



Member Country Report of Vietnam for Oil and gas activities (2008 year)

October 2009



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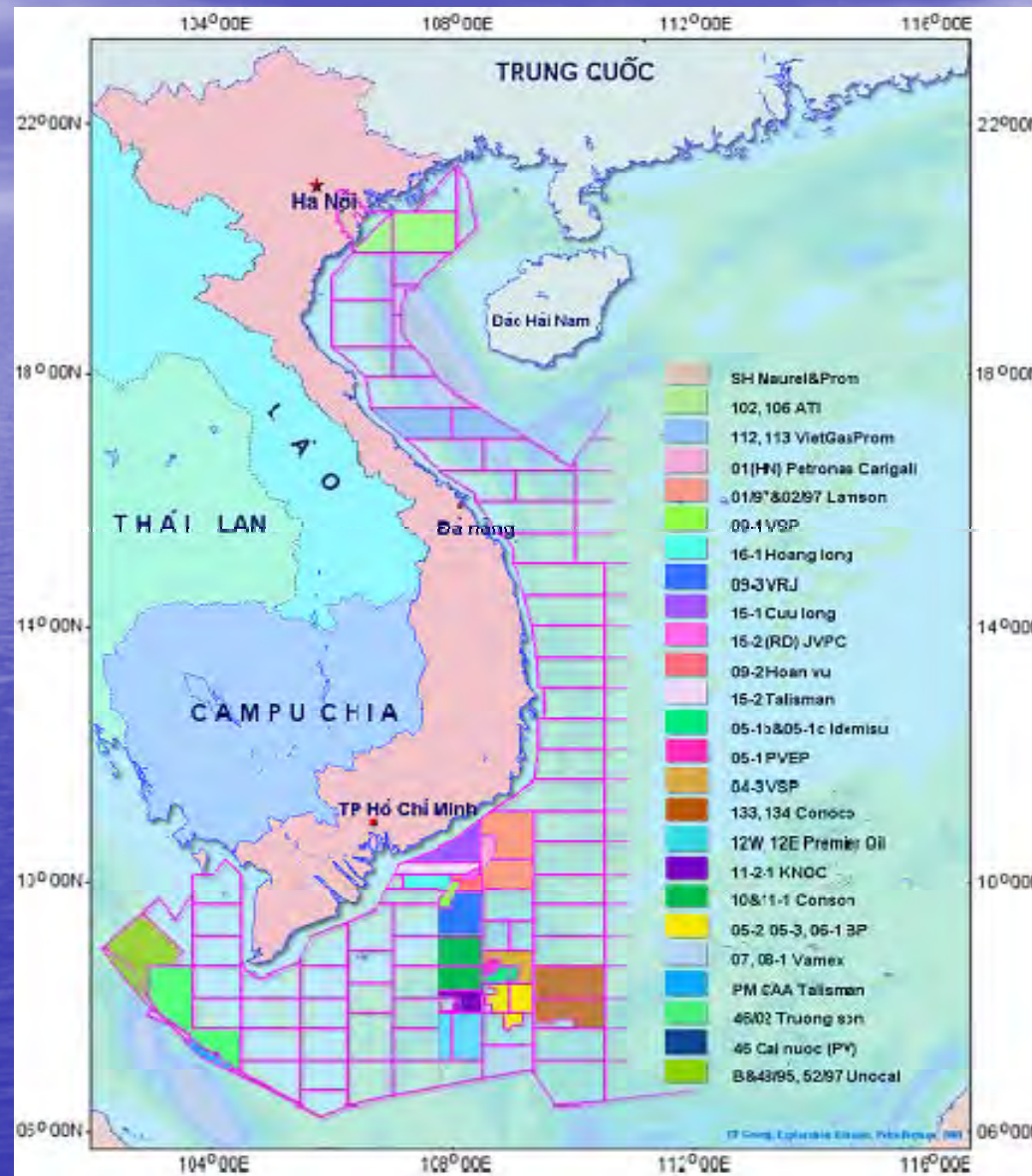


