

PANORAMIC

OIL REGULATION

Thailand



LEXOLOGY

Oil Regulation

Contributing Editor

Yanal Abul Failat

Al Tamimi & Company

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Contributors

Thailand

Chandler Mori Hamada Limited

CHANDLER
MORI HAMADA 

Adamas Ong-la-or

adamas.o@morihamada.com

Jessada Sawatdipong

jessada.s@morihamada.com

Monsicha Pongrujikorn

monsicha.p@morihamada.com

Tachatorn Vedchapun

tachatorn.v@morihamada.com

GENERAL

Key commercial aspects

Describe, in general terms, the key commercial aspects of the oil sector in your country.

The Thai petroleum concession has provided a very stable foundation for investment in the oil and gas industry as well as upstream projects since 1971. According to data from the Department of Mineral Fuels (DMF), Thailand's crude oil procurement (excluding natural gas and condensate) from both onshore and offshore sources in 2024 is estimated to have averaged 80,574 barrels per day. Additionally, according to the latest data from 2024, Thailand has proven crude oil reserves of 447.98 million barrels from both onshore and offshore sources, and 111.99 million barrels from the Thailand–Malaysia Joint Development Area. Thailand is a net importer of both oil and gas, and its petroleum reserves are declining due to increasing demand. Given the present petroleum resource base and demand profile, Thailand will remain a net importer of hydrocarbons for the foreseeable future.

As at December 2024, crude oil and condensate are produced from oil fields, both offshore and onshore. The major producers of crude oil and condensate are the concessionaires and production sharing contractors who hold exploration and production rights in oil producing petroleum resource blocks, namely: PTT Exploration and Production Public Company Limited, Chevron, Medco and Valeura, and other onshore operators.

Oil refineries are currently operated in Thailand by three major groups of players. One group consists of IRPC, ThaiOil and PTTGC, which are all part of PTT Group; another is Bangchak, which recently acquired Esso refinery late 2023; and the other one is Star Petroleum Refining Public Company Limited (SPRC). The Thai government has indirect and direct shareholdings in both PTT Group and Bangchak.

Further, petroleum retail products are marketed by companies including PTTOR, Bangchak, Shell, SPRC (under Caltex) and PT, among others.

Law stated - 3 April 2025

Energy mix

What percentage of your country's energy needs is covered, directly or indirectly, by oil or gas as opposed to nuclear or non-conventional sources? What percentage of the petroleum product needs of your country is supplied with domestic production?

According to the Energy Policy Planning Office (EPPO), Thailand's electricity generation of 235,458GWh in 2024 by fuel source was as follows: natural gas makes up 57.9 per cent; and oil makes up 0.1 per cent.

In 2024, the supply and demand statistics for Thailand's crude oil production was 153,352 bpd of domestic production; import was 971,025 bpd; and export was 19,345 bpd; with a throughput of approximately 1,084,951 bpd. Domestic production of oil products (mogas, diesel oil and other oils) was approximately 1,537,447 bpd and import of 144,736 bpd (approx. 13.9 per cent of supply), while domestic demand in 2024 was 1,386,429 bpd.

Law stated - 3 April 2025

Government policy

Does your country have an overarching policy regarding oil-related activities or a general energy policy?

Energy-related regulations and laws are applicable at a general level, with various regulatory bodies overseeing the overall energy market, including the National Energy Plan, which includes the Oil Plan as one of its five components, and outlines the management strategy for fuel oil. The EPPO plays a key role in formulating policies and regulations, along with managing funds dedicated to oil and energy conservation.

Law stated - 3 April 2025

Registering a licence

Is there an official, publicly available register for licences and licensees? Is there a register setting out oilfield ownership or operatorship, etc?

The website of the DMF provides a list of all active petroleum concessions, while the website of the Department of Energy Business (DOEB) also provides a list of fuel oil traders. The DMF has recently implemented a digital transformation project that created a Petroleum Production and Trading Monitoring System that offers real-time information access for concessionaires and DMF officers.

The DMF's annual report is a public source of information on investments by concessionaires and on government income (eg, income tax, royalties and special remunerative benefits). It includes a list of all outstanding concessions and details of ongoing investments regarding oilfield ownership and operatorship, statistics on the production, import, distribution and export of fuel oil in Thailand.

Law stated - 3 April 2025

Legal system

Describe the general legal system in your country.

Thailand is a civil law jurisdiction with the Constitution as the supreme law. Decisions and rulings of the judiciary and civil service are not binding but have considerable influence as precedents, while the interpretation and application of Thai law often follows common law principles of the Rule of Law.

