



Oil and Gas (Enterprise) Act 1982

1982 CHAPTER 23

PART I

OIL

The British National Oil Corporation

1 Oil Corporation's powers of disposal

- (1) Without prejudice to any powers conferred on it by any other enactment, the British National Oil Corporation (in this Act referred to as " the Oil Corporation ") shall, subject to subsection (2) below, have power to provide for the disposal, in such manner as it thinks fit, of any shares of an equity oil subsidiary.
- (2) The Oil Corporation shall not, and shall secure that each other member of the group does not, dispose of any shares of an equity oil subsidiary except with the consent of the Secretary of State and in accordance with any conditions specified in the instrument signifying his consent; and the Secretary of State shall not give any such consent except with the approval of the Treasury.
- (3) In exercising its powers under subsection (1) above the Oil Corporation may, with the consent of the Secretary of State, provide for employees' share schemes to be established in respect of equity oil subsidiaries; and any such scheme may provide for the transfer of shares without consideration.
- (4) In this section and sections 2 and 3 below—
 - " equity oil subsidiary " means a relevant subsidiary which has as its principal object searching and boring for and getting petroleum;
 - " group" means the Oil Corporation and all relevant subsidiaries taken together;
 - " petroleum " has the same meaning as in Part I of the Petroleum and Submarine Pipe-lines Act 1975 (in this Act referred to as " the 1975 Act");and in this Part "subsidiary " and " relevant subsidiary " have the same meanings as in the 1975 Act.

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2 Provisions supplementary to section 1

- (1) For the purpose of facilitating the eventual disposal under section 1(1) above of—
- (a) any part of the undertaking of the Oil Corporation, or any part of the undertaking of a relevant subsidiary which is not an equity oil subsidiary, being (in either case) a part which is concerned with searching and boring for and getting petroleum, or any property rights or liabilities comprised in such a part; or
 - (b) the whole or any part of the undertaking of, or any property, rights or liabilities of, an equity oil subsidiary,
- the Corporation may exercise its powers to establish subsidiaries, to secure increases in the capital of subsidiaries and to transfer property, rights and liabilities to subsidiaries, notwithstanding the provisions of any enactment which may be taken to limit the purposes for which those powers may be exercised.
- (2) The Oil Corporation may also, for the said purpose, make schemes for the transfer, between the Corporation and a relevant subsidiary or between one such subsidiary and another, of—
- (a) any prescribed property, rights or liabilities ;
 - (b) all property, rights and liabilities comprised in, or in a prescribed part of, the transferor's undertaking.
- (3) A scheme under subsection (2) above may—
- (a) provide that any prescribed rights or liabilities of the transferor shall be enforceable either by or against either party or by or against both ;
 - (b) for the purpose of dealing with matters arising out of or related to the transfer, confer or impose on either party rights or liabilities which are to be enforceable against or by the other;
 - (c) provide that for the purposes of section 6 of the 1975 Act (borrowing limits) any aggregate amount there mentioned shall be determined as if any money borrowed or debt assumed by the transferor the liability to repay which is transferred were (in either case) money borrowed by the transferee ;
- and may contain such other supplementary, incidental and consequential provisions (including provisions as to the construction of agreements, licences and other documents) as may appear to the Oil Corporation to be necessary or expedient.
- (4) A scheme under subsection (2) above may also provide that—
- (a) prescribed securities of the transferee shall be issued to the transferor in consideration of the transfer and shall be credited as fully paid up ;
 - (b) for the purposes of section 56 of the Companies Act 1948 (share premium account) and of any statutory accounts of the transferee, the value of any asset and the amount of any liability transferred shall be taken to be the value or (as the case may be) the amount which would have been assigned to that asset or liability for the purposes of the statutory accounts prepared by the transferor in respect of its last accounting period ending before the transfer date if that period had ended immediately before that date ;
 - (c) a prescribed amount not exceeding the accumulated realised profits of the transferor at the transfer date shall be treated by the transferee as a reserve which represents its profits available for distribution (within the meaning of Part III of the Companies Act 1980);
 - (d) in ascertaining for the purposes of the said section 56 what amount (if any) falls to be treated as a premium received on the issue of any shares in

