



**BELIZE**

**PETROLEUM ACT  
CHAPTER 225**

**REVISED EDITION 2011  
SHOWING THE SUBSTANTIVE LAWS AS AT 31<sup>ST</sup>  
DECEMBER, 2011**

This is a revised edition of the Substantive Laws, prepared by the Law Revision Commissioner under the authority of the Law Revision Act, Chapter 3 of the Substantive Laws of Belize, Revised Edition 2011.



**CHAPTER 225****PETROLEUM****ARRANGEMENT OF SECTIONS****PART I***Preliminary*

1. Short title and commencement.
2. Interpretation.
3. Title to petroleum.

**PART II***Administration*

4. Inspector of Petroleum.
5. Performance of Inspector's functions.
6. Petroleum register.
7. Inspection of register.

**PART III***Grant of Rights to Conduct Petroleum Operations*

8. Right to conduct petroleum operations.
9. Authority to contract.
10. State participation.
11. Qualifications to contract.
12. Prohibitions.

13. Selection of contractors.
14. Several contract holders.
15. Blocks.

#### PART IV

##### *Type and Nature of Contracts*

16. Conditions of contract.
17. Contents of contract.
18. Obligations of contractor.
19. Term of contract.
20. Relinquishment and surrender.
21. Transfers and assignments.
22. Termination.
23. Duty to indemnify.
24. Conservation and work practices.

#### PART V

##### *Areas of Operation and Surface Rights*

25. Areas closed to petroleum operations.
26. Restricted areas.
27. Surface rights and compensation.
28. Other minerals.

**PART VI***Government Revenues*

29. Income Tax.
30. Employee taxation.
31. Royalty.
32. Surface rentals.
33. Other fees, charges and levies.
34. Exemptions.

**PART VII***Miscellaneous*

35. Immunity of public officers.
36. Prohibition of publication or disclosure of information to unauthorized persons.
37. Disputes.
38. Revocation.
39. Effect of revocation.
40. Regulations.
41. Transitional provisions and savings.

Schedule — Transitional Provisions and Savings

**CHAPTER 225****PETROLEUM**

8 of 1991.  
S. I. 128 of 1991.

*[1st October, 1991]*

**PART I***Preliminary*

Short title.

**1.** This Act may be cited as the Petroleum Act.

Interpretation.

**2.** In this Act, and in any regulations made thereunder, unless the context otherwise requires,

“commercial discovery” means a discovery of petroleum which can be exploited commercially in accordance with accepted practices in the international petroleum industry;

“contract” means any agreement between the Government and a contractor entered into pursuant to this Act for the conduct of petroleum operations in Belize;

“contract area” means a geographical area which is covered by a contract; and includes the whole of, or such part or parts of, the original area awarded to a contractor and shall remain at the disposal of such contractor from time to time pursuant to the terms of the contract;

“contractor” means any person with whom the Government enters into a contract; and includes his agents, representatives and assignees;

“crude oil” means petroleum which is in liquid state at the wellhead or gas or oil separator or which is extracted from natural gas, including any distillate or condensate;

“development and production period” shall be construed in accordance with section 19 of this Act;

“exploration period” shall be construed in accordance with section 19 of this Act;

“Inspector” means the Inspector of Petroleum appointed under section 4 of this Act;

“land” includes land beneath water;

“mineral” means any substance, whether in solid, liquid or gaseous form, occurring naturally in or on the earth, formed by, or subject to a geological process, but does not include,

- (a) water, not being water taken from a borehole, well, excavation or natural saltpan for the extraction therefrom of a substance in solution therein and of commercial value;
- (b) soil, not being taken from the earth for the extraction therefrom of a substance of commercial value contained therein or for the manufacture therefrom of a product of commercial value; or
- (c) petroleum;

“Minister” means the Minister for the time being responsible for petroleum affairs;

“natural gas” means all petroleum which at atmospheric conditions of temperature and pressure is in a gaseous state; and includes wet mineral gas, wet gas and residue gas remaining after the extraction, processing or separation of liquid petroleum from wet gas, as well as non-petroleum gas or gases produced in association with liquid or gaseous petroleum;