There is an independent judiciary that provides a forum for the settlement of disputes.

Although Thai is the primary language of the courts, contracts between private parties may be executed in other foreign languages and may be governed by foreign law. Such contracts may also specify arbitration as the dispute settlement mechanism. Thailand is a party to the New York Convention, meaning foreign arbitration awards are generally enforceable.

Judgments entered by a foreign court are not enforceable in Thailand but can be introduced as evidence in enforcement proceedings in a Thai court. The Thai court will consider the case and provide its decision based on the merits of the case.

Government agencies may be sued in the courts and cannot raise a defence of sovereign immunity. However, state property is not subject to execution. Thailand's primary legislation covering anti-bribery and corrupt practices is the Act Supplementing the Constitution Relating to the Prevention and Suppression of Corruption, BE 2561 (2018).

When conducting business with international companies in Thailand, extra-territorial compliance requirements, such as US, UK and EU sanctions, anti-money laundering and Foreign Corrupt Practices Act compliance may be contractually required by foreign counterparties.

Law stated - 3 April 2025

REGULATION OVERVIEW

Legal framework for oil regulation

Describe the key laws and regulations that make up the principal legal framework regulating oil and gas activities.

The key legislation regulating the oil and gas sector are: (1) the Petroleum Act, BE 2514 (1971), as amended (PA); (2) the Petroleum Income Tax Act, BE 2514 (1971), as amended (PITA), applied and regulated by the Revenue Department; and (3) the Energy Industry Act, BE 2550 (2007) (EIA), applied and regulated by the Energy Regulatory Commission (ERC).

Under the PA, petroleum belongs to the state. No person may explore for or produce petroleum in any area, except under one of three regimes of granting instruments: concessions; production sharing contracts (PSCs); or service contracts (SCs). Most concession terms and conditions are prescribed in the PA, and the petroleum concessions or PSCs in the forms prescribed by MOE Ministerial Regulations. Deliverable targets are determined by the agreed volumes under applicable gas and crude sale agreements. In practice, bidders for concessions or PSCs are rarely permitted to negotiate changes in the standard terms prescribed by law. The concessions and PSCs specify exploration and production periods and extension mechanisms, while the petroleum exploration programme, price and profit split rates form part of the competitive bid.

- Domestic trading of petroleum products is governed by the Fuel Oils Trading Act, BE 2543 (2000) and the Fuel Oils Control Act, BE 2542 (1999), administered by the Department of Energy Business (DOEB). The Department of Mineral Fuels (DMF), DOEB and ERC are under the Ministry of Energy (MOE) and implement the MOE's policy.

Other key stakeholders include:

- Ministry of Transport: Regulates maritime activities, including those related to offshore oil and gas exploration, through key agencies such as the Marine Department and the Department of Air Transport (involved in access to offshore facilities).
-

Department of Marine and Coastal Resources, Ministry of Natural Resources and Environment, oversees the conservation of marine and coastal resources, including the environmental impact of offshore oil and gas activities, approves Environmental Impact Assessments and Decommissioning Plans.

- Thailand Greenhouse Gas Management Organization manages and mitigates greenhouse gas emissions.

Offshore petroleum operations are subject to laws applicable to territorial waters, Exclusive Economic Zones, continental shelves and the high seas (up to 12, 200, 350 or more nautical miles from the baseline, respectively), and are also subject to international laws and conventions such as the United Nations Convention on the Law of the Sea, regulated by the International Maritime Organization.

The Ministry of Foreign Affairs addresses overlapping maritime claims, such as those with Cambodia and Malaysia. The Malaysia–Thailand Joint Authority oversees exploration activities in the overlapping area, managing licensing, production sharing and revenue distribution.

Law stated - 3 April 2025

Expropriation of licensee interest

Are there any legislative provisions that allow for expropriation of a licensee's interest and, if so, under what conditions?

There are no legislative provisions that allow for expropriation of a licensee's interest. However, the law empowers the Minister of Energy, with the advice of the petroleum committee, to revoke the licensee's interest when the licensee fails to comply with certain provisions under the Petroleum Act.

Law stated - 3 April 2025

Revocation or amendment of licences

May the government revoke or amend a licensee's interest?

The MOE has the power to revoke a concession, PSC or SC for good cause, provided that sufficient time is given to rectify any default.

Law stated - 3 April 2025

Regulators

Identify and describe the government regulatory and oversight bodies principally responsible for regulating oil exploration and production activities in your country. What sanctions for breach may be imposed by the regulatory and oversight bodies?

The DMF is principally responsible for regulating oil exploration and production activities.

