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PETROLEUM AND PETROLEUM SUBSTITUTE FUEL BUSINESS ACT

[Enforcement Date 24. Mar, 2006.] [Act No.7755, 23. Dec, 2005., Partial
Amendment]

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CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Act is to serve to develop the national economy and improve the people's lives by stabilizing the demand and supply as well as the prices of petroleum and ensuring the proper quality of petroleum products and petroleum substitute fuel.

Article 2 (Definitions)

The definitions of the terms used in this Act shall be as follows:

1. The term "petroleum" means crude oil, natural gas (including liquefied natural gas; hereinafter the same shall apply) and petroleum products;
2. The term "petroleum products" means gasoline, kerosene, light oil, heavy oil, lubricant, hydrocarbon oil equivalent thereto and petroleum gas (including liquefied petroleum gas; hereinafter the same shall apply) that are all prescribed by the Presidential Decree;
3. The term petroleum by - products means petroleum products that derive as by - products from the process of manufacturing other goods than petroleum products;
4. The term "petroleum refining business" means the business of refining petroleum to manufacture petroleum products (excluding the petroleum by - products);
5. The term "petroleum export - import business" means the business of exporting and importing petroleum;
6. The term "petroleum selling business" means the business of selling petroleum;
7. The term "petroleum refining business operator" means anyone who runs the business of refining petroleum after having his business registered or making a report on his business in accordance with Article 5;
8. The term "petroleum export - import business operator" means anyone who runs the business of exporting and importing petroleum after having his business registered in accordance with Article 9 (including a case where the registration of his business is exempted);

9. The term "petroleum selling business operator" means anyone who runs the business of selling petroleum after having his business registered or making a report on his business in accordance with Article 10;
10. The term "pseudo petroleum products" means comburents, additives (including any additives that are prescribed by other Acts) and other products (excluding the petroleum substitute fuel referred to in subparagraph 11) that are manufactured by the method falling under any of the following items, regardless of their names, which are manufactured to use them or for the purpose of using them as fuel for automobiles provided for in subparagraph 1 of Article 2 of the Automobile Management Act, vehicles and machinery (limited to a case where gasoline or light oil is used as fuel):
- (a) The method of mixing petroleum products with other petroleum products (including any petroleum products whose grade is different);
 - (b) The method of mixing petroleum products with petrochemicals (referring to organic chemical products that are prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy, with the exception of petroleum products, from among products that are manufactured by going through the physical and chemical process from petroleum; hereinafter the same shall apply);
 - (c) The method of mixing petrochemicals with other petrochemicals; and
 - (d) The method of mixing petroleum products or petrochemicals with materials containing carbon and hydrogen;
11. The term "petroleum substitute fuel" means the fuel (excluding any coal and any natural gas) that is prescribed by the Presidential Decree as being possible to be used as substitute fuel to petroleum products without changing the fundamental structure of the burning equipment of petroleum products;
12. The term "petroleum substitute fuel manufacture and export - import business" means the business of manufacturing or exporting and importing petroleum substitute fuel;
13. The term "petroleum substitute fuel selling business" means the business of selling petroleum substitute fuel;
14. The term "petroleum substitute fuel manufacture and export - import business operator" means anyone who runs the business of manufacturing, or exporting and importing petroleum substitute fuel after having his business registered in

accordance with Article 32 (including a case where the registration is exempted);
and

15. The term "petroleum substitute fuel selling business operator" means anyone who runs the business of selling petroleum substitute fuel after having his business registered in accordance with Article 33.

Article 3 (Forecast of Petroleum Supply and Demand)

The Minister of Commerce, Industry and Energy shall project the petroleum supply and demand for 5 years following the current year every year in order to ensure the stable supply and demand of petroleum of the entire nation under the conditions as prescribed by the Presidential Decree. In this case, matters falling under each of the following subparagraphs shall be taken into account:

1. The demand quantity of petroleum;
2. The production quantity of petroleum and the export - import quantity of petroleum;
3. The capacity of refining petroleum by refineries; and
4. Other important matters that affect the supply and demand of petroleum.

Article 4 (Relation with Other Acts)

This Act shall not apply to matters concerning natural gas and petroleum gas that are prescribed by the Urban Gas Business Act, the High Pressure Gas Safety Control Act and the Safety Control and Business Regulation of Liquefied Petroleum Gas Act.

CHAPTER II PETROLEUM BUSINESS

Article 5 (Registration, etc. of Petroleum Refining Business) (1) Anyone who intends to run the business of refining petroleum shall have his business registered with the Minister of Commerce, Industry and Energy under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy. The same shall apply to a case where he intends to change matters, including the refining capacity, etc. that are prescribed by the Presidential Decree.

(2) Anyone who intends to run the business of refining petroleum for products, including lubricants, etc. that are prescribed by the Presidential Decree from among petroleum products shall make a report on his business to the Minister of Commerce,

Industry and Energy under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy, notwithstanding paragraph (1). The same shall apply to a case where he intends to change any matters, including the production capacity, etc. that are prescribed by the Presidential Decree from among the reported matters.

(3) The standards for the facilities of the petroleum refining business, registration requirements and matters to report referred to in paragraphs (1) and (2) shall be prescribed by the Presidential Decree.

Article 6 (Grounds of Disqualifications)

Anyone who falls under any of the following subparagraphs shall be prohibited from having his business of refining petroleum registered:

1. A minor;
2. One who is incompetent or quasi - incompetent;
3. One who has not been reinstated after he was declared bankrupt;
4. One who was sentenced to imprisonment with prison labor for violating this Act and for whom 2 years have not passed from the date on which the execution of the sentence was terminated (including a case where the execution of the sentence is deemed to be terminated) or exempted;
5. One who is in a stay period after having been sentenced to a stay of the execution of the imprisonment with prison labor for violating this Act;
6. One for whom 2 years have not passed after the registration of his petroleum refining business has been revoked in accordance with Article 13 (1); and
7. A corporation whose representative falls under any of subparagraphs 1 through 6.

Article 7 (Succession of Status of Petroleum Refining Business Operator) (1) When any petroleum refining business operator transfers the whole of his petroleum refining business, dies or merges with any other petroleum business operator who is a corporation, the transferee, the heir or the corporation that continues to exist after the merger or the corporation that is incorporated by the merger shall succeed the status of the relevant petroleum refining business operator.

(2) Anyone who takes over the whole of any refinery according to the auction provided for in the Civil Execution Act, the conversion provided for in the Debtor Rehabilitation and Bankruptcy Act, the sale of seized property provided for in the

National Tax Collection Act, the Customs Act or the Local Tax Act and other procedures corresponding thereto shall succeed the status of the relevant petroleum refining business operator. <Amended by Act No. 7428, Mar. 31, 2005>

Article 8 (Succession of Disposition Effect)

When the status of any petroleum refining business operator is succeeded in accordance with Article 7, the effect of a business - suspension disposition taken to the previous petroleum refining business operator in accordance with Article 13 (1) (including the penalty charge imposed in lieu of the business suspension provided for in Article 14) shall be succeeded by anyone who succeeds the status of the petroleum refining business operator for one year from the date on which the disposition term expires and if disposition procedures are underway, anyone who succeeds the status of the previous petroleum refining business operator may continue such disposition procedures: Provided, That the same shall apply to a case where the person who succeeds the statue of the petroleum refining business operator (excluding a person who succeeds such status by inheritance) verifies that he is ignorant of such disposition or the fact of violation when he succeeds such status.

Article 9 (Registration, etc. of Petroleum Export - Import Business) (1) Anyone who intends to run the petroleum export - import business shall have his business registered with the Minister of Commerce, Industry and Energy under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy: Provided, That the same shall not apply to the case falling under any of the following subparagraphs:

1. Where anyone who has had his petroleum refining business registered in accordance with Article 5 (1) concurrently runs the petroleum export - import business (excluding a case where the quantity of petroleum gas imported during the relevant year is not less than 50,000 tons in excess of the quantity that is prescribed by the Presidential Decree);
2. Where he runs the export - import business of petroleum products, including lubricants, that are prescribed by the Presidential Decree;
3. Where he only runs the petroleum - export business;

4. Where the quantity of petroleum he imports during the relevant year for using it for his purpose is not more than 100,000 kiloliter;
5. Where the person who falls under subparagraph 4 exports part of petroleum products that he has imported or exports petroleum products that are by-products; and
6. Where the Korea Petroleum Corporation that is established in accordance with the Korea Petroleum Corporation Act (hereinafter referred to as the "Corporation") exports and imports petroleum in order to implement the petroleum stockpile policy provided for in Article 16 (2).

