



ANNO DECIMO SEXTO

ELIZABETHAE II REGINAE

A.D. 1967

No. 75 of 1967

An Act to amend the Mining (Petroleum) Act,
1940-1963.

[Assented to 23rd November, 1967]

BE IT ENACTED by the Governor of the State of South Australia, with the advice and consent of the Parliament thereof, as follows :

1. (1) This Act may be cited as the "Mining (Petroleum) Act Amendment Act, 1967". Short titles.
- (2) The Mining (Petroleum) Act, 1940-1963, as amended by this Act, may be cited as the "Petroleum Act, 1940-1967".
- (3) The Mining (Petroleum) Act, 1940-1963, is hereinafter referred to as "the principal Act".
2. This Act shall come into operation on a day to be fixed by proclamation. Commencement.
3. This Act is incorporated with the principal Act and that Act and this Act shall be read as one Act. Incorporation
4. Section 3 of the principal Act is amended— Amendment of principal Act, s. 3— Interpretation.
 - (a) by striking out the definitions of "casinghead petroleum spirit" and "crude oil" in subsection (1) thereof and inserting in lieu of those definitions, the following definition :—

"the Department" means the Department of Mines ; ;

(b) by striking out the definition of "detailed survey" in subsection (1) thereof ;

(c) by inserting after the definition of "drilling" in subsection (1) thereof, the following definition :—

"field" means an area approximately coterminous with a subterranean geological formation within which a pool or a number of pools lie : ;

(d) by striking out the definition of "licence" in subsection (1) thereof and inserting in lieu of that definition, the following definition :—

"licence" means a petroleum exploration licence or a petroleum production licence or a pipeline licence granted under this Act or an oil exploration licence in force by virtue of this Act : ;

(e) by striking out the definition of "mining operations" in subsection (1) thereof ;

(f) by striking out the definition of "natural gas" in subsection (1) thereof and inserting in lieu of that definition, the following definitions :—

"natural gas" means petroleum that is or would be gaseous at Standard Temperature and Pressure :

"of economic quantity and quality" in relation to petroleum, means of such quantity and quality that the petroleum can, in ordinary circumstances, be recovered from the earth with profit : ;

(g) by striking out the definition of "petroleum" in subsection (1) thereof and inserting in lieu of that definition, the following definitions :—

"petroleum" means any naturally occurring hydrocarbon or mixture of hydrocarbons in gaseous, liquid or solid state whether occurring with or in combination with other substances or not but does not include coal or shale or any substance that may be derived from coal or shale by the application of heat or by a chemical process :

"pipeline" means a pipe or system of pipes for the conveyance of petroleum that has been recovered from a field, from or from the vicinity of the field to any other place and includes any tanks reservoirs machinery or

equipment appurtenant thereto or whereby the pipeline is operated but does not include a pipe or system of pipes used for or incidentally to operations for the recovery of petroleum or for the treatment, processing or refining of petroleum :

“pool” means a subterranean geological structure within which petroleum has or might have accumulated : ;

(h) by striking out the definitions of “reconnaissance survey” and “to prospect” in subsection (1) thereof and inserting in lieu thereof, the following definitions :—

“waste” means the loss, dissipation or destruction of petroleum whether before or after recovery from the earth, that might by the implementation of sound and economic measures or the exercise of reasonable precautions have been obviated :

“wasteful operations” include any one or more of the following :—

- (a) the location, operation or use of a well or of any equipment or machinery in a manner that impairs the production of petroleum from a pool either by reducing the total quantity of petroleum that can be recovered therefrom or rendering the recovery of petroleum therefrom more difficult or expensive ;
- (b) the use of any method that results in excessive surface loss or destruction of petroleum ;
- (c) the inefficient use or dissipation of reservoir energy ;
- (d) the failure to make timely use of any practicable measure by which the capacity of a well to produce petroleum might be increased ;
- (e) the escape or effluxion of natural gas into the atmosphere, or the destruction or inefficient use of natural gas if by the implementation of sound and practicable measures it could be collected and stored or used efficiently in the course of operations for the recovery of petroleum or

operations (if any) for the treatment, processing or refining of petroleum conducted upon or in the vicinity of the field from which the natural gas could be recovered ;

(f) the inefficient storage of petroleum ;
and

(g) the production of petroleum in a quantity in excess of that which can be stored and sold in an orderly manner. ;

and

(i) by inserting after subsection (1) thereof the following subsections :—

(1a) The provisions of this Act with the exception of subsection (1) of section 35 of this Act shall apply to and in relation to any naturally occurring subterranean accumulation of any of or any mixture of the following :—

(a) hydrogen sulphide ;

(b) nitrogen ;

(c) helium ;

(d) carbon dioxide ;

and

(e) any other substance that the Governor declares by proclamation (which he is hereby empowered to do) to be a substance to and in relation to which this Act applies,

in all respects as if the word “petroleum” denoted or included such substances.

(1b) The Minister may determine the rate at which royalty shall be paid upon any of the substances in subsection (1a) of this section mentioned or any substance declared by proclamation thereunder to be a substance to and in relation to which this Act applies, and such a determination shall, subject to the right of the Minister to vary or revoke the determination, have the force and effect of a provision of this Act.

Amendment of
principal Act,
s. 4—
Rights of
Crown to
petroleum.

5. Section 4 of the principal Act is amended—

(a) by striking out from subsection (1) thereof the words
“and helium” wherever occurring in that subsection ;

(b) by striking out paragraph (c) of subsection (1) thereof ;
and

(c) by striking out subsections (2) and (3) thereof and inserting in lieu thereof the following subsection :—

(2) Upon the extraction or effluxion of petroleum from a natural reservoir in which it has been contained, the petroleum shall become the property of the person by whom it has been extracted or released but the property in any petroleum that is returned or reverts to a natural reservoir, shall revert to the Crown.

6. The following section is enacted and inserted in the principal Act after section 4 thereof :—

Enactment of
s. 4a of principal
Act.

