

## UNOFFICIAL TRANSLATION

### **Order no. 368 of June 18, 1998 on the Act on Mineral Resources in Greenland (the Mineral Resources Act)**

This is the text of the Mineral Resources Act, Act no. 335 of June 6, 1991 as amended by

- a. Act no. 1074 of December 22, 1993;
- b. Act no. 303 of April 24, 1996;
- c. Act no. 317 of June 3, 1998.

This unofficial English translation is provided for convenience only, and in the event of any conflict between the Danish text and the translation the Danish text shall prevail.

#### **CHAPTER 1. GENERAL PROVISIONS**

**Section 1.** The purpose of the Act is to ensure proper exploitation of mineral resources in Greenland.

**Subsection 2.** The Act also applies to the continental shelf area at Greenland.

**Section 2.** Prospecting for, exploration for and exploitation of mineral resources in Greenland exclusively be carried out under licences granted in accordance with the provisions of this Act, cf., however, section 32.

**Subsection 2.** The Danish Government and the Greenland Home Rule Government may undertake scientific and practical surveys of a general nature or for the purpose of producing maps and charts with relation to mineral resources.

**Section 3.** The granting of prospecting licences under section 6 and exclusive licences under section 7 for exploration for and exploitation of mineral resources in Greenland, cf. sections 11 and 15, are subject to agreement between the Danish Government and the Greenland Home Rule Government.

**Section 4.** The Joint Committee on Mineral Resources in Greenland follows the development within the field of mineral resources in Greenland and has full insight into matters dealt with by the Bureau

of Minerals and Petroleum, cf. section 5. The Joint Committee may in issues to be decided upon under section 3 submit its recommendation and may furthermore submit statements on other issues to the Danish Government and the Greenland Home Rule Government.

**Subsection 2.** The Joint Committee consists of a chairman and 6 to 10 other members. The chairman is appointed by the King for a term of four years, on the joint recommendation of the Danish Government and the Greenland Home Rule Government. The Danish Government and the Greenland Home Rule Government appoint each, for their respective terms of office, one half of the Committee's members including one person from each group to function as deputy chairmen.

**Subsection 3.** The managing director of the Greenland Home Rule Administration and the permanent undersecretary of the Ministry of Environment and Energy are attached to the Joint Committee as advisers.

**Subsection 4.** The Bureau of Minerals and Petroleum provides secretarial services for the Joint Committee and makes expert advice available to the Committee.

**Subsection 5.** The Joint Committee establishes its own rules of procedure.

**Section 5.** The administration regarding mineral resources in Greenland is handled by the Bureau of Minerals and Petroleum under the Greenland Home Rule Government.

**Subsection 2.** The director of the Bureau of Minerals and Petroleum is appointed by the Greenland Home Rule Government by agreement between the Danish Government and the Greenland Home Rule Government.

## **CHAPTER 2. PROSPECTING**

**Section 6.** The Greenland Home Rule Government may, cf. section 3, grant prospecting licences for mineral resources for periods of up to 5 years at a time.

**Subsection 2.** The granting of a licence pursuant to subsection 1 does not preclude the granting of similar licences to others.

**Subsection 3.** The Greenland Home Rule Government may lay down conditions for the licence, including conditions regarding payment of levies.

**Subsection 4.** The Greenland Home Rule Government may lay down provisions for payment of a fee for the granting of licences under subsection 1.

## **CHAPTER 3. EXPLORATION AND EXPLOITATION**

**Section 7.** The Greenland Home Rule Government may, cf. section 3, for a specific area and on specially stipulated terms grant an exclusive licence (concession) for exploration for and exploitation of one or more mineral resources. Licences may be granted separately for exploration and exploitation, respectively.

**Subsection 2.** In an exploration licence, terms may be stipulated about a gradual reduction of the licence area and about the work commitments to be fulfilled by the licensee.

**Subsection 3.** An exploitation licence regarding mineral resources will as a main rule only be granted to limited companies domiciled in Greenland, exclusively carrying out activities under licences granted pursuant to this Act and not being taxed together with other companies. The licensee shall furthermore have the necessary expert knowledge and adequate financial background with respect to the exploitation activities in question.

