

Name of Act: Petroleum Administration Act

Date of Amendment: June 28, 2023

Chapter 1 General Provisions

Article 1

This Act is instituted to advance the further development of petroleum enterprises, to maintain order of production and distribution in petroleum markets, to ensure a steady supply of petroleum, to enhance people's livelihoods and welfare, and to develop the national economy, while at the same time giving equal consideration to environmental protection.

Article 2

1 Definitions of terms used in this Act:

1. Petroleum: Refers to petroleum crude oil, bituminous crude oil, and petroleum products.
2. Petroleum crude oil: Refers to naturally-occurring crude petroleum that is a mixture of hydrocarbon compounds, primarily containing paraffins, naphthenes, and aromatics.
3. Bituminous crude oil: Refers to crude oil extracted from bituminous minerals.
4. Petroleum product: Refers to a product that is primarily for energy, and which is obtained from petroleum through the process of distillation, refining, or blending, or which is produced from hydrocarbon compounds designated by the central competent authority. Such products include gasoline, diesel oil, kerosene, naphtha, liquefied petroleum gas (LPG), aviation fuel, and fuel oil.
5. Renewable petroleum product: Refers to a petroleum material produced by processing material that is recycled from domestic waste or otherwise reclaimed in accordance with environmental protection laws, and which then serves as a petroleum product for use as fuel.
6. Petroleum refining enterprise: Refers to an enterprise that uses refining processes of distillation, refining, and blending, based on petroleum as the raw material, to manufacture one or more petroleum products.
7. Gasoline service station: Refers to premises that dispense gasoline or diesel fuel to motor vehicles or power machinery, or which supply other gasoline or diesel fuel to consumers, and which possess fuel storage equipment and one or more metered fuel pumps.
8. LPG service station: Refers to premises that dispense LPG into vehicles' built-in containers, and which possess LPG storage equipment and one or more metered LPG pumps.
9. Fishing boat service station: Refers to premises that dispense fuel into fishing boats' built-in fuel tanks, and which possess fuel storage equipment and one or more metered fuel pumps.
10. Fuel storage facility: Refers to a structure specifically for petroleum storage, which has both a top cover and walls; which is situated either above or below ground; and for which a

building usage license has been obtained in accordance with the regulations of the Building Act. If a building usage license is not required for the structure in accordance with the regulations of the Building Act, the structure must instead be granted special approval from the competent authority for the industry.

11. LPG supply enterprise: Refers to a petroleum refining enterprise, import enterprise, or export enterprise, where such enterprise engages in supplying LPG; an LPG service station that dispenses LPG for use in vehicles; or an LPG distribution enterprise, LPG packing enterprise, or LPG retail enterprise.
 12. LPG distribution enterprise: Refers to an enterprise that obtains LPG from a petroleum refining enterprise or petroleum import enterprise, to engage in retail sales of LPG to LPG packing enterprises.
 13. LPG packing enterprise: Refers to an enterprise that has LPG storage equipment and related packing equipment at a fixed location on the ground, and which engages in packing LPG into cylinders for high-pressure gases.
 14. LPG retail enterprise: Refers to an enterprise that does retail sales of LPG in cylinders to end users.
- 2 The standards for identifying petroleum products as specified in Subparagraphs 1, 4, and 6 of the preceding Paragraph shall be announced by the central competent authority in consultation with the relevant agencies.

Article 3

The “competent authorities” referred to in this Act are the Ministry of Economic Affairs (the “MOEA”) at the central level; municipal governments at the municipal level; and the county or city governments at the county or city level.

Chapter 2 Refining

Article 4

- 1 The organization of a petroleum refining enterprise shall be a company limited by shares.
- 2 Enterprises as mentioned in the previous Paragraph shall comply with the following regulations:
 1. Must have petroleum distilling, refining, and blending facilities installed.
 2. Must have installed, or lease, fuel storage facilities with a security stockpile that meets or exceeds that specified in Article 24.

Article 5

To establish a petroleum refining enterprise, an application specifying the following matters shall be submitted to the central competent authority to apply for an establishment permit:

1. The refinery's location; the scale of distilling, refining, blending; the scale of the fuel storage facility; the installation progress; and the refinery's completion date.
2. Primary products and annual production capacity.
3. A production and sales plan for the two years after production begins, including plans for petroleum refining, importation, exportation, sales, and storage.
4. Other matters announced by the central competent authority.

Article 6

- 1 A petroleum refining enterprise that has received permission for establishment must complete the incorporation or alteration registration. Then, after trial operation is complete and a factory registration has been obtained, the following documents must be attached to an application to the central competent authority for the issuance of an operating license; only once the operating license is obtained may refining operations begin:
 1. The business license.
 2. The factory registration certification.
 3. Documents relating to the fuel storage facility with security stockpile quantities that meet or exceed those specified in Article 24; where said facility is leased, proof of the lease must be attached.
 4. Other documents announced by the central competent authority as needing to be attached.
- 2 Prior to a petroleum refining enterprise obtaining an operating license, but after trial operation is complete, if fuel storage facilities that meet or exceed the legally-specified security stockpile quantities have already been installed or leased in accordance with the plan, then an application may be submitted to the central competent authority, attaching the documents specified in the previous Paragraph, Subparagraph 3; if said application is approved, the petroleum refining enterprise may sell the petroleum products produced from its trial operations. However, the sales period is limited to six months, and the regulations in Article 17, Paragraph 1 shall apply *mutatis mutandis* to such sales.
- 3 An enterprise mentioned in the previous Paragraph shall keep a security stockpile in accordance with Article 24, as per a petroleum refining enterprise.

Article 7

- 1 Once a Petroleum Refining Enterprise Operating License is obtained, any expansion or alteration of said petroleum refining enterprise's distillation, refining, or blending facilities must first be approved by the central competent authority; also, upon completion of the expansion or alteration, application shall be made to the central competent authority for reissuance of the Petroleum Refining Enterprise Operating License.

- 2 The regulations in the previous two Articles shall apply *mutatis mutandis* to the application procedures in the previous Paragraph.

