

CHAPTER 225**OIL MINING REGULATIONS****ARRANGEMENT OF REGULATIONS**

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FIRST SCHEDULE

SECOND SCHEDULE

CHAPTER 225

OIL MINING REGULATIONS¹
(Section 41)

Ch. 126.
Ch. 184.
38/1964.
29/1965.
52/1978.
114/1989.

PART I

GENERAL

1. These Regulations may be cited as the

Short title.

OIL MINING REGULATIONS

2. In these Regulations and in every licence and lease issued hereunder the following terms shall respectively have the meanings assigned to them unless inconsistent with the context, or unless expressly varied in such licence or lease:

Interpretation.

“alienated lands” means lands the oil rights in which are vested in the Government but the surface of which has been alienated at any time whether such surface has reverted in the Government or not;

“casinghead petroleum spirit” means any liquid hydrocarbons obtained from natural gas (before the crude oil from which it is derived has been measured for royalty) by separation or by any chemical or physical process;

“Commonwealth” includes British protectorates and protected states and any territory in respect of which a mandate has been accepted by Her Majesty and is being exercised by the government of any part of Her Majesty’s dominions;

¹ These Regulations were made under the Petroleum Production Act Chapter 184 of the Laws of Belize, Revised Edition 1980-1990, and were revoked by Section 41 of the Petroleum Act, Chapter 225 of the Substantive Laws of Belize with savings. See also Regulation 31 of the Petroleum Regulations.

“Commonwealth citizen” includes a person under Her Majesty’s protection;

“crude oil” means oil in its natural state before the same has been refined or otherwise treated but excluding water and foreign substances;

“lessee” means a person to whom a lease under these Regulations is granted, his successors in title and the persons deriving title under him;

“licensee” means a person to whom a licence under these Regulations is granted, his successors in title and the persons deriving title under him;

“national lands” includes all lands, inland waters, caves, reefs and submarine areas now being or hereafter becoming part of Belize, but shall not include alienated land as defined herein;

“natural gas” means gas obtained from boreholes and wells and consisting primarily of hydrocarbons;

“person” includes a company.

“petroleum” includes any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in strata, but does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation;

Persons by whom application may be made.

3. Any person may apply in accordance with the Regulations for-

(a) an oil exploration licence;

(b) an oil prospecting licence;

(c) an oil mining lease,

in respect of national lands or of alienated lands or of both.

4. (1) Every application shall be made in writing on the form set out in the First Schedule hereto addressed to the Minister.

Manner in which application may be made.

(2) The application shall state –

(a) in the case of an application by an individual, his address, nationality and occupation;

(b) in the case of an application by a company, the nature of, and the principal place of business of the company (and if the principal place of business is outside Belize, the name and address of a duly authorised agent in Belize), the names and nationality of the directors thereof, and the names and holdings of the principal shareholders.

(3) An application by an alien or a company incorporated outside the Commonwealth shall contain, in addition to the matters specified in paragraph (2) of this regulation, full particulars of the company to be incorporated in Belize or in some other part of the Commonwealth or elsewhere in accordance with regulation 10 of these Regulations for the purpose of receiving the grant of and exploiting any licence or lease which may be granted in pursuance of the application.

(4) With the application there shall be sent the prescribed fee, that is to say -

for an oil exploration licence fifty dollars;

for an oil prospecting licence one hundred dollars;

for an oil mining lease one hundred and fifty dollars.

But if the application shall be refused the Minister will repay to the applicant one half of the fee thus paid.

(5) To the application there shall be attached two copies of a plan upon which shall be delineated the boundaries of the area in respect of which a licence or lease is applied for.

(6) The instruments referred to in the Second Schedule hereto (which are not published with these Regulations) shall at all reasonable times be made available for inspection at the Minister's Office.

(7) The applicant shall, with his application, furnish evidence as to his financial and technical qualifications, and as to his ability to comply with any terms and conditions contained in the model clauses referred to in the Second Schedule to these Regulations relating to the licence or lease for which application is made, and in the case of an application by an alien or a company incorporated outside the Commonwealth, the like evidence in relation to the company to be incorporated in accordance with regulation 10 of these Regulations in Belize or in some other part of the Commonwealth for the purpose of receiving the grant of and exploiting any licence or lease which may be granted in pursuance of the application. The applicant shall forthwith, upon request by the Minister furnish further evidence relating to such matters, and if such further evidence shall not have been furnished to the satisfaction of the Minister within three months of the request therefor the application shall, unless the Minister otherwise determines, be deemed void.