4a. (1) Any oil exploration licence granted under the Mining (Petroleum) Act, 1940-1963, and in force immediately prior to the commencement of the Mining (Petroleum) Act Amendment Act, 1967, shall, (unless it is a condition of the licence that it shall determine upon the commencement of the Mining (Petroleum) Act Amendment Act, 1967, or, upon the expiration of some stipulated time thereafter) continue in force for the unexpired portion of the term for which it was granted or last renewed and be subject to the terms and conditions upon which it was held immediately prior to the commencement of the Mining (Petroleum) Act Amendment Act, 1967, and, notwithstanding the repeal or amendment of certain provisions of the Mining (Petroleum) Act, 1940-1963 by the Mining (Petroleum) Act Amendment Act, 1967, the provisions of the Mining (Petroleum) Act, 1940-1963, with the exception of the provisions of that Act whereby a licensee might be entitled to a renewal of the oil exploration licence or the grant of an oil prospecting licence or an oil mining licence, shall, by virtue of this subsection, continue in force in relation to such a licence and the holder of such a licence in all respects as if the Mining (Petroleum) Act Amendment Act, 1967, had not been enacted.

Transitional
provisions.

(2) When a licence, continued in force under subsection (1) of this section, expires, the Minister, if he is satisfied—

(a) that the licensee has adequately carried out the obligations of the licence ;

and

(b) that the licensee has adequate financial resources and is otherwise competent effectively to engage in exploration for petroleum in pursuance of a licence granted under this Act,

shall, upon the application of the licensee, grant to him a petroleum exploration licence which shall, for the purposes of this Act, be deemed to be a licence granted for an initial term under this Act and shall be subject to the

provisions (with the exception of subsection (1) of section 15) of this Act and shall comprise an area that the expired licence would have comprised if it had been renewed under the provisions of the Mining (Petroleum) Act, 1940-1963.

(3) Where the Minister has, pursuant to subsection (2) of section 40 of the Mining (Petroleum) Act, 1940-1963, covenanted that the powers conferred upon him by subsection (1) of that section shall not be exercised upon application for the renewal of an oil exploration licence during the period of the covenant, upon the expiry of the licence and the grant of a petroleum exploration licence under subsection (2) of this section and notwithstanding the repeal of section 40 of the Mining (Petroleum) Act, 1940-1963, by the Mining (Petroleum) Act Amendment Act 1967,—

- (a) the area comprised in the petroleum exploration licence shall not, during the period of the covenant or thereafter, be reduced by virtue of subsection (1) of section 15 of this Act and shall not, during the period of the covenant be reduced by virtue of section 18 of this Act ;
- (b) the licensee shall not, during the period of the covenant, be subject to the provisions of section 16 of this Act ;
- (c) the licensee shall not, during the period of the covenant be subject to the provisions of section 17 or section 18a of this Act but any conditions upon which the licence was held immediately before the commencement of the Mining (Petroleum) Act Amendment Act, 1967, and whereby the licensee was required to expend moneys upon exploration for petroleum and the extent of such expenditure was prescribed shall endure throughout the period of the covenant ;
- (d) the provisions of this Act shall, except as provided by this subsection, apply to and in relation to the licence and the licensee ;
- (e) the licensee may from time to time during the period of the covenant apply for the renewal of the licence and such renewal shall, subject to subsection (1) of section 18 of this Act, be granted but upon the licence being renewed for the last time within the period of the covenant, it shall be a term of such renewal that the licence shall expire simultaneously with the period of the covenant ;

and

- (f) upon the simultaneous expiry of the licence and the

period of the covenant, the licensee may apply for the renewal of the licence and such renewal shall, subject to subsection (1) of section 18 of this Act, be granted and, upon that renewal, the area comprised in the licence shall not be reduced by virtue of section 18 of this Act but the provisions of sections 17, 18 and 18a of this Act shall apply thereafter in all respects as if that renewal were the grant of a petroleum exploration licence for an initial term under this Act.

(4) A licensee who holds an oil exploration licence that continues in force by virtue of this section shall have the same rights to apply for and be granted a petroleum production licence as a licensee who holds a petroleum exploration licence under this Act.

7. The following section is enacted and inserted in the principal Act after the heading—

Enactment of
s. 4b of
principal Act.

PART II.
LICENCES.

therein :—

4b. The provisions of Part II and Part IIA of this Act shall, except as provided in section 80h of this Act, apply to or in relation to petroleum exploration licences and petroleum production licences only.

Application of
this Part.

8. Subsection (1) of section 5 of the principal Act is amended by striking out the passage "prospect or mine for petroleum or helium except in pursuance of a licence issued under this Act" and inserting in lieu thereof the passage "engage in petroleum exploration or production except in pursuance of a licence issued by the Minister under this Act".

Amendment of
principal Act,
s. 5—
Prohibition of
petroleum
exploration and
production
without licence.

9. Section 6 of the principal Act is amended—

(a) by striking out from subsection (1) thereof the passage "an oil exploration licence, an oil prospecting licence or an oil mining licence" and inserting in lieu thereof, the passage "a petroleum exploration licence or a petroleum production licence";

Amendment of
principal Act,
s. 6—
Issue of
licences.

and

(b) by striking out subsection (2) thereof and inserting in lieu thereof the following subsection :—

(2) Notice of the grant of a licence specifying the area comprised in the licence and the date upon which the licence will expire shall be published in the *Gazette*.

Amendment of
principal Act,
s. 7—
Mode of
applying for
licences.

10. Section 7 of the principal Act is amended—

(a) by striking out from subsection (2) thereof the passage
“twenty-five pounds” and inserting in lieu thereof
the passage “one hundred dollars”;

and

(b) by striking out from subsection (2) thereof the passage
“twenty pounds” and inserting in lieu thereof the
passage “seventy-five dollars”.

Repeal and
re-enactment of
s. 11 of
principal Act.

11. Section 11 of the principal Act is repealed and the
following section is enacted and inserted in the principal Act in
lieu thereof:—

Exclusive
rights.

