

PETROLEUM AMENDMENT BILL

EXPLANATORY NOTE

This Bill makes miscellaneous amendments to the Petroleum Act 1937.

Clause 2 provides that the Minister, when granting a prospecting licence or on the application of the licensee under an existing licence, shall specify the conditions to which a petroleum mining licence will be subject when granted in exchange for the prospecting licence.

Clause 3 gives the licensee the right to an extension of his prospecting licence for a further term of five years if he has complied substantially with the conditions of his licence. At present the extension is in the absolute discretion of the Minister and may be for any period up to five years.

Clause 4 authorizes the Minister to suspend, in respect of the land in any licence, the obligations imposed by the principal Act to commence or carry out prospecting operations where the holder (whether actual or prospective) of two or more prospecting licences gives a written undertaking to carry out such investigations as will ensure that the total areas concerned will, during a period specified in the undertaking, be adequately prospected for petroleum.

Clause 5: The effect of the amendments proposed by this clause is that a licensee, when receiving a mining licence in exchange for a prospecting licence, may specify the land in the prospecting licence which he wishes to have included in the mining licence.

Clause 6 replaces the existing provisions relating to conditions to which licences are subject. The only material alteration effected by the clause is that the present provisions providing that licences are subject to conditions imposed from time to time by regulations have not been replaced. The Minister will impose all conditions at the time of granting the licence.

Clause 7 replaces the existing provision relating to the export from New Zealand of crude petroleum and the products thereof. The clause empowers the Minister to direct that crude petroleum produced in New Zealand be refined in New Zealand if—

(a) Products from the petroleum can be manufactured economically in New Zealand; and

(b) The products are required for use in New Zealand.

At present there is a prohibition on the export of crude petroleum and the products thereof except so far as may be otherwise provided by regulations. The clause provides for the reference of certain matters to arbitration.

Clause 8: The effect of the amendment proposed by this clause is that the Minister will not revoke a licence unless a Magistrate before whom an inquiry has been made recommends revocation.

Clause 9 provides for a reference to arbitration in certain cases where the question arises as to whether or not a licensee has complied substantially with the conditions of his licence.

Clause 10 prescribes details in respect of arbitration. The reference will be to two arbitrators, one to be appointed by the Minister and one by the licensee, and an umpire.

Clause 11 provides that any licence in force at the commencement of the Act shall have effect as if the Act had been in force when the licence was granted.

Hon. Mr Sullivan

PETROLEUM AMENDMENT

ANALYSIS

Title.	
1. Short Title.	5. Exchange of mining licences for prospecting licences.
2. Conditions in mining licence to be granted in exchange for prospecting licence to be specified.	6. As to conditions in licences.
3. Minister to grant extension if conditions of prospecting licence complied with.	7. Minister may direct that crude petroleum be refined in New Zealand.
4. Minister may suspend obligation to commence or carry on prospecting operations in certain circumstances.	8. Minister not to revoke licence unless Magistrate recommends revocation.
	9. Certain matters may be referred to arbitration.
	10. Arbitration.
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A BILL INTITULED

AN ACT to amend the Petroleum Act 1937.

Title.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

1. This Act may be cited as the Petroleum Amendment Act 1955, and shall be read together with and deemed part of the Petroleum Act 1937 (hereinafter referred to as the principal Act).
2. (1) The Minister, when granting any prospecting licence, or on the application of any person who is the holder of a prospecting licence at the commencement of this Act, shall specify the conditions to which any mining licence granted to the licensee in respect of the land or any part of the land contained in the prospecting

Short Title.

1937, No. 27

Conditions in mining licence to be granted in exchange for prospecting licence to be specified.

licence will be subject in the event of the licensee receiving the mining licence in exchange for the prospecting licence under subsection three of section nine of the principal Act.

(2) Any conditions specified under subsection *one* of this section shall, on the grant of the mining licence, be imposed as conditions to which the mining licence is subject. 5

Minister to grant extension if conditions of prospecting licence complied with.

3. (1) The principal Act is hereby amended by inserting, after section five, the following section: 10

“5A. (1) Every prospecting licence shall be granted for a period of five years.

“(2) The Minister, if he is satisfied that the holder of a prospecting licence has complied substantially with the conditions of the licence, shall, on the application of the licensee made before the expiration of the licence, extend the term of the licence for a further period of five years: 15

Provided that the aggregate of the term of the original licence and of any extension thereof shall not exceed ten years.” 20

1941, No. 26

(2) Section sixty of the Statutes Amendment Act 1941 is hereby repealed.

Minister may suspend obligation to commence or carry on prospecting operations in certain circumstances.

4. The principal Act is hereby amended by inserting, after section eight, the following section:

“8A. (1) Notwithstanding the provisions of this Act, where— 25

(a) The holder of two or more prospecting licences; or

(b) An applicant for a prospecting licence who is already the holder of any such licence; or

(c) An applicant for two or more prospecting licences,— 30

gives an undertaking in writing to conduct, at an estimated cost and during a period specified in the undertaking, such geological, geophysical, or other investigations as will ensure that the areas comprised in all the licences held or applied for will, before the expiration of the period specified in the undertaking, be adequately prospected for petroleum, the Minister may, from time to time, on application in that behalf by the licensee or the applicant, modify or suspend, for such period as the Minister thinks fit, the obligations imposed by subsections one and two of section eight of this Act in respect of the land comprised in any licence held or applied for by the licensee. 35 40

“(2) Before granting any application under this section the Minister may require the applicant to furnish such detailed information as may be necessary to deal with the application.