(8) All information comprised in, or furnished to the Minister in pursuance of an application made in accordance with these Regulations shall be treated by the Minister as confidential.

Separate application to be made for each area.

5. Where an applicant requires a licence or lease for two or more separate areas, a separate application shall be made in respect of each such area.

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6. Nothing in these Regulations shall prevent more than one licence or lease being granted to the same person. Grant of more than one licence or lease to the same person.
7. A licence or lease shall not be assigned without the previous consent in writing of the Minister. Licence or lease not assignable without consent.
8. An application by a licensee or lessee for the assignment of a licence or lease shall be made in writing addressed to the Minister and shall be accompanied by a fee of fifty dollars. With the application the applicant shall furnish the like particulars in respect of the proposed assignee as are required to be furnished in the case of applicants for licences and leases under regulation 4 of these Regulations. Method of making application for assignment.
9. A licence or lease shall not be granted to or held by any person who is or becomes controlled directly or indirectly by a national of or by a company incorporated in any country the laws and customs of which do not permit Commonwealth citizens or companies incorporated in the Commonwealth or companies incorporated in that country controlled directly or indirectly by Commonwealth citizens or companies incorporated in the Commonwealth to acquire hold and operate petroleum concessions on conditions which in the opinion of the Minister are reasonably comparable with the conditions upon which such rights are granted to nationals of that country with the addition of conditions corresponding to those imposed by Clause 12 (Special Clause) and Clause 13 (Reciprocity) of the Model Clauses referred to in Part I of the Second Schedule hereto. Reciprocity. 29/1965.
10. In the case of an application for a licence or a lease by an alien or a company incorporated outside the Commonwealth or in the case of an application by a licensee or lessee for the Minister's consent to the assignment of a licence or lease to an alien or a company incorporated outside the Commonwealth the Minister may require a company to be incorporated in Belize or in some other Application by an alien or a company incorporated outside the Commonwealth.

- part of the Commonwealth for the purpose of receiving and exploiting any such licence or lease.
- Lapse of right to licence or lease. 11. If a licence or lease is not executed within six months after approval of the application by the Minister the right of the applicant to such licence or lease shall be deemed to have lapsed, unless the Minister considers that the delay is not attributable to the fault of the applicant.
- Publication. 12. The Minister shall, as soon as may be after the grant, surrender, determination or assignment of any licence or lease under these Regulations, publish notice of the fact in the Gazette stating the name of the licensee or lessee or assignee and the situation of the area concerned.
- Model clauses. 13. Every oil exploration licence and oil prospecting licence and oil mining lease shall incorporate such of the model clauses respectively referred to in Parts I, II and III of the Second Schedule hereto as shall be appropriate, subject to such modifications and exclusions as the Minister thinks fit, and such additional clauses covering ancillary matters as the Minister thinks necessary.
- Bond. 14. Before the grant of any such licence or lease a bond shall be executed in the form appropriate to such licence or lease and set out in the Second Schedule hereto.
- Licence or lease over land and sea or sea. 15. In the case of a licence or lease over land and sea or sea only, the following provisions shall apply:
- (a) the licensee or lessee shall adopt all practical precautions to prevent the pollution of coastal water by oil, mud or any other fluid or substance which might contaminate the sea water or shore line or which might cause harm or destruction to marine life;

- (b) the licensee or lessee shall at all times maintain and keep in good repair, working order and condition and if so required by the Minister illuminate between the hours of sunset and sunrise, in a manner satisfactory to the Harbour Master, all derricks, piers, survey marks or any other installations erected in the area under licence or lease;
- (c) the licence or lease shall not confer any surface rights to the foreshore lying between high water mark and low water mark at ordinary spring tides and no use shall be made thereof unless and until the approval of the Minister, which shall not be unreasonably withheld, has been first obtained.

PART II

OIL EXPLORATION LICENCES

16. The Minister may at his discretion grant an oil exploration licence over the lands specified therein subject to the payment by the licensee of a fee of two hundred and fifty dollars for every one thousand square miles comprised in the licensed area:

Minister may grant oil exploration licence.

Provided that the fee payable shall not be less than five hundred dollars and shall not exceed five thousand dollars.

17. An oil exploration licence shall not be granted in respect of any area of less than eight square miles.

Area.

18. The initial term of an oil exploration licence shall not exceed two years.

Period.

Renewal. 19. The Minister may at his discretion, on application made by the licensee on two months' notice in writing, renew any oil exploration licence for periods not exceeding twelve months in respect of the whole of the licensed area or any part thereof which complies with regulation 17 of these Regulations:

Provided that the total period of validity of the licence shall not exceed four years from the grant to the licensee of the first licence.

