

KOREA GAS CORPORATION ACT

Wholly Amended by Act No. 3836, May 12, 1986

Amended by Act No. 4326, Jan. 14, 1991

Act No. 4429, Dec. 14, 1991

Act No. 4508, Dec. 2, 1992

Act No. 4541, Mar. 6, 1993

Act No. 5356, Aug. 22, 1997

Act No. 5454, Dec. 13, 1997

Act No. 5574, Sep. 23, 1998

Act No. 5893, Feb. 8, 1999

Act No. 5911, Feb. 8, 1999

Act No. 5914, Feb. 8, 1999

Act No. 6656, Feb. 4, 2002

Act No. 6841, Dec. 30, 2002

Act No. 7476, Mar. 31, 2005

Act No. 7678, Aug. 4, 2005

Act No. 8338, Apr. 6, 2007

Act No. 8352, Apr. 11, 2007

Act No. 8370, Apr. 11, 2007

Act No. 8765, Dec. 21, 2007

Act No. 8733, Dec. 21, 2007

Act No. 8819, Dec. 27, 2007

Act No. 8852, Feb. 29, 2008

Act No. 8863, Feb. 29, 2008

Act No. 8976, Mar. 21, 2008

Act No. 9313, Dec. 31, 2008

Act No. 9382, Jan. 30, 2009

Act No. 9763, jun. 9, 2009

Act No. 10272, Apr. 15, 2010

Act No. 10331, May 31, 2010

Act No. 10501, Mar. 30, 2011

Act No. 11438, May 23, 2012

Act No. 11690, Mar. 23, 2013
Act No. 12248, Jan. 14, 2014
Act No. 13160, Feb. 3, 2015
Act No. 14675, Mar. 21, 2017

Article 1 (Purpose)

The purpose of this Act is to enable the Korea Gas Corporation to contribute to promoting convenience in the lives of citizens and improving public welfare by incorporating the Korea Gas Corporation and by laying the groundwork for the stable long-term supply of gas.

Article 2 (Corporate Entity)

The Korea Gas Corporation (hereinafter referred to as the "Corporation") shall be a body corporate.

Article 3 (Offices)

- (1) The seat of the principal office of the Corporation shall be prescribed by the articles of incorporation.
- (2) Where the Corporation needs branch offices or places of business to perform its business affairs, it may establish branch offices or places of business as necessary, following a resolution passed at a board of directors meeting.

Article 4 Deleted. <by Act No. 5356, Aug. 22, 1997>

Article 5 (Issuance of Shares)

The Corporation's capital shall be divided by shares.

Article 6 (Registration)

- (1) The Corporation shall be duly formed when registration for its incorporation is completed at the registry having jurisdiction over its principal place of business.
- (2) Matters necessary for registration for incorporation of the Corporation under paragraph (1), registration of establishment of branch offices or places of business, registration of relocation, registration of modification and other registrations in relation to the Corporation shall be prescribed by Presidential Decree.
- (3) The Corporation shall not prevail against any third party regarding matters requiring registration unless they have been registered.

Article 7 (Prohibition of Use of Similar Names)

No one, other than the Corporation incorporated under this Act shall use a name that includes the words "Korea Gas Corporation" or similar.

Article 8 Deleted. <by Act No. 5574, Sep. 23, 1998>

Article 9 (Appointment of Agents)

The President of the Corporation may appoint an agent authorized to do all judicial or extrajudicial acts regarding the business affairs of the Corporation, from among its employees, as prescribed by the articles of incorporation.

Article 10 (Prohibition of Divulgence of Confidential Information, etc.)

No current or former executive or employee of the Corporation shall divulge or misappropriate confidential information that he/she has become aware of in the course of performing his/her duties.

Article 11 (Activities)

(1) In order to achieve the purpose provided for in Article 1, the Corporation shall conduct the following activities: *<Amended by Act No. 10501, Mar. 30, 2011; Act No. 13160, Feb. 3, 2015>*

1. Manufacture and supply of urban gas under subparagraph 1 of Article 2 of the Urban Gas Business Act (hereinafter referred to as "urban gas") and the refinement and sale of by-products thereof;
2. Construction and operation of natural gas (including liquefied natural gas; hereinafter the same shall apply) receiving terminals and supply networks;
3. Development, exportation and importation of natural gas;
4. Development, exportation and importation of liquefied petroleum gas;
5. Research and technical development on relevant activities to those referred to in subparagraphs 1 through 4;
6. Activities incidental to those referred to in subparagraphs 1 through 5;
7. Other activities entrusted by the State or a local government.