(2) In the event that anyone who has had his petroleum export - import business registered under paragraph (1) intends to change matters, including the scale of petroleum storage facility, which are prescribed by the Presidential Decree, from among the registered matters, he shall have the changed matters registered with the Minister of Commerce, Industry and Energy under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(3) Registration requirements, including facility standards for the petroleum export - import business referred to in paragraph (1) shall be prescribed by the Presidential Decree.

(4) The provisions of Articles 6 through 8 shall apply mutatis mutandis to the grounds of disqualifications of petroleum export - import business operators, the succession of status and the effect of disposition. In this case, the "petroleum refining business" in the main sentence of Article 6 shall be deemed the "petroleum export - import business", "Article 13 (1)" and "petroleum refining business" in subparagraph 6 of the same Article shall be deemed "Article 13 (2)" and "petroleum export - import business", the "petroleum refining business operator", "petroleum refining business", and "refinery" in Article 7 shall be deemed the "petroleum export - import business operator", "petroleum export - import business", and "petroleum export - import facility", and the "petroleum refining business operator" and "Article 13 (1)" in Article 8 shall be deemed the "petroleum export - import business operator" and "Article 13 (2)", respectively.

(5) In the event that any petroleum export - import business operator concludes an export - import contract of natural gas or a transportation contract of natural gas, he shall make a report thereon to the Minister of Commerce, Industry and Energy under

the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy. The same shall apply to a case where he changes contents of such contract.

Article 10 (Registration, etc. of Petroleum Selling Business) (1) Anyone who intends to run the petroleum selling business shall have his petroleum selling business registered with the Special Metropolitan City Mayor, the Metropolitan City Mayor or the Do governor (hereinafter referred to as the "Mayor/Do governor") under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy: Provided, That anyone who intends to run the selling business of petroleum products that are by - products shall have his selling business registered with the Minister of Commerce, Industry and Energy.

(2) Anyone who intends to operate a general petroleum - selling place, etc. that are prescribed by the Presidential Decree from among the petroleum - selling business shall make a report thereon to the Mayor/Do governor in accordance with the procedures that are prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy, notwithstanding the provisions of paragraph (1).

(3) In the event that anyone who has had his business registered or made a report in accordance with the provisions of paragraphs (1) and (2) intends to change the matters, including the facility location, etc. that are prescribed by the Presidential Decree from among registered and reported matters, he shall have changed matters registered with or make a report on the changed matters to the Minister of Commerce, Industry and Energy or the Mayor/Do governor with or to whom he has had his business registered or has made a report thereon under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(4) Categories of the petroleum selling business subject to the registration and the report referred to in paragraphs (1) and (2), petroleum products that are allowed to deal in, and registration requirements, including facility standards for the petroleum selling business referred to in paragraph (1) shall be prescribed by the Presidential Decree.

(5) The provisions of Articles 6 through 8 shall apply mutatis mutandis to the grounds of disqualifications for petroleum selling business operators, the succession of the status and the succession of the disposition effect. In this case, the "petroleum

refining business" in the main sentence of Article 6 shall be deemed the "petroleum selling business", "Article 13 (1)" and "petroleum refining business" in subparagraph 6 of the same Article shall be deemed "Article 13 (3)" and "petroleum selling business", the "petroleum refining business operator", "petroleum refining business" and "refinery" in Article 7 shall be deemed the "petroleum selling business operator", "petroleum selling business", and "petroleum selling facility", and the "petroleum refining business operator" and "Article 13 (1)" in Article 8 shall be deemed the "petroleum selling business operator" and "Article 13 (3)", respectively.

- Article 11 (Conditional Registration, etc.)** (1) Anyone who intends to file an application for the registration provided for in the provisions of Article 5, 9 or 10 (hereafter referred to as the "principal registration" in this Article) may file an application for the conditional registration with the Minister of Commerce, Industry and Energy or the Mayor/Do governor on the condition that he secures facilities that are prescribed by the registration requirements within a period set by the Presidential Decree.
- (2) The Minister of Commerce, Industry and Energy or the Mayor/Do governor shall, upon receiving an application for a conditional registration under paragraph (1), examine such application and notify the applicant of whether he approves his application for such conditional registration within a period that is fixed by the Ordinance of the Ministry of Commerce, Industry and Energy.
- (3) The Minister of Commerce, Industry and Energy or the Mayor/Do governor shall, if anyone who gets the approval of his application for a conditional registration files an application for a principal registration, approve such principal registration after confirming whether he is in conformity with the registration requirements.
- (4) When anyone who gets the approval of a conditional registration referred to in paragraph (2) fails to secure facilities that are prescribed in the registration requirements within the period referred to in paragraph (1) without any justifiable grounds, the Minister of Commerce, Industry and Energy or the Mayor/Do governor shall revoke his conditional registration.
- (5) Standards for the conditional registration and other necessary matters shall be prescribed by the Presidential Decree.

Article 12 (Report on Commencement, Suspension and Discontinuation of Business)

- (1) Every petroleum refining business operator, every petroleum exportimport

business operator or every petroleum selling business operator shall commence his business within a period that is fixed by the Presidential Decree from the date on which he has his business registered and made a report on his business.

(2) Every petroleum refining business operator, every petroleum exportimport business operator or every petroleum selling business operator shall, when he commences, suspends or discontinues his business, make a report thereon to the Minister of Commerce, Industry and Energy or the Mayor/Do governor under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

Article 13 (Revocation, etc. of Registration) (1) When any petroleum refining business operator falls under any of the following subparagraphs, the Minister of Commerce, Industry and Energy shall revoke the registration of his petroleum refining business or order him to suspend his petroleum refining business, in whole or in part, for a fixed period of not more than 6 months: Provided, That if he falls under subparagraph 1 or any of subparagraphs 3 through 5, the registration of his petroleum refining business shall be revoked:

1. When he has his petroleum refining business registered under Article 5 (1) by means of falsehood and illegality;
2. When he is not in conformity with registration requirements, including facility standards, etc. for the petroleum refining business provided for in Article 5 (3);
3. When he discontinues his petroleum refining business;
4. When he falls under the grounds of disqualifications provided for in any of subparagraphs 1 through 5 or subparagraph 7 of Article 6 (excluding a case where the representative of a corporation is replaced within 6 months);
5. When he fails to commence his petroleum refining business within the period provided for in Article 12 (1) without any justifiable grounds or has continued to suspend his petroleum refining business for not less than one year after commencing his petroleum refining business;
6. When he fails to fulfill his obligation to stockpile petroleum required under Article 17;
7. When he violates an order given under Article 21 (1);

8. When he violates the measures provided for in Article 22 (1);
9. When he markets or delivers petroleum products without undergoing the quality test thereof provided for in Article 25 (1), or rejects, impedes or evades the quality test provided for in paragraph (2) of the same Article;
10. When he performs the act of calibrating the quality of petroleum products in violation of Article 26 (2);
11. When he violates the ban on the sale of petroleum products which are not in conformity with the quality standards provided for in Article 27;
12. When he manufactures, imports and sells pseudo petroleum products or stores, transports and keeps them with the knowledge of such products;
13. When he rejects, impedes or evades the check provided for in Article 38 (1); and
14. When he violates the prohibition of act provided for in Article 39.

