

GOVERNMENT NOTICE NO. 5

TRINIDAD AND TOBAGO

THE PETROLEUM ACT, 1970

REGULATIONS

MADE BY THE GOVERNOR-GENERAL UNDER SECTION 29 OF THE PETROLEUM ACT, 1970

THE PETROLEUM REGULATIONS, 1970

1. These Regulations may be cited as the Petroleum Regulations, 1970. Citation

2. In these Regulations—

Definitions
No 46 of 1969

- (a) "Act" means the Petroleum Act, 1969;
- (b) "barrel" means a unit of volume equal to forty-two United States gallons;
- (c) "crude oil" means petroleum in the liquid state;
- (d) "Effective Date" means the date on which a licence comes into force;
- (e) "peddling", or "peddling operations" means small wholesale transactions of less than 600 Imperial gallons of refined petroleum products other than gasoline;
- (f) "well" means any borehole drilled or sunk for any purpose and all works connected with, adjacent to, and belonging to the borehole.

Licences for Petroleum Operations

3. (1) Subject to para (2), the licences that may be issued to persons to engage in petroleum operations shall be—

Licences for
petroleum
operations

- (a) an Exploration Licence;
- (b) an Exploration and Production (Public Petroleum Rights) Licence;
- (c) an Exploration and Production (Private Petroleum Rights) Licence;
- (d) a Refining Licence;
- (e) a Liquefaction of Natural Gas Licence;
- (f) a Pipe-Line Licence;
- (g) Transportation (other than by pipeline) Licence
- (h) a Marketing Licence, in respect of any one of the following operations:—
 - (i) wholesale,
 - (ii) peddling, or
 - (iii) retail transactions at petrol filling stations;
- (i) a Petrochemical Licence.

(2) A person who desires to operate as a contractor or agent of a licensee for the purpose of carrying out activities prescribed by Order made by the Minister and published in the *Gazette* directly connected with petroleum operations carried out by such licensee, shall himself obtain a licence for such purpose.

Orders as to
competitive
bidding

4. (1) Where the Governor-General has, under section 10 of the Act determined that an area shall be subject to competitive bidding, the Minister shall make an Order to that effect and such Order shall be published in the *Gazette* and in at least one daily newspaper circulating in Trinidad and Tobago.

(2) The Order shall, in respect of each area declared by the Governor-General to be open for competitive bidding, specify the geographical description, the period during which the bids may be presented and any other conditions and details which the Minister may consider proper for the purpose.

(3) The Minister may, at his discretion, make a charge for any relevant information supplied by him.

Procedure
on competi-
tive bidding

5. (1) A person wishing to participate in bidding shall submit his proposals to the Minister in such form and within the period provided for by the Order.

(2) The Minister after examining the proposals received shall after consulting with the Minister of Finance select therefrom the proposals he considers to be in conformity with the interests of the country having due regard to all relevant factors, save that the Minister may where he thinks fit reject all proposals.

Form of Application for Licences

Form and
contents of
application
for licences

6. Every application for a licence shall be made in writing addressed to the Minister, and shall contain the following particulars:—

- (a) the name, nationality, place of business and nature of business of the applicant, and if the place of business is outside Trinidad and Tobago, the name, nationality and residence of a duly authorised agent in Trinidad and Tobago;
- (b) type of licence for which application is made;
- (c) in relation to applications for a Refining Licence, the project of all the refining installations proposed with all necessary supporting plans and exhibits, including a site plan in respect of the refining and auxiliary installations, together with evidence that such planning permission as may be necessary under the Town and Country Planning Ordinance, 1960 has been granted;
- (d) in relation to:—
 - (i) the construction of new retail marketing stations, or
 - (ii) any substantial modifications to an existing station, that prior permission has been obtained from the appropriate authorities and submitted to the Minister, ensuring compliance with all the statutory provisions in respect of traffic, town and country planning, public health and other relevant enactments;
- (e) where applicable, a description of the site or project as the case may be, illustrated by a plan or map to be prepared to such scale as the Minister may require, of the situation, boundaries and area of the parcels of land with respect to which the application is submitted and in the case of any land referred to in section 2 (3) of the Act such other particulars as may be required in order to identify them;

- (f) where applicable, a description of the operation intended to be carried out including the methods to be used, the capacity of the plant and nature of products produced, and a copy of the relevant feasibility study and a statement indicating the source or sources from which the petroleum or products or both, will be obtained and analyses of these substances;
- (g) a statement of the capital investment involved and evidence in such detail as the Minister may require, as to the applicant's financial and technical competence for undertaking the operation applied for, and his ability to obtain the requisite personnel and equipment;
- (h) in relation to applications for a licence under regulation 3(1)(h)(iii) any relevant agreement between the applicant and the Marketing Licensee for wholesale operations;
- (i) in relation to applications for a Pipe-line Licence for the installation and operation of a new trunk pipe-line, the route, the length, the diameter and other particulars (to be shown on a map) of the proposed pipe-line, its boundary lines, the names of the owners of the land over which it would pass, the location of pumping and terminal stations and their capacities, the estimated cost of construction and such other information as may be necessary in order to make clear the purpose and the nature and specifications of the pipe-line.

7. If before the application is granted or refused, a change occurs in respect of any of the particulars contained in the application, such change shall forthwith be brought to the notice of the Minister by the applicant.

Notice of change of particulars in application

8. An application for an Exploration and Production (Private Petroleum Rights) Licence shall contain the registered numbers of the documents evidencing title to the Private Petroleum Rights concerned.

Documents as to title required for certain licences

9. Except in the case of an application for a licence in accordance with section 37 of the Act, and any application for the renewal of any licence there shall be sent with each application a fee of three hundred dollars. If the application is refused, the Minister shall refund to the applicant one-half of the fees thus paid.

Fee on application

10. (1) The holder of an Exploration and Production Licence or a Refining Licence is required to apply for a Pipe-line Licence only if the pipe-line which he proposes to lay extends beyond the area covered by his licence.

(2) Where any length of a pipe-line is to be laid along or across a road, waterway or railway, or upon or under the surface of the sea or in the vicinity of a harbour, the Minister shall consult with the appropriate Government Ministry or Department or Statutory Authority with a view to ensuring that the road, waterway, railway, sea or harbour is not thereby rendered unsafe contaminated or polluted.

