

## SCHEDULES

### SCHEDULE 1

Section 17.

#### AMENDMENT OF EXISTING LICENCES

##### *Part II of Schedule 2 to the 1975 Act*

- 1 (1) The model clauses set out in Part II of Schedule 2 to the Petroleum and Submarine Pipe-lines Act 1975 as amended by the Oil and Gas (Enterprise) Act 1982 (clauses incorporated in production licences for seaward areas) shall have effect with the following amendments (which relate to royalty payments, royalty in kind, carrying back of costs, arbitration and measurement etc. of petroleum).
- (2) In clause 9(1)—
- (a) for "paragraphs (2) to (4)" there shall be substituted "paragraph (1A)"; and
  - (b) after "clauses" there shall be inserted "9A,".
- (3) In clause 9, for paragraphs (2) to (4) there shall be substituted—
- “(1A) Paragraph (1) of this clause shall not apply to a chargeable period in which the Licensee delivers petroleum to the Minister in pursuance of clause 11 of this licence; but if the petroleum delivered has a value of less than 12 ½ per cent. of the aggregate of—
- (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in paragraph (11) of this clause), and
  - (b) the value of the petroleum relating to that period,
- he shall pay to the Minister a royalty of an amount equal to the difference.”
- (4) In clause 9(5), for "clause 10" there shall be substituted "clauses 9A and 10".
- (5) In clause 9, after paragraph (7) there shall be inserted—
- “(7A) A notice under paragraph (7) of this clause may, if the Minister thinks fit, provide for the costs in respect of which a sum is ascertained for the purposes of paragraph (5)(b) to include, to such extent as may be specified in the notice,—
- (a) costs incurred in relation to assets which have ceased to be used in connection with the conveying or treating of petroleum;
  - (b) costs incurred after the end of the chargeable period to which the sum relates.
- (7B) If a notice under paragraph (7) of this clause contains a provision relating to costs incurred after the end of a chargeable period, sub-paragraph (6) of paragraph (7) shall have effect in relation to a dispute concerning such costs as if the chargeable period there referred to were that in which the costs were incurred.”
- (6) In clause 9, for paragraph (8) there shall be substituted—

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- “(8) Subject to paragraphs (9) and (10) of this clause, the value of petroleum delivered to the Minister in pursuance of clause 11 of this licence shall be ascertained for the purposes of this clause and clause 9A on such basis (or, where petroleum of more than one kind is delivered, such bases) as the Minister and the Licensee agree.
- (9) If the Minister and the Licensee fail to agree on the value of any petroleum delivered to the Minister in pursuance of clause 11 of this licence, it shall be ascertained on such basis as the Minister may specify as fair in a notice in writing given by him to the Licensee.
- (10) The Licensee may, during the period of 28 days beginning with the day on which he receives a notice from the Minister under paragraph (9) of this clause, refer to arbitration in the manner provided by clause 40 of this licence any question as to whether the basis of valuation specified in the notice is fair.
- (11) In this clause and clauses 9A, 10 and 11 A, references to petroleum delivered to the Minister in pursuance of clause 11 include references to any excess over the quantity required to be delivered by a notice served in pursuance of paragraph (1) of that clause.”
- (7) After clause 9, there shall be inserted—
- “9A If in any chargeable period the Licensee delivers to the Minister in pursuance of clause 11 of this licence petroleum having a value greater than 12 ½ per cent. of the aggregate of—
- (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in clause 9(11) of this licence), and
  - (b) the value of the petroleum relating to that period,
- the Minister shall pay to the Licensee a sum equal to the difference.”
- (8) In clause 10(1), for sub-paragraph (e) there shall be substituted—
- “(e) the amount which the Licensee estimates will be the sum ascertained as respects that period for the purposes of clause 9(5)(b) of this licence (ignoring, in a case where they might otherwise be taken into account in the estimate, any costs incurred after the end of the period)”.
- (9) In clause 10(3), for "9(3) or (4)" there shall be substituted "9(1A)".
- (10) In clause 10(4)—
- (a) for "paragraphs (2) to (4)" there shall be substituted "paragraph (1A)"; and
  - (b) for "paragraph (2)" there shall be substituted "paragraph (1A)".
- (11) In clause 10(6)—
- (a) the words from "and a sum" to "petroleum" shall be omitted; and
  - (b) for "that clause" there shall be substituted "clause 9 of this licence".
- (12) In clause 10, after paragraph (7) there shall be inserted—
- “(7A) If, after the date when the Minister gave notice to the Licensee in pursuance of paragraph (b) of this clause or this paragraph in respect of a chargeable period, it appears to the Minister that as a result of costs incurred after the end of the period there is an increase in the sum to

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be taken into account by virtue of clause 9(5)(b) of this licence, and accordingly a reduction in the amount payable by the Licensee in respect of that period, he may give notice in writing to the Licensee specifying the reduced amount; and where he does so he shall forthwith pay to the Licensee an amount equal to the difference between the reduced amount and the total amount already paid by the Licensee in pursuance of this clause in respect of the period.”