(2) When any petroleum export - import business operator falls under any of the following subparagraphs, the Minister of Commerce, Industry and Energy shall revoke the registration of his petroleum export - import business or order him to suspend his petroleum export - import business, in whole or in part, for a fixed period of not more than 6 months: Provided, That when he falls under subparagraph 1 or any of subparagraphs 3 through 5, the Minister of Commerce, Industry and Energy shall revoke the registration of his petroleum export - import business:

1. When he has his petroleum export - import business registered by means of falsehood or illegality under Article 9 (1);
2. When he is not in conformity with the registration requirements, including facility standards, for the petroleum export - import business, etc. provided for in Article 9 (3);
3. When he discontinues his petroleum export - import business;
4. When he falls under the grounds of disqualifications (excluding a case where the representative of a corporation is replaced within 6 months) provided for in any of subparagraphs 1 through 5 or subparagraph 7 of Article 6 that are applied mutatis mutandis under Article 9 (4);
5. When he fails to commence his petroleum export - import business within the period provided for in Article 12 (1) without any justifiable grounds or has continued to suspend his petroleum export - import business for not less than one year after commencing his business;

6. When he fails to fulfill his obligation to stockpile petroleum under Article 17; and
7. When he falls under any of paragraph (1) 7 through 14.

(3) The Minister of Commerce, Industry and Energy or the Mayor/Do governor may, when any petroleum selling business operator falls under any of the following subparagraphs, revoke the registration of his petroleum selling business or order him to suspend his petroleum selling business, in whole or in part, for a fixed period of not more than 6 months: Provided, That when he falls under subparagraph 1 or any of subparagraphs 4 through 6, the Minister of Commerce, Industry and Energy or the Mayor/Do governor shall revoke the registration of his petroleum selling business:

1. When he has his petroleum selling business registered by means of falsehood or illegality under Article 10 (1);
2. When he is not in conformity with the registration requirements, including facility standards for the petroleum selling business, etc. provided for in Article 10 (4);
3. When he sells petroleum products that are not the petroleum products allowed to deal in under Article 10 (4) or supplies other petroleum selling business operator with the petroleum products that are not the petroleum products allowed to deal in;
4. When he discontinues his petroleum selling business;
5. When he falls under the grounds of disqualifications (excluding a case where the representative of a corporation is replaced within 6 months) provided for in any of subparagraphs 1 through 5 or subparagraph 7 of Article 6 that are applied mutatis mutandis under Article 10 (5);
6. When he fails to commence his petroleum selling business within the period provided for in Article 12 (1) without any justifiable grounds or has continued to suspend his petroleum selling business for not less than one year after commencing his business;
7. When he fails to fulfill his obligation to stockpile petroleum under Article 17; and
8. When he falls under any of paragraph (1) 7 through 14.

(4) Disposition standards by the act of violation under paragraphs (1) through (3) shall be prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

Article 14 (Penalty Surcharge) (1) When any petroleum refining business operator, any petroleum exportimport business operator or any petroleum selling business

operator falls under any of the following subparagraphs, the Minister of Commerce, Industry and Energy or the Mayor/Do governor may impose the penalty surcharge of not more than 2 billion won on him in lieu of the business suspension disposition provided for in Article 13:

1. When the petroleum refining business operator falls under any of Article 13 (1) 7 through 14;

2. When the petroleum export - import business operator falls under Article 13 (2) 7; and

3. When the petroleum selling business operator falls under Article 13 (3) 2, 3 or 8.

(2) When any petroleum refining business operator or any petroleum export - import business operator falls under Article 13 (1) 2 or 13 (2) 2, the Minister of Commerce, Industry and Energy may impose the penalty surcharge on him within the scope of not exceeding the amount equivalent to the value of the production quantity or the import quantity of petroleum for a period during which he is not in conformity with the registration requirements in lieu of the business suspension disposition.

(3) When anyone who has the obligation to stockpile petroleum under Article 17 fails to fulfill such obligation, the Minister of Commerce, Industry and Energy may impose the penalty surcharge on him within the scope of not exceeding the amount equivalent to the value of the quantity that falls short of the obligatory stockpile quantity for a period during which the stockpile obligation is not fulfilled in lieu of the business suspension disposition provided for in Article 13 (1) through (3).

(4) Categories of the act of violation on which the penalty surcharge is imposed in accordance with paragraph (1), the amount of the penalty surcharge that is imposed according to the extent of the act of violation, the method of calculating the penalty surcharge referred to in paragraphs (2) and (3) and other necessary matters shall be prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(5) When a person liable to pay the penalty surcharge under the provisions of paragraphs (1) through (3) fails to pay it not later than the payment deadline, the Minister of Commerce, Industry and Energy or the Mayor/Do governor shall cancel the disposition to levy the penalty surcharge under the provisions of paragraphs (1) through (3) and make a disposition of suspension of the petroleum refining business, petroleum export - import business or petroleum selling business under the provisions of Article 13: Provided, That when the business suspension disposition

under the provisions of Article 13 may not be implemented due to the business suspension or business discontinuance under the provisions of Article 12 (2) and other inevitable reasons as provided by the Ordinance of the Ministry of Commerce, Industry and Energy, it shall be collected by referring to the practices of dispositions on default of national taxes or local taxes.<Amended by Act No. 7755, Dec. 23, 2005>

(6) Of the penalty surcharges that are levied in accordance with paragraphs (1) through (3), the amount that is collected by the Minister of Commerce, Industry and Energy shall revert to the Special Account for Energy and Resources - related Projects provided for in the Act on the Special Accounts for Energy and Resources - related Projects (hereinafter referred to as the Special Account for Energy and Resources - related Projects) while the amount that is collected by the Mayor/Do governor shall revert to the relevant local government.

CHAPTER III PETROLEUM STOCKPILE

Article 15 (Plan for Stockpiling Petroleum) (1) The Minister of Commerce, Industry and Energy shall set the goal of petroleum stockpile in order to stabilize the supply and demand of petroleum as well as its prices, and develop a plan for stockpiling petroleum in order to attain the goal of petroleum stockpile under the conditions as prescribed by the Presidential Decree.

(2) The plan for stockpiling petroleum referred to in paragraph (1) shall contain matters falling under each of the following subparagraphs:

1. Matters concerning the goal of petroleum stockpile;
2. Matters concerning categories of petroleum to be stockpiled and the quantity of petroleum to be stockpiled;
3. Matters concerning facilities for stockpiling petroleum; and
4. Other important matters concerning the petroleum stockpile.

(3) When the supply - demand situation of petroleum and other economic situation significantly change and it is deemed necessary to take measures to grapple with such change, the Minister of Commerce, Industry and Energy may alter the plan for stockpiling petroleum referred to in paragraph (1).

Article 16 (Policy Steps for Petroleum Stockpile) (1) The Minister of Commerce, Industry and Energy shall take policy steps necessary to attain the goal of stockpiling petroleum provided for in Article 15 (1).

(2) The Minister of Commerce, Industry and Energy may, if it is deemed necessary to implement the policy steps for attaining the goal of stockpiling petroleum, commission the Corporation to implement such policy steps.

Article 17 (Obligation to Stockpile Petroleum) (1) Anyone who falls under any of the following subparagraphs (hereinafter referred to as the "person obliged to stockpile petroleum") shall stockpile petroleum in order to stabilize the supply and demand of petroleum as well as the prices of petroleum under the conditions as prescribed by the Presidential Decree:

1. The petroleum refining business operator;
2. The petroleum export - import business operator who deals in crude oil and petroleum products that are prescribed by the Presidential Decree; and
3. The person who runs the business of selling the petroleum by - products provided for in the proviso of Article 10 (1) and is prescribed by the Presidential Decree.

(2) Every person obliged to stockpile petroleum may get any other person who meets the requirements prescribed by the Presidential Decree, such as facility standards, (hereinafter referred to as the "petroleum stockpile agent") to perform vicariously the obligation to stockpile petroleum referred to in paragraph (1).

CHAPTER IV DUES ON IMPORT AND SALE OF PETROLEUM

Article 18 (Dues on Petroleum Import and Sale) (1) The Minister of Commerce, Industry and Energy may collect dues from the persons falling under each of the following subparagraphs in order to stabilize the supply and demand as well as the prices of petroleum:

1. Petroleum refining business operators, petroleum export - import business operators and petroleum selling business operators who all import petroleum or sell petroleum products; and
2. Petroleum refining business operators or petroleum export - import business operators who gain excessively high profits from severe fluctuations in

international petroleum prices.

