



GUYANA

Bill No. ... of 2023

PETROLEUM ACTIVITIES BILL 2023

ARRANGEMENT OF SECTIONS

SECTION

PART I - PRELIMINARY

1. Short title and commencement
2. Application
3. Interpretation

PART II – ADMINISTRATION AND AUTHORITY

4. Rights to petroleum
5. Petroleum resource management
6. Powers of the Minister
7. Power to obtain information relating to exploration or production operations
8. Licences
9. Eligibility restrictions
10. Prohibition against holding a licence
11. Progress for the grant of rights
12. Publication of application for licence
13. Qualification criteria

14. Criteria for the grant of a licence
15. Ancillary rights
16. Public purpose
17. Petroleum Agreement
18. Notice

PART III – EXPLORATION

19. Geological or geophysical survey permit
20. Rights conferred by and content of petroleum licence
21. Term of petroleum exploration licence
22. Form of licence and publication of grant of licence
23. Exploration work programme and budgets
24. Application for renewal of petroleum exploration licence
25. Relinquishment of area upon renewal
26. Renewal of petroleum exploration licence
27. Discovery of petroleum
28. Discovery of petroleum of potential commercial interest
29. Appraisal
30. Discovery of petroleum of no potential commercial interest
31. Retention of discovery
32. Commercial discovery

PART IV – DEVELOPMENT AND PRODUCTION

33. Application for petroleum production licence
34. Grant of petroleum production licence
35. Restrictions on grant of petroleum production licence
36. Contents of petroleum production licence
37. Rights conferred by petroleum production licence
38. Term of petroleum production licence

- 39. Application for renewal of petroleum production licence
- 40. Renewal of petroleum production licence

PART V – CANCELLATION AND FORCE MAJEURE

- 41. Cancellation
- 42. Force majeure

PART VI – UNITIZATION

- 43. Unitization
- 44. Cross-border unitization

PART VII – REVENUES AND FINANCIAL GUARANTEES

- 45. Rental
- 46. Bonus
- 47. Retention fee
- 48. Royalty
- 49. Remission of royalty
- 50. Recovery of royalty
- 51. Training fee
- 52. Financial support for environmental and social projects
- 53. Performance guarantee and bonds

PART VIII – APPLICATION OF TAX LAWS

- 54. Order to modify tax laws in respect of licensee

PART IX – ABANDONMENT

- 55. Abandonment obligation
- 56. Abandonment plan and budget
- 57. Content of abandonment plan
- 58. Approval of abandonment plan
- 59. Temporary and permanent abandonment of wells
- 60. Abandonment fund
- 61. Partial abandonment or alternate use
- 62. Failure to submit a plan or meet abandonment obligations
- 63. Transfer of responsibility for abandonment
- 64. Post decommissioning

PART X – TRANSPORTATION AND STORAGE

- 65. Transportation and storage
- 66. Third party access

PART XI – DISPOSAL OF PETROLEUM, DOMESTIC SUPPLY AND EXPORTS

- 67. Disposal of petroleum
- 68. Marketing of state's share of petroleum
- 69. Domestic supply

PART XII – CARBON DIOXIDE STORAGE

- 70. Prospecting for and exploration of underground carbon dioxide storage sites
- 71. Underground carbon dioxide storage licence

PART XIII – SAFETY, SECURITY AND EMERGENCY RESPONSE

- 72. Safety requirements, practices, and standards
- 73. Facilities and infrastructure
- 74. Risk assessment and safety management system
- 75. Safety zones
- 76. Emergency preparedness and response
- 77. Security

PART XIV – RESTRICTION ON RIGHTS OF LICENSEE

- 78. Restriction on exercise of rights in relation to certain areas
- 79. Distance from other infrastructure
- 80. Overlapping mineral rights
- 81. Accommodation of other uses of land
- 82. Fishing and navigation
- 83. Compensation
- 84. Notice of intent to commence petroleum operations

PART XV – OFFENCES AND PENALTIES

- 85. Failure to comply with provisions of the Act
- 86. Orders of forfeiture on conviction for certain offences
- 87. Penalty for late payments
- 88. Obstruction of licensee

PART XVI – MONITORING, SUPERVISION, INSPECTION AND VERIFICATION

- 89. Monitoring and supervision

PART XVII – MISCELLANEOUS

- 90. Transfer of rights
- 91. Control of body corporate not to be given without consent of Minister
- 92. Liability and indemnity
- 93. Data ownership and confidentiality
- 94. Litigation against the State
- 95. Directions to give effect to treaty

PART XVIII – REGULATIONS

- 96. Regulations

PART XIX – TRANSITIONAL PROVISIONS AND SAVINGS

- 97. Transitional provisions and savings
- 98. Repeal

Petroleum Activities Act

Intituled

AN ACT to repeal and replace the Petroleum (Exploration and Production) Act Cap. 65:10, to provide for exploration, production, storage, and transportation of petroleum via pipelines, to incorporate rights over subsoil geological pore space and for related matters.

PART I – PRELIMINARY

Short title and commencement

1. This Act may be cited as the Petroleum Activities Act 2023 and shall come into operation on the date of publication in the Gazette

Application

2. (1) This Act applies to the exploration, production, storage, and transportation of petroleum via pipeline and the geological storage of natural gas and carbon dioxide in the national territory including the internal waters and territorial sea, as well as in the contiguous zone, the exclusive economic zone, and the continental shelf.

(2) This Act shall also apply to utilisation of produced petroleum when such utilisation is necessary to or constitutes an integral part of production or transportation of petroleum.

(3) The Minister may issue regulations to supplement or delimit the provisions of this section about what utilisation is considered necessary to or constitutes an integral part of production or transportation of petroleum as prescribed in subsection (2).

Interpretation

3. In this Act–

“abandonment” means the process of ending petroleum operations, the temporary and permanent plugging of wells, the removal or abandonment in place of wells, facilities and assets used in the conduct of petroleum operations, including, without limitation, pipelines, equipment, production and treatment facilities, electrical facilities, landing fields, and telecommunication facilities, and site restoration and remediation operations;

"appraisal" means the exploration operations that follow successful exploratory drilling that are carried out for the purpose of delineating a petroleum reservoir in terms of thickness and lateral extent, estimating the quantity of recoverable petroleum and assessing the commerciality of a discovery or a set of discoveries;

“block” means a block constituted under the Regulations, and includes a part of a block so constituted;

“body corporate” means a company or a corporation;

“company” has the same meaning as in the Companies Act;

“condition” includes any term, prohibition, limitation and stipulation;

“corporation” means a corporate body incorporated in or outside Guyana, but does not include a company;

“carbon storage licence” means a licence granted by the Minister under this Act to prospect for, explore, and assess the potential of geological formations for the injection, storage and permanent sequestration of carbon;

“commercial discovery” means a discovery which an investor considers to be capable of producing sufficient net income, at sufficiently low risk, to make it economic for development;

"commercial discovery" means any discovery, which a licensee, in its sole judgment, considers economic to develop and produce;

“company” has the same meaning as in the Companies Act;

“CO₂” means carbon dioxide;

"development" means all work associated with:

- (a) planning, procurement, design, and execution related to the drilling and completion of development wells; and
- (b) planning, design, construction, installation, and commissioning of facilities for the production of petroleum including the purchase or leasing of all materials and equipment which are required for production, treatment, waste disposal, transport, storage and lifting of petroleum and for reservoir pressure maintenance, injection, recycling and secondary and tertiary recovery projects.

“development and production area” means the area, constituted by a block or blocks, in relation to which a petroleum production licence has been granted;

“discovery” means the discovery of petroleum not previously proven by drilling and which can be or is recovered at the surface in a flow measurable by conventional petroleum industry testing methods;

“discovery block” means a block in the exploration area comprising the geological feature, as outlined by the relevant geological or geophysical data, in which a discovery of petroleum is located;

“exploration” means operations carried out for the purpose of discovering petroleum and includes geological, geophysical and geochemical surveys, and exploratory drilling;

“exploration area” means the area, constituted by a block or blocks, in relation to which a petroleum exploration licence has been granted;

“family member” means a dependent of that individual as the result of marriage or common law union, birth, adoption or placement for adoption;

“field” means an area consisting of a petroleum reservoir or multiple petroleum reservoirs all grouped on, or related to, the same individual geological structural features or stratigraphic conditions from which petroleum may be produced commercially;

“Government official” means officer or employee of the Government of Guyana or any agency, ministry, commission or department the government, including any member or employee of a company wholly or partially controlled by the Government of Guyana.

“holder”, in relation to a licence, means the person to whom the licence is granted and, where a licence is granted to a person jointly with others, means every one of the persons to whom the licence is jointly granted, and includes every person to whom the licence or an interest therein is lawfully transferred;

“in default” means in breach of any provision of this Act or of any condition of a licence, any provision of a petroleum agreement or any direction given by the Minister;

“land” includes land beneath water and the sea-bed, and the subsoil of such land and the sea-bed;

“licence” means a petroleum exploration licence or a petroleum production licence, or any other license listed under Section 8, as the context requires;

“Minister” means the person assigned or charged under article 107 of the Constitution with responsibility for the subject matter of this Act;

“petroleum” means—

- (i) any naturally occurring hydrocarbons, whether in a gaseous, liquid or solid state;
- (ii) any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid or solid state; or

(iii) any naturally occurring mixture of one or more hydrocarbons, (whether in a gaseous, liquid or solid state) and any other substance,

and includes any petroleum as defined by paragraph (i), (ii) or (iii) that has been returned to a natural reservoir, but does not include coal, shale or any substance that may be extracted from coal or shale;

“petroleum agreement” means an agreement in respect of any of the matters referred to in section 17;

“petroleum exploration licence” means a licence granted by the Minister under this Act, which permits the holder to carry out petroleum exploration and appraisal operations within a defined geographical area that may be vertically and horizontally delimited;

“petroleum production licence” means a licence granted by the Minister under this Act, which permits the holder to carry out development and production operations;

“petroleum reservoir” means a naturally occurring discrete accumulation of petroleum;

“production” means operations carried out for, or in connection with, the production of petroleum, including but not limited to the recovery and disposal of petroleum produced, the gathering, storage, processing and transportation of petroleum to the delivery point, operation monitoring, maintenance, and work-over drilling;

PART II – ADMINISTRATION AND AUTHORITY

Rights to petroleum

4. Property rights to the pore space of sub-soil or sub-seabed geological formations and to petroleum existing in its natural condition in strata underlying the national territory including the internal waters and territorial sea, as well as in the contiguous zone, continental shelf, continental margin and the exclusive economic zone are vested in the State.

