

16 March 1998

**No 31**

## **Parliamentary Act on Hydrocarbon Activities**

### **Part 1**

#### **General provisions**

1.(1) This Act shall apply to prospecting, etc., exploration, production and pipeline transportation of hydrocarbons in the land territory and territorial sea of the Faroe Islands and on the Faroese continental shelf. The Act shall also apply to offshore installations, cf. section 2 b) below.

(2) The aim of this Act is to provide for prudent and appropriate exploration and exploitation of hydrocarbon resources for the benefit of the Faroese economy and employment opportunities. The activities shall be planned with due consideration given to fishing, navigation, the environment, nature and other interests of society.

2. For the purposes of this Act,

a) hydrocarbons shall mean mineral oil, condensate, natural gas and other hydrocarbons found naturally in the subsoil which can be produced in a gaseous or liquid form.

b) offshore installations shall mean:

(i) platforms, pipelines and other fixed installations and facilities in the territorial sea and on the continental shelf which are used for exploration and production activities referred to in section 1 above.

(ii) mobile units such as drill ships and drilling rigs, production and storage vessels, accommodation vessels and similar vessels, when such units are in a stationary mode and are used for exploration and production activities referred to in section 1 above.

3.(1) The hydrocarbons referred to in section 1 above belong to the Faroe Islands and may only become subject to prospecting, exploration or production by any third party by virtue of a license granted in accordance with the provisions of this Act.

(2) Unless otherwise provided by other legislation or by rules or regulations laid down by the Faroese Government, Faroese law shall apply to any offshore installations on the continental shelf and safety zones established around such installations.

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### **Part 2**

#### **Prospecting, etc.**

4. (1) The Faroese Government may grant licenses for prospecting with a view to exploration for and production of hydrocarbons in the subsoil as well as licenses for scientific investigations of the subsoil of importance hereto.

(2) Licenses shall be granted for a term of three years, unless a shorter term is fixed in the individual license. The license shall indicate the areas encompassed by it.

(3) A prospecting license shall entitle the holder to perform geological, geophysical, geochemical and geotechnical surveys. The license shall not entitle the holder to drill for or produce hydrocarbons and shall not give the holder any preferential right to subsequently being granted an exploration and production license.

5.(1) The Faroese Government may lay down terms and conditions for the award of a prospecting license or a license for scientific investigations, including the payment of charges and fees, reporting on the progress and results of such prospecting and investigations, as well as confidentiality obligations with respect hereto.

(2) The Faroese Government may lay down general provisions on charges and fees payable for the award of licenses.

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### **Part 3**

#### **Exploration and production**

##### **A. Licenses and attendant terms and conditions**

6.(1) For a specific area and subject to more specific terms and conditions, the Faroese Government may grant a license with an exclusive right for the exploration for and production of hydrocarbons. Such a license may only be granted to applicants which are considered to have the requisite expertise, experience, resources and financial capacity. In determining to whom a license is granted the Faroese Government shall have regard to the extent to which the Faroe Islands will gain insight into and benefit from the activities carried on by virtue of the license.

(2) A license granted in pursuance of subsection (1) above shall incorporate provisions about the matters referred to in sections 8 to 13, and may include such other terms and conditions as deemed necessary by the Faroese Government.

7.(1) Licenses for exploration and production of hydrocarbons shall be granted following a public notice inviting applications.

(2) Prior to inviting applications, the areas to be offered for licensing and the general terms and conditions on which licenses are to be granted shall be fixed by law. The explanatory notes to the Act shall include an assessment of the possible impact of the hydrocarbon activities on navigation, fishing and other commercial activities, and on nature, environment and any other effects on the community, as well as an assessment of the contributions of the activities to stimulating the economy and employment opportunities.

(3) <sup>1)</sup> If an application is submitted seeking a license for the exploration and production of hydrocarbons, pursuant to § 6, Paragraph 1, but is not submitted in response to a public invitation for such applications pursuant to Paragraph 1, and the Minister determines that the circumstances and the application indicate that the application should be reviewed, the Minister may receive such an application for review, Paragraphs 1 and 2 notwithstanding. A license may only be granted following public notice announcing that a license application has been received and indicating the area applied for. Other interested parties may seek permission for the same area or part thereof, subject to an application deadline of at least ninety (90) days from the date of the public notice.