(3) Where in the case of an application for a licence under regulation 3(1)(h)(iii) the Minister or any other Government Ministry or Department or a Statutory Authority has objection to a proposed station site forming the subject of the application, the Minister shall reject it.

Limitations
as to size
and position
of areas

11. In relation to Exploration and Production (Public Petroleum Rights) Licences, except where special exemption is granted by the Minister—

- (a) no application shall be considered in respect of an area less than five hundred acres in extent;
- (b) in no case shall an area in excess of five blocks of eighty-five thousand acres each be granted under one licence;
- (c) every grant of such licence shall be in respect of contiguous blocks.

Pipe-lines

Permission
to survey for
laying pipe-
lines

12. Any person desiring to construct a pipe-line for the purpose of conveying petroleum or petroleum products or other substances prescribed by Order shall apply to the Minister for permission to carry out a topographical or other survey with a view to selecting the route of the proposed pipe-line.

Duration

Terms of
certain
licences

13. (1) The term for which an Exploration Licence shall be granted shall not exceed three years, but may be renewed from time to time for any one period not exceeding three years at the discretion of the Minister as to the whole or part of the area included in the licence.

(2) The term for which an Exploration and Production (Private Petroleum Rights) Licence may be granted shall be twenty years, subject to renewals for successive periods of twenty years.

(3) The term for which an Exploration and Production (Public Petroleum Rights) Licence is granted shall be six years, but the licence may be renewed for a term of twenty-five years as to a part of the original area as hereinafter provided on application by the licensee not less than one hundred and eighty days before the expiry of the initial term.

(4) Subject to regulation 87 during the first three years of the six-year period referred to in regulation 13(3), exploration operations shall not be suspended for any reason except *force majeure* as defined in section 19 of the Act.

Further
renewals

14. (1) Where before the end of the twenty-third year of the renewal provided for in regulation 13(3), the licensee notifies the Minister his desire further to renew the licence, the licence shall be extended for five years from the end of the twenty-fifth year in accordance with the terms which shall be laid down by the Governor-General, in the light of the circumstances then prevailing.

(2) The Minister may grant, further five-year extensions from the end of each renewal period in the same manner as has been laid down in paragraph (1).

Special
cases of
renewals

15. (1) In the case of licences granted for refining, pipe-line or petrochemical operations, the original period shall be twenty years, but such period shall be renewed, at the licensee's request, for successive periods each not exceeding ten years.

(2) In the case of Marketing Licences granted in respect of wholesale transactions, the original period shall be ten years and in cases of peddling and retail transactions, one year. The licences shall be renewed for successive periods each of ten years and one year respectively.

16. For the purpose of regulation 15, all renewals therein provided for shall be upon such terms and conditions as may be agreed at the time of the renewal. Conditions of Renewal

17. (1) Subject to regulation 18, in the case of an Exploration and Production (Public Petroleum Rights) Licence, the licensed area shall be reduced by fifty per cent, not later than the end of the sixth year from the effective date, in accordance with this regulation. Duty to reduce by half the extent of licensed areas after six years

(2) Unless the licence is earlier surrendered, the licensee shall furnish the Minister with a description of the boundaries of the part to be surrendered not less than three months in advance of the due date of the surrender provided for in the preceding paragraph.

(3) The area to be surrendered shall consist as far as practicable of rectangular blocks bounded by lines running either due North and South or due East and West in a manner to be specified in the licence.

(4) The provisions of paragraph (3), shall apply where a licensee voluntarily surrenders a part of the area of his operation in the exercise of his rights of partial determination of his licence.

18. (1) The Minister may, where he considers it to be in the public interest, allow the surrender of a lesser portion of the original area than the area specified in regulation 17. Saving as to surrender provisions

(2) Where the original area does not exceed five thousand acres, no reduction of the area shall take place.

Applications for Licences, &c.

19. On receipt of an application for a licence in respect of any petroleum operation, the Minister shall cause notice of such application when published in the *Gazette* to be sent to the District Revenue Officer of such Ward or Wards to which the application relates. The notice shall be exhibited for three weeks in a conspicuous place at the office of the District Revenue Officer. Publication of application

20. (1) The Minister shall cause a petroleum register to be instituted and maintained in the Ministry of Petroleum and Mines for the registration of all applications for, and the grant, assignment, renewal, surrender, termination and revocation of licences and other particulars relating thereto. Petroleum register

(2) The petroleum register shall contain a record of any court decisions, arbitration awards, deeds or instruments of any kind relating to petroleum rights.

21. The Minister shall as soon as possible after the grant, assignment, renewal, surrender, termination, or revocation of any licence cause to be published notice of the fact in the *Gazette* stating the name of the holder of the licence, or of the assignee, and location of the area. Notification of grant, renewal, surrender, &c., of licences

Grant and Form of Licences

22. (1) Subject to paragraphs (2) and (3), upon the issue or renewal of any licence (other than a licence under regulation 3 (1) (g)) a fee of two thousand dollars shall be payable, except that in the case of an application for a licence in accordance with section 37 of the Act, no fee shall be payable. Fees

(2) In the case of a licence under regulation 3(1)(h)(iii) the fee shall be based on the annual total sales of all grades of gasoline for the immediately preceding year and shall be as follows:

- (a) for sales in excess of 240,000 Imperial Gallons ... \$200.00
 (b) for sales between 120,000 and 240,000 Imperial Gallons 100.00
 (c) for sales less than 120,000 Imperial Gallons ... 50.00

(3) In the case of a marketing licence for peddling operations, the fee shall be fifty dollars.

Terms of licences

23. Each licence shall contain such terms and conditions as the Minister may, subject to the provisions of the Act and these Regulations, consider necessary.

Time limit for issue of licences

24. If a licence is not executed within one hundred and eighty days of the approval of the application, the right of the applicant to such licence shall be deemed to have lapsed, unless the delay is not due to the fault of the applicant.

Issue of licences in private petroleum rights

25. Unless the Governor-General otherwise determines, where petroleum rights which form the subject of an application are private petroleum rights, the Minister shall, subject to any other enactment, issue an Exploration and Production (Private Petroleum Rights) Licence.

Common carrier pipe-lines

26. (1) A pipe-line constructed in exercise of rights granted under an Exploration and Production or a Refining Licence that extends beyond the licensed area, or any pipe-line constructed outside the area provided for by an Exploration and Production or a refining licence may, in the discretion of the Minister, be declared a Common Carrier Pipe-line.