**Subsection 4.** An exploitation licence is valid for the periods indicated in chapters 4 and 5. The period cannot exceed 50 years.

**Subsection 5.** An exploitation licence lapses, when exploitation activities are discontinued and the closure referred to in section 19 is completed, cf. section 20.

**Subsection 6.** The Greenland Home Rule Government may lay down provisions for payment of a fee for the granting of licences under subsection 1 and for the submittal of applications for this.

**Section 8.** It shall be laid down in a licence under section 7 to which extent the licensee shall pay fees to the authorities. It may, for example, be determined that an annual fee shall be paid based on the size of the licence area (area fee). Also provisions may be laid down regarding payment of a fee calculated on the basis of the produced resources, etc. (royalty) or regarding payments to the authorities of a share of the profits from the activities under the licence.

**Subsection 2.** It may be stipulated in a licence under section 7 that a company controlled by the Danish Government and the Greenland Home Rule Government shall be entitled, on terms to be defined, to participate in the activities under the licence.

**Subsection 3.** In connection with the determination of a licensee's payments to the authorities under subsections 1-2, the licensee may be granted an exemption from taxation of the activities under the licence.

**Section 9.** In a licence under section 7, it may be stipulated to which extent manpower from Greenland and Denmark shall be employed when personnel is hired. To the extent necessary for the activities the licensee may, however, employ personnel from other countries, if manpower with corresponding qualifications does not exist or is not available in Greenland or Denmark.

**Subsection 2.** In a licence under section 7, it may be stipulated to which extent contracts, purchases of supplies and services shall be assigned to Greenland enterprises. Other enterprises may, however, be used, if Greenland enterprises are not technically or commercially competitive.

**Section 10.** Prior to commencement of exploitation and development activities, a plan for the activities, including organization of the production and the production installations (production measures, etc.), shall have been approved by the Greenland Home Rule Government subject to agreement under section 3.

## CHAPTER 4. SPECIAL PROVISIONS FOR EXPLORATION FOR AND EXPLOITATION OF HYDROCARBONS

**Section 11.** As regards hydrocarbons, licences under section 7 for exploration and exploitation are granted for a period of up to 10 years or, in exceptional cases, for a period of up to 16 years. Subject to agreement under section 3, a licence may be extended for exploration for up to 3 years at a time.

**Subsection 2.** Provided that the terms of a licence under subsection 1 have been complied with, the licensee is entitled to an extension of the licence for exploitation. The licence will be extended for those parts of the area that contain commercially viable deposits which the licensee intends to exploit. The licence will be extended for a period of 30 years. As a condition for the extension the Greenland Home Rule Government may stipulate that an application for approval under section 10 shall be submitted within a reasonable period of time to be specified.

**Subsection 3.** The period of extension for exploitation under subsection 2 may be extended by the Greenland Home Rule Government subject to agreement under section 3.

**Section 12.** Prior to concluding an agreement with the Greenland Home Rule Government concerning a public call for applications for licences under section 7 for exploration for and exploitation of hydrocarbons, the Minister for Environment and Energy presents a report to a committee appointed by the Danish Parliament indicating the areas to be offered and the general licence terms which it is intended to use.

**Subsection 2.** Licences which are not granted as a result of a public call for applications are presented by the Minister for Environment and Energy to the committee under subsection 1 prior to agreement under section 3.

**Section 13.** If a hydrocarbon deposit covers areas held by several licensees, said licensees shall coordinate their exploration and possible exploitation activities. Agreements about this are subject to approval by the Greenland Home Rule Government. If an agreement on such coordination is not reached within a reasonable period of time, the Greenland Home Rule Government may order such coordination and stipulate the terms relating thereto.

**Subsection 2.** If a deposit extends into the territory of another sovereign state, the Greenland Home Rule Government may, provided that a treaty about coordination of exploration and exploitation is made between the Danish Government and the state in question, order that the licensee for the Greenland part of the deposit shall participate in such coordination, and stipulate the terms relating thereto.

**Section 14.** Where two or more hydrocarbon deposits from a resource point of view or in view of economic or societal considerations should be exploited jointly, the Greenland Home Rule Government may, after negotiation with the licensees, issue orders to such effect. In this connection a licensee may be ordered to make his processing and transportation facilities available for such joint activity against payment. If the licensees cannot agree on the payment, it shall be decided upon by the Greenland Home Rule Government.