Petroleum resource management

5. The Minister must exercise and discharge its functions under the Act in such a manner as–

(a) to ensure responsible exploration, development and utilization of natural resources whilst ensuring the protection and conservation of the environment and advancement of the low carbon economy;

(b) to ensure development of petroleum resources is economically sustainable, promotes investment and

contributes to the economic development of the nation and long-term benefit of the people of Guyana;

- (c) to create a stable, competitive and predictable regulatory environment;
- (d) to ensure the optimization of infrastructure to minimize the footprint of petroleum operations;
- (e) to seek deployment of proven and commercially viable clean technologies to reduce the carbon intensity of petroleum operations to as low as reasonably and commercially practicable; and
- (f) to ensure petroleum operations comply with applicable law and best international industry standards and practices.

Powers of the Minister

6. (1) The Minister shall, for the purpose of this Act—

- (a) administer licensing of petroleum exploration, production, storage and transportation operations;
- (b) prescribe rules, regulations and issue guidance as is necessary to carry out the purpose of this Act;
- (c) cooperate with the relevant government agencies regarding environmental and safety aspects of petroleum operations;
- (d) oversee the conduct of petroleum operations to ensure compliance with this Act, and the terms of the respective licence and petroleum agreement;
- (e) inspect petroleum operations and seek corrective action and impose sanctions for non-compliance;
- (f) develop terms of reference and qualification criteria for the grant of exploration and production rights;
- (g) grant geological storage licences for natural gas and long-term storage of carbon dioxide; and
- (h) exercise any other powers required for the management of petroleum resources and operations carried out under this Act.

(2) The Minister may delegate any of the powers related to administration of petroleum resources and supervision and inspection of petroleum operations to a department, agency or government body under its administrative authority.

Power to obtain information relating to exploration or production operations

7. (1) If the Minister has reason to believe that a person is in possession of information or data relating to exploration or production operations, or the volumes or value of petroleum recovered, it may, by notice, require that person —
- (a) to supply to the Minister the information or data specified in the notice; and
 - (b) to answer questions relating to petroleum operations or the volume and/or value of petroleum recovered.
- (2) The Minister may make copies of or take extracts from the document containing the data supplied under subsection (1).
- (3) Any person required to comply with subsection (1) who—
- (a) refuses or fails to comply; or
 - (b) knowingly or recklessly furnishes information or data which is false or misleading,
- shall, on summary conviction, be liable to a fine of ten million dollars and imprisonment for one year.

Licences

8. (1) The Minister may grant to a body corporate—
- (a) a petroleum exploration licence under section 20;
 - (b) a petroleum production licence under section 33;
 - (c) an underground storage licence for carbon dioxide under section 71;
 - (d) a pipeline construction and operation licence under section 65; and
 - (e) any other licences as may be required for geological storage of natural gas or other activities under this Act.
- (2) The Minister may prescribe rules to govern the process and conditions for the grant of each of the licences mentioned in subsection (1).
- (3) No body corporate shall carry out petroleum exploration, production, storage and pipeline transportation operations without a license issued by the Minister under this Act.
- (4) Any person who contravenes subsection (1) shall, on summary conviction, be liable to a fine of thirty million dollars and imprisonment for three years.

Eligibility restrictions

9. (1) The Minister shall not issue a licence under this Act to a person other than a body corporate.

(2) A licence may be granted to two or more persons associated together in any form of joint arrangement, if each one of them is qualified to hold the licence under subsection (1).

(3) If a licensee is constituted of two or more persons, the obligations to be observed and performed by the licensee under this Act shall be joint and several, but without prejudice to any right of contribution which may exist between all or any of them.

Prohibition against holding a licence

10. (1) No government official shall, in his or her personal capacity, and in his or her name or in the name of any family member, acquire, hold or attempt to acquire or hold—

(a) a licence or an interest in a licence; or

(b) a share in a body corporate which is entitled under this Act to carry on petroleum exploration, production, storage and pipeline transportation operations in Guyana.

(2) Any person who contravenes subsection (1) shall, on summary conviction, be liable to a fine of ten million dollars and imprisonment for one year and where such person has acquired in contravention of that subsection a licence, interest in a licence or share in a body corporate, the licence, interest or share shall be forfeited to the State.

(3) In proceedings on a prosecution under this section for contravention of subsection (1), it shall be sufficient defence if the accused person proves—

(a) that the licence, interest in licence or share was acquired by operation of law and that as soon as is possible after the licence, interest in licence or share was acquired by him it has been disposed of or all reasonable steps necessary to dispose of it have been, and are continuing to be, taken by him; or

(b) that—

(i) the licence, interest in licence or share was acquired before he became a government official; or

(ii) the share was acquired before the body corporate became entitled under this Act to carry on petroleum exploration, production, storage and pipeline transportation operations in Guyana, and that as soon as possible after he became a government official or after the body corporate became so entitled, as the case may be, the licence, interest in licence or share has been

Process for the
grant of rights

disposed of or all reasonable steps necessary to dispose of the licence, interest in licence or share have been, and are continuing to be, taken by him or her.

11.(1) The Minister may grant a licence under this Act by means of—

- (a) competitive tender; or
- (b) direct negotiation, where such approach is the most efficient manner to allocate resources in a defined area, promote regional energy cooperation or safeguard the national interest and security of Guyana.

(2) For the grant of exploration licences under competitive tender process, the Minister may, by notice in the *Gazette*—

- (a) invite applications in respect of the block or blocks specified in the notice;
- (b) specify the period within which an application may be made; and
- (c) specify the conditions subject to which any application may be made.

(3) The Minister may select for negotiation the highest responsible qualified bidder or bidders which it considers to be in the best interests of the State and may, where he deems fit, reject any or all applications.

(4) The Minister may from time to time determine that certain areas of the national territory, including inland waters, territorial sea, contiguous zone, the continental shelf and exclusive economic zone may be classified as "open areas".

(5) In the case of open areas, applications for exploration licences may be made at any time.

(6) The receipt of an application under subsection (5) will not create any obligation on the part of the Minister to grant an exploration licence.

(7) A petroleum exploration licence shall not be granted to an applicant in respect of a block which is, at the time the application for the grant of the licence is made, comprised in a licence already granted.

Publication of application for licence

12. The Minister may require an applicant for a licence under this Act to do either or both of the following, namely—
- (a) publish details of his application in a manner, specified in the notice to that effect; and
 - (b) give details of his application to the persons, and in the manner, specified in the notice.

Qualification criteria

13. The Minister shall prescribe by regulation or by notice in the Gazette under section 11(2)—
- (a) technical qualification criteria that may vary by geography or water depth;
 - (b) financial qualification criteria commensurate with the financial resources needed to carry out petroleum operations in the respective blocks;
 - (c) requirements related to the applicant's safety and environmental policies;
 - (d) where relevant, requirements related to previous performance by the applicant in petroleum operations in Guyana or elsewhere; and
 - (e) any other criteria the Minister deems fit.

Criteria for the grant of a licence

14. The Minister shall prescribe by regulation or by notice in the Gazette under section 11(2)—
- (a) for the deposit of bonus bids in an account until the Minister announces his decision on whether to accept or reject the bids;
 - (b) the award criteria that may consist of any or all of the following—
 - (i) signature bonus;
 - (ii) exploration work commitment;
 - (iii) other commercial, climate or social investment considerations the Minister may deem fit.

Ancillary rights

15. Subject to restrictions set forth in section 78 the Minister shall assist the holder of a licence under this Act to obtain ancillary rights required for the purpose of exercising the rights granted by the licence. The ancillary rights include—
- (a) a right to enter upon land and carry out petroleum operations;

- (b) a right to use and occupy land for—
 - (i) construction of buildings;
 - (ii) installation and operation of production facilities;
 - (iii) laying and maintenance of pipelines and storage infrastructure; and
 - (iv) construction of such other works,
 as may be required for the purpose of exploring for, producing, storing, treating, and handling of petroleum;
- (c) a right to use water; and
- (d) a right to build roads.

Public purpose 16. (1) The Minister may acquire land for the purpose of carrying out or facilitating petroleum operations.

(2) The provisions of the Acquisition of Lands for Public Purposes Act shall *mutatis mutandis* apply to the acquisition of any land under subsection (1) as if the carrying out or facilitating of exploration or production operations, for the purposes of which the land is being acquired, were a public work.

Petroleum agreement 17. The Minister may enter into an agreement with an applicant for a licence under section 11 with respect to all or any of the following matters, namely—

- (a) the grant of a petroleum licence;
- (b) the conditions to be included in the licence as granted or renewed;
- (c) the procedure to be followed by the Minister while exercising any discretion conferred upon him by or under this Act and the manner in which the discretion shall be exercised;
- (d) any matter incidental to or connected with the foregoing.

Notice 18. (1) A notice under this Act must be given in writing, either by post, hand delivery, electronic mail or other communication system authorised by guidelines issued by the Minister.

(2) A notice by post or hand delivery is written on paper and is sufficiently served where—

- (a) a postal or courier service provides a proof of delivery; or
- (b) the intended recipient provides a delivery receipt; and

(c) the notice is delivered to—

- (i) the Minister in the manner prescribed;
- (ii) a company incorporated in Guyana at its usual, or last known, registered or principal office; or
- (iii) a company incorporated outside Guyana at its usual, or last known, registered or head office outside Guyana or representative office in Guyana.

(3) For the purposes of subsection (2) (c), the principal office of a body corporate, incorporated outside Guyana, shall be its principal office within Guyana.

(4) A notice by electronic mail or communication system is in electronic form and may have an advanced electronic signature to establish the authenticity of the notice, its integrity or both its authenticity and its integrity, and may be given when the intended recipient of the notice has—

- (a) consented, whether in the specific case or generally, to electronic delivery and has not revoked that consent; and
- (b) provided an electronic address for delivery.

(5) In the absence of evidence to the contrary, a notice is presumed sufficiently served where—

- (a) the sender can produce a copy of the electronic mail which—
 - (i) contains the notice, or to which the notice is attached; and
 - (ii) shows the time and date the message was sent; and
- (b) that electronic mail contains the address supplied under paragraph (b) of subsection (4).

