

CHAPTER 240

PETROLEUM AND NATURAL GAS DEPOSITS ACT

• Act • Subsidiary Legislation •

ACT

Act No. 22 of 1989

Amended by

Act No. 31 of 2007

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CHAPTER 240

PETROLEUM AND NATURAL GAS DEPOSITS ACT

**An Act to make provision with respect to petroleum exploration and production,
and for matters connected therewith.**

[Act No. 22 of 1989 amended by Act No. 31 of 2007.]

[16th August, 1991.] *

1. Short title

This Act may be cited as the Petroleum and Natural Gas Deposits Act.

2. Interpretation

(1) In this Act—

“Act” includes the regulations;

“conditions” includes terms, limitations and stipulations;

“development licence” means a licence authorising operations for and in connection with petroleum production;

“Director” means the Director for Petroleum Affairs appointed under section 30;

“drilling” includes perforating the earth’s surface, whether the hole is vertical, inclined or horizontal, and preventing the collapse of the sides of the hole or preventing the hole from becoming filled by extraneous materials (including water), and the filling of wellheads, coring and logging, and operations incidental to any of the foregoing;

“exploration licence” means a licence authorising operations for and in connection with petroleum exploration;

“land” includes land covered by water, marshes, coastal marine swamp lands and the offshore area;

“licence” means an exploration licence or a development licence, or both, as the context requires;

“licensee” and “grantee” mean a company to which a licence has been granted and includes any person to whom the licence or an interest therein is lawfully transferred;

“Minister” means the Minister responsible for matters concerning petroleum exploration;

“offshore area” means the area of the internal waters, the territorial sea, the archipelagic waters, the continental shelf and the exclusive economic zone of Grenada and the space above and underlying that area;

“permission” means permission granted under section 11;

“petroleum” means—

- (a) naturally occurring hydrocarbons, whether in a gaseous, liquid or solid state;
- (b) any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid or solid state; or
- (c) any naturally occurring mixture of one or more hydrocarbons (whether in a gaseous, liquid or solid state) and some other substance,

and includes petroleum described in paragraph (a), (b) or (c) that has been returned to a natural reservoir, but does not include coal, shale or any substance that may be extracted from coal or shale;

“petroleum agreement” means an agreement in respect of any of the matters referred to in section 6;

* *Notes.*—(1) This Act, on commencement, repealed and replaced the Petroleum and Natural Gas Deposits Act (14 of 1974) which would otherwise have been included in this Revision.
(2) The Petroleum and Natural Gas Deposits Act commenced by SRO 30 of 1991.

“regulation” means regulations made under section 29;

“well” means a hole in land made by drilling in connection with operations for petroleum exploration or development but does not include a seismic shot hole.

(2) In this Act, “internal waters”, “territorial sea”, “archipelagic waters”, “continental shelf” and “exclusive economic zone” have their respective meanings in section 2 of the Territorial Sea and Maritime Boundaries Act, Chapter 318.

3. Property in petroleum to continue to be vested in the Government

(1) Notwithstanding anything to the contrary in any written law, or the prerogative of the Crown, or any grant or lease from the Crown, the property in all petroleum in land is, and shall be deemed always to have been, vested in the Government.

(2) Fees, rents and royalties payable under this Act shall be paid to the Treasury.

4. Licence for exploration or production of petroleum

(1) Subject to the provisions of this Act, no person shall carry out operations relating to petroleum exploration or production except under and in accordance with a licence granted under this Act.

(2) A person who contravenes subsection (1) shall be guilty of an offence and liable, on summary conviction, to a fine of fifty thousand dollars and to imprisonment for two years and, in the case of a continuing offence, to a further fine of five thousand dollars for every day during which the offence continues.

5. Persons to whom licence may be granted

(1) A licence may be granted—

- (a) in the case of an exploration licence, to a company whether incorporated in or outside Grenada; but in the case of a company incorporated outside Grenada, it shall have an established place of business in Grenada and be registered as a foreign company in accordance with the provisions of the Companies Act, Chapter 58A;
- (b) in the case of a development licence, to a body corporate which is a company or a corporation incorporated and registered in Grenada.

(2) A licence may be granted to two or more persons associated together by any form of joint arrangement, if each one of them is qualified to hold the licence under subsection (1).

(3) Where at any time a licensee comprises two or more persons the obligations to be observed and performed by the licensee under this Act shall be joint and several obligations, but without prejudice to any right of contribution which may exist between them.

6. Agreement with respect to grant of licence, etc.

The Minister may enter into an agreement (not inconsistent with this Act) with any person with respect to all or any of the following matters, namely—

- (a) the grant of a licence to that person or to any other person identified in the agreement, including a body corporate yet to be formed;
- (b) the conditions to be included in a licence granted or renewed;
- (c) the procedure to be followed by the Minister while exercising any discretion conferred upon him or her by or under this Act and the manner in which the discretion shall be exercised;

- (d) any matter incidental to or connected with the foregoing.