Chapter 3 Importation & Exportation

Article 8

- 1 The organization of a petroleum import enterprise shall be a company limited by shares.
- 2 An enterprise mentioned in the previous Paragraph shall install or lease a fuel storage facility with security stockpile quantities that meet or exceed those specified in Article 24.

Article 9

To establish a petroleum import enterprise, an application specifying the company's name, its location, and its representative's name and address, with said enterprise's petroleum storage plan and sales/usage plan attached, shall be submitted to the central competent authority to apply for an establishment permit.

Article 10

A petroleum import enterprise that has received permission for establishment must attach the following documents to an application to the central competent authority for issuance of an operating license; only once the operating license is obtained may import operations begin:

1. The business license.
2. Documents relating to the fuel storage facility with security stockpile quantities that meet or exceed those specified in Article 24; where said facility is leased, proof of the lease must be attached.
3. Other documents announced by the central competent authority as needing to be attached.

Article 11

The types of petroleum that a petroleum import enterprise may import shall be limited to those announced by the central competent authority as permitted. An enterprise that obtained its Petroleum Refining Enterprise Operating License prior to the complete opening of the oil market to imported products shall, however, not be subject to this restriction.

Article 12

- 1 An industrial factory that produces petrochemical feedstocks may submit an application specifying the following matters to the central competent authority to apply for special permission to import petroleum products for private use; the company registration documents and factory registration certifications shall be attached to said application:
 1. The types, quantities, and expected usage periods of the imported petroleum products.

2. The production processes.
 3. The types, quantities, and ratios of petrochemical feedstocks.
 4. The types, quantities, and ratios of petroleum by-products.
 5. The usage status for the previous importation of petroleum products for private use, including the types and quantities of petroleum products imported; amounts actually used; types and quantities of petrochemical feedstocks produced; types and quantities of petroleum by-products produced; and the export/sales performance records for such.
- 2 Petroleum co-products produced by enterprises as mentioned in the previous Paragraph shall be exported or negotiated for sale to petroleum refining enterprises.
- 3 Registration for exportation as mentioned in the previous Paragraph shall be in accordance with the regulations in Article 15.
- 4 Where the circumstances in Article 45, Paragraph 1, or in Article 50, Paragraph 1, Subparagraphs 1, 2, 4, or 7 apply to an enterprise as mentioned in Paragraph 1, then for six months following the day after fines are imposed, the central competent authority shall not grant the approval mentioned in Paragraph 1.
- 5 Any entity that imports petroleum-derived solvent naphtha or lubricating oil, whether it is a petroleum enterprise or not, shall within ten days of such importation, submit a report to the central competent authority for reference, with said report specifying the operating entity and its location; the responsible person's name and address; and the types, quantities, and uses for the imported goods. However, an importer identified by the competent authority for industry as a petrochemical manufacturer shall not be subject to these restrictions.

Article 13

Where any of the following circumstances applies, an application may be submitted to request special permission from the central competent authority for permission to import and use petroleum. Such application shall specify the operating entity and its location; the responsible person's name and address; and the types and quantities of petroleum imported.

1. A petroleum refining trial operation requires petroleum for use.
2. A petrochemical feedstock factory trial operation requires petroleum products for use.
3. Research and testing requires petroleum for use.
4. Importation of petroleum products for special uses, where such products are not produced domestically and no products with similar specifications exist domestically.
5. Importation of one kilogram or less of petroleum products that are not gasoline or diesel oil, held in a container.

Article 14

- 1 Except where granted special approval, crude oil imported by a petroleum import enterprise shall only be supplied to petroleum refining enterprises for use as a feedstock.
- 2 Except where granted special approval, naphtha imported by a petroleum import enterprise shall only be supplied to petroleum refining enterprises or industrial factories that manufacture petrochemical feedstocks, for use as a feedstock.
- 3 Neither gasoline, diesel oil, or LPG supply enterprises, nor their receivers, shall supply petroleum products to any of the following:
 1. One who installs a gasoline service stations or LPG service station and operators a business dispensing gasoline or LPG, where such installation/operation is not in accordance with this Act.
 2. One who installs private-use fuel or LPG dispensing/storage equipment, where such installation is not in accordance with this Act.
 3. One who operates an LPG distribution, packing, or retail business, where such operation is not registered in accordance with the law.
- 4 No one, whether a petroleum enterprise or not, shall sell solvent naphtha, lubricating oil, or other volatile hydrocarbons for use in motor vehicles or power machinery as a fuel.

Article 15

- 1 To establish a petroleum export enterprise, an application specifying the operating entity's name, its location, enterprises operated, and its responsible person's name and address, with said enterprise's export plan attached, shall be submitted to the central competent authority for registration; only once the registration is obtained may operations begin.
- 2 If a sudden accident in the domestic petroleum market causes an actual or anticipated supply-demand imbalance for petroleum products, the central competent authority may restrict the exportation of petroleum by petroleum export enterprises.
- 3 For an actual or anticipated supply-demand imbalance, as mentioned in the previous Paragraph, identification of such an imbalance and the period, conditions, and methods for restriction shall be announced by the central competent authority; the same shall apply to the dissolution of such.
- 4 For a non-petroleum enterprise to export petroleum for research and testing, it must first submit a request and receive special permission from the central competent authority.

Article 15-1

To respond to an actual or anticipated supply-demand imbalance for petroleum products caused by a sudden accident in the domestic petroleum market, the central competent authority may levy a Petroleum Fund from petroleum export enterprises' exportation of petroleum. The amount

and period of such levying shall be announced by the central competent authority; the same shall apply to the dissolution of such.

Chapter 4 Sales Management

Article 16

- 1 An entity that operates a gasoline or diesel oil wholesaler shall be a company limited by shares.
- 2 To apply to operate a gasoline or diesel oil wholesaler, an application specifying the operating entity's name and location, enterprises operated, and its responsible person's name and address, with said entity's articles of incorporation and sales plan attached, shall be submitted to the central competent authority for registration; only once the registration is obtained may operations begin. However, an operating entity that has already obtained a production or import operating license for petroleum or petroleum products shall not be subject to these restrictions.