Any breach of the relevant laws and regulations may attract penalties for the entity and, in some cases, for the directors.

Law stated - 3 April 2025

Government statistics

What government body maintains oil production, export and import statistics?

The DMF and EPPO maintain statistics in relation to oil production, export and import, while the Petroleum and Energy Institute of Thailand, a non-profit organisation, also produces quality statistics on the petroleum and petrochemical industry.

Law stated - 3 April 2025

NATURAL RESOURCES

Title

Who holds title over oil reservoirs? To what extent are mineral rights on private and public lands involved? Is there a legal distinction between surface rights and subsurface mineral rights? At what stage does title to extracted oil transfer to the licensee, lessee or contractor?

Title to petroleum resources belongs to the state. Owners of surface land have no rights to the mineral resources underneath. Unless a concession, a production-sharing contract (PSC) or a service contract (SC) is obtained, no person may explore for or produce petroleum in any area. For concessions, title to the petroleum passes to the concessionaire at the wellhead. However, for a PSC, title remains with the state and the contractor is compensated with oil. Under an SC, the contractor is paid for its services and does not own the petroleum.

Law stated - 3 April 2025

Exploration and production – general

What is the general character of oil exploration and production activity conducted in your country? Are areas off-limits to exploration and production?

Oil exploration and production activities are conducted both onshore and offshore. Certain areas are off limits to exploration and production, except where consent is duly obtained, including military areas, agricultural land reform areas and certain areas reserved for environmental conservation purposes.

Operators may request permission from authorities to conduct petroleum business in areas that were initially off limits. There have been decommissioning campaigns that involved an approval by the National Committee on Marine and Coastal Resources to place used platform jackets as artificial reefs at Koh Pha-Ngan.

Law stated - 3 April 2025

Exploration and production – rights

How are rights to explore and produce granted? What is the procedure for applying to the government for such rights? To what extent are the terms of licences or contracts negotiable?

The Department of Mineral Fuels (DMF) regulates petroleum exploration and production under the supervision of the Petroleum Committee, established under the Petroleum Act.

The Petroleum Act provides that the rights to explore and produce can be in three forms (ie, the concession, PSC and SC). The form of contract is determined when the bidding is announced, and must be in accordance with the form prescribed by a ministerial regulation issued under the Petroleum Act. The cost and time frame for applications shall be as announced at the time of the relevant bidding.

Law stated - 3 April 2025

Government participation

Does the government have any right to participate in a licence? If so, is there a maximum participating interest it can obtain and are there any mandatory carry requirements for its interest? What cost-recovery mechanism is in place to recover such carry? Does the government have any right to participate in the operatorship of a licence?

The government has no right to participate in a petroleum concession, and generally, an applicant for a concession and a PSC must be a juristic person. However, PTT Exploration and Production Public Company Limited, a subsidiary of the national gas company PTT Public Company Limited, which is majority-owned by the Ministry of Finance (holding more than 51 per cent of the shares), is considered the national energy company of Thailand.

Law stated - 3 April 2025

Royalties and tax stabilisation

If royalties are paid, what are the royalty rates? Are they fixed? Do they differ between onshore and offshore production? Aside from tax, are there any other payments due to the government? Are any tax stabilisation measures in place?

Thailand's current concessions are awarded under three petroleum concession frameworks: Thailand I (1970s), Thailand II (1980s) and Thailand III (1990s), each offering increasingly favourable fiscal terms for investors. Government takes under current petroleum concessions include royalties (sliding scale rates of 5–15 per cent), special remuneration benefits (progressive rates of 0–75 per cent on windfall profits) and petroleum income taxes (35–50 per cent). Government takes under the PSC regime would comprise multiple components including special remuneration benefits, and a 10 per cent royalty on total

production, profit split, though actual production costs may be recovered under a capped cost-recovery mechanism. Fiscal regimes do not distinguish between offshore and onshore operations but while petroleum exploration rights offshore have been under the PSC regime, onshore biddings remain under the concession regime.

Law stated - 3 April 2025

Licence duration

What is the customary duration of oil leases, concessions or licences?

The durations of the licences under the Petroleum Act are as follows: (1) Concession and PSC: exploration period is up to six years, with a renewal of up to three years, and production period is up to 20 years from the end of the exploration period, with a renewal of up to 10 years; (2) SC: the exploration and production period is up to 30 years in total.

Upon commercial discovery, a production area can be delineated. Once the production area is delineated, the production may be started even while the exploration period has not yet lapsed.

Law stated - 3 April 2025

Extent of offshore regulation

For offshore production, how far seaward does the regulatory regime extend?