“occupier” in relation to land, means the holder of a lease, or location ticket, or permit to occupy;

“owner” in relation to land, includes a lessee;

“petroleum” means all natural organic substances composed of carbon and hydrogen; and includes crude oil and natural gas, and all other mineral substances, products, by-products and derivatives that are found in conjunction with petroleum;

“petroleum operations” means the operations related to the exploration, development, extraction, production, field separation, transportation, storage, sale or disposal of petroleum; but does not include any transportation or other operations,

- (i) beyond the point of export; or
- (ii) in the case of petroleum which is processed within Belize, beyond the point of entry into a refinery or liquefaction or natural gas treatment plant;

“prescribed” means prescribed in the regulations, or pursuant to the terms of a contract, or as determined by the Minister, as the case may be;

“Register” means the petroleum register maintained pursuant to section 6 of this Act.

Title to petroleum.

**3.**-(1) The entire property in and control over all petroleum and accompanying substances, in whatever physical state located on or under the territory of Belize or in areas of the Continental Shelf in which rights of exploration and exploitation are exercisable by Belize are hereby vested exclusively in the Government of Belize.

(2) Notwithstanding the provisions of subsection (1) of this section, a contract may provide for a contractor to acquire property in, title to, or control over any petroleum within Belize.

(3) Subject to section 31, the provisions of subsections (1) and (2) of this section, shall have effect notwithstanding any rights which any person may possess in or over the soil on or under which petroleum is discovered.

## PART II

*Administration*

4. The Minister may designate a technically qualified public officer to be the Inspector of Petroleum for the administration of this Act. Inspector of Petroleum.
5. Anything required or permitted by or under this Act to be done by the Inspector may be done by any public officer who is authorized, either specifically or generally, in that behalf in writing by the Inspector and for the purposes of this Act that officer shall be deemed to be the Inspector. Performance of Inspector's functions.
- 6.–(1) The Inspector shall cause to be maintained a register which shall contain the following information, Petroleum register.
- (a) in respect of each contract entered into, the names of all persons with whom the contract is made, the names of any assignee of any rights under such contract and a brief description of the duration of the exploration period, and of the contract area for such contract;
  - (b) the contractor's office address in Belize and the name of its resident representative along with a copy of the powers of attorney establishing such representative's authority to act on behalf of the contractor;
  - (c) instruments evidencing the termination, revocation or expiration of contract;
  - (d) a map of Belize illustrating those areas currently under contract and those which remain available for award in accordance with this Act;
  - (e) instruments evidencing,
    - (i) the nature and extent of any areas relinquished or surrendered by a contractor;
    - (ii) the establishment of a commercial discovery of petroleum, the date of declaration thereof,

the delimitation of the areas involved and the duration of the development and production period; and

(iii) the grant of extensions to the exploration period pursuant to the terms of the contract; and

(f) such other information as the Inspector may determine.

(2) Registration shall not cure any defect in any document registered or confer upon it any effect or validity which it would not otherwise have had.

Inspection of register.

7. The Inspector shall, on application and upon payment of the prescribed fee, allow inspection of the register at all reasonable times and shall, upon request, give copies or extracts from any entry in such register.

### PART III

#### *Grant of Rights to Conduct Petroleum Operations*

Right to conduct petroleum operations.

8.-(1) The Government reserves the right to carry out petroleum operations either on its own or by means of contracts with any qualified person.

(2) No petroleum operations shall be conducted in Belize by any person other than the Government unless such person has entered into a contract in accordance with this Act,

Provided that the Minister, by instrument in writing, may consent to a person conducting scientific investigations for the purpose of collecting information on the geology and petroleum resources of Belize, subject to conditions specified in the instrument.

(3) Any person who contravenes subsection (2) of this section, commits an offence and shall be liable on summary conviction,

- (a) in the case of an individual, to a fine not exceeding five thousand dollars (\$5,000) or to imprisonment for a term not exceeding two (2) years, or to both such fine and period of imprisonment; or
- (b) in the case of a body corporate, to a fine not exceeding ten thousand dollars (\$10,000).

