

1987 No. 196

PETROLEUM PRODUCTION

Petroleum Production Regulations
(Northern Ireland) 1987

Made 15th April 1987

Coming into operation 1st June 1987

The Department of Economic Development in exercise of the powers conferred by section 13(1) of the Petroleum (Production) Act (Northern Ireland) 1964(a) and now vested in it(b) and of every other power enabling it in that behalf, hereby makes the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Petroleum Production Regulations (Northern Ireland) 1987 and shall come into operation on 1st June 1987.

(2) In these Regulations—

“application” means an application for a licence made in accordance with regulation 3(1);

“Department” means the Department of Economic Development; and

“licence” means a licence granted under Section 2(1) of the Petroleum (Production) Act (Northern Ireland) 1964.

Applications for licences

2. Any person may apply in accordance with these Regulations for a licence.

3.—(1) An application for a licence shall be made in writing in the form specified in Schedule 1 and shall be sent to the Department accompanied by the fee prescribed by regulation 5 and by such evidence and particulars or documents in support thereof as are referred to in that Schedule and are appropriate to that application.

(2) If any of the matters stated in an application or any further information supplied by the applicant shall change after the application is made or after the information is given but before a licence is granted or the Department informs the applicant that the application is refused, the applicant shall forthwith give notice in writing to the Department of that change, giving particulars thereof.

(3) Every area in respect of which an application is made shall be a clearly defined area which shall as far as possible be compact and shall be described in the application which shall be accompanied by two copies of the 1:50,000

(a) 1964 c. 28 (N.I.) to which there are amendments not relevant to these regulations

(b) By S.I. 1982/846 (N.I. 11) Art. 4

outline Ordnance Survey Map or such other map as may be required by the Department, upon which shall be delineated the boundaries of the area in respect of which a licence is applied for.

(4) A licence may be granted in respect of any area, of not more than 350 square kilometres or less than 10 square kilometres, as the Department may determine.

(5) Where an applicant desires to make application for two or more separate areas, a separate application shall be made in respect of each such area, and no licence shall be granted in respect of two or more separate areas if the sum of those areas exceeds 350 square kilometres.

Form of licences

4. The model clauses set out in Schedule 2 are hereby prescribed for the purposes of section 13(1)(d) (incorporation by the Department in a licence) of the Petroleum (Production) Act (Northern Ireland) 1964.

Fees

5.—(1) With every application there shall be paid to the Department a fee of £1,000.

(2) If any application is refused in its entirety the Department shall repay to the applicant one quarter of the fee paid in respect of that application.

Revocation

6. The Petroleum Production (Licences) Regulations (Northern Ireland) 1965(a) and Petroleum Production (Fees) (Amendment) Regulations (Northern Ireland) 1978(b) are hereby revoked.

Sealed with the Official Seal of the Department of Economic Development on 15th April 1987.

(L.S.)

W. N. Drummond

Under Secretary

(a) S.R. & O. (N.I.) 1965 No. 47

(b) S.R. 1978 No. 136

Form of Application for a Licence

PART I

1. Name of each applicant in full.
2. If the application is made by more than one person, the share of the beneficial interest in the licence which is to be held by each applicant.

PART II(A)

3. In respect of each applicant who is an individual—

- (a) Name of applicant
- (b) Usual residential address
- (c) Nationality
- (d) Occupation

4. In respect of each applicant which is a body corporate—

- (a) Name of applicant
- (b) Date and place of incorporation
- (c) Principal place of business
- (d) In the case of a company, its registered office
- (e) Place of central management and control
- (f) Particulars of each member of the board of directors or other governing body of the body corporate, as follows:—

| | | |
|-----------|---------------------------|-------------|
| (1) | (2) | (3) |
| Full Name | Usual Residential Address | Nationality |

5. In respect of each applicant which is a body corporate (B)—

(a) Particulars of capital authorised and issued as follows:—

| | | | |
|------------------|-------------------|---------------|-----------------------------|
| (1) | (2) | (3) | (4) (C) |
| Class of Capital | Amount Authorised | Amount Issued | Voting Rights of Each Class |

(b) Particulars of all holdings of not less than 5 per cent in number or value of any class of capital which has been issued by the body corporate as follows:—

| | | | |
|---|--------------------------|------------------|--------|
| (1) | (2) | (3) | (4) |
| Name of Holder or Names of Joint Holders, in full | Nationality of Holder(s) | Class of Holding | Amount |

(c) Particulars of all capital issued to bearer, as follows:—

| | | |
|------------------|---------------------|-------------------------|
| (1) | (2) | (3) |
| Class of Capital | Total Amount Issued | Amount Issued to Bearer |