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- pursuance of any provision made by virtue of paragraph (a) above, the amount of the net assets; transferred shall be taken to be reduced by an amount corresponding to the amount of any reserve for which provision is made by virtue of paragraph (c) above;
- (e) subject to any provision made by virtue of the preceding provisions of this subsection, for the purposes of any statutory accounts of the transferee the amount to be included in respect of any item shall be determined as if any relevant thing done by the transferor (whether by way of acquiring, revaluing or disposing of any asset or incurring, revaluing or discharging any liability, or by carrying any amount to any provision or reserve, or otherwise) had been done by the transferee.
- (5) A scheme under subsection (2) above shall not come into force until it is approved by the Secretary of State or until such date as the Secretary of State may in giving his approval specify; and the Secretary of State may approve a scheme either without modifications or with such modifications as, after consultation with the Oil Corporation, he thinks fit.
- (6) On the coming into force of a scheme under subsection (2) above—
- (a) the property, rights and liabilities to be transferred shall, subject to subsection (7) below, be transferred and vest in accordance with the scheme ; and
- (b) any provision made by virtue of subsection (3) or (4) above shall have effect in accordance with the scheme notwithstanding any rule of law and the provisions of any enactment.
- (7) Schedule 1 to this Act shall apply to any transfer under paragraph (a) of subsection (6) above and that paragraph shall have effect subject to the provisions of that Schedule.
- (8) In this section " statutory accounts " means—
- (a) in relation to the Oil Corporation, a statement of accounts prepared by the Corporation in accordance with section 10 of the 1975 Act;
- (b) in relation to any other party, accounts prepared by that party for the purposes of any provision of the Companies Acts 1948 to 1981 (including group accounts);
- and in this section and in Schedule 1 to this Act " prescribed ", in relation to a scheme under subsection (2) above, means specified or described in or determined in accordance with the scheme.

3 Powers of Secretary of State as respects disposals by Oil Corporation

- (1) The Secretary of State may, after consultation with the Oil Corporation, give directions to the Corporation requiring it to exercise its powers under sections 1 and 2 above (including the powers extended by section 2(1) above) for such purposes and in such manner as may be specified in the directions.
- (2) For the purpose of facilitating a disposal under section 1(1) above, the Secretary of State may by order provide that, in its application to any equity oil subsidiary specified in the order, Part I of the 1975 Act shall have effect with such modifications as may be so specified.
- (3) Except in so far as the Secretary of State, after consultation with the Oil Corporation, otherwise directs, the Corporation shall pay to the Secretary of State any sums received

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by it or a relevant subsidiary on a disposal on or after the commencement date of any shares of an equity oil subsidiary.

- (4) The Secretary of State may by order transfer to himself or a nominee of his any shares of a company which is or has been an equity oil subsidiary, being shares held by or on behalf of one or more members of the group; and any shares transferred by an order under this subsection shall vest in the Secretary of State or the nominee by virtue of the order.
- (5) If an order under subsection (4) above so provides, the Secretary of State shall pay to the transferor such sum by way of consideration for the shares as may be specified in the order.
- (6) In determining for the purposes of the 1975 Act or this Part whether any subsidiary of the Oil Corporation is a relevant subsidiary, any shares of the subsidiary held by the Secretary of State or a nominee of his shall be treated as held by the Corporation.
- (7) The Secretary of State shall not give any direction or make any order under this section except with the approval of the Treasury; and except as aforesaid neither the Secretary of State nor a nominee of his shall dispose of any shares held by virtue of this section.
- (8) Any sums required by the Secretary of State for making payments under subsection (5) above shall be paid out of money provided by Parliament; and any sums received by the Secretary of State under subsection (3) above and any dividends or other sums received by the Secretary of State or a nominee of his in right of, on the disposal of, or otherwise in connection with, any shares held by virtue of this section shall be paid into the Consolidated Fund.

4 New financial structure of Oil Corporation

- (1) On and after the commencement date no further sums shall be paid out of the National Oil Account (in this section referred to as " the Account ") under section 40(3)(a) or (c) of the 1975 Act (sums needed by the Oil Corporation or wholly owned subsidiaries of the Corporation and sums payable to Ministers in respect of revenue accruing in respect of certain services); and on and after that date no further sums shall be paid into the Account under any of the following provisions of that Act, namely—
 - (a) section 7(2) (sums lent to the Corporation by the Secretary of State);
 - (b) section 14(4)(b) (sums received by wholly owned subsidiaries of the Corporation); and
 - (c) section 40(2)(a) and (c) (sums received by the Corporation and sums payable to the Corporation in respect of certain services).
- (2) On the commencement date the Oil Corporation shall assume a debt due to the Secretary of State (in this section referred to as " the Oil Corporation's commencing debt ") of such amount as may be determined by the Secretary of State, with the approval of the Treasury and after consultation with the Corporation, to be the excess of the aggregate of the sums paid out of the Account under section 40(3)(a) of the 1975 Act over the aggregate of the sums paid into the Account under sections 14(4) (b) and 40(2)(a) and (c) of that Act, or such other amount as may be so determined.
- (3) The Treasury shall be deemed to have issued under section 7(4) of the 1975 Act to the Secretary of State out of the National Loans Fund on the commencement date a sum equal to the amount of the Oil Corporation's commencing debt.

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- (4) The rate of interest payable on so much of the principal of the Oil Corporation's commencing debt as is for the time being outstanding, the date from which interest is to begin to accrue, the arrangements for paying off the principal of the debt and the other terms of the debt shall be such as the Secretary of State may, with the approval of the Treasury, from time to time determine; and different rates and dates may be determined under this subsection with respect to different portions of the commencing debt.
- (5) Any sums received by the Secretary of State by way of interest on or repayment of the Oil Corporation's commencing debt shall be paid into the National Loans Fund.
- (6) In consequence of subsection (1) above section 7(2), section 14(4)(b) and section 40(2)(a) and (c) and (3)(a) and (c) of the 1975 Act shall cease to have effect.

