

# **Petroleum Resources Act**

CHAPTER 342 OF THE REVISED STATUTES, 1989

*as amended by*

2000, c. 12, ss. 10, 11; 2025, c. 4, ss. 4-18



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Halifax

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CHAPTER 342 OF THE REVISED STATUTES, 1989  
amended 2000, c. 12, ss. 10, 11; 2025, c. 4, ss. 4-18

**An Act Respecting  
Petroleum Resources**

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**Short title**

**1** This Act may be cited as the *Petroleum Resources Act*. R.S., c. 342, s. 1.

**Purpose of Act**

**1A** The purpose of this Act is to support and facilitate safe and responsible onshore petroleum-resources management consistent with sustainable development while recognizing the goals of

(a) providing a framework for efficient and effective petroleum rights administration;

MARCH 26, 2025

- (b) encouraging and facilitating petroleum exploration, development and production;
  - (c) ensuring an effective regulatory framework for all stages of petroleum exploration and production including
    - (i) geophysical exploration,
    - (ii) well drilling and construction,
    - (iii) completion activities such as hydraulic fracturing and gas injection,
    - (iv) production, and
    - (v) decommissioning and abandonment;
  - (d) providing a fair royalty regime; and
  - (e) improving and ensuring the retention of the knowledge of petroleum resources in the Province for the future benefit of the Province.
- 2025, c. 4, s. 4.

### Interpretation

- 2** In this Act, unless the context otherwise requires,
- (a) “coal gas” means methane occurring naturally in coal seams and associated strata and includes methane obtainable by methane extraction;
  - (b) “Department” means the Department of Energy;
  - (c) “methane extraction” means any process approved by the Minister by which methane gas is extracted or manufactured from coal;
  - (d) “Minister” means the Minister of Energy;
  - (e) “petroleum” means, in addition to its ordinary meaning, any mineral oil or relative hydrocarbon and any natural gas, including coal gas, existing in its natural condition in strata, but does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation;
  - (f) “prescribed” means prescribed by the regulations;
  - (g) “Province” means the Crown in right of the Province;
  - (ga) “Registrar” means the Registrar appointed under the *Mineral Resources Act*[:];
  - (h) “right” or “petroleum right” means an exploration licence, an exploration agreement, a production lease or a coal gas agreement granted pursuant to this Act or the regulations and includes any right arising from an exploration licence, exploration agreement, production lease or coal gas agreement. R.S., c. 342, s. 2; 2000, c. 12, s. 10; 2025, c. 4, s. 5.

### Supervision of Act

- 3 (1)** The Minister has the general management and supervision of this Act and the regulations.

(2) Where any duty, power or authority is imposed or conferred on the Minister by this Act or the regulations, the Minister may delegate such duty, power or authority to whatever person the Minister considers advisable. R.S., c. 342, s. 3; 2025, c. 4, s. 6.

#### **Orphan well fund**

4 The Minister may create and administer an orphan well fund in accordance with the regulations. 2025, c. 4, s. 7.

#### **Personnel**

5 (1) Such officers, employees, agents and inspectors as are required for the purpose of this Act and the regulations shall be appointed in accordance with the *Civil Service Act*.

(2) Notwithstanding subsection (1), the Minister, with the approval of the Governor in Council, may engage the services of such professional or technical persons and experts to advise the Minister as the Minister deems necessary for the efficient carrying out of this Act.

(3) The compensation paid to persons engaged pursuant to subsection (2) shall be determined by the Governor in Council. R.S., c. 342, s. 5; 2025, c. 4, s. 8.

#### **Public Service Superannuation Act**

6 All officers, employees, agents and inspectors are employees within the meaning of the *Public Service Superannuation Act* and are entitled to all the benefits therein set forth. R.S., c. 342, s. 6; 2025, c. 4, s. 9.

#### **Application of Act**

7 This Act applies to all Nova Scotia lands, which means the land mass of Nova Scotia including Sable Island, and includes the seabed and subsoil off the shore of the land mass of Nova Scotia, the seabed and subsoil of the Continental shelf and slope and the seabed and subsoil seaward from the Continental shelf and slope to the limit of exploitability. R.S., c. 342, s. 7.

#### **Withdrawal of lands**

8 The Governor in Council may, by order, for any purposes and under any conditions set out in the order withdraw from the application of this Act or the regulations, or any part thereof,

- (a) such area of Nova Scotia lands;
- (b) any petroleum or coal gas in specified Nova Scotia lands,

as specified in the order. R.S., c. 342, s. 8.