Thailand has published the limits of its continental shelf for the purposes of mineral exploration. The territorial sea of Thailand extends to 12 NM (nautical miles), its internal waters and contiguous zone to 24NM, and its exclusive economic zone to 200NM.

In 1979, Thailand and Malaysia agreed on a joint development area to resolve a dispute about marine boundaries. In 1997, Thailand and Vietnam agreed on their marine boundaries in the Gulf of Thailand, and in 1980, Thailand and Myanmar agreed on their lateral boundary. There is a substantial offshore area between Thailand and Cambodia that is still subject to overlapping claims (ie, the overlapping claims area).

Law stated - 3 April 2025

Onshore offshore regimes

Is there a difference between the onshore and offshore regimes? Is there a difference between the regimes governing rights to explore for or produce different hydrocarbons?

There is a significant difference between onshore and offshore regimes in Thailand. PSCs are not used for onshore areas, only for offshore ones. Moreover, deep-sea exploration is governed by different regulations, but the Ministry of Energy (MOE) is responsible for regulating both exploration and production.

Law stated - 3 April 2025

Authorised E&P entities

Which entities may perform exploration and production activities?

Describe any registration requirements. What criteria and procedures apply in selecting such entities?

Applicants for petroleum concessions must be a company (either Thai or foreign in the latest bidding round), and have sufficient equipment, personnel and financial resources for performing exploration and development work obligations. If the applicant does not possess such characteristics, it will be required to submit a guarantee from an affiliate that is deemed acceptable to the MOE, and has a relationship in capital and management with the applicant.

The Petroleum Act sets forth the basic qualifications of bidders for petroleum concessions, which may be further specified in the invitation to bid.

Law stated - 3 April 2025

Regulatory powers over operators

What controls does the regulatory body have over operators? Can operatorship be revoked?

The Petroleum Act is silent on joint operating agreements (JOAs) and on the roles of the operator under a JOA. The DMF is not a party to a JOA but must be kept informed about amendments to the JOA and related matters. The model PSC includes clause 20 (JOA), which prescribes certain rules applicable to JOAs.

Law stated - 3 April 2025

Joint ventures

What is the legal regime for joint ventures?

Generally, contractual joint ventures are recognised under Thai law for income tax purposes under the Revenue Code and may be established between parties under a joint venture agreement. The Petroleum Act does not prescribe any rules concerning joint ventures other than that parties to a joint venture are jointly and severally liable for their mutual obligations.

At present, there is no requirement that a joint venture agreement or joint operating agreement between the joint venture partners be approved, filed or registered. Other than the MalaysiaThailand Joint Development Area (MTJDA), the Thai and Malaysian governments established the Malaysia–Thailand Joint Authority (MTJA) as a legal entity and the operators are incorporated joint ventures between the production sharing contractors. The MTJA is responsible, on behalf of both governments, for the exploration and exploitation of petroleum resources in the MTJDA under the PSC system. Both countries equally share the benefits from petroleum operations in the Joint Development Area, with a 50:50 split.

Law stated - 3 April 2025

Reservoir unitisation

How does reservoir unitisation apply to domestic and cross-border reservoirs?

Section 72 of the Petroleum Act provides that the government may order unitisation. However, there are no regulations governing how this power is to be exercised.

Thailand and Malaysia cooperate on a joint development area in the Gulf of Thailand under the auspices of a joint authority. Thailand and Cambodia resumed negotiations on the overlapping claims area in February 2024 with a focus on sharing the benefits from petroleum exploration, and these negotiations remain ongoing in 2025.

Law stated - 3 April 2025

Licensee liability

Is there any limit on a party's liability under a licence, contract or concession?

There is no express limit on the liability of a concessionaire under a petroleum concession or contractor under a PSC. If there are multiple parties to a concession or a PSC, the companies will be jointly and severally liable for the obligations under the governing instrument.

Law stated - 3 April 2025

Guarantees and security deposits

Are parental guarantees or other forms of economic support common practice or a regulatory requirement? Are security deposits required in respect of any work commitment or otherwise?

Parent company guarantees are required under section 24 of the Petroleum Act in cases where the applicant for the concession does not 'have capital, machinery, equipment, tools and specialists' to explore for, produce, sell and dispose of petroleum. The MOE has wide discretion on what is deemed an acceptable guarantor and in practice, the MOE almost always requires a parent company guarantee.

Law stated - 3 April 2025

LOCAL CONTENT REQUIREMENTS

Minimum requirements

Must companies operating in your country prefer, or use a minimum amount of, locally sourced goods, services, capital or personnel?