PETROVIETNAM ACTIVITIES

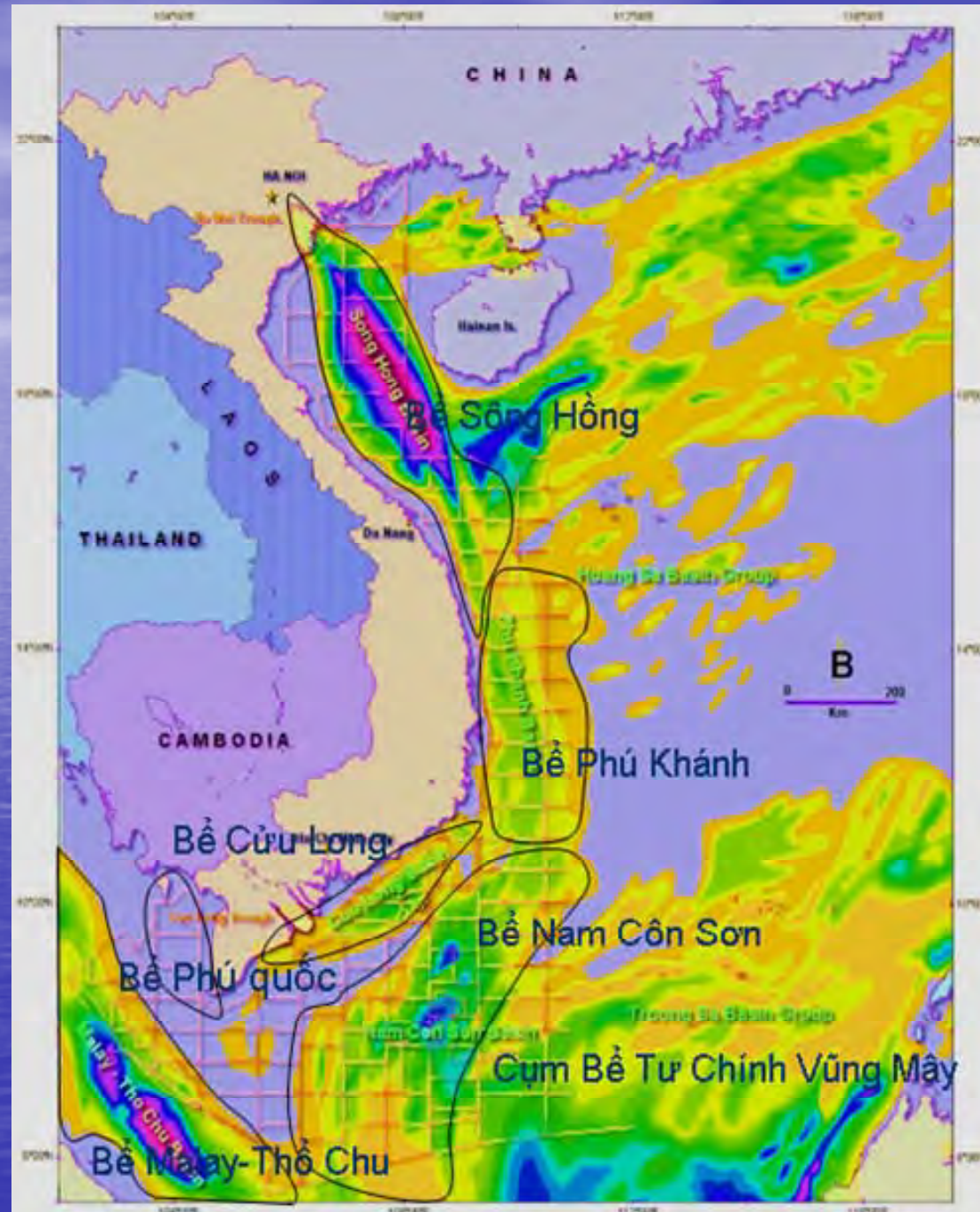
- Upstream (E&P)
- Midstream (gas, power)
- Downstream (refinery, petrochemical)
- Fiscal regimes
- Investment campaign



UPSTREAM ACTIVITIES (EXPLORATION & PRODUCTION)