## **CHAPTER 5. SPECIAL PROVISIONS FOR EXPLORATION FOR AND EXPLOITATION OF OTHER MINERAL RESOURCES THAN HYDROCARBONS**

**Section 15.** As regards other mineral resources than hydrocarbons, exploration licences under section 7 is granted for a period of up to 10 years or, in exceptional cases, for a period of up to 16 years. Subject to agreement under section 3, a licence may be extended for exploration for up to 3 years at a time.

**Subsection 2.** A licensee which under a licence under subsection 1 has found and delineated commercially viable deposits which the licensee intends to exploit and provided that the terms of the licence under subsection 1 have been complied with, is entitled to be granted an exploitation licence under section 7. The licence may be granted to a company appointed by the licensee, cf. in this regard section 7 subsection 3. The licence will be granted for those parts of the area that contain commercially viable deposits which the licensee intends to exploit. The licence will be granted for a period of 30 years. As a condition for the granting of the licence, the Greenland Home Rule Government may stipulate that an application for approval under section 10 shall be submitted within a reasonable period of time to be specified.

**Subsection 3.** The period for exploitation indicated in subsection 2 may be extended by the Greenland Home Rule Government subject to agreement under section 3.

**Section 16.** In an exploitation licence under section 7 for other mineral resources than hydrocarbons, terms pursuant to section 8 subsections 1-2 can only be laid down, if this has been stipulated in the exploration licence, or if section 8 subsection 3 or a corresponding easing stipulation in the Greenland tax legislation is used.

## **CHAPTER 6**

(Repealed)

## **CHAPTER 7. TERMINATION OF PROSPECTING, EXPLORATION AND EXPLOITATION**

**Section 18.** In licences under this Act, more detailed terms are stipulated about the licensee's obligations at the termination of the activities to remove installations, etc. established by the licensee and besides to undertake clean-up operations, etc. in the affected areas, cf. as regards exploitation also section 19.

**Subsection 2.** The Greenland Home Rule Government may in approvals under sections 19 and 25 stipulate terms in order to ensure the licensee's fulfilment of the obligations under subsection 1 including guarantees.

**Subsection 3.** If a licensee does not comply with orders to carry out the measures indicated in subsection 1, the Greenland Home Rule Government may carry these through for the licensee's account and risk.

**Section 19.** In connection with an application for approval of production measures, etc. under section 10, the licensee shall submit a plan for steps to be taken at the termination of the activities as regards installations, etc. established by the licensee, and how the affected areas shall be left (closure plan), cf. section 18. If it is planned to leave installations, etc. in the area, which for environmental or safety reasons will require maintenance after the closure, the closure plan shall include plans for such maintenance.

**Subsection 2.** The closure plan shall indicate how it financially will be ensured that the closure plan can be carried out.

**Subsection 3.** The closure plan shall be approved by the Greenland Home Rule Government prior to commencement of exploitation and development activities, cf. section 10. The approval may include terms regarding the handling of environmental matters after termination of the activities including monitoring during a period after the closure.

**Subsection 4.** The closure plan shall be regularly updated. Furthermore, the closure plan shall be revised in connection with considerable changes of the exploitation activities. Amendments to the closure plan shall be approved by the Greenland Home Rule Government.

**Section 20.** Discontinuation of exploitation activities for a period with a view to later resumption of the activities are subject to approval by the Greenland Home Rule Government in order to secure that installations, etc. are maintained in a proper manner while the exploitation activities are discontinued and that the closure plan indicated in section 19 can be carried out later, if the exploitation activities are not resumed. The approval may be given for up to 2 years at a time.

**Subsection 2.** If such temporary discontinuation has lasted more than 6 years or if the terms regarding such temporary discontinuation have not been complied with, the Greenland Home Rule Government may order the licensee to carry into effect the closure plan under section 19.

## **CHAPTER 8. SCIENTIFIC STUDIES**

**Section 21.** The granting of permits for geological, geophysical, glaciological, or hydrological studies of a scientific nature which are of importance with respect to the activities indicated in section 2 are subject to acceptance by the Greenland Home Rule Government.