7. Application for licence

(1) An application for a licence shall be made to the Minister in the prescribed form and notice of the application shall be published in the *Gazette* and in at least one daily newspaper printed and circulating in Grenada and in some other manner the Minister thinks proper.

(2) An application for a licence may be made by two or more persons jointly if the agreement between the parties thereto as to the proposed joint operation is submitted with such application to the Minister.

8. Grant of licence

(1) The grant of a licence shall be in accordance with the provisions of this Act and, subject thereto, may be upon such conditions as the Minister considers appropriate.

(2) The grant of a licence shall be subject to the rights of the owners of the surface of the land in respect of which the licence is granted.

(3) The Minister may determine that the grant of a licence shall be subject to such procedure of competitive bidding as may be prescribed.

9. Assignment of licence with Minister's consent

(1) Unless the licence otherwise provides, an assignment or transfer to another person of the rights acquired or the obligations undertaken thereunder shall be null and void unless the previous consent in writing of the Minister has been obtained.

(2) An application by the holder of a licence for consent to the assignment or transfer of the licence or any rights or obligations thereunder shall be made to the Minister in the prescribed form.

10. Cancellation of licence

(1) The Minister may in writing at any time, subject to the provisions of subsection (3) and without prejudice to the continuing validity of any obligations outstanding thereunder, cancel a licence in any case where—

- (a) he or she is satisfied that the licence was obtained as a result of wilful misrepresentation by the licensee in any material particular in the process of applying for the licence; or
- (b) the holder of the licence is in default, that is to say, in breach of a provision of this Act or of any condition of a licence or permission or any provision of a petroleum agreement.

(2) Where a licence is cancelled pursuant to subsection (1), the Minister shall cause notice of the cancellation to be sent by registered post to the registered office of the licensee and to be published in the *Gazette*.

(3) The Minister shall not, under subsection (1), cancel a licence on the ground of default unless—

- (a) he or she has, by notice served on the licensee, given not less than thirty days' notice of the intention to cancel the licence on that ground;
- (b) he or she has in the notice, specified a reasonable date before which the licensee may in writing submit any representation which he or she wishes the Minister to consider; and
- (c) he or she has taken into account—

- (i) any action taken by the licensee to remove that ground or, where the default cannot be remedied, any offer by the licensee to the Minister of adequate compensation in respect thereof and any action by the licensee to prevent the recurrence of similar grounds, and
- (ii) any representation submitted to the Minister by the licensee pursuant to paragraph (b).

(4) The Minister shall not, under subsection (1), cancel a licence on the ground that the licensee has failed to pay an amount payable by him or her under this Act or the licence if, before the date referred to in subsection (3)(b), and specified in a notice under that subsection, the licensee shall have paid the amount, together with any additional amount which may be payable under the regulations.

(5) The Minister may, by notice served on a licensee, cancel his or her licence, if, in the case of a licensee that is a body corporate, an order is made or a resolution is passed winding-up the affairs of the body corporate, unless the winding-up is for the purpose of an amalgamation and the Minister has consented to the amalgamation, or is for the purpose of reconstruction and the Minister has been given notice of the proposed reconstruction.

(6) Subject to the provisions of a petroleum agreement, where two or more persons, associated together by any form of joint arrangement, constitute a licensee, the Minister shall not, under subsection (5), cancel the licence on the occurrence, in relation to one or some only of those persons, of an event entitling the Minister to do so under that subsection if any other person or persons constituting the licensee satisfies or satisfy the Minister that he, she or they, as the case may be, is or are willing and would be able to carry out the duties and obligations of the licensee.

(7) On the cancellation of a licence, the rights of the holder thereunder shall cease, but the cancellation shall not affect any liability incurred by the holder before the cancellation and any legal proceedings that might have been commenced or continued against him or her may be commenced or continued against him or her notwithstanding the cancellation of the licence.

11. Permission for geological or geophysical survey, etc.

(1) The Minister may grant permission to a person to carry on geological, geophysical and other surveys or investigations in, on or in relation to land, being surveys or investigations which in his or her opinion are relevant for the identification of a petroleum reservoir, or for petroleum exploration or development, on such conditions as may be agreed to between him or her and the applicant for the permission.

(2) Every permission granted pursuant to subsection (1) shall be in writing and shall include conditions relating to—

- (a) the period for which the permission is granted;
- (b) furnishing the Minister with information obtained as a result of survey or investigation;
- (c) restrictions (if any) on the dissemination to any person other than the Minister of information obtained as a result of survey or investigation; and
- (d) payment of fees to the Government for the grant of the permission.

12. Directions

(1) The Minister may, by notice in writing served on the grantee of a licence or permission, give to the grantee a direction not inconsistent with good oilfield practices as to any matter with respect to which regulations may be made under section 29.