(13) In clause 10(8)—

- (a) for "or (7)" (in both places) there shall be substituted ", (7) or (7A)"; and
- (b) after "may" there shall be inserted ", during the period of 28 days beginning with the day on which the Licensee receives the notice,".

(14) In clause 10, for paragraph (9) there shall be substituted—

“(9) An amount in respect of interest shall be payable when a notice is given under paragraph (5), (6), (7) or (7A) of this clause, and that amount shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee; but—

- (a) a notice in pursuance of this paragraph shall provide for amounts by way of interest to be calculated by applying a rate of interest which is for the time being a commercial rate of interest;
- (b) any such amount in respect of interest shall be disregarded in calculating for the purposes of paragraph (5), (6), (7) or (7A) of this clause any amount already paid by the Licensee in pursuance of this clause;
- (c) where costs of the kind mentioned in clause 9(7A)(b) of this licence are taken into account, they shall not affect the amount of interest payable in respect of any period ending earlier than two months after the chargeable period in which they were incurred.”

(15) In clause 10, after paragraph (9) there shall be inserted—

“(9A) If a payment is made by the Minister in pursuance of clause 9A of this licence more than two months after the end of the chargeable period to which the payment relates, an amount in respect of interest on the payment from the end of those two months shall also be payable by him to the Licensee.

(9B) Interest under paragraph (9A) of this clause shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee (but sub-paragraph (a) of paragraph (9) of this clause shall apply to such a notice as it applies to a notice under paragraph (9)).”

(16) In clause 10(11), for "or (7)" there shall be substituted ", (7) or (7A)".

(17) In clause 11A(1)—

- (a) for "a notice served by virtue of clause 11(1)" there shall be substituted "clause 11";
- (b) for "the delivery and treatment of the" there shall be substituted "conveying and treating";
- (c) for "clause 9(7)" there shall be substituted "clause 9(7) to (7B)"; and

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- (d) for "for the reference to paragraph (5)(b) of that clause there were substituted a reference" there shall be substituted "references to clause 9(5)(b) were references".

(18) In clause 11A, after paragraph (4) there shall be inserted—

“(4A) If, after the date when the Minister gave notice to the Licensee in pursuance of paragraph (4) of this clause or this paragraph in respect of a chargeable period, it appears to the Minister that as a result of costs incurred after the end of the period there is an increase in the amount payable by him in pursuance of this clause in respect of the period, he may give notice in writing to the Licensee specifying the increased amount; and where he does so he shall forthwith pay to the Licensee an amount equal to the difference between the increased amount and the total amount already paid by the Minister in pursuance of this clause in respect of the period.”

(19) In clause 11A(5)—

- (a) for "or (4)" there shall be substituted ", (4) or (4A)";
- (b) after "paragraph (4)" there shall be inserted "or (4A)"; and
- (c) after "may" there shall be inserted ", during the period of 28 days beginning with the day on which the Licensee receives the notice,".

(20) In clause 11A, for paragraph (b) there shall be substituted—

“(6) An amount in respect of interest shall be payable when a notice is given under paragraph (3), (4) or (4A) of this clause, and that amount shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee; but—

- (a) a notice in pursuance of this paragraph shall provide for amounts by way of interest to be calculated by applying a rate of interest which is for the time being a commercial rate of interest;
- (b) any such amount in respect of interest shall be disregarded in calculating for the purposes of paragraph (3), (4) or (4A) of this clause any amount already paid by the Minister in pursuance of this clause;
- (c) where costs of the kind mentioned in clause 9(7A)(b) of this licence are taken into account, they shall not affect the amount of interest payable in respect of any period ending earlier than two months after the chargeable period in which they were incurred.”

(21) In clause 11A(7), for "or (4)" there shall be substituted ", (4) or (4A)".

(22) In clause 12, after paragraph (1) there shall be inserted—

“(1A) If and to the extent that the Minister so directs, the duty imposed by paragraph (1) of this clause shall be discharged separately in relation to petroleum won and saved—

- (a) from each part of the licensed area which is an oil field for the purposes of the Oil Taxation Act 1975,
- (b) from each part of the licensed area which forms part of such an oil field extending beyond the licensed area, and
- (c) from each well producing petroleum from a part of the licensed area which is not within such an oil field.

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(1B) If and to the extent that the Minister so directs, the preceding provisions of this clause shall apply as if the duty to measure or weigh petroleum included a duty to ascertain its quality or composition or both; and where a direction under this paragraph is in force, the following provisions of this clause shall have effect as if references to measuring or weighing included references to ascertaining quality or composition.”

*Part II of Schedule 3 to the 1975 Act*

2 (1) The model clauses set out in Part II of Schedule 3 to the Petroleum and Submarine Pipe-lines Act 1975 as amended by the Oil and Gas (Enterprise) Act 1982 (clauses incorporated in production licences for landward areas) shall have effect with the following amendments (which relate to royalty payments, royalty in kind, carrying back of costs, arbitration and measurement etc. of petroleum).