(6) A notice sent by electronic mail is deemed to have been delivered to the recipient no later than 9.00am on the next business day after it was sent.

PART III – EXPLORATION

Geological or
geophysical survey
permit

19.(1) The Minister may permit any body corporate to carry on geological, geophysical and other surveys and investigations in Guyana which in his opinion are relevant for the identification of petroleum reservoirs or for exploration for, or production of,

petroleum, on such terms and conditions as may be agreed to between the Minister and the applicant for the permit.

(2) The terms and conditions referred to in subsection (1) may include—

- (a) the period for which the permit is granted;
- (b) the commercial terms related to revenue generated by the licensing of information obtained under the permit;
- (c) terms for the supply to the Minister of information obtained as a result of any survey or investigation authorized by the permit;
- (d) restrictions, if any, on the dissemination to any person other than the Minister of any information obtained as a result of the survey or investigation; and
- (e) terms related to payment to the Government of fees for the grant of the permit.

Rights conferred by and content of petroleum exploration licence.

20. (1) A petroleum exploration licence granted by the Minister under a competitive process or direct negotiation under section 11, confers on the licensee, subject to the conditions specified in the licence and the respective petroleum agreement, the exclusive right to explore for petroleum and to carry on exploration operations in the area to which the licence relates.

(2) A petroleum exploration licence—

(a) shall—

- (i) state the date of the grant of the licence;
 - (ii) identify the block or blocks to which the licence relates; and
 - (iii) state the conditions subject to which the licence is granted, including conditions necessary to give effect to any petroleum agreement entered into by the applicant for the licence;
 - (iv) prescribe minimum exploration work commitments agreed in the petroleum agreement; and
- (b) may contain such other matters as the Minister may determine for the purposes of subsection (3) or (4) or for any other purpose of this Act.

(3) A petroleum exploration licence may include provision with respect to the exercise by the State, or any agency of the State

of an option to acquire, on prescribed terms and conditions, or on terms to be agreed in the future, an interest in any production licence that may be granted in relation to any block or blocks to which the licence relates.

Term of petroleum
exploration licence

21. (1) A petroleum exploration licence shall specify the term of the licence and may provide for an initial preparation period to enable the licensee to make the necessary preparations to carry out exploration operations.

(2) Where a preparation period is specified in a petroleum exploration licence pursuant to subsection (1), the date of the grant of the licence shall be deemed to be the date immediately following the expiration of that period.

(3) The Minister may prescribe by regulation the maximum term for a petroleum exploration licence and any subsequent renewals. In the case of a competitive tender process, the Minister shall specify in the notice under section 11(2) the term of the initial exploration period and the renewal periods.

(4) If a petroleum exploration licence would otherwise cease to be in force, the licence shall, unless sooner determined by surrender or cancellation under this Act, continue in force in respect of any block to which the licence relates, if an application has been duly made for the grant of—

- (a) a renewal of the petroleum exploration licence; or
- (b) a petroleum production licence in relation to that block,

until the application is finally dealt with by the renewal of, or refusal to renew, the petroleum exploration licence, or, as the case may be, by the grant of, or refusal to grant, the petroleum production licence.

(5) If a petroleum exploration licence would otherwise cease to be in force in respect of any block or blocks, in which petroleum has been discovered, the licence shall, unless sooner determined by surrender or cancellation under this Act, continue in force in respect of that discovery block or blocks until—

- (a) a notice of potential commercial interest is served pursuant to section 28, or until the expiry of the period prescribed in the Petroleum Agreement for serving such notice, whichever occurs first;
- (b) a decision is made by the Minister in relation to a proposed appraisal programme pursuant to section 29;

- (c) a decision is made by the Minister in relation to an application for retention of the discovery submitted pursuant to section 31;
- (d) a decision is made by the Minister, where a declaration of commerciality has been made and an application for production licence has been submitted under section 33; and
- (e) a decision is made by the Minister in relation to any other application pending his approval.

(6) If an appraisal programme submitted by the licensee pursuant to section 29 is approved by the Minister, the petroleum exploration licence relating to the discovery block or blocks that would otherwise cease to be in force shall, unless sooner determined by surrender or cancellation under this Act, continue in force in respect of the discovery block or blocks until the expiry of—

- (a) the appraisal period specified in the petroleum agreement; and
- (b) any further period allowed by the Minister under section 32(3).

(7) If an application for retention of the discovery submitted by the licensee pursuant to section 31 is approved by the Minister, the petroleum exploration licence relating to the discovery block or blocks that would otherwise cease to be in force shall, unless sooner determined by surrender or cancellation under this Act, continue in force in respect of the discovery block or blocks until the expiry of the retention period prescribed in the petroleum agreement.

Form of licence and publication of grant of licence

22. (1) A petroleum exploration licence shall be in such form as may be prescribed by regulation or by the Minister in a competitive tender process.

(2) The Minister shall, as soon as may be practicable after a licence has been granted, publish a notice in the Gazette stating the name of the licensee and the coordinates of the area in respect of which the licence has been granted.

Exploration work programmes and budgets

23. (1) The holder of a petroleum exploration licence must meet the requirements with respect to work and expenditure in, or in relation to the exploration area—

(a) of the minimum work programme and budget stipulated in the licence and respective petroleum agreement; and

(b) of each programme submitted pursuant to subsection (2).

(2) The holder of a petroleum exploration licence shall submit to the Minister adequate annual work programmes and budgets with respect to work and expenditure to be carried out or made in each calendar year.

(3) The Minister may, on application made by the holder of a petroleum exploration licence, by instrument in writing amend or suspend any obligation arising under subsection (1), either conditionally or unconditionally.

(4) The Minister may, by instrument in writing, upon the request of the holder of a petroleum exploration licence, allow the transfer of minimum work obligations from one exploration licence to another licence held by the same licensee. Such transfer is at the sole discretion of the Minister and may be permitted if it results in expeditious development of petroleum resources.

(5) The holder of a petroleum exploration licence may, for good cause, amend the details of any work programme and budget which he is required under subsection (2)(b) to carry out or make, provided that—

(a) the licensee shall give notice in writing to the Minister of any such amendment and providing details of and the reason for the amendment; and

(b) no such amendment shall have effect so as to reduce the minimum requirements of the overall work programme and expenditure to be carried out or made during the term of the petroleum exploration licence.

(6) If the holder of a petroleum exploration licence fails to carry out any part of the requirement with respect to—

(a) work and expenditure stipulated in the licence and the respective petroleum agreement, or

(b) a work programme and budget submitted by him pursuant to subsection (2),

then, without prejudice to any other right which may be invoked by the Minister in respect of that failure, the relevant provision of the licence (if any) shall apply for the purpose of determining the liquidated damages payable to the State by the licensee on account of such failure.

Application for renewal of petroleum exploration licence

24. (1) Subject to this Act, the holder of a petroleum exploration licence may apply for the renewal of the licence, in accordance with the Regulations and the terms of the respective petroleum agreement.

Relinquishment of area upon renewal

25. (1) Subject to the terms of the petroleum agreement, the licensee may be required to relinquish:

(a) a portion of the original licence blocks as a condition for the first renewal of the exploration licence; or

(b) a portion of the remaining licence blocks for subsequent renewals of the exploration licence.

(2) In determining the number of blocks for the purposes of subsection 1(a) and (b), there shall not be taken into account any discovery block or blocks excluded from the exploration area pursuant to section 33(2) or 30(1) and any discovery block existing in the exploration area at the date on which the application for the renewal is made.

(3) The blocks in respect of which an application for the renewal of a petroleum exploration licence is made under subsection (1) shall, subject to a petroleum agreement, be such as to ensure that they constitute a continuous area.

Renewal of petroleum exploration licence

26. (1) The Minister shall grant a renewal of the petroleum exploration licence upon application duly made under section 24 on such terms and conditions as are necessary to give effect to the application and the requirements of this Act, and the terms of the petroleum agreement.

(2) Subject to subsection (3), the Minister shall refuse to grant a renewal of a petroleum exploration licence if the licensee is in default unless the Minister is of the opinion that special circumstances exist which, in the national interest, justify the granting of the renewal notwithstanding the default.

(3) The Minister shall not refuse under subsection (2) to grant the renewal of a petroleum exploration licence—

(a) unless he has given to the applicant notice of his intention to do so—

(i) giving in the notice particulars of the ground for the intended refusal; and

(ii) specifying in the notice a reasonable time within which the applicant may take appropriate action for

remedying the default or make representations in relation to the default; and

- (b) if the applicant has within a prescribed timeframe remedied the default or, where the default cannot be remedied, paid to the Minister adequate compensation in relation to the default, or has made representation in relation to the default and the Minister is satisfied either that there is no default or that there are adequate reasons for the failure on the part of the applicant to remedy the default.

Discovery of petroleum

27. (1) Where exploration operations result in a petroleum discovery, the licensee must—

- (a) immediately inform the Minister of the discovery;
- (b) supply to the Minister in writing particulars of the discovery within timeframes specified in the petroleum agreement;
- (c) promptly run tests in respect of the discovery and thereafter submit to the Minister evaluated test results in respect of the discovery; and
- (d) take promptly all steps that are reasonable, in the circumstances relating to the discovery, to ascertain the quantity of the petroleum—
 - (i) in the petroleum reservoir to which the discovery relates;
 - (ii) in part of the reservoir located in the licence area if the reservoir crosses the boundaries of two or more licence areas; or
 - (iii) in the petroleum reservoir to which the discovery relates if the reservoir straddles across the licence area into open areas.

(2) Where petroleum has been discovered in an exploration licence area, the Minister may, from time to time, by notice in writing served on the licensee, direct the licensee—

- (a) to supply, within the period specified in the notice, particulars in writing of—
 - (i) the chemical composition and physical properties of the petroleum;

(ii) the stratigraphical position and depth of the discovery; and

(iii) any other matters relating to the discovery that are specified by the Minister in the notice; and

(b) to carry out, within the period specified in the notice, such things as the Minister thinks necessary to ascertain the chemical composition and physical properties of the petroleum discovered.

Discovery of petroleum of potential commercial interest

28. Where petroleum has been discovered in an exploration area and the licensee has, under section 27(1)(c), submitted to the Minister evaluated test results in respect of the discovery, the licensee shall serve on the Minister a notice stating that the discovery is, or, as the case may be, is not, in the opinion of the licensee, of potential commercial interest, within prescribed timelines under the petroleum agreement.

