

SCHEDULE 1

CURRENT MODEL CLAUSES FOR MINING LICENCES DERIVING FROM PARTS 1 AND III OF SCHEDULE 2 TO THE PETROLEUM (PRODUCTION) REGULA TIONS 1935 AS THEY HAD EFFECT ON AND AFTER 1ST OCTOBER 1957

PART II

Interpretation

In these model clauses:—

(1) “The Act of 1934” and “the Act of 1998” mean, respectively, the Petroleum (Production) Act 1934(1) and the Petroleum Act 1998(2).

(2) The “Regulations” mean the Petroleum (Production) Regulations 1935.

(3) “Licensee” means a person to whom a licence under the Act is granted his successors in title and the persons deriving title under him.

(4) “The licensed area” means the area for the time being upon which the Licensee may exercise powers and privileges granted by this licence.

(5) “Petroleum” includes any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in strata, but does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation.

(6) “Crude oil” means oil in its natural state before the same has been refined or otherwise treated but excluding water and foreign substances.

(7) “Natural gas” means gas obtained from boreholes and wells and consisting primarily of hydrocarbons.

(8) “Casinghead petroleum spirit” means any liquid hydrocarbons obtained from natural gas by separation or by any chemical or physical process.

(9) “Ancillary right” means any facility right or privilege other than the rights granted by this licence at any time vested in the Licensee in respect of any part of the licensed area.

(10) “The Minister” means the Secretary of State.

Extension of licensed area

The Licensee may at any time during the term hereby granted or any renewal thereof, but subject nevertheless to the payment of all minimum annual payments and royalties hereby reserved and the performance and observance by the Licensee of all the terms and conditions hereof, apply to the Minister to extend this licence to any lands, the boundaries of which are delineated in manner prescribed by paragraph (5) of regulation 2, adjoining the licensed area:

Provided that the licensed area as thus extended shall comply in all respects with regulation 3.

Right of Licensee to determine Licence

Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Licensee may at any time during the term hereby granted or any renewal thereof determine this licence by giving to the Minister not less than eighteen months previous notice in writing to that effect.

(1) 1934 c. 36.

(2) 1998 c. 17.

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Right of Licensee to abandon portions of the licensed area

Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Licensee shall be entitled at any time during the term hereby granted or any renewal thereof by giving six months notice in writing to the Minister to surrender the rights granted by this licence in respect of any part or parts of the licensed area:

Provided that—

- (a) the part of the licensed area in respect of which the said rights are retained shall comply with the Regulations; and
- (b) the part of the licensed area in respect of which the said rights are surrendered shall either be an area in respect of which a licence could be granted in accordance with regulation 3 or be of such shape and size as the Minister may determine.

To the notice hereinbefore referred to shall be attached two copies of the Ordnance Survey Map annexed to the licence upon which shall be delineated the boundaries of the area to be surrendered.

Refund of minimum annual payment on determination or surrender

Upon the determination by the Licensee of the term hereby granted or any renewal thereof, or upon the surrender by him of the rights granted by this licence in respect of any part or parts of the licensed area, the Minister will refund to the Licensee an apportioned part of any minimum annual payment paid by the Licensee in advance in respect of the licensed area or any such part or parts thereof for a period the whole of which has not expired at the date of such determination or surrender.

Avoidance of harmful methods of working

(1) The Licensee shall maintain all apparatus and appliances and all boreholes and wells capable of producing petroleum in good repair and condition and shall execute all operations in or in connection with the licensed area in a proper and workmanlike manner in accordance with methods and practice customarily used in good oilfield practice and without prejudice to the generality of the foregoing provision the Licensee shall take all steps practicable in order—

- (a) to control the flow and to prevent the escape or waste of petroleum discovered in or obtained from the licensed area; and
- (b) to conserve the licensed area for productive operations; and
- (c) to prevent damage to adjoining petroleum bearing strata; and
- (d) to prevent the entrance of water through boreholes and wells to petroleum bearing strata; and
- (e) to prevent the escape of petroleum into any water-well spring stream river lake reservoir estuary or harbour.

