



# Petroleum Royalties (Relief) and Continental Shelf Act 1989

## 1989 CHAPTER 1

### *Petroleum Royalties Relief*

#### **1 Royalty exemption for petroleum from certain Southern Basin and landward areas**

- (1) Petroleum won and saved from any relevant Southern Basin or onshore field or relevant onshore area shall be disregarded in determining whether any and, if so, what—
- (a) payments of royalty; and
  - (b) deliveries of petroleum,
- are to be made in relation to chargeable periods ending after 30th June 1988 as consideration for the grant of a licence to which this section applies.

- (2) This section applies to any licence granted under section 2 of the Petroleum (Production) Act 1934 which incorporates all or any of—
- (a) the model clauses listed in Part I of the Schedule to this Act (model clauses for production licences for seaward areas); or
  - (b) the model clauses listed in Part II of the Schedule to this Act (model clauses for production licences, appraisal licences and development licences for landward areas),

including, in the case of any licence which incorporates all or any of the model clauses set out in Schedule 4 or 5 to the 1984 Regulations or in Schedule 4 to the 1988 Regulations, any licence granted after the passing of this Act.

- (3) For the purposes of this section—
- (a) “relevant Southern Basin or onshore field” means an oil field (within the meaning of Part I of the Oil Taxation Act 1975) other than one—
    - (i) which is a relevant new field for the purposes of section 36 of the Finance Act 1983 (allowance for fields in seaward areas other than the North Sea Southern Basin having no development consent granted or

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*Status: This is the original version (as it was originally enacted).*

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development programme served or approved before 1st April 1982);  
or

(ii) for any part of which consent for development was granted to the licensee by the Secretary of State before 1st April 1982; or

(iii) for any part of which a programme of development was served on the licensee or approved by the Secretary of State before that date;

(b) “relevant onshore area” means any onshore area for which a licence has been granted under section 2 of the Petroleum (Production) Act 1934 which incorporates all or any of the model clauses listed in Part II of the Schedule to this Act other than so much of such a licensed area as is or forms part of an onshore field (within the meaning of the definition in paragraph (a) above disregarding the exclusions);

and “onshore” has the same meaning as “landward” (in the expression “landward areas”) in the regulations specified in Part II of the Schedule to this Act and “petroleum” has the same meaning as in the said Act of 1934.

(4) In determining, in accordance with paragraph (a) of subsection (3) above, whether an oil field (in this subsection referred to as “the field in question”) is a relevant Southern Basin or onshore field, no account shall be taken of a consent for development granted before 1st April 1982 or a programme of development served on the licensee or approved by the Secretary of State before that date if—

(a) in whole or in part that consent or programme related to another oil field for which a determination under Schedule 1 to the Oil Taxation Act 1975 was made before the determination under that Schedule for the field in question; and

(b) on or after 1st April 1982, a consent for development is or was granted or a programme of development is or was served on the licensee or approved by the Secretary of State and that consent or programme relates, in whole or in part, to the field in question.

(5) In subsections (3) and (4) above “development” means—

(a) the erection or carrying out of permanent works for the purpose of getting oil from the field or area, as the case may be, or for the purpose of conveying oil won from it to a place on land; or

(b) winning oil from the field or area, as the case may be, otherwise than in the course of searching for oil or drilling wells;

and consent for development does not include consent which is limited to the purpose of testing the characteristics of an oil-bearing area and does not relate to the erection or carrying out of permanent works.

(6) In subsection (5) above “permanent works” means any structures or other works whatsoever which are intended by the licensee to be permanent and are neither designed to be moved from place to place without major dismantling nor intended by the licensee to be used only for searching for oil.

## **2 Extension of royalty exemption for petroleum from certain new offshore fields**

Section 1 of the Petroleum Royalties (Relief) Act 1983 (royalty exemption for petroleum from certain new offshore fields) shall apply to any licence granted under section 2 of the Petroleum (Production) Act 1934 which incorporates all or any of the model clauses set out in Schedule 4 to the Petroleum (Production) (Seaward Areas) Regulations 1988 (production licences for seaward areas) as it applies to licences so

granted which incorporate all or any of the model clauses specified in subsection (2) of that section, including any licence granted after the passing of this Act.