



**Bureau of Experts at the Council of Ministers
Official Translation Department**

Law of Petroleum and Petrochemical Products

Royal Decree No. M/139
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Translation of Saudi Laws

NOTES:

1. This translation is provided for guidance. The governing text is the Arabic text.
2. The translation of Saudi laws takes the following into consideration:
 - Words used in the singular form include the plural and vice versa.
 - Words used in the masculine form include the feminine.
 - Words used in the present tense include the present as well as the future.
 - The word “person” or “persons” and their related pronouns (he, his, him, they, their, them, and who) refer to a natural and legal person.



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For any comments or inquiries, please contact the Official Translation Department at:

otd@boe.gov.sa



Law of Petroleum and Petrochemical Products

Article 1

In this Law, the following words and phrases shall have the meanings assigned thereto, unless the context requires otherwise:

Law: Law of Petroleum and Petrochemical Products.

Regulations: Implementing Regulations of the Law.

Ministry: Ministry of Energy.

Minister: Minister of Energy.

Person: A natural or legal person.

Petroleum Products: Oils, bitumen, condensates, and the products derived therefrom through refining, production, treatment, and cracking operations; petroleum products resulting from distillation, manufacturing, maintenance, operation, or cleaning; and all types of liquid fuel, whether used or consumed.

Petroleum Operations: The use, sale, purchase, transport, storage, import, export, packaging, or treatment of any petroleum product as well as the construction or operation of refineries, terminals, or distribution stations.

Petrochemicals: Chemical compounds derived from the use of other hydrocarbon, petroleum, or petrochemical products as basic feedstock in their production, through separation or blending operations or through chemical reactions. Petrochemicals are also called basic, intermediate, transitional, and specialized materials.

Petrochemical Operations: The production, treatment, sale, purchase, distribution, transport, storage, packaging, import, or export of petrochemicals as well as the operation of petrochemical facilities.

Feedstock: A petroleum or petrochemical product or more used as input in any production operation through refining, blending, or chemical reactions.

Refinery: A facility that refines crude oil or condensates to produce petroleum products through separation and treatment.

Terminal: A site designated at seaports for the export, import, or local distribution of petroleum products.

Distribution Station: A site designated for the local distribution of petroleum products.

Treatment: The process of improving, purifying, or rehabilitating used petroleum or petrochemical products, petroleum or petrochemical products recovered from refineries and facilities, waste containing petroleum or petrochemical products, spent catalysts, or oil residues.

Packaging: The process of filling a type of petroleum product into specially-designed containers for the purpose of circulation.



License: A document granted by the Ministry authorizing a licensee to engage in petroleum or petrochemical operations.

Licensee: A person holding a license.

Priced Petroleum Products: Petroleum products the local selling prices of which are set by the government.

Article 2

This Law aims to:

1. regulate petroleum and petrochemical operations in a manner that serves public interest and protects the rights and interests of consumers and licensees;
2. increase private sector participation in petroleum and petrochemical operations and create a competitive environment to achieve economic growth, contribute to the GDP, and improve energy efficiency;
3. promote the circular carbon economy and manage greenhouse gases;
4. develop new uses for petroleum and petrochemical products, and maximize the benefit of raw materials and promote the downstream production thereof;
5. ensure the adherence of the petroleum and petrochemical products sector to national strategies and plans, laws and regulations, environmental specifications and standards, and safety and security rules;
6. ensure the security and reliability of petroleum and petrochemical product supplies; and
7. monitor and supervise petroleum and petrochemical operations to enhance compliance with the provisions of this Law and prevent practices in violation thereof.

Article 3

The provisions of this Law shall apply to petroleum and petrochemical operations and matters associated therewith. The provisions of this Law shall not, however, apply to activities subject to the Law on the Distribution of Dry Gas and Liquefied Petroleum Gas for Residential and Commercial Purposes, nor to industrial applications that use petrochemical products as an essential or additional component to produce finished or semi-finished consumer products or to convert semi-finished products to finished products, which are produced by molding, blending, assembling, forming, remolding, or packaging through production operations which partially or mostly require the use of a machine.

Article 4

The Regulations shall specify the following:

1. The technical, operational, and procedural rules necessary for engaging in petroleum and petrochemical operations.
2. Licensing requirements, scope of business, license duration, and any other requirement to be complied with by the licensee as well as the provisions for license amendment, renewal, and transfer.



3. Criteria for evaluating compliance with the terms of the license and the consequences of non-compliance.
4. Criteria and requirements for qualifying for and performing petroleum and petrochemical operations.
5. Criteria for the classification of materials containing petroleum products.
6. Rules and procedures for the purpose of ensuring the security and reliability of petroleum and petrochemical product supplies and securing the needs of the local market of such supplies.