(2) Where necessary depending on the international oil market situation, etc., the Corporation may conduct activities for exploration and development of petroleum resources other than natural gas referred to in paragraph (1) 3 and liquefied petroleum gas referred to in paragraph (1) 4 and activities related thereto with approval from the Minister of Trade, Industry and Energy. *<Newly Inserted by Act No. 10501, Mar. 30, 2011; Act No. 11690, Mar. 23, 2013>*

(3) The Corporation may conduct the activities referred to in each subparagraph of paragraph (1) in foreign countries. *<Newly Inserted by Act No. 13160, Feb. 3, 2015>*

Article 12 (Investment, etc.)

(1) The Corporation may invest in or finance any activities related to its activities following a resolution passed at a board of directors meeting within budgetary limits.

(2) The scope of activities the Corporation may invest in or finance pursuant to paragraph (1) shall be prescribed by Presidential Decree.

(3) The Corporation shall use or contribute the amount of money equivalent to a certain percentage of its annual sales for research and technical development activities referred to in Article 11 (1) 5, as prescribed by Presidential Decree. *<Amended by Act No. 10501, Mar. 30, 2011>*

(4) The Corporation shall formulate a plan for research and technical development activities referred to in Article 11 (1) 5 following a resolution passed at a board of directors meeting, and submit the plan to the Minister of Trade, Industry and Energy by no later than two months prior to the start of each business year. *<Amended by Act No. 10501, Mar. 30, 2011; Act No. 11690, Mar. 23, 2013>*

(5) Where the Corporation revises a plan for research and technical development activities formulated pursuant to paragraph (4), it shall submit the plan so revised to the Minister of Trade, Industry and Energy

within one month from the date of revision. <Amended by Act No. 11690, Mar. 23, 2013>

Article 13 (Application of Profits)

Where profits accrue at the settlement of accounts of each business year, the Corporation shall apply such profits in the following order:

1. Making up for losses brought forward;
2. Accumulating at least ten percent of profits as the earned surplus reserve until it reaches half its capital;
3. Accumulating at least ten percent of profits as the accident compensation reserve until it reaches the same amount as its capital;
4. Distributing surplus earnings;
5. Reserves for business extension;
6. Other voluntary reserves;
7. Retained earnings brought forward.

Article 14 (Issuance of Bonds, etc.)

- (1) The Corporation may issue bonds following a resolution passed at a board of directors meeting.
- (2) The amount of the bonds issued and outstanding shall not exceed four times the sum of capital and reserves of the Corporation.
- (3) The Government may guarantee the repayment of principal of, and interest on, bonds issued by the Corporation.
- (4) The extinctive prescription of bonds shall be completed when five years have passed, in the case of principal, and two years have passed, in the case of interest.

Article 15 Deleted. <by Act No. 5356, Aug. 22, 1997>

Article 16 (Supervision)

The Minister of Trade, Industry and Energy shall direct and supervise affairs relating to the following matters among the affairs of the Corporation: <Amended by Act No. 11690, Mar. 23, 2013; Act No. 13160, Feb. 3, 2015>

1. A business plan for nationwide supply of urban gas;
2. An investment plan for safety management;
3. Other matters prescribed by Presidential Decree, which are related to public interests or safety.