Article 17

- 1 One who operates a retail business for LPG for use in vehicles, Retailers of gasoline, or diesel oil shall install a gasoline service station, LPG service station, or fishing boat service station. However, where a petroleum refining enterprise, import enterprise, or gasoline or diesel oil wholesaler engages in retail sales of gasoline or diesel oil to enterprises for private use in their own fuel or LPG dispensing/storage equipment, or where such retail is not for use in vehicles, said enterprise shall not be subject to these restrictions.
- 2 One who wishes to operate a gasoline service station, LPG service station, or fishing boat service station shall apply to the special municipality, county, or city competent authority for approval to install said station. Once the station is installed, it must first pass inspection by the special municipality, county, or city competent authority, then an application must be submitted to the central competent authority for issuance of a Gasoline Station/LPG Station/Fishing Boat Filling Station Operating License; only once said license is issued may operations begin.
- 3 For gasoline service stations, LPG service stations, and fishing boat service stations mentioned in the previous Paragraph, the central competent authority shall formulate regulations governing land and conditions for installation, facilities, application procedures, issuance/reissuance of operating licenses, and other operation and management matters.
- 4 The central competent authority may authorize special municipality, county, or city competent authorities to handle the issuance/reissuance of Gasoline Service Station/LPG Service Station/Fishing Boat Service Station Operating Licenses and other operation and management matters mentioned in the previous Paragraph.
- 5 An entity that operates one or more gasoline service stations shall join its local gasoline service station trade association.

Article 18

- 1* For a passenger/cargo transportation enterprise, construction/engineering enterprise, factory, government authority, or other entity that has received approval from the central competent authority to dispense gasoline, diesel oil, or LPG to their private-use vehicles or power machinery, once granted special approval by the special municipality, county, or city competent authority, said entity may install private-use fuel or LPG dispensing/storage equipment.
- 2* For the private-use fuel or LPG dispensing/storage equipment as mentioned in the previous Paragraph, the central competent authority shall formulate regulations governing conditions for installation, facilities, application procedures, and other management matters.

Article 19

Air terminals, commercial ports, and industrial ports may install fuel or LPG dispensing/storage equipment exclusively for dispensing fuel for aircraft, ground support vehicles, ships, port tools, and equipment; however, such equipment shall not include gasoline/LPG service stations as mentioned in Article 2, Paragraph 1, Subparagraphs 6 to 8. The regulations governing the conditions for installation, facilities, application procedures, and other management matters for such installation shall be formulated by the central competent authority in consultation with the central competent authority for the industry.

Article 19-1

- 1* A business that operates LPG distribution or packing shall periodically report its gas flow destinations and supply/sales data to the competent authority. A business that operates LPG retail shall make its gas flow and supply/sales data available at its business premises and shall display retail price information.
- 2* An LPG packing enterprise shall pack each cylinder for high-pressure gases in accordance with the packing weight shown on the cylinder. An LPG retail enterprise shall ensure that each LPG weight it sells matches the weight shown on the cylinder for high-pressure gases.
- 3* The central competent authority shall formulate regulations governing matters mentioned in the previous two Paragraphs, including: Reporting for LPG distribution or packing gas flow destination and supply/sales data; the manner, content, and format in which supply/sales data for a retail enterprise must be made available; the allowable weight tolerances for LPG packing enterprises and retail enterprises when packing and selling LPG; methods for displaying retail price information; and other regulations that must be complied with.

Article 20

- 1* Petroleum supplies for a gasoline service stations, LPG service stations, or fishing boat service station shall be legally imported or domestically refined.

- 2 Petroleum supplies for purchased petroleum shall be legally imported or domestically refined.

Chapter 5 Business Supervision

Article 21

- 1 In the event of a petroleum supply shortage or great fluctuation in prices that poses a concern of affecting the steady supply of domestic petroleum or national security, the central competent authority may, during the emergency period, implement measures regarding petroleum controls, allocations, price limits, and security stockpile adjustments/appropriations/operational measures.
- 2 For the measures mentioned in the previous Paragraph, the implementation conditions, timing, processes, entities to which such measures apply, scope, and what is carried out and in what methods shall be drafted by the central competent authority as the Measure Governing Oil in Emergency Management, and then submitted to the Executive Yuan for approval.

Article 22

- 1 For a petroleum refining enterprise, petroleum import enterprise, petroleum export enterprise, gasoline or diesel oil wholesaler, gasoline service stations, LPG service stations, fishing boat service stations, fuel or LPG dispensing/storage equipment for air terminal and commercial/industrial port, and an entity installing private-use fuel or LPG dispensing/storage equipment that meets or exceeds the scale specified by the central competent authority, the said entity shall purchase public liability insurance and accidental pollution liability insurance.
- 2 The insurance coverage for insurance as mentioned in the previous Paragraph shall be formulated by the central competent authority in consultation with the Ministry of Finance.

Article 23

If a petroleum enterprise, as a result of production, importation/exportation, sales, transportation, storage, or other behaviors related to its business, causes harm to the rights and benefits of one or more other persons, said enterprise shall be liable for damages.

Article 24

- 1 Each petroleum refining enterprise and import enterprise shall keep no less than a sixty-day security stockpile, based on the prior twelve months' average domestic petroleum sales and usage volumes. However, LPG enterprises shall keep no less than a twenty-five-day security stockpile, based on the prior twelve months' average sales and usage volumes.
- 2 For the security stockpile of a petroleum refining enterprise as mentioned in the previous Paragraph, its total storage shall be no less than fifty thousand kiloliters; for a petroleum import enterprise, said storage shall be no less than ten thousand kiloliters.

- 3 The government shall use the Petroleum Fund for storage of petroleum. The amount stored shall be the volume needed for thirty days of use, based on the previous year's average domestic petroleum sales and usage volumes.
- 4 For the security stockpile in Paragraph 1, the actual amount that must be kept and standards for calculation methods for such shall be formulated by the central competent authority.

Article 25

When different petroleum refining enterprises/import enterprises use the same fuel storage facility to keep a common-storage security stockpile, they shall report together to the central competent authority before the 20th of each month what their respective storage quantities are in the facility. If the actual common-storage amount is less than the sum total of all participating enterprises' reported quantities, and it cannot be proven which entity's or entities' storage levels are short, then all entities using the facility shall be considered to have jointly not met the regulated security stockpile level.