11. Subject to this Act, a licensee shall have the exclusive
right to engage in petroleum exploration or production on
the land comprised in the licence.

Amendment of
principal Act,
s. 13—
Bond
and security.

12. Subsection (1) of section 13 of the principal Act is
amended—

(a) by striking out the passage “one thousand pounds”
therein and inserting in lieu thereof the passage
“two thousand dollars”;

and

(b) by inserting after the passage “lodged with the
Minister” therein the passage “and the Minister may
require security to be given sufficient to ensure
satisfaction of the bond”.

Repeal of
ss. 15, 16, 17
and 18 and
enactment of
ss. 15, 15a, 16,
17, 18a, 18b,
18c and 18d of
principal Act—

13. The heading “*Oil Exploration Licences*” is struck out and
sections 15 to 18 (inclusive) of the principal Act are repealed
and the following heading and new sections are enacted and
inserted in lieu thereof:—

Petroleum Exploration Licences

Area to be
comprised in
petroleum
exploration
licence and
term thereof.

15. (1) The area comprised in a petroleum exploration
licence shall not exceed ten thousand square miles.

(2) The term of a petroleum exploration licence shall be
five years.

Approval of
works by
Minister.

16. (1) The licensee holding a petroleum exploration
licence shall submit to the Minister a programme of the
works that he proposes to carry out during the term of the
licence or such lesser period as the Minister may allow and
the Minister may approve such works either wholly or in
part.

(2) The licensee may, at any time, submit to the Minister
a programme of works that he proposes to carry out in
substitution for works approved by the Minister under
subsection (1) of this section and the Minister may approve

such works either wholly or in part and their substitution for any works previously approved by him.

17. (1) Every licensee who holds a petroleum exploration licence shall during the initial term thereof, diligently carry out or cause to be carried out a programme of exploration such that the minimum expenditure on works approved by the Minister shall be—

Duties of licensee who holds initial licence.

(a) during the first two years of the term of the licence, a sum of twenty dollars for every square mile of the area comprised in the licence ;

and

(b) during each subsequent year of the term of the licence, a sum of thirty dollars for every square mile of the area comprised in the licence,

but for the purposes of this Act, an amount expended upon approved works in excess of the minimum expenditure required by this subsection during the first two years or any subsequent year of the term of the licence, shall be deemed to have been expended during the year next ensuing.

(2) Notwithstanding subsection (1) of this section, the Minister may agree with an applicant for a licence that the licence will be granted upon condition that the licensee shall undertake an expenditure upon approved works in excess of that prescribed in that subsection and such a condition shall be as valid and effectual as if it were a provision of this Act.

(3) The Minister, if satisfied that circumstances exist that justify him in so doing, may exempt a licensee from compliance with the provisions of subsection (1) of this section or with any condition imposed upon the licensee under subsection (2) of this section and may in lieu thereof require the licensee to satisfy such other more lenient conditions as he may, in his discretion, determine.

18. (1) A licensee may from time to time apply for the renewal of a petroleum exploration licence and the Minister, if satisfied that the licensee has adequately carried out the obligations of the licence and this Act and has sufficient financial resources and is otherwise competent to carry out the obligations of the licence and this Act for the next ensuing period of five years, shall renew the licence for a further term.

Renewal of petroleum exploration licence.

(2) Upon each renewal of the licence an area comprising or areas comprising in aggregate not less than one quarter of the area in respect of which the licence was originally granted shall be excised therefrom and the licence shall be renewed only in respect of the residue.

(3) The licensee may select the area or areas to be excised pursuant to subsection (2) of this section and shall notify the Minister in writing of the area or areas selected by him not less than three months before the term of the licence expires and if he fails so to notify the Minister, the Minister may select such area or areas.

(4) The area or areas to be excised, whether selected by the licensee or the Minister, shall be bounded, as nearly as practicable, by a combination of any of the following—

(a) boundaries of the area comprised in the licence;

(b) parallels of latitude;

and

(c) meridians of longitude.

(5) Each separate area excised under this section shall comprise not less than eight hundred square miles or the total area to be excised whichever is the lesser.

Expenditure
provision.

18a. (1) Upon renewal of a petroleum exploration licence, the licensee shall diligently carry out or cause to be carried out a programme of exploration such that the minimum annual expenditure on works approved by the Minister shall be—

(a) upon the first renewal, a sum of forty dollars for every square mile of the area comprised in the licence;

(b) upon the second renewal, a sum of fifty dollars for every square mile of the area comprised in the licence;

and

(c) upon the third renewal, a sum of sixty dollars for every square mile of the area comprised in the licence,

but for the purposes of this Act, an amount expended upon approved works in excess of the minimum expenditure required by this subsection during any one year shall be deemed to have been expended during the year next ensuing.

(2) Notwithstanding subsection (1) of this section, the Minister may agree with an applicant for a licence that the licence will be granted upon condition that, if the licence is renewed, the licensee shall undertake an expenditure upon approved works in excess of that prescribed in that subsection and such a condition shall be as valid and effectual as if it were a provision of this Act.

(3) The Minister, if satisfied that circumstances exist that justify him in so doing, may exempt a licensee from compliance with the provisions of subsection (1) of this section or with any condition imposed upon the licensee of a kind referred to in subsection (2) of this section and may, in lieu thereof, require the licensee to satisfy such other more lenient conditions as the Minister may, in his discretion, determine.

18b. (1) If a licensee discovers petroleum within the area comprised in a petroleum exploration licence, he shall—

Obligations of licensee upon discovery of petroleum.

- (a) forthwith furnish the Minister with a report of the discovery ;
- (b) as soon as practicable, take all necessary steps for the ascertainment of the quantity and quality of the petroleum ;

and

- (c) furnish the Minister with particulars of the quantity and quality of the petroleum and with such other information as the Minister may, by notice in writing served personally or by post upon the licensee, require within such time as the Minister may specify in the notice.

(2) Except with the approval of the Minister, no person shall dispose of any petroleum recovered from any land comprised in a petroleum exploration licence until a petroleum production licence has been obtained in respect of the land.