(2) In the case of pipe-lines declared to be common carriers, the Minister shall, by Order provide for the manner in which, and the terms and conditions subject to which, such pipe-lines may be utilized for the conveyance of suitable substances by the general public.

Joint use of certain pipe-lines

27. (1) Where a pipe-line, not being one declared a Common Carrier Pipe-line, has surplus capacity available and a licensee other than the owner thereof desires to utilize such surplus capacity the owner shall enter into negotiations with such licensee with a view to permitting such utilization upon terms and conditions agreed upon.

(2) In the absence of agreement the matter shall be referred to the Minister. If the Minister is satisfied that the pipe-line can, without prejudicing its proper and efficient operation for the purposes of meeting the owner's requirements for which the pipe-line was designed, transport the requirements of the other licensee, then the Minister shall determine by Order the terms and conditions under which such other licensee may utilise the pipe-line.

Assignment

Provisions as to assignments

28. (1) Unless the licence otherwise provides, an assignment or transfer to another person of the rights acquired and the obligations undertaken shall not be valid without the previous consent in writing of the Minister, and any assignment or transfer made without such previous consent shall be null and void and may result in forfeiture of the licence.

(2) An application by a licensee for consent to assign or transfer shall be made in writing to the Minister and shall be accompanied by a fee of one hundred dollars. The applicant shall furnish together with the application the same information in respect of the proposed assignee as is required to be furnished in the case of applications for a licence.

29. (1) Where a licensee applies for the Minister's consent to the assignment of a licence to a non-resident company the Minister shall make it a condition that the said company shall observe the provisions of these Regulations concerning the establishment of a branch or agency in Trinidad and Tobago. Additional provisions as to assignments

(2) The Minister may in his discretion approve or refuse the application for assignment or transfer.

(3) The assignment or transfer of a licence shall not in any way absolve the assignor or transferor from the obligations undertaken by him under the licence except to the extent to which such obligations are in fact performed by the assignee or transferee.

Operators Rights

30. No exploration operations shall be carried out in the areas mentioned below— Exclusion of certain areas from exploration

- (a) areas in which operations shall be prohibited by the Government for reasons of public interest or security. The Minister shall cause to be published in the *Gazette* from time to time the necessary notice for the identification of such areas;
- (b) areas occupied by towns, buildings, roads, cemeteries and other public purpose installations.

31. There shall be specified in every licence such of the following acts and other things that a licensee may do in connection with the petroleum operations carried on by him in submarine areas or on land that he has acquired within the licensed area, as are appropriate to such licence— Acts and things which may be done by a licensee

bore, dig, sink, drive, construct, make, use, maintain, operate and administer all such boreholes, pits, shafts, drifts, levels, excavations, dams, drains, watercourses, plants, tanks, reservoirs and other storage facilities, gas-oil separators, refineries, topping plants, casing head gasoline plants, sulphur plants and other facilities for searching for, producing, refining and otherwise treating Crude Oil and Natural Gas, pipe-lines, pumping stations, power houses, power stations, power lines, telegraph, telephone, radio and other communication facilities, factories, warehouses, offices, houses, buildings, ports, docks, harbours, piers, jetties, dredgers, breakwaters, submarine loading lines, and terminal facilities, vessels, conveyances, railways, tramways, roads, bridges, ferries, airways, airports and other transport facilities, distribution and marketing facilities, garages, hangars, workshops, foundries and repair shops and all ancillary services required for the purposes of or in connection with authorized operations and all such further and other rights and powers as are or may become necessary or reasonably incidental to the carrying out of operations, it being understood that the erection of any railway lines, ports, aviation and telecommunication facilities, and power stations shall require the previous consent in writing of the authorities concerned.

- Right of licensee to petroleum won 32. Subject to the limitations provided for in the Act and these Regulations a licensee shall have the right to, export all petroleum, petroleum products and petrochemicals won, saved or manufactured from the licensed area and to sell the same, whether in Trinidad and Tobago or abroad.
- Use of water on Crown Land 33. The licensee may, for the purposes of his operations, appropriate and use, free of charge with the approval of the Water and Sewerage Authority but subject to third party rights, any water which he may find on or within Crown Lands and submarine areas situated in the area covered by his licence.
- Power of licensee to enclose leased land 34. Where the licensee obtains a lease for the purpose of occupying for his exclusive use parts of the licensed area, parcels of land so acquired may be enclosed with a fence, but nothing in these Regulations shall affect the right of entry by the Minister for any of the purposes of the Act and these Regulations.
- Notice as to cutting and felling trees 35. Before occupying any land as prescribed in the preceding regulation or clearing any land as prescribed in regulation 36, the licensee shall give at least one month's notice to the Sub-Intendant of Crown Lands. If the latter shall have a valid objection to the proposed occupation or clearing, such objection shall be notified to the licensee in writing not later than twenty-one days from the date of receipt of the notice. If the licensee disputes the objection, this shall constitute a dispute which shall be referred to arbitration as provided for in the Act.
- Cutting or felling timber 36. Where a licensee exercises any right, power or privilege to clear any Crown Land by cutting or felling any undergrowth or timber for the purpose of carrying out petroleum operations he shall comply with the provisions of the Crown Lands Forest Produce Rules set out in the Appendix to the Laws of Trinidad and Tobago, 1950, Volume IX.
- Surrender of portion of licensed area for public purposes 37. The licensee shall, if requested so to do by the Minister, relinquish without compensation, any rights he may hold with respect to a part of the surface of the licensed area, not exceeding in the aggregate one-tenth, of the licensed area, required reasonably for public purposes, provided that if he proves to the Minister's satisfaction that the relinquishment of such lands would seriously interfere with his actual or proposed operations, the request for relinquishment shall be withdrawn.
- Sale or lease of portion of licensed area 38. (1) Where the Sub-Intendant of Crown Lands deems it expedient at any time to sell or lease the surface of any portion of Crown Lands included in a licensed area, notice in writing of such intention shall be given to the licensee.
- (2) Where the licensee considers that his rights under the licence would be prejudicially affected by the proposed sale or lease, he shall so inform the Sub-Intendant, and in the absence of agreement the dispute shall be submitted to arbitration as provided for in the Act.
- Land leases to enable conduct of submarine operations 39. (1) In the case of a licence relating to submarine areas, if the licensee reasonably needs to occupy a parcel of Crown Lands for the purpose of carrying out his submarine operations, the Minister shall, on receiving an application therefor from the licensee, cause a lease to be granted in consideration of a surface rent.