(2) The amount of dues referred to in paragraph (1) shall be as follows:

1. Dues referred to in paragraph (1) 1: The amount that is prescribed by the Presidential Decree within the scope of 36 won per liter of imported petroleum or sold petroleum products (in the case of natural gas and petroleum gas, the amount equivalent to 36 won per liter of the liquified gas thereof); and
2. Dues referred to in paragraph (1) 2: The amount that is published by the Minister of Commerce, Industry and Energy after consulting thereabout with the Minister of Finance and Economy and the Minister of Planning and Budget within the scope of not exceeding the difference between the prices of imported petroleum and the prices of domestic petroleum.

(3) Persons subject to the collection of dues referred to in paragraph (1), standards for imposing dues, methods of collecting dues, the postponement of collecting dues and other necessary matters concerning the imposition and collection of dues shall be prescribed by the Presidential Decree.

(4) When anyone subject to the collection of dues referred to in paragraph (1) fails to pay the dues by the payment deadline, the Minister of Commerce, Industry and Energy may collect additional dues from him, which are prescribed by the Presidential Decree, for the period ranging from the day after the day of the payment deadline to the day when the imposed dues are paid.

(5) When anyone subject to the collection of dues referred to in paragraph (1) fails to pay the dues by the payment deadline, the Minister of Commerce, Industry and Energy shall press him for the payment of dues for a fixed period and when he also fails to pay the dues and additional dues referred to in paragraph (4) within the fixed period, the Minister of Commerce, Industry and Energy shall collect the dues and the additional dues according to the example of a disposition taken to collect the national tax in arrears.

(6) The Minister of Commerce, Industry and Energy may, when he collects dues, set such dues based on the difference of net calculation between petroleum import costs incurred to petroleum refining business operators, petroleum export - import business operators or petroleum selling business operators, and petroleum import costs that are based on the time when the maximum amount or the minimum amount of petroleum selling prices provided for in Article 23 is set.

(7) The dues and the additional dues that are collected in accordance with the provisions of paragraphs (1) and (4) shall revert to the special account for energy and resources projects.

Article 19 (Refund of Dues) (1) In the event anyone subject to the collection of dues provided for in Article 18 uses or supplies petroleum for the purposes that are prescribed by the Presidential Decree, the Minister of Commerce, Industry and Energy may refund the dues collected from him.

(2) The refund amount referred to in paragraph (1) shall be paid from the fiscal revenue account of the special account for energy and resources projects.

(3) The standards for paying the refund amount referred to in paragraphs (1) and (2), procedures for paying the refund and other necessary matters concerning the refund shall be prescribed by the Presidential Decree.

Article 20 (Commission of Administrative Work, etc. of Collecting Dues) (1) The Minister of Commerce, Industry and Energy may commission institutions or organizations prescribed by the Presidential Decree to perform the administrative work involving the collection of dues and additional dues provided for in Article 18 and the refund of them provided for in Article 19.

(2) The Minister of Commerce, Industry and Energy may, if he commissions the administrative work involving the collection of dues and the refund of collected dues in accordance with paragraph (1), appoint accountants to perform the administrative work from among officers and employees who belong to the institutions or organizations.

(3) The provisions governing accountants of the Liability of Accounting Personnel, etc. Act shall apply mutatis mutandis to the accountants who are appointed under paragraph (2).

(4) In the event that the Minister of Commerce, Industry and Energy commissions the administrative work involving the collection and refund of dues referred to in paragraph (1), he may pay service fees or necessary expenses from the special account for energy and resources projects under the conditions as prescribed by the Minister of Commerce, Industry and Energy.

CHAPTER V COORDINATION OF SUPPLY AND DEMAND OF PETROLEUM IN EMERGENCY

Article 21 (Order, etc. Given to Stabilize Supply and Demand of Petroleum) (1) In the event that the supply and demand of petroleum hits a snag due to the aggravating petroleum situation at home and abroad or is feared to do so, or the chaotic distribution order of petroleum undermines the stability of the people's lives and the smooth operation of the national economy or is feared to do so, the Minister of Commerce, Industry and Energy may order petroleum refining business operators, petroleum export - import business operators, petroleum selling business operators, petroleum stockpile agents, installers of oil pipelines (hereinafter referred to as "petroleum refining business operators, etc.") provided for in the Oil Pipeline Safety Control Act and managers of oil pipelines, the operators of the business of manufacturing and selling petrochemicals and persons who consume petroleum products and petrochemicals that are in excess of the quantity prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy (hereafter in this Article referred to as "major consumers") with respect to matters falling under each of the following subparagraphs in order to stabilize the supply and demand of petroleum:

1. The distribution of petroleum by area as well as major supplier and consumer;
2. The petroleum refining capacity, operation and work of refineries;
3. The production ratio of each petroleum refining business operator by kinds of oil;
4. The quantity of petroleum stockpile and the use of oil storage facilities;
5. The export and import of petroleum, including ways to introduce petroleum and areas to which petroleum is introduced;
6. The refining and processing of petroleum on commission;
7. The establishment of the specifications of petroleum products and a fixed-quantity transaction order;
8. The exchange of petroleum at the same price or the distribution and use of petroleum among petroleum refining business operators, petroleum export - import business operators or petroleum selling business operators;

9. The distribution facilities of petroleum and petrochemicals and the use of such distribution facilities;
10. The distribution structures and channels of petroleum and petrochemicals;
11. The establishment of a sound distribution order for petroleum and petrochemicals;
12. The reports of major consumers and sellers of petroleum products and petrochemicals, which are prescribed by the Presidential Decree; and
13. Other matters that are prescribed by the Presidential Decree in order to keep the supply and demand of petroleum stabilized.

(2) The Minister of Commerce, Industry and Energy shall, when the grounds of issuing the order referred to in paragraph (1) are recognized as being extinguished, cancel such order without delay.

(3) In the event that the supply and demand of petroleum hits a snag or is feared to do so, the Minister of Commerce, Industry and Energy may ask the Minister of Environment to relax the standards for petroleum products provided for in the Clean Air Conservation Act. In this case, the Minister of Environment shall cooperate with the request from the Minister of Commerce, Industry and Energy unless special grounds exist that make it impossible for him to do so.

Article 22 (Measures to Ration Petroleum, etc.) (1) In the event that the supply and demand of petroleum hits a snag or is feared to do so due to wartime, incident, natural disaster and the occurrence of the situation corresponding thereto or the aggravation of the petroleum situation at home and abroad and it is recognized as being impossible to stabilize the supply and demand of petroleum with only the order provided for in Article 21, the Minister of Commerce, Industry and Energy may take measures falling under each of the following subparagraphs under the conditions as prescribed by the Presidential Decree:

1. The ration of petroleum;
2. Restrictions or ban on the transfer and acquisition by transfer of petroleum;
3. Restrictions or ban on the use of petroleum; and
4. Other matters that are prescribed by the Presidential Decree in order to stabilize the supply and demand of petroleum.

(2) When the grounds of the measures that are taken under paragraph (1) are recognized as being extinguished, the Minister of Commerce, Industry and Energy shall promptly cancel such measures.

Article 23 (Maximum Amount, etc. of Petroleum Sale Prices) (1) In the event that the import and sale prices of petroleum severely fluctuate or are feared to severely fluctuate and that it is deemed necessary to stabilize the people's lives and smoothly operate the national economy, the Minister of Commerce, Industry and Energy may set the maximum amount or the minimum amount of the sale prices of petroleum by petroleum refining business operators, petroleum export - import business operators or petroleum selling business operators taking into account the international prices of petroleum products and the economic situation at home and abroad.

(2) The Minister of Commerce, Industry and Energy shall, when he sets the maximum amount or the minimum amount of the sale prices of petroleum in accordance with paragraph (1), publish it.

CHAPTER VI QUALITY CONTROL OF PETROLEUM

Article 24 (Standards for Quality of Petroleum Products, etc.) (1) The Minister of Commerce, Industry and Energy may set standards for the quality of petroleum products in order to secure the appropriate quality of petroleum products. In this case, with respect to the matters that are prescribed in the standards for petroleum products, which are set in the Clean Air Conservation Act, the Minister of Commerce, Industry and Energy shall consult in advance with the Minister of Environment thereabout.

(2) The Minister of Commerce, Industry and Energy shall, if he sets the standards for the quality of petroleum products in accordance with paragraph (1), publish them.