(2) In clause 9(1), for "paragraphs (2) to (4)" there shall be substituted "paragraph (1A)".

(3) In clause 9, for paragraphs (2) to (4) there shall be substituted—

“(1A) Paragraph (1) of this clause shall not apply to a chargeable period in which the Licensee delivers petroleum to the Minister in pursuance of clause 11 of this licence; but if the petroleum delivered has a value of less than the relevant percentage of the aggregate of—

- (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in paragraph (7F) of this clause), and
- (b) the value of the petroleum relating to that period,

he shall pay to the Minister a royalty of an amount equal to the difference.”

(4) In clause 9(5), for "clause 10" there shall be substituted "clauses 9A and 10".

(5) In clause 9, after paragraph (7) there shall be inserted—

“(7A) A notice under paragraph (7) of this clause may, if the Minister thinks fit, provide for the costs in respect of which a sum is ascertained for the purposes of paragraph (5)(b) to include, to such extent as may be specified in the notice,—

- (a) costs incurred in relation to assets which have ceased to be used in connection with the conveying or treating of petroleum;
- (b) costs incurred after the end of the chargeable period to which the sum relates.

(7B) If a notice under paragraph (7) of this clause contains a provision relating to costs incurred after the end of a chargeable period, sub-paragraph (b) of paragraph (7) shall have effect in relation to a dispute concerning such costs as if the chargeable period there referred to were that in which the costs were incurred.”

(6) In clause 9, before paragraph (8) there shall be inserted—

“(7C) Subject to paragraphs (7D) and (7E) of this clause, the value of petroleum delivered to the Minister in pursuance of clause 11 of this licence shall be ascertained for the purposes of this clause and clause 9A on such basis (or, where petroleum of more than one kind is delivered, such bases) as the Minister and the Licensee agree.

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- (7D) If the Minister and the Licensee fail to agree on the value of any petroleum delivered to the Minister in pursuance of clause 11 of this licence, it shall be ascertained on such basis as the Minister may specify as fair in a notice in writing given by him to the Licensee.
- (7E) The Licensee may, during the period of 28 days beginning with the day on which he receives a notice from the Minister under paragraph (7D) of this clause, refer to arbitration in the manner provided by clause 38 of this licence any question as to whether the basis of valuation specified in the notice is fair.
- (7F) In this clause and clauses 9A, 10 and 11 A, references to petroleum delivered to the Minister in pursuance of clause 11 include references to any excess over the quantity required to be delivered by a notice served in pursuance of paragraph (1) of that clause.”
- (7) In clause 9(8), for the definition of "royalty petroleum" there shall be substituted—  
 “‘relevant percentage’, in relation to a chargeable period, means the effective rate at which, apart from any notice under clause 11 of this licence, royalty would be payable for that period in pursuance of paragraph (1) of this clause;”.
- (8) After clause 9, there shall be inserted the following—  
 “9A (1) If in any chargeable period the Licensee delivers to the Minister in pursuance of clause 11 of this licence petroleum having a value greater than the relevant percentage of the aggregate of—  
 (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in clause 9(7F) of this licence), and  
 (b) the value of the petroleum relating to that period,  
 the Minister shall pay to the Licensee a sum equal to the difference.  
 (2) In this clause, 'chargeable period' and 'relevant percentage' have the same meanings as in clause 9 of this licence.”
- (9) In clause 10(1), for sub-paragraph (e) there shall be substituted—  
 “(e) the amount which the Licensee estimates will be the sum ascertained as respects that period for the purposes of clause 9(5)(b) of this licence (ignoring, in a case where they might otherwise be taken into account in the estimate, any costs incurred after the end of the period)”. ”.
- (10) In clause 10(2), for "fraction" there shall be substituted "percentage".
- (11) In clause 10(3), for "9(3) or (4)" there shall be substituted "9(1A)".
- (12) In clause 10(4)—  
 (a) for "paragraphs (2) to (4)" there shall be substituted "paragraph (1A)"; and  
 (b) for "paragraph (2)" there shall be substituted "paragraph (1A)".
- (13) In clause 10(6)—  
 (a) the words from "and a sum" to "petroleum" shall be omitted; and  
 (b) for "this clause" there shall be substituted "clause 9 of this licence".
- (14) In clause 10, after paragraph (7) there shall be inserted—

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“(7A) If, after the date when the Minister gave notice to the Licensee in pursuance of paragraph (b) of this clause or this paragraph in respect of a chargeable period, it appears to the Minister that as a result of costs incurred after the end of the period there is an increase in the sum to be taken into account by virtue of clause 9(5)(b) of this licence, and accordingly a reduction in the amount payable by the Licensee in respect of that period, he may give notice in writing to the Licensee specifying the reduced amount; and where he does so he shall forthwith pay to the Licensee an amount equal to the difference between the reduced amount and the total amount already paid by the Licensee in pursuance of this clause in respect of the period.”

