

# IFLR

INTERNATIONAL FINANCIAL LAW REVIEW

## A second wind

Several Latin American nations are holding elections this year.  
The financial markets are in for a bumpy ride

OTC derivatives  
netting in the UAE

World's first blockchain  
bond: analysis

How to deal with  
majority investors

Project finance &  
fintech in focus

## THAILAND

Chandler MHM Limited



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## Petroleum law update

Thailand has enjoyed a relatively stable petroleum law regime since 1971 when the Petroleum Act BE 2514, 1971 (PA) and the Petroleum Income Tax Act BE 2514, 1971 (PITA) were enacted. Thailand adopted a modern form of petroleum concession, which has been updated from time to time. There have been 20 bid rounds, the last in 2007. A number of commercial oil and gas discoveries have been made, and as of 2017, there were 38 concessions in force. However, Thailand has limited geological prospects for oil and gas, and it imports more than 40% of its natural gas requirements.

Thailand imports natural gas from Myanmar (18% of demand), the Thai-Malaysian Joint Development Area (JDA). State-owned oil and gas company, PTT, which had a monopoly on the distribution and sale of natural gas in Thailand, started importing LNG in 2011. In 2017, 12% of natural gas demand was met by LNG imports. In the past, PTT was (with few exceptions) the purchaser of all natural gas, and it owns the pipeline transportation system.

A 21st bid round was announced in 2014, but was cancelled in 2015 following a number of challenges by non-governmental organisations, with others arguing that the concession was not a favourable fiscal regime for the state.

In 2017, amendments to the PA and PITA were approved, which provided for rights to explore, develop and produce petroleum to be granted by way of concession agreement, production sharing contract (PSC) and service contract (SC).

In December 2017, the Minister of Energy said that two tenders would be conducted in 2018: the auctioning of the Bangkot and Erawan gas blocks in the Gulf of Thailand, followed by the 21st bid round for the rights to 22 blocks.

As of January 10 2018, the Department of Mineral Fuels had not published forms of

PSC or SC, nor any ministerial regulations/notifications governing their application. It remains uncertain how the new auctions will be managed, and whether the oil and gas industry will agree to the proposed new terms.

Additional pending issues include: (a) the resolution of Thailand and Cambodia's overlapping claims area; and, (b) the implementation of decommissioning, particularly of platforms and wells in the Gulf of Thailand.

In January 2018, the Energy Minister announced the end of the Electricity Generating Authority of Thailand's and PTT's monopolies, and the deregulation of power generation. The Power Development Plan is to be revised, with the amendments being finalised by March 2018. The deregulation of LNG imports was also announced.

The Petroleum Institute of Thailand (PTIT) is the best source of information and statistics on the petroleum business in Thailand.

The main regulators of the petroleum sector in Thailand are:

- the Ministry of Energy, which establishes policies and plans for the energy sector;
- the Energy Regulatory Commission;
- the Department of Mineral Fuels; and
- the Department of Alternative Energy Development and Efficiency.

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