(4) <sup>1)</sup> A license subject to the procedures stipulated in Paragraph 3 may only be granted for areas that have been specified pursuant to Paragraph 2 above in the first, second or third licensing round.

(5) <sup>1)</sup> The Faroese Government may decline to grant any licenses on the basis of the applications submitted.

(6) <sup>1)</sup> The Faroese Government may stipulate the payment of a service fees for the consideration of applications and the award of licenses pursuant to § 6.

8.(1) A license granted in pursuance of section 6 above shall be issued with a view to exploration for a term of up to 12 years, which term may be prolonged for up to two years at a time. However, the total term of exploration may not exceed 16 years.

(2) When the pertinent terms and conditions stipulated in a license have been fulfilled, the licensee shall be entitled to an extension of the license with a view to production for a period to be fixed in the license, which may not exceed 30 years. The license thus extended shall apply, as a minimum, to those parts of the area that include commercially exploitable deposits from which a licensee intends to carry on production. As a condition for extending the license, the Faroese Government may stipulate that within a specified, reasonable time limit, an application shall be submitted for approval of a field development plan in accordance with section 15(2) below.

9. A license granted in pursuance of section 6 shall stipulate the work obligations that the licensee shall fulfil within the term of exploration referred to in section 8(1) above, as well as the charges payable by the licensee to the Faroese authorities. In this connection, it may be stipulated in the license that a periodic charge shall be payable on the basis of the size of the area comprised by the license (area rental), as well as a charge based on the amount or value of hydrocarbons produced (royalty).

10. Licenses granted in pursuance of section 6 above shall incorporate provisions on the licensee's use of Faroese manpower and the supply of goods and services by Faroese undertakings on training and educational measures, etc., as well as on the location of the licensee's activities including i.a. supply bases.

11. (1) The terms and conditions of licenses granted in pursuance of section 6 above shall stipulate that any transport of equipment and passengers to and fro Faroese territory shall be conducted via Faroese quay or Faroese airport.

(2) In special cases the Faroese Government may exempt from the provision in subsection 1.

12.(1) The terms and conditions of licenses granted in pursuance of section 6 above, or the rules and regulations issued by the Faroese Government under section 30 below, shall incorporate more specific provisions about how the licensee is to report financial and accounting data, as well as information about its exploration and production activities, including samples and other data about the subsoil collected in the course of such activities.

(2) Licenses granted in pursuance of section 6 above may lay down provisions on confidentiality with regard to the data and information referred to in subsection (1) above.

13. Subject to the provisions laid down in sections 21 and 22, licenses granted in pursuance of section 6 above shall stipulate the extent to which the licensee's obligations shall continue to exist after the expiry, relinquishment or revocation of the license. Further, it may be stipulated that if a work obligation or other obligation is not fulfilled, the Faroese Government may demand that the licensee shall pay the amount, in whole or in part, that it would have cost to fulfil the relevant obligation.

## B. Exploration and production activities

14.(1) Exploration and production shall be carried on in a safe and appropriate manner in accordance with good international practice, as established for activities carried on under similar conditions. The activities shall be carried on with due consideration given to safety and the environment, such that any waste of hydrocarbons is avoided. Appropriate measures shall be taken to avoid damage to flora and fauna and any other pollution of the environment. The activities may not pose unnecessary risk or hindrance to shipping, aviation, fishing or other commercial activities; nor may they cause damage to or pose risk of damage to pipelines, cables or other installations.

(2) Processing facilities, pipelines and other transportation facilities should be designed and constructed having due regard for the efficiency of the overall infrastructure.

15.(1) Exploration wells and other wells in the subsoil may only be drilled following prior approval by the Faroese Government of equipment, programme and mode of operation.