(2) The Licensee shall comply with any instructions from time to time given by the Minister in writing relating to any of the matters set out in sub-clause (1) hereof. If the Licensee objects to any such instruction on the ground that it is unreasonable he may, within 14 days from the date upon which the same was given, refer the matter to arbitration in manner provided by clause hereof (the marginal note whereof is “Arbitration”).

Provision of storage tanks pipes pipelines or other receptacles

The Licensee shall use methods and practice customarily used in good oilfield practice for confining the petroleum obtained from the licensed area in tanks gasholders pipes pipelines or other receptacles constructed for that purpose. No petroleum shall, save as a temporary measure during an emergency, be placed or kept in an earthen reservoir.

Protection of mines and coal seams

Where any borehole or well drilled within the licensed area shall penetrate any mine or any workable seam of coal the Licensee shall case such borehole or well in such manner as to prevent any water or petroleum in the borehole or well from entering such mine or workable seam of coal.

Disposal of waste oil, salt water and refuse

The Licensee shall drain all waste oil, salt water and refuse from tanks gasholders boreholes and wells into proper receptacles erected and maintained by him for that purpose at a safe distance from such tanks gasholders boreholes and wells and from any buildings or structures whether situate within the licensed area or not and shall dispose of such waste oil salt water and refuse in manner from time to time approved by the Minister. The Licensee shall not use or permit any waste oil, salt water or refuse to flow into or over or to be deposited upon any land, whether situate within the licensed area or not.

Distance of boreholes or wells from boundaries of licensed area

No borehole or well shall except with the consent in writing of the Minister be drilled or made within a distance of 121.92 metres from the boundaries of the licensed area.

Preservation of amenities

The Licensee shall carry out all operations within the licensed area in such a manner as not to interfere unnecessarily with the amenities of the locality in which the licensed area is situate.

Measurement of petroleum obtained from the licensed area

(1) The Licensee shall measure or weigh by a method or methods customarily used in good oilfield practice and from time to time approved by the Minister, all crude oil and natural gas won and saved, other than natural gas used for the purpose of carrying on drilling and production operations and pumping to field storage and refineries, and all casinghead petroleum spirit recovered from the licensed area.

(2) If any measuring or weighing appliance shall at any time be found to be false or unjust the same shall, if the Minister so determines after considering any representations in writing made by the Licensee, be deemed to have existed in that condition during the period of three months prior to the discovery thereof or the period elapsed since the last occasion upon which the same was examined or tested whichever shall be the less and accordingly the royalties payable in respect of such period shall be adjusted.

(3) The Licensee shall not make any alteration in the method or methods of measurement or weighing used by him or any appliances used for that purpose without first informing the Minister and the Minister may in any case require that no alteration shall be made save in the presence of a person authorised by him.

Disposal of crude oil and products thereof

So long as the crude oil or products thereof obtained from the licensed area can be consumed in Great Britain or Northern Ireland, the Licensee shall if so required by the Minister ensure that such crude oil or products thereof shall be sold only for consumption in Great Britain or Northern Ireland.

Licensee to keep records of boreholes

The Licensee shall keep accurate records in a form from time to time approved by the Minister of the drilling, deepening, plugging or abandonment of all boreholes and wells and of any alterations to the casing thereof. A log of all boreholes and wells shall be kept in a form from time to time approved by the Minister containing particulars of the following matters—

- (a) the strata and subsoil through which the borehole or well was drilled; and
- (b) the casing inserted in any borehole or well and any alteration to such casing; and
- (c) any petroleum, water, mines or workable seams of coal encountered; and
- (d) such other matters as the Minister may from time to time require.

The Licensee shall deliver copies of the said records and log to the Minister as and when required.

Plans and records

(1) The Licensee shall furnish to the Minister on or before the day of each month during the term hereby granted or any renewal thereof a record in a form from time to time approved by the Minister of the progress of his operations in the licensed area. Such record shall contain—

- (a) a statement of the depth drilled in each borehole or well; and
- (b) a statement of any petroleum, water, mines or workable seams of coal encountered in the course of the said operations; and
- (c) a statement of all crude oil produced, and casinghead petroleum spirit recovered; and
- (d) a statement of the areas in which any geological work has been carried out.

