

1971 No. 814

CONTINENTAL SHELF

PETROLEUM

The Petroleum (Production) (Amendment) Regulations 1971

Made - - - 18th May 1971

Laid before Parliament 24th May 1971

Coming into Operation 26th May 1971

The Secretary of State in exercise of his powers under section 6 of the Petroleum (Production) Act 1934(a) and by that section as applied by section 1(3) of the Continental Shelf Act 1964(b), and of all other powers enabling him in that behalf, hereby makes the following Regulations :—

Citation and operation

1. These Regulations shall come into operation on 26th May 1971 and may be cited as the Petroleum (Production) (Amendment) Regulations 1971.

Interpretation

2.—(1) In these Regulations “the principal Regulations” means the Petroleum (Production) Regulations 1966(c).

(2) The Interpretation Act 1889(d) shall apply to the interpretation of these Regulations as it applies to the interpretation of an Act of Parliament.

Amendment of Petroleum (Production) Regulations 1966

3. Schedules 2, 4 and 5 to the principal Regulations shall be amended in the manner specified in the Schedule hereto.

Dated 18th May 1971.

John Davies,
Secretary of State for Trade and Industry.

(a) 1934 c. 36.

(c) S.I. 1966/898 (1966 II, p. 2109).

(b) 1964 c. 29.

(d) 1889 c. 63.

SCHEDULE

AMENDMENTS TO THE PRINCIPAL REGULATIONS

1. In Schedule 2 (Form of Application for a Production Licence or an Exploration Licence) for paragraph 6 there shall be substituted the following paragraph—

‘6. In the case of an invited application for a production licence, reference number(s) of the block(s) in respect of which the application is made and, if the application is made by tender, the consideration by way of initial payment which the applicant is prepared to offer for each such block.’

2. In Schedule 4 (which sets out the Model Clauses applicable to Production Licences in Seaward Areas):—

- (1) in Clause 1 (Interpretation) after the definition of “petroleum” there shall be inserted the following definition—

‘“section” means a part of a block comprising an area bounded by minute lines of latitude and longitude one minute apart respectively;’
- (2) in Clause 3 (Term of Licence) for the word “renewed” there shall be substituted the words “further continued”
- (3) in Clause 4 (Right of Licensee to determine Licence or surrender part of licensed area) after the word “effect” there shall be inserted the words “to expire on the anniversary of the date upon which the said term of six years commenced,”
- (4) for Clause 5 (Option to continue Licence as to part of the licensed area) there shall be substituted the following clause—

‘5.—(1) At any time not later than three months before the expiration of the said term of six years the Licensee paying the payments and royalties hereinafter provided and observing and performing the conditions herein contained may give notice in writing to the Secretary of State that he desires the Licence to continue as to a part of the licensed area (hereinafter called “the continuing part”) in the manner hereinafter provided and to determine as to the residue thereof (hereinafter called “the surrendered part”).

(2) Such notice shall describe the surrendered part which together with any area previously surrendered in accordance with Clause 4 hereof (the marginal note whereof is “Right of Licensee to determine Licence or surrender part of licensed area”), shall be not less than one half of the number of sections contained in the area originally comprised in this Licence.

(3) Such notice shall specify a date (hereinafter called “the surrender date”) not later than the expiry of the said term of six years upon which the surrendered part is to be surrendered.

(4) The Licensee may at any time not less than one month before the surrender date give further notice in writing to the Secretary of State varying the part of the licensed area to be surrendered and in the event of such further notice being given the provisions of the previous paragraphs of this clause shall apply *mutatis mutandis* to such notice but so that the surrender date specified in such notice shall be the same as that specified in the first notice.

(5) This Licence shall upon the option conferred by this clause being duly exercised and subject to the provisions of this Licence continue in respect of the continuing part for a term of forty years next after the surrender date.’

- (5) for Clause 6 (Right of Licensee to determine extended term or surrender part of the licensed area) there shall be substituted the following clause—

‘6.—(1) Without prejudice to any obligation or liability imposed by or incurred under the terms hereof the Licensee may at any time during such term of forty years by giving to the Secretary of State not less than six months’ notice in writing to that effect to expire on the anniversary of the date upon which the said term of forty years shall have commenced, determine this Licence or surrender any part of the licensed area being a part which complies with Clause 7 hereof (the marginal note whereof is “Areas surrendered”).