18c. A licensee who holds a petroleum exploration licence shall pay to the Minister annually and in advance the following fees—

Fees.

- (a) during the initial term of the licence a sum of ten cents for every square mile of the area comprised in the licence ;
- (b) if the licence has been once renewed, a sum of fifteen cents for every square mile of the area comprised in the licence ;
- (c) if the licence has been twice renewed, a sum of twenty cents for every square mile of the area comprised in the licence ;

and

- (d) if the licence has been three or more times renewed, a sum of twenty-five cents for every square mile of the area comprised in the licence.

Repeal of ss. 19
to 26 of
principal Act.

14. The heading "*Oil Prospecting Licences*" is struck out and sections 19 to 26 (inclusive) of the principal Act are repealed.

Repeal of s. 27
and enactment
of ss. 27a and
27b of principal
Act—

15. The heading "*Oil Mining Licences*" is struck out, section 27 of the principal Act is repealed and the following heading and new sections are enacted and inserted in the principal Act in lieu thereof :—

Petroleum Production Licences

Right to petro-
leum produc-
tion licence.

27. (1) A licensee who holds a petroleum exploration licence that comprises an area within which petroleum has been discovered, shall, if he is not in default of his obligations under the licence or this Act at the time of such discovery, be entitled, subject to this Act, to be granted a petroleum production licence in respect of the area within which petroleum has been discovered.

(2) If, at the time of such discovery, the licensee is in default of his obligations under the licence or this Act, the Minister shall stipulate a reasonable period within which the licensee may remedy his default and if at the expiration of that period the licensee has remedied his default, he shall be entitled, subject to this Act, to be granted a petroleum production licence in respect of the area within which petroleum has been discovered.

(3) If at the expiration of the period stipulated by the Minister under subsection (2) of this section, the licensee has failed to remedy any default under the licence or this Act, the Minister may excise from the area comprised in the petroleum exploration licence the area of the field in which petroleum has been discovered and grant to any person a petroleum production licence in respect of the field.

Consequences
of failure to
obtain produc-
tion licence
when petro-
leum is of
economic
quantity and
quality.

27a. The Minister may, by notice in writing served personally or by post upon a licensee who holds a petroleum exploration licence, declare that any petroleum discovered within the area comprised in the petroleum exploration licence is, in his opinion, of economic quantity and quality and, if within twelve months or such longer period as the Minister may stipulate, of the service of such notice, the licensee has not made application for a petroleum production licence, the Minister may excise from the area comprised in the petroleum exploration licence the area of the field in which petroleum has been discovered and grant to any person a petroleum production licence in respect of the field.

16. Section 28 of the principal Act is amended by striking out the passage "An oil mining licence" and inserting in lieu thereof the passage "A petroleum production licence".

Amendment of principal Act, s. 28—Size of area of petroleum production licence.

17. The following section is enacted and inserted in the principal Act after section 28 thereof:—

Enactment of s. 28a of principal Act—

28a. Where two or more fields are so situated that they may be comprised within a single undivided area not exceeding one hundred square miles in extent, the Minister may grant a single petroleum production licence in respect of such area.

Licence in respect of area comprising two or more fields.

18. Section 30 of the principal Act is repealed and the following section is enacted and inserted in the principal Act in lieu thereof:—

Repeal and re-enactment of s. 30 of principal Act—

30. Each area in respect of which a petroleum production licence is granted shall, as far as practicable, be bounded by parallels of latitude and meridians of longitude.

Shape of area.

19. Section 31 of the principal Act is repealed.

Repeal of s. 31 of principal Act.

20. Sections 32 to 37 (inclusive) of the principal Act are repealed and the following sections are enacted and inserted in the principal Act in lieu thereof:—

Repeal and re-enactment of ss. 32 to 37 of principal Act—

32. (1) The term of a petroleum production licence shall be twenty-one years.

Term and renewal of petroleum production licence.

(2) An application for the renewal of a petroleum production licence shall—

(a) be made in the manner and form prescribed ;

(b) be made not less than three months before the expiry of the licence ;

and

(c) be accompanied by a fee of one hundred dollars.

(3) Upon application by a licensee, the Minister shall, if satisfied that the licensee has adequately carried out the obligations of the licence and this Act, from time to time renew the licence for a further term of twenty-one years.

33. A petroleum production licence shall confer on the licensee the exclusive right to conduct operations for the production of petroleum within the area comprised in the licence together with a right to construct and maintain on that land such works, buildings, plant, waterways, roads,

Rights conferred by petroleum production licence.

pipelines, dams, reservoirs, tanks, pumping stations, tramways, railways, telephone lines, wireless stations and other structures and equipment as are necessary for the full enjoyment of the licence or the fulfilment of the licensee's obligations thereunder.

Fees.

34. A licensee who holds a petroleum production licence shall pay to the Minister annually and in advance a fee of ten cents for every acre of the area comprised in the licence.

Royalty.

35. (1) Subject to subsection (2) of this section, a licensee who holds a petroleum production licence shall pay to the Minister a royalty of ten per centum of the value at the well-head of all petroleum recovered from the land comprised in the licence.

(2) Royalty shall not be payable in respect of—

(a) any petroleum that is returned to the pool or is destroyed or dissipated in accordance with sound petroleum production practices ;

or

(b) any petroleum used by the licensee in the course of operations for the recovery of petroleum and for any purposes incidental thereto (including the heating and lighting of any houses or buildings upon the petroleum field used by the employees of the licensee).

(3) Any annual fee paid to the Minister under section 34 of this Act shall be set off against the amount of royalty payable during the year in respect of which the fee was paid.

(4) The licensee shall in each month furnish the Minister with a statement in the prescribed form, in relation to the last preceding month, of the quantity of petroleum recovered, the quantity of any petroleum or derivatives therefrom which has or have been sold and the amount realized upon such sale and with such other information as the Minister may, by notice in writing served personally or by post upon the licensee, require.