(2) Within two months after the end of each year comprised in the term hereby granted or any renewal thereof the Licensee shall furnish to the Minister a record in a form from time to time approved by him of the operations conducted in the licensed area during each such year together with a plan upon a scale approved by the Minister showing the situation of all boreholes or wells. The Licensee shall also indicate on the said plan—

- (a) all development and other works executed by him in connection with searching boring for and getting petroleum; and
- (b) full particulars of any ancillary rights acquired for the exercise of the rights granted by this Licence.

(3) The Licensee shall also keep accurate geological plans, maps and records relating to the licensed area.

(4) The Licensee shall furnish to the Minister such other plans and information as to the progress of operations in the licensed area as he may from time to time require.

(5) The functions of the Minister under sub-clause (4) of this clause shall not only be exercisable by him but also be concurrently exercisable by the Chancellor of the Exchequer.

Licensee to keep samples of strata petroleum and water

As far as reasonably practicable the Licensee shall correctly label and preserve for reference for a period of six months characteristic samples of the strata encountered in any borehole or well and samples of any petroleum or water discovered in any borehole or well in the licensed area. The Minister or any person authorised by him shall be entitled to require that representative specimens of any such sample be delivered to the Minister and to retain any specimen so delivered.

Reports to be treated as confidential

All logs records plans maps accounts and information 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 (except with the consent in writing of the Licensee which shall not be unreasonably withheld) be treated by the Minister as confidential. The Minister shall nevertheless be entitled at any time to make use of any information received from the Licensee for the purpose of preparing and publishing aggregated returns and general reports on the extent of operations under the Act of 1998.

Ancillary rights

(1) The Licensee shall give notice in writing to the Minister forthwith upon the service or receipt by the Licensee of any notice as to the determination or forfeiture of any ancillary right and shall give at least six months previous notice in writing to the Minister of the date on which the term for which any such right was granted will expire.

(2) The Licensee shall inform the Minister in writing forthwith of the commencement of any action suit proceeding or arbitration either in connection with any ancillary right or arising out of the exercise of the rights and privileges granted by this licence and shall furnish to the Minister such information as to any such action suit proceeding or arbitration as he may from time to time require.

Notice of the site and commencement of boreholes and wells

(1) As soon as the site of any borehole or well has been decided the Licensee shall notify the Minister in writing of the situation thereof and the same shall be described by a certain number in the plans and records which the Licensee is required to keep under the provisions of this licence. The Licensee shall notify the Minister of any change of the number of any such borehole or well which may be made.

(2) No borehole or well shall be commenced and no borehole or well shall be recommenced after work has been discontinued thereat for more than six months unless three clear days notice in writing shall first have been given to the Minister.

Abandonment and plugging of boreholes

(1) The Licensee shall give to the Minister not less than seven days previous notice in writing of his intention to abandon any borehole or well and no cemented string or other permanent form of casing shall be withdrawn from any borehole or well which it is proposed to abandon without the prior consent in writing of the Minister.

(2) Every borehole or well which the Licensee intends to abandon shall, unless the Minister otherwise determines, be so securely plugged by the Licensee as to shut off all water from all petroleum bearing strata mines or any workable seams of coal.

(3) Before commencing to plug any borehole or well which it is intended to abandon the Licensee shall submit to the Minister for his approval particulars in writing of the method of plugging which it is proposed to adopt.

(4) The Minister may in any case require that no borehole or well shall be plugged or any works be executed for that purpose save in the presence of a person authorised by him.

Local Resident Manager

The Licensee shall before commencing any operations in the licensed area furnish to the Minister the name and address of the manager resident in the locality of the licensed area under whose supervision

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such operations are to be carried on. Any notice which the Minister or any person authorised by him is in accordance with the terms of this licence required or entitled to serve upon the Licensee shall be sufficiently served if the same shall be delivered or sent by post to such manager at such address.

Advertisements, prospectuses, etc.

