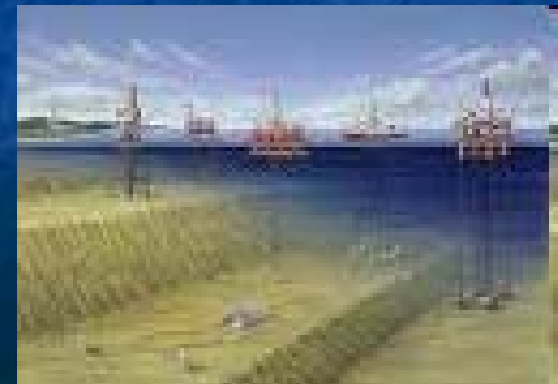


# Legal Implications of Offshore Drilling in Belize

*Audrey Matura-Shepherd*  
*VP Oceana*  
*June 8, 2010*



# Areas of Concern



- Our legal system does not offer sufficient protection
- Our Petroleum Act is too weak
- Our contracts are NOT pro-protection

**Belize Does not have class action – where private individuals with common injuries band together and litigate against the defendant as a group without government's (AG) input.**



# Can you sue?



Private nuisance (tort)	Public nuisance (criminal)
1. Concerned with proprietary rights;	1. Deals with acts/omissions which endanger life, health, property, morals, comfort
2. Protects occupier's right to use and enjoy land;	2. Must affect a section of the public;
3. The nuisance needs to be more than temporary;	3. If all parties suffer equally there may be no remedy in environmental cases
4. Individual can initiate suit on his own behalf	4. Only the Attorney General can act on behalf of the group

# Petroleum Act CAP 225



- Too much power is placed in hands of Minister responsible for petroleum affairs.
- There is no consultation;
- Need Independent Regulatory body

Sec. 4 - The Minister may designate a technically qualified public officer to be the Inspector of Petroleum for the administration of this Act.





Only GOB can do petroleum operation, except if they contract with others.

Penalty for violation:

individual, fine not exceeding \$5,000 or imprisonment not exceeding two (2) years, (both)

body corporate, fine not exceeding \$10,000

Contracts awarded - public competitive bidding  
or procedures as may be determined by the  
Minister.

Gazette a description of the areas for which bids are to be  
solicited along with the procedures and rules relating to the  
submission of bids.



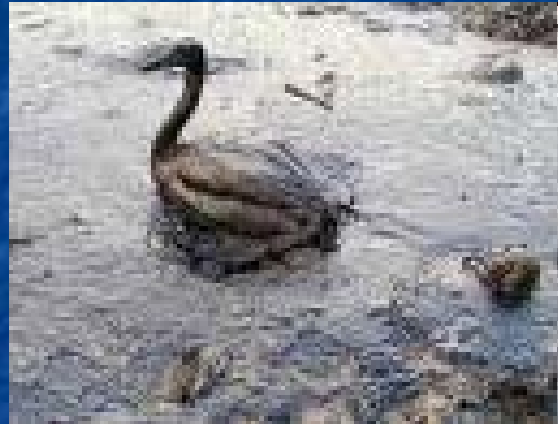
Sec. 13(3) Notwithstanding the preceding subsections, the Minister may, with the approval of the Cabinet, select contractors other than through competitive bidding procedures in the following cases

(a) where the technical or economic circumstances make it advisable; or

(b) where he determines that the circumstances so require.



Section 17 (a) to (h) content of each contract with contractor.  
Section 18 (a) to (k) obligations of the contractor



Nothing mandates for

- health,
- safety and welfare,
- environmental protection,
- training or the acquisition of equipment etc.
- consistency with the international standards relating to petroleum exploration to minimize harm.





- Section 15(1) Subsidiary Regulation  
Minister to appoint Environmental Pollution Control Board to ensure that all petroleum operations comply with the requirements of environmental standards and the relevant laws of Belize at an appropriate time **as he deems fit.**

# Royalties

no official monitoring system for Inspector to determine the exact quantity of oil being extracted and sold.

Neither is there a system in place that allows for there to be accurate amount of natural gas used and consumed in the conduct of petroleum operations.

