



# Petroleum (Production) Act (Northern Ireland) 1964

## 1964 CHAPTER 28

### 1 Vesting of undeveloped petroleum in the Ministry of Commerce.

- (1) Subject to the provisions of this Act, the property in petroleum existing in its natural condition in strata in Northern Ireland is hereby vested in the Ministry of Commerce (in this Act referred to as “the Ministry”).
- (2) Subsection (1) shall not apply to any petroleum which vested in the Ministry by virtue of section 6 of and Schedule 1 to, the Minerals (Miscellaneous Provisions) Act (Northern Ireland) 1959 (in this Act referred to as “the Act of 1959”).
- (3) Without prejudice to its powers to grant licences under section 2, the Ministry shall have the exclusive right of searching and boring for and getting the petroleum vested in it under subsection (1) or by virtue of the provisions of the Act of 1959 referred to in subsection (2) ...<sup>F1</sup>.
- [<sup>F2</sup>(4) In subsection (1) “strata in Northern Ireland” includes strata beneath the internal waters adjacent to Northern Ireland, but does not include strata beneath the territorial sea of the United Kingdom adjacent to Northern Ireland.]

**F1** 1969 c. 35 (N.I.)

**F2** S. 1(4) substituted (28.5.2010) by [Hydrocarbons Licensing Directive Regulations \(Northern Ireland\) 2010 \(S.R. 2010/170\)](#), **reg. 11** (with [reg. 1\(2\)](#))

### 2 Licences to search for and get petroleum.

- (1) The Ministry may grant to such persons as it thinks fit licences to search and bore for and get petroleum.
- (2) Any such licence may be granted for such consideration, [<sup>F3</sup> if any,] by way of royalties calculated in such manner, together with such other payments, if any, as the Ministry with the consent of the Ministry of Finance may prescribe and upon such other terms and conditions as the Ministry may specify in the licence, including conditions

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requiring the licensee to pay compensation to persons suffering any damage or injury resulting from or arising out of the exercise of any right authorised by the licence or of any ancillary right which the licensee is authorised to exercise by virtue of section 3 and conditions guaranteeing or securing the payment of such compensation.

- (3) Notwithstanding anything in the Interpretation Act (Northern Ireland) 1954 a licence granted before the commencement of this Act by the Ministry under the Petroleum (Production) Act 1918 (in this Act called the “Act of 1918”) shall not operate as a licence granted under this section but where the Ministry is satisfied that the licensee named in any such first-mentioned licence has duly complied with all the terms and conditions thereof, the Ministry may give reasonable preference to such licensee when granting licences under this Act in respect of any area for the time being included in the first-mentioned licence.
- (4) Section 5 of the Stormont Regulation and Government Property Act (Northern Ireland) 1933 shall not apply to licences granted by the Ministry under this section.
- (5) The Ministry shall as soon as may be after granting a licence under this section publish notice of such grant in the Belfast Gazette specifying the name of the licensee and the locality of the area in respect of which the licence was granted.

**F3** [1969 c. 35 \(N.I.\)](#)

### **3 Application of Act of 1969 respecting land and ancillary rights.**

For the purpose of enabling the Ministry or a person holding a licence from the Ministry under this Act to acquire [<sup>F4</sup> or use land or] ancillary rights, the provisions of [<sup>F4</sup> sections 23 to 28, 47 and 56(3) of, and Schedule 2 to, the Mineral Development Act (Northern Ireland) 1969 <sup>M1</sup> (in this Act referred to as “the Act of 1969”) ] shall have effect with the modifications set out in the Schedule to this Act.

**F4** [1969 c. 35 \(N.I.\)](#)

#### **Marginal Citations**

**M1** [1969 c. 35 \(N.I.\)](#)

### **4 Compensation.**

- (1) Compensation shall be payable in accordance with the succeeding provisions of this Act and not otherwise in respect of petroleum vested in the Ministry under section 1(1).
- (2) Compensation under subsection (1) shall be related to royalties payable on the following forms of petroleum:—
  - (a) crude oil won and saved;
  - (b) casinghead petroleum spirit recovered;
  - (c) natural gas won and saved;
  - (d) any other form which may be prescribed.
- (3) For the purposes of the succeeding provisions of this Act—
 

“the appointed area” of a petroleum well, means the land contained in a circle around that petroleum well having a radius of a quarter of a mile and a centre fixed in the prescribed manner;

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“the compensation area” of a petroleum well, means so much of the appointed area thereof as consists of land whereof an estate in underlying minerals was immediately before the commencement of this Act vested in any person other than the Ministry not being land which at any time before such commencement had been the subject of a merging order made by the Ministry under section 8 of the Act of 1959.