(2) Offshore installations as well as onshore installations and facilities for the production of hydrocarbons and the initiation of production may only be established by the licensee following prior approval of a field development plan by the Faroese Government, as referred to in subsection (3) below, including approval of the envisaged course of production and of the facilities for this purpose.

(3) Where a licensee decides to develop and initiate production from a hydrocarbon accumulation, such licensee shall draw up a plan for these activities (field development plan), and shall submit it to the Faroese Government for approval, as stipulated in subsection (2) above. The plan shall contain information and assessments regarding the hydrocarbon discovery and the associated production activities, including technical, financial, safety, environmental, navigation and fishing information, as well as a review of the impact of the development project on Faroese economy and employment. Finally, an account shall be given of a proposed plan for decommissioning installations and facilities. If the field is to be developed in two or more stages, the plan should comprise the overall development activities insofar as possible.

(4) The Faroese Government shall have granted its approval of the field development plan, including any subsequent approval of separate development stages and of individual installations or parts thereof in accordance with the rules and regulations laid down in pursuance of section 25, before the licensee enters into any major contractual obligations, unless the Faroese Government consents to the entering into of such contractual obligations beforehand.

(5) Where warranted by concern for safe, appropriate or efficient production, or necessitated by weighty considerations for society, the Faroese Government may make changes in approved production plans and regulate production.

(6) 4 weeks before a decision is made by the Faroese Government to approve a field development plan the Government shall submit a statement to the Faroese Parliament indicating the general terms and conditions of approval imposed by the Faroese Government.

16.(1) Where an accumulation of hydrocarbons extends into the areas of several licensees, the relevant licensees shall coordinate exploration and any subsequent production activities. Agreements in this respect shall be approved by the Faroese Government. Where the parties fail to reach an agreement on coordination of such activities within a reasonable time limit, the Faroese Government may order such coordination and lay down the applicable terms and conditions.

(2) Where an accumulation of hydrocarbons extends into another country's continental shelf or territory, the Faroese Government may order, provided that an agreement on the coordination of exploration and

production is concluded with the relevant country, that the holder of the license for the Faroese part of the accumulation shall take part in such coordination, and may lay down the applicable terms and conditions.

17. Where two or more accumulations of hydrocarbons should be exploited together from a resource point of view or due to economic considerations or in the interests of society, the Faroese Government may issue an order in this respect upon consultation with the licensees. In this connection, a licensee may be ordered, against payment, to make processing and transportation facilities available for the purpose of such coordination. In the absence of agreement between the licensees about the amount of such payment, the amount shall be fixed by the Faroese Government.

18. Any hydrocarbons produced under a license granted in pursuance of section 6 that have not been utilized in the course of production activities, reinjected, flared or lost shall be landed in the Faroe Islands, unless the Faroese Government consents to delivery elsewhere. The Faroese Government may stipulate conditions for such consent.

### C. Pipeline facilities

19.(1) The establishment and operation of pipeline facilities for use in the activities comprised by this Act may only take place pursuant to a license from the Faroese Government.

(2) A license may be granted subject to conditions regulating the routing, dimensions and ownership of the pipeline, as well as the right for other parties to use the pipeline, payment therefor, charges payable to the Faroe Islands, etc.

(3) Subsections (1) and (2) shall not apply to local pipelines that form part of installations used in the production from an individual field.

(4) Where the pipeline extends into another country's continental shelf or territory, the Faroese Government may order, provided that a cooperation agreement regarding the establishment and operation of the pipeline is concluded with the relevant country, that the party holding the rights to the Faroese section of the pipeline shall take part in such cooperation, and may lay down the applicable terms and conditions.

20. The establishment and operation by another country of subsea pipeline facilities for transporting hydrocarbons in transit across the Faroese continental shelf shall be approved by the Faroese Government. The approval shall cover the routing of such pipelines and shall be granted on terms and conditions that provide for reasonable measures for the exploration of the continental shelf, the exploitation of its natural resources, and the prevention, reduction and control of pollution from pipelines.