# Petroleum rights trump land rights

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



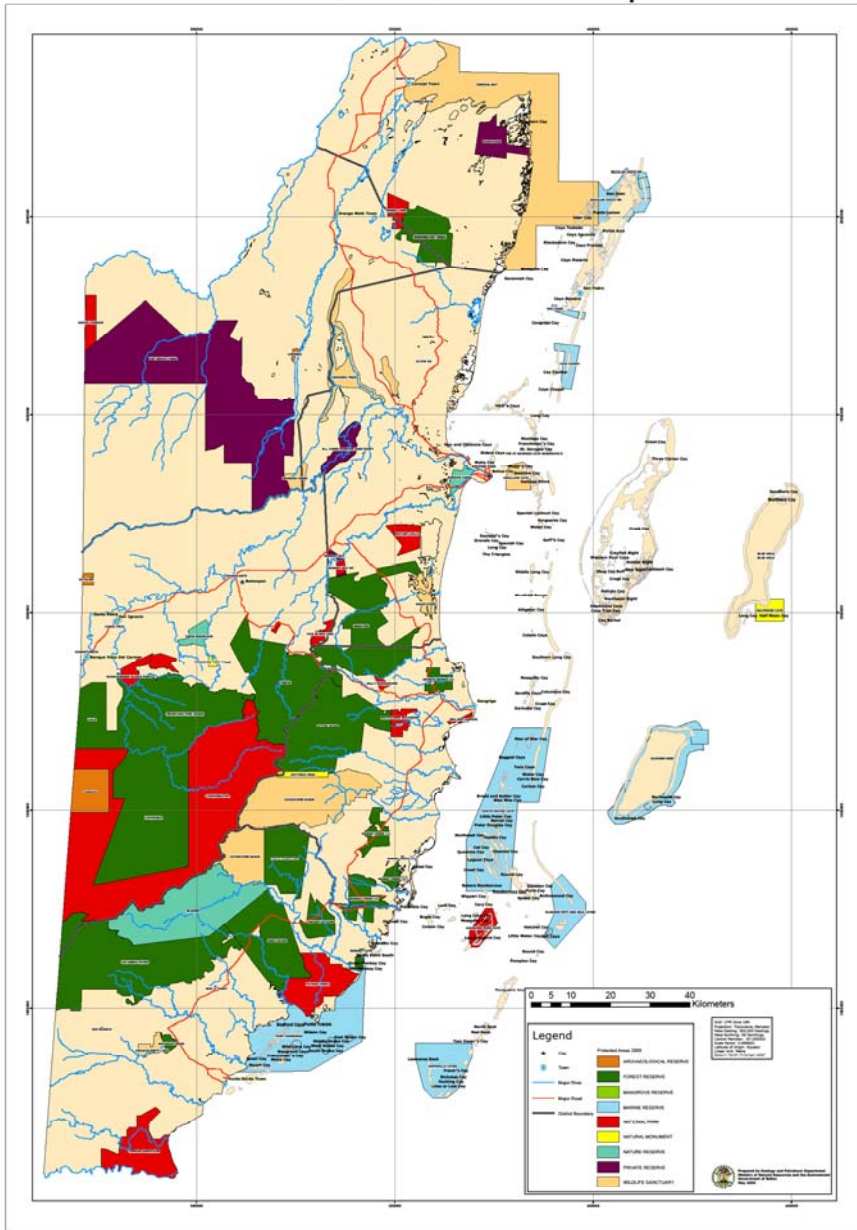
private land owner gets from the government  
5% of the royalty payable in respect of any  
petroleum therefrom.

# Petroleum PSA to Guatemalan





Belize Protected Areas Map



Sec 11.  
Qualification

Bank  
guarantees are  
missing!!!

# contractor can transfer his rights

there is not a mandatory requirement for any such assignees or transferees to demonstrate the ability to protect the environment, preventing, minimizing and remedying pollution, and other environmental harm from petroleum operations



But Minister can request additional information but not mandate it. – Princess and Treaty

## **Section 9 (1) Exploration Period –**

- **Initially first 2 years in duration;**
- **Renewal - three further periods each not exceeding 2 years in duration (up to 6 yrs more)**

**Extension to permit the appraisal of a discovery - extension applies only to discovery area;**

**the contractor shall perform such additional work as the Minister, after consultation with the contractor, may specify.**

**an extension period shall be:**

**(i) One year on land;**

**(ii) Up to two years, one year at a time, in waters of up to 200 m in depth;**

**(iii) Up to three years, one year at a time, in waters of more than 200 meters in depth**

# Common Fund

15(2) The Minister may provide in a contract such reasonable considerations for establishment of a common fund to which the contractor(s) would contribute, to be held in trust and managed for the sole purpose of indemnification against any or all environmental damages(s) caused during petroleum operations.