(2) Where such parcel of land is privately owned and the provisions of Part II of the Act are applicable the licensee shall take such steps thereunder to secure the grant of the lease.

40. A licensee shall be entitled, subject to the payment of any customary and non-discriminatory dues, charges or fees, to use Government ports, harbours, piers, docks and other facilities, where such utilization is necessary for the purpose of carrying out his operations. Use of ports and other facilities

41. Natural Gas produced and utilized by an Exploration and Production (Public Petroleum Rights) Licensee in refining or petrochemical operations, shall be deemed gas sold by the licence for the purpose of royalty assessment at a price which shall be determined in accordance with regulation 69. Natural gas used in refining by the producer

General Obligations

42. (1) A licensee shall perform such of the general obligations specified in paragraph (2) in his licence. General Obligations of licences

(2) A licensee shall:—

- (a) in land areas, erect forthwith and at his own expense, and at all times maintain in repair visible boundary marks and pillars according to the description of the licensed area;
- (b) carry out his operations with due diligence and act in accordance with sound petroleum industry practice in the conduct of all operations and ensure that all installations, apparatus, boreholes and wells are maintained in good condition;
- (c) ensure that operations do not unreasonably interfere with other activities in the area, and, in the case of operations in submarine areas, care shall be taken to avoid pollution of the seas, beaches or tidal rivers to ensure that navigation, agriculture, fishing, authorised scientific researches, and conservation of the living resources of the sea are not unjustifiably hindered, and likewise that no damage is caused to submarine cables and pipe-lines;
- (d) maintain appropriate and proper records containing full data of all operations;
- (e) keep in Trinidad and Tobago correct and intelligible books and accounts in a form from time to time approved by the Minister of—
 - (i) the quantities of petroleum won and saved from the licensed area;
 - (ii) the quantity of petroleum acquired otherwise than in circumstances described in subparagraph (e) (i) above;
 - (iii) the disposal of petroleum, including,
 - (A) petroleum used for the purposes of carrying on drilling and production operations and pumping to field storage within the licensed area;
 - (B) petroleum exported with the name and address of the buyer, the quantity supplied to each buyer, the price or other consideration and the destination thereof;
 - (C) petroleum delivered to each local refinery and the price therefor;
 - (D) petroleum delivered to natural gasoline plants and the products recovered therefrom;

- (E) petroleum otherwise disposed of and the manner of its disposal;
- (iv) the methods and results of tests made on petroleum and petroleum products;
- (v) such other particulars as the Minister may from time to time direct;
- (f) minimise the employment of foreign personnel, ensure that such employees are engaged only in positions for which the operator cannot after reasonable advertisement in at least one daily newspaper circulating in Trinidad and Tobago, find available nationals of Trinidad and Tobago having the necessary qualifications and experience; determine the rules of employment including salary scales in such manner as to ensure that all employees in the same category enjoy equal conditions irrespective of nationality;
- (g) prepare, in consultation with the Minister programmes for industrial and technical education and training, including the grant of scholarships, and carry such programmes out diligently with a view to training nationals of Trinidad and Tobago to replace foreign personnel as soon as reasonably practicable and to afford nationals of Trinidad and Tobago every possible opportunity for occupying senior positions in the operations of the licensee;
- (h) exercise all possible care in order to avoid causing any unnecessary damage to the surface of the licensed area or to trees, crops, buildings, structures and property thereon;
- (i) pay reasonable compensation for any loss, damage or injury which may be caused by him, or by his agents or servants, to any other person in respect of such person's rights of any description;
- (j) keep the Minister indemnified at all times against any action, claim or demands of whatever nature which may be brought against the Minister by any third party in relation to any matter arising out of the exercise of the rights granted by the licence;
- (k) comply with all instructions issued from time to time by the Minister that are reasonably necessary for securing the health, safety and welfare of persons employed for the purpose of operations;
- (l) enable authorised representatives of the Minister at all reasonable times to inspect the operations carried out under the licence and to execute any works which the Minister may be entitled to execute in accordance with the provisions of the licence. Such authorised person may make abstracts or copies of any records, maps, accounts and other documents which the licensee is required to keep in accordance with the provisions of his licence. Such inspections shall not be carried out in such manner as unduly to hinder or affect adversely the operations being conducted by the licensee;

- (m) have regard at all times in the conduct of operations to the public interest and to the rights and interests of Trinidad and Tobago.

Technical Obligations

43. A licensee shall observe the following requirements where applicable:— Technical obligations of licensee
- (a) no geophysical activity, drilling, re-drilling, deepening or plugging of a borehole or well or any perforation of the casing shall be commenced unless notice is given to the Minister specifying the location of the survey area, borehole or well and his prior approval obtained;
 - (b) no fixed installation such as gathering stations, tanks, steam generating equipment and meters shall be erected unless prior notice thereof is given to the Minister and his approval obtained;
 - (c) the notice specified under paragraphs (a) and (b) shall be given at least twenty-one days before the commencement of such activities. Where no reply to such notice has been given by the Minister during the twenty-one-day period, the application shall be deemed to have been approved;
 - (d) in granting his approval as required by paragraphs (a) and (b), the Minister shall have regard to public and other reasonable requirements arising out of the existence of any street, square, road, beach, pipe-lines or other right of way, dwelling, industrial plant, public buildings, church or other place of worship;
 - (e) in the case of lands the surface of which is not occupied or which is not required for public purposes all boreholes shall be so drilled as to be substantially vertical; any material deviation from the vertical shall require the prior written approval of the Minister;
 - (f) in the case of lands the surface of which is occupied or required for public purposes, directional drilling from adjoining lands within the licensed area shall be authorised by the Minister on such conditions as he considers appropriate;
 - (g) except with the previous consent in writing of the Minister, no borehole or well shall be drilled so that any part thereof is within a distance of three hundred feet from the boundaries of the licensed area on land and six hundred feet from the boundaries of the licensed area in submarine area;
 - (h) the licensee shall exert his utmost efforts to develop any discovered fields to the maximum extent consistent with good petroleum industry practice and in particular observe sound technical and engineering principles regulating the conservation of the deposits of hydrocarbons, in preventing damage to adjoining petroleum bearing strata, in controlling the flow, in preventing the escape or waste of petroleum discovered, in preventing the entrance of fluids through wells into petroleum bearing strata except in approved fluid injection operations and in protecting water bearing strata encountered in the course of drilling;
 - (i) all petroleum processing arrangements and contracts shall be reported to the Minister, who may, upon examining such arrange-

ments and contracts and inspecting the related plants and analyses, call upon the licensee to alter any practices which he considers to be contrary to the public interest;