Appraisal

29. (1) If a notice served under section 28 states that the discovery of petroleum is, in the opinion of the licensee, of potential commercial interest, the licensee may, unless the licence is sooner terminated by surrender or cancellation under this Act, submit to the Minister for approval an appraisal programme to be carried out within a period specified in the petroleum agreement.

(2) The appraisal programme must contain operations that will enable the licensee to delineate the extent of the accumulation of petroleum and to determine whether the discovery constitutes a commercial discovery.

(3) The licensee shall supply the Minister reports, analysis and data resulting from the investigations and studies carried out under this section as the Minister may require from time to time, by notice served on the licensee.

Discovery of petroleum of no potential commercial interest

30. (1) Where a notice served under section 28 states that the discovery of petroleum in the exploration area is not, in the opinion of the licensee, of potential commercial interest the licence shall cease to have effect within twelve months from the date of notice served under this section, as specified in directions given by the Minister in the said notice.

(2) The Minister shall not give a direction under subsection (1) unless—

(a) he has given to the licensee a notice of his intention to do so;

- (b) he has specified in that notice a reasonable time within which the licensee may make representation with respect to that notice; and
- (c) on evidence available to him and after taking into account any representation made by the licensee, he is of the opinion that the discovery is of potential commercial interest.

Retention of discovery

31. (1) If a discovery of petroleum is considered by the licensee to be of no commercial interest at the time of the discovery but is likely to be of commercial within five years of the notice of discovery served under section 27, the Minister may authorize the retention of the discovery area under terms and conditions prescribed in the petroleum agreement.

(2) The retention of the discovery is at the sole discretion of the Minister and may be authorized under limited circumstances prescribed in the petroleum agreement.

(3) Authorization of the retention of the discovery is conditional upon the licensee undertaking studies and work obligations to establish the commerciality of the said discovery.

Commercial discovery

32. (1) Prior to the end of the appraisal period under section 29 the licensee must submit to the Minister within such period of time and under terms prescribed in the petroleum agreement, a declaration whether in its opinion the discovery constitutes a commercial discovery.

(2) If the licensee declares the discovery to be not commercial the licence shall cease to have effect in respect of the said discovery block or blocks within twelve months from the date of declaration made under this subsection.

(3) The Minister may, on application by the licensee, if the Minister is of the opinion that there are reasonable grounds for doing so, by instrument in writing allow the licensee such further time, which in his opinion is reasonable in the circumstances of the case, to make a declaration of commerciality and apply for the grant of a petroleum production licence under section 33.

PART IV – DEVELOPMENT AND PRODUCTION

Application for petroleum production licence

33. (1) A licensee whose petroleum exploration licence is in force may, prior to the end of the appraisal period, as specified in the petroleum agreement or within such further period as may be allowed by the Minister under this section, apply for the grant of a petroleum production licence in respect of any discovery block

or blocks, which following appraisal, can be shown to contain a petroleum reservoir or part of a petroleum reservoir that can be developed and produced commercially.

(2) If the holder of a petroleum exploration licence fails within the period specified in subsection (1), or within such further period as the Minister may allow, to apply for a petroleum production licence in respect of the whole or part of any discovery block or blocks, the Minister may, by notice served on the licensee direct that the licence ceases to have effect in respect of the discovery block or blocks within 12 months of such notice.

(3) In case of existing discoveries that have been returned to the Government, the Minister may solicit applications for petroleum production licences by means of:

- (a) competitive tender, or
- (b) direct negotiation.

(4) The applicants for production licences under subsection (3) must meet the qualification criteria and other terms and conditions prescribed by regulations or published in the Gazette in the case of a competitive tender.

Grant of petroleum production licence

34. (1) Subject to section 35—

(a) When an application is duly made under section 33(1), the Minister shall grant the petroleum production licence applied for on such conditions as are necessary to give effect to the application and the requirements of this Act; and

(b) When an application is duly made under section 33(1), the Minister may grant, on such conditions as the Minister determines, or refuse to grant the petroleum production licence applied for.

(2) The petroleum production license shall include conditions necessary to give effect to a petroleum agreement.

Restrictions on grant of petroleum production licence.

35. (1) A petroleum production licence shall not be granted to an applicant unless—

(a) the proposals of the applicant would ensure the most efficient recovery and beneficial use of the petroleum resources concerned;

- (b) the applicant has adequate financial resources and technical and industrial competence and experience to carry on effective production operations;
- (c) the applicant is able and willing to comply with the conditions on which the licence is proposed to be granted;
- (d) the applicant's proposals for the employment and training of citizens of Guyana are in compliance with Local Content Act;
- (e) the applicant's proposals with respect to the procurement of goods and services obtainable within Guyana satisfy the requirements of the Local Content Act;
- (f) the exercise of any option given to the State under section 20(3) has been satisfactorily completed or arrangements satisfactory to the Minister have been made for that purpose; or
- (g) if the applicant is in default, the Minister determines that special circumstances exist which, in the national interest, justify the granting of the licence notwithstanding the default.

(2) The Minister shall not refuse an application under section 33(1) for the grant of a petroleum production licence unless—

- (a) he has given the applicant a notice stating the particulars of the ground of the intended refusal, and also stating a reasonable date within which--
 - (i) the applicant may make representation in respect of the grounds so stated; or
 - (ii) where the applicant is in default or the proposals made by him require amendment, the applicant may remedy the default or amend the proposals; and
- (b) the applicant has not, within the date so specified—
 - (i) made any representation or otherwise dealt with satisfactorily with the matters referred to in the notice; or
 - (ii) in the case referred to in paragraph (a) (ii) remedied the default or suitably amended the proposals.

(3) A petroleum production licence shall not be granted to an applicant under section 33(2) in respect of a block which is, at the time the application for the grant of the licence is made,

Contents of petroleum production licence

comprised in a licence already granted to a person other than the applicant.

36. (1) A petroleum production licence—

(a) shall—

- (i) state the date of the grant of the licence;
- (ii) identify the block or blocks to which the licence relates; and
- (iii) state the conditions subject to which the licence is granted; and

(b) may contain such other matters as the Minister may determine for the purposes of subsection (2) or for any other purpose of this Act.

(2) A petroleum production licence may include—

- (a) provision with respect to the duty of the licensee to supply petroleum, to the extent specified in the licence, to meet the requirements of Guyana; and
- (b) conditions with respect to disposal or sale of petroleum recovered in the development and production area.

Rights conferred by petroleum production licence.

37. A production licence confers on the licensee, subject to this Act and the conditions specified in the licence or to which the licence is otherwise subject, exclusive rights—

- (a) to carry on exploration and production operations in the development and production area;
- (b) to sell or otherwise dispose of petroleum recovered; and
- (c) to carry on such operations and execute such works in the development and production area as are necessary for, or in connection with, any matter referred to in paragraph (a) or (b).

Term of petroleum production licence.

38. (1) A petroleum production licence, unless sooner determined by surrender or cancellation under this Act, shall by virtue of this subsection, continue in force—

- (a) for a period of twenty years from the date of the grant of the licence if the commercial discovery relates to an oil field;
- (b) for a period of thirty years from the date of the grant of the licence if the commercial discovery relates to a natural gas field;
- (c) for any period for which the licence is renewed under section 40; and

(d) for any period added pursuant to section 42(3) to the term of the licence.

(2) Notwithstanding the expiry of the term of a petroleum production licence, the licence shall, unless sooner determined by surrender or cancellation under this Act, continue in force by virtue of this subsection, in respect of any block to which the licence relates if an application has been duly made for the grant of a renewal of the licence in respect of that block, until—

(a) the Minister makes a decision for the grant of, or refusal to grant, the renewal; or

(b) the application lapses.

Application for renewal of petroleum production licence

39. (1) A holder of a petroleum production licence may apply, in accordance with the Regulations, for the renewal of the production licence.

(2) The licence may be renewed only once. The Minister may, in exceptional circumstances, consider an application for a second renewal of the production licence if the producing life of the reservoir is expected to extend beyond the first renewal period, and a second renewal of the production licence is considered in the national interest.

Renewal of petroleum production licence

40. (1) Subject to subsections (2) and (3), on application duly made under section 39 for the renewal of a petroleum production licence, the Minister may grant a renewal of the licence on such conditions as he deems fit or refuse to grant a renewal.

(2) Upon receipt of an application for renewal in accordance with subsection (1), if in the opinion of the Minister, special circumstances exist which, in the national interest, justify the grant or refusal of the renewal of the petroleum production licence prior to the date of its expiration, the Minister may grant or refuse the application at any time during the licence period;

(3) The Minister shall refuse to grant a renewal of a petroleum production licence if the licensee is in default unless in the opinion of the Minister special circumstances exist which, in the national interest, justify the granting of the renewal notwithstanding the default.

(4) Any petroleum production licence, for which a renewal was granted in accordance with subsections (2) and (3), shall take effect only upon expiration of the subsisting petroleum production licence;

(5) The period for which a petroleum production licence may be renewed shall not exceed ten years.

PART V – CANCELLATION AND FORCE MAJEURE

Cancellation

41. (1) Subject to this section and section 42, where a licensee is in default the Minister may, by notice served on the licensee, cancel the licence.

(2) The Minister shall not, under subsection (1), cancel a licence on the ground of any default unless—

(a) the Minister has, by notice served on the licensee, given not less than thirty days' notice of the intention to cancel the licence on that ground;

(b) the Minister has, in the notice, specified a reasonable date before which the licensee may, in writing, submit any representation which he wishes the Minister to consider; and

(c) the Minister has taken into account—

(i) any action taken by the licensee to remove that ground or, where the default cannot be remedied, any offer by the licensee to the Minister of adequate compensation in respect of the default and any action by the licensee to prevent the recurrence of similar grounds; and

(ii) any representation submitted to the Minister by the licensee pursuant to paragraph (b).

(3) The Minister shall not, under subsection (1), cancel a licence on the ground that the licensee has failed to pay any amount payable by him under this Act or the licence if, before the date referred to in paragraph (b) of subsection (2), and specified in a notice under that subsection, the licensee pays the amount, together with any additional amount which may be payable under section 87.

(4) The Minister may, by notice served on a licensee, cancel the licence if an order is made, or a resolution is passed winding up the affairs of the body corporate, unless the winding up is for the purpose of a merger and the Minister has consented to the merger, or is for the purpose of restructuring and the Minister has been given notice of the proposed restructuring.