(15) In clause 10(8)—

- (a) for "or (7)" (in both places) there shall be substituted ", (7) or (7A)"; and
- (b) after "may" there shall be inserted ", during the period of 28 days beginning with the day on which the Licensee receives the notice,".

(16) In clause 10, for paragraph (9) there shall be substituted—

“(9) An amount in respect of interest shall be payable when a notice is given under paragraph (5), (6), (7) or (7A) of this clause, and that amount shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee; but—

- (a) a notice in pursuance of this paragraph shall provide for amounts by way of interest to be calculated by applying a rate of interest which is for the time being a commercial rate of interest;
- (b) any such amount in respect of interest shall be disregarded in calculating for the purposes of paragraph (5), (6), (7) or (7A) of this clause any amount already paid by the Licensee in pursuance of this clause;
- (c) where costs of the kind mentioned in clause 9(7A)(b) of this licence are taken into account, they shall not affect the amount of interest payable in respect of any period ending earlier than two months after the chargeable period in which they were incurred.”

(17) In clause 10, after paragraph (9) there shall be inserted—

“(9A) If a payment is made by the Minister in pursuance of clause 9A of this licence more than two months after the end of the chargeable period to which the payment relates, an amount in respect of interest on the payment from the end of those two months shall also be payable by him to the Licensee.

(9B) Interest under paragraph (9A) of this clause shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee (but sub-paragraph (a) of paragraph (9) of this clause shall apply to such a notice as it applies to a notice under paragraph (9)).”

(18) In clause 10(10)—

- (a) for "royalty petroleum" there shall be substituted "relevant percentage"; and

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- (b) the definition of "the relevant fraction" and the word "and" preceding it shall be omitted.
- (19) In clause 10(11), for "or (7)" there shall be substituted ", (7) or (7A)".
- (20) In clause 11A(1)—
- (a) for "a notice served by virtue of clause 11(1)" there shall be substituted "clause 11";
  - (b) for "the delivery and treatment of the" there shall be substituted "conveying and treating";
  - (c) for "clause 9(7)" there shall be substituted "clause 9(7) to (7B)"; and
  - (d) for "for the reference to paragraph (5)(b) of that clause there were substituted a reference" there shall be substituted "references to clause 9(5)(b) were references".
- (21) In clause 11A, after paragraph (4) there shall be inserted—
- “(4A) If, after the date when the Minister gave notice to the Licensee in pursuance of paragraph (4) of this clause or this paragraph in respect of a chargeable period, it appears to the Minister that as a result of costs incurred after the end of the period there is an increase in the amount payable by him in pursuance of this clause in respect of the period, he may give notice in writing to the Licensee specifying the increased amount; and where he does so he shall forthwith pay to the Licensee an amount equal to the difference between the increased amount and the total amount already paid by the Minister in pursuance of this clause in respect of the period.”
- (22) In clause 11A(5)—
- (a) for "or (4)" there shall be substituted ", (4) or (4A)";
  - (b) after "paragraph (4)" there shall be inserted "or (4A)"; and
  - (c) after "may" there shall be inserted ", during the period of 28 days beginning with the day on which the Licensee receives the notice,".
- (23) In clause 11A, for paragraph (b) there shall be substituted—
- “(6) An amount in respect of interest shall be payable when a notice is given under paragraph (3), (4) or (4A) of this clause, and that amount shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee; but—
- (a) a notice in pursuance of this paragraph shall provide for amounts by way of interest to be calculated by applying a rate of interest which is for the time being a commercial rate of interest;
  - (b) any such amount in respect of interest shall be disregarded in calculating for the purposes of paragraph (3), (4) or (4A) of this clause any amount already paid by the Minister in pursuance of this clause;
  - (c) where costs of the kind mentioned in clause 9(7A)(b) of this licence are taken into account, they shall not affect the amount of interest payable in respect of any period ending earlier than two months after the chargeable period in which they were incurred.”
- (24) In clause 11A(7), for "or (4)" there shall be substituted ", (4) or (4A)".
- (25) In clause 12, after paragraph (1) there shall be inserted—



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“(1A) If and to the extent that the Minister so directs, the duty imposed by paragraph (1) of this clause shall be discharged separately in relation to petroleum won and saved—

- (a) from each part of the licensed area which is an oil field for the purposes of the Oil Taxation Act 1975,
- (b) from each part of the licensed area which forms part of such an oil field extending beyond the licensed area, and
- (c) from each well producing petroleum from a part of the licensed area which is not within such an oil field.

(1B) If and to the extent that the Minister so directs, the preceding provisions of this clause shall apply as if the duty to measure or weigh petroleum included a duty to ascertain its quality or composition or both; and where a direction under this paragraph is in force, the following provisions of this clause shall have effect as if references to measuring or weighing included references to ascertaining quality or composition.”