#### **Division of Nova Scotia lands**

9 Nova Scotia lands shall be divided into units as prescribed. R.S., c. 342, s. 9.

**Vesting of petroleum**

**10 (1)** All petroleum located in or under Nova Scotia lands is and is deemed always to have been vested in the Province and every grant made by the Crown shall be construed and held to reserve all the petroleum in the lands so granted.

**(2)** Petroleum rights may be granted pursuant to this Act, and upon their expiry are revested in the Province. R.S., c. 342, s. 10.

**Authorization required**

**11 (1)** No person shall explore for, develop or produce petroleum unless authorized by this Act or the regulations.

**(2)** For greater certainty, no person shall undertake any drilling or well-completion activities, including hydraulic fracturing, unless authorized by this Act or the regulations. R.S., c. 342, s. 11; 2025, c. 4, s. 10.

**Consent to enter upon lands**

**12 (1)** No holder of a petroleum right may enter upon any Nova Scotia lands, including lands owned by the Province, to explore for or develop petroleum, without the consent of the owner or lawful occupier of the surface of such lands.

**(2)** Where such consent cannot be obtained, the holder may apply to the Minister and the Minister may grant an order for entry upon such terms, including the payment of compensation, as the Minister considers appropriate.

**(3)** Such order shall be made in accordance with the provisions of Section 21. R.S., c. 342, s. 12.

**Exploration licence**

**13 (1)** The Minister may grant an exploration licence upon such terms and conditions as may be prescribed to any person who applies in the prescribed manner.

**(2)** The holder of an exploration licence has a non-exclusive right to explore for petroleum in the manner prescribed and specified in the licence.

**(3)** Every exploration licence shall be for the term of one year and may be renewed for further periods of one year each at the discretion of the Minister and upon such terms and conditions as may be prescribed. R.S., c. 342, s. 13.

**Exploration agreement**

**14 (1)** The Minister may, from time to time and in such manner as is prescribed, enter into exploration agreements for the exploration for petroleum in specified areas of Nova Scotia lands.

**(2)** In an exploration agreement the Minister may specify provisions for the use of Nova Scotia labour, goods and services and commitments to encourage Nova Scotia education and training, research and development.

(3) Every exploration agreement shall be for a term of three years and, subject to the regulations and the terms and conditions of the agreement, shall be renewed for such further periods as are prescribed.

(4) Annual rentals, reporting requirements and all other terms and conditions of exploration agreements shall be as prescribed or determined by the Minister.

(5) The holder of an exploration agreement has, subject only to the rights of any holder of an exploration licence or coal gas agreement, the exclusive right to explore for petroleum in the agreed area in the manner prescribed and specified in the agreement.

(6) Where no proposal is submitted or accepted in accordance with the regulations, the Minister may, in the manner prescribed, enter into an exploration agreement with any person on such terms and conditions as the Minister may determine. R.S., c. 342, s. 14.

#### **Production lease**

**15** (1) A holder of an exploration agreement may apply to the Minister for a production lease of all or part of the area held pursuant to his exploration agreement.

(2) The Minister shall, subject to the regulations, grant a production lease if the holder

(a) satisfies the Minister that petroleum can be commercially produced from the land the holder proposes to lease; and

(b) in the manner prescribed, prepares and receives approval for a development program relating to the proposed commercial production.

(3) Every production lease shall commence on the date on which commercial production begins and shall be for a term of ten years.

(4) A production lease shall be renewed at the option of the holder for one further term of ten years provided that the holder has complied with the terms and conditions of this Act, the regulations and the holder's lease.

(5) Further renewals may be granted by the Minister upon such terms and conditions as may be prescribed.

(6) Every production lease shall give the lessee the right to produce petroleum from the leased area and to market that petroleum in the manner prescribed. R.S., c. 342, s. 15; 2025, c. 4, s. 11.

#### **Exploration licence or coal gas agreement required**

**16** (1) Notwithstanding the provisions of this or any other Act, no holder of an exploration agreement or production lease, or any other person, may explore for, develop or produce coal gas unless that person is the holder of an exploration licence or a coal gas agreement.

(2) The Minister may, from time to time and in such manner as is prescribed, receive applications for and enter into coal gas agreements to explore for, develop or produce coal gas on specified Nova Scotia lands, even if any other petroleum right authorized by this Act or any right authorized by any other Act has been granted in respect of those specified lands.

(3) The manner of application, the terms and conditions of any coal gas agreement, coal gas royalties, fees and rentals and all other matters respecting the exploration for, development of and production of coal gas shall be prescribed in the regulations. R.S., c. 342, s. 16; 2025, c. 4, s. 12.