- (j) all petroleum won and saved from the licensed area shall be measured or weighed by a method or methods customarily used in good oilfield practice and from time to time approved by the Minister;
- (k) the licensee shall not make any alteration in the method or methods of measurement or weighing used by him or to any appliances used for the purpose without the consent in writing of the Minister, and the Minister may in any case require that no alteration shall be made save in the presence of a person authorised by the Minister;
- (l) the Minister may from time to time direct that any weighing or measuring appliance shall be tested or examined in such manner, upon such occasions or at such intervals and by such persons as may be specified by the Minister's direction and the licensee shall pay to any such person or to the Minister such fees and expenses for the test or examination as the Minister may specify;
- (m) where any measuring or weighing appliance is upon any such test or examination as is mentioned in the last foregoing paragraph, found to be false or unjust, the same shall, if the Minister so determine after considering any representations in writing made by the licensee, be deemed to have existed in that condition during the period since the last occasion upon which the same was tested or examined pursuant to the last foregoing paragraph;
- (n) where any mineral not specified in the licence is discovered on or within any of the lands described in the licence, the licensee shall report the same to the Minister without delay;
- (o) representative samples of the seabed, strata, petroleum, water or other minerals encountered in any borehole or well in the licensed area shall be correctly labelled and preserved for reference and testing, and where required by the Minister, representative specimens not exceeding one-half of any such samples shall be delivered to the Minister who may retain any specimen so delivered;
- (p) no borehole or well shall be abandoned and no cemented string or other permanent form of casing shall be withdrawn from any borehole or well which it is proposed to abandon without the prior consent in writing of the Minister;
- (q) before the expiry or determination of a licence, the licensee shall, unless the Minister otherwise determines, plug all wells drilled by him. Such plugging shall be done in accordance with specifications from time to time approved by the Minister;
- (r) the Minister may require in every case where the licensee intends to abandon a borehole or well from which potable water can be produced or which may be used for any public purpose that such borehole or well be transferred in ownership to the

Water and Sewerage Authority without the payment of any compensation. The licensee shall be relieved of all liability in respect of such borehole or well and the supply thereof as from the date of such transfer, without prejudice to any rights or obligations which may have arisen before such date;

- (s) the licensee shall take all reasonable precautions and safety measures to prevent the occurrence of blow-out and fire, to ensure that water resources are not damaged or contaminated by the escape of petroleum or other material used in the course of operations, to take care that gas is not liberated in such manner as to cause pollution of the surrounding air, and to prevent all waste. Without prejudice to the generality of the foregoing he shall strictly observe such Orders and directions thereon as are promulgated by the Minister from time to time;
- (t) where at any time during the currency of a licence the Minister finds that the strata in the licensed area, in whole or in part, form part of a single reservoir in respect of which other licences are in force, and the Minister considers that it is in the public interest, in order to secure the maximum ultimate recovery of petroleum and to avoid unnecessary competitive drilling, that the reservoir should be worked as a unit with the co-operation of all concerned, the following provisions shall apply:—
 - (i) the licensees concerned, who shall be determined by the Minister, shall, upon being so required in writing by the Minister, co-operate in order to prepare a programme for the working of the reservoir as a unit, and shall jointly submit such programme to the Minister for approval;
 - (ii) where a programme is not submitted to the Minister within the time which the Minister has fixed, or a programme is submitted to, but is not approved by, the Minister, the Minister shall himself prepare a programme and shall communicate it to the licensees to be put into effect;
 - (iii) where one or more of the licensees object to the programme prepared by the Minister, he or they may, within twenty-eight days of receipt of the programme submit the matter to arbitration in accordance with the procedure prescribed in the Act,

and the provisions of this paragraph shall apply where relevant also in the case of Exploration and Production (Private Petroleum Rights) Licences;

- (u) a Refining Licence or Petrochemical Licence shall contain a condition to the effect, that the licensee shall give preference in his operations to the processing of indigenous petroleum and (where it is shown to be in the public interest and economically feasible) to the manufacturing of such petroleum products or petrochemical products or both as are required for domestic consumption;
- (v) the Minister may require a Refining Licensee to undertake to deliver to the Government at current wholesale prices such reasonable part of any particular product manufactured by him

as may be required for domestic consumption, save that no licensee shall be required to supply such product in quantities exceeding ten per cent of the total quantity manufactured by him.

WORK OBLIGATIONS

Exploration and Production (Public Petroleum Rights) Licence

- Expenditure obligation** 44. The Licensee shall be required to spend on exploration operations during the first three years a minimum sum annually (hereinafter referred to as "the expenditure obligation") to be determined in the case of each licence by agreement between the Minister and the licensee, and to be specified in the licence.
- Guarantee as to expenditure obligation** 45. (1) The licensee shall be required to deliver to the Minister on the effective date a guarantee in the form of a bond or banker's guarantee acceptable to the Minister, for the total amount of the expenditure obligation stipulated.
(2) The amount of such bond or guarantee shall be reduced at the end of each twelve-month period by the actual exploration expenditure of the period upon presentation of all technical data obtained from the surveys made and the interpretation thereof as well as data and results from any other work performed thereon.
- Report of expenditure to be made to the Minister** 46. (1) Within sixty days after the end of each twelve-month period, the licensee shall report to the Minister his actual expenditure during the said period, in such detail and together with such supporting evidence as the Minister may require.
(2) Sums overspent in any annual period may be carried forward for the purpose of set off against what would otherwise have been the annual expense obligation for succeeding years.
- Shortfall in expenditure obligations** 47. At the end of the first three-year period and of any other subsequent period there shall be determined the sums which the licensee has spent up to that date and one-half of any amount by which the said sum may fall short of the relevant expenditure obligation shall be forfeited to the Government and is recoverable summarily as a civil debt.
- Time limit for commencement of exploration** 48. (1) Exploration operations on a scale that has been agreed between the Minister and the licensee and specified in the licence shall be commenced by the licensee not later than one year from the effective date.
(2) A licensee who fails to comply with the requirements of paragraph (1) is liable to the termination of his licence at the discretion of the Minister.
- Maximum period for commencing drilling** 49. (1) Within such maximum period from the effective date as is determined as appropriate and specified in the licence, the licensee shall commence the drilling of at least one well.
(2) A licensee who fails to comply with the requirements of paragraph (1) is liable to the termination of his licence at the discretion of the Minister.
- Duty to produce petroleum on discovery in commercial quantities** 50. Where a person who is the holder of an Exploration and Production Licence finds petroleum in commercial quantities it shall be produced without unreasonable delay, and production shall continue without interruption, unless the Minister is satisfied that the interruption is justified for technical or other reasons.