*Schedule 4 to the 1976 Regulations*

3 (1) The model clauses set out in Schedule 4 to the Petroleum (Production) Regulations 1976 as amended by the Oil and Gas (Enterprise) Act 1982 (clauses incorporated in production licences for landward areas) shall have effect with the following amendments (which relate to royalty payments, royalty in kind, arbitration and measurement etc. of petroleum).

(2) In clause 9(1), for "paragraphs (2) to (4)" there shall be substituted "paragraph (1A)".

(3) In clause 9, for paragraphs (2) to (4) there shall be substituted—

“(1A) Paragraph (1) of this clause shall not apply to a chargeable period in which the Licensee delivers petroleum to the Minister in pursuance of clause 11 of this licence; but if the petroleum delivered has a value of less than the relevant percentage of the aggregate of—

- (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in paragraph (6D) of this clause), and
- (b) the value of petroleum relating to that period,

he shall pay to the Minister a royalty of an amount equal to the difference.”

(4) In clause 9(5), for "clause 10" there shall be substituted "clauses 9A and 10".

(5) In clause 9, after paragraph (b) there shall be inserted—

“(6A) Subject to paragraphs (6B) and (6C) of this clause, the value of petroleum delivered to the Minister in pursuance of clause 11 of this licence shall be ascertained for the purposes of this clause and clause 9A on such basis (or, where petroleum of more than one kind is delivered, such bases) as the Minister and the Licensee agree.

(6B) If the Minister and the Licensee fail to agree on the value of any petroleum delivered to the Minister in pursuance of clause 11 of this licence, it shall be ascertained on such basis as the Minister may specify as fair in a notice in writing given by him to the Licensee.

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- (6C) The Licensee may, during the period of 28 days beginning with the day on which he receives a notice from the Minister under paragraph (6B) of this clause, refer to arbitration in the manner provided by clause 39 of this licence any question as to whether the basis of valuation specified in the notice is fair.
- (6D) In this clause and clauses 9A and 10, references to petroleum delivered to the Minister in pursuance of clause 11 include references to any excess over the quantity required to be delivered by a notice served in pursuance of paragraph (1) of that clause.”
- (6) In clause 9(7), for the definition of "royalty petroleum" there shall be substituted—  
 “relevant percentage', in relation to a chargeable period, means the effective rate at which, apart from any notice under clause 11 of this licence, royalty would be payable for that period in pursuance of paragraph (1) of this clause;”.
- (7) After clause 9, there shall be inserted—  
 “9A (1) If in any chargeable period the Licensee delivers to the Minister in pursuance of clause 11 of this licence petroleum having a value greater than the relevant percentage of the aggregate of—  
 (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in clause 9(6D) of this licence), and  
 (b) the value of the petroleum relating to that period,  
 the Minister shall pay to the Licensee a sum equal to the difference.  
 (2) In this clause, 'chargeable period' and 'relevant percentage' have the same meanings as in clause 9 of this licence.”
- (8) In clause 10(2), for "fraction" there shall be substituted "percentage".
- (9) In clause 10(3), for "9(3) or (4)" there shall be substituted "9(1A)".
- (10) In clause 10(7), after "may" there shall be inserted ", during the period of 28 days beginning with the day on which the Licensee receives the notice."
- (11) In clause 10(8)(b), for "or (5)" there shall be substituted ", (5) or (6)".
- (12) In clause 10, after paragraph (8) there shall be inserted—  
 “(8A) If a payment is made by the Minister in pursuance of clause 9A of this licence more than two months after the end of the chargeable period to which the payment relates, an amount in respect of interest on the payment from the end of those two months shall also be payable by him to the Licensee.  
 (8B) Interest under paragraph (8A) of this clause shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee (but sub-paragraph (a) of paragraph (8) of this clause shall apply to such a notice as it applies to a notice under paragraph (8)).”
- (13) In clause 10(9)—  
 (a) for " 'royalty petroleum'" there shall be substituted " 'relevant percentage' ";  
 and

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- (b) the definition of "the relevant fraction" and the word "and" preceding it shall be omitted.
- (14) In clause 12, after paragraph (1) there shall be inserted—
- “(1A) If and to the extent that the Minister so directs, the duty imposed by paragraph (1) of this clause shall be discharged separately in relation to petroleum won and saved—
- (a) from each part of the licensed area which is an oil field for the purposes of the Oil Taxation Act 1975,
  - (b) from each part of the licensed area which forms part of such an oil field extending beyond the licensed area, and
  - (c) from each well producing petroleum from a part of the licensed area which is not within such an oil field.
- (1B) If and to the extent that the Minister so directs, the preceding provisions of this clause shall apply as if the duty to measure or weigh petroleum included a duty to ascertain its quality or composition or both; and where a direction under this paragraph is in force, the following provisions of this clause shall have effect as if references to measuring or weighing included references to ascertaining quality or composition.”