**9.** Subject to the provisions of this Act, the Minister may conduct negotiations and enter into contracts,

Authority to contract.

Provided that the terms and conditions embodied in such contracts shall not be contrary to or inconsistent with the provisions of this Act.

**10.** The Minister, with the prior approval of the Cabinet, may provide for the Government's participation, directly or indirectly, in some or all stages of the petroleum operations and such participation may include the right to participate in the rights and obligations set out in a contract.

State participation.

**11.**-(1) A contract shall only be entered into with persons who demonstrate a proven ability to contribute the necessary funds, assets, machinery, equipment, tools and technical expertise necessary for the effective performance of the terms and conditions of the proposed contract.

Qualifications to contract.

(2) For the purpose of establishing the ability of a particular person as described in subsection (1) of this section, the Minister may require the submission of documentation demonstrating the expertise and technical, financial and economic capability of such person.

**12.**-(1) Except as a nominee of the Government, no member, employee or representative of the Government or public service or any statutory body shall, directly or indirectly, acquire or hold any right or interest under any contract and any instrument purporting to confer such right or interest on any such person shall be null and void.

Prohibitions.

(2) No person shall acquire by transfer, assignment or any other means any right or interest under any contract which he is otherwise barred from obtaining on his own behalf under the provisions of this Act.

Selection of contractors.

**13.**—(1) Except as otherwise provided in subsection (3) of this section, the selection of contractors shall be carried out through public competitive bidding or such other competitive procedures as may be determined by the Minister.

(2) The Minister shall publish in the *Gazette* a description of the areas for which bids are to be solicited along with the procedures and rules relating to the submission of such bids.

(3) Notwithstanding the preceding subsections, the Minister may, with the approval of the Cabinet, select contractors other than through competitive bidding procedures in the following cases,

- (a) where the technical or economic circumstances make it advisable; or
- (b) where he determines that the circumstances so require.

Several parties to contract.

**14.**—(1) If two or more companies are parties to the same contract, they shall be jointly and severally liable for all obligations and liabilities resulting from petroleum operations or their activities related thereto.

(2) In every case referred to in subsection (1) of this section, the companies shall, subject to the prior written approval of the Minister, appoint one of their number to be an operator on behalf of the other or others and no change in such appointment shall be made without the Minister's approval as aforesaid.

Blocks.

**15.** For the purpose of this Act, the territory of Belize, or parts thereof, shall be divided into blocks, according to a grid system, in accordance with regulations to be prescribed by the Minister.

## PART IV

### *Type and Nature of Contracts*

Conditions of contract.

**16.**—(1) Subject to the other provisions of this Act and to any other condition as may be specified in a contract, a contractor shall be entitled

for the duration of such contract to the exclusive right to carry out petroleum operations in a contract area; to freely lift, dispose of and export the petroleum to which he is entitled under such contract; and to such other rights as are provided in such contract.

(2) Except as may otherwise be provided in a contract, the contractor shall take upon himself all the risks inherent in petroleum operations and shall commit himself to supply exclusively for his account, the technology, capital, equipment, machinery and all other investments required for petroleum operations in the contract area,

Provided that,

- (i) in the fulfilment of this obligation the contractor shall not have recourse to credit facilities available from banks or other financial institutions, companies or enterprises operating in Belize; and
- (ii) in the case of termination of a contract due to non-discovery of petroleum, the Government shall not be obliged to make any reimbursement to the contractor with respect to the investments made.

17. Each contract shall,

Contents of contract.

- (a) state the effective date and duration of the contract;
- (b) describe the contract area on the effective date of the contract;
- (c) set forth the rights and the investment and other obligations of the contractor;
- (d) require the contractor to furnish, in a form and substance satisfactory to the Minister, a letter of credit, bank guarantee, bond or other instrument to

secure the fulfilment of the exploration obligations referred to in section 18 (f) of this Act;

- (e) provide for the sharing of revenues between the Government and the contractor, and terms as to the recovery of expenditures made by the contractor, as applicable to the particular contract;
- (f) establish procedures for the supervision and control of petroleum operations by the Inspector;
- (g) establish procedures for determining the existence of a commercial discovery and for delimiting the area involved;
- (h) provide for such other matters as are required by this Act to be included in a contract, or include such other provisions (not inconsistent with this Act) as may be mutually agreed by the Minister and the contractor.