51. (1) Subject to regulation 52, an Exploration and Production Licensee shall obtain a Refining Licence and commence the erection in Trinidad and Tobago of a refinery with a minimum crude oil through-put capacity of at least fifty per cent of the aggregate average daily production where the aggregate average daily production of crude oil from all licensed areas held by such licensee— Duty to refine locally

- (a) amounts to one hundred thousand barrels per day (such amounts of crude being assessed in the manner determined by the Minister by Order); or
- (b) exceeds fifty thousand barrels per day and the aggregate proven reserves underlying all licensed areas held by the said licensee are sufficient to support continuation of aggregate average daily production of one hundred thousand barrels per day for a future continuous period of seven and one-half years (such proven reserves and forecasts of future aggregate average daily production to be estimated in the manner determined by the Minister by Order).

(2) The licensee shall complete the refinery and put it into efficient working order with due diligence and dispatch, but in any event within three years from the date on which the site of such refinery was finally approved.

(3) When there occurs, subsequent to the granting of a refining licence as provided in paragraph (1), an increase in aggregate average daily production of one hundred thousand barrels per day [all as contemplated by and determined in the manner provided in paragraph (1)] the licensee shall make approved additions to refinery capacity adequate to deal with at least fifty per cent of such increase in aggregate average daily production.

52. The Minister may, on application by a licensee, permit him, in lieu of acting as required by regulation 51, to make such other arrangements for the refining of the oil as may be considered appropriate by the Minister. Saving as to regulation 51

53. (1) A licensee whose total production does not reach the levels provided for by regulation 51 (1) (a) or in the case of regulation 51 (1) (b) the levels and the person receiving therein specified may be required to deliver his production to refineries in Trinidad. Duty to refine locally

(2) In case the producer and refiner cannot agree as to the terms and conditions of supply and processing crude oil, the matter shall be referred to arbitration as provided for in the Act.

54. The Governor-General may require a licensee to refine, or have refined in Trinidad and Tobago up to one hundred per cent of the crude oil produced by him, if the refineries in Trinidad and Tobago have available refining capacity. Power to require refining as to whole of production

Financial Obligations

55. The licensee's financial obligations towards the Treasury shall consist, where applicable, of minimum payment, rent, royalty, petroleum impost, corporation tax and other payments and each licence shall contain the specified obligations pertaining thereto. Financial obligations specified

Minimum Payments and Rental on each licence

56. Subject to regulation 58, every Exploration and Production (Public Petroleum Rights) Licensee shall pay in respect of each acre of Crown Land Minimum payments to be specified

and Submarine Area held by him from time to time throughout the period of the licence, such minimum payment at such rates as are fixed by the Minister and specified in the licence.

Payable
quarterly

57. (1) Minimum Payments shall be payable quarterly in advance within the first ten days of January, April, July and October.

(2) No refund shall become due if before the end of a quarterly period a part of the area has been surrendered.

Minimum
payment
where less
deductible
from
royalties

58. In respect of any quarterly period for which royalties become payable on a licence, where the sum of such royalties is equal to or exceeds the amount already paid as Minimum Payment for the same period, then the amount of Minimum Payment so paid shall be deducted from the royalties payable in respect of such quarterly period.

Distrain
by Minister

59. It shall be a condition specified in an Exploration and Production Licence that—

- (a) if the Minimum Payment, rents or royalties payable by a licensee, or any part thereof, remain unpaid for the period of thirty days next after the due date of payment, the Minister may enter on the lands and premises occupied by the licensee and distrain on all or any of the stock of petroleum and petroleum products and all things found in or upon the premises;
- (b) if within fourteen days after the date of the distraint, the sums due still remain unpaid, the Minister may sell all or any part of the goods so distrained, recovering therefrom the amounts due and paying the surplus, if any, to the licensee;
- (c) if the Minister acts under the foregoing provisions of this regulation he shall be indemnified by the licensee against all actions, claims, liabilities and other obligations to such licensee arising directly or indirectly from such action, notwithstanding that by any rule of law the licensee would not be so liable.

Surface
rents for
leases of
Crown
Lands

60. The licensee shall pay for all Crown Lands which he may take up on lease, use or occupy for the purpose of the licence an annual surface rent and any other payment usually applicable to such grants at such rate per acre as the Minister may fix and specify in the licence, or in the case of land that is Crown Land by reason only of section 2 (3) of the Act, at such rate per acre as may be agreed between the parties.

Royalty

Payable
quarterly

61. (1) Every Exploration and Production (Public Petroleum Rights) Licensee shall pay a royalty at a rate to be stipulated in the licence on the net petroleum won and saved from the licensed area.

(2) The basis for determining the value of petroleum for the purposes of calculating royalty payments in cash shall be arrived at in the manner specified in regulations 66, 67, 68 and 69.

Petroleum
used in
petroleum
operations
of licensee,
exempted

62. All petroleum that is proved to the satisfaction of the Minister to have been used by the licensee within the licensed area for the carrying out of petroleum operations including gas injection and other approved field operations shall be free of royalty.

63. The Minister upon the prior approval of the Cabinet, may reduce the rate of royalty specified in the licence for any period if such reduction is found necessary in the public interest.

Power of
Minister
to reduce
royalty

64. (1) The Minister may, by notice in writing of not less than ninety days elect to take petroleum in kind in lieu of the whole or part of the royalty due.