(2) A notice given pursuant to paragraph (1) of this clause may be cancelled by a further notice in writing given to the Secretary of State not less than one month before the expiration of the notice.’

- (6) in Clause 7 (Areas surrendered) for paragraph (1) there shall be substituted the following paragraph—

‘(1) Within a block any area to be surrendered by the Licensee pursuant to any of the last three foregoing clauses and any area accordingly retained by him or, where the surrendered or retained area is comprised of separate parts, each such part shall unless the Secretary of State has otherwise agreed in writing prior to the date at which the appropriate notice is given by the Licensee to the Secretary of State comply with the following requirements—

- (a) be bounded by minute lines of latitude extending not less than two minutes of longitude and minute lines of longitude extending not less than two minutes of latitude ;
- (b) consist of not less than thirty sections ;
- (c) each separate part of an area surrendered or retained shall be not less than two sections distant from any other part of the same category (surrendered or retained as the case may be) ; and
- (d) the boundaries shall, in the case of those which run due north and south, either coincide with the corresponding boundaries of the block or be not less than two sections distant therefrom and, in the case of those which run due east and west, either coincide with the corresponding boundaries of the block or be not less than two sections distant therefrom.’

- (7) in Clause 11 (Value of Petroleum)—

(A) in paragraph (1) for the words “in a form from time to time approved by the Minister” there shall be substituted the words “prepared in such manner and in such form as the Secretary of State may from time to time specify” ;

(B) for proviso (i) to paragraph (2) there shall be substituted the following proviso—

‘(i) requires the Licensee to convey a quantity of such petroleum to any place outside the licensed area and to treat the petroleum in order to render it saleable, the Licensee may deduct from the value thereof included in the statement of value the amount of the costs incurred by him of conveying that quantity to that place of delivery and of treating the petroleum as aforesaid determined in such manner as the Secretary of State may specify ;’

(C) for paragraph (3) there shall be substituted the following paragraph—

‘(3) In any case to which the last foregoing paragraph does not apply the value to be included in the statement of value shall be

the sum for which the quantity so won and saved could have been sold in the United Kingdom to a willing purchaser at the time at which such quantity was won and saved under a contract requiring the Licensee to deliver the petroleum to the nearest place in the United Kingdom to which the Licensee could deliver it and to treat the petroleum in order to render it saleable, being a contract conforming to the conditions set out in the next following paragraph, less a deduction for the amount of the costs incurred by the Licensee of conveying that quantity to that place of delivery and of treating the petroleum as aforesaid determined in such manner as the Secretary of State may specify.'

(D) after paragraph (8) there shall be inserted the following additional paragraph to be numbered (9)—

'(9) Pending the arbitration award or any prior settlement of the dispute the Secretary of State shall be entitled to prescribe a provisional statement of value and royalties shall be calculated on the basis of such provisional valuation and be payable by the Licensee accordingly but so that in the event of the arbitration award or prior settlement as aforesaid determining the statement of value to be different from that provisionally prescribed by the Secretary of State appropriate payment or repayment shall be made in adjustment by the Licensee or the Secretary of State as the case may be.'

(8) for Clause 12 (Working obligations) there shall be substituted the following clause—

'12. The Licensee shall during the term hereby granted carry out with due diligence such scheme of prospecting and development including any geological survey by any physical or chemical means or programme of test drilling, if any, as may be set out in Schedule 3 to this Licence.'

(9) in Clause 23 (Returns) for paragraph (1) there shall be substituted the following paragraph—

'(1) The Licensee shall furnish to the Secretary of State three months from the date of this Licence and at intervals of three months thereafter during the period in which this Licence is in force a return in a form from time to time approved by the Secretary of State of the progress of his operations in the licensed area. Such return shall contain—

- (a) a statement of all geological work, including surveys and tests, which has been carried out and the areas in which and the persons by whom the work has been carried out and the results thereof ;
- (b) the number assigned to each well, and in the case of any well the drilling of which was begun or the number of which has been changed during such period of three months, the site thereof ;
- (c) a statement of the depth drilled in each well ;
- (d) a statement of any petroleum, water, mines or workable seams of coal or other minerals encountered in the course of the said operations ; and
- (e) a statement of all petroleum won and saved.'

and for paragraph (3) there shall be substituted the following paragraph—

'(3) The Licensee shall furnish to the Secretary of State such other information, including information in the form of maps and plans, as to his policy and proposals for all development and other works to be executed in connection with searching, boring for or getting petroleum in the licensed area and as to the progress of such operations as the Secretary of State may from time to time require.'