5 “(3) Where an application is granted under this section, the terms of the undertaking in consideration of which the application was granted shall be included in each licence to which the undertaking applies as conditions to which the licence is subject and each such licence
10 shall, if necessary, be amended accordingly.”

5. (1) Section nine of the principal Act is hereby amended by repealing subsection three, and substituting the following section:

Exchange of mining licences for prospecting licences.

15 “(3) Any licensee under a prospecting licence who has substantially complied with the conditions of his licence shall have the right, on application made at any time during the currency of that licence, to surrender the same, as to the whole or any part of the land comprised therein, and, on compliance with the requirements of this Act
20 to the grant of mining licences, to receive in exchange therefor one or more mining licences over the land or any part of the land specified by the licensee and comprised in his prospecting licence.”

25 (2) Section nine of the principal Act is hereby further amended by omitting from subsection five the words “A mining licence”, and substituting the words “Subject to the provisions of subsection three of this section, a mining licence”.

30 6. (1) The principal Act is hereby amended by inserting, after section nine, the following section:

As to conditions in licences.

35 “9A. Every prospecting licence and every mining licence shall be subject to such conditions, not inconsistent with the principal Act, as the Minister, when granting the licence, thinks fit to impose in the circumstances of each particular case:

40 Provided that where the Minister has specified conditions to which a mining licence will be subject in the event of the licence being received in exchange for a prospecting licence, no conditions additional to or in modification of the conditions specified as aforesaid shall, without the consent of the licensee, be imposed under this subsection when the mining licence is granted.”

(2) The principal Act is hereby amended by repealing subsection four of section five and subsection eight of section nine thereof.

Minister may direct that crude petroleum be refined in New Zealand.

7. The principal Act is hereby amended by repealing section thirteen, and substituting the following section: 5

“13. (1) If, after consultation with the licensee under a mining licence, the Minister is satisfied that products are able to be manufactured economically in New Zealand by or on behalf of the licensee from crude petroleum produced from land comprised in the mining licence and that any such products are required for use in New Zealand, the Minister, in accordance with regulations made under this Act, may direct that the licensee refine or cause to be refined in New Zealand so much of the crude petroleum as may be required for the manufacture of products required for use in New Zealand. 10 15

“(2) If, after considering such evidence as is available to him, the Minister is of the opinion that a direction should be given under subsection *one* of this section, he shall notify the licensee in writing to that effect. 20

“(3) Unless the licensee agrees that a direction should be given as aforesaid, he may, within twenty-eight days after the date of receiving the notification, refer the matter to arbitration in accordance with section thirty-eight A of this Act.” 25

“(4) Where a direction is given under subsection *one* of this section, the Minister may give a further direction prohibiting the export from New Zealand of any crude petroleum directed to be refined and of all or any of the products manufactured from any such petroleum. 30

“(5) Any person who fails to comply with any direction of the Minister under this section commits an offence against this Act and, if he is a licensee, shall be deemed to have failed to comply with the conditions of his licence. 35

Minister not to revoke licence unless Magistrate recommends revocation.

8. Section seventeen of the principal Act is hereby amended by omitting from subsection three the words “who, if he is satisfied that it is just so to do, may thereupon revoke the licence”, and substituting the words “and, if the Magistrate has recommended that the licence should be revoked and the Minister is satisfied that it is just to do so, the Minister may thereupon revoke the licence”. 40

9. Section thirty-eight of the principal Act is hereby amended by adding the following subsection as subsection two thereof: Certain matters may be referred to arbitration.

“(2) Where an application is made to the Minister
 5 under section five A of this Act for an extension of the term of a prospecting licence or under subsection three of section nine of this Act for the exchange of a mining licence for a prospecting licence, and the Minister has reason to believe that the licensee has not complied sub-
 10 stantially with the conditions of his licence, or should not be deemed under this section to have complied sub-
 15 stantially with the conditions of his licence, the Minister shall notify the licensee in writing accordingly, and the licensee may, within twenty-eight days after the date of receiving the notification, refer the matter to arbitration in accordance with section thirty-eight A of this Act.”

10. (1) The principal Act is hereby amended by insert- Arbitration.
 ing, after section thirty-eight, the following section:

“38A. (1) Where a licensee refers any matter to
 20 arbitration under subsection *three* of section thirteen or under subsection *two* of section thirty-eight of this Act, this section, for the purposes of the arbitration, shall be deemed to be a submission within the meaning of the Arbitration Act 1908 and the reference shall be deemed
 25 to be to two arbitrators, one to be appointed by the Minister and one by the licensee. The two arbitrators shall appoint an umpire immediately they are themselves appointed.

See Reprint of Statutes, Vol. I, p. 346

“(2) If the licensee fails to refer any such matter to
 30 arbitration within the time limited in that behalf by this Act, the Minister, after making such further inquiries as he thinks fit, shall make such decision in the matter as he considers just and equitable in the circumstances.”

“(3) Notwithstanding the provisions of section forty-
 35 one of this Act, the decision of the arbitrators shall be final and binding on the parties to the arbitration and the Minister shall take such steps as may be necessary to ensure that effect is given to the decision.

11. Every prospecting licence and every mining licence
 40 in force at the commencement of this Act shall have effect in all respects as if this Act had been in force at the time the licence was granted. Retrospective effect of Act.