(5) The licensee shall, at the request of the Director of Mines or of any person authorized by him to make the request on his behalf, produce to the Director or to the person authorized as aforesaid, all books, accounts and other records in his possession or power relating to transactions or dealings with petroleum recovered by the licensee and shall permit the Director or the person authorized as aforesaid, to inspect and make copies of those books, accounts and records.

(6) For the purposes of this section the value at the well-head of petroleum shall be an amount calculated by subtracting from the amount that the petroleum might reasonably be expected to realize upon sale to a *bona fide* purchaser all expenses actually incurred or to be incurred by the licensee in treating, processing or refining the petroleum prior to delivery or in conveying the petroleum to the point of delivery to the purchaser.

(7) The Minister shall, in accordance with subsection (6) of this section, determine the value at the well-head of petroleum produced by the licensee and a value so determined shall, in any proceedings before a court or other tribunal, be taken as the value at the well-head of the petroleum, unless the contrary is proved.

36. (1) Within six months of the grant of a petroleum production licence or within such longer period as the Minister may in his discretion allow, the licensee shall submit for the approval of the Minister—

Schedule and programme to be submitted to Minister.

(a) a schedule in which shall be set forth the rate at which the licensee proposes to produce petroleum from each of the wells within the area comprised in the petroleum production licence ;

and

(b) a programme of drilling whereby the licensee proposes to develop any field that lies within the area comprised in the petroleum production licence.

(2) The Minister may at any time approve the variation of a schedule or programme submitted pursuant to subsection (1) of this section.

(3) The licensee shall diligently carry out or cause to be carried out operations for the recovery of petroleum and operations for the development of any field within the area comprised in the licence in accordance with good petroleum field practice and with the schedule or programme approved by the Minister.

(4) Where, in the opinion of the Minister, petroleum of economic quantity and quality exists within the area comprised in a petroleum production licence, the Minister may, by notice in writing served personally or by post upon the licensee, require the licensee to continue operations for the recovery of petroleum until such time as he satisfies the Minister that further production of petroleum from the area is no longer practical or economic.

(5) The Minister may at any time authorize a temporary suspension of any operations that the licensee is required to undertake under this section.

Plans, etc.
to be
furnished.

37. (1) A licensee who holds a petroleum production licence shall, not later than the thirtieth day of September in each year furnish the Director of Mines with—

- (a) a plan showing the location of all wells within the area comprised in the licence ;
- (b) a description of all development works executed by him in accordance with the programme approved by the Minister during the period of twelve months ended on the thirtieth day of June in that year ;

and

- (c) a statement of the quantity and quality of all petroleum produced during the period of twelve months ended on the thirtieth day of June in that year.

(2) A licensee who holds a petroleum production licence shall—

- (a) keep accurate geological plans maps and records relating to the land comprised in the licence and furnish the Minister with such copies of the plans, maps and records and such information in relation thereto as the Minister may from time to time by notice in writing served personally or by post upon the licensee, require ;

and

- (b) furnish the Minister with such plans and information in relation to the progress of operations on the land comprised in the licence as the Minister may from time to time, by notice in writing served personally or by post upon the licensee, require.

Repeal of ss. 39
and 40 of
principal Act.

21. Sections 39 and 40 of the principal Act are repealed.

Amendment of
principal Act,
s. 42—

22. Section 42 of the principal Act is amended—

Consent
to dealings
with licences

- (a) by striking out the passage “ten pounds” in subsection (3) thereof and inserting in lieu thereof the passage “twenty dollars”;

and

- (b) by inserting after subsection (3) thereof the following subsection :—

(4) The Minister may require any person who acquires any interest whether legal or equitable in a licence by virtue of a transaction to which the Minister has consented under subsection (1) of this

section, to enter into a bond in such sum and to give such security for the satisfaction of the bond as he may stipulate.

23. Section 45 of the principal Act is amended by striking out paragraph (b) thereof.

Amendment of principal Act, s. 45—
Reservations in favour of the Crown.

24. Section 48 of the principal Act is amended by striking out the passage “to carry on mining operations on or under any road or street” therein and inserting in lieu thereof the passage “to engage in petroleum exploration or petroleum production operations on or under any road or street without the prior approval of the Minister”.

Amendment of principal Act, s. 48—
Operations on or under roads or streets.

25. Subsection (1) of section 49 of the principal Act is amended by striking out the passage “fifty pounds” in paragraph (e) thereof and inserting in lieu thereof the passage “one hundred dollars”.

Amendment of principal Act s. 49—
Restrictions on rights of licensee over certain lands.

26. Section 51 of the principal Act is amended—

(a) by inserting after subsection (3) thereof the following subsection :—

Amendment of principal Act, s. 51—
Notice of entry to be given to occupiers.

(3a) Every notice under this section shall set forth the provisions of sections 75 to 80 of this Act.

and

(b) by striking out the passage “any mining operations” in subsection (4) thereof and inserting in lieu thereof the passage “any operations in connection with the exploration for or production of petroleum”.

27. Section 52 of the principal Act is amended by striking out subsection (1) therein and inserting in lieu thereof the following subsection :—

Amendment of principal Act, s. 52—
Use and occupation of private land.

(1) A licensee may enclose with a fence or define in any other manner approved by the Minister such land as he requires for the purpose of his operations and, if so requested by the owner or occupier of the land, shall fence such land.

28. Section 53 of the principal Act is amended by striking out the passage “injury from being caused by such operations to any land not actually occupied for mining purposes” in paragraph (b) thereof and inserting in lieu thereof the passage “unnecessary injury to any land”.

Amendment of principal Act, s. 53—
Restriction on interference with other operations.

29. Sections 54 and 56 of the principal Act are repealed.

Repeal of ss. 54 and 56 of principal Act.

Amendment of principal Act, s. 60—
Methods of working.

30. Section 60 of the principal Act is amended by striking out the passage “mining operations on that land in a proper and workmanlike manner in accordance with methods and practice customarily used in good oil-field practice” therein and inserting in lieu thereof the passage “operations on that land in a proper and workmanlike manner in accordance with methods and practice customarily used in good petroleum field practice”.