In several sectors, there are requirements to use local goods and services. There are a number of laws that require majority Thai ownership in a company to operate certain businesses. Under the Foreign Business Operations Act, BE 2542 (1999), many businesses

(including petroleum service businesses) are subject to restrictions and foreign service companies are required obtain a foreign business licence. However, exploration and production are not subject to any general foreign ownership limitations.

Law stated - 3 April 2025

Social programmes

Describe any social programme payment obligations that must be made by a licensee, lessee or contractor.

Most petroleum concessions include special advantages, such as scholarships, training, contributions to support petroleum development and community development, among others.

The Ministerial Regulation Prescribing Production Sharing Contract, BE 2561 (2018) provides that special advantages shall be in accordance with the invitation to submit a proposal or as per the production-sharing contract's contractor offer.

Law stated - 3 April 2025

TRANSFERS TO THIRD PARTIES

Approval to transfer interests

Is government consent required for a company to transfer its interest in a licence, concession or production sharing agreement? Does a change of control require similar approval? What is the process for obtaining approval? Are there any pre-emptive rights reserved for the government?

The Petroleum Act (PA) permits farm-in arrangements, transfers of concessions to affiliates and transfers to third parties.

A concessionaire may transfer its interest in a concession to certain affiliates by notifying the Ministry of Energy (MOE). The MOE may require a substitute parent company guarantee. The transfer will take effect from the date on which the MOE confirms that the transfer was made in compliance with section 48.

Under section 50 of the PA, transfers of concessions to third parties require permission from the Minister of Energy after approval is obtained from the Petroleum Committee. Transferees must possess all qualifications under the PA to be eligible to receive a concession block from the transferor. There is no prescribed timeline but, in practice, it may take between three to six months (or longer) to obtain this approval.

Neither the PA nor petroleum concession agreements contain provisions concerning change of control (except those arising from transfers of interests in a concession). However, in practice, the Department of Mineral Fuels and the MOE can scrutinise indirect transfers of interests in a petroleum concession if the parent company guarantee issued pursuant to section 24 of the PA is not within the transaction perimeters, as the identity of any new guarantor will need to be approved by the MOE.

The government has no pre-emptive rights.

Law stated - 3 April 2025

Approval to change operator

Is government consent required for a change of operator?

In principle, government consent is not required for a change of operator. However, if a change of operator is proposed in connection with a requested change in the concessionaire under section 50 of the PA then the Minister of Energy is likely to take into account the qualifications of the potential transferee in considering the transfer application.

Law stated - 3 April 2025

Transfer fees

Are there any specific fees or taxes levied by the government on a transfer or change of control?

Transfers of interests in a petroleum concession, production sharing contract or service contract may trigger income tax liabilities. Changes of control by way of a transfer of shares in a parent company outside Thailand do not trigger income tax liabilities in Thailand.

Law stated - 3 April 2025

TITLE TO FACILITIES AND EQUIPMENT

Title holder

Who holds title to facilities and equipment used for oil exploration, development and transportation activities during the term and on termination of a licence, PSC or service contract?

Where facilities are built or where equipment is bought to conduct petroleum operations under the terms of the concession, the concessionaire and their joint venture partners are the owner of facilities and equipment used in exploration and production activities during the term of the concession. However, in the production-sharing and service contract regimes, the title to facilities and equipment that are procured to conduct petroleum operations belongs to the state.

At the end of the concession term, if the state deems that the facilities or installation are still useful, the Department of Mineral Fuels may serve a written notice on the concessionaire identifying which installations are to be delivered to the state. The concessionaire must deliver these installations without charge.

Law stated - 3 April 2025

DECOMMISSIONING AND ABANDONMENT

Laws and regulation

What laws or regulations govern abandonment and decommissioning of oil and gas facilities and pipelines? In summary, what is the obligation and liability regime for decommissioning? Are there any other relevant issues concerning decommissioning?

The main legal documents that define the oil and gas decommissioning obligations in Thailand are the petroleum concession agreement for each concession block and the current form of the production sharing contract (PSC), as well as sections 80/1 and 80/2 of the amended Thailand Petroleum Act of 2007 and its implementing ministerial regulations, which apply to both concessionaires and PSC contractors.

In addition, the 2007 amendments to the Petroleum Act oblige the concessionaire and PSC contractor to submit a decommissioning plan for the government's approval, provide cost estimates and offer financial security to guarantee decommissioning liabilities. Operators have to propose the decommissioning plan for facilities that are no longer in use. Moreover, operators have to transfer assets with remaining useful life to the government at the end of the concession or PSC term, as instructed by the government.