Article 26

- 1 When a petroleum refining enterprise or import enterprise terminates operations, its stored security stockpile must first be reported to the central competent authority; only once approval is granted may said stockpile be disposed of.
- 2 The central competent authority may use the Petroleum Fund to purchase a security stockpile at stipulated prices as mentioned in the previous Paragraph.

Article 27

- 1 Each petroleum refining enterprise shall, before the end of October of each year, draft its plan for the next year regarding refining, importation, exportation, and sales. Each such enterprise shall also, before the 20th of each month, provide the report on the enterprise's refining, importation, exportation, and sales for the previous month, as well as security stockpile status for the current month to the central competent authority for reference.
- 2 The regulations in the previous Paragraph shall apply *mutatis mutandis* to business reports by petroleum import enterprises, export enterprises, and gasoline/diesel oil wholesalers.

Article 28

- 1 When necessary, the central competent authority may require that petroleum refining enterprises, import enterprises, export enterprises, and gasoline/diesel oil wholesalers report on their business; and may dispatch staff and entrust expert organizations to assist in inspecting said enterprises' actual operations, security stockpiles, and related information. Said enterprises shall not obstruct, refuse, or evade such inspections.

- 2 The central competent authority may require industrial factories that manufacture petrochemical feedstocks to report on their usage status of imported petroleum products for private use; and the central competent authority may require that both petroleum and non-petroleum enterprises report on the product destinations for both solvent naphtha and lubricating oil that they import or sell. The central competent authority may also dispatch staff and entrust expert organizations to inspect such enterprises; said enterprises shall not obstruct, refuse, or evade such inspection.
- 3 A competent authority at any level may require gasoline/diesel oil/LPG supply enterprises and their receivers to report on their gasoline/diesel oil/LPG flow destinations; said authority may also dispatch staff and entrust expert organizations to inspect such enterprises, and neither said supply enterprises nor their users may obstruct, refuse, or evade such inspections.

Article 29

- 1 For a petroleum product for which national standards have been formulated, said product shall comply with the standards; only then may it be imported or sold.
- 2 A competent authority may dispatch staff and entrust expert inspection organizations to inspect the quality of petroleum products sold by enterprises; said enterprises shall not obstruct, refuse, or evade such inspections.

Article 30

- 1 When the central competent authority abolishes the certification of a petroleum refining enterprise, import enterprise, export enterprise, or gasoline or diesel oil wholesaler, then for two years from the date on which the certification was abolished, said entity shall not apply for issuance of an operating license or registration.² When the license of a gasoline service station, LPG service station, or fishing boat service station is abolished, then for two years from the date on which the license was abolished, the original operating entity and responsible person shall not apply to install a station in the originally-installed location.³ When private-use fuel or LPG dispensing/storage equipment has been installed and the approval has been abolished, then for two years from the date on which the approval was abolished, application shall not be made for installation at the same location.

Article 31

- 1 When necessary, a petroleum refining enterprise or import enterprise may use rivers, ditches, marine areas, bridges, embankments, ports, roads, woodlands, green spaces, parks, and other public-use lands to install pipelines.
- 2 The installation of pipelines as mentioned in the previous Paragraph shall be on the principle that such installation shall not obstruct the safety, landscape, or original usage of such public-use lands. Prior to installation, said enterprise shall also apply for approval to the central

competent authority and all competent authorities for said land. If there are any damages, said enterprise shall provide compensation in proportion to the extent of the damages.

- 3 A petroleum refining enterprise or import enterprise that has installed one or more petroleum pipelines in accordance with the law may transport petroleum on behalf of, and in response to requests from, other enterprises.

Article 32

- 1 In installing pipelines, a petroleum refining enterprise or import enterprise shall comply with the following matters:
 1. Petroleum pipeline materials shall comply with the national standards or other equivalent standards.
 2. When a petroleum pipeline is found to be eroded to the extent that it poses a safety concern, the enterprise shall replace it at once.
 3. Petroleum pipelines shall be tested every year, and the inspection results shall be made into a record and preserved, for the competent authority to inspect.
 4. The competent authority may dispatch staff and entrust expert organizations to implement testing on petroleum pipelines; enterprises shall not refuse such testing.
 5. Each enterprise shall, before the end of October of each year, draft its plans for the next year regarding pipeline maintenance, testing, replacements, anti-theft, anti-leakage, and emergency response, and submit said plan to the competent authority for reference. Also, before the end of January of each year, the enterprise shall create a report on its testing and replacement status in the previous year, and submit said plan to the competent authority for reference.
 6. The enterprise shall send petroleum pipeline layout diagrams, as-built drawings, and other related materials to the competent authority to create a pipeline information management system.
- 2 When the competent authority implements testing as mentioned in the previous Paragraph, if a pipeline is found to be eroded to the extent that it poses a safety concern, the competent authority may order the enterprise to rectify such within a specified period.

Article 33

- 1 To install a fuel storage facility, a petroleum enterprise shall apply to the special municipality, county, or city competent authority where the equipment is located for approval. Regulations governing the application procedures, land, conditions, and other management matters for such installation shall be formulated by the central competent authority.
- 2 For a fuel storage facility as mentioned in the previous Paragraph, the enterprise shall entrust an

inspection organization designated by the central competent authority to implement periodic or occasional inspections and shall make a record of such. The central competent authority may dispatch staff and entrust designated inspection organizations to perform random inspections.

- 3 Each enterprise shall preserve the inspection records mentioned in the previous Paragraph for at least five years; when necessary, special municipality, county, or city competent authorities may dispatch staff to inspect such records.
- 4 For designated inspection organizations as mentioned in Paragraph 2, their qualifications, conditions, fee standards, and responsibilities shall be separately formulated by the central competent authority.