## **CHAPTER 9. PUBLIC REVENUE**

**Section 22.** Public revenue from activities concerning mineral resources in Greenland carried out by licensees is divided between the Danish Government and the Greenland Home Rule Government as indicated in subsections 2-4.

**Subsection 2.** The revenue indicated in subsection 3 is divided between the Danish Government and the Greenland Home Rule Government with 50 % to either party, cf. however, subsection 4.

**Subsection 3.** The division of revenue under subsection 2 comprises the following revenues:

- 1) Revenue from specific licences, apart from fees, etc. paid to cover expenses incurred by the Bureau of Minerals and Petroleum.
- 2) Revenue from all taxation in Denmark and Greenland of licensees with respect to that part of their activities that relates to mineral resources in Greenland.
- 3) Revenue from the Danish Government's and the Greenland Home Rule Government's joint participation in activities regarding mineral resources.
- 4) Revenue from dividend taxes, etc. in Denmark and Greenland regarding shareholders in companies that are licensees or in companies which fully own such companies, directly or indirectly.

**Subsection 4.** The division of revenue in excess of 500 million DKK per year shall be stipulated by law, after negotiations between the Danish Government and the Greenland Home Rule Government.

## CHAPTER 10. REGULATION

**Section 23.** Activities under licences under sections 6 and 7 shall be carried out in accordance with good international practice in this area under comparable conditions. The activities shall be carried out in a safe and environmentally acceptable manner, in an appropriate way and as regards exploitation with a proper use of the resources.

**Section 24.** With respect of legislation whereby jurisdiction has been vested in other authorities the Greenland Home Rule Government may lay down rules for the carrying out of activities under licences under sections 6 and 7 within and outside of the licence area, cf. section 5 subsection 1, including rules regarding technical, safety, environmental, and resource aspects.

**Section 25.** Activities under licences under sections 6 and 7 including the establishment of buildings, production plants, and installations within and outside of the licence area, and also measures in connection with temporary discontinuation of exploitation activities, shall prior to commencement be approved by the Greenland Home Rule Government in accordance with the terms of the licence. This also applies to measures to fulfil the obligations indicated in section 18 subsection 1.

**Subsection 2.** The Greenland Home Rule Government undertakes supervision of licensees' activities under this Act. The Greenland Home Rule Government may issue orders concerning compliance with the Act and with rules issued pursuant to the Act. The staff of the supervising authority shall have access to all parts of the activities at any time without a court decree but with due identification as far as necessary for them to carry out their work.

**Subsection 3.** The licensees shall submit all information required for the regulation of their activities under this Act. To ensure the regulation, the Greenland Home Rule Government may order a licensee to submit the required information.

**Subsection 4.** Licensees shall regularly submit reporting on the activities carried out and the results of these. Terms regarding reporting and confidentiality in this connection shall be stipulated in the licences.

**Subsection 5.** In licences under this Act, terms may be stipulated about the licensee's payment of expenses regarding regulation by the authorities pursuant to this section and sections 10, 19 and 20. The Greenland Home Rule Government may lay down specific rules regarding such payment.

**Section 26.** Regulation by the authorities, including approvals under this Act, does not exempt the licensee from obtaining approvals or permissions which are necessary according to other legislation.

## **CHAPTER 11. OTHER PROVISIONS**

**Section 27.** Direct or indirect transfer of a licence to a third party requires approval by the Greenland Home Rule Government subject to agreement under section 3.

**Subsection 2.** A licence can not be attached by creditors.

**Section 28.** In licences under this Act, the circumstances shall be stipulated whereby the licence is forfeited or may be revoked by the Greenland Home Rule Government.

**Section 29.** It may be stipulated in a licence that disagreement between the Greenland Home Rule Government and the licensee as to whether the terms of the licence have been complied with shall be brought before a court of arbitration whose decision shall be final.

**Section 30.** It shall be stipulated in a licence to which extent the licensee's obligations shall remain upon the termination of the licence.

**Section 31.** A licensee is liable for loss and damages which are caused by activities under the licence according to the enactments and general rules of Danish law regarding liability for loss and damages.