The PSC requires the contractor to dispose of or transfer property and remit proceeds to the Department of Mineral Fuels (DMF), and also states that property acquired by the state must be returned. The current concession agreement forbids the concessionaire from disposing of any property during the last five years of the production period, unless the Ministry of Energy approves.

Law stated - 3 April 2025

Security deposits for decommissioning

Are security deposits required in respect of future decommissioning liabilities? If so, how are such deposits calculated and when does their payment become due?

Under the Ministerial Regulation on Decommissioning, BE 2559 (2016), the concessionaire is obligated to provide a security deposit. The security is equivalent to the estimated decommissioning cost, as approved by the DMF. The timing of the obligation to deposit security is set out in section 24 of this decommissioning regulation. Security can be in the form of cash, cashier's cheque, Thai government bond, bank guarantee, irrevocable standby letter of credit or other forms prescribed by the Director-General of the DMF.

Law stated - 3 April 2025

TRANSPORTATION

Regulation

How is transportation of crude oil and crude oil products regulated within the country and across national boundaries? Do different government bodies and authorities regulate pipeline, marine vessel and tanker truck transportation?

Transport of petroleum from onshore fields for sale to the refinery is typically done through train or truck tankers and offshore sale of crude and condensate is made through floating storage offloading units (FSO) or floating production storage offloading units (FPSO). Activities related to FSO and FPSO are regulated by the DMF along with certain other regulations applicable to shipping law, environmental, safety and emergencies at sea that are regulated by other government stakeholders. There are few private pipelines for the transportation of oil products. However, the transportation of crude oil and petroleum products is regulated by the Department of Energy Business (DOEB) under the Fuel Oils Control Act, BE 2542 (1999) and the Fuel Oils Trading Act, BE 2543 (2000). Any entities engaging in the transportation of crude oil and petroleum products must, depending on the type and quantity of fuel, register with the DOEB or obtain a licence as specified under these regulations.

Other government bodies regulating the petroleum transportation include the Marine Department, the State Railways of Thailand and the Department of Land Transport, overseeing air, rail and truck transport, respectively.

Law stated - 3 April 2025

COST RECOVERY

Determining recoverable costs

Where oil exploration and production activities are conducted under a production sharing contract, describe how recoverable costs can be determined and how recovery can be realised.

Under the production-sharing contract (PSC) regime, all actual expenses in petroleum operations are to be borne by the contractor and deducted from production revenue before the profit is shared between the contractor and the state, as detailed in the contract, and provided that such expenses are in accordance with work plans and budgets annually approved by the Director-General of the Department of Mineral Fuels.

There are various costs that are specifically not recoverable under the PSC regime as set out under the Petroleum Act, such as costs arising from the contractor's negligence, uninsured assets when insurance was agreed under the approved work plan and budget, and taxes and duties on the contractor's profit and export duties.

The maximum annual recovery amount is 50 per cent of the value of the total production, as deductions may not exceed 50 per cent of the value of total production. The excess can be deducted in the following year if such expenses for that year do not exceed 50 per cent.

Law stated - 3 April 2025

HEALTH, SAFETY AND ENVIRONMENT

Requirements

What health, safety and environment requirements apply to upstream oil-related facility operations onshore and offshore? What government body is responsible for this regulation; what enforcement authority does

What kind of record-keeping is required? What are the penalties for non-compliance?

The Occupational Safety, Health and Environment Act, BE 2554 (2011) and its subordinate regulations generally require an employer to arrange and maintain safe working conditions, and to prevent physical and mental harm to its employees working in upstream oil-related operations onshore and offshore. They also address certain standards and safety measures for the workplace.

For labour and environmental-related legislations, concessionaires and contractors are subject to the Labour Protection Act, BE 2541 (1998), as amended (the LPA), the Enhancement and Conservation of the National Environmental Quality Act, BE 2535 (1992), as amended (the Environmental Act), the Fuel Oils Trading Act, BE 2543 (2000), as amended, and their subordinate regulations of general application.

The LPA is administered by the Ministry of Labour and Welfare, and applies to any employer with 10 or more employees. The labour inspection officer, appointed by the Minister of Labour and Welfare, enforces the LPA, which covers all general employment practices. Non-compliance with the LPA may result in criminal penalties.

Under the Enhancement and Conservation of the National Environmental Quality Act, BE 2535 (1992), as amended (Environmental Act), the Ministry of Natural Resources and Environment, in conjunction with the National Environment Board, prescribes categories of industrial projects subject to regulation and approval. An environmental impact assessment report must be filed before approval is granted for a regulated industrial project.