Chapter 6 The Petroleum Fund

Article 34

- 1 With regard to the following behaviors, the central competent authority may charge monetary amounts at specific rates to establish a Petroleum Fund.
 1. Petroleum prospecting and importation. However, an enterprise that has been approved for importation in accordance with Article 12 , Paragraph 1, or Article 13, Paragraph 1, Subparagraphs 2 to 4, shall not be subject to these restrictions.
 2. Manufacturing of petroleum co-products by petrochemical feedstock factories, where such co-products are sold to petroleum refining enterprises in accordance with Article 12, Paragraph 2. However, feedstock for such that is purchased from a petroleum refining enterprise or import enterprise shall not be subject to these restrictions.
- 2 The rates mentioned in the previous Paragraph shall be charged on a specific (per-quantity) basis, based on the average price. The amounts charged shall be announced by the central competent authority.

Article 35

- 1 Charges for the Petroleum Fund mentioned in the previous Article shall be handled by enterprises in accordance with the following methods:
 1. One who applies to import petroleum shall first pay the charge to the central competent authority before doing importation.
 2. For prospected petroleum, the charge shall first be paid to the central competent authority; only then may it be refined or sold to a petroleum refining enterprise.
 3. For the manufacturing of petroleum co-products by petrochemical feedstock factories, the charge shall first be paid to the central competent authority; only then may the petroleum co-products be sold to petroleum refining enterprises.
- 2 For charges already collected from a petroleum refining enterprise or import enterprise in

accordance with the previous Paragraph, Subparagraph 1, said enterprise may submit documentary proof to the central competent authority to apply for a refund of charges for an equivalent quantity of the originally-imported petroleum category when said petroleum is brought in/imported for use in manufacturing petrochemical feedstocks; when said petroleum is neither refined nor mixed to change its quality, and the same shipment is then re-shipped out of the country; or when said petroleum is used as fuel in vessels/aircraft on international routes.

Article 36

- 1 The Petroleum Fund shall be used as follows:
 1. For a government security stockpile.
 2. To subsidize fees/price differences for petroleum equipment & transport in remote areas, indigenous peoples' regions, and offshore island areas.
 3. To formulate incentives with feedback mechanisms for petroleum and natural gas exploration/development.
 4. For research, development, applications, and promotion related to energy policy, petroleum development technologies, and alternative energies.
 5. For development, applications, and promotion related to technologies and methods for the safe and reasonably effective use and conservation of petroleum gas (including LPG).
 6. To subsidize incentives for heat utilization of renewable energy as a substitute for petroleum energy.
 7. To subsidize special municipality, county, or city competent authorities' implementation of petroleum administration, and all prohibition, investigation, and inspection matters in Article 54, Paragraph 1, all Subparagraphs.
 8. Other measures necessary considered by the central competent authority to be necessary to stabilize the petroleum supply or maintain petroleum product market order.
- 2 For subsidies mentioned in the previous Paragraph, Subparagraph 2, the subsidy recipients, program scopes, and regulations for related matters shall be formulated by the central competent authority.

Article 37

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Article 38

- 1 For the production, importation, blending, or sale of gasohol, biodiesel, or renewable petroleum products, an application must be submitted to the central competent authority for approval; only once said approval is issued may operations begin.
- 2 For an enterprise approved for operations in accordance with the previous Paragraph, the

regulations regarding security stockpiles and the Petroleum Fund shall not apply. However, petroleum products that are used as feedstock for blending shall not be subject to these restrictions.

- 3 For businesses in Paragraph 1 related to production, importation, blending, or sale of gasoline, biodiesel, or renewable petroleum products, the operating applications, data reporting, quality standards, usage restrictions, and other management matters shall be formulated by the central competent authority.

Article 38-1

- 1 With regard to petroleum refining enterprises' and import enterprises' sale of domestic gasoline and diesel oil, and based on their implementation period, scope, and methods, the central competent authority may regulate specific blending ratios for alcohols and esters.
- 2 The ratios, implementation period, scope, and methods for blending alcohols and esters in gasoline and diesel oil, as mentioned in the previous Paragraph, shall be announced by the central competent authority.

Chapter 7 Penalties

Article 38-2

- 1 One who engages in stealing, damaging, or using other unlawful means to jeopardize the proper functioning of a petroleum refining enterprise's petroleum distillation, refining, or blending facilities, or a petroleum refining enterprise's or import enterprise's petroleum pipelines or fuel storage facilities, shall be sentenced to imprisonment for a term of not less than one year and not more than seven years, and may also be fined up to ten million NT dollars (NT\$10,000,000).
- 2 One who commits an offense as mentioned in the preceding paragraph with the intent to harm national security or social stability shall be sentenced to imprisonment for a term of not less than three years and not more than ten years, and may also be fined up to fifty million NT dollars (NT\$50,000,000).
- 3 If an offense as mentioned in the preceding two Paragraphs results in disaster or affects the order of petroleum production and distribution, the punishment shall be increased by half; if the offense results in death, the offender shall be sentenced to life imprisonment or imprisonment for a term of not less than seven years, and may also be fined up to one hundred million NT dollars (NT\$100,000,000); if the offense results in serious injury, the offender shall be sentenced to imprisonment for a term of not less than five years and not more than twelve years, and may also be fined up to eighty million NT dollars (NT\$80,000,000).
- 4 An attempted offense under Paragraph 1 or 2 shall be subject to punishment.

Article 38-3

- 1* One who, by any of the following methods, jeopardizes the proper functioning of the core information and communication system of a facility specified in Paragraph 1 of the preceding Article shall be sentenced to imprisonment for a term of not less than one year and not more than seven years, and may also be fined up to ten million NT dollars (NT\$10,000,000):
 1. Unjustifiably intruding into said computer or related equipment by entering others' account username and password, cracking computer security measures, or exploiting computer system vulnerabilities.
 2. Unjustifiably interfering with said computer or related equipment by using computer programs or other electromagnetic methods.
 3. Unjustifiably obtaining, deleting, or altering electromagnetic records of said computer or related equipment.
- 2* Producing a computer program specifically intended for committing an offense as mentioned in the preceding paragraph and providing such a program to oneself or another for committing an offense as mentioned in the preceding Paragraph shall be subject to the same punishment.
- 3* One who commits an offense as mentioned in the preceding two Paragraphs with the intent to harm national security or social stability shall be sentenced to imprisonment for a term of not less than three years and not more than ten years, and may also be fined up to fifty million NT dollars (NT\$50,000,000).
- 4* If an offense as mentioned in the preceding three Paragraphs results in disaster or affects the order of petroleum production and distribution, the punishment shall be increased by half; if the offense results in death, the offender shall be sentenced to life imprisonment or imprisonment for a term of not less than seven years, and may also be fined up to one hundred million NT dollars (NT\$100,000,000); if the offense results in serious injury, the offender shall be sentenced to imprisonment for a term of not less than five years and not more than twelve years, and may also be fined up to eighty million NT dollars (NT\$80,000,000).