Vietnam Domestic E&P map



LOCATION MAP OF SEDIMENTARY BASINS IN VIETNAM



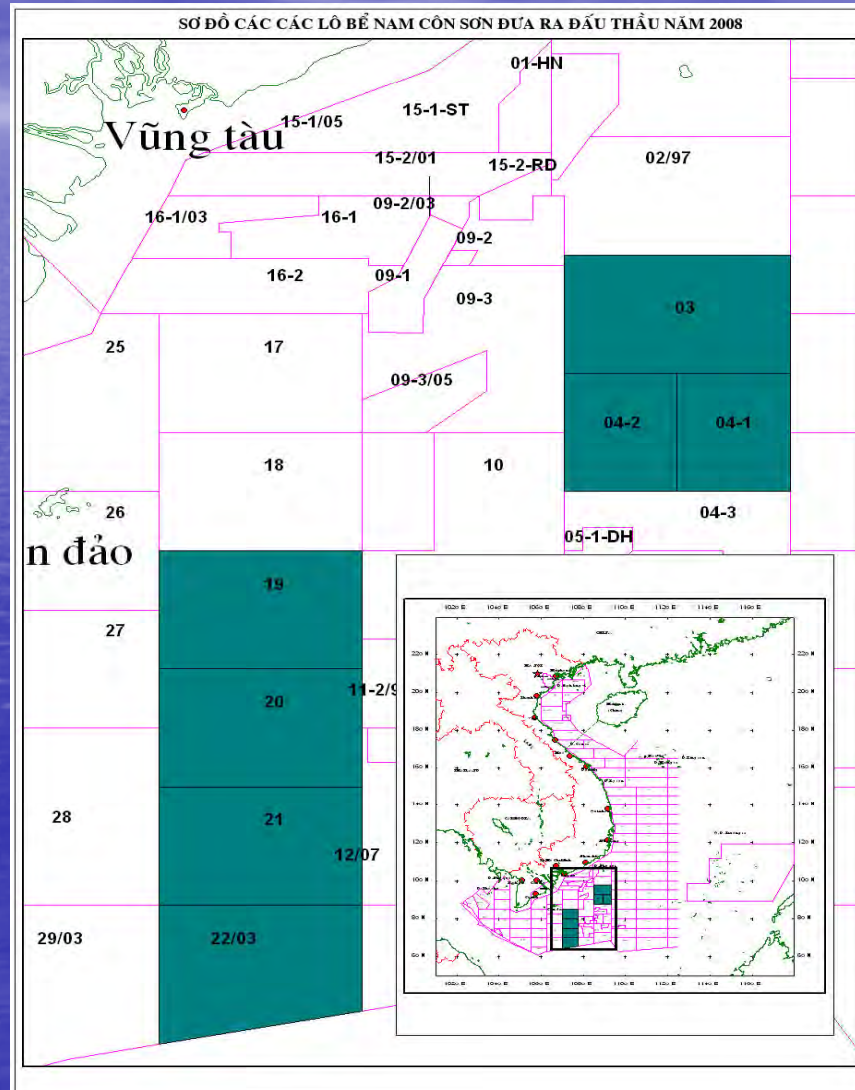
Exploration



- Until the end of 2008, PVN has signed 64 petroleum contracts with 41 still in forces (in form of Petroleum Sharing Contracts, Business Co-operation Contracts, Joint Operation Contracts and Joint Venture).
- ~443,000 km 2D seismic (38,640 km in 2008) and ~49,000 km² of 3D acquired (10,890 km² in 2008).
- 54 well drilled in 2008 (13 exploration, 14 appraisal and 27 production).
- Total hydrocarbon reserves of Vietnam increased 50 million tons of oil equivalent.
- One licensing round (NCS bid) for 7 blocks: 03, 04-1, 04-2, 19, 20, 21, 22-03 successfully opened by Petrovietnam and more than 20 international oil and gas companies participating in this licensing round.
- 04 new petroleum contracts were signed after that .