(10) for Clause 25 (Reports to be treated as confidential) there shall be substituted the following clause—

‘25. All records, returns, plans, maps, samples, accounts and information (in this clause referred to as “the specified data”) which the Licensee is or may be from time to time required to furnish under the provisions of this Licence shall be supplied at the expense of the Licensee and shall not (except with the consent in writing of the Licensee which shall not be unreasonably withheld) be disclosed to any person not in the service or employment of the Crown:

Provided that—

- (i) the Secretary of State shall be entitled at any time to make use of any of the specified data for the purpose of preparing and publishing such returns and reports as may be required of the Secretary of State pursuant to the Act of 1934 or the Act of 1964 or otherwise required by law ;
- (ii) the Secretary of State shall be entitled at any time to prepare and publish in general terms statements concerning discovery prospects, the progress of exploration work and similar matters using information derived from any of the specified data ;
- (iii) the Secretary of State shall be entitled at any time to furnish any of the specified data to the Institute of Geological Sciences and to any other body of a like nature as may from time to time be carrying on activities of a substantially similar kind to those at present performed by the Institute of Geological Sciences ;
- (iv) the Secretary of State, the said Institute and any such other body shall be entitled to publish any of the specified data supplied during the said term of six years or any shorter period for which this Licence may subsist at any time after a period of five years from the date of expiration of the said term or from the date of determination of this Licence if sooner ;
- (v) the Secretary of State, the said Institute and any such other body shall be entitled to publish any of the specified data supplied during any continuance of this Licence beyond the said term of six years at any time after a period of five years from the date upon which such data shall have been supplied ; and
- (vi) the Secretary of State, the Institute and such other body shall be entitled to prepare and publish reports and surveys of a general nature using information derived from any of the specified data such publication to take place not more than three years prior to the date upon which such data could in any event have been published in accordance with paragraphs (iv) and (v) hereof.’

3. In Schedule 5 (which sets out the Model Clauses applicable to Exploration Licences) for Clause 15 (Reports to be treated as confidential) there shall be substituted the following clause—

‘15. All records, returns, plans, maps, samples, accounts and information (in this clause referred to as “the specified data”) which the Licensee is or may be from time to time required to furnish under the provisions of this Licence shall be supplied at the expense of the Licensee and shall not (except with the consent in writing of the Licensee which shall not be unreasonably withheld) be disclosed to any person not in the service or employment of the Crown:

Provided that—

- (i) the Secretary of State shall be entitled at any time to make use of any of the specified data for the purpose of preparing and publishing such returns and reports as may be required of the Secretary of State pursuant to the Act of 1934 or the Act of 1964 or otherwise required by law ;

- (ii) the Secretary of State shall be entitled at any time to prepare and publish in general terms statements concerning discovery prospects, the progress of exploration work and similar matters using information derived from any of the specified data ;
- (iii) the Secretary of State shall be entitled at any time to furnish any of the specified data to the Institute of Geological Sciences and to any other body of a like nature as may from time to time be carrying on activities of a substantially similar kind to those at present performed by the Institute of Geological Sciences ;
- (iv) the Secretary of State, the said Institute and any such other body shall be entitled to publish any of the specified data supplied during the said term or any shorter period for which this Licence may subsist at any time after a period of eight years from the date of expiration of the said term or from the date of determination of this Licence if sooner ; and
- (v) the Secretary of State, the Institute and such other body shall be entitled to prepare and publish reports and surveys of a general nature using information derived from any of the specified data such publication to take place not more than three years prior to the date upon which such data could in any event have been published in accordance with paragraph (iv) hereof.'

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations amend the Petroleum (Production) Regulations 1966, which set out the requirements for applications for, and the model clauses to be incorporated in, licences granted under the Petroleum (Production) Act 1934, and under that Act as applied by the Continental Shelf Act 1964.

The Regulations amend the details to be provided by applicants for licences, vary the provisions of the model clauses relating to the surrender and determination of licensed areas, the value of petroleum, the information to be furnished by licensees and the restrictions on dealing with such information, and make other minor changes to the model clauses.

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