## 5 Form and amount of compensation.

- (1) Compensation shall be in the form of a share of the royalties relating to a particular petroleum well.
- (2) The total amount of compensation payable in relation to any petroleum well within the area specified in a licence granted under section 2 shall be such proportion of [<sup>F5</sup> the net proceeds (after deducting so much of the costs and expenses, which may include administrative expenses, of the Ministry as are certified by the Ministry to be attributable or apportionable to such well)] of the royalties reserved by the said licence in relation to such well, as the compensation area of that well bears to the appointed area thereof [<sup>F6</sup>; and a certificate of the Ministry under this subsection shall be prima facie evidence of the matters stated therein].
- (3) The total amount of compensation payable in relation to any petroleum well sunk by or on behalf of the Ministry shall be such proportion of [<sup>F5</sup> the net proceeds (after deducting so much of the costs and expenses, which may include administrative expenses, of the Ministry as are certified by the Ministry to be attributable or apportionable to such well)] of the royalties which would have been payable if that well had been within the area specified in a licence granted under section 2 as the compensation area of the well bears to the appointed area thereof [<sup>F6</sup>; and a certificate of the Ministry under this subsection shall be prima facie evidence of the matters stated therein].

**F5** 1969 c. 35 (N.I.)

**F6** 1969 c. 35 (N.I.)

## 6 Persons entitled to compensation.

- (1) Subject to the succeeding provisions of this section, the right to compensation in relation to any well shall be deemed to have vested in the persons who, immediately before the commencement of this Act, were entitled to any estate in any minerals (excluding an estate in minerals which did not include petroleum) lying under the appointed area of that petroleum well.
- (2) A person shall not be entitled to compensation in respect of petroleum underlying land which at any time before the commencement of this Act had been the subject of a merging order made under section 8 of the Act of 1959.
- (3) A licensee under a licence granted before the commencement of this Act by the Ministry under the Petroleum (Production) Act 1918 shall not be taken to hold, by virtue of that licence, any estate in land or minerals.

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## 7 Claims for compensation.

(1) Where compensation is payable under sections 4 to 6 in relation to any petroleum well the following provisions shall have effect:—

- (a) the Ministry shall publish notice of that fact in one or more newspapers circulating in the locality of the appointed area of the well [<sup>F7</sup> and shall in the notice name a place or places (including at least one place in the locality) where maps identifying the appointed area of the well are available for inspection at all reasonable hours;]
- (b) the notice shall indicate that any person who, having regard to the provisions of section 6, claims to be entitled to compensation for such petroleum may submit his claim for such compensation to the Ministry;
- (c) [<sup>F8</sup> subject to subsections (3) and (4)] no claim for compensation for the petroleum shall be entertained unless it is made not later than twelve months after the date on which such notices were published or, if published on different dates, the date of the [<sup>F7</sup> first] publication;
- (d) as soon as may be after the expiration of the period specified in paragraph (c), the Ministry shall refer every claim for such compensation to the Lands Tribunal for Northern Ireland (in this Act referred to as “the Tribunal”).

<sup>F8</sup>(2) On the expiration of the period mentioned in paragraph (c) of subsection (1), or (if all relevant claims appear to the Ministry to have been made) of such lesser period as appears to the Ministry to be appropriate, the Ministry shall proceed to consider the claims made as mentioned in that paragraph.

(3) Where the Ministry is satisfied that good reasons exist for the failure of any person to submit a claim for compensation under sections 4 to 6 before the expiration of the period mentioned in subsection (1)(c), his claim may be accepted after the expiration of that period.

(4) Any question arising as to the existence of good reasons such as are mentioned in subsection (3), where the Ministry has not accepted a late claim, shall, in default of agreement, be referred to and determined by the Tribunal.]

**F7** 1969 c. 35 (N.I.)

**F8** 1969 c. 35 (N.I.)

## 8 Awards of compensation by the Tribunal.

(1) Where claims for compensation are referred to the Tribunal under section 7, the Tribunal shall adjudicate upon the said claims and embody their findings in an award.

