date

PhnomPenh, 28 September 1992
For the Council of Ministers
Vice-President
Chea Soth

Note: Schedules not available.