

18 Geo. V. No. 13. **An Act to Amend "The Petroleum Act of 1923" in certain particulars.**

THE
PETROLEUM
ACT AMEND-
MENT ACT
OF 1927.

[ASSENTED TO 17TH DECEMBER, 1927.]

BE it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Assembly of Queensland in Parliament assembled, and by the authority of the same, as follows:—

Short title
and
construction.

1. This Act may be cited as "*The Petroleum Act Amendment Act of 1927*," and shall be read as one with *"*The Petroleum Act of 1923*," herein referred to as the Principal Act. The Principal Act and this Act may be collectively cited as "*The Petroleum Acts, 1923 to 1927*."

Amendments
of the
Principal
Act.

2. The following amendments are made in the Principal Act, namely:—

Section 2.

(i.) In section two, after the words—

"PART I.—PRELIMINARY;"

the words—

"PART IA.—PETROLEUM ADVISORY BOARD;"

are inserted.

Section 3.

(ii.) In section three, after the word "indicates" the words "or requires" are inserted.

Before the definition of "Crown land" in the said section the following definition is inserted:—

Barrel.

" "Barrel"—The term, when used quantitatively in relation to petroleum, shall mean a barrel containing thirty-five imperial gallons."

Before the definition of "Petroleum deposits" in the said section, the following definition is inserted:—

Petroleum
Advisory
Board, or
Board.

" "Petroleum Advisory Board" or "Board"—The Petroleum Advisory Board as and when constituted under this Act."

(iii.) After Part I. of this Act the following Part is inserted, viz. :—

"PART IA.—PETROLEUM ADVISORY BOARD."

Appoint-
ment of
Petroleum
Advisory
Board.

[4A.] For the purpose of making any inquiry or investigation which may be deemed necessary, or for such other purposes as the Governor in Council may

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think fit, it shall be lawful for the Governor in Council from time to time to appoint a Board, to be called the "Petroleum Advisory Board," consisting of such persons as he may approve. In the event of such Board being constituted, regulations may be made prescribing the tenure of office of the members of such Board, the duties and responsibilities thereof, the regulation of meetings, proceedings and the conduct of business of such Board, the appointment of a secretary or other officers, if necessary, and generally such other matters or things which may be considered necessary or expedient so to prescribe.

For the purpose of any such inquiry or investigation the Board, if and when so constituted, and each and every member thereof, shall have the same powers, authorities, and protection as a commission under **"The Official Inquiries Evidence Act of 1910."*

The Governor in Council may also dissolve any Board so appointed, and such Board shall cease and determine accordingly."

(iv.) In the second paragraph of subsection three of section fourteen, after the word "disposition" the words "or by reason of any apparently unfavourable geological structures or conditions" are inserted. Section 14.

The first paragraph of subsection six of the said section is repealed and the following paragraph is inserted in lieu thereof:—

"(6.) Before a permit is granted by the Minister the applicant shall either furnish a bond in the form prescribed with a corporate surety or such other surety in cash or otherwise as the Minister may accept, in a sum of not less than five hundred pounds, containing the prescribed conditions, or otherwise satisfy the Minister as to his ability to comply with such prescribed conditions."

In subsection six of the said section, insert the words "cash or" before the word "bond" in the second paragraph, and the words "cash or" before the words "bonds or a bond" in the third paragraph.

(v.) In the second paragraph of section sixteen, after the word "geological" the words "or other" are inserted. Section 16.

* 1 Geo. V. No. 26, *supra*, page 748.

In the fourth paragraph of the said section, the words "and in the latter case upon the furnishing of the prescribed bond" are repealed.

Section 21. (vi.) The first paragraph of section twenty-one is repealed and the following new first paragraph is inserted in lieu thereof:—

Royalty
before lease
granted.

"Until the permittee applies for a lease as hereinafter provided, he shall pay to the Minister a royalty calculated at such rates and on such bases as are set forth in section thirty-two of this Act, together with an additional royalty payment amounting to two and a-half per centum increase in all such rates of payment of royalty as therein set forth in the said section thirty-two, which total royalty payment shall also be paid at such times and in such manner as set forth in the section last referred to."

Section 22. (vii.) The following provisos are added to section twenty-two, that is to say:—

"Provided that the Minister, in cases of unforeseen and unavoidable delay or in any other case in which the circumstances of the particular case seem to the Minister just and equitable, may, in his absolute discretion, grant such extended time not exceeding in respect of such extension a period of six months to a permittee making an application for such an extension of time beyond such time as is prescribed by this section:

Provided further that nothing in the preceding provision shall confer upon any permittee a right to claim any such extension of time, but the Minister shall have an absolute and unfettered discretion to approve or refuse any such application for such extension of time, and his decision shall be final and conclusive and without appeal."