Article 5

1. A person may not engage in any petroleum or petrochemical operation without a license.
2. The Ministry's approval must be obtained prior to the issuance of any license or approval required for the establishment of a petrochemical facility.

Article 6

1. A fee shall be collected for license issuance and renewal and shall be deposited into the State treasury.
2. Part of the collected fees shall be allocated to the Ministry for the development of the petroleum and petrochemical operations sector.

Article 7

The Ministry may deny any application for the issuance or renewal of an export license to a person whose violation of the provisions of this Law and the Regulations has been established pursuant to a decision by the committee provided for in Article 18 of this Law, or who has been convicted of smuggling, or attempting to smuggle, petroleum or petrochemical products, unless a period of at least five years has lapsed from the date of the decision establishing the violation or the date of the conviction. The competent authority shall provide the Ministry with the names of persons convicted of smuggling petroleum or petrochemical products.

Article 8

The licensee shall notify the Ministry of any circumstance or incident that may lead to the total or partial cessation of the licensed business, whether permanently or temporarily, as specified in the Regulations.

Article 9

1. Without prejudice to the jurisdiction of the Saudi Standards, Metrology, and Quality Organization, the Ministry shall approve the mandatory specifications and standards for petroleum and petrochemical products as well as the testing methods thereof.
2. The licensee shall, upon engaging in petroleum or petrochemical operations, comply with the approved specifications and standards.



Article 10

The licensee shall provide the Ministry, upon its request, with any documents related to the business subject of the license as well as with periodic reports, in accordance with the provisions of the Regulations.

Article 11

A petroleum product must be purchased and sold at the global price if it is to be used as feedstock in production.

Article 12

1. Inspectors, to be designated pursuant to a decision by the Minister, shall collectively or individually carry out monitoring and inspection duties and shall detect, record, and investigate violations of the provisions of this Law and the Regulations.
2. The inspectors may enter facilities, warehouses, and sites used to conduct petroleum and petrochemical operations to carry out monitoring and inspection duties and to detect and record violations. They may, for such purposes, document violations by gathering visual evidence, hearing statements, and taking testimonies; access documents, records, and paper and electronic data related to the violation and obtain copies thereof; and collect samples of materials suspected to be petroleum or petrochemical products, if necessary.
3. The inspectors may seize any item suspected of being used in violation of the provisions of this Law or the Regulations or the terms of the license. The cost of such seizure shall be borne by the entity if the violation is established. A report shall be prepared at the time of seizure detailing the seized items and their description as well as the grounds and duration of the seizure. The matter shall then be referred to the committee provided for in Article 18 of this Law to decide whether to uphold or terminate the seizure, in accordance with the provisions of the Regulations.
4. The Ministry may, if necessary, seek the assistance of any public or private entity, as it deems appropriate, to carry out the duties of monitoring, inspection, and detection and recording.

Article 13

Any person who commits or participates in committing by conspiring or aiding and abetting any of the following acts shall be deemed in violation of the provisions of this Law:

1. Providing the Ministry or the public with false or misleading information or data in connection with petroleum or petrochemical operations or products.
2. Obstructing or hindering inspectors from performing their duties as provided for in this Law and the Regulations.
3. Committing or attempting to commit any act that leads to the manipulation of storage levels for the purpose of liquidating or selling petroleum and petrochemical products, or that compromises the security and reliability of petroleum and petrochemical product supplies.
4. Violating any of the provisions of this Law or the Regulations or the terms of the license.



Article 14

1. Without prejudice to the provisions of Article 15 of this Law or to any harsher penalty provided for in any other law, any person who violates the provisions of this Law or the Regulations or the terms of the license shall be subject to one or more of the following penalties:
 - a) Suspension of the license for a period not exceeding 10 years.
 - b) Revocation of the license.
 - c) A fine not exceeding thirty million riyals (SAR 30,000,000), or not exceeding quadruple the global price of the petroleum product subject of the violation at the time of detection, whichever is higher.
 - d) A fine not exceeding five thousand riyals (SAR 5,000) for each day the violation continues; such fine shall be calculated as of the date specified in the decision imposing the penalty.
2. When imposing the fine referred to in this Article, a distinction shall be made between the perpetrator of a violation and a participant therein, and between a committed violation and an attempted violation. The nature of the activity; the type, gravity, and impact of the violation; the proceeds of the violation; and any aggravating and mitigating circumstances shall also be taken into consideration.
3. The penalty decision may provide for the publication of its summary at the violator's expense in a local newspaper or through any other appropriate medium determined by the committee provided for in Article 18 of this Law, based on the type, gravity, and impact of the violation, provided that publication is made only after the decision becomes final.