*Schedule 5 to the 1976 Regulations*

- 4 (1) The model clauses set out—
- (a) in Schedule 5 to the Petroleum (Production) Regulations 1976 as amended by the Oil and Gas (Enterprise) Act 1982;
  - (b) in that Schedule as amended by the Petroleum (Production) (Amendment) Regulations 1978 and the 1982 Act; and
  - (c) in that Schedule as amended by the 1978 Regulations, the Petroleum (Production) (Amendment) Regulations 1980 and the 1982 Act,
- (clauses incorporated in production licences for seaward areas) shall have effect with the following amendments (which relate to royalty payments, royalty in kind, arbitration and measurement etc. of petroleum).
- (2) In clause 9(1)—
- (a) for "paragraphs (2) to (4)" there shall be substituted "paragraph (1A)"; and
  - (b) for "clause 10" there shall be substituted "clauses 9A and 10".
- (3) In clause 9, for paragraphs (2) to (4) there shall be substituted—
- “(1A) Paragraph (1) of this clause shall not apply to a chargeable period in which the Licensee delivers petroleum to the Minister in pursuance of clause 11 of this licence; but if the petroleum delivered has a value of less than the appropriate percentage of the aggregate of—
- (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in paragraph (10) of this clause), and
  - (b) the value of the petroleum relating to that period,
- he shall pay to the Minister a royalty of an amount equal to the difference.”
- (4) In clause 9(5), for "clause 10" there shall be substituted "clauses 9A and 10".
- (5) In clause 9, for paragraph (7) there shall be substituted—

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- “(7) Subject to paragraphs (8) and (9) of this clause, the value of petroleum delivered to the Minister in pursuance of clause 11 of this licence shall be ascertained for the purposes of this clause and clause 9A on such basis (or, where petroleum of more than one kind is delivered, such bases) as the Minister and the Licensee agree.
- (8) If the Minister and the Licensee fail to agree on the value of any petroleum delivered to the Minister in pursuance of clause 11 of this licence, it shall be ascertained on such basis as the Minister may specify as fair in a notice in writing given by him to the Licensee.
- (9) The Licensee may, during the period of 28 days beginning with the day on which he receives a notice from the Minister under paragraph (8) of this clause, refer to arbitration in the manner provided by clause 41 of this licence any question as to whether the basis of valuation specified in the notice is fair.
- (10) In this clause and clauses 9A and 10, references to petroleum delivered to the Minister in pursuance of clause 11 include references to any excess over the quantity required to be delivered by a notice served in pursuance of paragraph (1) of that clause.”
- (6) After clause 9, there shall be inserted—
- “9A If in any chargeable period the Licensee delivers to the Minister in pursuance of clause 11 of this licence petroleum having a value greater than the appropriate percentage of the aggregate of—
- (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in clause 9(10) of this licence), and
  - (b) the value of the petroleum relating to that period,
- the Minister shall pay to the Licensee a sum equal to the difference.”
- (7) In clause 10(3), for "9(3) or (4)" there shall be substituted "9(1A)".
- (8) In clause 10(7), after "may" there shall be inserted ", during the period of 28 days beginning with the day on which the Licensee receives the notice,".
- (9) In clause 10(8)(b), for "or (5)" there shall be substituted ", (5) or (6)".
- (10) In clause 10, after paragraph (8) there shall be inserted—
- “(8A) If a payment is made by the Minister in pursuance of clause 9A of this licence more than two months after the end of the chargeable period to which the payment relates, an amount in respect of interest on the payment from the end of those two months shall also be payable by him to the Licensee.
- (8B) Interest under paragraph (8A) of this clause shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee (but sub-paragraph (a) of paragraph (8) of this clause shall apply to such a notice as it applies to a notice under paragraph (8)).”
- (11) In clause 12, after paragraph (1) there shall be inserted—

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“(1A) If and to the extent that the Minister so directs, the duty imposed by paragraph (1) of this clause shall be discharged separately in relation to petroleum won and saved—

- (a) from each part of the licensed area which is an oil field for the purposes of the Oil Taxation Act 1975,
- (b) from each part of the licensed area which forms part of such an oil field extending beyond the licensed area, and
- (c) from each well producing petroleum from a part of the licensed area which is not within such an oil field.

(1B) If and to the extent that the Minister so directs, the preceding provisions of this clause shall apply as if the duty to measure or weigh petroleum included a duty to ascertain its quality or composition or both; and where a direction under this paragraph is in force, the following provisions of this clause shall have effect as if references to measuring or weighing included references to ascertaining quality or composition.”

*Schedule 4 to the 1982 Regulations*

5 (1) The model clauses set out in Schedule 4 to the Petroleum (Production) Regulations 1982 (clauses incorporated in production licences for landward areas) shall have effect with the following amendments (which relate to royalty payments, royalty in kind, arbitration and measurement etc. of petroleum).

(2) In clause 9(1), for "paragraphs (2) to (4)" there shall be substituted "paragraph (1A)".