Law stated - 3 April 2025

LABOUR

Local and foreign workers

Must a minimum amount of local labour be employed? What are the visa requirements for foreign labour? Are there anti-discrimination requirements? What are the penalties for non-compliance?

The Working of Aliens Act, BE 2521 (1978) and the Foreign Working Management Emergency Decree, BE 2560 (2017), as amended, mandate work permits for foreign nationals working in Thailand. A work permit is required for foreign workers. The Petroleum Act, BE 2514 (1971), as amended, provides a procedure that facilitates the issuance of work permits, which is administered by the Department of Mineral Fuels and the Petroleum Committee.

Concessionaires and production-sharing contractors are required to employ Thai nationals to the maximum extent possible and to train Thai nationals to be qualified to take up positions at all levels in petroleum operations within a reasonable time.

Law stated - 3 April 2025

TAXATION

Tax regimes

What is the tax regime applicable to oil exploration, production, transportation, and marketing and distribution activities? What government body wields tax authority?

Petroleum concessionaires are subject to income tax at 50 per cent under the Petroleum Income Tax Act, BE 2514 (1971), as amended, which is administered by the Revenue Department.

Contractors under production-sharing contracts are subject to income tax at 20 per cent.

Petroleum service companies and operators of transportation, marketing and distribution activities are subject to income tax at 20 per cent under the Revenue Code, which is also administered by the Revenue Department.

The Excise Tax Act, BE 2560 (2017) applies to the production and sale of certain petroleum products.

Law stated - 3 April 2025

COMMODITY PRICE CONTROLS

Crude oil mining

Is there a mandatory price-setting regime for crude oil or crude oil products? If so, what are the requirements and penalties for non-compliance?

Export sales are made at a free-on-board posted price fixed by the concessionaire or production-sharing contractor and agreed to by the government. Domestic sales, in the absence of regular exports, are made at a price not exceeding that of imported crude oil. Otherwise, they are made at the average realised price of exports by all concessionaires.

The government occasionally prescribes prices for the retail sale of petroleum products.

Retail petroleum companies are required to make contributions to the Oil Fund.

Law stated - 3 April 2025

COMPETITION

Competition enforcers

What government bodies have the authority to prevent or punish anticompetitive practices in connection with the extraction, transportation, refining or marketing of crude oil or crude oil products?

The extraction, transportation, refining or marketing of crude oil and crude oil products are not subject to any specific trade competition regulations, but the Trade Competition Commission is empowered under the Trade Competition Act, BE 2560 (2017) (the TCA) with general regulatory oversight for anticompetitive or unfair practices, other than in sectors with specific trade competition regulations.

While the Energy Regulatory Commission (ERC) has issued regulations for merger controls and anti-competition regulations in the energy industry under the Energy Industry Act, BE 2550 (2007), such specific regulations are for the holders of the electricity and natural gas industry licenses. Therefore, extraction, transportation, refining or marketing of crude oil and crude oil products are not under supervision of any specific trade competition regulations, and are governed by the TCA.

Law stated - 3 April 2025

Obtaining clearance

What is the process for procuring a government determination that a proposed action does not violate any competition laws? How long does the process generally take? What are the penalties?

The Trade Competition Commission (TCCT) is the regulator with supervisory authority under the TCA. A request may be made to the OTCC for a ruling on whether a proposed action violates the TCA. The OTCC is required to issue a decision within 60 days from the date of receiving the request. However, the review period may be extended, if necessary, with the total duration not exceeding 90 days.

The TCA divides regulated mergers into two categories: those that require approval (a pre-merger filing) from the TCCT and those that only require notification to the TCCT (a post-merger notification). Submission of a pre-merger filing will be required if the merger may result in the creation of either a monopoly or a business operator with a dominant market position. Failure to conduct a pre-merger filing will result in a fine of not exceeding 0.5 per cent of the total value of the transaction.

Otherwise, a post-merger notification shall be submitted to the TCCT within seven days of the completion of the merger if the merger may substantially lessen competition in the market. Failure to conduct a post-merger filing will result in a fine of not exceeding 200,000 baht, and a daily fine of not exceeding 10,000 baht throughout the period of violation.

Law stated - 3 April 2025

DATA

Seismic data

Who holds title to seismic data collected during the term of and on termination of a licence, PSC or service contract? Can the regulator require the data owner to report or release the data?

The Petroleum Act, is silent on title to seismic and other data but requires that a concessionaire and party to a production-sharing contract report the results of the petroleum business operation and annual working plan and budget to the Department of Mineral Fuels (DMF), covering details and data since the exploration of petroleum began. Such information may be made available to the public one year after the DMF receives such information.