6. For each applicant which is a body corporate, there shall accompany the application one copy of the three most recent years audited accounts of each such

applicant and one copy of the three most recent years audited accounts of any body corporate having control of such applicant. Sub-sections (2) and (4) to (6) of Section 302 of the Income and Corporation Taxes Act 1970 shall apply, for the purpose of determining whether for the purposes of this paragraph a body corporate has control of another body corporate, with the following modifications, namely—

- (a) for the words 'the greater part' wherever they occur in the said sub-section (2) there shall be substituted the words 'one-third or more';
- (b) in the said sub-section (6), for the word 'may' there shall be substituted the word 'shall', the words from 'and such attributions' onwards shall be omitted and in the other provisions of that sub-section any reference to an associate of a person shall be construed as including only a relative of his (as defined by section 303(4) of that Act), a partner of his and a trustee of a settlement (as defined by section 454(3) of that Act) of which he is a beneficiary.

7. For each applicant state the amount of capital for operations under this licence

- (a) at present available and (b) which can be made available and the source.

PART III

8. (a) Name of proposed operator.

- (b) Details of previous experience in hydrocarbon prospecting or development work.

9. Names and qualifications of technical experts or advisers.

PART IV

10. Description and size in square kilometres of the area in respect of which a licence is desired and reference to the map which accompanies the application.

11. Details of the fees which accompany the application.

PART V

I/We hereby declare that the information given in Parts I, II, III and IV or annexed to or accompanying this application is correct.

Date

Signature of each applicant or, in the case of each applicant which is a body corporate, of a duly authorised officer whose capacity is to be stated (D)

To Minerals and Petroleum Unit
 Department of Economic Development
 Netherleigh
 Massey Avenue
 Belfast
 BT4 2JP

NOTES

- (A) If there is more than one applicant all the information relating to each applicant which is required in this Part should be grouped together. The groups should appear in the order in which the applicants are named in Part I.
- (B) If the body corporate does not possess a capital structure, any comparable information concerning the items listed should be furnished.

- (C) Column 4 of paragraph 5(a) need not be completed if a copy of the memorandum and articles of association, or other document setting out or defining the constitution, of the body corporate accompanies the application.
- (D) Where there is more than one applicant, the applicant to which each signature relates should be identified.

Interpretation

1.—(1) In the Licence:—

“the Act” means the Petroleum (Production) Act (Northern Ireland) 1964;

“development scheme” has the meaning assigned thereto by Clause 23;

“half year” means the period from 1st January to 30th June in any year and the period from 1st July to 31st December in any year;

“the licensed area” means the area for the time being in which the Licensee may exercise the rights granted by this Licence;

the expressions “petroleum”, “crude oil”, “casinghead petroleum spirit” have the meanings respectively assigned to them in Section 15 of the Act;

“ancillary right” means any facility, right or privilege other than the rights granted by the Licence at any time vested in the Licensee in respect of any part of the licensed area; and

“well” includes borehole.

(2) Where the Licence is held by more than one person the obligations which are to be observed and performed under the Licence shall be joint and several obligations.

Terms of Licence

2.—(1) The Licence unless sooner determined under any of the provisions thereof shall be and continue in force for the term of five years from commencement (hereinafter called “the initial term”).

(2) If at any time not later than 4 months before the expiry of the initial term the Licensee—

(a) makes application in writing to the Department for a renewal of the Licence for a further term not exceeding five years (hereinafter called “the first renewal term”); and

(b) has fully observed and performed the terms and conditions of the Licence; and

(c) can satisfy the Department that it has performed, or will, before the expiry of the initial term, have performed the work programme described in Part I of the Schedule to the Licence,

the Department shall grant such renewal.

(3) If at any time not later than 4 months before the expiry of the first renewal term the Licensee—

(a) has determined that there is located in the area then comprised in the Licence a well or wells producing or which can be shown to the satisfaction of the Department to be capable of producing petroleum in commercial quantities; and

(b) makes application in writing to the Department for a renewal of the Licence for a further term of 30 years (hereinafter called “the 30 years renewal term”); and

(c) has fully observed and performed the terms and conditions of the Licence; and

(d) can satisfy the Department that it has performed or will before the expiry of the first renewal term, have performed the work programme described in Part II of the Schedule to the Licence;

the Department shall grant such renewal but subject to the condition that the Licensee shall be required to surrender such part as shall be not more than one half of the area originally granted by the Licence.

Provided, however, if the Department is satisfied that a reduction of the area would adversely affect the drilling programme, the full area may be retained.

(4) Evidence of exploration and development expenditures shall be submitted to the Department by the Licensee in such form as the Department may in its discretion determine.

(5) The part surrendered under paragraph (3) of this Clause may be made up of such number of separate areas as the Department and the Licensee may agree each area to be a clearly defined compact area.