(1) No statement shall be made either in any notice advertisement prospectus or other document issued by or to the knowledge of the Licensee or in any other manner claiming or suggesting whether expressly or by implication that Her Majesty or any Government Department or any person or body acting on behalf of Her Majesty has or have formed or expressed any opinion that the licensed area is from its geological formation or otherwise one in which petroleum is likely to be obtainable.

(2) The foregoing provisions of this clause or a statement to the effect thereof shall be included in or indorsed on any prospectus, statement in lieu of prospectus, notice, circular, advertisement, or other invitation issued by, or to the knowledge of, the Licensee offering to the public for subscription or purchase any shares or debentures of a company or intended company.

Indemnity against third party claims

The Licensee shall at all times keep the Minister effectually indemnified against all actions proceedings costs charges claims and demands whatsoever which may be made or brought against the Minister by any third party in relation to or in connection with this licence or any matter or thing done or purported to be done in pursuance thereof.

Security

(1) In this clause—

- (a) “deposit” means the sum deposited with the Minister of Power by the Licensee on the execution of this licence, and
- (b) “banker’s guarantee” means the banker’s guarantee furnished to that Minister by the Licensee on the execution of this licence as an alternative to a deposit,

in accordance with this licence as it had effect when granted and as security for the observance and performance by the Licensee of the terms and conditions of this licence and for the purposes hereinafter mentioned.

(2) If the Licensee shall, within 28 days of the receipt from the Minister of an account of expenditure incurred in respect of any works executed by him under the provisions of this licence, fail to discharge any such account the Minister may recoup himself for such expenditure from and to the extent of any such deposit or, as the case may be, the bankers guarantee.

(3) Subject to the provisions of sub-clause (2) hereof upon the determination of this licence any such deposit shall be returned to the Licensee or any such bankers guarantee shall be released.

Assignment of Licence

(1) The Licensee shall not assign or attempt to assign the rights granted by this licence to any person other than a Commonwealth citizen or a company incorporated in Great Britain or Northern Ireland.

(2) Subject as aforesaid the Licensee shall not assign or attempt to assign the rights granted by this licence in respect of the licensed area or any part thereof without the prior consent in writing of the Minister which shall not be unreasonably withheld in any case where the Licensee shall comply with the terms and conditions following—

- (a) the Licensee shall apply to the Minister in writing for his consent and such application shall state, where the proposed assignee is an individual, his address, nationality and occupation, and where the proposed assignee is a company, the nature of and the principal place of business of the company, the names and nationality of the directors thereof and the names and holdings of the principal shareholders;
- (b) the Licensee shall with his application furnish evidence as to the financial and technical qualifications of the proposed assignee and as to the latter's ability to comply with the terms and conditions of this licence and shall forthwith upon request by the Minister furnish any further evidence as to such matters which may be required; and
- (c) where the Licensee is applying for the consent of the Minister to an assignment of the said rights in respect of part only of the licensed area he shall with his application deliver two copies of the Ordnance Survey map annexed to the licence upon which shall be delineated both the part or parts of the licensed area in respect of which the said rights are proposed to be assigned and the part or parts thereof in respect of which the said rights are to be retained.

(3) No assignment may be made of the rights granted by this licence in respect of part only of the licensed area unless the part of the licensed area in respect of which such rights are proposed to be assigned and the part thereof in respect of which such rights are to be retained by the Licensee comply with regulation 3.

(4) The Licensee shall not sublicense or subject as aforesaid part with the possession of any of the rights hereby granted.

Licensee ceasing to be a Commonwealth citizen

(1) If the Licensee shall cease to be a Commonwealth citizen he shall forthwith inform the Minister and apply to him for his consent to an assignment of the rights granted by this licence in accordance with clause ... hereof (the marginal note whereof is "Assignment of Licence") and in the event of the Licensee failing to obtain such consent within such time as the Minister may in his discretion appoint, the Minister may revoke this licence.

(2) The revocation of this licence in pursuance of the foregoing provisions of this clause shall be subject and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof.