PART III

OIL PROSPECTING LICENCES

Minister may grant oil prospecting licence. 20. The Minister may grant an oil prospecting licence over the lands specified therein whether or not the applicant has been the holder of an oil exploration licence under these Regulations. Subject to the rights of an applicant who is the holder of a valid oil exploration licence, the grant of an oil prospecting licence shall be at the discretion of the Minister.

Size of area. 21. An oil prospecting licence shall not be granted in respect of any area of—
 (a) more than two hundred square miles; or
 (b) less than eight square miles;
 save in cases where special exemption is granted by the Minister.

Comprehensive oil prospecting licence. 22. Subject to the provisions of regulation 5 of these Regulations, the Minister may grant one comprehensive oil prospecting licence in respect of two or more separate areas provided they are situated reasonably close together and provided further that the sum of such areas shall not exceed two hundred square miles.

Shape of area. 23. Each separate area in respect of which an oil prospecting licence is granted shall be, so far as possible, compact and shall either be limited by well

marked permanent physical boundaries or be bounded by straight lines. The greatest length of any area for which an oil prospecting licence is granted shall not be more than three times the average width in the case of an area of eight square miles, or more than four and one half times the average width in the case of an area of two hundred square miles. In the case of an area of intermediate size, such maximum ratio shall vary between three and four and one half in proportion to the size of the area.

24. The initial term of an oil prospecting licence shall not exceed four years.

Period.

25. (1) The Minister may from time to time renew an oil prospecting licence for further terms of twelve months.

Renewal.
38/1964.

(2) Any application for renewal shall be made in writing at least three months before the licence is due to expire and may be in respect of the whole or any part or parts of the licensed area provided that such part or parts comply with the provisions of regulations 21 and 23 of these Regulations.

26. The licensee shall in respect of the area or areas covered by each licence carry out with due diligence such scheme of prospecting, including any geological and/or geophysical survey and/or programme of test drilling, as shall be agreed between the Commissioner of Lands and Surveys and the licensee:

Working
obligations.

Provided that in the event of more than one oil prospecting licence being granted to the same licensee a programme of test drilling covering two or more licensed areas where the geological objective is the same for the purpose of determining whether commercial deposits of petroleum exist within those areas shall be agreed between the Commissioner of Lands and Surveys and the licensee.

27. The licensee shall pay annually in advance a yearly rent at the following rates:

Yearly rent.

(a) in respect of each year of the initial term of an oil prospecting licence, ten cents, and

(b) in respect of each renewal of a term of an oil prospecting licence, twenty cents for each acre comprised in the licensed area:

Provided that the Minister may from time to time vary the rates set out in the foregoing provisions of this regulation:

52/1978.

Provided also that where a licensee has not by the end of its fourth year of licence drilled according to the terms and conditions stipulated in its licence or other agreement entered into with the Government, or to the depth mutually agreed upon by both parties in order to reach either the geological conditions which indicate the presence, or alternatively, exclude the presence of petroleum in commercial quantities in respect of the lands under licence, the Minister may increase the annual rental to be paid by such licensee to such sum as he thinks fit but not exceeding twenty dollars per acre.

Royalties.
52/1978.
114/1989.

28. (1) The licensee shall pay the royalties hereunder specified-

(a) on crude oil and casing head petroleum spirit won and saved, an amount equal to 12 1/2% of the value of the oil produced from on-land or in marine waters of depth not exceeding twenty metres; 10% of the value of the oil produced from location in marine waters of depths between twenty and two hundred metres, and 7 1/2% of the value of the oil produced from location in marine waters of depths greater than two hundred metres.

(b) on the natural gas, 12 1/2% of the value at the well head in the site of production in land or in marine waters of depth not exceeding twenty metres; 10% of the value at the well head in the site of production in marine waters of depths

between twenty and two hundred metres, and 7½ % of the value at the well head in the site of production in marine waters of depths greater than two hundred metres. The depths defined in (a) and (b) are with reference to the Low Tide level:

Provided that the Minister may from time to time by Order published in the *Gazette*, vary the rates set out in the foregoing provisions of this paragraph.

(2) The said royalties shall be assessed and paid in the manner provided in Part II of the Second Schedule hereto.

PART IV

OIL MINING LEASES

29. The Minister may grant an oil mining lease over the lands specified therein. An oil mining lease shall only be granted in respect of –

Minister may grant oil mining lease.

(a) an area which has previously been included either in an oil prospecting licence granted under these Regulations to the applicant or in an oil mining lease granted to a former lessee; or

(b) an additional area adjoining that already held under an oil mining lease by the applicant.