### D. Decommissioning

21.(1) Cessation of the operation and maintenance of an offshore installation for production purposes may only take place following prior approval from the Faroese Government. Within the time limits set out in subsection (3) below, the licensee shall submit a decommissioning plan to the Faroese Government, which shall include the necessary technical, safety, environmental, fishing, navigation and financial information, as well as assessments and proposals for the measures to be taken in respect of the offshore installation.

(2) In due observance of existing international standards, the offshore installation shall either continue to be used for hydrocarbon activities under the provisions of this Act, be used for other purposes or be removed in whole or in part. The licensee shall implement the decommissioning plan within a time limit fixed by the Faroese Government in accordance with the terms and conditions laid down by the Faroese Government for

its approval of the plan. In the event that the time limit starts to run when the use of the offshore installation is discontinued, the licensee shall notify the Faroese Government of the discontinuance of use.

(3) The licensee's decommissioning plan shall be submitted no later than two years before the use of an offshore installation is expected to be discontinued. This provision shall also apply upon the expiry of a license granted to a licensee under the provisions of sections 6 and 19 of this Act, in the event that the license expires before the anticipated date of termination. Where warranted by the circumstances, the Faroese Government may demand that a decommissioning plan be submitted at an earlier date, and the Faroese Government may at any time order the licensee to substantiate its ability to finance the implementation of a decommissioning plan or to furnish requisite security herefor, if the Faroese Government has reason to presume that the licensee does not have the necessary financial resources for this purpose.

22.(1) When a license granted to a licensee in pursuance of sections 6 or 19 of this Act has expired or has been relinquished or revoked, or when the use of an installation intended for operation solely within the relevant area has been discontinued, the Faroese authorities shall be entitled, free of charge, to take over, in whole or in part, such installation.

(2) The Faroese Government exercises the rights established in subsection (1) above. The Faroese Government shall inform the licensee of its decision in connection with considering the licensee's decommissioning plan in accordance with the provisions of section 21 above, and such decision shall become effective not later than six months after the time referred to in subsection (1) above.

(3) The licensee shall ensure that the installation, complete with facilities, necessary equipment and materials, is transferred to the Faroese authorities in a properly maintained condition, free from any claims from third parties and other encumbrances. Any such claims and other encumbrances shall have no effect against the Faroese authorities.

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## **Part 4**

### **Environmental impact assessment**

23.(1) Licenses or approvals in pursuance of sections 15, 19, 20 or 21, regarding projects assumed to have a major impact on the environment, may only be granted in the light of an assessment of the effects on the environment and after the affected public, authorities and organizations have been given an opportunity to express their opinion.

(2) Where warranted by circumstances the Faroese Government may grant exceptions from the requirement in subsection (1) above.

(3) The Faroese Government may lay down rules on notification and hearing of the affected public and the affected authorities and organisations.

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## **Part 5**

### **Working environment, safety and emergency procedures, etc. for offshore installations**

24. The licensee, operator, offshore installation manager, contractors, subcontractors and other employers shall, within their respective scopes of activities, ensure that the working conditions are fully satisfactory from a safety and health point of view, and that effective supervision of the work ensures that it is being carried out properly.

25. In order to ensure health and safety and protection of the environment in connection with the exploration for and production and transportation of hydrocarbons, the Faroese Government may lay down more detailed rules and regulations for offshore installations, including rules and regulations on

- a) the general duties of employers, managers and employees as well as suppliers;
- b) health and safety documentation, controls in the form of safety management systems and similar schemes, certification schemes, etc. as well as overall safety management;
- c) the construction of an installation and its equipment, as well as the approval of and consent to the design, building, installation, commissioning and removal of the installation;
- d) the health, safety and environmental conditions under which the work is carried out;
- e) training and instruction, rest periods, 24-hour periods off, age requirements and medical examinations.

26.(1) On manned offshore installations, the owner or user shall appoint a manager who shall have supreme authority in all matters.

(2) The owner or user of any offshore installation shall prepare a manning and organizational chart. The chart shall name the manager and the persons responsible for the individual main tasks connected with the safe operation of the installation, and shall set out the guidelines for cooperation between the persons in charge.