(3) In clause 9, for paragraphs (2) to (4) there shall be substituted—

“(1A) Paragraph (1) of this clause shall not apply to a chargeable period in which the Licensee delivers petroleum to the Minister in pursuance of clause 11 of this licence; but if the petroleum delivered has a value of less than the relevant percentage of the aggregate of—

- (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in paragraph (6D) of this clause), and
- (b) the value of the petroleum relating to that period,

he shall pay to the Minister a royalty of an amount equal to the difference.”

(4) In clause 9(5), for "clause 10" there shall be substituted "clauses 9A and 10".

(5) In clause 9, after paragraph (b) there shall be inserted—

“(6A) Subject to paragraphs (6B) and (6C) of this clause, the value of petroleum delivered to the Minister in pursuance of clause 11 of this licence shall be ascertained for the purposes of this clause and clause 9A on such basis (or, where petroleum of more than one kind is delivered, such bases) as the Minister and the Licensee agree.

(6B) If the Minister and Licensee fail to agree on the value of any petroleum delivered to the Minister in pursuance of clause 11 of this licence, it shall be ascertained on such basis as the Minister may specify as fair in a notice in writing given by him to the Licensee.

(6C) The Licensee may, during the period of 28 days beginning with the day on which he receives a notice from the Minister under paragraph (6B) of

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this clause, refer to arbitration in the manner provided by clause 39 of this licence any question as to whether the basis of valuation specified in the notice is fair.

- (6D) In this clause and clauses 9A and 10, references to petroleum delivered to the Minister in pursuance of clause 11 include references to any excess over the quantity required to be delivered by a notice served in pursuance of paragraph (1) of that clause.”
- (6) In clause 9(7), for the definition of "royalty petroleum" there shall be substituted—  
 “relevant percentage', in relation to a chargeable period, means the effective rate at which, apart from any notice under clause 11 of this licence, royalty would be payable for that period in pursuance of paragraph (1) of this clause;”.
- (7) After clause 9, there shall be inserted—  
 “9A (1) If in any chargeable period the Licensee delivers to the Minister in pursuance of clause 11 of this licence petroleum having a value greater than the relevant percentage of the aggregate of—  
 (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in clause 9(6D) of this licence), and  
 (b) the value of the petroleum relating to that period,  
 the Minister shall pay to the Licensee a sum equal to the difference.  
 (2) In this clause, 'chargeable period' and 'relevant percentage' have the same meanings as in clause 9 of this licence.”
- (8) In clause 10(2), for "fraction" there shall be substituted "percentage".
- (9) In clause 10(3), for "9(3) or (4)" there shall be substituted "9(1A)".
- (10) In clause 10(7), after "may" there shall be inserted ", during the period of 28 days beginning with the day on which the Licensee receives the notice,".
- (11) In clause 10(8)(b), for "or (5)" there shall be substituted ", (5) or (6)".
- (12) In clause 10, after paragraph (8) there shall be inserted—  
 “(8A) If a payment is made by the Minister in pursuance of clause 9A of this licence more than two months after the end of the chargeable period to which the payment relates, an amount in respect of interest on the payment from the end of those two months shall also be payable by him to the Licensee.  
 (8B) Interest under paragraph (8A) of this clause shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee (but sub-paragraph (a) of paragraph (8) of this clause shall apply to such a notice as it applies to a notice under paragraph (8)).”
- (13) In clause 10(9)—  
 (a) for "'royalty petroleum'" there shall be substituted "'relevant percentage'";  
 and  
 (b) the definition of "the relevant fraction" and the word "and" preceding it shall be omitted.

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

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(14) In clause 12, after paragraph (1) there shall be inserted—

“(1A) If and to the extent that the Minister so directs, the duty imposed by paragraph (1) of this clause shall be discharged separately in relation to petroleum won and saved—

- (a) from each part of the licensed area which is an oil field for the purposes of the Oil Taxation Act 1975;
- (b) from each part of the licensed area which forms part of such an oil field extending beyond the licensed area, and
- (c) from each well producing petroleum from a part of the licensed area which is not within such an oil field.

(1B) If and to the extent that the Minister so directs, the preceding provisions of this clause shall apply as if the duty to measure or weigh petroleum included a duty to ascertain its quality or composition or both; and where a direction under this paragraph is in force, the following provisions of this clause shall have effect as if references to measuring or weighing included references to ascertaining quality or composition.”

*Schedule 5 to the 1982 Regulations*

6 (1) The model clauses set out in Schedule 5 to the Petroleum (Production) Regulations 1982 (clauses incorporated in production licences for seaward areas) shall have effect with the following amendments (which relate to royalty payments, royalty in kind, arbitration and measurement etc. of petroleum).

(2) In clause 8(1)—

- (a) for "paragraphs (2) to (4)" there shall be substituted "paragraph (1A)"; and
- (b) for "clause 9" there shall be substituted "clauses 8A and 9".

