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## **CONSOLIDATED NEWFOUNDLAND AND LABRADOR REGULATION 1151/96**

*Petroleum Regulations*  
under the  
*Petroleum and Natural Gas Act*  
(O.C. 96-935)

Under the authority of section 9 of the *Petroleum and Natural Gas Act* and the *Subordinate Legislation Revision and Consolidation Act*, the Lieutenant-Governor in Council makes the following regulations.

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## Short title

**1.** These regulations may be cited as the *Petroleum Regulations*.

22/91 s1

## Definitions

**2.** In these regulations

- (a) "Act" means the *Petroleum and Natural Gas Act*;
- (b) "development well" means a well that is located in relation to an existing well penetrating a petroleum pool so that the well is considered, by the director, to be a well or part of a well drilled for the purpose of production or observation or for the injection or disposal of fluid into or from the petroleum pool;
- (c) "director" means the Deputy Minister of the Department of Mines and Energy;
- (d) "drilling a well" means that a drilling rig is rigged up on location and a drilling bit has penetrated the surface of the ground with the intent of drilling a well other than a stratigraphic well;
- (e) "exclusive exploration survey" means an exploration survey conducted to acquire data for the primary purpose of the geological evaluation of an area by the owner of the data;
- (f) "exploration survey" means a scientific survey used to prospect for petroleum by determining geological conditions that may lead to the discovery or development of petroleum pools and includes the following operations:
- (i) seismic,
  - (ii) gravimetric,
  - (iii) magnetic,
  - (iv) electrical,
  - (v) geochemical,
  - (vi) drilling and logging of stratigraphic wells,
- but does not include the drilling of other wells;
- (g) "exploratory well" means a well drilled for the primary purpose of discovering petroleum and drilled into a geological feature that does not contain a petroleum pool previously penetrated by a well;
- (h) "interest holder" means, in accordance with the context, a licensee, permittee or lessee;
- (i) "licence" means an exploration licence referred to in section 10;
- (j) "non-exclusive exploration survey" means an exploration survey conducted to acquire data for the primary purpose of sale, in whole or in part, to the public at fair market value;
- (k) "permit" means an exploration permit referred to in section 24 or, in accordance with the context, the area covered by a permit;
- (l) "petroleum operations" means any work or survey conducted for the purpose of petroleum exploration, development or production;
- (m) "petroleum pool" means a natural geologic reservoir, that has been penetrated by a well and contains or is interpreted to contain an accumulation of petroleum that is, in the opinion of the director, separate from another accumulation;
- (n) "proponent" means a permittee or lessee submitting a development plan under section 32;

- (o) "rig release date" means the date on which a drilling rig last conducted operations on a well;
- (p) "section" means, in the context of land division, the basic unit of land administration referred to in subsection 8(3);
- (q) "stepout well" means a well that is drilled to determine the boundaries of a petroleum pool; and
- (r) "stratigraphic well" means a well drilled for the primary purpose of obtaining geological information towards ascertaining the presence of petroleum.

22/91 s2

### **Findings to be communicated**

**3.** An interest holder shall immediately inform the director upon finding significant quantities of petroleum, coal, minerals or other potentially valuable substances.

22/91 s3

### **Act and regulations to apply**

**4.** A licence, permit or lease is subject to the Act and the regulations.

22/91 s4

### **Duty of minister**

**5.** Where an interest holder has made a discovery of petroleum that extends beyond the area under the sole petroleum administration of the province, the minister, after consulting with the interest holder, shall undertake all reasonable efforts to conclude those agreements that are necessary to ensure that the discovery is developed and produced with the administrative co-operation of the province.

22/91 s5

### **Application**

**6.** These regulations shall apply to those lands and submerged areas within the province that lie landward of the ordinary low water mark along the open coast of the province.

22/91 s6

### **Public briefings or hearings**



**7.** (1) Where the minister decides it is in the public interest, the minister may initiate public briefings or hearings concerning

(a) the issuance of an exploration licence, permit or lease; or

(b) proposed petroleum operations, including, but not limited to the approval of a development plan.

(2) Where public briefings or hearings held under subsection (1) are anticipated to extend beyond the subsisting permit or lease term, the minister may, at the written request of the permittee or lessee, suspend the term of the permit or lease for a maximum period of one year.

(3) A written request under subsection (2) shall be made at least 7 days before the expiration of a subsisting permit or lease term.

(4) The minister may revoke a suspension under subsection (2) before the stipulated duration of the suspension.

(5) A suspension under subsection (2) extends the term of the permit or lease affected by the suspension for a period of time equal to the duration of the suspension.