(3) In the interests of safety, the Faroese Government may require that the chart referred to in subsection (2) above shall be submitted for its approval before the installation is commissioned, and may lay down more detailed rules and regulations on the manning of the installation.

27.(1) The owner or user of an offshore installation shall maintain efficient emergency procedures in case of accidents or hazardous situations that could involve the loss of human lives or bodily injury, pollution of the environment or property damage, and shall provide for the necessary evacuation and lifesaving equipment, as well as adequate warning and communication systems. In such situations, the owner or user shall take the necessary measures to prevent or reduce any risks to persons and any harmful effects.

(2) The Faroese Government may decide upon or lay down more detailed rules and regulations on emergency procedures, including the manpower or equipment that shall be available to the owner or user in case of accidents on the offshore installation, and may order several licensees to coordinate their emergency procedures. In case of accidents or hazardous situations, the Faroese Government may decide to initiate rescue, firefighting or control operations, and may stipulate that other parties make the resources needed in emergencies available, for the owner's or user's account.

28.(1) Safety zones shall be established around offshore installations, with the exception of pipelines. The Faroese Government shall determine the extension of the safety zones in view of existing international standards, and may draw up regulations for navigation, fishing and aviation in the zones, in which connection unauthorized vessels and aircraft may be prohibited access to the zones.

(2) For safety reasons, the Faroese Government may lay down rules and regulations restricting the right of vessels to anchor at and fish in the vicinity of subsea pipelines.

29.(1) Where a serious accident has occurred in connection with the activities comprised by this Act or where other events have occurred involving danger thereof, or in case of major property damage or pollution of the marine environment, the Faroese Government may appoint a special commission for the purpose of preparing a report, which shall incorporate an investigation and assessment of the events occurred. The Faroese Government may lay down more detailed rules and regulations on the activity of the special commission.

(2) The special commission shall be entitled to examine the offshore installation or its remains.

(3) The special commission may demand that books and other documents of importance to the investigation be submitted to it, and may question the owner or user of the offshore installation and its personnel, as well as any other person assumed to be able to provide information of importance to the investigation.

(4) The special commission may demand a judicial enquiry in accordance with the provisions of the Administration of Justice Act.

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## **Part 6**

### **Administration and supervision, etc. by the public authorities**

30. The Faroese Government may draw up more detailed regulations on the performance of the activities comprised by licenses granted in pursuance of sections 4, 6, 19, 20 and 21.

31. The Faroese Government shall compile all the information provided about the subsoil in the course of the activities comprised by this Act.

32.(1) The Faroese Government shall supervise compliance with the provisions of this present Act and with the rules and regulations, terms and conditions drawn up in pursuance of this Act.

(2) The Faroese Government may lay down more detailed rules and regulations regarding performance of the supervision and regarding the acceptance of tests and other documentation substantiating compliance with health, safety and environmental regulations.

(3) The Faroese Government may authorize governmental and other public institutions to exercise powers vested in the Faroese Government by this Act.

(4) The licensees shall pay the expenses incurred by the authorities in connection with the administration of matters regarding licenses and approvals, etc. for activities carried on under this Act and in connection with the supervision referred to in subsection (1) above, in accordance with rules and regulations laid down by the Faroese Government.

33.(1) The licensees as well as owners or users of an offshore installation shall submit any information the Faroese Government deems necessary for its supervision of the activities carried on under this Act.

(2) For the purpose of its supervision, the Faroese Government may order a licensee to submit samples, raw data, processing results, interpretations and assessments as well as technical and financial information.

(3) To the extent required to carry out their duties, the staff of the supervisory authority shall at all times have access without a prior court order, to all parts of the licensee's business used for activities carried on under this Act against duly showing proof of their identity.

(4) The owner or user of an offshore installation as well as any party acting on their behalf shall be under an obligation to grant the staff of the supervisory authority all the assistance required for their investigations.

(5) The representatives of the supervisory authority shall be entitled to participate as observers in meetings of the joint committees set up by licensees to which a license has been granted jointly in accordance with the provisions of section 6 above.