Amendment of principal Act, s. 63—
Storage of petroleum.

31. Subsection (1) of section 63 of the principal Act is amended by striking out the passage “oil field” therein and inserting in lieu thereof the passage “petroleum field”.

Amendment of principal Act, s. 65—
Abandonment and plugging of wells.

32. Section 65 of the principal Act is amended—

- (a) by striking out the passage “fourteen days’ notice” in subsection (1) thereof and inserting in lieu thereof the passage “twenty-four hours’ notice”;
- (b) by striking out the passage “cemented string or other permanent form of casing” in subsection (1) thereof and inserting in lieu thereof the passage “casing or reinforcing structure”;
- (c) by inserting after subsection (1) thereof the following subsection :—

(1a) The Minister may refuse his consent to the withdrawal of any casing or reinforcing structure from a well if it appears to him that the well might be advantageously used as a source of water or for any other purpose whatsoever and, in the event of such refusal—

- (a) the Minister shall give to the licensee written notice of his refusal ;
- (b) the Minister shall cause the value *in situ* of the casing or reinforcing structure to be ascertained ;

and

- (c) no person shall use the well for any purpose whatsoever unless—

- (i) he has paid to the licensee a sum equal to the value of the casing or reinforcing structure as ascertained under paragraph (b) of this subsection in which event the property in the casing or reinforcing structure shall be vested in him ;

- (ii) he obtains the written consent of the licensee which may be granted upon such terms as

may be mutually agreed upon by the licensee and the person who desires the use of the well and approved by the Minister ;

or

(iii) he obtains the consent of the Minister which may be granted if the licensee, having been a body corporate has been dissolved or is defunct or if, in the opinion of the Minister, there is some other reason that justifies the granting of his consent notwithstanding that the licensee has refused his consent or it is impracticable to obtain his consent and the Minister may grant his consent upon terms that the person who desires the use of the well make such compensation to the licensee as the Minister deems just and reasonable.;

(d) by inserting after the passage "from or through the well" in subsection (2) thereof the passage "and, if the Minister has refused his consent to the withdrawal of casing or reinforcing structure from the well, the licensee shall plug the well in a manner that will ensure that any future use of the well as a source of water or for any other purpose will not be impaired";

and

(e) by striking out the word "Minister" in subsection (3) thereof and inserting in lieu thereof the words "Director of Mines".

33. Sections 69 and 72 of the principal Act are repealed.

Repeal of ss. 69
and 72 of
principal Act.

34. Subsection (4) of section 76 of the principal Act is amended by striking out the passage "seven hundred and fifty pounds" therein and inserting in lieu thereof the passage "one thousand five hundred dollars".

Amendment of
principal Act,
s. 76—
Determination
of compensa-
tion.

35. The following new Parts, headings and sections are enacted and inserted in the principal Act after section 80 thereof :—

Enactment of
Parts IIA, IIB
and IIC, ss. 80a
to 80v, of
principal Act—

PART IIA.

CONSERVATION AND PREVENTION OF WASTE.

Regulations in
relation to
waste, etc.

80a. The Governor may make such regulations as he deems necessary to ensure the proper conduct of operations in connection with the exploration for or production of petroleum and, without limiting the generality of the foregoing, may make regulations in relation to—

- (a) the avoidance of waste and wasteful operations ;
 - (b) the proper drilling and completion of wells ;
 - (c) the number and position of wells that a licensee may drill or cause to be drilled upon any portion of the area comprised in the licence ;
 - (d) the rate at which petroleum may be recovered or allowed to issue from any well ;
 - (e) the implementation and conduct of operations designed to increase the capacity of a well or a pool to produce petroleum ;
 - (f) the prevention of the contamination of any water-bearing formation ;
 - (g) the prevention of the contamination of any petroleum-bearing formation ;
 - (h) the suspension of drilling operations and the abandonment of wells ;
- and
- (i) the disposal of water, brine, sediment or other petroleum field waste.

Orders of
Minister.

80b. The Minister may by order in writing served personally or by post upon a licensee, require him to do any act or thing, not inconsistent with the regulations, in relation to any matter that the Governor is empowered to regulate under section 80a of this Act and, in addition thereto, may—

- (a) require the licensee to undertake any operations that might, in the opinion of the Minister, increase the capacity of a well or a pool to produce petroleum.
 - (b) require the suspension of drilling operations in respect of any well or in any area specified in the order ;
- and
- (c) require the abandonment, plugging and sealing of any well specified in the order.

80c. (1) Where the Minister is satisfied that the area comprised in a petroleum production licence forms part of a field extending beyond that area and it is desirable for the purpose of securing economy and efficiency and the avoidance of waste that the field be worked as one unit, the Minister—

Unit
development.

(a) if the field does not extend into an area comprised in a petroleum exploration licence or petroleum production licence held by another licensee, may vary the terms of the licence by including therein additional land to which the field extends ;

or

(b) if the field does extend into an area comprised in a petroleum exploration licence or petroleum production licence held by another licensee, may, by notice in writing, served personally or by post upon the licensees, require the licensees to prepare and furnish him with a scheme for working and developing the field as one unit.

(2) A notice under paragraph (b) of subsection (1) of this section shall specify the land in respect of which and the time within which the Minister requires the scheme to be furnished.

(3) If a scheme is not furnished within the time so specified, or if the Minister does not approve a scheme furnished to him, the Minister may prepare a scheme and supply particulars thereof to each of the licensees who shall be bound by the terms of the scheme in all respects as if such terms were conditions of their respective licences.

PART IIB.

PIPELINE LICENCES.

80d. (1) A person shall not—

(a) construct or cause to be constructed a pipeline or any part of a pipeline ;

or

(b) operate a pipeline,

except in pursuance of a pipeline licence granted under this Act.

Pipelines not
to be construc-
ted except in
pursuance of
licence.

(2) A person shall not carry out or cause to be carried out any survey in connection with a proposed pipeline except with the authority of the Minister or in pursuance of a pipeline licence granted under this Act.

Mode of application for licence.