(5) Subject to the provisions of a petroleum agreement, where two or more persons, associated together in any form of joint

arrangement, constitute a licensee, the Minister shall not, under subsection (4), cancel the licence on the occurrence in relation to one or some only of the persons constituting the licensee, of an event entitling the Minister so to do under that subsection if any other person or persons constituting the licensee satisfy the Minister that he or they, as the case may be, is or are willing and would be able to carry out the duties and obligations of the licensee.

(6) The Minister shall, on the application of a licensee, cancel by instrument his petroleum production licence either wholly or in relation to any block or blocks on such conditions (if any) as the Minister may specify in the instrument.

(7) On the cancellation of a licence, the rights of the licensee under the licence shall cease, but the cancellation shall not affect any liability incurred by the licensee before the cancellation and any legal proceedings that might have been commenced or continued against the licensee may be commenced or continued against him notwithstanding the cancellation of the licence.

Force majeure

42. (1) Any failure on the part of a licensee to fulfil any condition of his licence or to meet any requirement of this Act or a petroleum agreement shall not be a breach of the licence, this Act or the agreement, as the case may be, to the extent that the failure results from an act of war, hostility, insurrection, global health pandemic or an exceptional, inevitable and irresistible natural phenomenon, or from any other cause prescribed in the licence or petroleum agreement as constituting force majeure for the purposes of this section.

(2) If a licensee fails to fulfil any of the conditions of his licence because of the occurrence of circumstances of a kind referred to in subsection (1), he shall immediately notify the Minister giving particulars of the failure and its cause.

(3) If a licensee is prevented from exercising any of his rights under his licence for any period because of the occurrence of circumstances of a kind referred to in subsection (1), then such additional period, as may be agreed by the Minister shall be added to the term of his licence.

(4) The Minister may refuse to agree to the addition of any period to the term of the licence if the licensee could, by taking any reasonable steps which were open to him, have exercised

those rights during that period notwithstanding any such occurrence.

(5) This section shall not apply in relation to a failure to meet an obligation, under a licence or this Act, to make any payment of royalty, annual charges or fees.

PART VI – UNITIZATION

Unitization

43. (1) Where a petroleum reservoir extends beyond the boundaries of an exploration license area into the area of one or more exploration licences held by other licencees, the Minister may, for the purpose of ensuring optimum recovery of petroleum and protection of the economic interests of the state, direct the holders of the respective licences that overlay the petroleum reservoir to enter into a unitization agreement to coordinate development and production of the reservoir as a single unit.

(2) Upon identification of a petroleum reservoir under subsection (1) the licensee that identified the reservoir must notify the Minister of the existence of such reservoir within a timeframe to be prescribed by regulation.

(3) The notice under subsection (2) must include a technical report of the geological characteristics of the reservoir, and any studies, interpretations and well data that helped determine the boundaries of the reservoir.

(4) Upon receipt of the notice under subsections (2) and (3) the Minister must notify the holders of the adjacent licence or licences that overlay the reservoir, of the existence of a reservoir that crosses the boundaries of their respective licence or licences and give directions pursuant to subsection (1).

(5) The notice served under subsection (4) shall provide for the time reasonably necessary for the licence holders to reach a mutually acceptable agreement for development of the reservoir as a single unit and shall be approved by the Minister if he considers such agreement is consistent with the provisions of this Act, regulations prescribed under this Act, and the provisions of the respective petroleum agreements.

(6) Failure to submit a unit development agreement under this subsection may result in the Minister establishing the terms and conditions under which unitization must be conducted.

(7) Where the holder of a petroleum licence identifies a reservoir that extends beyond the boundaries of the licence area, into an unlicensed area within the national territory including the internal

Cross-border
unitization

waters and territorial sea, as well as in the contiguous zone, the exclusive economic zone and the continental shelf, the licensee must submit an application to the Minister to incorporate the unlicensed area that contains part of the reservoir identified by the licensee under this subsection.

44. (1) Where a petroleum reservoir extends into the territory of a neighbouring country, including the territorial sea, the contiguous zone, the continental shelf and the exclusive economic zone, the Government of Guyana, represented by the Minister assigned responsibility for foreign affairs, shall seek to reach an agreement with the respective government of the neighbouring country for the unitization of the cross-border reservoir.

(2) When negotiating a cross-border unitization treaty with a neighbouring state the Government of Guyana, upon consultation with the licence holder, may make available, to a limited extent, under confidentiality agreement, information about the cross-border reservoir or geological structure that may be considered confidential under this Act and the respective petroleum agreement, to enable tract determination.

(3) The licensee shall assist the Government of Guyana and submit to the Minister technical studies supporting the cross-border reservoir tract determination process.

(4) No unitization agreement shall be entered between the licensee and holders of rights to the cross-border petroleum reservoir in the neighboring country until a unitization treaty or agreement is entered between the government of Guyana and the neighboring state where part of the petroleum reservoir extends.

(5) Where rights to the cross-border petroleum reservoir are held by the same license holders on both sides of the border, the Minister shall seek an independent tract determination process to ensure equitable allocation of the resources on the portion of the reservoir underlying the national territory of Guyana including the internal waters and territorial sea, as well as in the contiguous zone, the exclusive economic zone and the continental shelf.

(6) Where circumstances described under subsection (5) exist, the Minister may give direction to the licensee—

- (a) to immediately share all data, interpretations and studies related to the discovery of the cross-border reservoir; and

- (b) to refrain from developing the portion of the reservoir that extends into the territory of a neighboring country until a cross-border unitization agreement or treaty is reached between the respective governments.

PART VII – REVENUES AND FINANCIAL GUARANTEES

- Rental
45. (1) The holder of a petroleum exploration licence shall, in accordance with the licence and this Act, pay to the Government rental in respect of exploration or appraisal period.
- (2) The amount of the rental is specified in the petroleum agreement.
- (3) Rental is paid annually on the effective date of the petroleum exploration licence and on the anniversary date so long as the licence remains in force.
- Bonus
46. (1) The Minister may condition the grant of a petroleum exploration licence upon payment of a signature bonus by the licensee.
- (2) Where a petroleum exploration licence is granted through competitive tender the minimum value of the signature bonus shall be established in the notice under section 11(2).
- (3) Where a petroleum exploration licence is granted through direct negotiation the value of the bonus is the amount resulting from the negotiation process.
- Retention fee
47. (1) Where the Minister approves an application for retention of a discovery under section 31, the applicant shall, in accordance with the petroleum agreement, pay to the government a retention fee for the duration of the retention rights.
- (2) The retention fee is paid annually on the date of approval by the Minister of an application for retention rights and on the anniversary date so long as the licensee retains the discovery under section 31.
- Royalty
48. (1) Subject to this Act, the holder of a petroleum production licence shall, in accordance with the licence and this Act, pay to the Government royalty in respect of petroleum obtained by the licensee in the development and production area to which the licence relates.
- (2) Where royalty to be paid by a licensee is payable in kind, for the purposes of section 41(5) and this Part, reference to “payment” shall be construed as reference to delivery of the

petroleum and cognate expressions shall be construed accordingly.

(3) If the holder of a petroleum production licence fails to pay any royalty due on or before the due date, or any further time allowed by the Minister, the Minister may, by notice served on the holder of the licence, prohibit the removal of, or any dealings in, or with, any petroleum from the development and production area concerned, or from any other development and production area subject to a licence held by that holder, or from both, until all outstanding royalty in arrears has been paid or until an arrangement has been made, and accepted by the Minister, for the payment of the royalty in arrears, and the holder shall comply with the notice.

(4) Any person who contravenes a notice under subsection (3) shall be guilty of an offence and shall, on summary conviction, be liable to a fine of twenty million dollars and imprisonment for three years.

Remission of royalty 49. (1) The Minister may, on application made to him by a licensee and after consultation with the Minister assigned responsibility for finance, by order—

- (a) remit, in whole or in part, any royalty payable by the applicant; or
- (b) defer payment of any royalty, on such conditions (if any) as he may specify in the order.

Recovery of royalty 50. (1) Royalty payable pursuant to section 48 and any penalty payable under section 48 is a debt due to the State and recoverable in the same manner as revenues due to the State.

(2) A certificate by the Minister certifying that a specified amount of royalty or penalty is payable by a person identified in the certificate shall, in any proceedings taken against that person for the recovery of any royalty or penalty, be received as evidence of that fact, but without prejudice to the right to adduce evidence in rebuttal.

(3) Where royalty to be paid by a licensee is payable in kind, the price of the petroleum payable as royalty computed as on the date on which it became payable, and any penalty payable under section 48 on account of the failure to pay the royalty on or before the date on which it became payable, may be recovered in accordance with subsections (1) and (2).

(4) The provisions of this section shall be without prejudice to any other provision of this Act.

Training fee

51. The petroleum exploration and production licences may provide for the payment of a training fee payable annually throughout the validity of the petroleum agreement.

Financial support for environmental and social projects

52. The petroleum exploration and production licences may require the licensee to establish a programme of financial support for environmental and social projects to be funded by the licence holder. The terms of the programme and the financial contribution by the licensee are established in the petroleum agreement.

Performance guarantee and bonds

53. (1) The Minister may, from time to time, make such arrangements as appear appropriate to the Minister to secure that the holder of a licence complies with this Act and the licence, and in particular may accept guarantees in respect of that compliance from any person including from shareholders in a body corporate, whether or not the body corporate is, or is to be, the holder of a licence.

(2) The Minister may require an applicant for the grant or renewal of a licence to execute a bond, satisfactory to the Minister, for the performance and the observance by the applicant of the conditions of the licence upon grant or renewal thereof or to make arrangements, satisfactory to the Minister, for the execution of such a bond.

PART VIII – APPLICATION OF TAX LAWS

Order to modify tax laws in respect of licensee

54. (1) The Minister assigned responsibility for finance may, by order, which shall be subject to affirmative resolution of the National Assembly, direct that any or all of the written laws mentioned in subsection (2) shall not apply to, or in relation to, a licensee where the licensee has entered into a production sharing agreement with the Government of Guyana.