34.(1) The supervisory authority may order that any matter that is contrary to this Act or rules and regulations or decisions made in pursuance of this Act shall be rectified immediately or before the expiry of a specified time limit.

(2) Where deemed necessary by the supervisory authority in order to avoid grave, imminent risk to the health or safety of the employees and other parties, or to the environment, the supervisory authority may order that such risk be countered immediately, and may also order stoppage of the work.

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## **Part 7**

### **Damages**

#### **including special provisions on compensation to fishermen**

35.(1) A holder of a license granted under the provisions of this Act shall be liable to pay damages for any loss, damage or injury, including pollution damage, caused by the activities carried on under the license, even though such loss, damage or injury was caused accidentally.

(2) In the event that the injured party contributed to the loss, damage or injury, either intentionally or through gross negligence, the damages payable may be reduced or lapse.

(3) The damages payable for pollution damage may be reduced or lapse, in the event that it is substantiated that an unavoidable natural event, war or terrorist action or a similar case of force majeure was a major contributor to the damage or scope of damage in circumstances that could not be foreseen and were beyond the licensee's control.

(4) For the purposes of this Act, pollution damage shall mean any loss, damage or injury caused by pollution as a consequence of an escape or leakage of hydrocarbons from an installation, including a well, and the expenses for reasonable measures to prevent or reduce any such loss, damage or injury, as well as any loss, damage or injury resulting from such measures. Pollution damage shall also be considered to include any loss or damage suffered by the owners and crew of fishing vessels due to reduced fishing opportunities.

36. In the event that Faroese owners and crews of fishing vessels suffer losses that are assumed to relate to offshore hydrocarbon activities carried on under this Act, but where the specific tortfeasor cannot be identified, cf. section 35, the licensees shall be jointly liable for paying compensation for any damage to or loss of fishing gear and fishing vessels, as well as lost hauls and lost fishing time, including fishing time lost in connection with buoying, retrieving and landing any objects deriving from the activities. The holders of

licenses under this Act may establish a compensation fund with primary liability for the settlement of claims under this section 36.

37. A license or approval under the provisions of sections 15, 19, 20 or 21 for activities in the Faroese territorial sea and on the continental shelf that will constitute a hindrance or an inconvenience to the commercial fishing operations usually carried on in the area by fishing vessels flying the Faroese flag may not be granted, unless the Faroese Government simultaneously makes a decision determining the question of payment of compensation by the licensee to the owners and crews of fishing vessels whose earnings potential will be reduced by the relevant activity, or unless the Faroese Government refers the issue to the compensation board mentioned in section 38 below for its decision.

38.(1) The question whether a loss has been or will be suffered, and whether compensation should be paid in accordance with section 36 above or following the Faroese Government's referral of the issue in accordance with section 37 above shall be decided by a fisheries compensation board composed of five members. The holders of licenses under this Act shall jointly appoint two members to the board, and organizations representing Faroese owners and crews of fishing vessels shall jointly appoint another two members. The members of the board thus appointed shall jointly appoint the chairman of the board, who shall meet the conditions for appointment as high court judge. In the absence of agreement on the appointment, the chairman shall be appointed by the "sorenskriver" (chief Faroese judge).

(2) The licensees shall pay the expenses connected with compensation payments and with the operation of the fisheries compensation board according to rules and regulations laid down by the Faroese Government. The Faroese Government may lay down rules and regulations regarding the payment of a fee for the hearing of a matter by the board. In other respects, the provisions of the Arbitration Act shall apply to the matters heard by the board. Furthermore the Faroese Government may lay down rules and regulations regarding the compensation fund referred to in section 36.

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## Part 8

### Other provisions

39. A license granted under the provisions of this Act shall not be available to the recourse of creditors and may not be assigned to any other party, neither directly nor indirectly, unless the Faroese Government allows such assignment and approves the attendant terms and conditions.

