

Raw Materials

Administration of mineral resources

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The area of mineral resources is regulated by the Parliament Act No. 7 of 7 December 2009 on Mineral Resources and Activities (the Mineral Resources Act). The Act came into force on 1 January 2010, marking Greenlandic responsibility for the area under the Self-Government Act.

Income

The aim is to achieve a suitable exploitation of the mineral resources of Greenland with due regard to safety, health, environment, and society.

If Greenland obtains revenue from resource activities, state subsidies for the Government of Greenland are reduced with an amount equal to half of the income which in that year exceeds 75 DKK million. If the block grant is reduced to zero, new negotiations on the future economic relations between Greenland and Denmark will be opened.

Greenlandic Property Rights

The Government of Greenland owns the Greenlandic underground, including rights of prospecting, exploration, and exploitation and the use of it for storage, energy extraction, and transport via pipelines.

All resource issues are managed by the BMP in Nuuk.

Permits

Oil and Mineral Exploration

The Government of Greenland may grant authorizations for prospecting, exploration, and exploitation; exploitation permits are granted only to companies. Companies must generally be based in Greenland, and the application must document that they have the expertise and financial background for exploitation activities. When a permit is issued, an amount is fixed which the licensee must pay to the Government of Greenland; the amount can be defined as an area, production, or profits tax.

An authorization may also include obligations to use Greenlandic labour or subcontractors and provisions that exploited raw materials are processed in Greenland. Prior to exploitation, a plan must be submitted to and approved by the Government of Greenland. In the approval, Naalakkersuisut determines the amount to be extracted.

Establishment and operation of associated energy and pipeline facilities must also be approved. The Government of Greenland may charge the licensee.

A permit for exploration and exploitation may be granted for up to 10 years or in special cases up to 16 years. A permit is granted by one of several methods, e.g. public tendering, where oil companies can submit applications with information on their expertise, economic background, and procedures with regard to safety, health, and environment.

Underground permissions are granted for a period of up to 50 years. In the license, a charge to the Government of Greenland is set; it can be defined as an area, volume, utilization, or dividend tax.

Small-Scale Permits

Permits for small-scale exploration and exploitation of minerals are only given to individuals and not to companies. Permits are issued only to persons who are permanent residents in Greenland and who have been so for five years up to the application and been liable to tax in that period.

Permits to small-scale exploration with exclusive rights are granted only for areas of 1 sq km² or less and are given for a period of up to three years. Prospecting under such permits shall be made by the licensee or members of his household; the licensee may, however, apply for a permission to hire up to nine people. Activities may only be carried out by using smaller, handheld, non-mechanical instruments.

Residents and persons in Greenland liable to full taxation can undertake non-commercial collection of loose minerals without permission; processing and sales, however, require permission for small-scale use.

Municipalities and Concrete Companies

Municipalities and concrete companies are allowed to gather and break gravel, stone, and similar materials without permission for road and building materials.

The number of permits for oil exploration and the use of funds in that connection are shown below.

Overview 1 Oil Exploration in Greenland

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Prospecting permits (active)	4	7	9	9	7	11	17	23	27	25	2
Exploration permits (granted)	1	1	1	2	2	6	11	13	20	20	2
Exploration costs in USD million	0,9	2,4	2,9	2,9	1,9	9,5	115,5	102,0	501,7	823,9	.

Source: The BMP

The number of permits for mineral exploration and the use of funds in that connection are shown in Overview 2.

Overview 2 Mineral Exploration

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Prospecting permits (active)	22	24	13	14	15	6	6	11	12	12	12	14	14	11	21	16	...
Exploration permits (granted)	60	57	41	26	24	19	17	19	22	33	29	63	67	71	73	75	...
Exploitation permits	.	.	.	.	.	.	.	1	1	2	2	2	3	4	4	4	...

An SSA was prepared in connection with the drilling program applied for in 2010, and a co-operation agreement between the Government of Greenland, the local authorities, and the applicant (Cairn Energy) was concluded on this basis. The agreement included the development of NUNAOIL, a skills enhancement programme, and orders to Greenlandic enterprises.

The Mining School in Sisimiut, a centre for education and skills initiatives in the mining area, was completed in the autumn of 2010.

Signatur forklaring:

- ... Oplysninger foreligger ikke
- .. Oplysninger for usikre til at angives eller diskretionshensyn
- . Tal kan efter sagens natur ikke forekomme
- 0 Mindre end halvdelen af den anvendte enhed
- Nul
- * Foreløbigt eller anslået tal

Eventuel henvendelse

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