(3) In clause 8, for paragraphs (2) to (4) there shall be substituted—

“(1A) Paragraph (1) of this clause shall not apply to a chargeable period in which the Licensee delivers petroleum to the Minister in pursuance of clause 10 of this licence; but if the petroleum delivered has a value of less than the appropriate percentage of the aggregate of—

- (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in paragraph (10) of this clause), and
- (b) the value of the petroleum relating to that period,

he shall pay to the Minister a royalty of an amount equal to the difference.”

(4) In clause 8(5), for "clause 9" there shall be substituted "clauses 8A and 9".

(5) In clause 8, for paragraph (7) there shall be substituted—

“(7) Subject to paragraphs (8) and (9) of this clause, the value of petroleum delivered to the Minister in pursuance of clause 10 of this licence shall be ascertained for the purposes of this clause and clause 8A on such basis (or, where petroleum of more than one kind is delivered, such bases) as the Minister and the Licensee agree.

(8) If the Minister and the Licensee fail to agree on the value of any petroleum delivered to the Minister in pursuance of clause 10 of this licence, it shall

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

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be ascertained on such basis as the Minister may specify as fair in a notice in writing given by him to the Licensee.

- (9) The Licensee may, during the period of 28 days beginning with the day on which he receives a notice from the Minister under paragraph (8) of this clause, refer to arbitration in the manner provided by clause 40 of this licence any question as to whether the basis of valuation specified in the notice is fair.
- (10) In this clause and clauses 8A and 9, references to petroleum delivered to the Minister in pursuance of clause 10 include references to any excess over the quantity required to be delivered by a notice served in pursuance of paragraph (1) of that clause.”
- (6) After clause 8, there shall be inserted—
- “8A If in any chargeable period the Licensee delivers to the Minister in pursuance of clause 10 of this licence petroleum having a value greater than the appropriate percentage of the aggregate of—
- (a) the value of the petroleum delivered (ignoring any such excess as is mentioned in clause 8(10) of this licence), and
- (b) the value of the petroleum relating to that period,
- the Minister shall pay to the Licensee a sum equal to the difference.”
- (7) In clause 9(3), for "8(3) or (4)" there shall be substituted "8(1A)".
- (8) In clause 9(7), after "may" there shall be inserted ", during the period of 28 days beginning with the day on which the Licensee receives the notice,".
- (9) In clause 9(8)(b), for "or (5)" there shall be substituted ", (5) or (6)".
- (10) In clause 9, after paragraph (8) there shall be inserted—
- “(8A) If a payment is made by the Minister in pursuance of clause 8A of this licence more than two months after the end of the chargeable period to which the payment relates, an amount in respect of interest on the payment from the end of those two months shall also be payable by him to the Licensee.
- (8B) Interest under paragraph (8A) of this clause shall be calculated in such manner as the Minister may specify from time to time in a notice in writing given by him to the Licensee (but sub-paragraph (a) of paragraph (8) of this clause shall apply to such a notice as it applies to a notice under paragraph (8)).”
- (11) In clause 11, after paragraph (1) there shall be inserted—
- “(1A) If and to the extent that the Minister so directs, the duty imposed by paragraph (1) of this clause shall be discharged separately in relation to petroleum won and saved—
- (a) from each part of the licensed area which is an oil field for the purposes of the Oil Taxation Act 1975,
- (b) from each part of the licensed area which forms part of such an oil field extending beyond the licensed area, and
- (c) from each well producing petroleum from a part of the licensed area which is not within such an oil field.



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

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(1B) If and to the extent that the Minister so directs, the preceding provisions of this clause shall apply as if the duty to measure or weigh petroleum included a duty to ascertain its quality or composition or both; and where a direction under this paragraph is in force, the following provisions of this clause shall have effect as if references to measuring or weighing included references to ascertaining quality or composition.”

*Schedule 4 to the 1984 Regulations*

- 7 (1) The model clauses set out in Schedule 4 to the Petroleum (Production) (Landward Areas) Regulations 1984 (clauses incorporated in appraisal licences for landward areas) shall have effect with the following amendments (which relate to arbitration, royalty payments and measurement etc. of petroleum).
- (2) In clause 9(6), after "may" there shall be inserted ", during the period of 28 days beginning with the day on which the Licensee receives the notice,".
- (3) In clause 9(7)(b), for "or (4)" there shall be substituted ", (4) or (5)".
- (4) In clause 10, after paragraph (1) there shall be inserted—
- “(1A) If and to the extent that the Minister so directs, the duty imposed by paragraph (1) of this clause shall be discharged separately in relation to petroleum won and saved—
- (a) from each part of the licensed area which is an oil field for the purposes of the Oil Taxation Act 1975,
  - (b) from each part of the licensed area which forms part of such an oil field extending beyond the licensed area, and
  - (c) from each well producing petroleum from a part of the licensed area which is not within such an oil field.
- (1B) If and to the extent that the Minister so directs, the preceding provisions of this clause shall apply as if the duty to measure or weigh petroleum included a duty to ascertain its quality or composition or both; and where a direction under this paragraph is in force, the following provisions of this clause shall have effect as if references to measuring or weighing included references to ascertaining quality or composition.”