OPEN BLOCKS IN NAM CON SON

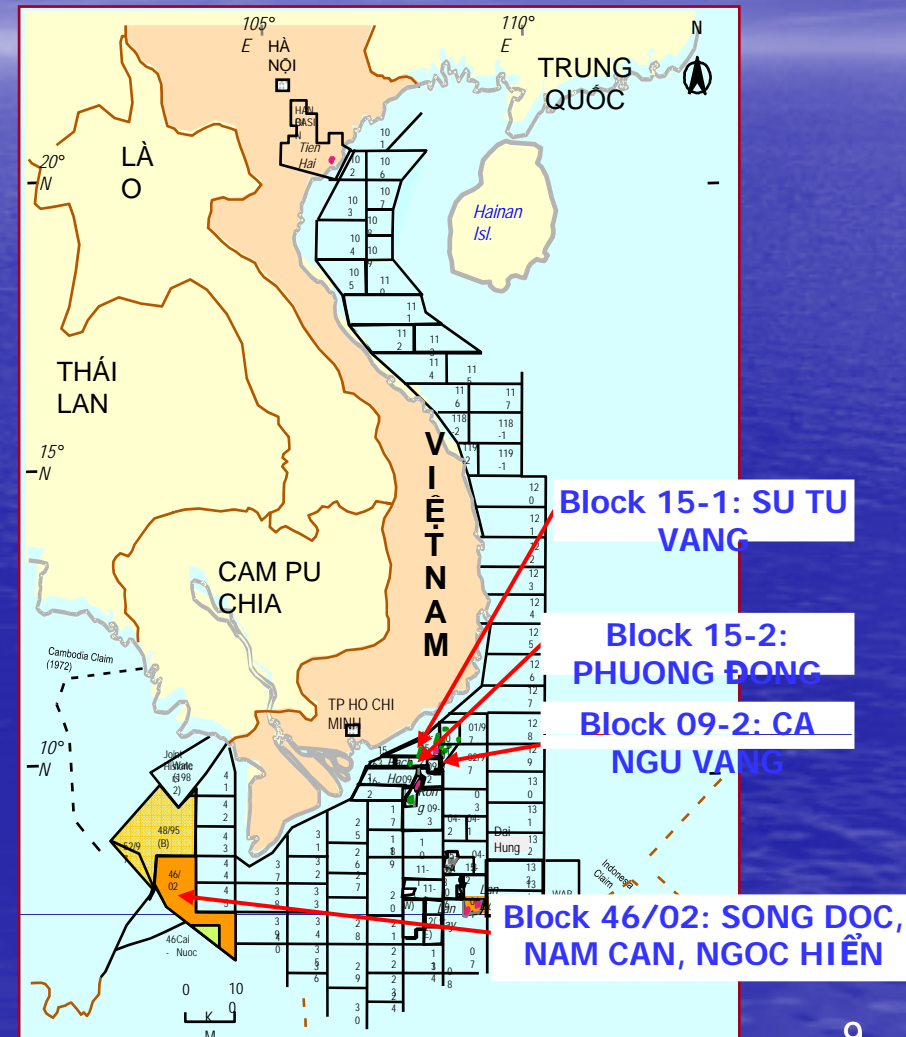
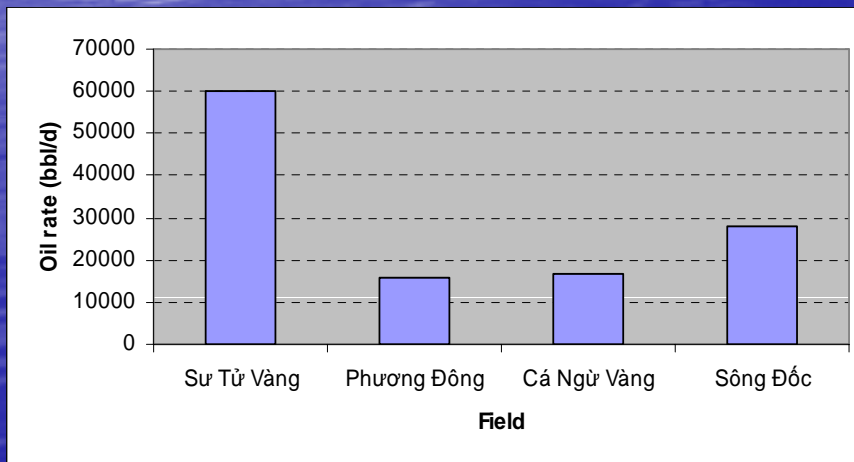




FIELDS HAD PUT INTO PRODUCTION IN 2008



- Su Tu Vang:
 - 01 FSO (for Su Tu complex)
 - 01 CPP
 - Su Tu Vang-Rang Dong pipeline:45km