(6) Where a permit or lease is subject to public hearings or briefings under subsection (1), petroleum operations shall not be conducted on that permit or lease without the written consent of the minister.

22/91 s7

## **Land administration**

**8.** (1) The Universal Transverse Mercator Projection (UTM) as referenced to the North American Datum of 1927 shall be used as the land mapping system.

(2) The grid blocks shall be based on the Grid Zone Designation as defined for the National Topographic System of Canada.

(3) The section shall be the basic unit of land administration.

(4) All sections shall be considered to have an area of 100 hectares.

(5) For the purposes of converting a permit to a lease, a section may be subdivided into quadrants.

22/91 s8

## **Requirements for land administration**

**9.** For the purposes of land administration, the director may require

(a) an interest holder to file with the director, a well-location map for lands held by the interest holder;

(b) a lessee to file with the director, a surface map illustrating features that may impact or locate petroleum operations on the lease area.

22/91 s9

### **Exploration licence**

**10.** (1) An exploration licence confers to the licensee the non-exclusive right, subject to compliance with the Act and regulations, to conduct an exploration survey as described in an exploration licence.

(2) An exploration licence shall be valid for a period of 180 days from the program commencement date as stated in the licence or until the exploration survey is completed, whichever is the shorter period.

(3) The director may, at the written request of the licensee, extend the initial term or an extended term of an exploration licence for a further 180 days subject to submission by the licensee of additional information requested by the director.

22/91 s10

### **Exploration survey**

**11.** A person, including a permittee or lessee, shall not conduct an exploration survey unless that person

(a) holds a valid exploration licence; or

(b) is a person authorized by the holder of a valid exploration licence to perform the exploration survey on that licensee's behalf.

22/91 s11

### **Application for exploration licence**

**12.** (1) A person may apply for an exploration licence by submitting an application in the form prescribed by the minister to the director at least 30 days before the proposed commencement date of the exploration survey.

(2) Notwithstanding subsection (1), that subsection does not prohibit the director from accepting an application for an exploration licence received less than 30 days before the proposed commencement date of the exploration survey.

22/91 s12

### **Transfer of exploration licence**

**13.** (1) An application for an exploration licence bearing the signature of the director and the applicant shall constitute an exploration licence subject to the terms and conditions that the director may transcribe on or append to the application.

(2) An exploration licence is transferable if the transfer is

(a) between corporations, both of whom are parties to the same corporate merger or amalgamation; or

(b) approved by the director, in writing before the effective date of the transfer.

(3) A transfer of an exploration licence not in compliance with subsection (2) is void and of no legal force or effect.

22/91 s13

#### **Amendment of exploration licence**

**14.** The director may amend the terms and conditions of an exploration licence at the written request of the licensee.

22/91 s14

#### **Interference with operations**

**15.** (1) An interest holder shall not interfere with a licensee carrying out an exploration survey, unless the interest holder can demonstrate to the director that the interest holder's petroleum operations would suffer damage or interference as a result of the exploration survey.

(2) Where the director is of the opinion that a licensee is interfering with or damaging petroleum operations as referred to in subsection (1), the director may order the licensee to terminate or modify the exploration survey as the director considers appropriate.

22/91 s15

#### **Call for postings**

**16.** The minister may issue a call for postings inviting persons to indicate in writing the sections of land they would prefer to see made available for bids under sections 18 to 21.

22/91 s16

#### **Request for bids**

**17.** Where the minister intends to issue exploration permits, the minister shall follow the competitive bidding procedure established in sections 18 to 21 and shall publish a request for bids for the issuance of exploration permits in the *Gazette* and in those other publications as the minister desires.

22/91 s17

#### **Particulars of request for bids**

**18.** The minister shall set out in a request for bids the following:

- (a) the land open for bidding;

- (b) the terms and conditions of the exploration permits to be issued for those lands, which may vary to reflect the different logistical, geographical, environmental, geological, technical, social and economical characteristics of petroleum operations on those lands;
- (c) the amount of a performance bond or other bonds that may have to be provided by successful bidders before the issuance of a permit;
- (d) the relinquishment requirements of a permit;
- (e) the single criterion to be used by the minister in assessing the bids;
- (f) the type of information to be presented with each bid;
- (g) the location in the province where the minister will receive the bids;
- (h) the closing date and time for bids;
- (i) other information that the minister desires.

22/91 s18

#### **Additional information**

**19.** The minister may require a person that has submitted a bid to submit additional information to enable the minister to assess the bid, but no person shall otherwise revise the contents of the bid.

22/91 s19

#### **Bid not considered**

**20.** The minister shall not consider a bid unless it is submitted in accordance with these regulations and the request for bids.