Article 15

1. Without prejudice to any penalty provided for in any other law, any person who exports, or attempts to export, outside the Kingdom a priced petroleum product or a material containing a priced petroleum product without a license shall be subject to one or more of the following penalties:
 - a) Imprisonment for a term not exceeding five years.
 - b) A fine not exceeding thirty million riyals (SAR 30,000,000), or not exceeding quadruple the global price of the petroleum product subject of the violation at the time of detection, whichever is higher
 - c) Confiscation of the items subject of the violation.
2. When determining the penalty, the circumstances of the violation shall be taken into account as well as the difference between the global price of the product subject of the violation and the price set therefor at the time of detection.
3. The Public Prosecution shall, pursuant to its jurisdiction, investigate the violations referred to in paragraph (1) of this Article and prosecute such violations before the competent authority.



Article 16

1. Without prejudice to Articles 13 and 14, the Minister shall issue a classification schedule for violations requiring immediate imposition of penalties, provided that the fine for a single violation does not exceed ten thousand riyals (SAR 10,000).
2. The schedule referred to in paragraph (1) of this Article shall specify the types of violations and their corresponding penalties. The Ministry shall impose such penalties in accordance with the procedures provided for in the Regulations, provided that such procedures include serving a notice prior to the imposition of the penalty and specifying the periods for rectification.

Article 17

1. If the Ministry detects a violation of any of the provisions of this Law or the Regulations or the terms of the license, it may, in exigent and necessary cases and pursuant to a decision by the Minister, take one or more of the following measures:
 - a) Order the violator to discontinue the violation.
 - b) Order the violator to rectify the violation and to take any measures necessary to address the impact of the violation under the supervision of the Ministry. The Ministry may rectify the violation at the violator's expense if he fails to comply with the order in due time.
 - c) Suspend the licensed activity, in whole or in part, for a period not exceeding six months.
 - d) Destroy, at the expense of the violator, any materials proven by laboratory reports to be harmful or unfit for use.
 - e) Take the measures necessary to manage any of the licensee's business activities temporarily for a specified period not exceeding six months, renewable only once, to ensure the continuation of such activities, in accordance with the rules and procedures specified in the Regulations.
2. The decision referred to in paragraph (1) of this Article shall become effective from the date of notification of the violator, provided that the Ministry refers the violation within a period not exceeding 10 business days to the committee provided for in Article 18 of this Law for review. The committee shall issue a decision on the matter within a period not exceeding 20 business days. If the committee fails to issue a decision within such period or if the concerned person rejects its decision, he may file an appeal with the competent court in accordance with applicable legal procedures.



Article 18

1. A committee, or more, shall be formed pursuant to a decision by the Minister comprising at least three members, including a specialist or expert in the activities subject to this Law. The committee's formation decision shall name its chairman, who shall be a legal specialist, as well as a substitute member or more. The committee shall be reformed every three years, and membership therein may be renewed.
2. The Minister shall issue a decision determining the work rules and procedures of the committee as well as the remuneration of its members and secretariat.
3. Without prejudice to Article 15 and Article 16(2) of this Law, the committee provided for in paragraph (1) of this Article shall review violations of the provisions of this Law or the Regulations or the terms of the license and shall impose the penalties provided for in Article 14 of this Law.
4. Committee decisions shall be passed by majority vote and shall be reasoned. An appeal against any committee decision may be filed with the competent court within 30 days from the date of notification. Notification of the decision shall be deemed valid when served to the concerned person by any of the means for service of process.

Article 19

The Minister, or his designee, may, pursuant to controls and conditions to be agreed upon with the Ministry of Finance, grant any person whose assistance leads to the detection of any violation of the provisions of this Law or the Regulations or the terms of the license a financial reward not exceeding 20 percent of the amount of the collected fine, provided that the person is not employed by the Ministry nor employed by an entity providing assistance to the Ministry in detecting violations or performing monitoring or inspection duties pursuant to Article 12(4) of this Law.

Article 20

The Minister shall issue the Regulations within 90 days from the date of publication of this Law in the Official Gazette. The Regulations shall become effective on the date this Law enters into force.

Article 21

This Law shall supersede the Law of Trade in Petroleum Products issued by Royal Decree No. M/18, dated 28/1/1439H, and shall repeal any provisions conflicting therewith.

Article 22

This Law shall enter into force 90 days following the date of its publication in the Official Gazette.