- Phuong Dong:
 - 01 WHP
 - Phuong Dong-Rang Dong pipeline:17km
- Ca Ngu Vang:
 - 01 WHP
 - Ca Ngu Vang-Bach Ho pipeline:34km
- Song Doc:
 - 01 WHP
 - 01 FPSO

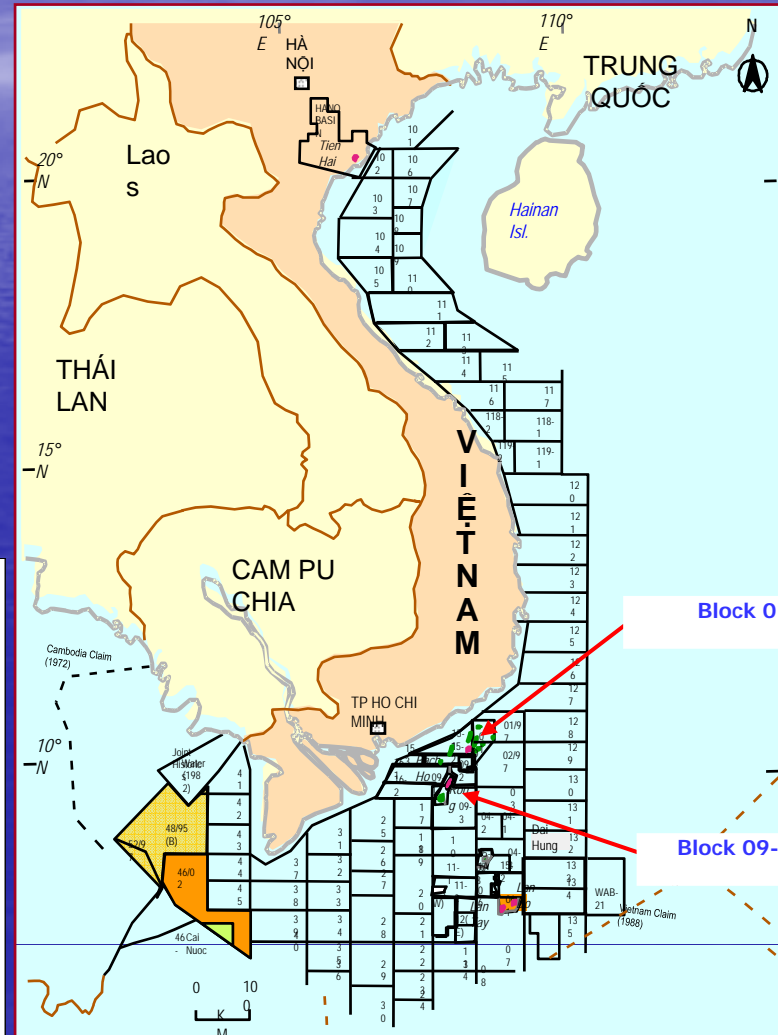
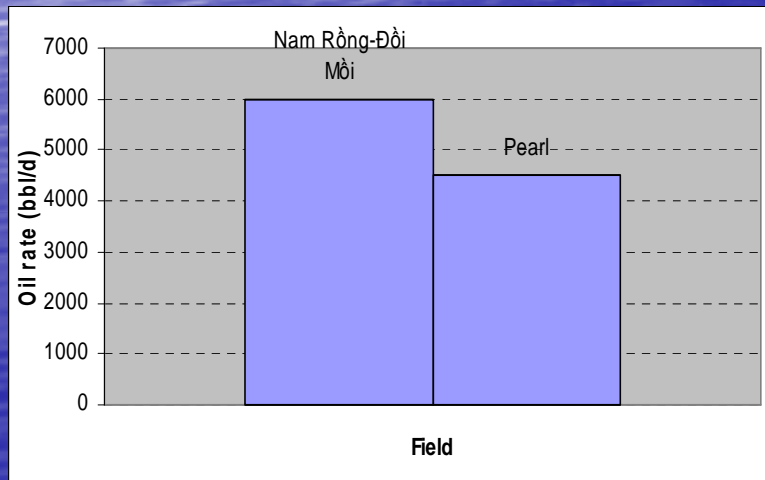