22/91 s20

#### **Notice of terms and conditions**

**21. (1)** Where the minister selects a bid submitted in response to a request for bids and a permit has been issued, the minister may publish a notice setting out a summary of the terms and conditions of that permit.

(2) The minister is not required to issue a permit as a result of a request for bids.

22/91 s21

#### **Re-request for bids**

**22.** The minister may, after the closing date of a request for bids for which no bids were submitted or for which all bids were rejected, request bids again for the same lands on the basis of the same or different terms and conditions as set out in the original request for bids.

22/91 s22

### **Direct issuance**

**23.** (1) Notwithstanding section 17, the minister may, with the approval of the Lieutenant-Governor in Council, within one year after the closing date of a request for bids, directly issue exploration permits for those lands for which no bids were received or for which all bids were rejected, under the terms and conditions that the minister desires.

(2) The minister may publish a notice setting out a summary of the terms and conditions of an exploration permit issued under subsection (1).

(3) The minister may directly issue exploration permits which were not issued or not properly issued because of administrative error or inadvertence.

22/91 s23

### **Exploration permit**

**24.** (1) An exploration permit confers to the permittee, subject to compliance with the Act and the regulations, the

(a) non-exclusive right to an exploration licence in the permit area;

(b) exclusive right to drill and test for petroleum to any depth in the permit area; and

(c) exclusive right to convert to a lease all or a part of the permit area, provided that the part of the permit area being converted overlies a petroleum pool for which a development plan has been approved under section 35.

(2) An application for an exploration permit in the form prescribed by the minister bearing the signature of the minister and the applicant shall constitute an exploration permit and shall, notwithstanding paragraph 18(b), be subject to the terms and conditions that the minister may transcribe on or append to the application.

(3) The permit is issued on the date the minister signs the application under subsection (2).

(4) The permit shall not pertain to an area exceeding 40,000 hectares.

(5) Unless approved by the director, a permittee shall not drill a well within 500 metres of the boundary of the permit area.

(6) The sections included in a permit shall, where possible, form a contiguous area whereby one side of each section joins at least one side of another section.

(7) The minister may amend the terms and conditions of a permit at the written request of the permittee.

22/91 s24

### **Primary term**

**25.** The permit shall have a primary term of 5 years from the date the permit is issued.

22/91 s25

### **Extension of term**

**26.** (1) Where a permittee has complied with the Act, the regulations and the terms and conditions of the permit, and the permittee

(a) has, to the satisfaction of the minister, drilled a well on the permit during the primary term or commenced the drilling of a well on the permit during the primary term and is diligently pursuing the drilling of that well upon expiration of the primary term; or

(b) commits to drill a well to the satisfaction of the minister within 2 years following the expiration of the primary term, and furnishes a performance bond to the minister of an amount equal to 25% of the estimated cost of the committed well,

the minister shall, in writing, at the conclusion of the primary term, extend the term of the permit for a secondary term of 2 years.

(2) Notwithstanding subsection (1), where a permittee intends to extend a permit into the secondary term under that subsection, the permittee shall apply for that extension to the minister in writing at least 60 days before the expiration of the primary term, otherwise the minister is under no obligation to grant a secondary term.

(3) Upon expiration of the secondary term or an extension of that secondary term, the minister shall further extend the term of the permit so long as the permittee is diligently drilling a well on a permit and for a period of 60 days following the termination date of that well.

(4) The minister shall determine the termination date of a well used to extend a permit and shall notify, in writing, the permittee of the determination of that date as soon as practical.

(5) For the purposes of clarification, subsection (3) provides for multiple extensions of the secondary term by drilling.

(6) The minister shall be under no obligation to extend a secondary term of a permit under subsection (3) if the permittee is in breach of a provision of the Act, the regulations or a term or condition of the permit.

(7) Upon expiration of the permit, all sections within the permit area that have not been converted to lease during the primary or secondary term of the permit or an extension of it shall be relinquished to the Crown.

22/91 s26

### **Work obligations**

**27.** (1) Where an exploration permit provides that the permittee shall spend dollar amounts in the permit area for work obligations, the amounts shall be expressed in terms of dollars per hectare per year.

(2) Where a permittee does not complete work obligations required by the terms of a permit, the permittee shall, within 90 days following the date upon which the outstanding work was to have been completed,

(a) pay to the director instead of the work outstanding a non-refundable amount equal to the value of the work outstanding; or

(b) submit to the director a deposit of money or securities satisfactory to the director and equal to the value of the work outstanding.

(3) Upon completion of the requirements in subsection (2), the permittee shall be considered to have complied with the terms of the permit and the permit remains in good standing in respect of that outstanding work obligation.