Article 39

- 1* One to whom any circumstance in the following Subparagraphs applies shall be sentenced to a fine ranging from NT\$2,000,000 to 10,000,000:
 1. Violating the regulations in Article 6, Paragraph 1, by distilling, refining, or blending petroleum, without obtaining a Petroleum Refining Enterprise Operating License and not for refining trial operation.
 2. Violating the regulations in Article 10 by importing petroleum without obtaining a Petroleum Import Enterprise Operating License and without first being granted special approval in accordance with the regulations in Articles 12 or 13.2
- Any petroleum distilled, refined,

blended, or imported as mentioned in the previous Paragraph shall be confiscated.

- 3 If a circumstance as mentioned in Paragraph 1, any Subparagraph results in public danger, the offender shall be sentenced to imprisonment for a term of not more than three years, detention, and/or sentenced to a fine ranging from NT\$1,000,000 to 5,000,000.
- 4 When an offender as mentioned in the previous Paragraph is a legal entity, then in addition to punishing said entity's responsible person, the legal entity shall also be fined the amount mentioned in the previous Paragraph.

Article 40

- 1 One to whom any circumstance in the following Subparagraphs applies shall be sentenced to a fine ranging from NT\$1,000,000 to 5,000,000:
 1. Violating the regulations in Article 16, Paragraph 2, by operating a gasoline or diesel oil wholesaling business without registration.
 2. Operating a retail business for LPG for use in vehicles, gasoline, or diesel oil in violation of the regulations in Article 17, Paragraph 1 or 2.
 3. Violating the regulations in Article 18, Paragraph 1, by installing private-use fuel or LPG dispensing/storage equipment without applying for and receiving approval first.
 4. Violating the regulations in Article 33, Paragraph 1, by installing a fuel storage facility without applying for and receiving approval first.
- 2 Petroleum products, and fuel or LPG dispensing/storage equipment used for them, whether for sale or for private use, and as mentioned in the previous Paragraph, shall be confiscated.
- 3 If a circumstance as mentioned in Paragraph 1, any Subparagraph results in public danger, the offender shall be sentenced to imprisonment for a term of not more than two years, detention, and/or sentenced to a fine ranging from NT\$600,000 to 3,000,000.
- 4 When an offender as mentioned in the previous Paragraph is a legal entity, then in addition to punishing said entity's responsible person, the legal entity shall also be fined the amount mentioned in the previous Paragraph.

Article 41

One who violates the regulations in Article 24, by not keeping a security stockpile or by keeping an insufficient security stockpile, shall be sentenced to a fine ranging from NT\$2,000,000 to 10,000,000), and shall rectify such within a specified period. If there is a failure to comply by the deadline, further punishments may be imposed for each violation until correction is made. If the offense is of a serious nature, or if the same violation is committed within six months of making corrections, the entity may have its operating license abolished or be ordered to suspend operations for up to three months.

Article 42

One who violates the Measure Governing Oil in Emergency Management specified in Article 21, Paragraph 2, or who violates the regulations in Article 32, Paragraph 2 by not making rectification within the specified period, shall be sentenced to a fine ranging from NT\$2,000,000 to 10,000,000. If the offense is of a serious nature, the entity may be ordered to suspend operations for up to three months, have its certification abolished, or be ordered to terminate business.

Article 43

For an entity that violates the regulations in Article 26, Paragraph 1 by disposing of a security stockpile without first being granted approval, the responsible person shall be fined ranging from NT\$1,000,000 to 5,000,000.

Article 44

- 1 One who obtains a Petroleum Import Enterprise Operating License and violates the regulations in Article 11 by importing a type of petroleum that is not permitted shall be fined ranging from NT\$1,000,000 to 5,000,000. If the offense is of a serious nature, the entity may have its operating license abolished or be ordered to suspend operations for up to three months.
- 2 Petroleum imported as mentioned in the previous Paragraph shall be confiscated.

Article 45

- 1 One to whom any circumstance in the following Subparagraphs applies shall be fined ranging from NT\$1,000,000 to 5,000,000.
 1. An industrial factory that manufactures petrochemical feedstocks and violates the regulations in Article 12, Paragraph 1 by importing a petroleum product and then changing its usage to not be for private use.
 2. A gasoline/diesel oil/LPG supply enterprise or its receiver that supplies gasoline, diesel oil, or LPG in violation of the regulations in Article 14, Paragraph 3, any Subparagraph.
 3. An entity, whether a petroleum enterprise or not, that sells solvent naphtha, lubricating oil, or other volatile hydrocarbon for use in motor vehicles or power machinery as a fuel, in violation of the regulations in Article 14, Paragraph 4.
- 2 Any petroleum products discovered, as mentioned in the previous Paragraph, shall be confiscated.

Article 46

- 1 One who violates the regulations in Article 29, Paragraph 1, by importing or selling petroleum products that do not comply with the national standards, shall be fined ranging from

NT\$200,000 to 1,000,000, and shall rectify such within a specified period. If there is a failure to comply by the deadline, further punishments may be imposed for each violation until correction is made. If the offense is of a serious nature, the entity may be ordered to suspend operations for up to three months, have its operating license abolished, or be ordered to terminate business.

- 2 For petroleum products as mentioned in the previous Paragraph, where the quality cannot be improved, said products shall be confiscated.