Obligations of contractor.

**18.**—(1) In addition to the provisions of section 17 of this Act, every contract shall require the contractor to undertake the following obligations,

- (a) to employ and train nationals of Belize in petroleum operations to the fullest extent possible with a view to the replacement of foreign personnel as soon as may be practicable, such training and employment to be carried out in accordance with a programme approved by the Minister;
- (b) to maintain, and furnish to the Inspector, periodic reports, records, returns, samples and all borehole and field data concerning petroleum operations;
- (c) to keep current financial and cost accounting records of petroleum operations, with pertinent records and vouchers, during the term of the contract, in accordance with normal accounting practices in the international petroleum industry;

- (d) to permit the Government or its authorized representatives reasonable inspection and audit rights over all petroleum operations and over all records, reports and returns maintained or submitted to the Inspector;
- (e) to purchase Belizean goods and services, if, in terms of price, quality and availability, such goods and services are within such margins of competitiveness with imported goods and services as may be agreed in the contract;
- (f) to expend not less than a specified amount of money and carry out not less than a specified minimum work programme in the contract area during the exploration period;
- (g) to present annually to the Inspector, complete work programmes and budgets for petroleum operations to be conducted for each year of the contract;
- (h) to report immediately to the Minister any discovery of petroleum, and supply a sample thereof to the Inspector within a reasonable time after the date of such discovery;
- (i) in the case of a commercial discovery of petroleum, to delimit the area involved, develop the discovery and commence production with due diligence;
- (j) to appoint, in cases where the contractor is a person who is not resident in Belize or whose head office is elsewhere than in Belize, a representative and in his absence a replacement therefor, with the following powers,
  - (i) during the exploration period, full powers to accept service of documents or notices under this Act on behalf of the contractor;

(ii) during the development and production period, full powers to represent the contractor in all matters relating to petroleum operations, including the obligations imposed by this Act; and

(k) if so requested by the Minister, to supply to the Government out of any petroleum to which he is entitled pursuant to the contract such quantity of petroleum as may be required to meet the requirements of Belize for internal consumption,

Provided that the quantity of petroleum to be so supplied by any contractor shall be determined on a basis that does not discriminate against any individual contractor and that the price therefor shall be fair and reasonable.

(2) A contractor shall also be required to maintain such insurance as a prudent operator would obtain in the circumstances.

(3) Any person who contravenes paragraph (d) of subsection (1) of this section, commits an offence and shall be liable on summary conviction to a fine not exceeding one thousand dollars (\$1,000).

Term of contract.

**19.**—(1) The term of a contract shall be divided into an exploration period and development and production period.

(2) The exploration period shall not exceed eight years in duration,

Provided that under exceptional circumstances such duration may be extended for such period and upon such terms and conditions as may be specified in a contract.

(3) Where no commercial discovery is made during an exploration period, the contract shall terminate on the expiration of the exploration period.

(4) Where a commercial discovery is made, the development and production period relating to such discovery, which shall not exceed twenty-five (25) years in duration, shall thereupon commence.

**20.**—(1) Every contract shall provide for the relinquishment of part or parts of the contract area at such time or times and in such manner as shall be prescribed therein,

Relinquishment and surrender.

Provided that the obligation to relinquish part or parts of the contract area shall not apply to any part of the contract area encompassing the area of a commercial discovery.

(2) A contractor may at any time surrender to the Government, in the manner prescribed, any part or all of the contract area; provided, however, that such surrender shall not affect any liability incurred by the contractor before the date on which the surrender is made, or the rights of the government under the instruments referred to in section 17 (*d*) of this Act.

**21.** Except with the prior written approval of the Minister, no contractor shall assign, encumber or transfer any contract, or any rights or obligations arising out of a contract; and any such transfer, assignment or encumbrance shall be null and void.

Transfers and assignments.