(4) Where a permittee does not complete work obligations and does not comply with subsection (2), the minister may cancel the permit under section 71.

(5) Where, during the term of the permit, a permittee completes work outstanding and the work is approved by the director, the permittee is entitled to and shall receive a refund of money and securities, without interest or deductions, deposited with the director in respect of that work outstanding.

(6) Where a permit expires, is cancelled by the minister, or is terminated or relinquished by the permittee, deposits made under subsection (2) for which work remains outstanding shall be forfeited to the Crown.

(7) A permittee shall not be subject to both

(a) a forfeiture of money or securities deposited with the director under subsection (2); and

(b) liability under a performance bond that may have been posted before permit issuance,

in respect of the same outstanding work obligation.

(8) Where a permittee has, in a year, completed and recorded work in excess of work obligation required by the permit, the excess work may be carried forward for the purpose of fulfilling future work obligations on the permit.

(9) Where a permittee has work outstanding, work completed and recorded on the permit shall be first credited to the work that has been outstanding for the greatest length of time for the purposes of fulfilling work obligations and refunding of deposits under subsection (5).

22/91 s27

## **Relinquishment**

**28.** The terms and conditions of a permit may allow for relinquishment of portions of a permit.

22/91 s28

## **Reversion to Crown**

**29.** Where a permit expires, is cancelled by the minister or is terminated or relinquished by the permittee, all rights under the permit shall revert to the Crown.

### **Grouping of permits**

**30.** The minister may, during the primary term of the permit, allow permits to be grouped by the permittee for the purpose of combining or exchanging work obligations from one permit to another permit but in no case shall a grouping be used to extend a permit beyond its primary term.

(2) Where permits have been grouped under subsection (1), the work obligations stipulated in the permits may be combined and carried out at the permittee's discretion in the permit areas within the group.

(3) Notwithstanding subsection (1), for the purpose of this section, a permittee may apply in writing for the grouping of permits that lie in whole or in part within a circle having a radius of 15 kilometres.

(4) The minister may upon application in writing by the permittee approve regrouping of permits provided the regrouping complies with subsection (3).

### **Suspension of permit term**

**31.** (1) The minister may suspend the term of a permit for a period of one year or less where the minister is satisfied that a permittee must suspend or postpone drilling activity because of mechanical, safety or technical problems related to that drilling activity.

(2) The minister may revoke suspension of the term of a permit under subsection (1).

(3) A suspension of the term of a permit under subsection (1) extends the term of the permit affected by the suspension for a period of time equal to the duration of the suspension.

(4) A permittee shall not drill a well on lands subject to a suspension under subsection (1).

### **Development plan to be submitted**

**32.** (1) A permittee who desires to convert all or part of a permit to a lease shall submit to the minister for approval a development plan for at least one of the petroleum pools discovered in the permit area.

(2) A lessee seeking to develop further petroleum pools in a lease area shall submit to the minister for approval a development plan for the petroleum pools.

### **Information required**

**33.** (1) A development plan submitted to the minister shall include the following information:



- (a) the sections and quadrants to which the development plan applies;
- (b) the names of the directors and senior management of the proponent and the address of the proponent;
- (c) an estimate of the proven, probable and possible petroleum reserves of the petroleum pools for which development is being proposed;
- (d) a detailed description of the proposed method for petroleum recovery and the estimated recovery factor;
- (e) a detailed projection of the production levels over the productive life of each petroleum pool and plans for utilization of the petroleum in the province;
- (f) an environmental impact statement, where required under the *Environmental Assessment Act*;
- (g) a description of the proposed mitigative measures designed to reduce the impact of the proposed development on the environment;
- (h) a description of the costs of the proposed development;
- (i) an estimate of the employment and industrial benefits to the province; and
- (j) other information the minister may require.

(2) The minister may accept the receipt of a development plan which does not contain all of the information required under subsection (1) if the provision of that information is anticipated to extend beyond the subsisting permit or lease term.

(3) Notwithstanding subsection 35(1) where subsection (2) applies and the minister is satisfied that the proponent is making genuine efforts to provide the outstanding information, the minister may not approve or reject a development plan under subsection 35(1) until all outstanding information is provided and considered as part of the development plan.

(4) Where subsection (2) applies, the period of time from submission of the development plan to the submission of the outstanding information to the minister is considered to be a period during which the development plan is under consideration for the purpose of section 37.

22/91 s33

### **Notice to be published**

**34.** The minister shall, within 30 days of the receipt of a development plan, give notice in the *Gazette* and at least 2 newspapers of major circulation in the province, that a proposed development plan has been presented to the minister for approval.