- No fund
- IF Fund it should not be fully Government controlled





Trinidad & Tobago has better legislation and PSA:

1. Management committee

2. Relinquishment

3. Irrevocable Guarantee

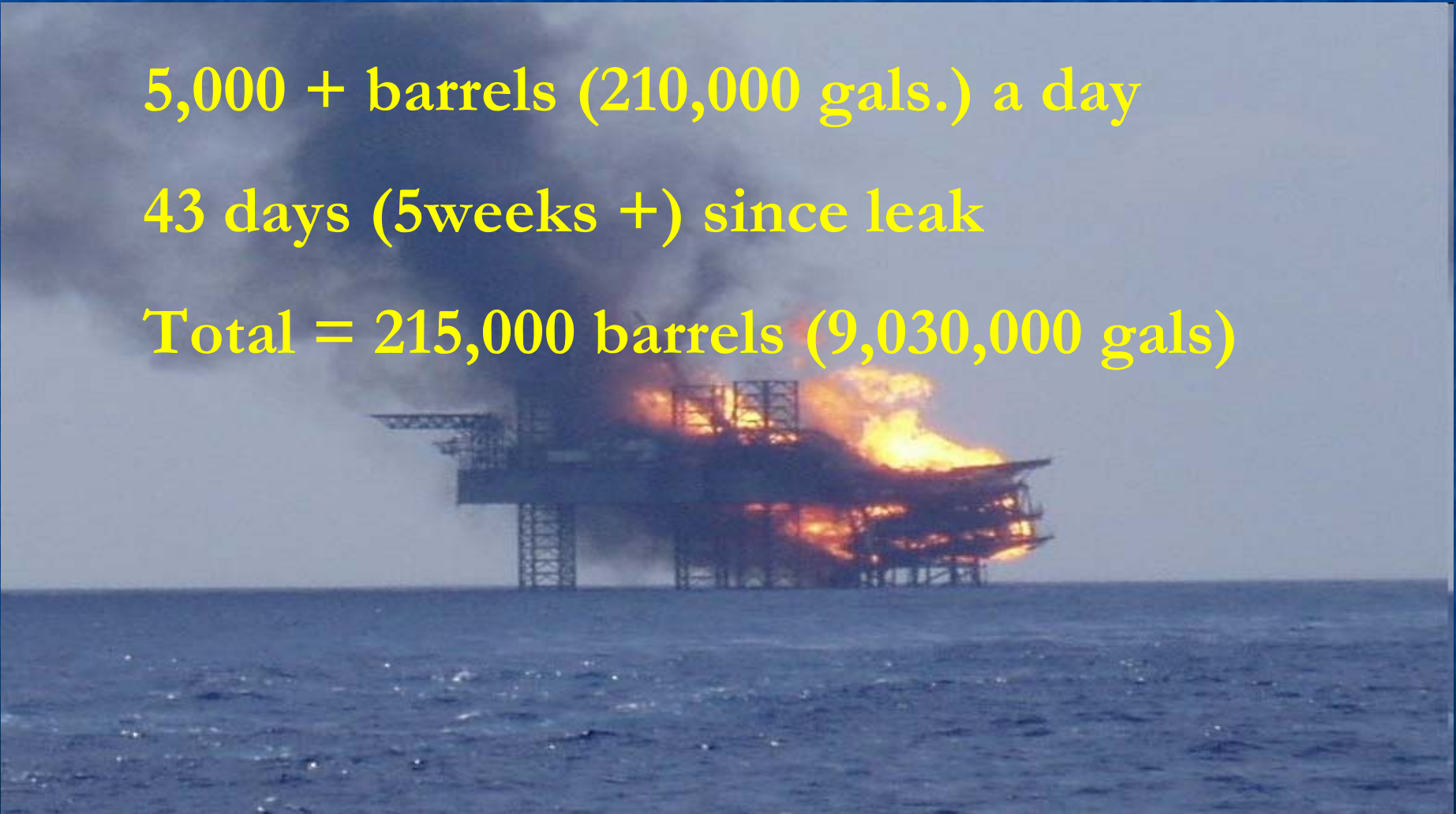
4. Contractors to Educate

# Plan with potential accidents in mind

5,000 + barrels (210,000 gals.) a day