(viii.) After section twenty-two of the Principal Act the following new section is inserted:—

Duty of
permittee.

"[22A.] Within six months after the date of the issue to a permittee of a permit, such permittee shall furnish to the Minister satisfactory proof that such permittee has ordered sufficient plant or that such plant is in the course of construction whereby such permittee may drill such well or wells and to such depth as required and prescribed pursuant to the provisions of section twenty-two of this Act."

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(ix.) After the third paragraph of section twenty-eight the following proviso is inserted:— Section 28.

“ Provided that lands which are not contiguous may be included in one lease, where conditions are such that because of any prior disposition or by reason of any apparently unfavourable geological structures or conditions a reasonable area of contiguous land is not available.”

(x.) In section thirty, after the word “ pounds ” the following words are added:—“ or such other security in cash or otherwise for the said sum as the Minister may consider adequate.” Section 30.

(xi.) Section thirty-two is repealed and the following new section is inserted in lieu thereof:— Section 32.

“ [32.] (a) The lessee shall pay in advance, beginning with the date of the execution of the lease, a rental at the rate of two shillings per acre per annum for and in respect of the land demised, and such payment shall continue to be made annually during the currency of the term. Royalty and rent.”

(b) The lessee shall, in addition to such rental and subject to the provisions hereinafter contained, pay a royalty upon the gross value of the petroleum produced from the land demised (except petroleum used for production purposes on the said land or unavoidably lost).

(c) Such royalty payable shall be a sum equal to—

- (i.) Twelve and a-half per centum of the gross value of petroleum produced from petroleum deposits at a depth of two thousand feet or less;
- (ii.) Ten per centum of the gross value of petroleum produced from petroleum deposits at a depth of two thousand feet and less than four thousand feet;
- (iii.) Seven and a-half per centum of the gross value of petroleum produced from petroleum deposits at depth of four thousand feet and over:

Provided that in the case of petroleum produced by absorption or other process from natural gas, the royalty payable under subparagraphs (i.), (ii.), and (iii.) as above

shall respectively be ten per centum, seven and a-half per centum, and five per centum of such gross value of petroleum so produced.

(d) It is further declared that when the average daily production of petroleum from all producing wells upon any lease—

- (i.) Does not exceed an average of two barrels for each producing well, no royalty shall be payable by the lessee;
- (ii.) Exceeds an average of two barrels for each producing well, but does not exceed an average of ten barrels for each producing well, one-third of the royalty calculated as set forth in paragraph (c) of this section shall be payable by the lessee;
- (iii.) Exceeds an average of ten barrels for each producing well, but does not exceed an average of twenty barrels for each producing well, two-thirds of the royalty, calculated as set forth in paragraph (c) of this section, shall be payable by the lessee;
- (iv.) Exceeds an average of twenty barrels for each producing well, the full royalty, calculated as set forth in paragraph (c) of this section, shall be payable by the lessee.

(e) Such royalties shall be subject to reduction to be fixed by regulations under this Act.

(f) The royalty shall be payable monthly on the tenth day of each month following the month in which the petroleum is produced.

(g) All rents and royalties shall be paid to the warden of the nearest mining district, unless the Minister otherwise directs."

Section 34.

(xii.) In section thirty-four, after the words "three months" the words "or such extended time not exceeding a total extension of three months, as the Minister in his absolute discretion may allow" are inserted.

Section 46.

(xiii.) In section forty-six, after the word "bond" the words "or other approved security" are inserted.

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(xiv.) Section forty-eight is repealed and the following new section is inserted in lieu thereof:— Section 48.

“[48.] A permittee or lessee shall not commence drilling within two hundred feet of any of the outer boundaries of the land covered by the permit or of the land demised, as the case may be, unless the adjoining land is not the subject of any permit or lease under this Act: Restrictions on location of drills.”

Provided always that this restriction shall not apply to any bore which is being drilled at the time such permit or lease of the adjoining land is granted in respect of such adjoining land.”

(xv.) Section fifty is repealed and the following new section is inserted in lieu thereof:— Section 50

“[50.] Every permittee and every lessee, unless in any case wholly or partially excused from so doing by the Minister, shall properly case each well with metal casing in accordance with the best approved methods, landing and effectually cementing one or more strings of the casing in clay or other water-impervious strata or formation between all water-bearing sands or strata and any underlying petroleum deposit, and generally shall take all such steps as may be reasonably necessary for effectually shutting off all water overlying and underlying the petroleum deposits, and for effectually preventing any water from penetrating such petroleum deposits.” Casing well.

(xvi.) In the second paragraph of section fifty-three, after the word “Minister” the words “or authorised officer or representative” are inserted. Section 53.

(xvii.) In section fifty-four, after the words “permits and leases” the words “including power to make regulations regarding any matters or things concerned with respect to the conveyance of petroleum by pipe lines, as set forth in paragraph (b) of section forty-four of this Act.” Section 54.