FIELDS TO BE PRODUCED IN 2009



- Pearl:
 - 01 FPSO (shared with fields in block 01&02)
 - 01 WHP
- NamRong-ĐoiMoi:
 - 02 WHP
 - Pipeline to Rong field

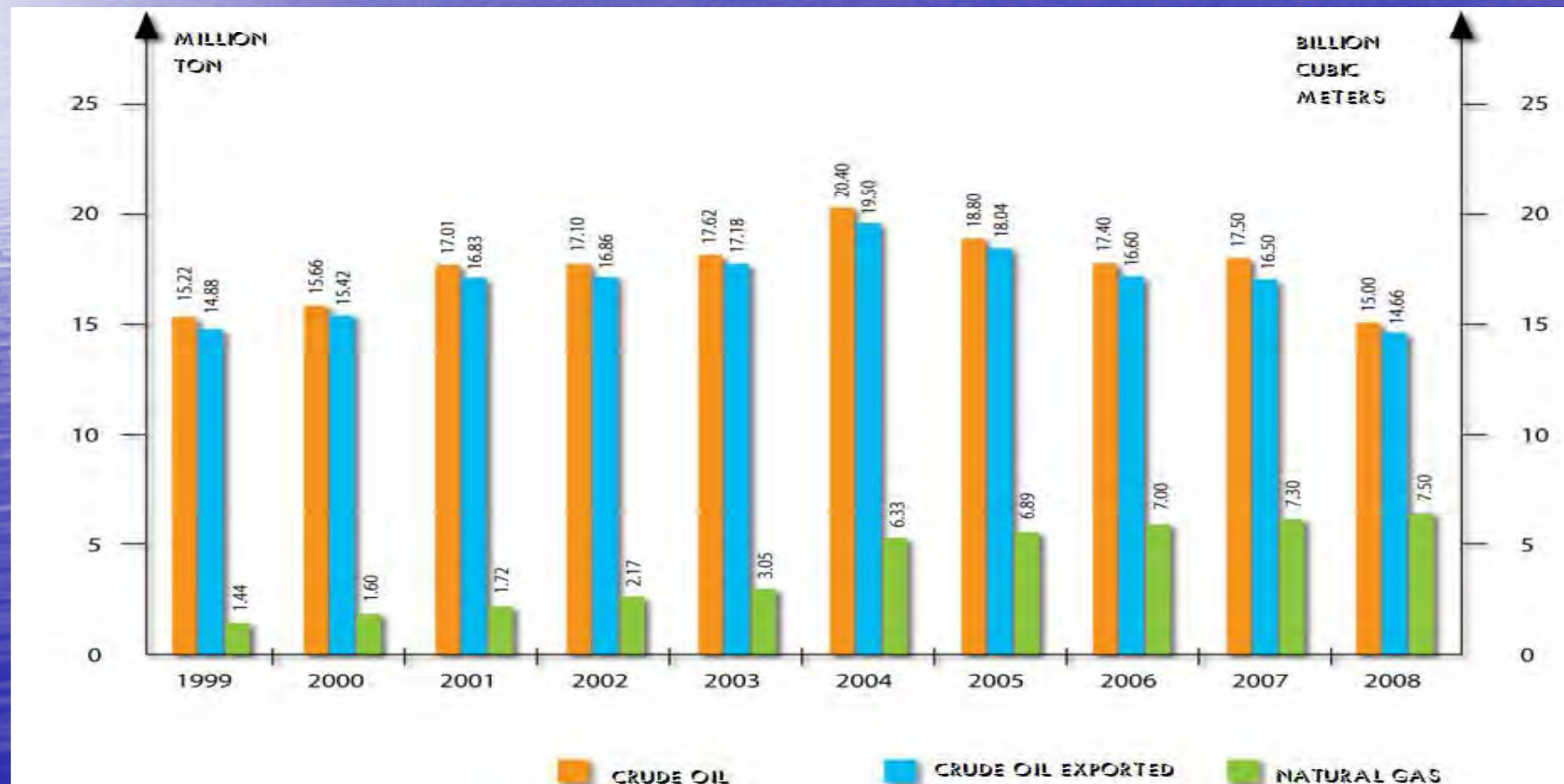




Production

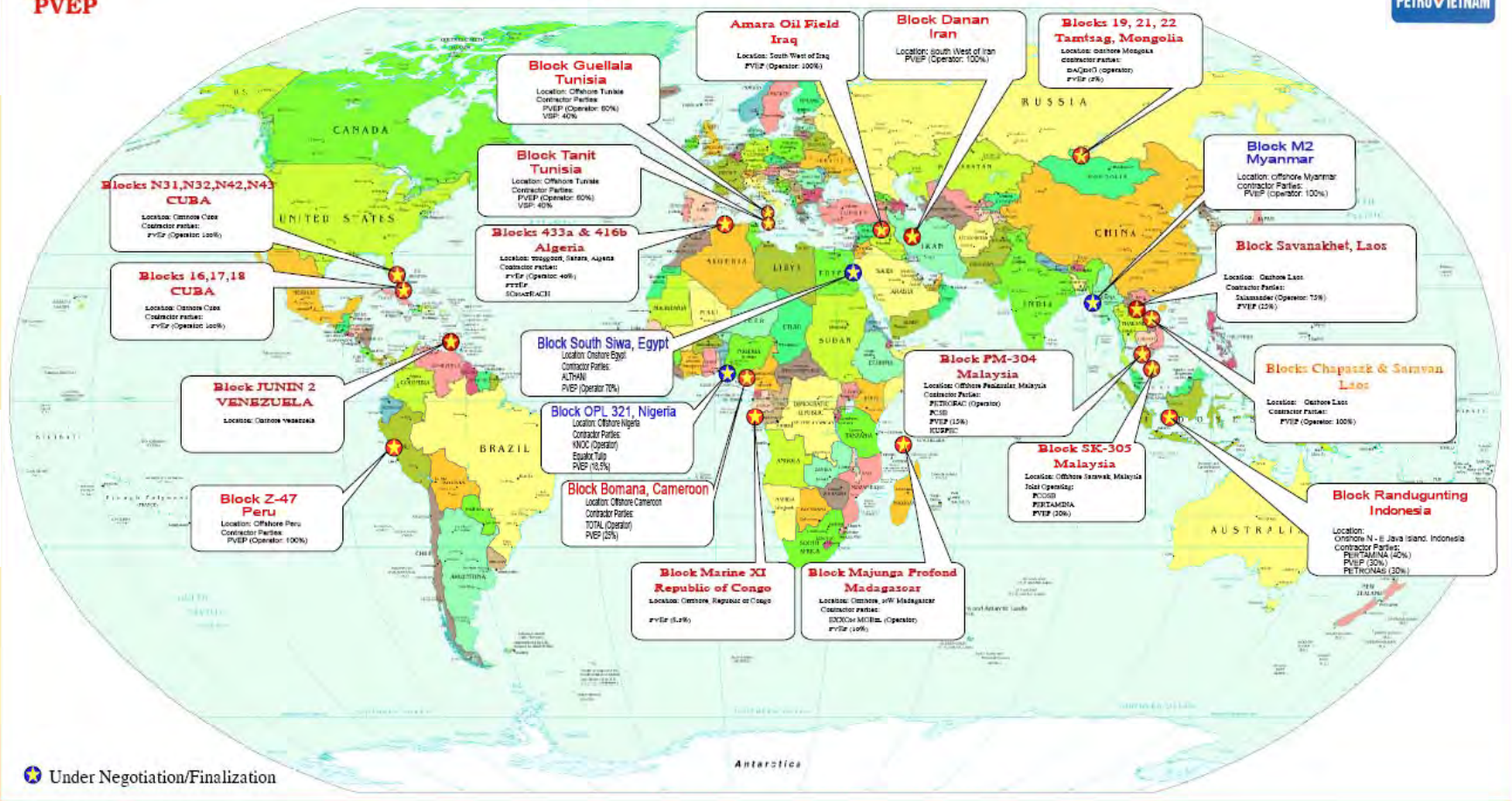


- 9 oil and gas producing fields
- Crude Oil: 15 MillionTon (~ 350.000 bbl/day)
- Natural Gas: ~ 7.5 Billion Cubic Meters