(3) In the event that the Minister of Commerce, Industry and Energy sets the standards for the quality of petroleum products in accordance with paragraph (1), the petroleum refining business operators, etc. shall keep the quality of their petroleum products in conformity with such standards for the quality of petroleum products.

Article 25 (Quality Inspection) (1) Petroleum refining business operators, petroleum export - import business operators or sale business operators of petroleum by -

products shall, if they intend to sell or transfer petroleum products that are prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy, have their petroleum products inspected by institutions that are designated by the Minister of Commerce, Industry and Energy (here - inafter referred to as quality inspection institutions): Provided, That any petroleum refining business operator or any petroleum export - import business operator who each furnishes himself with inspection facilities and manpower and obtains approval from the Minister of Commerce, Industry and Energy may replace such quality inspection with his self - inspection of quality.

(2) The Minister of Commerce, Industry and Energy may, if it is deemed necessary to maintain the quality of petroleum products, conduct the quality inspection of petroleum products that the petroleum refining business operators, etc. sell or transfer or manufacture, import, store, transport or keep in custody for the purpose of selling or transferring them.

(3) Methods of and procedures for the quality inspection and the self - inspection of quality referred to in paragraphs (1) and (2) and other necessary matters shall be prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(4) Standards and procedures for designating quality inspection institutions, standards and procedures for approving the self - inspection of quality by persons who are recognized as being able to do so and other necessary matters shall be prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(5) Every quality inspection institution and everyone who conducts the self - inspection of quality shall make and keep inspection records under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy and report such inspection records to the Minister of Commerce, Industry and Energy.

(6) When the result of quality inspection under the provisions of paragraph (2) is confirmed not to fit for the quality standards under the provisions of Article 24 (1), the Minister of Commerce, Industry and Energy may publicly announce it under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy, and when it is confirmed to be in violation of the provisions of Article 29, he shall publish it under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.<Amended by Act No. 7755, Dec. 23, 2005>

Article 26 (Act of Calibrating Quality of Petroleum Products, etc.) (1) Any petroleum refining business operator, any petroleum export - import business operator, any sale business operator of petroleum by - products, any installer of oil pipelines and any manager of oil pipelines, etc. provided for in the Oil Pipeline Safety Control Act who are all prescribed by the Presidential Decree may, when the quality of petroleum products that they intend to market or transfer is not in conformity with the quality standards provided for in Article 24 (1), perform the act of calibrating the quality thereof (hereinafter referred to as the act of calibrating the quality) in order to bring the quality standards of the relevant petroleum products into conformity with the quality standards.

(2) The act of calibrating the quality shall be performed in the location of any refinery that is registered in accordance with Article 5 (1), in the location of facilities that are used to manufacture the petroleum by - products, in the bonded area provided for in Article 154 of the Customs Act or in the storage facilities attached to the oil pipelines that are installed and operated by any installer and any manager of oil pipelines provided for in the Oil Pipeline Safety Control Act, which are all prescribed by the Presidential Decree: Provided, That the act of calibrating the quality that is performed in the bonded area, which is not the location of refinery or facilities used to manufacture petroleum products that are by - products may be limited to octane value, oxygen content, identification materials, filter - block points, flow points, coefficient of kinematic viscosity, lubricating ability, color and other items that are prescribed by the Presidential Decree.

(3) Detailed standards for and methods of calibrating the quality referred to in paragraph (2) and other necessary matters shall be prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

Article 27 (Prohibition on Sale of Petroleum Products that are Not in Conformity with Quality Standards, etc.)

Petroleum refining business operators, etc. shall be prohibited from selling or transferring petroleum products that are not in conformity with the quality standards provided in Article 24 (1) or other petroleum products that are judged to be rejected as a result of the quality inspection provided for in 25 (1) and (2) (excluding any petroleum products that are made in conformity with the quality standards through

the act of calibrating their quality), or storing, transporting or keeping them for the purpose of selling or transferring them.

Article 28 (Revocation of Designation of Quality Inspection Institutions, etc.) (1) The Minister of Commerce, Industry and Energy may, when any quality inspection institution falls under any of the following subparagraphs, revoke its designation or order the relevant inspection institution to suspend its quality inspection work for a fixed period of not more than 6 months: Provided, That if the relevant quality inspection institution falls under subparagraph 1 or 2, the Minister of Commerce, Industry and Energy shall revoke its designation:

1. When the quality inspection institution has had itself designated as a quality inspection institution by means of falsehood and illegality;
2. When the quality inspection institution has performed the inspection work during the period in which it is ordered to suspend its inspection work;
3. When the quality inspection institution has failed to perform its inspection work for not less than 6 months without any justifiable grounds;
4. When the quality inspection institution has judged the quality of petroleum products by means of intentional distortion;
5. When the quality inspection institution has violated methods of and procedures for inspecting the quality of petroleum products provided for in Article 25 (3);
6. When the quality inspection institution has been made not to be in conformity with the designation standards provided for in Article 25 (4);
7. When the quality inspection institution has failed to make and keep inspection records required under Article 25 (5), has falsely made and kept them, has failed to report the inspection records or has falsely reported them; and
8. When the quality inspection institution has rejected or delayed the quality inspection without any justifiable grounds.

(2) When anyone who has obtained approval for the self - inspection of quality in accordance with the proviso of Article 25 (1) falls under any of the following subparagraphs, the Minister of Commerce, Industry and Energy may revoke his approval or order him to suspend the self - inspection of quality work for a period of not more than 6 months: Provided, That when he falls under subparagraph 1, the approval granted to him shall be revoked:

1. When he has obtained approval for the self - inspection of quality by means of falsehood or illegality;
2. When he has judged any petroleum products by means of intentional distortion;
3. When he has violated methods of and procedures for the self - inspection of quality provided for in Article 25 (3);
4. When he has been made not to be in conformity with the approval standards provided for in Article 25 (4); and
5. When he has failed to make and keep inspection records required under Article 25 (5), has falsely made and kept them, has failed to report such inspection records or has falsely reported them.

(3) Necessary matters concerning the revocation of the designation and the approval referred to in paragraphs (1) and (2) and standards for suspending the inspection work, etc. shall be prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

Article 29 (Prohibition on Manufacturing, etc. Pseudo Petroleum Products)

No one shall manufacture, import, market or use pseudo petroleum products, and store, transport or keep pseudo petroleum products with the knowledge of them: Provided, That in the case falling under any of the following subparagraphs, it shall not be deemed as the manufacture, etc. of pseudo petroleum products:

1. Where any petroleum refining business operator manufactures petroleum products in use of a refinery that has had itself registered in accordance with Article 5 (1);
2. Where any petroleum refining business operator or any petroleum export - import business operator performs the act of calibrating the quality provided for in Article 26 (1);
3. Where fuel is manufactured in use of the method provided for in any item of subparagraph 10 of Article 2 or manufactured fuel is stored, transported and kept for the purpose of experiment and research;
4. Where fuel is manufactured or marketed for special purposes, including for racing cars, which are prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy; and
5. Where fuel can be used as substitute one to petroleum products and is recognized as being needed to expand and encourage its use and is also published by the

Minister of Commerce, Industry and Energy after consulting thereabout with the Minister of Finance and Economy.

Article 30 (Order Given to Stop Manufacturing, etc. Pseudo Petroleum Products) (1)

The Minister of Commerce, Industry and Energy or the Mayor/Do governor may order anyone who violates the provisions of Article 29 to stop manufacturing, selling, transporting and using pseudo petroleum products or to shut down or remove manufacturing places, selling places and storage facilities. In this case, if anyone who is ordered to shut down such places or remove such facilities fails to do as ordered, the order may be vicariously executed in accordance with the Administrative Vicarious Execution Act.

(2) When anyone who has obtained the permission, the authorization, the license and the registration (hereinafter referred to as the "permission, etc.") from the relevant administrative agency manufactures and markets pseudo petroleum products in violation of Article 29, the Minister of Commerce, Industry and Energy or the Mayor/Do governor may ask the head of the relevant administrative agency to suspend his business and revoke the permission, etc.

(3) The head of the relevant administrative agency shall, upon receiving the request under paragraph (2), vigorously cooperate with such request unless special grounds exist that make it impossible for him to do so.

CHAPTER VII PETROLEUM SUBSTITUTE FUEL BUSINESS, ETC.