#### **Notice respecting coal gas agreement**

17 (1) Before entering into a coal gas agreement in respect of specified lands, the Minister shall notify all holders of rights granted pursuant to this Act, the *Mineral Resources Act* and the *Gas Storage Exploration Act*, which are held in respect of those specified lands or lands adjacent to those specified lands.

(2) The Minister shall give all such holders of petroleum, mineral and gas storage rights the opportunity to make representations concerning the proposed coal gas agreement.

(3) Upon entering into a coal gas agreement, the Minister may add to, vary or remove any terms or conditions of any such petroleum, mineral or gas storage right in order to co-ordinate and maximize public benefit from petroleum and mineral resource development.

(4) Every decision to add to, vary or remove any terms or conditions of any such petroleum, mineral or gas storage right shall be made in accordance with the provisions of Section 21. R.S., c. 342, s. 17.

#### **Consent to dispose of coal gas**

18 No operator of a coal mine shall dispose of any coal gas without the written approval of the Minister and the Minister may attach such terms and conditions to the Minister's approval, including terms and conditions for the conservation and utilization of coal gas, as are prescribed. R.S., c. 342, s. 18; 2025, c. 4, s. 13.

#### **Determination of presence of coal gas**

19 (1) Any person may apply to the Minister, or the Minister may, on the Minister's own initiative, give notice for a hearing to determine whether or not any particular natural gas in, on or under specified lands is coal gas, and such determination shall be made in accordance with the provisions of Section 21.

(2) Such hearing may be held at the same time as any hearing respecting a proposed coal gas agreement. R.S., c. 342, s. 19; 2025, c. 4, s. 14.

#### **Disposal of petroleum right**

20 No person shall transfer, assign or otherwise dispose of a petroleum right except in the prescribed manner. R.S., c. 342, s. 20.



**Order**

**21** (1) Except as otherwise provided in this Act, every order made pursuant to this Act or the regulations is final and conclusive.

(2) Before making any order that any provision of this Act or the regulations requires or authorizes to be made in accordance with the provisions of this Section, the Minister shall give notice in writing to the persons affected thereby of not less than fourteen days, or such other period as the Minister considers appropriate in the circumstances, specifying the nature of the order proposed to be made.

(3) Where the Minister cannot in writing conveniently notify every person affected, or cannot identify with certainty the persons affected, the Minister shall give notice in such manner as the Minister considers appropriate in the circumstances.

(4) Within the period specified in the notice given under subsection (2) or (3), any person receiving the notice may, in writing, request a hearing and, on receipt of such request, the Minister shall appoint a time and place for a hearing and give notice thereof of not less than seven days, or such other period as the Minister considers appropriate in the circumstances, to the person who requested the hearing.

(5) If a hearing is not requested within the period specified in the notice, the order is final and conclusive.

(6) Any person to whom notice is required to be given under subsection (2) or (3) may make representations and introduce documents and witnesses at any hearing held under this Section, and in making any order in respect of which the hearing has been held, the Minister

(a) shall consider any representations made and evidence introduced at the hearing;

(b) may adjourn the hearing from time to time as the Minister considers appropriate and may direct such inquiries and reports to be made by such persons as the Minister considers appropriate, and witnesses may be called and examined upon oath;

(c) shall make the order on the merits of the matter as the Minister considers them, and shall not be bound to follow any previous decisions; and

(d) shall, on request by any such person, publish or make available to that person the reasons for the order. R.S., c. 342, s. 21; 2025 c. 4, s. 15.

**Deemed term of petroleum right**

**22** It shall be and shall be deemed to be a term of every petroleum right that the right is subject to this Act and the regulations as they may be amended from time to time. R.S., c. 342, s. 22.

**Further deemed term of petroleum right**

**23** It shall be and shall be deemed to be a term of every petroleum right that the holder of the right acknowledges that the laws of the Province govern all

matters relating to the right, and the holder acknowledges and submits to the jurisdiction of the Province. R.S., c. 342, s. 23.

#### **Consent to enter upon lands**

**24 (1)** No holder of a production lease or a coal gas agreement may enter upon or occupy any Nova Scotia lands to produce petroleum without the written consent of the owner or lawful occupier of such lands.

**(2)** Where consent cannot be obtained, the holder may request the Minister to order that the land necessary for the production of petroleum according to the terms of the lease or agreement be vested in the holder.

**(3)** If the Minister is satisfied that the land should be vested in the holder, the Minister shall issue an order vesting it in that person.

**(4)** A vesting order issued by the Minister shall be filed at the appropriate registry of deeds and the filing thereof shall be deemed to be a deposit of expropriation documents pursuant to the *Expropriation Act*.