**22.** Every contract shall stipulate the terms and conditions upon which the contract may be terminated by the Minister or the contractor and the effects of such termination.

Termination.

**23.** Except as may otherwise be provided in a contract, each contractor shall at all times indemnify the Government and all members, employees, representatives and agents of the Government, the public service and statutory bodies against all and any claims made by third parties in respect of any injury, damage or loss caused by an act or omission of the contractor, his contractors, his subcontractors or his agents, employees or representatives in the course of the conduct of petroleum operations.

Duty to indemnify.

**24.**—(1) A contractor shall ensure that all petroleum operations are carried out in accordance with this Act, the regulations and the provisions of the contract, and with generally accepted practices in the international petroleum industry. He shall,

Conservation and work practices.

- (a) carry out petroleum operations using the most reliable, modern and efficient techniques;

- (b) take steps to obtain the maximum efficient level of production, determined in accordance with the terms and conditions of the contract, compatible with the nature and extent of the petroleum reservoirs discovered;
- (c) control the flow and prevent the waste or escape of petroleum, water, drilling fluids, or any mixture thereof;
- (d) generally adopt the necessary measure for the protection of flora, fauna and other natural resources;
- (e) avoid the pollution or contamination of water, atmospheric or terrestrial;
- (f) maintain in good condition and repair all structures, equipment and other property used in petroleum operations;
- (g) carry out petroleum operations in a proper, safe and workmanlike manner;
- (h) take all steps necessary to secure the safety, health and welfare of persons engaged in petroleum operations;
- (i) upon the termination of the contract, carry out all clean-up operations and render the contract area safe; and
- (j) at any time when so requested by the Minister, completely remove any structure or facility, which has ceased to be used.

(2) The procedures for the application and enforcement of such conservation and work practices shall be prescribed in the regulations and may be developed in the contract.

## PART V

*Areas of Operation and Surface Rights*

**25.** The Minister may declare certain areas of Belize to be closed to some or all petroleum operations,

Areas closed to petroleum operations.

Provided that,

- (a) such closure shall be without prejudice to existing rights to conduct petroleum operations in the areas concerned; and
- (b) the Minister may permit petroleum operations to be carried out therein, subject to such terms and conditions as he may determine.

**26.**-(1) A contractor shall not exercise any of his rights under a petroleum contract,

Restricted areas.

- (a) except with the written consent of the Minister in respect of,
  - (i) any land set apart for any public purpose (other than for petroleum operations);
  - (ii) any land dedicated as a place of burial or which is a place of religious significance;
- (b) except with the written consent of the owner or lawful occupier thereof,

Provided that where the consent of the owner or lawful occupier is withheld, if the Minister, on an application by the contractor, and after hearing both the parties, is satisfied that such consent is being unreasonably withheld, may by Order, direct the owner or lawful occupier to allow the contractor to conduct petroleum operations on the land on such terms and conditions and within such periods as may be specified in the Order,

Provided further that where there is a doubt or dispute regarding the ownership of any land which is the subject of a petroleum contract, and where it is impracticable to establish the owner or lawful occupier of such land, the Minister may, on application by the contractor and after publishing such application in two successive issues of the *Gazette* and at least in two newspapers circulating in Belize, and after hearing any objections in response to such application, allow the contractor to conduct petroleum operations on such conditions as he may think fit;

- (c) in respect of any land reserved for the purposes of any railway track, or which is within fifty meters (or such greater distance as may be prescribed) of the boundaries of any land so reserved, except with the written consent of the railway administration;
- (d) in respect of any land within, or within two hundred meters (or such greater distance as may be prescribed) of the boundaries of, any township, except with the written consent of the local authority having control over the township; or
- (e) in respect of any land comprising a street or road reserve as defined in the Public Roads Act, Cap. 232, or aerodrome, except with the written consent of the Minister or other authority having control thereof;
- (f) in respect of any ancient monuments or antiquity as defined in the Ancient Monuments and Antiquities Act, Cap. 330, without the consent of the Minister or other authority having control thereof.

(2) Any consent under subsection (1) (a), (c), (d), (e) or (f) of this section, may be given unconditionally or subject to such conditions as are specified in the instrument of consent.