22/91 s34

### **Decision re development plan**

**35.** (1) The minister shall within 120 days of the publication of the notices under section 34

(a) approve the development plan subject to the terms or conditions that the minister considers appropriate; or

(b) reject the development plan.

(2) A decision by the minister under subsection (1) shall, amongst other things, take into account whether

(a) the proposed technology for petroleum production allows for safe production in the lease area, or proposed lease area or whether more appropriate production alternatives exist;

(b) sufficient environmental, social and economic impact studies have been undertaken by the proponent to provide the basis for the establishment of guidelines for production;

(c) the proponent's proposed development plan would result in sufficient employment and industrial benefits to the province and make sufficient use of goods and services competitively produced or provided from within the province;

(d) it would be technically and economically feasible to utilize petroleum produced in the lease area in the province and whether the proponent proposes to remove the petroleum without utilizing it in the province;

(e) the proponent's cost of development, production and transportation are competitive with the costs normally incurred by operators using good oilfield practices in a similar operating environment.

22/91 s35

### **Rejection of development plan**

**36.** Where the minister rejects a development plan, the minister shall

(a) provide the proponent, in writing, with the reasons for the rejection; and

(b) where appropriate, indicate the nature of additional studies, investigations, information or changes in the development plan required for approval.

22/91 s36

### **Extension of consideration period**

**37.** Where a development plan is submitted and the permit or lease term expires, the permit or lease term shall be extended for the period during which the development plan is under consideration by the minister and

(a) in the case of subsequent approval, for a further period of 30 days during which the proponent may apply for a lease;

(b) in the case of rejection, for a further period of 30 days during which the proponent may submit a new development plan.

22/91 s37

### **Submission of new development plan**

**38.** (1) Where the minister rejects a development plan and the permit or lease term has not expired, a proponent may within 90 days of receiving notice of the rejection, submit a new development plan in the form required by section 33.

(2) Sections 33 to 37 shall apply, with the necessary changes, to a new development plan.

(3) Where a new development plan is submitted under subsection (1) and the permit or lease term expires, the permit or lease term shall be extended in accordance with section 37.

(4) The minister is under no obligation to consider more than 3 new development plans in addition to the original development plan for a petroleum pool.

(5) Where a proponent revises a development plan before approval or rejection under section 35, the minister may consider the revision to be a new development plan.

22/91 s38

### **Lease**

**39.** (1) A lease confers to the lessee, subject to compliance with the Act and the regulations, the

- (a) non-exclusive right to an exploration licence in the lease area;
- (b) exclusive right to develop a petroleum pool in the lease area in accordance with an approved development plan;
- (c) exclusive right to produce petroleum from the lease area; and
- (d) right to use and market petroleum from the lease area.

(2) A lessee shall maintain rights to petroleum in all stratigraphic zones underlying the lease area.

22/91 s39

### **Approved plan for petroleum pool**

**40.** (1) Where the minister has approved a development plan for a petroleum pool

- (a) a permittee may during the term of the permit apply to convert that area of the permit described in the development plan to a lease in accordance with these regulations;
- (b) a lessee may develop the petroleum pool in the lease area in accordance with the regulations.

(2) An application for a lease as prescribed by the minister bearing the signature of the minister and the applicant shall constitute a lease subject to terms and conditions that the minister may transcribe on or append to the application.

(3) The minister may amend terms and conditions of a lease at the written request of the lessee.

### **Application of lease**

**41.** (1) A lease shall pertain to all quadrants outlined in an approved development plan and shall initially include all quadrants within the permit area

(a) underlain in whole or in part by one or more petroleum pools; and

(b) which may be required for the drilling of injection wells or for the efficient development, conservation and production of the petroleum pool.

(2) The part of a permit area not converted to a lease shall continue under permit according to these regulations.

22/91 s41

### **Plan executed by lessee**

**42.** (1) A lessee shall execute and carry out a development plan as approved by the minister.

(2) The minister may amend a development plan at the written request of the lessee.

22/91 s42

### **Term of lease**

**43.** (1) A lease shall have an initial term of 10 years.

(2) A lessee may apply at least 90 days before expiration of the initial term to have a lease renewed for a period of 5 years and may apply for further renewals at least 90 days before expiration of a renewed term.

(3) An application for renewal of a lease as prescribed by the minister bearing the signature of the minister and the applicant shall constitute a renewal of a lease, subject to the terms and conditions that the minister may transcribe on or append to the application.