Election to
take petro-
leum instead
of royalty

(2) Such petroleum as the Minister elects to take in kind shall be delivered by the licensee free of all transportation or handling charges at any established receiving installation along the route over which petroleum is conducted from the place of production to the refinery or seaboard terminal as the Minister may direct.

(3) The Minister may require a licensee to hold such petroleum as he elects to take in kind in storage at the field or at the terminal, free of any storage charge, but not for a period exceeding thirty days.

(4) Any petroleum of which the Minister does not dispose within the period mentioned in paragraph (3) shall be deemed to have been sold to the licensee at the same prices as apply in the calculation of royalty paid in cash and the sums payable in respect thereof shall be a debt due and payable to the Treasury.

65. The methods of sampling crude oil, analysing and determining the percentage content of each component fraction contained therein shall be agreed upon between the licensee and the Minister.

Method of
sampling
crude

66. (1) Subject to regulation 68, the value of crude oil for the purpose of payment of royalties shall be the field storage value.

Value of
crude—field
storage
value

(2) The field storage value shall be calculated by aggregating the values of the volume of the component fractions in the crude oil and deducting therefrom a refining and handling allowance equal to nine per cent of such aggregate of values.

(3) The value of each fraction contained in the crude oil shall be determined by reference to the average for the quarterly period of the daily mean of the high and low prices as quoted in *Platt's Oilgram Price Service* for Gulf Coast cargo lots for refined products.

67 (1) Subject to regulation 68, the value of natural gasoline for the purpose of payment of royalties shall be its field storage value.

Value of
natural
gasoline—
field storage
value

(2) The field storage value shall be calculated by multiplying the net volume produced by the price of natural gasoline.

(3) The price of natural gasoline shall be determined by reference to the average for the quarterly period of the daily mean of the high and low postings as quoted in *Platt's Oilgram Price Service* for Gulf Coast cargo lots for 94 octane, regular motor gasoline, and by deducting therefrom the appropriate discount to be agreed between the Minister and the licensee.

68. Where the price basis for any of the component fractions or natural gasoline is not published in *Platt's Oilgram* or in any other publication acceptable to the Minister and the licensee, an equitable price shall be determined by agreement between the Minister and the licensee.

Agreement
as to prices
in certain
cases

Value of natural gas—how determined

69. (1) The value of natural gas for the purposes of payment of royalties shall be calculated by multiplying the volume required to be assessed by the following prices—

(a) in the case of transactions between different petroleum operations of a licensee, the weighted average of the actual price.

(2) For the purposes of paragraph 1(a), the actual price shall be based on the total gas sales to companies outside the petroleum producing and refining industries during the previous year, at the point of utilization or export.

Quarterly instalments of royalty payable

70. (1) Subject to this regulation on or before the 21st day after the end of each quarterly period of the year, subject to this regulation the licensee shall estimate the royalty to be paid on each licence in respect of that period and shall pay the amount thereof to the Minister after deducting the value of any petroleum taken in kind.

(2) The Minister may estimate the amount of royalty payable where,

(a) the licensee fails to make the estimate required by paragraph (1); or

(b) the Minister considers that the estimate made by the licensee is less than a proper estimate,

and upon making demand therefor in writing, of such licensee, paragraph (1) shall apply accordingly, as if the Minister's estimate was the estimate of such licensee.

(3) Where the sum of royalties payable in respect of any quarterly period on each licence is less than the amount already paid as minimum payments for that period, no royalty shall be payable on that licence in respect of that period.

Annual statement of royalties calculated and assessed on accounting period

71. (1) Within ninety days following the end of each year the licensee shall calculate for each licence, the total amount of royalty in respect of that year after deducting the value of any petroleum taken in kind and submit to the Minister a statement thereof together with any balance of royalties shown thereby to be due, or a claim for refund of any royalties shown thereby to have been overpaid.

(2) The Minister shall assess the royalties payable and any adjustment found necessary in respect of the aggregate royalty payments already made for the year in question on the basis of quarterly estimates, shall be made forthwith.

(3) In this regulation and in regulation 70 "year" means the period of twelve months commencing on the 1st January in each year.

Petroleum Impost

Petroleum impost charged

72. (1) Every licensee shall pay a petroleum impost in respect of all petroleum won and saved, at such rates as the Minister may determine by the issue of a Rating Order, which shall be published in the *Gazette* at least thirty days prior to the date on which the petroleum impost becomes payable.

(2) The Rating Order shall specify the rates of petroleum impost payable in respect of crude oil and natural gas won and saved during the year ended on the 31st day of December preceding the date on which the petroleum impost becomes payable.

73. The rates specified in the Rating Order shall be so calculated and determined as to provide in the aggregate the funds necessary to cover all the annual expenses of the Ministry of Petroleum and Mines, including salaries, pension contributions, maintenance and other expenses of or incidental to, the due administration of the Petroleum Industry.

Petroleum
impost to
cover
expenses of
administration

74. Where a licensee ceases operations before the issue of a Rating Order relating to the year in which he so ceases to operate he shall pay petroleum imposts at the rates specified in the Rating Order of the preceding year.

Impost on
cessation of
petroleum
operations

Other Payments

75. Every licensee shall be subject in respect of his income derived from petroleum operations to income tax or corporation tax or both in accordance with the rates and rules of assessment prescribed from time to time by the law relating thereto.

Licensees
liable to
income tax
and corpora-
tion tax

76. Subject to any exemptions granted by or under any enactment licensees shall be liable to the payment of import duties and excise duties.

Import and
export duties
payable but
subject to
exemptions

77. Licensees shall pay current charges and fees for any services rendered by the Government or statutory authorities to them including tolls and water and sewerage rates, and fees of general application including property taxes, documentary stamp taxes and registry, patent and copyright fees.

Usual rates
and charges
payable by
licensees

78. (1) In addition to the deposit relating to the expense obligation as set out in an Exploration and Production (Public Petroleum Rights) Licence, the licensee shall immediately upon the grant of a licence deposit with the Treasury, in the case of—

Additional
deposits

(a) an Exploration, Pipeline, Refining and Petrochemical licence the sum of twenty thousand dollars; and

(b) an Exploration and Production (Public Petroleum Rights) Licence one hundred thousand dollars,

in cash, securities or other form of guarantee acceptable to the Treasury.