(2) The written laws referred to in subsection (1) are—

(a) the Property Tax Act; c. 81:21

(b) the Capital Gains Tax Act; and c. 81:20

(c) the Value Added Tax (VAT) Act. c. 81:05

PART IX – ABANDONMENT AND DECOMMISSIONING

Abandonment obligation

55. (1) Following the expiry or termination of a petroleum exploration or production licence under this Act, the licensee shall:

- (a) remove all property used in petroleum operations from the affected area subject to any arrangements for future use of any property under an approved abandonment plan; and
- (b) remediate the affected area with due regard to conservation and protection of natural resources and the environment.

Abandonment plan and budget

56. (1) The licensee shall submit to the Minister for approval a proposed abandonment plan and budget—

- (a) as soon as possible prior to the expiration of a petroleum exploration licence, or the relinquishment of a part of the licence area;
- (b) no later than two years before the anticipated cessation of production under a petroleum production licence.

(2) Where the petroleum exploration licence is terminated earlier than its scheduled expiration date, the licensee shall, submit to the Minister an abandonment plan and budget no later than ninety days after the termination of said licence.

(3) Notwithstanding the requirement of section 56(1)(b) the holder of a petroleum production licence shall submit a preliminary abandonment plan and budget as part of the development plan approved by the Minister when granting the petroleum production licence under section 34 and the terms of the petroleum agreement.

Content of abandonment plan

57. (1) An abandonment plan under section 56(2) may include options for the:

- (a) complete and total removal of all wells, facilities and assets used in the conduct of petroleum operations;
- (b) partial removal or removal in place of offshore platforms for use as reefs;
- (c) reuse or relocation of the facility for continued petroleum operations at another location; or
- (d) alternative use of petroleum infrastructure for purposes other than petroleum operations.

(2) An abandonment plan submitted to the Minister for approval under section 56 must include—

- (a) a detailed description of the decommissioning and abandonment operations to be undertaken by the licensee;
- (b) a description of the proposed methods of removal and disposal;
- (c) an analysis of alternative removal and disposal methods considered in preparing the plan including cost estimates and the rationale for selecting the preferred methods;
- (d) an environmental impact assessment in compliance with Environmental Protection Act; and
- (e) any other matter that may be prescribed by regulation or direction of the Minister.

Approval of
abandonment plan

58. (1) The Minister shall make a decision whether to approve, conditionally approve or reject a development plan submitted by the holder of an exploration licence or production licence under section 56.

(2) The Minister's decision whether to approve or reject an abandonment plan must consider various factors and interests involved, mainly—

- (a) safety and environmental considerations;
- (b) technical and economic aspects;
- (c) disposal alternatives;
- (d) impact on development of other petroleum operations, or sources of energy;
- (e) impact on local communities, fisheries and agriculture; and
- (f) other national interests.

(3) If the Minister rejects the development plan submitted by the holder of a petroleum exploration or production licence, he shall serve notice on the licensee providing the reasons for rejection of the plan and directing the licensee to resubmit a new or amended abandonment plan in accordance with conditions and terms included in the notice.

Temporary and
permanent
abandonment of
wells

59. (1) The holder of an exploration or production licence must permanently plug all wells in the licence area within one year of the expiration of the licence, cessation of petroleum operations or termination of said licence.

(2) Permanent abandonment operations must initiate after six months of inactivity at the production site. The licensee must

adopt standards and practices that ensure well integrity, avoid leakage and protect the environment.

(3) In the case of wells that are part of the infrastructure associated with an offshore oil and gas facility the abandonment programme for the offshore facility must contain—

- (a) a listing of all active, suspended and previously abandoned wells associated with the facility; and
- (b) a description of the methods used or proposed to be used to plug and abandon the wells.

(4) At the request of the licensee the Minister may allow the temporary abandonment of wells when it is necessary for proper development and production of petroleum reservoir in the licence area.

(5) Within three months following the completion of a well abandonment programme, the licensee shall submit a report to the Minister that:

- (a) provides independent verification that the abandonment has been carried out correctly; and
- (b) includes the results of tests carried out to ascertain the effectiveness of the abandonment operations.

Abandonment fund

60. (1) The holder of a petroleum production licence shall establish an abandonment fund for the purpose of ensuring adequate funding to implement decommissioning and abandonment operations upon cessation of production and the subsequent expiry of the production licence.

(2) Contributions to the abandonment fund shall commence when cumulative production from the field or fields associated with the abandonment in question has reached fifty percent of the proven reserves. The annual contribution to the abandonment fund must ensure that the full estimated cost of abandonment is paid to the fund two (2) years prior to the anticipated commencement of decommissioning and abandonment operations in the production licence area.

(3) The terms and conditions for administration of the fund and disbursement of payments for the recovery of costs shall be agreed between the Minister and the licensee under the terms of the petroleum agreement.

Partial
abandonment or
alternate use

61. (1) The Minister, upon consultation and prior authorization by the Coast Guard, may approve partial structure removal or

toppling in place of an offshore oil and gas platform for conversion to an artificial reef if the proposed plan does not present navigational obstacles and the government agrees to assume title and liability for the structure.

(2) Pursuant to the terms of the petroleum agreement and subject to an approved plan by the Minister, the licensee may reuse the facilities for other petroleum operations or for additional energy or other marine related purpose, subject to verification of the facilities as suitable for reuse by an independent internationally recognized certified verification body.

(3) Where alternate use of the offshore facility is authorized by the Minister the holder of the alternate use authorization shall bear responsibility for all decommissioning obligations that accrue following the issuance of the alternate use.

Failure to submit a plan or meet abandonment obligations

62. Failure to submit an abandonment plan and meet the abandonment obligations under this Act and the petroleum agreement shall not relieve the licensee of liability for the cost of removal of installations and equipment or for the restoration of the site.

Transfer of responsibility for abandonment

63. (1) The Minister may elect to postpone the scheduled abandonment of facilities and infrastructure following the expiry or termination of a petroleum production license—

(a) to extend the useful life of said facilities and infrastructure by using such facilities for other petroleum operations; or

(b) to use facilities for other energy or marine related purposes.

(2) Where abandonment and decommissioning of petroleum installations is postponed under subsection (1) the responsibility and liability for abandonment of facilities at the end of their useful life is transferred on to the beneficiary of the alternate use.

(3) The licensee who was originally responsible for abandonment and decommissioning obligations before the issuance by the Minister of the alternate use decision under subsection (1) shall be responsible for abandonment and decommissioning obligations that accrued before the alternate use decision, as well as for any decommissioning obligations that accrue subsequent to the Minister's decision under

subsection (1) to the extent they relate to continued use of the facilities by the licensee under this Act.

Post decommissioning

64. Upon completion of abandonment and decommissioning obligations under this part the licensee shall submit to the Minister a post decommissioning report and an independent verification certificate issued by qualified verification bodies.

PART X – TRANSPORTATION AND STORAGE

Transportation and storage

65. (1) The Minister may grant rights of way through the national territory, including the internal waters and territorial sea, as well as in the contiguous zone, the exclusive economic zone and the continental shelf for the transportation of petroleum via pipelines under such terms and conditions prescribed by regulation.

(2) The construction and operation of facilities for transportation, treatment or storage of petroleum may not be carried out without a licence granted by the Minister, unless such rights have been incorporated into an approved development plan and conferred by a production licence.

Third party access

66. (1) The Minister may require that an owner and operator of a facility for the transportation, treatment or storage of petroleum grant access to third parties if so warranted by considerations for resource management, investment risk, efficient operation of facilities and infrastructure, economic or environmental impact and other national interest considerations.

(2) The grant of access under subsection (1) may be required to the extent there is excess capacity and if the Minister deems that such use of facilities would not result in a detriment to the licensee's own requirements or those of a third party that has already been assured the right of access.

(3) Where mutual benefit can be achieved by the construction of common facilities and infrastructure the licensee must use best efforts to reach an agreement with other producers for construction and operation of common facilities.

(4) The Minister may prescribe rules to ensure application of transparent and non-discriminatory tariffs for access to transportation, treatment or storage infrastructure.

PART XI – DISPOSAL OF PETROLEUM, DOMESTIC SUPPLY AND EXPORTS

Disposal of petroleum

67. The holder of a petroleum production licence may freely sell, export or otherwise dispose of their entitlement of petroleum

subject to any conditions imposed under this Act or the petroleum agreement.

Marketing of state's share of production

68. The Minister may require the licensee to market abroad on competitive terms all or part of the Government's share of crude oil subject to commercial terms established under the petroleum agreement.

Domestic supply

69. (1) The Minister may require the holders of petroleum production licences to supply crude oil in the domestic market when the needs of the domestic market exceed the Government's entitlement from all crude oil production in the country.

(2) The share of a licence holder's contribution to the domestic market obligation shall be pro rata to the share of their entitlement to the entire volume of crude oil produced in Guyana by all licence holders.

(3) The volume of crude oil which the licensee shall be required to sell under this section shall not exceed their share of profit oil entitlement under the petroleum agreement.

(4) The minister shall give due notice to the licensee for the domestic supply obligation, under the terms of the petroleum agreement.

PART XII – CARBON DIOXIDE STORAGE

Prospecting for and exploration of underground carbon dioxide storage sites

70. The Minister may grant rights for prospecting for and exploration of underground carbon dioxide storage sites under such terms and conditions prescribed by regulation.

Underground carbon dioxide storage licence

71. (1) An underground carbon storage licence grants the licensee the exclusive right to—

- (a) explore for potential storage sites in the area as specified in the licence; and
- (b) develop the storage site, permanently store CO₂ and undertake activities incidental to CO₂ storage as specified in the licence.

(2) The holder of the licence for prospecting and exploration of underground carbon storage sites under section 70 holds a preferential right to obtain an underground carbon dioxide storage licence for the storage sites identified under the prospecting licence under such terms and conditions prescribed by the minister by regulation.

(3) Notwithstanding the provision of subsection (2) the Minister may grant an underground carbon dioxide storage licence to a body corporate that is not a holder of a licence for prospecting and exploration of underground carbon dioxide storage sites.