30. An oil mining lease shall not be granted in respect of any area of –

Size of area.

(a) more than one hundred square miles; or

(b) less than four square miles,

save in cases where special exemption is granted by the Minister.

- Comprehensive oil mining lease. 31. Subject to the provisions of regulation 5 of these Regulations, the Minister may grant a comprehensive oil mining lease in respect of two or more separate areas provided they are situated on the same geological structure or cover a group of geologically similar and related structures and provided also that the sum of such areas does not exceed one hundred square miles.
- Shape of area. 32. Each separate area in respect of which an oil mining lease is granted shall either be limited by well marked permanent physical boundaries or be laid out in a block or blocks bounded by straight lines between well defined points. The greatest length of any area for which an oil mining lease is granted shall not be more than three times the average width in the case of an area of four square miles or more than five times the average width in the case of an area of one hundred square miles. In the case of an area of intermediate size, such maximum ratio shall vary between three and five in proportion to the size of the area.
- Survey at expense of application. 33. Before an oil mining lease is granted by the Minister the applicant, if so required by the Minister, shall at his own expense cause a topographical survey of the lands specified therein to be made to a scale normally required for oil mining purposes.
- Period. 34. The initial term of an oil mining lease shall not exceed thirty years, but the lease shall contain a clause permitting renewal for a further period not exceeding thirty years.
- Yearly rent. 52/1978. 35. The lessee shall pay annually in advance a yearly rent at the following rates for each acre or part of an acre comprised in the leased area:

	<i>Per Acre</i>
	<i>Per Annum</i>
In respect of the 1st year of the term of an oil mining lease	1.00
In respect of the 2nd year of the term of an oil mining lease	1.40

In respect of the 3rd year of the term of an oil mining lease	1.80
In respect of the 4th year of the term of an oil mining lease	2.20
In respect of the 5th year of the term of an oil mining lease	2.60
In respect of the 6th year of the term of an oil mining lease	3.00
In respect of the 7th year of the term of an oil mining lease	3.40
In respect of the 8th year of the term of an oil mining lease	3.80
In respect of the 9th year of the term of an oil mining lease	4.20
In respect of the 10th year of the term of an oil mining lease	4.60
In respect of the 11th year and each subsequent year of the term of the lease	5.00

Provided that the Minister may from time to time vary the rates set out in the foregoing provisions of this regulation.

52/1978.

36. (1) The lessee shall pay the royalties hereunder specified –
- (a) on crude oil, an amount equal to 18% of the value of the oil;
 - (b) on casinghead petroleum spirit, an amount equal to 18% of the value;
 - (c) on natural gas, 18% of the value at the well head in the field of production subject to a reduction of one half where the gas is sold to other licensees or lessees for repressuring purposes:

Provided that the Minister may, from time to time vary the rates set out in the foregoing provisions of this paragraph.

(2) The said royalties shall be assessed and paid in the manner provided in **Part III** of the Second Schedule hereto.

(3) Every oil mining lease shall contain a clause providing for the periodical revision of royalties in the manner provided in **Part III** of the Second Schedule hereto.

FIRST SCHEDULE.

APPLICATION FOR AN OIL EXPLORATION LICENCE, AN OIL PROSPECTING LICENCE OR AN OIL MINING LEASE.

- (1) Name (s) of Applicants (s) in full
- (2) If application is by an individual or individuals
- (a) Address
- (b) Nationality
- (c) Occupation
- (3) If application is by a company
- (a) Principal place of business
- (b) If principal place of business is outside Belize, name and address of duly authorised agent in Belize

(9) State amount of capital for operations under the licence or lease applied for

(a) At present available

(b) Which applicant can make available and the source

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(10) If the applicant is an alien, or a company incorporated outside the Commonwealth state full particulars of the company to be incorporated by the applicant in Belize or in some other part of the Commonwealth for the purpose of receiving the grant of and exploiting any licence or lease which may be granted, including particulars similar to those specified in (3) (d) and (8) above and the amount of the capital proposed.

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.....

I/We hereby declare that all the foregoing particulars are correct.

Date Signature (s) of Applicant (s)
(If the applicant is a Company state capacity in which form is signed.)

52,53 SECOND SCHEDULE

Part I. - Oil Exploration Licence (Model Clauses): -
National and Alienated Lands.

Part II. - Oil Prospecting Licence (Model Clauses): -
National Lands;
Alienated Lands;
National and Alienated Lands.

Part III. - Oil Mining Lease (Model Clauses): -
National Lands;
Alienated Lands;
National and Alienated Lands.