**(5)** Upon the filing of a vesting order by the Minister, the holder named in the order is and is deemed to be an expropriating authority within the meaning of the *Expropriation Act*. R.S., c. 342, s. 24; 2025, c. 4, s. 16.

#### **Expropriation Act**

**25 (1)** The *Expropriation Act* applies *mutatis mutandis* to any such expropriation.

**(2)** Notwithstanding Section 4 of the *Expropriation Act*, wherever the provisions of that Act conflict with the expropriation provisions of this Act, the expropriation provisions of this Act prevail.

**(3)** The holder of the production lease or coal gas agreement is deemed to be the statutory authority for the purposes of the *Expropriation Act*.

**(4)** The Minister is deemed to be the approving authority for the purposes of the *Expropriation Act*.

**(5)** In determining the value of the expropriated land, no value shall be given to any petroleum or mineral, or any right therein, in, upon or under the land. R.S., c. 342, s. 25.

#### **Regulations respecting expropriation**

**26** The Governor in Council may make regulations respecting

- (a)** a request by a holder of a production lease for expropriation;
- (b)** the matters and things necessary to satisfy the Minister that lands required by a holder of a production lease should be vested in the holder of that lease;
- (c)** the contents of a vesting order;

(d) generally, any matter relating to any proposed expropriation of land pursuant to this Act. R.S., c. 342, s. 26.

### Regulations

- 27 (1) The Governor in Council may make regulations
- (a) respecting the creation and administration of an orphan well fund;
  - (aaa) respecting the division of Nova Scotia lands into units and official maps showing such division;
  - (aab) respecting drilling or well-completion activities, including hydraulic fracturing;
  - (b) respecting the procedure for applying for exploration licences and renewals and the terms and conditions applicable to exploration licences and renewals;
  - (c) respecting the procedures for entering into exploration agreements, the contents of exploration agreements and all other matters in relation to the negotiation and acceptance of exploration agreements;
  - (d) respecting the procedures for the preparation, evaluation, acceptance, revision or rejection of development programs including provisions for public hearings and the matters to be considered in development programs;
  - (e) respecting the terms and conditions of petroleum rights;
  - (f) respecting the nature and extent of employment of Nova Scotians by holders of petroleum rights and others performing work authorized by a petroleum right;
  - (g) respecting the nature and extent of the supply of goods and services by Nova Scotians to holders of petroleum rights and others requiring goods and services pursuant to work or operations authorized by a petroleum right;
  - (h) respecting the nature, scope and extent of education, training, research and development projects and programs, and the nature and extent of the financial and other obligations of holders of petroleum rights with respect thereto;
  - (i) respecting, from time to time, the nature and amount of royalties payable in respect of produced petroleum;
  - (j) respecting the nature and extent of participation by the Province in the production of petroleum;
  - (k) respecting the procedure for applications for transfers, assignments or other dispositions of petroleum rights and the terms and conditions upon which the Minister may allow transfers, assignments or other dispositions;
  - (l) respecting bonds to be given to the Province, conditioned upon the due performance by any person of any term or condition of any petroleum right or the due carrying out of any undertaking entered into in relation thereto;

- (m) respecting the procedure for application by holders of licences and leases granted pursuant to the former *Petroleum and Natural Gas Act* for exploration agreements and the criteria upon which the applications will be assessed;
- (n) respecting the exploration for, development of and production of coal gas, including the manner of application for and the terms and conditions of coal gas agreements, royalties, fees, rentals and all other matters relating thereto;
- (o) respecting the forms to be used under this Act and the regulations;
- (p) respecting the recording of documents and the terms and conditions under which documents may be inspected by any interested person;
- (q) respecting the delivery to the Minister of information and samples with respect to petroleum and petroleum rights and providing for the confidentiality of such information and samples;
- (r) respecting the assignment of functions, rights and duties under this Act to officers and employees in the Department or in any other department of the public service;
- (s) respecting the delegation of any duty, power or authority imposed or conferred by this Act or the regulations to the Energy and Mineral Resources Conservation Board established by the *Energy and Mineral Resources Conservation Act*;
- (t) respecting the causes for which petroleum rights may be suspended or cancelled and the procedure relating thereto;
- (u) respecting from time to time the fees, rentals and other amounts payable to the Province with respect to exploration licences, exploration agreements, development programs, exploration renewals, holding renewals, appraisal renewals, production leases, the recording of documents or any services provided under this Act and the regulations, and the rate of interest to be paid for or on account of any unpaid fees, rentals or other amounts;
- (v) respecting the nature and constitution of liens upon the property of the holders of petroleum rights as security for the payment of all fees, rentals, royalties and other amounts payable to the Province pursuant to the Act, to the regulations, to any order made thereunder or to the terms of any petroleum right;
- (w) respecting the rate of production of petroleum generally or different rates of production of petroleum for different fields, different leased areas or different types of petroleum;
- (x) respecting the marketing of petroleum;
- (y) respecting the encouragement of the development of petroleum resources by decreasing the amount otherwise provided for of any rental, royalty or other obligation of a holder of a petroleum right;
- (z) respecting contributions by holders of petroleum rights to a compensation fund from which persons who suffer loss as a

result of activities undertaken pursuant to petroleum rights may be reimbursed;