In practice, the DMF can require the data owner to release the data, particularly if it belongs to relinquished fields and is required to be provided for new bid rounds.

Law stated - 3 April 2025

INTERNATIONAL

Treaties

To what extent is regulatory policy or activity affected by international treaties or other multinational agreements?

Thailand is a party to several international treaties, bilateral investment protection treaties and double tax agreements, including with the World Trade Organization.

Thailand is a member of the Association of Southeast Asian Nations (ASEAN), which integrated with nine other regional economies to form the ASEAN Economic Community (AEC). The five core elements of the AEC are the free flow of goods, services, investment, capital and skilled labour.

ASEAN members have ratified enhanced dispute resolution mechanisms under the ASEAN Protocol on Enhanced Dispute Settlement Mechanisms (2004) and member states afford one another certain investment guarantees, as agreed within the ASEAN Comprehensive Investment Agreement (2009), with the goal of economic integration in line with the AEC blueprint.

Thailand is also a party to the United Nations' New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958) and the United Nations Convention on the Law of the Sea (1982).

Law stated - 3 April 2025

Foreign ownership

Are there special requirements or limitations on the acquisition of oil-related interests by foreign companies or individuals? Must foreign investors have a local presence?

Petroleum concessionaires may be 100 per cent foreign owned. A foreign oil company must have a registered branch or subsidiary in Thailand.

Retail petroleum businesses are subject to limits on foreign ownership under the Foreign Business Operations Act, BE 2542 (1999), as amended.

Conducting an oil refinery business is not a restricted activity for foreign companies or individuals. Rather, it is a promoted activity under the Investment Promotion Act, BE 2520 (1977), as amended.

Law stated - 3 April 2025

Cross-border sales

Do special rules apply to cross-border sales or deliveries of crude oil or crude oil products? Are there any volumetric supply obligations for the local market that prevail over the export rights of the oil producer?

Cross-border sales or deliveries of crude oil and products are subject to Customs Department scrutiny and, with respect to products, Excise Department regulation.

Under section 61 of the Petroleum Act, the Minister of Energy may temporarily restrict petroleum exports from Thailand. Since 2014, the Department of Mineral Fuels (DMF) has requested concessionaires not to export crude oil, but those who wish to do so may submit a request for an exemption from the DMF, which is granted on a case-by-case basis. However, in 2015, the DMF provided a general approval to all concessionaires in the Gulf of Thailand for crude oil exports, upon notification to the DMF and adherence to its regulations and guidelines.

Law stated - 3 April 2025

UPDATE AND TRENDS

Current trends

What are the current trends in your jurisdiction? What can we expect in the near future? Are there current proposals to change the regulatory or statutory frameworks? What areas may be of particular interest to foreign investors?

Thailand's energy sector is currently focused on balancing energy security with environmental sustainability. In 2024, the Department of Mineral Fuels (DMF) successfully launched the 25th onshore petroleum bidding round and secured natural gas production from key fields while extending production periods for long-established fields such as B8/38. Moving forward, the DMF plans to start receiving applications for the 26th offshore bidding round in July 2025 for exploration and production rights in the Andaman Sea, and to extend production periods for fields nearing the end of their life cycle – both domestically and in the Thailand–Malaysia Joint Development Area – and to strengthen regional cooperation to secure natural gas supplies from neighbouring countries. These efforts are aimed at ensuring long-term energy security while navigating the global shift towards cleaner energy sources. The Thai government's plans to resume negotiations with Cambodia to jointly explore an offshore oil and gas field estimated to hold reserves worth at least US\$300 billion. The disputed area has been a point of contention between the two countries since the 1970s.

PTT Exploration and Production Plc has initiated regulatory studies and pilot projects in the Arthit field in the Upper Gulf of Thailand to use Carbon Capture and Storage (CCS). The CCS project is expected to commence operations in 2027. These initiatives aim to ensure the efficient and effective implementation of CCS, supporting Thailand's transition to sustainable energy practices and contributing to its long-term decarbonisation goals.

PTT PCL, the national oil and gas conglomerate, anticipates improved business performance driven by higher energy demand and an improving Thai economy. However, declining global energy prices due to public pressure on the government to manage domestic energy costs may present challenges. Thailand's energy sector is expected to continue its transition toward a low-carbon economy by integrating traditional fossil fuel resources with emerging

clean energy solutions. Key initiatives, such as offshore bidding rounds, hydrogen energy storage, ethanol utilisation in industries, sustainable aviation fuel, and carbon capture and storage development, will play a crucial role in ensuring energy security while advancing long-term sustainability goals.

Law stated - 3 April 2025