Article 47

- 1 One to whom any circumstance in the following Subparagraphs applies shall be fined ranging from NT\$100,000 to 500,000, and shall be ordered to rectify such within a specified period. If correction has not been made by the deadline , further punishments may be imposed for each violation until correction is made:
 1. A petroleum refining enterprise that violates the regulations in Article 7, Paragraph 1 by expanding or altering its distillation, refining, or blending facilities.
 2. Violating the regulations in Article 15 , Paragraph, 1 by operating a petroleum export business without first completing petroleum export enterprise registration.
 3. One who operates a gasoline service station, LPG service station, or fishing boat service station and violates the regulations in Article 17, Paragraph 3 regarding facilities/equipment that must be installed at such a gasoline service station, LPG service station, or fishing boat service station, or the operation and management regulations for such.
 4. One who is approved to install private-use fuel or LPG dispensing/storage equipment but violates the regulations in Article 18, Paragraph 2 regarding approval for private-use fuel or LPG dispensing/storage equipment , the regulations regarding liability insurance or the usage/management regulations.
 5. One who violates the regulation in Article 19 regarding installation approval, usage approval, facility/equipment regulations, or the usage/management regulations.
 6. One who operates an LPG distribution, packing, or retail business, and violates the regulations in Article 19-1 regarding reporting/availability of gas flow and supply/sales data, the allowable weight tolerances when packing and selling LPG, displays of retail price information, or other regulations that must be complied with.
 7. Where, in violation of the regulations in Article 22, for a petroleum refining enterprise, import enterprise, export enterprise, gasoline or diesel oil wholesaler, gasoline service station, LPG service station, fishing boat service station, air terminal, commercial port, or industrial port; said operating entity shall purchase public liability insurance and accidental pollution liability insurance.
 8. Where private-use fuel or LPG dispensing/storage equipment that is installed meets or

exceeds the scale specified the central competent authority, and in violation of the regulations in Article 22, public liability insurance or accidental pollution liability insurance is not purchased or insufficient such insurance is purchased.

9. Data is not reported on time in accordance with the regulations in Article 27 or said reporting is false.
 10. Violating a matter for compliance in Article 32, Paragraph 1, any Subparagraph, regarding matters for compliance in the installation of petroleum pipelines.
 11. A petroleum enterprise approved for installation of a fuel storage facility violates the regulations in Article 33, Paragraph 1 regarding fuel storage facility usage approval, facility/equipment regulations, or the usage/management regulations.
 12. Approval is not applied for in accordance with Article 38, Paragraph 1, or there is a violation of the regulations in Paragraph 3 regarding operating applications, data reporting, quality standards, usage restrictions, or other matters for compliance.
 13. Violating the regulations in Article 38-1, Paragraph 2 regarding the ratios, implementation period, scope, or methods for blending alcohols and esters in gasoline and diesel oil.
 14. Violating the regulations in Article 52, Paragraph 1 or 4 regarding designated petroleum refining enterprises that shall not refuse purchasing at stipulated prices.
- 2 For a circumstance in Subparagraph 1; 3; 5 to 7; 9; 10; or second part of Subparagraph 12 to 14 in the previous Paragraph, if the offense is of a serious nature, the entity may be ordered to suspend operations for up to three months, have its certification abolished, or be ordered to terminate business. For a circumstance in Subparagraph 4; 8; or 11, if the offense is of a serious nature, the entity may be ordered to suspend usage of the equipment for up to three months, or have its approval for usage abolished. For a circumstance in Subparagraph 2 or the first part of Subparagraph 12, the entity shall be ordered to terminate business.

Article 48

One to whom any circumstance in the following Subparagraphs applies shall be fined ranging from NT\$100,000 to 500,000). If the offense is of a serious nature, the entity may be ordered to suspend operations for up to three months, have its operating license abolished, or be ordered to terminate business.

1. Violating the regulations in Article 14, Paragraph 1, by providing crude oil to a non-petroleum refining enterprise without first being granted special approval.
2. Violating the regulations in Article 14, Paragraph 2, by providing naphtha, without first being granted special approval, to an entity that is neither a petroleum refining enterprise nor a petrochemical feedstock factory.
3. Violating the regulations in Article 20, Paragraph 1, by selling petroleum that is not legally

imported or is not domestically refined in accordance with the law.

4. Violating the regulations in Article 28, Paragraph 1, or Article 29, Paragraph 2, by not reporting on the entity's business, or by obstructing, refusing, or evading inspection.

Article 49

An "offense of a serious nature", as mentioned in Articles 41, 42, 44, and 46 to 48, refers to where any of the following circumstances apply, in accordance with this Act:

1. A violation of the regulations results in public danger.
2. There are facts sufficient to justify the view that a violation of the regulations cannot be rectified within ninety days.
3. The same regulations have been violated three times within a single year.
4. Punishments are imposed a cumulative six times within a single year.
5. Where, a violation of the regulations involves two hundred kiloliters or more of petroleum products being refined, imported, or sold at a single time.

Article 50

One to whom any circumstance in the following Subparagraphs applies shall be fined ranging from NT\$100,000 to 500,000.

1. Violating the regulations in Article 12, Paragraph 2, by selling manufactured petroleum co-products to a non-petroleum refining enterprise.
2. Violating the regulations in Article 12, Paragraph 3, by not completing petroleum export registration in accordance with the regulations in Article 15.
3. Violating the regulations in Article 12, Paragraph 5, by importing solvent naphtha or lubricating oil without reporting information for reference, or where said reporting is false.
4. Violating the regulations in Article 28, Paragraphs 2 or 3 by obstructing, refusing, or evading inspection.
5. An enterprise that, in violation of the regulations in Article 33, Paragraph 2, does not entrust an inspection organization designated by the central competent authority to implement inspections, or does not make a record of such; or, in violation of the regulations in Article 33, Paragraph 3, does not preserve said inspection records for at least five years.
6. Violating the regulations in Article 35, Paragraph 1, Subparagraph 2, by doing refining or sales to a petroleum refining enterprise without first paying the Petroleum Fund charge.
7. Violating the regulations in Article 35, Paragraph 1, Subparagraph 3, by selling manufactured petroleum co-products to a petroleum refining enterprise without first paying the Petroleum Fund charge.

Article 51

- 1 One who violates the regulations in Article 17, Paragraph 5, by not joining the local gasoline service station trade association within one month of their gasoline service station going into business, shall be sentenced to a fine ranging from NT\$20,000 to 100,000.
- 2 Once sentenced to a fine as mentioned in the previous Paragraph, such an entity shall be notified to rectify such within a specified period. If the deadline passes with corrections not having been made, further punishments may be imposed for each violation until correction is made.