INTERNATIONAL PROJECTS





MIDSTREAM ACTIVITIES (GAS-POWER)



Gas Pipeline Systems





Gas Pipeline Systems



Under operation:

- Rang Dong – Bach Ho – Phu My Gas Pipeline System (capacity: 2 billion m³/year).
- Nam Con Son Gas Pipeline (capacity: 7 billion m³/year).
- PM3-CAA Gas Pipeline (capacity: 2 billion m³/year).

In preparation stage:

- Block B & 52B – O Mon Gas Pipeline (capacity: 6 billion m³/year).
- NCS (Block 05.2, 05.3): second pipeline.



Gas Fired Power Projects



- Ba Ria Power Station: 350 MW (EVN).
- Phu My Power Plants: 3500 MW (EVN, BP).
- Ca Mau 1 Power Station: 750 MW (PVN).
- Ca Mau 2 Power Station: 750 MW (PVN).
- Nhon Trach 1 Power Station: 450 MW (PVN).
- Nhon Trach 2 Power Station: 450 MW (JSC).
- Hiep Phuoc Power Plant: 375 MW (BOT).

Gas fired plants supply 40% total electricity of Vietnam



DOWNSTREAM ACTIVITIES (REFINING/PETROCHEMICAL)



REFINERIES PROJECTS



- Dung Quat Refinery (Ref. No.1), under active implementation, estimated put into operation in the end of 2009 (PVN 100%, EPC, Contractor: Technip).
- Nghi Son Refinery/Petrochemical Complex (Ref. No. 2): J/V signed 07 Apr 2008 (PVN, KPI, Idemitsu Kosan, Mitsui Chemical)
- Southern Refinery (Ref. No. 3): Under study stage. (Joint venture will be selected)



Refineries and Petrochemical Projects Location



**Refinery No. 2
(2010-2015)**

**Refinery No. 1
(2009)**

**Southern
Refinery/Chemical
Complex
(2011-2015)**

**Phu My Fertilizer
(2004)**

**Camau Fertilizer
(2012)**





PETROCHEMICAL PROJECTS

Fertilizer Plants



Phu My Fertilizer Plant



- Phu My Fertilizer Plant :
 - Capacity: 740.000 tons of Urea/year; (30% Domestic Demand).
 - Operation since September 2004.
- Camau Fertilizer Plant :
 - Capacity 800,000 tons of Urea/year.
 - EPC contract signed 06 May 2008.
- Southern Petrochemical Complex (PVN, Vinachem, TPC, VSCG Chem): J/V signed 13 March 2008 (operation expected 2011).



PETROVIETNAM BUSINESS HIGHLIGHTS

No	Norm of Item	Unit	2007	2008
1	Crude oil production	Million Ton	15.91	15
2	Gas production	BCM	6.86	7.5
3	Urea Fertilizer	Ton	767,000	740,000
4	LPG	Ton	308,000	474,000
5	Condensate	Ton	80,000	72,000
6	Revenue	Billion VND	213,400	280,050
6A	- Foreign Currency	Billion USD	8.8	11.15
6B	- VND	Billion VND	72,597	95,975
7	Contribution to state budget	Billion USD	~5.4	~7.250



Fiscal regimes

- The Government of Vietnam and Petrovietnam are continuously improving the petroleum contract's terms and incentive conditions to attract more investment.
- Forms of Cooperation: PSC, JOC, BCC, JV...
- PSC (Production Sharing Contract) selected as the basic frame for petroleum contract
 - Flexibility
 - Competitiveness
- JOC (Joint Operating Company) is an extended type of a PSC, applied for most prospective blocks/areas
 - JOC will be the Operator
 - All parties shall participate in operatorship
- Forms of E&P project bidding : International Competitive Bidding & Direct Negotiation.



LEGAL FRAMEWORK FOR PETROLEUM ACTIVITIES IN VIETNAM

- Investment Law in Vietnam (2006).
- PETROLEUM LAW (1993, amended 2000).
- Decree 48/2000/ND-CP Guidance of Petroleum Law.
- Decree 34/2001/ND-CP Upstreams Project Bidding Regulation.
- Law on Corporate Income Tax.
- Law on Valued Added Tax.
- Law on Import and Export Tax.
- Law on Environmental Protection.
- Customs Formalities for Import and Export Commodities.
- Regulations on Foreign Exchange Management.
- Law on Insurance.
- Labour Law.
- Other Laws and Regulations relating to Inter-Government Agreements on Tax.