(xviii.) In section fifty-five, the words “with all plant” are repealed. Section 55.

(xix.) In section fifty-six, the words “for coal, or” are repealed; also, the words “coal shale” are repealed and the word “shale” is inserted in lieu thereof. Section 56.

3. The following new sections are inserted after section sixty-one of the Principal Act, namely:—

Union of
leases.

“[61A.] Notwithstanding anything contained in this Act, the Minister may approve of the union of two leases, whether the areas embraced in such leases are contiguous or are not contiguous, subject to the following conditions, namely:—

- (i.) An application for such union shall be made to the Minister by means of a resolution passed by a majority in number and value (calculated in each case as prescribed) of the persons registered for the time being as holders of the leases concerned;
- (ii.) Subject to this section or as may be prescribed, all the provisions of this Act governing leases and matters and things concerning same shall apply and extend to any such union of leases, as the case may be.

Regulations may be made to give full effect to the objects and provisions of this section.

Agreement
to drill
wells.

[61B.] The Minister in his discretion may sanction any agreement made between the holder or holders of permits or leases of land, situated in the same district, having for its object the making of provision for the drilling of a well or wells by the said permittee or permittees or lessee or lessees on such land as may be agreed upon and specified in such agreement. No such agreement shall have any force or effect unless it shall have been submitted to and approved of by the Minister:

Provided further that where, pursuant to any such agreement as aforesaid, any permittee or lessee shall have so agreed with any other permittee or lessee whereby any well or wells are drilled upon land covered by the permit or lease of a permittee or lessee who is also a party to such agreement, the drilling of such well or wells shall be taken to be performance or part performance, as the case may be, in respect of the obligations imposed pursuant to the provisions of sections twenty-two and thirty-four of this Act upon such permittee or lessee on whose land such drilling operations are not actually carried on, but who is a party to such agreement.

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Regulations may be made, including the prescribing of the form of agreement hereunder, to give full effect to the purposes of this section.

[61c.] (1.) Notwithstanding anything in this Act to the contrary contained, it shall be lawful for the Minister, if satisfied that greater facilities are necessary for the exploration, prospecting, or for geological investigation, or for the testing of favourable geological structures, or generally in respect of the search for and discovery of petroleum or gas, or for the due development of the industry generally, to grant to any person a permit, hereinafter called a "special permit," of an area not exceeding ten miles square, or of an area not exceeding an area equivalent to an area of ten miles square.

Minister
may grant
prospecting
permit.

(2.) Unless otherwise directed by the Minister or as may be prescribed, the provisions of Part III. and Part IV. of this Act in regard to a permit under this Act shall, *mutatis mutandis*, apply in respect of a special permit under this section:

Application
therefor.

Provided always that any area applied for in respect of any such special permit shall not include within its area any area comprised within an existing permit or lease under this Act.

(3.) The following further conditions shall apply in respect of any special permit granted by the Minister:—

Conditions.

- (i.) The grantee of such special permit shall, within three months from the granting thereof, proceed to have made a geological examination of the area comprised in such permit, with a view of the determination of geological structure favourable to boring;
- (ii.) The grantee of such special permit shall undertake (and for that purpose enter into any bond or other approved security, if directed by the Minister) to carry out scout drilling when directed by the Minister. The term "scout drilling" in this subsection shall mean diamond or such other method of drilling of shallow holes as will produce a reasonably continuous core to determine favourable geological structure for deep boring.

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Duration
and
conditions of
permit.

(4.) A special permit under this section shall in no case be granted for a period greater than two years from the date thereof :

Provided that it shall be a condition precedent to the granting of a special permit that such grantee shall undertake and agree to furnish to the Minister from time to time, in such form as may be directed by the Minister or as may be prescribed, full and complete data setting forth the results of geological or other investigation, or any tests or examination, logs of boring, or any other information or evidence obtained by or given to such grantee, or any further particulars, statistics, or information as may be required by the Minister during the period covered by such special permit.

Failure to comply with the above provisions shall render such special permit liable to be cancelled by the Minister in his absolute discretion, and the Minister's decision in cancelling such special permit shall be final and conclusive and without appeal, and on such cancellation by the Minister such special permit shall lapse and determine accordingly :

Provided further that the grantee shall, within such period of two years, have a preferent right to apply for a permit under and subject to section fourteen of this Act in respect of portion of the area embraced within such special permit.

If, however, no such application is made for such permit by such grantee within the period specified, the special permit granted under this section shall lapse and determine.

Regulations.

(5.) Regulations may be made prescribing the forms of application for such permit, the form of such permit, and any terms, conditions, provisions, and stipulations, including any fees payable in regard to such application or grant of same, as may be considered necessary and proper for the due administration and objects of this section."