(2) Every award made by the Tribunal under subsection (1) of this section—

- (a) shall be conclusive evidence of all matters purported to be certified therein;
- (b) may, by leave of the High Court, be entered as a judgment in terms of the award, and shall thereupon have the same force and effect as a judgment or order of the court.

(3) In apportioning compensation for petroleum at a particular well, the Tribunal may, as between two or more persons entitled to compensation, have regard to the relative extent of the area of entitlement, within the compensation area of that well, of each of them.

- (4) For the purposes of subsection (3), the area of entitlement of a person shall be taken to be the area directly over the minerals in which he or the person through whom he claims had, immediately before the commencement of this Act, an estate.

## **9 Appearances before Tribunal.**

On the adjudication by the Tribunal of claims for compensation referred to the Tribunal under section 7 of this Act, the Ministry and every claimant shall be entitled, by counsel or solicitor or in person, to appear, be heard and adduce evidence.

*S. 10 rep. by 1969 c. 35 (NI)*

## **11 Share of persons entitled under s. 13(3) of Irish Land Act 1903.**

- (1) Where royalties are received by the Ministry in respect of a petroleum well or where the Ministry makes any profit from working a petroleum well and the appointed area of that well contains land under which there is situate petroleum which vested in the Ministry under section 6 of, and Schedule 1 to, the Act of 1959, the Ministry shall pay to the former vendors of that land such proportion of one-quarter of those royalties or profits as the area of that land bears to the appointed area and such payment shall be in lieu of, and shall operate to discharge all liability of the Ministry on foot of, the percentage required by section 13(3) of the Irish Land Act 1903 to be paid to the former vendors in respect of that petroleum.
- (2) In this section “former vendors” in relation to any land means the persons for the time being entitled under section 13(3) of the Irish Land Act 1903 to receive in respect of petroleum underlying that land the percentage provided for in that subsection.
- (3) In section 8(4) of the Act of 1959 the words from “and upon registration” to the end of the subsection shall be deemed not to have effect in relation to petroleum.

## **<sup>F9</sup>11A Payments under section 11.**

- (1) Where it appears to the Ministry that payments may be due to any person in respect of the proportion mentioned in section 11(1), the Ministry shall, in notices published as mentioned in section 7(1), indicate that any person who claims to be entitled to the whole or any part of that proportion may submit his claim therefor to the Ministry.
- (2) Subject to subsections (4) and (5), where notices containing any such indication are published, no claim for any part of the said proportion shall be entertained unless it is made not later than twelve months after the date on which the notices were published or, if published on different dates, the date of the first publication.
- (3) On the expiration of the period mentioned in subsection (2) or (if all relevant claims appear to the Ministry to have been made) of such lesser period as appears to the Ministry to be appropriate, the Ministry shall proceed to consider the claims made as mentioned in that subsection.
- (4) Where the Ministry is satisfied that good reasons exist for the failure of any person to submit a claim for the said proportion before the expiration of the period mentioned in subsection (2), his claim may be accepted after the expiration of that period.
- (5) Any question arising as to—
- (a) the entitlement of any person to the said proportion, or

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- (b) the amount payable by way of that proportion, or
  - (c) the existence of good reasons such as are mentioned in subsection (4), where the Ministry has not accepted a late claim,
- shall, in default of agreement, be referred to and determined by the Tribunal.]

**F9** 1969 c. 35 (N.I.)

**<sup>F10</sup>11B Satisfaction of claims for compensation or for payments under section 11.**

- (1) Without prejudice to any award of the Lands Tribunal, where compensation is payable to any persons under sections 4 to 6 or any proportion of the fraction mentioned in section 11 is payable to any persons, the Ministry may make payments to those persons in respect of the compensation or, as the case may be, that proportion at such times or intervals as are reasonable having regard to the size and nature of the payments concerned.
- (2) The provisions of paragraphs 12 and 14 to 17 of Schedule 2 to the Act of 1969 shall have effect with respect to the satisfaction of claims for the said compensation or proportion as they have effect with respect to the satisfaction of claims for compensation under that Schedule with—
  - (a) the substitution for any reference to compensation under that Schedule of a reference to the said compensation or proportion,
  - (b) the substitution for any reference to the compensation fund of a reference to the Ministry, and
  - (c) in paragraph 16, the substitution for the reference to the date of the vesting of the land or ancillary rights of a reference to the date of the expiration of one month after—
    - (i) in the case of compensation payable under sections 4 to 6, the date of the receipt by the Ministry of the royalties from the net proceeds of which the compensation is payable or, where section 5(3) applies, the date on which the royalties would have been received if the well had been within the area specified in a licence granted under section 2, or
    - (ii) in the case of the said proportion, the date of the receipt by the Ministry of the royalties or profits from a fraction of which that proportion falls to be calculated;
 and the omission of the words from “or where the compensation is payable by instalments” to “the instalment falls due” .]