Article 31 (Quality Standards, etc. for Petroleum Substitute Fuel) (1) The Minister of Commerce, Industry and Energy may set quality standards for petroleum substitute fuel in order to secure the appropriate quality of petroleum substitute fuel. In this case, if the Minister of Commerce, Industry and Energy sets quality standards that affect air environment, he shall consult thereabout in advance with the Minister of Environment.

(2) The Minister of Commerce, Industry and Energy shall, when he sets the quality standards for petroleum substitute fuel in accordance with paragraph (1), publish them.

(3) In the event that any petroleum substitute fuel manufacture and export - import business operator intends to sell or deliver petroleum substitute fuel, he shall undergo the inspection thereof by any quality inspection institution.

(4) The Minister of Commerce, Industry and Energy may, if it is deemed necessary to maintain the quality of petroleum substitute fuel, inspect the quality of petroleum substitute fuel that is sold or transferred, or manufactured, imported, stored, transported or kept by any petroleum substitute fuel manufacture and export - import business operator or any petroleum substitute fuel selling business operator (hereinafter referred to as the "petroleum substitute fuel manufacture business operator, etc."; hereinafter the same shall apply) for the purpose of marketing or transferring it.

(5) Every petroleum substitute fuel manufacture business operator, etc. shall be prohibited from marketing or transferring, or storing, transporting or keeping any petroleum substitute fuel that is not in conformity with the quality standards referred to in paragraph (1) or is judged to be rejected as a result of the quality inspection provided for in paragraphs (3) and (4) for the purpose of marketing or transferring it.

(6) Methods of and procedures for inspecting the quality referred to in paragraphs (3) and (4) and other necessary matters shall be prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(7) The provisions of Article 25 (5) and (6) shall apply mutatis mutandis to petroleum substitute fuel manufacture business operators, etc.

Article 32 (Registration of Petroleum Substitute Fuel Manufacture and Export - Import Business)

(1) Anyone who intends to run the petroleum substitute fuel manufacture and export - import business shall have his business registered with the Minister of Commerce, Industry and Energy under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy: Provided, That the same shall not apply to the case falling under any of the following subparagraphs:

1. Where he intends to run only the business of exporting petroleum substitute fuel;
and
2. Where he imports petroleum substitute fuel whose quantity is below the quantity that is prescribed by the Presidential Decree for the purpose of using it for himself.

(2) In the event anyone who has had his business registered in accordance with paragraph (1) intends to change any matter that is prescribed by the Presidential Decree from among registered matters, he shall have the changed matter registered with the Minister of Commerce, Industry and Energy under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(3) Facility standards and registration requirements, etc. for the petroleum substitute fuel manufacture and export - import business referred to in paragraph (1) shall be prescribed by the Presidential Decree.

(4) The provisions of Articles 6 through 8, 11 and 12 shall apply mutatis mutandis to the petroleum substitute fuel manufacture and export - import business. In this case, the "petroleum refining business" in the main sentence of Article 6 shall be deemed the "petroleum substitute fuel manufacture and export - import business", "Article 13 (1)" and "petroleum refining business" in subparagraph 6 of the same Article shall be deemed "Article 34" and "petroleum substitute fuel manufacture and exportimport business", the "petroleum refining business operator", "petroleum refining business" and "refinery" in Article 7 shall be deemed the "petroleum substitute fuel manufacture and export - import business operator", "petroleum substitute fuel manufacture and export - import business" and "petroleum substitute fuel manufacture and export - import facility", the "petroleum refining business operator" in Article 8 shall be deemed the "petroleum substitute fuel manufacture and export - import business operator", "Article 5" in Article 11 shall be deemed "Article 32", and the "petroleum refining business operator" in Article 12 shall be deemed the "petroleum substitute fuel manufacture and export - import business operator", respectively.

Article 33 (Registration, etc. of Petroleum Substitute Fuel Selling Business) (1) Anyone who intends to run the petroleum substitute fuel selling business shall have his business registered with the Mayor/Do governor under conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy. In the event that he intends to change any matter that is prescribed by the Presidential Decree from among the registered matters, he shall have the changed matter registered with the Mayor/ Do governor under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(2) Types of the petroleum substitute fuel selling business under paragraph (1), the petroleum substitute fuel that is allowed to deal in, facility standards and registration requirements, etc. shall be prescribed by the Presidential Decree.

(3) The provisions of Articles 6 through 8, 11 and 12 shall apply mutatis mutandis to the petroleum substitute fuel selling business. In this case, the "petroleum refining business" in the main sentence of Article 6 shall be deemed the "petroleum substitute fuel selling business", "Article 13 (1)" and "petroleum refining business" in subparagraph 6 of the same Article shall be deemed "Article 34" and "petroleum substitute fuel selling business", the "petroleum refining business operator", "petroleum refining business" and "refinery" in Article 7 shall be deemed the "petroleum substitute fuel selling business operator", "petroleum substitute fuel selling business" and "petroleum substitute fuel selling facility", the "petroleum refining business operator" in Article 8 shall be deemed the "petroleum substitute fuel selling business operator", "Article 10" in Article 11 shall be deemed "Article 33" and the "petroleum selling business operator" in Article 12 shall be deemed the "petroleum substitute fuel selling business operator", respectively.

Article 34 (Revocation, etc. of Registration)

When any petroleum substitute fuel manufacture business operator, etc. falls under any of the following subparagraphs, the Minister of Commerce, Industry and Energy or the Mayor/Do governor may revoke the registration of his petroleum substitute fuel manufacture and export - import business or his petroleum substitute fuel selling business or order him to suspend his business, in whole or in part, for a fixed period of not more than 6 months: Provided, That he falls under any of subparagraphs 4 through 7, the registration of his business shall be revoked:

1. When he manufactures, imports or sells pseudo petroleum products in violation of Article 29 or stores, transports and keeps pseudo petroleum products with the knowledge of them;
2. When he sells or transfers petroleum substitute fuel that does not undergo the quality test required under Article 31 (3) or rejects, impedes or evades the quality inspection referred to in paragraph (4) of the same Article;
3. When he violates the provisions of Article 31 (5);

4. When he has his business registered, which is required under Article 32 (1) or 33 (1), by means of falsehood and illegality;
5. When he discontinues his petroleum substitute fuel manufacture and export - import business or his petroleum substitute fuel selling business;
6. When he falls under the grounds of disqualifications provided for in any of subparagraphs 1 through 5 or subparagraph 7 of Article 6 that are applied mutatis mutandis under Articles 32 (4) and 33 (3) (excluding a case where the representative of a corporation is replaced within 6 months);
7. When he fails to commence his business without any justifiable grounds within the period provided for in Article 12 (1) that is applied mutatis mutandis under Articles 32 (4) and 33 (3) or he has continuously failed to do his petroleum substitute fuel manufacture and exportimport business or his petroleum substitute fuel selling business for not less than one year after commencing his business;
8. When he is not in conformity with the registration requirements, including the facility standards, etc. provided for in Article 32 (3) or 33 (2);
9. When he fails to fulfill his obligation to stockpile petroleum substitute fuel provided for in Article 36;
10. When he rejects, impedes or evades the check provided for in Article 38 (1); and
11. When he violates the prohibition of act provided for in Article 39.

Article 35 (Penalty Surcharge) (1) When any petroleum substitute fuel manufacture and export - import business operator falls under any of subparagraphs 1 through 3, 10 and 11 of Article 34 or any petroleum substitute fuel selling business operator falls under any of subparagraphs 1 through, 3, 8, 10 and 11 of Article 34, the Minister of Commerce, Industry and Energy or the Mayor/Do governor may impose the penalty surcharge of not more than 500 million won on him in lieu of the business suspension disposition under Article 34.

(2) When any petroleum substitute fuel manufacture and export - import business operator falls under subparagraph 8 of Article 34, the Minister of Commerce, Industry and Energy may impose the penalty surcharge on him within the scope of not exceeding the amount equivalent to the value of the production quantity or the import quantity of petroleum substitute fuel during the period in which he is not in conformity with the relevant registration requirements in lieu of the business

suspension disposition.