43 days (5weeks +) since leak

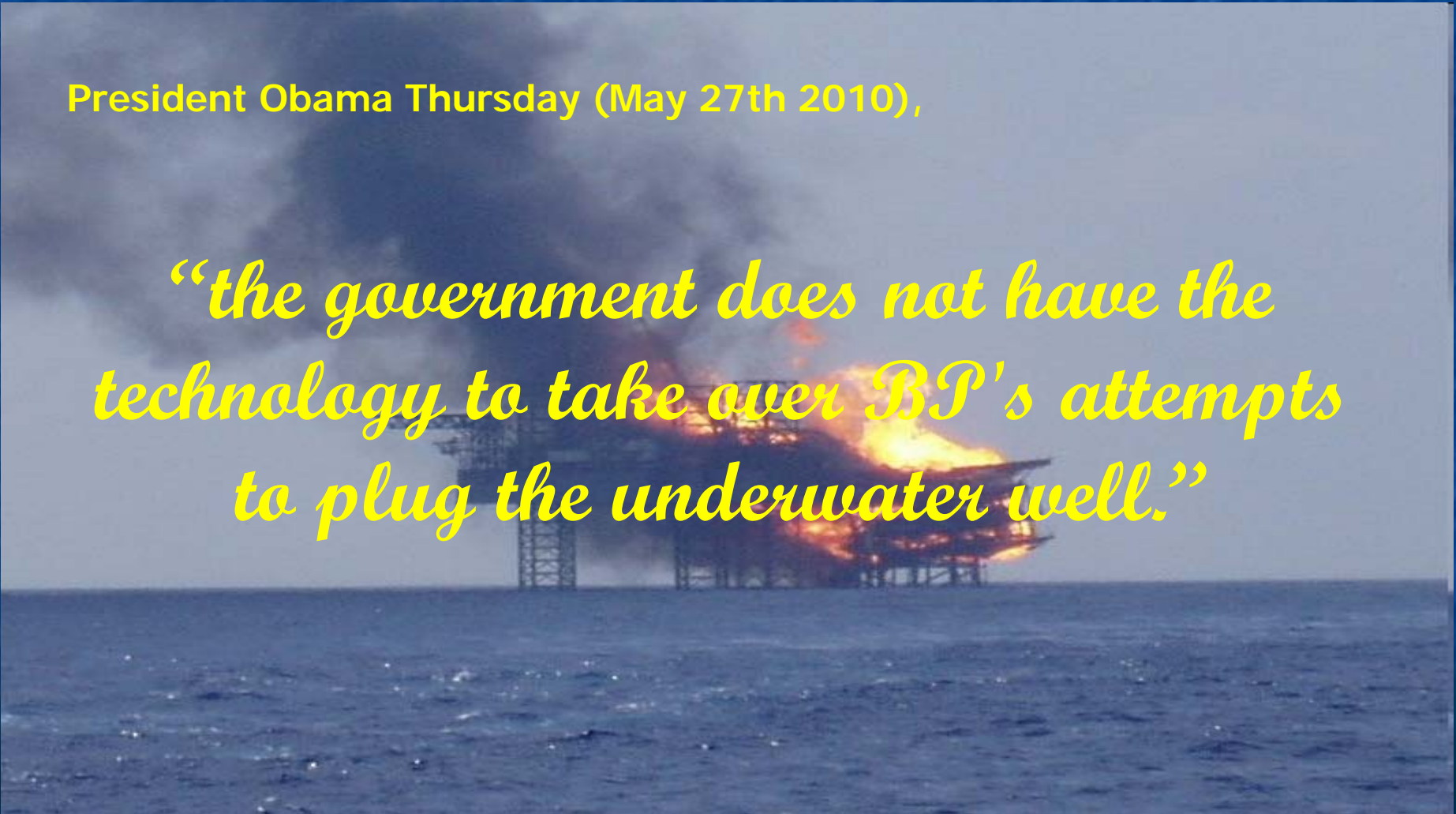
Total = 215,000 barrels (9,030,000 gals)



# Plan with potential accidents in mind

President Obama Thursday (May 27th 2010),

*“the government does not have the technology to take over BP's attempts to plug the underwater well.”*



This could be us!!!