40.(1) The Faroese Government may revoke a license granted under this Act

a) in case of any serious or persistent breach of the provisions of this Act or of the provisions, terms and conditions or orders made in pursuance of the Act;

b) where an application for a license contains incorrect or misleading information;

c) where a licensee files a petition for suspension of payments or for the opening of negotiations for a compulsory composition, is declared bankrupt, goes into liquidation or is in a situation that is comparable hereto.

(2) Where the matter can be rectified by the licensee, the revocation of a license in accordance with paragraph (1) of subsection a) above may not take place until the Faroese Government has issued an order specifying a time limit within which the matter shall be rectified, and such order is not complied with.

41. It may be stipulated in a license that a dispute between the Faroese Government and the licensee as to whether the licensee has complied with the provisions and stipulations of this Act, rules and regulations laid down in pursuance of the Act or a license or approval may be brought before an arbitral tribunal whose decision shall be final.

42.(1) Where the provisions of the Merchant Shipping Act regarding limitation of liability for mobile offshore installations covered by that Act are applicable, the owner shall, in case of such limited liability, be liable for an amount of up to 20 million special drawing rights (SDR), regardless of the size of the installation. In case of bodily injury, this amount shall be increased by twelve million SDR.

(2) Compensation for pollution damage caused by hydrocarbon activities is not secured by a maritime lien under the relevant provisions of the Merchant Shipping Act.

(3) Where the owner has been granted a license for exploration and production of hydrocarbons in pursuance of section 6 above, the provisions on limitation of the owner's liability shall not be applicable.

43.(1) To the extent necessary, the Faroese Government may permit the expropriation of real property with a view to activities comprised by this Act.

(2) The Faroese Government may allow shortterm surveys undertaken with a view to carrying out any of the activities comprised by this Act to be made on thirdparty property, although this may result in damage or inconvenience, against payment of compensation in full for any such damage or inconvenience.

(3) Expropriation in accordance with subsection (1) above shall take place subject to the provisions of Act No. 69 of May 7, 1881, on the obligation to relinquish land for public roads, harbours and landing places, as well as for public schools in the Faroe Islands. The provisions of the said Act shall also be applied in respect of decisions made under subsection (2) above in the absence of agreement on the amount of compensation payable.

44. Every other year, at the least, the Faroese Government shall submit to the Faroese Parliament a statement which shall form the basis of a debate on oil politics according to the provisions laid down in the Rules of Procedure of the Faroese Parliament. First statement is to be submitted in 1999.

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## **Part 9**

### **Penalties and commencement provisions, etc.**

45.(1) Any party

a) carrying on the activities referred to in sections 4, 6, 19 and 20 without a license issued by the Faroese Government,

b) winding up such activities without the prior approval of the Faroese Government according to section 21(1) or failing to submit an adequate decommissioning plan in due time, cf. section 21(3),

c) transgressing the provisions of sections 24, 26 or 27, or failing to submit the samples and other information required according to section 12 or hindering an examination as referred to in section 29(2), or

d) failing to comply with orders issued in accordance with this Act or with regulations laid down in pursuance of this Act shall be punishable by a fine or simple detention.

(2) In case of any transgression of section 24, an employer may become liable to a fine, even though such transgression is not attributable to the employer's intentional act or gross negligence.

(3) Any regulations issued in pursuance of this Act may include penalty provisions imposing a fine or simple detention for any transgression of the provisions laid down in such regulations. Further, it may be stipulated that an employer who transgresses provisions, orders or prohibitions as stated above shall be liable to a fine, even though the transgression is not attributable to the employer's intentional act or gross negligence. No alternative sentence in lieu of a fine shall be determined.

(4) Where the transgressor is a public limited company, private limited company, cooperative society or the like, the company or society as such may become liable to a fine.

46. In case of non-payment, the taxes and fees payable under this Act shall be recoverable through execution proceedings.

47.(1) This Act shall take effect the day after it has been published.

(2) Parliamentary Act No. 179 of October 21, 1993, on preliminary surveys, etc. of the Faroese subsoil shall be repealed.

<sup>1)</sup> Amended by Parliamentary Act No. 52, dated 26 May 2010.