(3) When any petroleum substitute fuel manufacture and export - import business operator fails to fulfill his obligation to stockpile petroleum substitute fuel provided for in Article 36, the Minister of Commerce, Industry and Energy may impose the penalty surcharge within the scope of not exceeding the amount equivalent to the value of the quantity that falls short of the obligatory stockpile during the period in which he fails to fulfill his obligation to stockpile petroleum substitute fuel in lieu of the business suspension disposition provided for in Article 34.

(4) The amount of penalty surcharge that is imposed according to the kind and the extent of the act of violation under paragraph (1), the method of calculating the penalty surcharge under paragraphs (2) and (3) and other necessary matters shall be prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(5) When a person liable to pay the penalty surcharge under the provisions of paragraphs (1) through (3) fails to pay it by the payment dead - line, the Minister of Commerce, Industry and Energy or the Mayor/Do governor shall cancel the disposition to impose the penalty surcharge under the provisions of paragraphs (1) through (3), and shall take the disposition of suspension of the manufacture and export and import business of petroleum substitute fuel or the selling business of petroleum substitute fuel in accordance with Article 34: Provided, That when the business suspension disposition is unable to be made under the provisions of Article 34 due to the business suspension or business discontinuance under the provisions of Article 12 (2) respectively applied mutatis mutandis in the provisions of Article 32 (4) or 33 (3), and other inevitable reasons as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy, it shall be collected by referring to the practices of dispositions on default of national taxes or local taxes. <Amended by Act No. 7755, Dec. 23, 2005>

(6) The amount that is collected by the Minister of Commerce, Industry and Energy shall revert to the Special Account for Energy and Resources - related Projects, and the amount that is collected by the Mayor/Do governor shall revert to the relevant local government from among the penalty surcharges that are imposed in accordance with paragraphs (1) through (3).

Article 36 (Obligation to Stockpile Petroleum Substitute Fuel)

The Minister of Commerce, Industry and Energy may get petroleum substitute fuel manufacture and export - import business operators to stockpile petroleum substitute fuel in order to stabilize the supply and demand of petroleum and petroleum substitute fuel under the conditions as prescribed by the Presidential Decree.

Article 37 (Dues on Import and Sale of Petroleum Substitute Fuel) (1) The Minister of

Commerce, Industry and Energy may collect import or sale dues from petroleum substitute fuel manufacture and export - import business operators who import or market petroleum substitute fuel within the scope of the need to stabilize the supply and demand as wells as the prices of petroleum: Provided, That in the event the petroleum substitute fuel falls under the alternative energy provided for in Article 2 of the Act on the Promotion of the Development and Use of Alternative Energy, the Minister of Commerce, Industry and Energy may reduce or exempt such dues under the conditions as prescribed by the Presidential Decree.

(2) The amount of dues referred to in paragraph (1) shall be the amount that is set by the Presidential Decree within the scope of 36 won per liter of the petroleum substitute fuel that is imported and marketed (in case the petroleum substitute fuel is in the state of gas, the amount equivalent to 36 won per liter based on the time when the gas is liquefied).

(3) Persons subject to the collection of dues referred to in paragraph (1), imposition standards, methods of collecting dues, the postponement of collecting dues and other necessary matters concerning the imposition and collection of dues shall be prescribed by the Presidential Decree.

(4) When anyone subject to the collection of dues in accordance with paragraph (1) fails to pay the dues by the payment deadline, the Minister of Commerce, Industry and Energy shall collect additional dues that are set by the Presidential Decree on a period ranging from the day following the payment deadline to the payment day.

(5) When anyone subject to the collection of dues in accordance with paragraph (1) fails to pay the dues by the payment deadline, the Minister of Commerce, Industry and Energy shall press him to pay the dues by fixing a period during which he has to pay the dues and if he also fails to pay the dues and additional dues referred to in paragraph (4) within the fixed period, the Minister of Commerce, Industry and

Energy may collect the dues in question according to the example of a disposition taken to collect the national tax in arrears.

(6) All of the dues and additional dues that are collected in accordance with paragraphs (1) and (4) shall revert to the special account for energy and resources projects.

(7) The provisions of Articles 19 and 20 shall apply mutatis mutandis to the refund of the dues of petroleum substitute fuel and the commission of the administrative work involving the collection of dues. In this case, "Article 18" and "petroleum" in Article 19 shall be deemed "Article 37" and "petroleum substitute fuel", respectively, and "Articles 18 and 19" in Article 20 shall be deemed "Article 37".

CHAPTER VIII SUPPLEMENTARY PROVISIONS

Article 38 (Report and Check) (1) The Minister of Commerce, Industry and Energy or the Mayor/Do governor may order petroleum refining business operators, etc. or petroleum substitute fuel manufacture business operators, etc. to report their businesses or get his public officials to enter offices or business places (including vehicles used for business purpose) of petroleum refining business operators, etc. or petroleum substitute fuel manufacture business operators, etc. or the office and business place of anyone who is recognized to have violated the provisions of each subparagraph of Article 21 (1) and Article 29 to check books, documents or goods or to collect samples under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(2) The Minister of Commerce, Industry and Energy may, when it is deemed necessary when he takes the measures provided for in Article 22, order major petroleum consumers who are prescribed by the Presidential Decree to report their current consumption of petroleum or get his public officials to enter the offices and business places of such major petroleum consumers in order to check books, documents or goods under the conditions as prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

(3) Public officials who are assigned to perform the check or collect samples in accordance with paragraphs (1) and (2) shall carry certificates showing their authority and produce them to persons concerned.

Article 39 (Prohibition on Act) (1) Every petroleum refining business operator, every petroleum exportimport business operator, every petroleum selling business operator, every petroleum stockpile agent or every petroleum substitute fuel manufacture business operator, etc. shall be prohibited from performing the act falling under any of the following subparagraphs:

1. The act of selling petroleum or petroleum substitute fuel that falls short of the fixed quantity;
2. The act of entering into any agreement or any contract or adopting a resolution for the purpose of controlling the market, excluding competitors or restricting competition or performing discriminatory transactions against consumers;
3. The act of suspending or reducing the production of petroleum and petroleum substitute fuel, or restricting the shipment and marketing of petroleum and petroleum substitute fuel without any justifiable grounds;
4. The act of selling petroleum in violation of the maximum amount or the minimum amount provided for in Article 23;
5. The act of hoarding petroleum and petroleum substitute fuel for the purpose of making excessive profits;
6. The act of unfairly performing transactions with trading partners taking advantage of their status or impeding rational selections made by trading partners; and
7. Other acts of undermining the sound distribution order of petroleum and petroleum substitute fuel, which are prescribed by the Presidential Decree.

(2) No one shall perform the act of running the petroleum sale business that is not prescribed in Article 10 (4): Provided, That the same shall not apply to the case falling under any of the following subparagraphs:

1. The act of selling petroleum among petroleum refining business operators or petroleum export - import business operators, the quantity of which falls short of the quantity that is prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy;
2. The act of selling petroleum products that are prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy among petroleum refining business operators, petroleum export - import business operators or the selling business operators of petroleum products that are by - products provided for in the proviso of Article 10 (1); and

3. Other acts that are recognized and prescribed by the Presidential Decree as being necessary to stabilize the supply and demand of petroleum.

Article 40 (Hearing)

The Minister of Commerce, Industry and Energy or the Mayor/Do governor shall, when he intends to revoke the registration in accordance with Article 13 (1) through (3) or 34 or the Minister of Commerce, Industry and Energy intends to revoke the designation or the approval in accordance with Article 28, hold hearings.

Article 41 (Fees) (1) Anyone who intends to register or make a report on his petroleum selling business provided for in Article 10 (1) and (2) (excluding the selling business of petroleum products that are by-products) or the petroleum substitute fuel selling business provided for in Article 33 (1) shall pay fees under the conditions as prescribed by the Municipal Ordinance of the relevant local government.

(2) Anyone who intends to undergo the quality inspection provided for in Article 25 (1) or 31 (3) shall pay fees to the relevant quality inspection institution.

(3) The amount of fees referred to in paragraph (2), methods of collecting fees, the purpose of using fees and other necessary matters shall be prescribed by the Ordinance of the Ministry of Commerce, Industry and Energy.