Article 16-2 (Approval, etc. of Project Implementation Plans)

(1) Where the Corporation intends to perform construction works to install receiving, storage, production and supply facilities of natural gas and incidental facilities (hereinafter referred to as "gas project") among activities provided for in Article 11, it shall formulate a gas project implementation plan (hereinafter referred to as "implementation plan") including the project area, the implementation period of a project and other matters prescribed by Presidential Decree and obtain approval from the Minister of Trade, Industry and Energy, as prescribed by Presidential Decree. The same shall also apply where the Corporation intends to revise any approved matter: Provided, That this shall not apply to matters

prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013>

(2) Where the Minister of Trade, Industry and Energy intends to approve an implementation plan pursuant to paragraph (1), he/she shall consult with the heads of the relevant administrative agencies in advance. The same shall also apply when the approved implementation plan is revised. <Amended by Act No. 11690, Mar. 23, 2013>

(3) Where the Minister of Trade, Industry and Energy has approved an implementation plan or any revision thereto pursuant to paragraph (1), he/she shall announce such approval, as prescribed by Presidential Decree. <Amended by Act No. 11690, Mar. 23, 2013>

Article 16-3 (Constructive Approval, Permission, etc. under other Acts)

Where the Corporation has obtained approval of an implementation plan pursuant to Article 16-2, it shall be deemed to have obtained the following permission, authorization, license, approval, cancellation or recognition (hereinafter referred to as "approval, permission, etc.") or to have held consultation, and when the Minister of Trade, Industry and Energy has announced the approval of the implementation plan, approval, permission, etc. under the following Acts shall be deemed announced or publicly notified: <Amended by Act No. 9763, Jun. 9, 2009; Act No. 10272, Apr. 15, 2010; Act No. 10331, May 31, 2010; Act No. 11690, Mar. 23, 2013; Act No. 12248, Jan. 14, 2014>

1. Approval of a project under Article 20 (1) of the Act on Acquisition of and Compensation for Land, etc. for Public Works projects;
2. Permission to occupy and use, or use a utility tunnel under Article 44 of the National Land Planning and Utilization Act, permission to engage in development activities under Article 56 of said Act, designation of the operator of an urban planning facility project under Article 86 of said Act, approval of an implementation plan under Article 88 of said Act;
3. Permission to perform road construction works under Article 36 of the Road Act, permission to occupy and use a road under Article 61 of said Act;
4. Permission to open a private road under Article 4 of the Private Road Act;
5. Permission to perform river conservation works and approval of an implementation plan of river conservation works under Article 30 of the River Act, permission to occupy and use a river under Article 33 of said Act, permission to use river water under Article 50 of said Act;
6. Permission to occupy and use, or use public waters under Article 8 of the Public Waters Management and Reclamation Act, approval of, or reporting on an implementation plan of the occupation and use or use of public waters under Article 17 of said Act, a reclamation license of public waters under Article 28 of said Act and approval of an implementation plan for the reclamation of public waters under Article 38 of said Act;
7. Deleted; <by Act No. 10272, Apr. 15, 2010>
8. Permission to engage in an activity in a park area under Article 23 of the Natural Parks Act;
9. Permission to occupy and use an urban park under Article 24 (1) of the Act on Urban Parks, Green Areas, etc. and permission to engage in an activity in an urban natural park area under the proviso to

Article 27 (1) of said Act;

10. Approval for water supply and waterworks installation for exclusive use under Articles 52 and 54 of the Water Supply and Waterworks Installation Act;

11. Permission to convert farmland under Article 34 of the Farmland Act;

12. Permission to convert a mountainous district under Article 14 of the Mountainous Districts Management Act and reporting on the conversion of a mountainous district under Article 15 of said Act, permission to temporarily use a mountainous district or reporting on temporary use under Article 15-2 of said Act, permission to cut standing trees, etc. under Article 36 (1) of the Creation and Management of Forest Resources Act or reporting on the cutting of standing trees under Article 36 (4) of said Act, permission to engage in an activity in a forest protection area (excluding a forest genetic resources protection area) under Article 9 (1) and (2) 1 of the Forest Protection Act or reporting on an act therein;

13. Permission to engage in an activity in grassland under Article 21-2 of the Grassland Act;

14. Permission to engage in an activity in an erosion control area under Article 14 of the Erosion Control Work Act, cancellation of the designation of an erosion control area under Article 20 of said Act;

15. Permission to access a restricted and protected area, etc. under Article 9 (1) 1 of the Protection of Military Bases and Installations Act, consultation on permission, etc. by an administrative agency under Article 13 of said Act;

16. Permission to disinter a grave under Article 27 (1) of the Act on Funeral Services, Etc.;

17. Permission to use or to benefit from administrative property and preserved property under Article 24 of the State Property Act;