PART XIII – SAFETY, SECURITY AND EMERGENCY RESPONSE

Safety requirements, practices, and standards

72. (1) The Minister shall issue regulations to govern the safety of petroleum operations carried under this Act. The objective of the regulations shall be—

- (a) protecting the health, safety and welfare of persons engaged in oil and gas operations and communities;
- (b) securing the safe design, construction and operation of all facilities;
- (c) securing the safe and environmentally sound abandonment and decommissioning of facilities and site restoration;
- (d) maintaining a high level of safety at all facilities;
- (e) promoting orderly exploration, development, and production of petroleum resources;
- (f) preventing damage to or waste of any natural resource, property, or the environment;
- (g) promoting a safety culture and continuous improvement of safety measures in compliance with this Act, applicable law related to health safety and environment and best international industry standards and practices;

(2) In furtherance of the purposes of this Act, the holder of an exploration licence, production licence, storage and pipeline transportation licence, or any other licence or right of way authorized under this Act must—

- (a) ensure that petroleum operations are conducted in a safe, competent and efficient manner; and
- (b) ensure that any risks inherent in petroleum operations are addressed such that those risks are eliminated where possible or are kept as low as reasonably practicable.

Facilities and infrastructure

73. (1) The licensee shall maintain in safe and good condition all facilities, infrastructure, equipment and other items or works, used or to be used in petroleum operations.

(2) If the Minister has reasonable grounds to believe that the

present state of the licensee's facilities or infrastructure, or the conduct of any activity, poses an unacceptable risk of loss of life, personal injury, pollution or major damage to facilities, the Minister may require the licensee to—

- (a) take remedial measures within such reasonable period as may be determined by the Minister;
- (b) discontinue petroleum operations in whole or in part until the completion of such remedial measures.

Risk assessment
and safety
management
system

74. (1) In order to ensure risks inherent in petroleum operations are eliminated or are kept as low as reasonably practicable, the regulations and the petroleum agreement must require the implementation by the licensee of—

- (a) risk assessment; and
- (b) safety management system,

with respect to each activity and facility that poses a risk of personal injury, loss of life, pollution or major damage to facilities.

(2) A risk assessment under this section shall comprehensively identify the risks inherent in the licensee's petroleum operations, including—

- (a) the health, safety and environmental risks related to design, construction, installation, operation, inspection, maintenance and abandonment of all facilities and infrastructure;
- (b) risks to personnel in the working environment including those related to the use of all facilities, plant, equipment, materials and substances used in petroleum operations; and
- (c) risks to personnel in accessing or leaving work locations for petroleum operations.

(3) The risk assessment must—

- (a) identify and assess factors contributing to risks of major accident events and environmental damage; and
- (b) assess the potential mitigating impact that operations and modifications of facilities may have on major accident events and environmental risks.

(4) The regulations and the petroleum agreement shall provide for a safety management system to comply with applicable

provisions of environmental, labour, safety, and social protection, maritime and other applicable national and best international industry standards and practices.

Safety zones

75. (1) The safety regulations shall prescribe for the imposition of a safety zone around each permanent or temporary facility intended for use in petroleum operations for safety and environmental reasons.

(2) The declaration of a safety zone shall outline conditions that—

- (a) delineate the precise extent of the zone;
- (b) impose restrictions on entry to the zone to access the facilities; and
- (c) restrict operations within the zone.

(3) The safety zone does not limit petroleum operations which are specifically permitted in accordance with this Act.

(4) The Minister may decide—

- (a) to restrict access in the safety zone to unauthorised vessels, hovercraft, aircraft or other objects;
- (b) to place restrictions on operations within a safety zone;
- (c) to vary the terms of an existing safety zone; or
- (d) to continue the operation of a safety zone around any abandoned or decommissioned facilities.

(5) In the event of any accident or emergency in relation to petroleum operations, the Minister may establish or extend a safety zone as considered appropriate.

Emergency preparedness and response

76. (1) Licensees conducting petroleum operations under this Act must diligently institute and maintain—

- (a) appropriate preventative measures to reduce the risk of accident or emergency in the course of petroleum operations;
- (b) emergency preparedness and response procedures and control measures appropriate to each facility that are aligned with national and regional oil spill emergency response plans and undergo regular or periodic testing for all tiers of the response.

(2) The emergency response plans must comply with International Convention on Oil Pollution Preparedness,

Response and Co-operation, the Environmental Protection Act Chapter 20:05, the Guyana Shipping (Marine Pollution) Act, Public Health Act and other applicable laws and regulations.

Security

77. (1) The Operator of a licence holder's petroleum facilities and infrastructure must implement and maintain—
- (a) preventive security measures designed to protect facilities and wells from deliberate attacks; and
 - (b) contingency plans to deal with the occurrence of any such attacks.
- (2) The preventive security measures under this section shall include measures to control the presence of personnel, equipment and goods at a facility or well.

PART XIV – RESTRICTION ON RIGHTS OF LICENSEE

Restriction on exercise of rights in relation to certain areas

78. (1) A licensee shall not exercise any of his rights under this Act or his licence—
- (a) except with the written consent of the President, in respect of land that is—
 - (i) sensitive for national security or defense purposes;
 - (ii) set apart or required for such public purpose (other than mining development) as may be prescribed; or
 - (iii) part of the shore of the sea and of tidal navigable rivers which is covered by the medium high tide between the spring tides and the neap tides;
 - (b) except with the written consent of the lawful occupier thereof, in respect of—
 - (i) any land which is the site of, or which is within two hundred metres (or such greater distance as may be prescribed) of, any inhabited, occupied or temporarily unoccupied house or building;
 - (ii) any land within fifty metres (or such greater distance as may be prescribed) of any land which has been cleared or ploughed or otherwise bona fide prepared for the growing of, or upon which there are growing, agricultural crops:

provided that the land described in paragraph (b) (i) and (ii) is not State land, Government land, land wholly owned by State entities including companies or corporations or in which the controlling interest is vested in the state or any land identified by law, or a plan drawn and approved in accordance with any law for reserves;

(iii) any land from which, during the year immediately preceding, agricultural crops have been reaped;

(c) in respect of any land within two hundred metres (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;

(d) in respect of any land within two hundred metres (or such greater distance as may be prescribed) of the boundaries of, any village, or of any land set apart or required for a village, a new village or a village extension, except with the written consent of the Minister;

(e) in respect of any land or area dedicated as a place of burial or which is a place of religious significance;

(f) in respect of any land or area designated as a protected area under Protected Areas Act;

(g) in respect of any area which is subject to a licence, lease or concession under the Mining Act, except with the written consent of the holder of the licence, lease or concession; or

(h) in respect of any prescribed land or area except with the consent of such persons as may be prescribed.

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

(a) Nothing in this section shall prevent the Minister from obtaining written consent from any landowner or lawful occupier of any land described in subsection (1)(b).

(b) A licensee may, with the consent of the Minister, use the land exempted under the proviso to subsection (1)(b)(i) and (ii) to land, install and operate any pipelines or

submarine fiberoptics or terrestrial cables or similar infrastructure and shall maintain, inspect, repair or renew such pipelines, cables or similar infrastructure.

Distance from other infrastructure

79. A licensee shall not carry on any drilling operations at any point within two hundred metres of a railway, dam, reservoir, canal, or other public work except with the written consent of the President or of any person authorised by him, either specifically or generally. Such consent may be given either conditionally or unconditionally.

Overlapping mineral rights

80. (1) A licensee shall use best efforts to conduct petroleum operations in a manner that does not unreasonably interfere with, obstruct, or disrupt exploration or mining operations under a mining right other than petroleum that predates the petroleum exploration or production licence and overlaps the area subject to the petroleum exploration or production licence.

(2) In the event the licensee and the holder of the mining right cannot agree on arrangements to govern mutual access to and use of any areas where their respective rights overlap, the Minister may determine any reasonable arrangements for shared use of the surface provided such use does not pose risks to the safety of petroleum operations and mining operations.

(3) If there is a discovery of natural resources other than petroleum in a license area under this Act, and both operations may not be pursued simultaneously due to incompatible nature of overlapping mineral rights, the Minister must decide which of the operations must be suspended and on what terms.

(4) The decision under subsection (3) must take account of the nature of the discovery, the investment made, the duration of operations and volume of mineral and petroleum resources, their economic and social impact and the national interest.

(5) The holder of mineral or petroleum rights whose operations are suspended under subsection (3) may request an extension of the term of the mining or petroleum licence, as the case may be. Such extension shall be for a period equivalent to the duration of the suspension ordered under subsection (3).

Accommodation of other uses of land

81. (1) A licensee shall conduct petroleum operations in a manner that minimizes to a reasonable extent any impact on the interests of any lawful occupier of land affected by such petroleum operations.

(2) A licensee's petroleum operations in an area under an exploration or production licence shall not affect the existing

rights of any lawful occupier of land to graze livestock upon or to cultivate the surface of the land, except insofar as such uses of land may unreasonably interfere with petroleum operations.

(3) The lawful occupier of any land in a development and production area shall not erect any building or structure in the area without the consent of the holder of the petroleum production licence; but if the Minister considers that the consent is being unreasonably withheld the Minister may give in writing his consent to the lawful occupier subject to the conditions (if any) imposed by the Minister.

Fishing and navigation

82. A licensee carrying on exploration or production operations under this Act shall not take any action which in any way will interfere with fishing or navigation lawfully being carried on, except where the licensee gives to the Minister prior notice in writing of the expected nature and duration of the interference.

Compensation

83. (1) Where, in the course of exploration or production operations in any parcel of land in the licence area, any damage is caused or done to the parcel of land, or to any cultivation or building thereon, as a result of those operations, the licensee shall be liable to pay fair and reasonable compensation to the holder of any right, title or interest in or over that parcel of land in accordance with his right, title or interest.

(2) The compensation payable under subsection (1) shall be such sum as may be agreed to between the licensee and the person entitled to receive the compensation and, if no agreement can be arrived at between them, such sum as may be determined by the High Court on application made to it by the licensee or the person entitled to receive the compensation.

Notice of intent to commence petroleum operations

84. A licensee shall, before commencing exploration or production operations in any parcel of land, take reasonable steps to—

(a) identify any holder of any right, title or interest in or over that land and area where the licensee's proposed operations will take place; and

(b) give notice to the holders of interest identified in paragraph (a) of the licensee's intention to commence petroleum operations, in such manner and form as may be prescribed.

PART XV – OFFENCES AND PENALTIES

Failure to comply with provisions of the Act

85. (1) Any person who fails to comply with any provision of this Act, or any licence, regulation or order issued under to this Act shall, after notice of such failure and any period allowed for corrective action, be liable for a fine of not more than ten million dollars.