80e. (1) An application for a pipeline licence shall be made in the prescribed manner and form and shall be accompanied by such maps plans and other documents as are necessary to show—

- (a) the proposed route of the pipeline ;
- (b) the proposed size and capacity of the pipeline ;
- and
- (c) the nature and location of all machinery and appurtenances that the applicant proposes to use for the operation of or in conjunction with the pipeline.

(2) An applicant shall furnish the Minister with such further or other documents and information as he may require.

Notification to be given by applicant if Minister so requires.

80f. The Minister may require an applicant for a pipeline licence to give notice of the application to such persons and in such manner as he may, by notice in writing served personally or by post upon the applicant, specify.

Factors relevant to the grant of a licence.

80g. (1) The Minister, in considering an application for a pipeline licence shall take into consideration all matters and circumstances that appear to him to be relevant and, in particular, but without limiting the generality of the foregoing—

- (a) the financial resources of the applicant ;
- (b) the interests of any person who does or might require the use of the pipeline ;
- and
- (c) any public or private interest that might be affected by the grant of the licence.

(2) If two or more applicants apply for licences in respect of pipelines which are to traverse such substantially similar routes that it would, in the opinion of the Minister, be inexpedient to grant licences in respect of all the applications, the Minister may refer the applications to the Petroleum Advisory Committee and when applications have been so referred, the Committee shall consider the respective merits of the applications and advise the Minister as to which it would be most expedient to grant.

Conditions of licence.

80h. (1) The Minister may grant a pipeline licence upon such conditions as he may think fit to impose.

(2) A licensee who holds a pipeline licence may at any time apply to the Minister for variation of the conditions of the licence or approval of any variation in the nature or route of a proposed pipeline and the Minister may make or approve such variation accordingly.

(3) Sections 8, 10, 13, 14, 62 and 66 of this Act shall apply to and in relation to pipeline licences.

80i. (1) The term of a pipeline licence shall be twenty-one Term of licence. years.

(2) The licensee may from time to time apply for the renewal of a pipeline licence and the Minister shall, if satisfied that the licensee has complied with the provisions of this Act and fulfilled the obligations of the licence during the preceding term of the licence, renew the licence for a further term of twenty-one years.

80j (1) A licensee shall, as soon as practicable, make all Acquisition of land. proper endeavours to acquire by agreement with the owners or occupiers all land that he requires for the purposes of the construction or operation of the pipeline.

(2) Notwithstanding anything contained in any Act or in the memorandum and articles or constitution of any body corporate, it shall be lawful for the body corporate, on such terms as may be agreed upon by the body corporate and the licensee to transfer to the licensee any land which he requires for the construction or operation of the pipeline.

(3) If, after diligent endeavours, the licensee fails to acquire the land that he requires for the construction or operation of the pipeline by agreement, the licensee may apply to the Minister for his approval of the compulsory acquisition of the land and if he receives such approval, he may, subject to this Act, proceed compulsorily to acquire the land.

(4) The Compulsory Acquisition of Land Act, 1925-1966 (excepting section 49 thereof) is hereby incorporated with this Act and shall apply to the compulsory acquisition of land by a licensee under this Act as if—

- (a) this Act were the special Act referred to in that Act ;
 - (b) the purpose for which land may be taken or acquired under this Act were a work or undertaking of a public nature whose execution were authorized by such special Act ;
 - (c) the licensee were the promoters of an undertaking ;
- and

(d) land required by the licensee for the purpose of the construction or operation of a pipeline were land required for the purposes of this Act.

(5) In this section "land" includes any estate or interest in land and any easement, right, power or privilege in, under, over or affecting land.

Power of Governor over unalienated Crown lands.

80k. The Governor may, upon such terms as may be recommended by the Minister of Lands, grant to the licensee any right to, over or affecting Crown lands which the licensee requires for the purpose of the construction or operation of the pipeline.

Minister may require pipeline operator to convey petroleum produced by petroleum producer.

80l. The Minister may, by notice in writing served personally or by post upon a licensee, require a licensee who holds a pipeline licence to convey petroleum produced by a licensee who holds a petroleum production licence upon such terms as may be mutually agreed upon by the licensees or, in default of agreement, as may be determined by the Minister.

Alteration of pipeline.

80m. A licensee shall not extend alter or modify a pipeline without the authority of the Minister except as may be necessary for—

(a) the repair or maintenance of the pipeline ;

or

(b) the preservation of life or property in an emergency.

Pipeline not to endanger health or safety.

80n. A licensee shall operate, repair and maintain the pipeline in such manner as will ensure that the safety or health of any person is not endangered.

Fees.

80o. A licensee shall pay to the Minister annually and in advance a fee of twenty dollars for every mile which the pipeline does or is to traverse.

Licensee to furnish information and accounts, etc.

80p. (1) A licensee shall furnish the Minister with such information relating to the construction or operation of a pipeline as may be prescribed.

(2) A licensee shall furnish the Minister with such statement and accounts relating to the expenditure and receipt of moneys in connection with the operation of the pipeline as may be prescribed.

Inspection of pipeline.

80q. The Director of Mines or any person authorized by him may at any time enter upon any land and inspect or test any pipeline in order to ascertain whether its construction or operation complies with the provisions of this Act and the conditions of the licence.

PART IIc.

PETROLEUM ADVISORY COMMITTEE.

80r. (1) The Governor shall establish a committee to be entitled the "Petroleum Advisory Committee".

Establishment
of Petroleum
Advisory
Committee.

(2) The Committee shall consist of three members who shall be appointed by the Governor and one of whom the Governor shall appoint to be chairman.

(3) A person who holds any office in the Department or who has any direct or indirect interest in any licence granted, applied for or in force under this Act shall not be a member of the Committee.

(4) The members of the Committee shall hold office for such term and upon such terms and conditions as the Governor may determine.

(5) The Governor shall make such appointments as are necessary to fill any vacancy occurring in the membership of the Committee and may appoint any person to be a deputy of a member if such member is unable to perform his duties as a member because of illness or any other cause or if it is otherwise expedient so to do and a person so appointed to be a deputy of the chairman shall be deemed to be the chairman whilst so appointed.