**F10** 1969 c. 35 (N.I.)

**<sup>F11</sup>11C Disposal of dormant or unclaimed moneys.**

- Section 43 of the Act of 1969 shall have effect for the purposes of this Act with the substitution in subsection (1) thereof—
- (a) for any reference to mines and minerals or minerals of a reference to petroleum, and
  - (b) for the reference in paragraph ( a ) to compensation under section 29 of that Act of a reference to compensation payable under sections 4 to 6, and

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- (c) for the reference in paragraph ( b) to the second proviso to section 13(3) of the Irish Land Act 1903 of a reference to section 11(1), and
- (d) for the reference to paragraph 15 of Schedule 2 to that Act as modified by section 42(2) of that Act of a reference to that paragraph as modified by section 11B(2).]

**F11** 1969 c. 35 (N.I.)

## **12 Account of receipts and expenditure under Act.**

Before the first day of October in ...<sup>F12</sup> each ...<sup>F12</sup> year an account shall be prepared by the Ministry, in such form and in such manner as the Ministry of Finance may direct, of the moneys received and expended by the Ministry under this Act during the last preceding financial year, and the Comptroller and Auditor-General shall examine and certify every such account and shall lay copies thereof, together with his report thereon, before both Houses of Parliament.

**F12** SLR 1976

## **13 Power to make regulations.**

- (1) The Ministry may make regulations prescribing—
  - (a) the manner in which and the persons by whom applications for licences under this Act may be made;
  - (b) the fees to be paid on any such application;
  - (c) conditions as to the extent and shape of areas in respect of which licences may be granted under this Act and as to the siting and placing of bore-holes and petroleum wells;
  - (d) model clauses which the Ministry may incorporate (directly or by reference) in any licence under this Act;
  - (e) any other matter which under this Act may be prescribed.
- (2) Regulations made under this Act shall be subject to negative resolution.
- (3) The Public Offices Fees Act 1879 shall not apply to any prescribed fees.

*S. 14 rep. by 1969 c. 6 (NI)*

## **15 Interpretation.**

In this Act—

“Act of 1918” has the meaning assigned to it by section 2(3);

*Definition rep. by 1969 c. 35 (NI)*

“Act of 1959” has the meaning assigned to it by section 1(2);

[<sup>F13</sup> “Act of 1969” has the meaning assigned to it by section 3;]

“the appointed area” has the meaning assigned to it by section 4(3);

“casinghead petroleum spirit” means any liquid hydrocarbons obtained from natural gas by separation or by any chemical or physical process;

“the compensation area” has the meaning assigned to it by section 4(3);

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“crude oil” means oil in its natural state before the same has been refined or otherwise treated but excluding water and foreign substances;

“the Ministry” has the meaning assigned to it by section 1(1) of this Act;

“natural gas” means gas obtained from boreholes and wells and consisting primarily of hydrocarbons;

“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;

“prescribed” means prescribed by regulations; and

“the Tribunal” has the meaning assigned to it by section 7( d)<sup>F14</sup> of this Act.

**F13** 1969 c. 35 (N.I.)

**F14** Now s.7(1)(d)

*S. 16 repeals with saving 1918 c. 52 and s. 1 (pt.) of 1959 c. 17 (NI)*

## **17 Application of this Act.**

- (1) Nothing in this Act shall be construed as imposing any liability on any person where in the course of mining or other lawful operations petroleum is set free.
- (2) Nothing in this Act or in any licence granted under this Act shall be construed as conferring any right to enter on or interfere with land other than a right conferred under the provisions of the Act of [<sup>F15</sup> 1969] applied by section 3 but this subsection shall not operate to prejudice or affect any right which is exercisable by the Ministry apart from this Act.

**F15** 1969 c. 35 (N.I.)

## **18 Short title.**

This Act may be cited as the Petroleum (Production) Act (Northern Ireland) 1964.



**Changes to legislation:**

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