Article 52

- 1 When seized petroleum cannot easily be stored or there is a concern that it will become depleted, the competent authority may directly submit it to the designated petroleum refining enterprise for purchasing at stipulated prices; the competent authority may also keep the proceeds from such. A petroleum refining enterprise so designated shall not refuse to do so.
- 2 The Regulations for Purchasing Seized Petroleum at Stipulated Prices, as mentioned in the previous Paragraph, shall be formulated by the central competent authority.
- 3 When the owner, holder, or manager of seized petroleum is unknown or cannot be notified, then after the competent authority announces that the owner, holder, or manager has been unable to be identified for ten days, the seized items may be considered waste and disposed of without further notification.
- 4 The competent authority may directly submit petroleum confiscated in accordance with this Act to the designated petroleum refining enterprise for purchasing at stipulated prices. A petroleum refining enterprise so designated shall not refuse to do so. The Regulations for Purchasing Seized Petroleum at Stipulated Prices shall apply *mutatis mutandis* to calculation of the purchase price for such.

Article 53

- 1 Fines, confiscation, rectification within a specified period, suspension of operations, suspension of usage, abolishment of certification or approval, and orders to terminate business, as specified in this Act, shall be administered by the central competent authority. However, where any circumstance in the following Subparagraphs applies, the matter shall be administered by the special municipality, county, or city competent authority:
 1. Fines specified in Article 40, Paragraph 1, Subparagraphs 2 to 4, and confiscation specified in Paragraph 2.
 2. Fines specified in Article 45, Paragraph 1, Subparagraph 2 for violations of Article 14, Paragraph 3, Subparagraph 3 for supplying LPG, and confiscation specified in Article 45, Paragraph 2.
 3. Fines and rectification within a specified period, as specified in Article 47, Paragraph 1,

Subparagraphs 3, 6, and 7, for gasoline service stations, LPG service stations, and fishing boat service stations that violate the regulations regarding purchasing of liability insurance, and suspension of operations and orders to terminate business, as specified in Paragraph 2.

4. Fines and rectification within a specified period, as specified in Article 47, Paragraph 1, Subparagraphs 4, 8, and 11, and suspensions of usage and abolishment of approval for usage, as specified in Paragraph 2.

4. Fines and rectification within a specified period, as specified in Article 47, Paragraph 1, Subparagraphs 4, 8, and 11 and suspensions of usage and abolishment of approval for usage, as specified in Paragraph 2.

5. Fines and rectification within a specified period, as specified in Article 51.

2 Punishment for gasoline/LPG service stations that sell petroleum products that do not comply with the national standards, as specified in Article 46, and punishment for petroleum refining enterprises that refuse purchasing at stipulated prices, as specified in Article 47, Paragraph 1, Subparagraph 14, shall be administered by the central, special municipality, county, or city competent authority that implements the inspection.

Article 54

1 When a competent authority at any level is implementing any duty in the following Subparagraphs, and personnel or facilities are insufficient, there is a concern that resistance may occur, it poses a public security concern, or there are other justifiable reasons, said competent authority may request the assistance of police and other authorities:

1. Prohibiting a violation of the regulations in Article 6, Paragraph 1, regarding petroleum distilling, refining, or blending operations that have not received permission to do so.
2. Prohibiting a violation of the regulations in Article 14, Paragraph 3, regarding installation of a gasoline/LPG service station, and operating a business dispensing gasoline or LPG, where such installation/operation is not in accordance with this Act; or installing private-use fuel or LPG dispensing/storage equipment, where such installation is not in accordance with this Act; or operating an LPG distribution, packing, or retail business, where such operation is not registered in accordance with the law.
3. Investigating a violation of the regulations in Article 14 , Paragraph 4, regarding sales of solvent naphtha, lubricating oil, or other volatile hydrocarbons for use in motor vehicles or power machinery as a fuel.
4. Prohibiting a violation of the regulations in Article 16 , Paragraph 2, regarding operation of a gasoline or diesel oil wholesaling business without registration.
5. Prohibiting a violation of the regulations in Article 17 , Paragraph 1 or 2, regarding operation of a retail business gasoline, or diesel oil that has not received permission to do so,

or operation of a retail business for LPG for use in vehicles that has not received permission to do so.

6. Prohibiting a violation of the regulations in Article 18 , Paragraph 1, regarding installation of private-use fuel or LPG dispensing/storage equipment without first being granted special approval.
 7. Inspections related to the regulations in Article 28 , Paragraph 2, regarding product destinations for solvent naphtha and lubricating oil that is imported or sold.
 8. Prohibiting a violation of the regulations in Article 33 , Paragraph 1, regarding installation of a fuel storage facility without first being granted approval.
- 2 Informants and investigators for violations, as mentioned in the previous Paragraph, may be rewarded. Regulations for such rewards shall be formulated by the central competent authority.

Chapter 8 Supplementary Provisions

Article 55

Beginning with the implementation date of this Act, the Energy Administration Act's regulations related to petroleum shall no longer apply.

Article 56

The regulations of this Act do not apply when, due to national defense requirements, a military agency engages in importation of petroleum, storage of oil stockpiles, installation of private-use fuel dispensing/storage equipment, or the management of such.

Article 57

Prior to the implementation of this Act's amended Articles, an enterprise that has already been approved in accordance with the regulations of Article 38 to produce gasohol, biodiesel, or renewable petroleum products shall be considered to have already obtained approval to operate a gasohol, biodiesel, or renewable petroleum-product production and sales business.

Article 58

When a competent authority at any level implements inspection, permission, or issuance of certification for any application accepted in accordance with this Act, said authority shall charge inspection fees and certification fees for such; the fee standards for such shall be formulated by the central competent authority.

Article 59

The formats for documents and certifications mentioned in this Act shall be separately formulated by the central competent authority.

Article 60

- 1* This Act shall take effect from its date of promulgation.
- 2* For the Articles of this Act amended on January 6, 2009, the date on which they take effect shall be formulated by the Executive Yuan.