5 Payments by Oil Corporation to Secretary of State

- (1) If for any accounting year there is an excess of the revenue of the Oil Corporation or any relevant subsidiary over the total sums required by it to meet expenditure properly chargeable to revenue account, the Secretary of State may, with the approval of the Treasury and after consultation with the Corporation, give the Corporation directions requiring it to pay, or cause to be paid, the whole or part of the excess to the Secretary of State.
- (2) The Secretary of State may, with the approval of the Treasury and after consultation with the Oil Corporation, direct the Corporation to pay, or cause to be paid, to the Secretary of State the whole or part of any sum which is or, in the opinion of the Secretary of State, ought to be standing to the credit of a reserve of the Corporation or a relevant subsidiary.
- (3) Any sums received by the Secretary of State in pursuance of this section shall be paid into the Consolidated Fund.
- (4) In this section " accounting year " has the same meaning as in Part I of the 1975 Act.

6 Grants by Secretary of State to Oil Corporation

- (1) The Secretary of State with the approval of the Treasury may, out of money provided by Parliament, make grants to the Oil Corporation or a relevant subsidiary towards expenditure incurred by the Corporation or subsidiary in or in connection with the exercise of the power conferred on the Corporation by section 2(1)(e) of the 1975 Act (power to enter into, and give effect to, participation agreements).
- (2) Grants under this section may be made subject to such conditions as the Secretary of State with the approval of the Treasury may determine.

7 Borrowing powers etc. of Oil Corporation

For subsections (3) and (4) of section 6 of the 1975 Act (borrowing powers etc.) there shall be substituted the following subsections—

- “(3) The aggregate amount outstanding at any time in respect of the principal of any money borrowed temporarily by the Corporation and relevant subsidiaries shall not exceed such amount as is for the time being specified by the Secretary

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of State; and the aggregate amount outstanding at any time in respect of the principal of—

- (a) any money borrowed by the Corporation or a relevant subsidiary from an outside person;
- (b) any sums for the repayment of which by an outside person the Corporation or a relevant subsidiary is surety or guarantor; and
- (c) the Corporation's commencing debt,

shall not exceed £600 million or such larger amount, not exceeding £800 million, as is for the time being specified by an order made by the Secretary of State.

- (4) In applying subsection (3) above, any money borrowed temporarily by the Corporation or a relevant subsidiary for the purpose of repaying, before the due date, any money borrowed by it otherwise than by way of temporary loan shall be disregarded
- (5) Where the Corporation or a relevant subsidiary sells petroleum on terms such that any of the petroleum will or may fall to be delivered more than twelve months after the payment of the price therefore, the price of so much of the petroleum as has not been delivered at any time after the payment shall be treated for the purposes of subsection (3) above as money borrowed by the Corporation or subsidiary from the purchaser.
- (6) Where any person makes to the Corporation or a relevant subsidiary a payment which is to be appropriated to purchases of petroleum by that person from the Corporation or subsidiary, then, unless the terms of the payment are such that the whole of it may reasonably be expected to be so appropriated within twelve months after the making of the payment, so much of the payment as has not been so appropriated at any time shall be treated for the purposes of subsection (3) above as money borrowed by the Corporation or subsidiary from the purchaser.
- (7) Where the Corporation or a relevant subsidiary purchases property on terms such that any part of the price will or may fall to be paid more than twelve months after the transfer of the property, so much of the price as has not been paid at any time after the transfer shall be treated for the purposes of subsection (3) above as money borrowed by the Corporation or subsidiary from the vendor.
- (8) In applying subsection (7) above, any part of the price which may fall to be paid more than twelve months after the transfer of the property and which, if it did, would fall to be calculated by reference to the amount by which the value of the property exceeded its estimated value, or any income derived from the property exceeded the estimated amount of that income, shall be disregarded.
- (9) Where in any case to which subsection (7) above applies any part of the price cannot be ascertained at the time of the transfer, that subsection shall have effect in relation to that part of the price as if—
 - (a) the amount thereof; and
 - (b) the extent to which it has not been paid at any time,
 were such amount or extent as the Secretary of State, with the approval of the Treasury and after consultation with the Corporation, may determine.
- (10) Where at any time a company ceases to be a relevant subsidiary, the Secretary of State may by order provide that subsection (3) above shall have effect as if

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for the amounts there specified there were substituted such lower amounts as he may consider appropriate having regard, in particular, to the aggregate amount outstanding at that time in respect of the principal of—

- (a) any money borrowed by that company; and
- (b) any sums for the repayment of which by an out side person that company was at that time surety or guarantor.

(11) In this section—

' the Corporation's commencing debt' means the debt assumed by the Corporation under section 4(2) of the Oil and Gas (Enterprise) Act 1982 ;

' outside person' means a person other than the Corporation or a relevant subsidiary;

' sell' includes barter and exchange and ' purchase ', ' price' and ' payment' shall be construed accordingly.”