(3) For the purposes of subsection (1) (a) of this section, “public purpose” means a purpose prescribed as such by the Minister.

27.--(1) Subject to the provisions of this Act or the terms and conditions of any contract, and any other law which prohibits, regulates or restricts the entry into any area of Belize, the contractor may enter into, occupy and carry out activities necessary for the conduct of petroleum operations in the contract area and whilst engaged therein may,

Surface rights and compensation.

- (a) within the contract area, erect temporary or permanent houses, buildings, engines, machinery, plant and other works, and acquire in the prescribed manner such rights of way, easements and other rights of access as may be necessary for the proper execution of petroleum operations;
- (b) take and use water for domestic use and for the purpose of petroleum operations;
- (c) construct, maintain and operate all such airfields, roads, bridges, communication system and conveniences as may be necessary;
- (d) lay water pipes and make water courses and ponds, dams and reservoirs, lay drains and sewers and construct and maintain sewage disposal plants; and
- (e) subject to the prior approval of the Minister,
  - (i) construct, reconstruct, alter and operate pipelines, pumping stations and other necessary facilities incidental thereto; and
  - (ii) operate and maintain at any place within Belize such other facilities and works as may be necessary for carrying out petroleum operations.

(2) The rights conferred by subsection (1) of this section, shall be exercised reasonably so as not to affect adversely the interests of any owner or lawful occupier of the land on which such rights are exercised and shall not be exercised to any greater extent than is necessitated by the reasonable and proper conduct of the operations concerned.

(3) Where the contract area includes public land or land which is owned by or vested in the Government, such land shall, subject to the other provisions of this Act and the contract, be at the disposal of the contractor to the extent required for petroleum operations by virtue of the existence of the contract.

(4) The acquisition of rights-of-way, easements or other rights of access by the contractor over land outside the boundaries of the contract area for the purpose of petroleum operations shall be made in accordance with the regulations made hereunder and any other applicable law.

(5) Any and all rights acquired or conferred pursuant to this section shall automatically expire when the contract to which they relate is terminated.

(6) Subject to this Act, where, in the course of conducting petroleum operations pursuant to a contract, the rights of the owner or lawful occupier of any land are disturbed or damage to any crops, trees, buildings, stock, works or other property thereon is caused, the contractor is liable to pay the owner or lawful occupier fair and reasonable compensation in respect of the disturbance or damage according to the respective rights or interests of the owner or lawful occupier concerned. The amount of compensation payable shall be determined by agreement between the parties or if the parties are unable to reach agreement or the agreed compensation is not paid, the matter may be treated in accordance with the Arbitration Act, Cap. 125.

(7) Where the Minister considers that any land is required to secure the development or utilization of the petroleum resources of Belize, he may direct that the land be compulsorily acquired under the Land Acquisition (Public Purposes) Act, Cap. 184.

(8) A person exercising any right under a contract, shall, if required to do so by any lawful occupier of the land, produce evidence that he is a contractor, or an agent or employee of a contractor under a contract, and if he fails to do so he may be treated as a trespasser.

(9) Any person who, without reasonable excuse, obstructs, molests, hinders or prevents a contractor, in or from the doing of any act which that contractor is authorized to do by this Act, commits an offence; and is liable on summary conviction to a fine not exceeding five hundred dollars (\$500.) or to imprisonment for a term not exceeding six months, or to both such fine and term of imprisonment.

**28.**—(1) Without prejudice to the provisions of section 16 (1) of this Act, the Government shall have the right to grant to persons, other than a contractor, licences pursuant to the Mines and Minerals Act, Cap. 226, for the prospecting and exploration for, and mining of, substances other than petroleum within the contract area. In such event, the contractor shall afford safe passage for the licensee to that portion of the contract area in which such licensee proposes to carry out its operations and in the event of a difficulty or dispute between the contractor and the licensee as to their respective rights in the contract area, the matter shall be referred to the Minister whose decision thereon shall be final.

Other minerals.

(2) If any archeological objects, fossils or minerals of economic interest or capable of development are discovered by a contractor during the course of petroleum operations, the contractor shall forthwith report such discovery and shall supply, in the case of a discovery of minerals, a sample thereof to the Inspector.