(za) respecting fees and financial security for permits, licences, agreements and leases and other approvals issued pursuant to this Act;

(zb) respecting cost recovery for services provided by the Minister, the Department or persons to whom are delegated any duty, power or authority pursuant to subsection 3(2);

(zc) respecting the appointment of inspectors and cost recovery for services provided by inspectors and the inspection of geophysical operations, wells and petroleum facilities;

(zd) respecting geophysical operations;

(ze) respecting the economic, orderly and efficient development of energy resources, including the construction, location and establishment of equipment, buildings, structures, wharves, docks and support facilities related to energy;

(zf) respecting the prohibition against drilling wells to explore for, develop or produce petroleum without a permit, licence or approval;

(zg) respecting permits, licences or approvals to drill wells and the terms and conditions of permits, licences and approvals, including the designation, identification, location, design, equipment, construction, operation, maintenance[,] decommissioning and abandonment of wells and associated structures;

(zh) respecting the most efficient methods for the production of energy resources, including enhanced recoveries;

(zi) respecting the adoption, incorporation or constituting as regulations, in whole or in part, of any relevant codes, rules or standards, as amended from time to time, prepared and published by the Canadian Standards Association or any similar association, with or without any modification or amendment;

(aa) defining any word or expression used but not defined in this Act;

(ab) generally for carrying into effect the provisions of this Act.

(2) The Governor in Council may exercise the authority in this Section and in Section 26 either generally or specifically, by location or territory, by class or kind, by reference to an individual or particular petroleum right.

(3) In the absence of regulations, the Governor in Council may authorize the Minister to enter into exploration agreements and production agreements and determine that the particular agreement is a regulation for the purpose of this Act.

(4) *repealed 2000, c. 12, s. 11.*

(5) The exercise by the Governor in Council of the authority in this Section and in Sections 8 and 26 shall be regulations within the meaning of the *Regulations Act*. R.S., c. 342, s. 27; 2000, c. 12, s. 11; 2025, c. 4, s. 17.

#### **Offence and penalty**

- 28** (1) Every person who contravenes or fails to comply with
- (a) any provision of this Act or the regulations; or
  - (b) any final order applicable to him under this Act,

is guilty of an offence and liable on summary conviction to a penalty not exceeding one hundred thousand dollars or imprisonment for a term not exceeding two years.

(2) Where an offence is committed by a person under subsection (1) on more than one day or is continued by him for more than one day, it shall be deemed to be a separate offence for each day on which the offence is committed or continued. R.S., c. 342, s. 28.

#### **Liability for offence by employee or agent**

**29** In any prosecution for an offence under this Act it is sufficient proof of the offence to establish that it was committed by an employee or agent of the accused, whether or not the employee or agent is identified or has been prosecuted for the offence, unless the accused establishes that the offence was committed without the accused's knowledge or consent and that the accused exercised all due diligence to prevent its commission. R.S., c. 342, s. 29; 2025, c. 4, s. 18.

#### **Offence by officer or agent of corporation**

**30** Where a corporation has committed an offence under this Act, any officer, director or agent of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the offence is a party to and guilty of the offence and is liable on summary conviction to the punishment provided for the offence whether or not the corporation has been prosecuted. R.S., c. 342, s. 30.

#### **Existing permit or licence or lease**

**31** (1) Notwithstanding the *Interpretation Act*, every permit, licence and lease issued pursuant to the former *Petroleum and Natural Gas Act* or the regulations made pursuant thereto and any and all rights arising therefrom or thereunder are revoked without compensation payable to the holder thereof.

(2) The holder of a licence or lease referred to in subsection (1) has the exclusive right to enter into one or more exploration or coal gas agreements concerning the area held by the holder of that licence or lease.

(3) The exclusive right referred to in subsection (2) expires if not exercised within six months, or such greater period as may be prescribed, immediately following the date regulations pursuant to this Act concerning exploration agreements or coal gas agreements are made or the holder of the licence or lease enters into an agreement pursuant to the authority of the Governor in Council in the absence of regulations. R.S., c. 342, s. 31.