18. Permission to occupy and use public sewerage under Article 24 of the Sewerage Act.

Article 16-4 (Consultation on Matters Requiring Permission by Administrative Agencies)

Where the head of a relevant administrative agency grants permission or take other dispositions on any of the following matters with respect to a project area included in an implementation plan approved pursuant to Article 16-2, he/she shall consult with the Minister of Trade, Industry and Energy, as prescribed by Presidential Decree. The same shall also apply to projects directly implemented by the State or a local government: *<Amended by Act No. 11690, Mar. 23, 2013>*

1. Constructing a road, railroad, bridge, canal, waterworks, waterway and the installation of appurtenances thereto;

2. Changing watercourse of a river, reclaiming or dredging a river or the sea, constructing or changing a harbor and establishing the right of fishery;

3. Constructing, expanding, remodeling, reconstructing or relocating a building;

4. Development of land, excavation or reclamation of the ground, changing the shape and quality of land.

Article 16-5 (Entrustment of Purchasing of Land, etc.)

(1) The Corporation may entrust affairs regarding the purchase of land, etc. necessary for a gas project and compensation for losses to the head of the competent local government, as prescribed by Presidential Decree.

(2) When the Corporation entrusts affairs regarding the purchase of land, etc. and compensation for losses pursuant to paragraph (1), it shall pay an entrustment fee at a rate prescribed by Presidential Decree not exceeding three percent of the amount of land being purchased and the amount of compensation for losses.

Article 16-6 (Preferential Construction of Public Infrastructure)

The relevant administrative agency in charge of a road, bridge, port, waterworks and other infrastructure prescribed by Presidential Decree (hereinafter referred to as "public infrastructure") related to a gas project may construct the relevant public infrastructure on a preferential basis, as prescribed by Presidential Decree, so that the gas project may be implemented smoothly, or when the relevant administrative agency deems it necessary at the request of the Corporation, the relevant administrative agency may require the Corporation to construct such public infrastructure.

Article 16-7 (Vesting of Land, etc.)

Where the Corporation has constructed new public infrastructure or public infrastructure replacing the existing public infrastructure as it implements a gas project, such existing public infrastructure shall gratuitously vest in the Corporation within the extent equivalent to expenses incurred in the construction thereof, and the new public infrastructure shall gratuitously vest in the State or a local government to manage such infrastructure, notwithstanding the State Property Act or the Public Property and Commodity Management Act.

Article 16-8 (Service of Documents by Public Notice)

When the Corporation cannot serve a document, such as a land report, because it does not know the whereabouts of an interested person, such as a landowner or owner of an object, following the implementation of a gas project or on other grounds, it may give public notice in lieu of the service of such document, as prescribed by Presidential Decree.

Article 17 (Special Cases concerning Application of the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects)

(1) Where the Corporation cannot reach an agreement or hold consultation when expropriating or using land under the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects after it has obtained approval of an implementation plan under Article 16-2, notwithstanding Articles 23 (1) and 28 (1) of the said Act, it may file an application for adjudication during the implementation period of a project stated in the implementation plan.

(2) For the purposes of Articles 9 (2), 38 (1), 39 (1) and 51 (1) 1 of the Act on Acquisition of and Compensation for Land, etc. for Public Works Projects when the Corporation implements a project under this Act, "the State" shall be construed as "the Corporation", and "the head of the relevant central administrative agency" shall be construed as "the President of the Corporation", respectively.

Article 18 (Relationship to other Acts)

(1) The Corporation shall be deemed to have obtained permission to run an urban gas business under Article 3 of the Urban Gas Business Act.

(2) For the purposes of paragraph (1), when the Urban Gas Act applies to the Corporation, "the Mayor/Do Governor" in said Act shall be construed as "the Minister of Trade, Industry and Energy". *<Amended by Act No. 11690, Mar. 23, 2013>*

(3) Except as otherwise expressly provided for in this Act, the Act on the Management of Public Institutions and the Act on the Improvement of Managerial Structure and Privatization of Public Enterprises, the provisions concerning stock companies of the Commercial Act shall apply to the Corporation: Provided, That Article 292 of the Commercial Act shall not apply thereto.