## PART VI

### *Government Revenues*

**29.** A contractor, his contractors and subcontractors shall be liable for the payment of income tax in accordance with the Income and Business Tax Act, Cap. 55, as amended, with respect to income derived from petroleum operations.

Income Tax.

**30.** The income of individuals who are employed by contractors, their contractors and subcontractors, or who hire their services out to such organizations, shall be subject to payment of income tax in accordance with the Income and Business Tax Act, Cap. 55.

Employee taxation.

Royalty.

**31.**—(1) The Minister shall require a contractor to pay to the Government a royalty, in cash or in kind, at the option of the Government, upon the value or volume, as the case may be, of crude oil produced and saved in the contract area after deducting the amount of crude oil used and consumed in the conduct of petroleum operations.

(2) The Minister may require a contractor to pay to the Government a royalty based on the gross value or volume, as the case may be, of natural gas produced, saved and sold from the contract area after deducting the amount of natural gas used and consumed in the conduct of petroleum operations.

(3) The royalty rate, and method of determination and payment shall be prescribed in each contract.

(4) The owner of any private land beneath which a petroleum reservoir is located shall receive from the Government five *per centum* of the royalty payable in respect of any petroleum won therefrom, where the petroleum rights in respect of such land would but for the passing of the Petroleum (Production) Act, 1937, Cap. 184, R. E. 1980-1990, and this Act, be vested in him.

(5) Where a petroleum reservoir extends beyond the boundaries of any public or private land, production from such reservoir shall, for the purposes of subsection (4) of this section, be allocated to the lands concerned in the manner prescribed and payments under subsection (4) of the section, shall be made in accordance with such allocation.

Surface rentals.

**32.** Every contract shall require the contractor to make annual surface rental payments in respect of the contract area, and the amount and manner of payment of such surface rentals shall be prescribed in the regulations.

Other fees, charges and levies.

**33.** Provision may be made in the regulations or in a contract for the payment by the contractor of fees, charges or other levies to the Government in connection with the carrying out of petroleum operations pursuant to this Act.

**34.**—(1) A contractor shall be granted upon approval by the Minister of Finance, exemptions from customs duties, levies or imposts as may be prescribed by any other law, on the exportation of petroleum which such contractor is entitled to export pursuant to his contract.

Exemptions.

(2) A contractor, his contractors and subcontractors may be granted, upon approval by the Minister responsible for the administration thereon, relief from the following,

- (a) any tax or customs duties payable on the importation and subsequent exportation of machinery, equipment, materials and other items required for petroleum operations;
- (b) any tax or customs duties payable on the importation and subsequent exportation of reasonable quantities of household goods and personal effects by non-Belizean employees of such contractor, his contractors and subcontractors; and
- (c) such other taxes, imposts, levies and duties posed within Belize except for income tax as provided for in section 29 of this Act.

## PART VII

### *Miscellaneous*

**35.** No action or other proceedings shall lie or be instituted against any public officer for or in respect of any act or thing done or omitted to be done in good faith in the exercise or purported exercise of his functions under this Act.

Immunity of public officers.

**36.**—(1) No person shall, without the consent in writing given by or on behalf of the Minister, publish or disclose to any person, otherwise than in the course of duties, the contents of any document, communication or information whatsoever, which relates to, and which has come to his knowledge in the course of, his duties under this Act.

Prohibition of publication or disclosure of information to unauthorised persons.

(2) No person having information which to his knowledge has been published or disclosed in contravention of subsection (1) of this section, shall publish or communicate such information to any other person.

(3) Any person who contravenes this section commits an offence and shall be liable on summary conviction to a fine not exceeding one thousand dollars (\$1,000) or to imprisonment for a term not exceeding one year, or to both such fine and term of imprisonment.

Disputes. **37.** Contracts may provide for arbitration of disputes arising thereunder between the Government and the contractor in accordance with the provisions of the Arbitration Act, Cap. 125, or with rules issued and administered by recognized international bodies.