(2) A deposit required by paragraph (1) shall during the continuance of operations be maintained at the full amount until such time as the Minister issues a certificate to the effect that the licensee has ceased to engage in petroleum operations and has completely discharged his obligations under the licence, whereupon the deposit or the part thereof remaining at such date plus any interest that may have accrued thereon shall be returned to the licensee.

79. The Minister may by Order determine the circumstances in which the deposit provided for in the preceding regulation may be drawn up in satisfaction of obligations and duties imposed on the licensee and the procedure by which the Treasury shall make the necessary payment out of the deposit.

Orders as to
forfeiture
of deposits

80. Minimum Payments, royalties and rents becoming due by the licensees shall be paid in Trinidad and Tobago or United States currency at the option of the Government or in any other currency acceptable to the Government.

Currency
payable in
respect of
financial
obligations

Information

- Licensees to furnish data 81. Licensees shall at their own expense prepare and furnish to the Minister, information, returns and data concerning their operations in such manner and detail as the Minister shall by Order prescribe from time to time.
- Licensees to supply maps, &c. 82. Exploration and Production Licensees shall submit within a reasonable time accurate copies of all maps, sections and reports which have been prepared, and of all electric and other logs taken during the course of operations, together with reservoir rock and fluid analyses, pressure survey data as well as all important scientific and technical data and interpretations thereof resulting from the conduct of their operations.
- Annual report by petrochemical licensee 83. Within sixty days after the end of each calendar year a Petrochemical Licensee shall furnish to the Minister a report, in such form as the Minister shall by Order prescribe containing the information listed hereunder, in respect of the preceding year—
- (a) the quantity, source and price of indigenous and foreign hydrocarbon raw materials received in the licensed area;
 - (b) the output of each licensed petrochemical product;
 - (c) the quantity, destination and price of licensed petrochemical products sold in Trinidad and Tobago and exported;
 - (d) the number, nationality, duties and remuneration of persons employed;
 - (e) such other particulars as the Minister may from time to time require.
- Monthly report of petrochemicals licensee 84. A Petrochemicals Licensee shall furnish in duplicate to the Minister on or before the fifteenth of each month, in a form from time to time approved by the Minister, a report on the progress of his manufacturing operations during the previous month. Such report shall contain statements showing—
- (a) the quantity, source and price of indigenous and foreign hydrocarbon raw materials received in the licensed area;
 - (b) the output of each licensed petrochemical product;
 - (c) the quantity, destination and price of licensed petrochemical products sold in Trinidad and Tobago and exported;
 - (d) such other particulars as the Minister may from time to time require.
- Annual return as to accounts of petrochemical licensee 85. Within sixty days after the end of each calendar year, a Petrochemical Licensee shall furnish in duplicate to the Minister a return, in such form as the Minister shall require, showing the accounts of the operations carried out during the previous year.
- Initial return on commencement of production by petrochemical licensee 86. Within ninety days after the date on which production in marketable quantities commences in relation to each plant specified in a Petrochemical Licence, the licensee shall deliver to the Minister in duplicate—
- (a) the final plans of the plant with all the necessary statements and exhibits so as to give a clear and precise idea of the process units, buildings, tanks and auxilliary installations which comprise such a plant; and
 - (b) a statement showing the final extent of the investment in fixed and other capital involved in the Construction and equipment of the plant.

Determination

87. The licensee shall be at liberty to determine his licence in whole or in part, on giving to the Minister not less than one hundred and eighty days notice in writing. Such determination shall not affect any obligations or liability imposed on or incurred by the licensee under the licence that have not been performed or discharged prior to the date of determination.

Voluntary
determina-
tion of
licence

Miscellaneous Provisions

88. (1) The Minister may grant permits for searching, digging for and mining of minerals or substances other than petroleum within licensed areas subject to the undertaking by the person so permitted that exploration or mining will not endanger or encumber or add to the cost of petroleum operations.

Power to
permit
mining for
other
minerals in
licensed
areas

(2) A licensee affected by the grant of a permit under paragraph (1) shall afford the opportunity for acquiring reasonable means of access and safe and convenient passage for the conduct of mining operations.

89. A licence for operations in submarine areas shall not confer any surface rights to the foreshore lying between high water and low water marks at ordinary spring tides, and no use shall be made thereof by the licensee, unless the authority of the Minister is obtained.

Petroleum
operation in
submarine
areas—
rights to
foreshore

90. In the case of a licence under regulation 3 (1)(h)(iii), the licensees shall sell in Trinidad and Tobago the petroleum products at prices no higher than such maximum prices as the Minister shall fix and announce by Order from time to time.

Price Orders
—petroleum
products

91. The Minister may by Order fix the maximum prices that may be charged by a licensee for the sale of petrochemicals within Trinidad and Tobago.

Price Orders
—petro-
chemicals

92. Where a licensee fails to execute any works required to be carried out under the terms of his licence including the measurement of petroleum, the plugging of wells, the adoption of safety health and welfare measures and the prevention of pollution, the Minister may, if he deems it expedient cause such works to be executed and the Minister shall in such case recover the costs and expenses incurred from the licensee, save that before so acting and where no emergency exists, the Minister shall give the licensees fourteen days notice to afford him a final opportunity of remedying his default.

Minister
may
remedy
default of
licensee

93. A pipeline, refinery, petrochemical plant, well, marketing station or any similar installation used for petroleum operations, may not be enlarged or substantially altered without the prior written consent of the Minister.

No altera-
tion to plant,
&c., without
permission

94. The Minister may at any time call upon an Exploration and Production Licensee to deliver to him without compensation any quantity of natural gas, produced in association with crude oil, not being required by the Licensee for his operations or for sale, which may be needed in the public interest, except that where the recovery, delivery or storage of such natural gas requires the construction of any new facilities, such facilities shall be provided by Government. Such natural gas shall be free of royalty.

Unused
natural gas

Offences and
penalties

95. A person who contravenes or fails to comply with any of the provisions of these Regulations is guilty of an offence, and any person guilty of an offence against these Regulations, except where the provision by or under which the offence is created provides the penalty to be imposed, is liable on summary conviction to a fine of five hundred dollars, and in the case of a continuing offence to a further fine of fifty dollars for each day during which the offence continues after conviction therefor.

Dated this 15th day of January, 1970.

K. BOSWELL-INNISS
Acting Secretary to Cabinet

Laid before the House of Representatives this day of ,
1970.

Clerk of the House

Laid before the Senate this day of , 1970.

Clerk of the Senate