Article 19 (Penal Provisions)

A person who divulges or misappropriates confidential information that he/she has become aware of in the course of performing his/her duties, in violation of Article 10, shall be punished by imprisonment for not more than two years or by a fine not exceeding 20 million won. *<Amended by Act No. 14675, Mar. 21, 2017>*

Article 20 (Administrative Fine)

(1) An administrative fine not exceeding two million won shall be imposed on a person who uses a name that includes the words "Korea Gas Corporation" or similar, in violation of Article 7.

(2) The Minister of Trade, Industry and Energy shall impose and collect administrative fines under paragraph (1). *<Amended by Act No. 11690, Mar. 23, 2013>*

ADDENDUM

This Act shall enter into force on the date of its promulgation.

ADDENDUM *<Act No. 4326, Jan. 14, 1991>*

This Act shall enter into force three months after the date of its promulgation.

ADDENDA *<Act No. 4429, Dec. 14, 1991>*

Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA *<Act No. 4508, Dec. 2, 1992>*

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <Act No. 4541, Mar. 6, 1993>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDUM <Act No. 5356, Aug. 22, 1997>

This Act shall enter into force on October 1, 1997.

ADDENDUM <Act No. 5454, Dec. 13, 1997>

This Act shall enter into force on January 1, 1998. (Proviso Omitted.)

ADDENDUM <Act No. 5574, Sep. 23, 1998>

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 5893, Feb. 8, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 6 Omitted.

ADDENDA <Act No. 5911, Feb. 8, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 8 Omitted.

ADDENDA <Act No. 5914, Feb. 8, 1999>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <Act No. 6656, Feb. 4, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force on January 1, 2003.

Articles 2 through 12 Omitted.

ADDENDA <Act No. 6841, Dec. 30, 2002>

Article 1 (Enforcement Date)

This Act shall enter into force nine months after the date of its promulgation.

Articles 2 through 12 Omitted.

ADDENDA <Act No. 7476, Mar. 31, 2005>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 10 Omitted.

ADDENDA <Act No. 7678, Aug. 4, 2005>

Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 12 Omitted.

ADDENDA <Act No. 8338, Apr. 6, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force one year after the date of its promulgation.

Articles 2 through 17 Omitted.

ADDENDA <Act No. 8352, Apr. 11, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 16 Omitted.

ADDENDA <Act No. 8370, Apr. 11, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 20 Omitted.

ADDENDA <Act No. 8733, Dec. 21, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force nine months after the date of its promulgation. (Proviso Omitted.)

Article 2 (Repeal of other Acts)

The Protection of Military Installations Act, the Naval Bases Act and the Military Air Bases Act are hereby repealed, respectively.

Articles 3 through 11 Omitted.

ADDENDA <Act No. 8765, Dec. 21, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <Act No. 8819, Dec. 27, 2007>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 9 Omitted.

ADDENDA <Act No. 8852, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <Act No. 8863, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <Act No. 8976, Mar. 21, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 10 Omitted.

ADDENDA <Act No. 9313, Dec. 31, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 and 3 Omitted.

ADDENDUM <Act No. 9382, Jan. 30, 2009>

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 9763, Jun. 9, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force nine months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 8 Omitted.

ADDENDA <Act No. 10272, Apr. 15, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 14 Omitted.

ADDENDA <Act No. 10331, May 31, 2010>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 13 Omitted.

ADDENDUM <Act No. 10501, Mar. 30, 2011>

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 11438, May 23, 2012>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Article 2 (Applicability to Appropriation of Profits)

The amended provisions of Article 13 shall apply from the settlement of accounts of the business year in which this Act enters into force.

ADDENDA <Act No. 11690, Mar. 23, 2013>

Article 1 (Enforcement Date)

(1) This Act shall enter into force on the date of its promulgation.

(2) Omitted.

Articles 2 through 7 Omitted.

ADDENDA <Act No. 12248, Jan. 14, 2014>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 25 Omitted.

ADDENDUM <Act No. 13160, Feb. 3, 2015>

This Act shall enter into force on the date of its promulgation.

ADDENDUM <Act No. 14675, Mar. 21, 2017>

This Act shall enter into force six months after the date of its promulgation.