Forms of E&P project bidding

❖ Competitive Bidding:

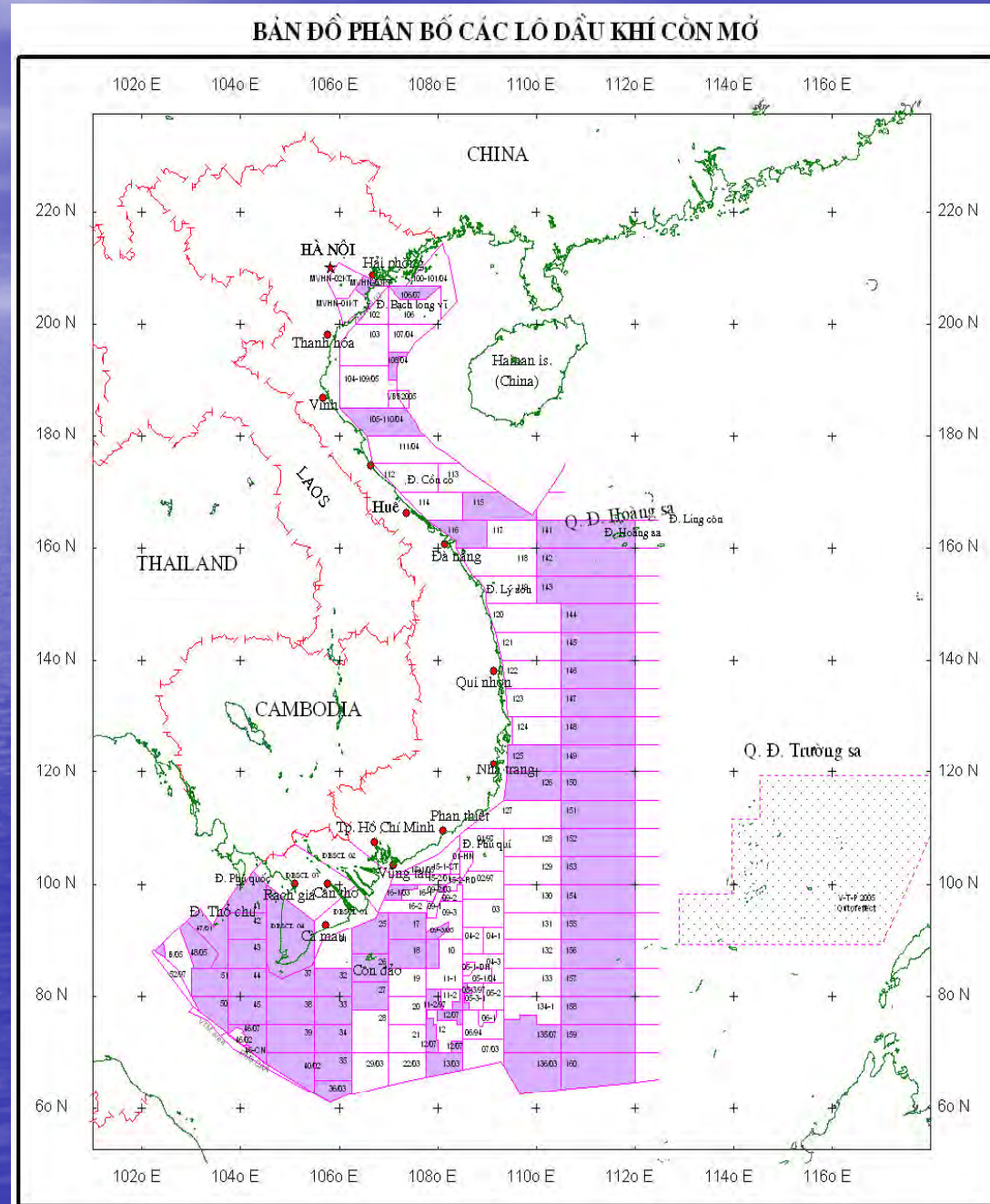
- In compliance with PV exploration plan.
- Time frame: Set by PetroVietnam
 - Licensing Round:
 - Widely announced
 - Usually for large area(s) covering many blocks
 - Limited Bidding:
 - Invitation sent to limited number of qualified companies
 - Usually for a single block/acreage.

❖ Direct Negotiation:

- In special case, when open block is not yet included in competitive bidding plan and there is only one company interested in.
- Time frame: any time



Open blocks





**THANK YOU
FOR
YOUR ATTENTION**