(2) Any person who knowingly and wilfully—

- (a) violates any provision of this Act, or any licence, regulation or order issued under to this Act;
- (b) makes any false statement, representation, or certification in any application, record, report, or other document filed or required to be maintained under this Act; or
- (c) reveals any data or information required to be kept confidential by this Act.

shall, upon conviction, be punished by a fine of not more than thirty million dollars, or by imprisonment for not more than three years, or both.

(3) Where an offence which has been committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, a director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, he, as well as the body corporate, shall be guilty of the offence and liable to be proceeded against and punished accordingly.

Orders of forfeiture on conviction for certain offences

86. (1) Where a person is convicted of an offence against this Act, the court convicting him may, in addition to any other penalty imposed, make—

- (a) an order for the forfeiture of any vehicle, aircraft, vessel, machinery or equipment used in the commission of the offence; and
- (b) an order—
 - (i) for the forfeiture of petroleum recovered, in the course of the commission of the offence; or
 - (ii) for the payment, by the person convicted, to the State of an amount equal to the proceeds of the sale of petroleum so recovered; or
 - (iii) for the payment by that person to the State of the value at the wellhead, assessed by the court, in respect of the quantity of petroleum so

recovered or for the payment of such a part of that amount as the court, having regard to all the circumstances of the case, thinks fit.

(2) Where the court is satisfied that an order made under subsection (1) (b) (i) cannot for any reason be enforced, the court that made the order may, upon application made in that behalf by the Minister set aside the order and make an order referred to in subsection (1) (b) (ii) or (iii).

Penalty for late payments

87. (1) Where the liability of a person under this Act or a licence to pay an amount is not discharged on or before the date when the amount was due, there shall be payable by that person, by way of penalty, an additional amount calculated at the rate of one-third of one per cent per day, upon the unpaid balance, to be computed from the date on which that amount was due and until it is paid in full.

(3) The Minister may, in a particular case, for reasons that in his opinion are sufficient, remit the whole or part of the additional amount payable under this section.

(4) Where royalty to be paid by a licensee is payable in kind, references to “amount” in this section shall be construed as references to the price of the petroleum payable as royalty computed on the date it is due.

Obstruction of licensee

88. Any person who, without reasonable excuse, obstructs or prevents a licensee in or from doing, any act which the licensee is authorised to do by or under this Act or his licence, shall, on summary conviction, be liable to a fine of ten million dollars and imprisonment for one year.

PART XVI – MONITORING, SUPERVISION, INSPECTION AND VERIFICATION

Monitoring and supervision

89. (1) The Minister, or any person or government agency duly authorized by the Minister, shall carry out oversight, inspection, research, monitoring and enforcement actions as are necessary for the implementation of the provisions laid down in or pursuant to this Act.

(2) In carrying out the functions under subsection (1) the Minister or his appointee may, at all reasonable times—

- (a) enter any area, structure, building, vehicle, vessel or aircraft which, in the opinion of the Minister or his appointee, has been, is being, or is to be, used in connection with petroleum operations;

- (b) inspect and test, or cause to be tested by a qualified person, any machinery or equipment which, in the opinion of the Minister or his appointee, has been, is being, or is to be, used in connection with any of the operations referred to in paragraph (a);
 - (c) take or remove for the purpose of analysis or testing or for use in evidence in connection with an offence under this Act samples of petroleum, water or other matter or evidence from a well;
 - (d) issue directions to, and impose restrictions on, a licensee or any person employed by him in, or in connection with, any of the operations referred to in paragraph (a), with respect to the health and safety of the persons so employed by the licensee;
 - (e) direct the licensee in writing to effect—
 - (i) the cessation of any of the operations referred to in paragraph (a) on or in any area, structure or building being used in connection with any such operations, and the withdrawal of all personnel from the area; and
 - (ii) the discontinuance of the use of any machinery or equipment if in the opinion of the Minister the area, structure or building, or machinery and equipment is unsafe, unless and until such action as is necessary for safety and specified in the direction is taken by the licensee and completed.
 - (f) make such examinations and inquiries as are necessary to ensure that the provisions of this Act, or any directions issued, restrictions or conditions imposed, or orders made under this Act, are being complied with; and
 - (g) obtain and record statements from witnesses, and appear at, or conduct, inquiries regarding accidents occurring in the course of any of the operations referred to in paragraph (a), and appear at inquests, and call and examine witnesses, and cross-examine witnesses.
- (3) Before exercising any of his powers under subsection (2), if there is any person present who is, or appears to be, in charge of the area, structure, or building, vehicle, vessel, or aircraft, machinery or equipment, matter, evidence or document in respect of which the power is about to be exercised, the Minister

or his appointee shall identify himself to that person and to any person to whom he is about to give a direction.

(4) A licensee, contractor, or sub-contractor shall provide the Minister, or the person authorised by the Minister under subsection (1) with reasonable facilities and assistance regarding transportation and accommodation to enable the effective and timely performance of the monitoring, supervision, inspection and verification functions under this section.

PART XVII – MISCELLANEOUS

Transfer of rights

90. A licensee shall not without the written approval of the Minister, directly or indirectly assign any of the rights under a licence or petroleum agreement, whether in whole or in part, to a third party or an affiliate.

Control of body corporate not to be given without consent of Minister

91. (1) A body corporate which is the holder of a petroleum production licence shall not, without the prior consent in writing of the Minister—

(a) register the transfer of any equity share or shares in the body corporate to any particular person or his nominee;
or

(b) enter into any agreement, arrangement, or understanding, (whether or not having legal or equitable force) with any particular person,

if the effect of doing so would be to give, in the case mentioned in paragraph (a), to the particular person or, in the case mentioned in paragraph (b), the particular person or any other person, control of the body corporate.

(2) On application duly made to the Minister in writing for his consent under this section, the Minister shall give his consent if he considers that public interest would not be prejudiced by the change of control of the body corporate, but shall otherwise refuse to give his consent; and for the purpose of considering any such application the Minister may call for and obtain such information as he considers necessary to make a decision on the application.

(3) For the purposes of this section—

(a) a person shall be deemed to have control of a body corporate—

(i) if the person or his nominee holds, or the person and his nominee hold, a total of twenty per cent

or more of the issued equity shares in the body corporate;

(ii) if the person is entitled to appoint, or prevent the appointment of, half or more than half of the directors of the body corporate; or

(iii) if the person is entitled to exercise, or control the exercise of, the right to cast votes in respect of not less than two-fifths of the total number of votes in respect of the issued equity shares in the body corporate;

(b) “equity shares”, in relation to a body corporate, means shares in the body corporate carrying voting rights in all circumstances at any general meeting of the body corporate, and includes preference shares, other than preference shares which do not have such voting rights;

(c) “preference shares” means shares which carry the right to payment of a dividend of a fixed amount, or not exceeding a fixed amount, in priority to payment of a dividend on any other class or classes of shares, whether with or without other rights; and

(d) the reference in paragraph (a) (iii) to the entitlement to control the exercise of the right to cast votes shall include an entitlement to control the exercise of that right directly or indirectly and includes control that is exercisable as a result of or by means of trusts.

Liability and indemnity

92. A licensee must keep the State indemnified at all times against all actions, claims and demands that may be brought or made against the State by reason of any action, omission or failure to act by the licensee in the exercise or purported exercise of the rights of the licensee under this Act, the licence or petroleum agreement.

Data ownership and confidentiality

93. (1) The State has an inalienable ownership right to petroleum data obtained as a result of petroleum operations authorized under this Act.

(2) Notwithstanding the provision of subsection (1) the Minister may enter into commercial arrangements with a body corporate authorized to carry out a geological or geophysical survey under section 19, on terms and conditions that enable the commercialization of such data and sharing of revenue with the State.

(3) Ownership of petroleum data obtained under an exploration or production licence is held jointly by the State and the licensee and becomes the sole property of the State with respect to any area which ceases to be part of the license are, whether as result of relinquishment, expiry, surrender, or termination of a license or otherwise in accordance with the petroleum agreement.

(4) The Minister may, under the terms of a petroleum agreement, establish the terms and conditions for disclosure and sharing of data and information.

Litigation against the State

94. (1) In any action arising out of petroleum operations pursuant to or in any manner whatsoever connected to this Act and/ or related legislation that impacts the State, the Minister shall be named as a party as of right.

(2) Nothing in this Act shall be construed to limit, restrict, or mitigate in any way the power and authority of the State in any action affecting the State in accordance with the State Liability and Proceedings Act, Chapter 6:05 of the Laws of Guyana.

Directions to give effect to treaty

95. (1) The Minister may—

(a) for the purpose of giving effect to any treaty agreement, convention or other arrangement to which Guyana is a party; or

(b) in the interests of peace and good relationship with other countries,

issue to any licensee directions in respect of all or any of the following matters—

(i) restricting the operations in the exploration or development and production area to which the licence relates in such manner or to such extent as may be specified in the direction;

(ii) prohibiting the licensee from carrying on any operations in the entire exploration or development and production area or such part thereof as may be specified in the direction.

PART XVIII – REGULATIONS

Regulations

96. The Minister may make regulations for the purpose of giving effect to provisions of this Act, and in particular, but without limiting the general power, may make regulations for—

- (a) execution of all works related to exploration for and production of petroleum;
- (b) conservation and prevention of the waste of petroleum or other natural resources;
- (c) the form and contents of, and conditions with respect to, an application for the grant or renewal of licence;
- (d) the methods to be used for the measurement of petroleum, water and other substances from a well;
- (e) safety and welfare standards, and the health and safety of persons employed in or in connection with exploration, production or conveyance of petroleum;
- (f) transportation, storage and treatment of petroleum via pipeline
- (g) underground storage of natural gas;
- (h) underground storage and transportation of carbon dioxide; and
- (i) any other matter that may be, or is required to be, prescribed by the Minister.

PART XIX – TRANSITIONAL PROVISIONS AND SAVINGS

Transitional provisions and savings

97. Prospecting and production licences and petroleum agreements issued or entered into before the commencement of this Act, have effect as if entered under or for the purposes of this Act.

Repeal

98. (1) The Petroleum (Exploration and Production) Act, 1986 Cap 65:10 is repealed.

(2) Regulations made under Petroleum (Exploration and Production) Act 1986 are repealed.

(3) Despite the repeal of the Petroleum (Exploration and Production) Act 1986 and Regulation No. 5 1986, the notices, orders, directions, appointments or any act lawfully made or done under the repealed enactment and in force immediately before the commencement of this Act shall continue to have effect until revoked, cancelled or terminated.