22/91 s43

### **Relinquishment of lease area**

**44.** Notwithstanding subsection 43(2), a lessee shall on the expiration of the initial term of a lease and on every fifth anniversary of the expiration of the initial term of a lease, relinquish all quadrants in the lease area that, based on existing data, are not

(a) lying in whole or in part over a petroleum pool that is in production or for which a development plan has been submitted; or

(b) required for the drilling of injection wells or for the efficient development, conservation and production of a petroleum pool that is in production or for which a development plan has been submitted.

22/91 s44

### **Lease renewal**

**45.** Upon application under section 43, the minister shall renew a lease provided that the lease area is capable of or required for production and the lessee has complied with the Act, the regulations and the terms and conditions of the lease.

22/91 s45

### **Non-renewal or expiry of lease**

**46.** (1) Where a lessee does not renew a lease, the minister may

(a) require the lessee to transfer to the province or the province's nominee all production and transportation facilities on the lease area that may be required for continued production from the lease area, at fair market value, as agreed to by the parties or, failing that agreement, as determined by arbitration under section 68; and

(b) notwithstanding another provision of these regulations, issue a new lease for a part of the former lease area.

(2) Where a lease expires, is cancelled by the minister or is terminated or relinquished by the lessee, all rights under the lease revert to the Crown.

22/91 s46

### **Inspection of operations**

**47.** An interest holder shall allow the director or a designated representative of the director to inspect the interest holder's petroleum operations.

22/91 s47

### **Co-operation with inspection**

**48.** An interest holder shall co-operate with and assist the director or designated representative of the director who visits the site of the petroleum operations for the purpose of conducting an inspection.

22/91 s48

### **Powers of minister**

**49.** (1) The minister may take all necessary measures, including ordering a permanent or temporary halt to petroleum operations where, in the opinion of the minister, the interest holder

(a) is causing damage to the environment or property, or is operating in a manner that there is a reasonable probability that the damage may occur;

(b) is operating in a manner that could cause or is causing injury or death to a person;

(c) because of force majeure or another reason, is not able to manage the operations;

(d) has failed to comply with the Act, the regulations, or the conditions of the licence, permit or lease.

(2) The interest holder may resume petroleum operations when the interest holder demonstrates to the minister that the circumstances causing the halt to operations no longer exist.

22/91 s49

### **Office to be maintained**

**50.** An interest holder conducting petroleum operations within the province shall maintain within the province an office from which the interest holder supervises the petroleum operations and manages the business related to the petroleum operations.

22/91 s50

### **False or misleading information**

**51.** An interest holder shall not knowingly provide the minister, the director or their representatives with false or misleading information.

22/91 s51

### **Information submission**

**52.** (1) A licensee shall deliver to the director, within 90 days of the expiration of the exploration licence or a longer period that the director may allow, copies of data obtained under the exploration licence.

(2) A permittee or lessee shall

(a) on a regular basis or upon request of the director, submit to the director data or information obtained during and related to the petroleum operations carried out within the permit or lease area; and

(b) submit to the director a summary report of the petroleum operations within 90 days after the expiration, termination or cancellation of the permit or lease,

but this data, information and report need not include data previously submitted under subsection (1).

(3) A permittee or lessee shall, within 90 days of the rig release date of a well, submit to the director a complete well history report satisfactory to the director regarding the well.

(4) An interest holder shall immediately notify the director of a well blowout, mishap or accident during petroleum operations that may cause substantial damage to the environment.

22/91 s52

### **Information confidential**

**53.** (1) For the purposes of this section

(a) "operation generating the data" is completed on the last date of acquisition of data from the operation;

(b) "confidential" means that the director, during the confidentiality period, shall not disclose the data without the consent of the owner of the data.

(2) Data acquired during

(a) an exclusive exploration survey submitted to the director under subsection 52(1) shall remain confidential for 5 years following the date that the particular operation generating the data was completed; and

(b) a non-exclusive exploration survey, submitted to the director under subsection 52(1), shall remain confidential for 15 years following the date that the particular operation generating the data was completed,

after which time the director may disclose that data to a person but is under no duty to disclose the data.

(3) Data submitted to the director under

(a) paragraph 52(2)(a) shall remain confidential for 5 years following the date on which the operation generating the data was completed;

(b) paragraph 52(2)(b) shall remain confidential for 5 years following the date of submission of the summary report;

(c) subsection 52(3) shall remain confidential for

(i) 2 years following the rig release date of the well, in respect to a exploratory well, and

(ii) 60 days following the rig release date of the well in respect to a development or stepout well,

after which time the director may disclose that data to a person, but is under no duty to disclose the data.

(4) Notwithstanding another provision of the regulations, a well history report for a development or stepout well shall not be disclosed before the expiration of the confidentiality period of the exploratory well that first penetrated the petroleum pool and led to the drilling of the development or stepout well.