Special clause

(1) If—

- (a) the Licensee, being a company, shall be or become controlled directly or indirectly by an alien or a company incorporated outside Great Britain or Northern Ireland; or
- (b) the Licensee shall, with the consent in writing of the Minister, assign the rights granted by this licence in respect of the licensed area or any part thereof to a company controlled directly or indirectly by an alien or by a company incorporated outside Great Britain or Northern Ireland;

then and in any such case the following provisions shall apply—

- (a) at least one of the directors shall be a Commonwealth citizen.
- (b) at all times during the term hereby granted or any renewal thereof a majority of the persons employed by the Licensee in or about the licensed area in connection with the exercise of the rights granted by this licence shall be Commonwealth citizens.

(2) This licence shall be determined if the Licensee shall be or become controlled directly or indirectly by a national of or by a company incorporated in any country the laws and customs of

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which do not permit Commonwealth citizens or companies incorporated in Great Britain or Northern Ireland or companies incorporated in that country controlled directly or indirectly by Commonwealth citizens or companies incorporated in Great Britain or Northern Ireland to acquire hold and operate petroleum concessions on conditions which in the opinion of the Minister are reasonably comparable with the conditions upon which such rights are granted to nationals of that country with the addition of conditions corresponding to those imposed by this clause.

Power of revocation

If and whenever the minimum annual payments and royalties hereby reserved or any part thereof shall be in arrear for two months next after any of the days whereon the same ought to have been paid or if there shall be any breach or non-observance by the Licensee of any of the terms and conditions herein contained or if the Licensee shall become bankrupt or make or enter into any arrangement or composition with his creditors or, if, where the Licensee is a company, a receiver shall be appointed or the company shall enter into liquidation whether compulsory or voluntary (except a voluntary liquidation of a solvent company for the purpose of reconstruction) or if the Licensee shall fail to perform and observe the terms and conditions of any development scheme prepared in accordance with the provisions of clause hereof (the marginal note whereof is "Unit Development"), then and in any such case the Minister may revoke this licence and thereupon the same and all the rights hereby granted shall cease and determine but subject nevertheless and without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof.

Power to execute works and to inspect accounts, etc.

(1) If the Licensee shall at any time fail to perform the obligations arising under the terms and conditions of any of the clauses of this licence whereof the marginal notes are as follows:—

- (a) (Avoidance of harmful methods of working);
- (b) (Provision of storage tanks pipes pipelines or other receptacles);
- (c) (Protection of mines and coal seams);
- (d) (Disposal of waste oil, salt water and refuse);
- (e) (Measurement of petroleum obtained from the licensed area);
- (f) (Abandonment and plugging of boreholes);
- (g) (Expiry or determination of rights);

then and in any such case the Minister shall be entitled after giving to the Licensee reasonable notice in writing of such his intention to execute any works which in the opinion of the Minister or his agents may be necessary to secure the performance of the said obligations or any of them and to recover the costs and expenses of so doing from the Licensee.

(2) Any person authorised by the Minister may at all reasonable times inspect and make abstracts or copies of any logs; records, plans, maps or accounts which the Licensee is required to keep or make in accordance with the provisions of this licence.

Rights of access and distress

It is a condition of this licence that the Licensee shall simultaneously with the grant thereof execute a deed in such form as the Minister may require whereby the Licensee agrees to perform and observe all the terms and conditions of this licence and whereby it is provided as follows—

(1) any person or persons authorised by the Minister shall be entitled at all reasonable times to enter into and upon any land for the time being possessed or occupied by the Licensee in the licensed area for the purposes hereinafter mentioned—

- (a) to examine the boreholes, wells, plants, appliances, buildings and works made or executed by the Licensee in pursuance of this licence and the state of repair and condition thereof; and
- (b) to inspect and check the accuracy of the weighing or measuring appliances weights measurements logs records plans and maps which the Licensee is required to keep or make in accordance with the provisions of this licence; and
- (c) to inspect the samples of strata petroleum or water and the accounts which the Licensee is required to keep in accordance with the provisions of this licence; and
- (d) to execute any works which the Minister may be entitled to execute in accordance with the provisions of this licence;