Article 42 (Guidance and Supervision)

In the event that the disruption of the petroleum distribution order undermines or is feared to undermine the people's lives and the stability of supply and demand of petroleum, the Minister of Commerce, Industry and Energy shall guide and supervise the administrative affairs that are prescribed as the authority of the Mayor/Do governor under this Act.

Article 43 (Delegation and Commission of Authority) (1) The Minister of Commerce, Industry and Energy may delegate part of his authority prescribed by this Act to the Mayor/Do governor under the conditions as prescribed by the Presidential Decree.

(2) The Minister of Commerce, Industry and Energy may commission part of his authority prescribed by this Act to the Corporation, any quality inspection institution or any corporation that is established for the purpose of facilitating the sound development of the petroleum industry after obtaining permission therefor from the

Minister of Commerce, Industry and Energy under the conditions as prescribed by the Presidential Decree.

CHAPTER IX PENAL PROVISIONS

Article 44 (Penal Provisions)

Anyone who falls under any of the following subparagraphs shall be punished by imprisonment with prison labor for not more than 5 years or by a fine not exceeding 200 million won:

1. One who has run the petroleum refining business without having his business registered in accordance with Article 5 (1);
2. One who has run the petroleum export - import business without having his business registered in accordance with Article 9 (1);
3. One who has manufactured, imported and marketed pseudo petroleum products in violation of Article 29 and has stored, transported and kept such pseudo petroleum products with the knowledge thereof; and
4. One who has run the petroleum substitute fuel manufacture and export - import business without having his business registered in accordance with Article 32 (1).

Article 45 (Penal Provisions)

Anyone who falls under any of the following subparagraphs shall be punished by imprisonment with prison labor for not more than 3 years or by a fine not exceeding 100 million won:

1. One who has failed to follow an order given to suspend his business under Article 13 (1) or (2);
2. One who has failed to fulfill his obligation to stockpile petroleum under Article 17;
3. One who has violated the measures under Article 22 (1);
4. One who has failed to undergo the quality inspection under Article 25 (1) or has rejected, impeded or evaded the quality inspection under paragraph (2) of the same Article;
5. One who has violated the prohibition on selling petroleum products that are not in conformity with the quality standards under Article 27;

6. One who has failed to undergo the quality inspection under Article 31 (3) or has rejected, impeded or evaded the quality inspection under paragraph (4) of the same Article;
7. One who has violated the provisions of Article 31 (5);
8. Any petroleum substitute fuel manufacture and export - import business operator who has failed to follow an order given to suspend his business under Article 34;
9. One who has failed to fulfill his obligation to stockpile the petroleum substitute fuel under Article 36; and
10. One who has violated the prohibition of act under Article 39 (1) 2 through 6 or paragraph (2) of the same Article.

Article 46 (Penal Provisions)

Anyone who falls under any of the following subparagraphs shall be punished by imprisonment with prison labor for not more than 2 years or by a fine not exceeding 50 million won:

1. One who has run the petroleum refining business without making a report thereon under Article 5 (2) or making a false report thereon;
2. One who has run the petroleum selling business without having his business registered under Article 10 (1);
3. One who has sold petroleum products that are not the petroleum products he is permitted to deal in or has supplied such petroleum products in question to other petroleum selling business operators in violation of the provisions of Article 10 (4);
4. One who has failed to follow an order given to suspend his business under Article 13 (3);
5. One who has violated an order under Article 21 (1);
6. One who has performed the act of calibrating the quality in violation of the provisions of Article 26 (2);
7. One who has run the petroleum substitute fuel selling business without having his business registered under Article 33;
8. Any petroleum substitute fuel selling business operator who has failed to follow an order given to suspend his business under Article 34;
9. One who has rejected, impeded and evaded the check and the collection of samples under Article 38 (1) or (2); and

10. One who has violated the prohibition of act under Article 39 (1) 1 or 7.

Article 47 (Penal Provisions)

Anyone who has run the petroleum selling business without making a report thereon under Article 10 (2) or after making a false report thereon shall be punished by imprisonment with prison labor for not more than one year or by a fine not exceeding 30 million won.

Article 48 (Joint Penal Provisions)

When the representative of a corporation or the agent, the employer and the employees of a corporation or an individual commits the act of violating the provisions of Articles 44 through 47 in connection with the business of the corporation or the individual, such corporation and such individual shall be fined in addition to the punishment of the actor.

Article 49 (Fine for Negligence) (1) Anyone who falls under any of the following subparagraphs shall be punished by a fine for negligence not exceeding 30 million won:

1. One who has failed to have the changed matters registered or to make a report on the changed matters under the latter part of paragraph (1) and the latter part of paragraph (2) of Article 5 or has falsely had changed matters registered or has falsely made a report on the changed matters;
2. One who has failed to make a report under Article 9 (5) or has made a false report;
3. One who has failed to have the changed matters registered under Article 32 (2) or has falsely had the changed matters registered; and
4. Any petroleum refining business operator, any petroleum export - import business operator or any petroleum substitute fuel manufacture and export - import business operator who has failed to make a report or has falsely made a report in violation an order under Article 38 (1).

(2) Anyone who falls under any of the following subparagraphs shall be punished by a fine for negligence not exceeding 10 million won:

1. One who has failed to have the changed matters registered or to make a report on the changed matters under Article 9 (2) or 10 (3) or has falsely had the changed

matters registered or made a report on the changed matters;

2. One who has failed to make a report on the commencement of his business, the suspension of his business and the discontinuation of his business under Article 12 or has made a false report thereon;

3. One who has failed to have the changed matters registered under the latter part of Article 33 (1) or has falsely had the changed matters registered; and

4. Any petroleum selling business operator, any petroleum stockpile agent, any petroleum substitute fuel selling business operator, any installer of oil pipelines and any manager of oil pipelines under the Oil Pipeline Safety Control Act or any major petroleum consumer who has failed to make a report in violation of an order under Article 38 (1) or (2), or has falsely made a report.

(3) The fine for negligence referred to in paragraphs (1) and (2) shall be imposed and collected by the Minister of Commerce, Industry and Energy or the Mayor/Do governor (hereafter in this Article referred to as the "competent authority") under the conditions as prescribed by the Presidential Decree.

(4) Anyone who is dissatisfied with a disposition taken to impose a fine for negligence on him under paragraph (3) may raise an objection to the competent authority within 30 days from the date on which he is notified of such disposition.

(5) When anyone who is subjected to a disposition taken to impose a fine for negligence on him under paragraph (3) raises an objection with the competent authority under paragraph (4), the competent authority shall notify the competent court of the fact and the competent court shall, upon receiving the notification, put the case on trial in accordance with the Non - Contentious Case Litigation Procedure Act.

(6) When he does not raise any objection within the period referred to in paragraph (4) and fails to pay the fine for negligence, such fine for negligence in question shall be collected according to the example of a disposition taken to collect the national tax in arrears or the local tax in arrears.

(7) From among the fines for negligence that are imposed in accordance with paragraph (3), the amount that is collected by the Minister of Commerce, Industry and Energy shall revert to the special account for energy and resources projects and the amount that is collected by the Mayor/Do governor shall revert to the relevant local government.

Article 50 (Legal Fiction of Public Officials in Application of Penal Provisions)

Officers and employees of any institution, any organization or any corporation that are each commissioned to perform the work in accordance with Articles 20 and 43 (2) shall be deemed as public officials in the application of Articles 122, 129 through 132 of the Criminal Act.

ADDENDA <No. 7428, 31. Mar, 2005>

Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.
Articles 2 through 6 Omitted.

ADDENDA <No. 7755, 23. Dec, 2005>

(1) (Enforcement Date) This Act shall enter into force three months after the date of its promulgation.

(2) (Application Example to Disposition of Penalty Surcharge Imposition) The amended provisions of Articles 14 (5) and 35 (5) shall apply starting from the petroleum refining business operator, petroleum export - import business operator, petroleum selling business operator, petroleum substitute fuel manufacture and export - import business operator, or petroleum substitute fuel selling business operator who has been subjected to a disposition of imposing the penalty surcharge first after the enforcement of this Act.

(3) (Application Example to Pubic Announcement) The amended provisions of Article 25 (6) shall apply starting from the person subjected to administrative dispositions first after the enforcement of this Act.