Revocation. **38.**—(1) Where any contract is entered into and it is subsequently found that such contract is entered into as a result of any false or fraudulent representation or in consequence of any incorrect information, the Minister may give written notice to the contractor requiring him to show cause within a specified time why such contract should not be revoked.

(2) Where any contractor is in breach of any material provision of this Act, or of the regulations, or of his contract, the Minister may give written notice to the contractor requiring him to show cause within a specified time why his contract should not be revoked.

(3) If the contractor fails to comply with a notice given pursuant to subsection (1) or (2) of this section, within the time specified or if the cause shown be deemed inadequate, such contract may be revoked by the Minister.

(4) Notice of such revocation shall be entered upon the register and a copy of such notice shall be sent to the contractor at his registered address in Belize.

Effect of revocation. **39.**—(1) The revocation of a contract pursuant to section 38 of this Act, shall entail the immediate cessation of all rights and privileges conferred on the contractor by virtue of such contract, the devolution to the Government of the contract area and the automatic forfeiture of any guarantees submitted by the contractor to secure the fulfilment of the obligations undertaken.

(2) Revocation under section 38 shall not in any way affect the liability of any person concerned arising out of such breach before such revocation, and shall not be a bar to any legal proceedings relating thereto.

**40.**—(1) The Minister may make regulations for the better carrying out of the provisions and purposes of this Act.

Regulations.

(2) In particular, but without limiting the generality of subsection (1) of this section, the regulations may include provision for or with respect to,

- (a) the establishment of a grid system and the division and subdivision of the territory to which this Act applies;
- (b) information to be submitted by the applicants and the criteria for selection or rejection of applications;
- (c) petroleum operations and the carrying on of related operations, and for those purposes the execution of works, the methods which may or may not be used and the duties of specified persons in relation to petroleum operations;
- (d) the exercise of rights and the duties to be performed including work obligations;
- (e) the submission of all data, records, reports and accounts by contractors;
- (f) the drilling, spacing, locating, completing, producing, equipping, suspending or abandoning of wells or other works;
- (g) the circumstances in which fees, charges or levies may be charged, the amount thereof and the time and manner of payment thereof.

**41.**—(1) The transitional provisions and savings shall be such as are specified in the Schedule.

Transitional provisions and savings.

(2) The Petroleum (Production) Act, 1937, Cap. 184, R.E. 1980-1990, is hereby repealed and any subsidiary legislation made under the Act so repealed is hereby revoked,

Provided that notwithstanding such repeal and revocation any such subsidiary legislation may be continued to such extent as may be prescribed.

## SCHEDULE

PETROLEUM ACT  
*Transitional Provisions and Savings*  
 [Section 41]

1. In this Schedule,

Definitions.

“the commencement” means the 1<sup>st</sup> day of October, 1991;

“the repealed Act” means the Petroleum (Production) Act, 1937, Cap. 184 R. E. 1980-1990, repealed by section 41 of this Act.

2. Except insofar as the context or subject matter otherwise indicates or requires, nothing in this Schedule affects,

General savings.

- (a) anything duly done or commenced to be done under the repealed Act;
- (b) any liability incurred under the repealed Act;
- (c) any penalty, forfeiture or punishment incurred in respect of any offence committed against any provision of the repealed Act; or
- (d) any investigation, inquiry, legal proceedings or remedy in respect of any such liability, penalty, forfeiture or punishment, and any such investigation may be continued or enforced, and any such penalty, forfeiture or punishment may be imposed and enforced, as if this Act had not been enacted.

3. A licence granted under the repealed Act that is in force immediately before the commencement shall continue in force in accordance with the provisions thereof for the unexpired term (as at the commencement) of the licence and the provisions of the repealed Act shall apply to such licence as if the repealed Act were in force and this Act had not been enacted,

Licences under repealed Act.

Provided that the Minister may, at the request of the licensee, at any time terminate the licence granted under the repealed Act and enter into a contract under the provisions of this Act.

Power to make rules.

4. The Minister may, by rules under this paragraph, make whatever provisions seem to him to be necessary or desirable for a smooth transition from arrangements under the repealed Act to the arrangements under this Act.