(2) if and whenever any of the minimum annual payments or royalties reserved by this licence or any part thereof respectively shall be in arrear or unpaid for 28 days next after any of the days whereon the same ought to be paid (whether the same shall have been legally demanded or not) then and so often as the same may happen the Minister may (as an additional remedy and without prejudice to the power of distress and other rights and remedies to which they would be entitled) enter into and upon any land which shall for the time being be possessed or occupied by the Licensee for the purposes of this licence or the exercise of any of the rights thereby granted and may seize and distrain and sell as landlords may do for rent in arrear all or any of the stocks of petroleum, and products thereof, horses, engines, machinery, tools, implements, chattels and effects belonging to the Licensee which shall be found in or upon the land so entered upon and out of the moneys arising from the sale of such distress may retain and pay all the arrears of the said rents and royalties and also the costs and expenses incident to any such distress and sale rendering the surplus (if any) to the Licensee.

Arbitration

If at any time hereafter any dispute difference or question shall arise between the Minister and the Licensee touching the construction meaning or effect of this licence or any clause or matter herein contained or any instruction given by the Minister or the rights or liabilities of the Minister and Licensee respectively under this licence or otherwise howsoever in relation to the premises, then every such dispute difference or question shall, save where it is expressly provided by this licence that the matter or thing to which the same relates shall be determined or decided by the Minister or the Licensee, be referred to the arbitration of two independent persons (one to be appointed by the Minister and the other by the Licensee), who shall have power in case of disagreement between them to appoint an umpire.

Expiry or determination of rights

Not less than one month before the determination or expiry of any right in respect of any part of the licensed area, whether an ancillary right or a right granted by this licence, the Licensee shall unless the Minister otherwise determine plug in accordance with the directions of the Minister all boreholes and wells in that part of the licensed area.

Term of Licence

This licence, unless sooner determined under any of the provisions hereof, shall be and continue in force for the term of 50 years next after the day of 19

Renewal

(1) The Licensee paying the minimum annual payments and royalties hereby reserved and performing the terms and conditions herein contained shall be entitled, on giving to the Minister not

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less than 12 months' previous notice in writing in that behalf not more than two years nor less than one year before the termination of the term hereby granted, to a renewal of this licence in respect of the whole of the licensed area or any part thereof which complies with the Regulations for the time being in force for a further term of twenty five years under the terms and conditions contained in the model clauses comprised in the Regulations for the time being in force subject to such modifications or exclusions as the Minister may in his discretion determine:

Provided that the rates of royalty payable during the said further term shall be rates of royalty greater by 25 per cent. than the rates of royalty payable in accordance with the provisions of this licence at the date of the said notice, or, the rates or royalty which shall have been ordinarily reserved in original mining licences granted by the Minister during the three years next before the date of the said notice, whichever rates shall be the less, or if no such licences shall have been granted during the said period of three years such rates of royalty as may be determined by agreement between the Minister and the Licensee or in default of agreement by arbitration but so that such rates of royalty shall not be greater by more than 25 per cent. than the rates payable in accordance with the provisions of this licence at the date of the said notice.

(2) In this clause the expression "rates of royalty" includes minimum annual payments.

Establishment of boundary marks

Where the area covered by this licence adjoins another licensed area, the Licensee shall, if so required by the Minister in writing at any time during the term hereby granted or any renewal thereof and so far as he lawfully may, erect and maintain substantial boundary marks of brick stone or concrete not less than 30.40 centimetres high at every angle or corner of the boundary line of the licensed area. Such boundary marks shall be referenced by survey to at least two readily identifiable points in such a manner that the boundaries of the licensed area can be accurately traced on the ground. The Licensee shall ensure that the area demarcated on the ground shall conform as closely as possible to the area delineated on the map attached to this licence.