(6) The members of the Committee shall be entitled to such remuneration expenses and allowances as may be determined by the Governor and this subsection shall, without any further appropriation, be sufficient authority for the payment of any remuneration expenses or allowances so determined from the general revenue of the State.

(7) The Public Service Act, 1936-1966, shall not apply to or in relation to the appointment of a member of the Committee and a member shall not, as such, be subject to that Act.

(8) The office of a member of the Committee may be held in conjunction with any other appointment or office in the Public Service of the State.

80s. (1) Two members shall form a quorum of the Committee.

Quorum, etc.

(2) A decision concurred in by any two members of the Committee shall be the decision of the Committee.

80t. (1) Any person who believes that he has been improperly or unfairly prejudiced by a decision, valuation, instruction or order of the Minister under this Act, may,

Right of
objection.

by notice in writing served personally or by post upon the Minister within one month of the date on which the decision, valuation, instruction or order becomes effective, and not otherwise object thereto.

(2) The Minister shall, unless the objection is, in his opinion, frivolous or vexatious, refer the objection to the Committee for a recommendation as to whether he should vary or revoke the decision, valuation, instruction or order and the Committee shall consider the objection and make a recommendation accordingly.

(3) The person by whom the objection has been made, the Director of Mines and any person who, in the opinion of the Minister, might be adversely affected by the decision, valuation, instruction or order or by the revocation or any variation thereof, shall be entitled to appear before the Committee personally or by counsel or representative and be heard upon the objection.

80u. The Minister shall consider any recommendation of the Committee but shall not be bound thereby.

80v. (1) For the purposes of this Act the Committee may—

- (a) by summons under the hand of the chairman or a member require any person to attend before the Committee ;
 - (b) require any person to give oral or written answers to any questions relating to any matters before the Committee ;
 - (c) by summons under the hand of the chairman or a member require any person to produce any books, maps, plans, papers and documents in his possession or power relating to any matter before the Committee ;
 - (d) examine witnesses on oath or affirmation which may be administered by the chairman or a member ;
 - (e) require any information given to the Committee to be verified by statutory declaration ;
- and
- (f) enter upon any land and make any inspection pertinent to the determination of any matter in dispute.

(2) If any person—

- (a) who has been duly served with a summons to attend before the Committee, neglects or fails to attend in obedience to such summons ;

or

Minister not to be bound by recommendation of Committee.
Powers of Committee.

(b) wilfully insults the Committee or any member thereof;

or

(c) misbehaves himself before the Committee;

or

(d) obstructs the Committee or interrupts the proceedings of the Committee;

or

(e) being called or examined as a witness before the Committee, refuses to be sworn or to affirm or to produce documents specified in a summons served upon him or any of them,

he shall be guilty of an offence and liable to a penalty of two hundred dollars.

(3) The Committee shall not be bound to observe any rule or practice in taking evidence but may inform itself in any manner that it thinks fit.

36. Subsection (2) of section 84 of the principal Act is amended by striking out the passage "mining for oil" therein and inserting in lieu thereof the passage "petroleum exploration or production".

Amendment of principal Act, s. 84—
Restriction on use of certain statements.

37. Subsection (1) of section 85 of the principal Act is amended by striking out the passage "mining operations" therein and inserting in lieu thereof the passage "petroleum exploration or production".

Amendment of principal Act, s. 85—
Assistance to certain companies.

38. Section 86 of the principal Act is amended by striking out the passage "the search for and mining of oil, and in particular prescribing penalties recoverable summarily not exceeding one hundred pounds for offences against the regulation" therein and inserting in lieu thereof the passage "petroleum exploration and production and the construction and use of pipelines".

Amendment of principal Act, s. 86—
Regulations.

39. Section 87 of the principal Act is repealed and the following sections are enacted and inserted in the principal Act in lieu thereof:—

Repeal of s. 87 and enactment of ss. 87a and 87b of principal Act—

87. (1) A person who—

Offences.

(a) contravenes or fails to comply with any provision of this Act that is applicable to him;

or

(b) being a licensee, contravenes or fails to comply with any provision of this Act that is applicable to him or a term of the licence or an order or lawful instruction of the Minister made or given under this Act,

shall be guilty of an offence and where no other penalty is prescribed, shall be liable to a penalty of not less than one hundred dollars and not more than one thousand dollars.

(2) Where a person commits a continuing offence, he shall be liable to a penalty of not less than one hundred dollars and not more than one thousand dollars for the first day upon which the offence has been committed and a penalty of not less than fifty dollars and not more than five hundred dollars for each subsequent day during which the offence continues.

(3) Proceedings in respect of offences under this Act shall be disposed of summarily.

Cancellation of
licences.

87a. (1) Where a licensee contravenes or fails to comply with a provision of this Act that is applicable to him or a term of the licence or an order or lawful instruction of the Minister made or given under this Act, in addition to any other penalty prescribed by this Act, the Minister may—

(a) suspend the licence until the licensee has, in the opinion of the Minister, made good the contravention or default ;

or

(b) cancel the licence.

(2) Where a licensee contravenes or fails to comply with a provision of this Act that is applicable to him or a term of the licence or an order or lawful instruction of the Minister made or given under this Act, the Minister may request the Petroleum Advisory Committee to enquire into the circumstances of the contravention or default and to make a recommendation to him as to whether the licence should be suspended or cancelled and the Committee, upon receiving such a request, shall make such enquiry and recommendation accordingly.

Proof of
Ministerial act.

87b. In any proceedings, a valuation, order, instruction or action of the Minister under this Act may be proved, by the production of an apparently genuine document purporting to be signed by the Minister certifying that the valuation or order has been made, the instruction given or the action performed.

Repeal of s. 89
of principal
Act.

40. Section 89 of the principal Act is repealed.

In the name and on behalf of Her Majesty, I hereby assent to this Bill.

J. M. NAPIER, Governor's Deputy.