22/91 s53

### **Disclosure of information**

**54.** (1) Notwithstanding section 53, an interest holder may disclose data or information obtained during and related to its petroleum operations carried out on the licence, permit or lease area.

(2) The minister may publish, in general form, with the prior approval of the interest holder, reports based on information submitted by an interest holder where the minister considers the release of the information to be in the public interest.

(3) Upon notification by an interest holder under subsection 52(4) that a blowout, mishap or accident has resulted in substantial damage to the environment, the director shall

(a) immediately issue a public statement regarding the incident; and

(b) following the investigation that the minister may require, publish a detailed report of the incident and notwithstanding section 53, may utilize information submitted to the minister to prepare that report.

22/91 s54

### **Consultation required**

**55.** (1) An interest holder shall consult with the director before making an important public statement with regard to the interest holder's petroleum operations in a licence, permit or lease area.

(2) The director shall consult with the interest holder before making an important public statement relating to the interest holder's petroleum operations.

22/91 s55

### **Emergency disclosure**

**56.** Notwithstanding section 53, the director may disclose information submitted under section 52 to another interest holder in order to prevent, control or terminate a blowout of a well or similar emergency incident.

22/91 s56

### **Transfer of registration**

**57.** (1) For the purpose of this section, "transfer" means an instrument in the form prescribed by the minister or of similar effect and substance which is capable of registration under subsection (3).

(2) No assignment or other disposition of a permit or lease or share is of force or effect in law unless it is a transfer approved by the minister in writing and registered under this section.

(3) A transfer of a permit or lease that the permittee or lessee is not prohibited from transferring or agreeing to transfer by a provision of the Act or the regulations or by the terms of the permit or lease, is capable of registration by the minister if the transfer conveys



- (a) the whole of the permit or lease;
  - (b) a specified undivided interest in a permit or lease; or
  - (c) a part of the location contained in the permit or lease.
- (4) The minister shall refuse to register a transfer submitted for registration if the minister does not approve of the transfer under subsection (2).
- (5) The minister may refuse to register a transfer submitted for registration if
- (a) it is not executed by the transferor and the transferee in a manner and accompanied by proof of execution satisfactory to the minister;
  - (b) an undivided interest conveyed is less than 1% undivided interest in the permit or lease;
  - (c) the prescribed fee is not paid;
  - (d) the transferee does not submit for filing with the director an official mailing address; or
  - (e) all arrears, including but not limited to royalty, have not been paid.
- (6) Where a transfer is executed by an attorney or agent, proof of the authority of the attorney or agent in a form satisfactory to the minister shall be submitted to the director.
- (7) Before a transfer may be registered, the transferor's copy of the permit or lease shall be submitted to the director whereupon the director may
- (a) retain the permit or lease where the whole of the permit or lease is transferred; or
  - (b) amend the permit or lease to reflect the new interest of the transferor where an undivided interest or part of a location of a permit or lease is transferred.
- (8) Upon the registration of a transfer, the transferee becomes the permittee or lessee with respect to the permit or lease, the undivided interest in the permit or lease, or the part of the location so transferred.
- (9) Upon the registration of a transfer, the legal interest conveyed in that transfer passes to the transferee and the registered transfer is valid against and has priority over an unregistered transfer.
- (10) Insofar as a transfer affects the Crown, the transfer shall be considered to take effect from the time of its registration.

22/91 s57

### **Registration of transfer**

**58.** Upon the registration of the transfer of a permit or lease or of a specified undivided interest in a permit or lease, the transferee becomes entitled to the transferor's right to a deposit or security furnished by the transferor to the minister or director in respect of that permit or lease under these regulations.

22/91 s58

### **Transfer of part of location**

**59.** Where the minister registers a transfer of a part of a location described in a permit or lease, the minister shall

- (a) amend the description of the location accordingly; and
- (b) issue a new permit or lease for the part transferred upon terms identical to that of the original permit or lease.

22/91 s59

### **Improper registration**

**60.** The minister may rectify or cancel a registration which by error or inadvertence was improperly registered.

22/91 s60

### **Preference of local labour, goods and services**

**61.** (1) Every reference to "goods" in these regulations includes, significant structures, construction materials, plant equipment and all other facilities required by an interest holder in its petroleum operations.

(2) When acquiring goods and services for work relating to petroleum operations, an interest holder shall give first consideration to

- (a) goods manufactured in the province or, where not so manufactured, provided from within the province; and
- (b) services provided within the province,

but only if the goods and services are competitive in terms of fair market price, quality and delivery.

22/91 s61

### **Hiring practices**

**62.** When hiring employees and contractors, an interest holder shall give first consideration to qualified persons ordinarily resident in the province.