**Subsection 2.** It may be stipulated in a licence that in view of the character of the activities, a more extreme liability for loss and damages shall apply for the licensee. In this connection, it may be stipulated that the licensee shall compensate damages caused in connection with the activities, even if the cause of damage is accidental. However, the compensation may be reduced or cancelled if the sufferer intentionally or due to gross negligence has been conducive to the damage.

**Subsection 3.** It may be stipulated in a licence that the licensee's liability shall be covered by an insurance or another type of security.

**Section 31a.** The Greenland Home Rule Government may to the necessary extent allow steps to be taken for expropriation of real property with a view to activities under this Act.

**Subsection 2.** Expropriation under subsection 1 shall be effected in accordance with the provisions in the Act for Greenland on the procedures for expropriation of real property.

**Section 31b.** The size of fees which are paid to cover expenses incurred by the Bureau of Minerals and Petroleum may be fixed with partial coverage of the expenses.

**Section 32.** The resident population of Greenland may as hitherto collect and extract mineral resources without this requiring a licence under this Act.

**Subsection 2.** The right under subsection 1 to collect and extract mineral resources can, however, only be exercised with respect of exclusive licences for exploitation of mineral resources granted to others under this Act.

**Subsection 3.** Within the precincts of a municipality the local council may lay down detailed rules on the exercise of the right under subsection 1 to collect and extract mineral resources.

**Section 33.** Liable to sanctions according to the Criminal Act for Greenland is any person

- 1) who performs activities indicated in section 2 subsection 1 without a licence granted under this Act;
- 2) who infringes section 25 subsections 1, 3 or 4; or
- 3) who disregards terms concerning environmental or safety matters or other orders issued under this Act or rules laid down pursuant to the Act.

**Subsection 2.** In rules issued under this Act, it may be laid down that infringements of provisions in the rules may render offenders liable to sanctions according to the Criminal Act for Greenland.

**Subsection 3.** For infringements committed by a company, an association, a private foundation, a foundation or the like, the juristic person as such may be sentenced to a fine.

**Section 34.** The Act comes into force on July 1, 1991.

**Subsection 2.** At the same time, Act no. 585 of November 29, 1978 on Mineral Resources in Greenland is repealed.

**Subsection 3.** Licences and concessions for prospecting for, exploration for or exploitation of mineral resources and hydropower resources in Greenland which are already granted when the Act comes into force remain in force and continue to be subject to regulation under the former Act.

Act no. 1074<sup>1)</sup> of December 22, 1993 contains the following provision about the coming into force of the Act:

**“Section 6.** The Act comes into force on January 1, 1994.”

---

Act no. 303<sup>2)</sup> of April 24, 1996 contains the following provision about the coming into force of the Act:

**“Section 2.** The Act comes into force on the day after the announcement in Lovtidende, subject to subsection 2.

**Subsection 2.** The provisions in section 11 subsection 1 and section 15 subsection 1, as indicated in section 1 nos. 1 and 2 of this Act, apply also to licences granted prior to the coming into force of the Act.”

---

Act no. 317<sup>3)</sup> of June 3, 1998 contains the following provision about the coming into force of the Act:

**“Section 4.** The Act comes into force on July 1, 1998.

**Subsection 2.** Licences for prospecting for, exploration for or exploitation of mineral resources in Greenland granted under the Mineral Resources Act prior to July 1, 1998 remain valid subject to the amendments concerning the administrative authority following from this Act.

**Subsection 3.** Matters regarding licences under the Mineral Resources Act which have not been concluded on July 1, 1998 are further processed by the Bureau of Minerals and Petroleum under the Greenland Home Rule Government.

**Subsection 4.** The regulations regarding mineral resources activities, and application procedures and standard terms for licences under the Mineral Resources Act which are valid on July 1, 1998 remain effective subject to the amendments concerning the administrative authority following from this Act until they are repealed or superseded by new regulations, etc. under this Act.”

---

**Notes:**

- 1) This amendment excludes the authority regarding the granting of licences for hydropower activities and the regulation of such activities from the Mineral Resources System and transfers this authority to the Greenland Home Rule Government.
- 2) This amendment extends the exploration period and amends the sanctions.
- 3) This amendment transfers the administrative authority regarding mineral resources in Greenland from the Danish Government to the Greenland Home Rule Government, however, still within the Mineral Resources System.