Unit Development

If at any time during the term hereby granted or any renewal thereof the Minister shall be satisfied that the licensed area or any part thereof forms part of a single geological petroleum structure or petroleum field (hereinafter referred to as "an oil field") in respect of other parts of which other licences granted in pursuance of the Act of 1934, or of Part I of the Act of 1998, are then in force and the Minister shall consider that it is in the national interest in order to secure the maximum ultimate recovery of petroleum and to avoid unnecessary competitive drilling that the oil field should be worked and developed as a unit in co-operation by all the persons, including the Licensee, whose licences extend to or include any part thereof, the following provisions shall apply—

- (a) (1) (a) the Licensee shall upon being so required by notice in writing by the Minister co-operate with such other persons, being persons holding licences under the Act of 1934, or under Part I of the Act of 1998, in respect of any part or parts of the oil field (hereinafter referred to as "the other Licensees"), as may be specified in the said notice in the preparation of a scheme (hereinafter referred to as "a development scheme") for the working and development of the oil field as a unit by the Licensee and by the other Licensees in co-operation and shall, jointly with the other Licensees, submit such scheme for the approval of the Minister;
- (b) the said notice shall also contain a description by reference to a map of the area or areas in respect of which the Minister requires a development scheme to be submitted and shall state the period within which such scheme is required to be submitted for approval by the Minister;

(2) if a development scheme shall not be submitted to the Minister within the period limited in that behalf by the said notice, or if a development scheme submitted in pursuance of the foregoing provisions of this clause shall not be approved by the Minister, he shall himself prepare a development scheme which shall be fair and equitable to the Licensee and the other Licensees, and the Licensee shall perform and observe all the terms and conditions thereof;

(3) if the Licensee shall object to any such development scheme prepared by the Minister he may within 28 days from the date on which notice in writing of the said scheme shall have been given to him by the Minister refer the matter to a single arbitrator. The said arbitrator shall be appointed either by agreement between the Minister the Licensee and the other Licensees or in default of agreement by the Lord Chief Justice of England for the time being. Notwithstanding any such reference to arbitration the Licensees shall, unless the arbitrator otherwise determines, perform and observe the terms and conditions of the development scheme pending the decision of the arbitrator.

Provision for periodical review of royalties

(1) By notice in writing given not later than 30th September in the year 2000, or in a year which is a decennial anniversary of that year, either the Minister or the Licensee may request the other party to agree to a revision, as from 1st January in the following year (“the revision date”), of the rates of royalty hereby reserved to take account of any marked change in the average market prices in Great Britain of crude oil and petroleum products (whether produced in Great Britain or not) during the three years immediately preceding the revision date as compared with the average market prices which ruled during the three years immediately preceding the reference date within the meaning of sub-clause (3) below:

Provided always that the rate of royalty payable in respect of crude oil shall not be less than 15p, and shall not exceed 30p, per 1.0160469088 tonnes and that the rate of royalty payable in respect of casinghead petroleum spirit shall not be less than 1p, and shall not exceed 16p, per 87.284928 litres.

(2) A revision of the rates of royalty in pursuance of this clause shall be determined by agreement between the Minister and the Licensee or, in default of agreement, by arbitration.

(3) In this clause “the reference date” means—

- (a) where the rates of royalty have previously been revised in accordance with this licence as then in force, the date as from which the last such revision took effect;
- (b) in any other case, 1st January 1941.

Keeping of accounts

(1) The Licensee shall at all times during the term hereby granted or any renewal thereof keep full and correct accounts which shall contain accurate entries of—

- (a) the quantity of crude oil won and saved from the licensed area; and
- (b) the method and results of tests made on the crude oil; and
- (c) the quantity of crude oil refined and the products recovered therefrom; and
- (d) the quantity of crude oil otherwise disposed of and the manner of its disposal; and
- (e) the quantity of natural gas won and saved from the licensed area other than natural gas used for the purpose of carrying on drilling and production operations and pumping to field storage and refineries; and
- (f) the quantity in litres of the casinghead petroleum spirit recovered; and
- (g) the quantity of crude oil or products thereof or casinghead petroleum spirit used for drilling or production operations or pumping to field storage and refineries; and

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(h) such further particulars and statistics as the Minister may from time to time require.

(2) The Licensee shall within two months after the end of each year of the term hereby granted or any renewal thereof deliver to the Minister an abstract in a form from time to time approval by the Minister of the said accounts for each such year together with a statement in like form of all royalties payable in respect of each such year.