22/91 s62

### **Compliance to be enforced**

**63.** An interest holder shall require and ensure that its contractors and subcontractors comply with sections 61 and 62.

22/91 s63

## **Responsibility continued**

**64.** A provision of these regulations does not relieve an interest holder and its contractors and subcontractors of their responsibility for the selection of employees, goods and services.

22/91 s64

## **Force majeure**

**65.** (1) For the purposes of this section, "force majeure" includes an act of God, strike, lock-out, act of a public enemy, war, blockade and civil disturbance.

(2) The rights and obligations of the province and an interest holder may be suspended for a period of time where a condition of force majeure exists.

(3) Where the minister and an interest holder agree that a condition of force majeure exists, they shall decide on the period for which rights or obligations will be suspended.

(4) Where the minister and an interest holder do not agree that a condition of force majeure exists, section 68 applies to the dispute.

(5) Where rights or obligations are suspended by force majeure, an interest holder's licence, permit or lease subject to the force majeure shall be extended for a period of time equal to the duration of the suspension caused by the force majeure.

22/91 s65

## **Compliance with laws**

**66.** An interest holder shall comply with the Act, the regulations and other Acts of the province that prescribe, apply to or affect the rights and obligations of an interest holder or relate to or affect the interest holder's operations or activities.

22/91 s66

## **Indemnity**

**67.** An interest holder shall keep the province indemnified against

(a) all actions, claims and demands brought or made against the province by reason of anything done by the interest holder or other person in the exercise or purported exercise of the rights conferred under a licence, permit or lease; and

(b) all losses, damages, costs, charges and expenses that the province sustains or incurs in connection with an action, claim or demand referred to in paragraph (a).

22/91 s67

## **Arbitration**

**68.** (1) Where an interest holder disputes a decision of the minister made under sections 46, 65 and 69, that dispute shall be referred to arbitration by 3 arbitrators, one to be appointed by the minister, one to be appointed by the interest holder disputing the minister's decision and the third to be appointed by the other 2 arbitrators.

(2) The *Arbitration Act*, where not inconsistent with the Act or these regulations, applies to an arbitration held under this section.

22/91 s68

## **Termination and cancellation of an exploration licence, permit or lease**

**69.** (1) Notwithstanding sections 28 and 44, an interest holder may, upon 30 days written notice to the minister, terminate a licence, permit or lease.

(2) Notwithstanding subsection (1), where a licence, permit or lease is terminated under subsection (1), the interest holder is liable for outstanding royalties, taxes and other levies due to the province and for damage to persons, property or the environment resulting from the petroleum operations of the interest holder.

(3) Where a lessee terminates a lease, the minister may require the lessee to transfer to the province or the province's nominee, all production and transportation facilities on the lease area that may be required for continued production from the lease area, at fair market value, as agreed by the parties or, failing that agreement, as determined by arbitration under section 68.

22/91 s69

## **Permit or lease may be issued**

**70.** Notwithstanding other provisions of these regulations, a notice given under section 69 shall give the minister the right, from the date of receipt of the notice, to issue a permit or lease for all or a part of the same area, effective at the termination date set out in the notice.

22/91 s70

## **Cancellation of licence permit or lease**

**71.** The minister may, with the approval of the Lieutenant-Governor in Council, cancel a licence, permit or lease

(a) if an interest holder fails to comply with the obligations under the Act, the regulations or terms and conditions of the licence, permit or lease and has not remedied the non-compliance after having been given notice of an intended cancellation under section 72; or

(b) if an interest holder becomes insolvent or has been declared bankrupt or committed an act of bankruptcy.

22/91 s71

### **Notice of cancellation**

**72.** (1) Where the minister proposes to cancel a licence, permit or lease, the minister shall give the interest holder at least 90 days written notice stating in full the reason for the intended cancellation.

(2) If, within 90 days of the receipt of a notice under subsection (1), the interest holder remedies the reason for the intended cancellation, the minister shall revoke the intended cancellation.

22/91 s72

### **Guidelines**

**73.** (1) The minister may issue guidelines in respect of these regulations.

(2) Guidelines issued under subsection (1) shall be considered not to be subordinate legislation for the purposes of the *Statutes and Subordinate Legislation Act*.

22/91 s73

### **Fees**

**74.** The fee for the issuance of an exploration licence, the fee for the issuance of an exploration permit or lease and the fee for registering a transfer shall be prescribed by the minister.

22/91 s74

### **Repeal**

**75.** The Newfoundland and Labrador Petroleum Regulations, 1991, Newfoundland Regulation 22/91, are repealed.