Right of Licensee to determine Licence

3. Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions thereof the Licensee may determine the Licence—

- (a) during the initial or the first renewal terms at any time after the first 3 years of the Licence by giving not less than 3 months' notice in writing; and
- (b) during the 30 years renewal term by giving not less than 18 months' notice in writing.

Right of Licensee to surrender portions of the Licensed area

4. Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions thereof the Licensee may at any time during the currency of the Licence by giving 6 months' notice in writing to the Department surrender the rights granted in respect of a clearly defined compact portion of the area to which the Licence relates; provided that the shape of any such portion shall have been approved by the Department and that it shall be taken into account when calculating the areas to be surrendered under paragraph (3) of Clause 2.

Establishment of boundary marks

5. Where the area covered by the Licence adjoins another licensed area, the Licensee shall if so required by the Department in writing, at any time during the currency of the Licence and so far as he lawfully may, install and maintain substantial boundary marks 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 accordingly 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 hereto.

Local manager

6. The Licensee shall, before commencing any operations in the licensed area, forward to the Department the name and Northern Ireland address of the manager under whose supervision such operations are to be carried on. Any notice which the Department or any person authorised by it is required or entitled to serve upon the Licensee in accordance with the terms of the Licence shall be sufficiently served if the same shall be delivered or sent by post to such manager at such address.

Measurement of petroleum obtained from the licensed area

7.—(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 Department all petroleum won and saved from the licensed area.

(2) 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 the consent in writing of the Department and the Department may in any case require that no alteration shall be made save in the presence of a person authorised by the Department.

(3) The Department may from time to time direct that any weighing or measuring appliance shall be tested or examined in such manner, upon such occasions or at such intervals and by such persons as may be specified by the Department's direction and the Licensee shall pay to any such person or to the Department such fees and expenses for test or examination as the Department may specify.

(4) If any measuring or weighing appliance shall upon any such test or examination as is mentioned in the last foregoing paragraph be found to be false or unjust the same shall if the Department so determines after considering any representations in writing made by the Licensee be deemed to have existed in that condition during the period since the last occasion upon which the same was tested or examined pursuant to the last foregoing paragraph.

Keeping of accounts

8.—(1) The Licensee shall keep in the United Kingdom full and correct accounts in a form from time to time approved by the Department of:

- (a) the quantity of petroleum in the form of gas won and saved;
- (b) the quantity of petroleum in any other form won and saved;
- (c) the name and address of any person to whom any petroleum has been supplied by the Licensee, the quantity so supplied, the price or other consideration therefor and the place to which the petroleum was conveyed pursuant to the agreement for such supply; and
- (d) such other particulars as the Department may from time to time direct.

(2) The quantities of petroleum stated in such accounts may exclude any water separated from the petroleum and shall be expressed as volumes in cubic metres measured at, or calculated as if measured at, a temperature of 15 degrees Celsius and a pressure of 1.0132 bar but if the Department serves notice in writing on the Licensee determining any other manner in which any quantity of petroleum or any quantity of any form of petroleum is to be expressed that quantity shall be so expressed.

(3) Such accounts shall state separately the quantities used for the purposes of carrying on drilling and production operations and pumping to field storage, and quantities not so used, and in the case of petroleum not in the form of gas shall state the specific gravity of the petroleum and, if petroleum of different specific gravities has been won and saved, the respective quantities of petroleum of each specific gravity.

(4) The Licensee shall within 2 months after the end of each half year in which the Licence is in force and within 2 months after the expiration of determination of the Licence deliver to the Department an abstract in a form from time to time approved by the Department of the accounts for that half year or for the period prior to such expiration or determination as the case may be.

Working obligation

9.—(1) The Licensee shall during the initial term and the first renewal term of the Licence carry out with due diligence the scheme of prospecting including any geological survey by chemical or physical means or programme of test drilling or any of them set out in the Schedule to the Licence.

(2) The Licensee shall give the Department at least 28 days' written notice of any proposed seismic survey during the term of the Licence and such notice shall indicate the nature of the survey and the total number of kilometres to be shot and shall be accompanied by a copy of an Ordnance Survey map for the relevant area drawn to the scale of 1:50,000 upon which the proposed lines of survey are indicated and by evidence that any necessary planning permission has been granted.

(3) The Licensee shall not carry out any seismic survey during the term of the Licence of any such area as is mentioned in paragraph (2) of this clause if notice has

not been given as aforesaid or if the Department indicates to the Licensee within 14 days of the receipt of such notice that the survey is not to be carried out.

(4) If during the term of the Licence the Department serves a notice in writing on the Licensee requiring him to submit to the Department, before a date specified in the notice, an appropriate programme for exploring for petroleum in the licensed area during a period so specified, the Licensee shall comply with the notice; and for the purposes of this paragraph an appropriate programme is one which any person who, if he—

- (a) were entitled to exploit the rights granted by the Licence; and
- (b) had the competence and resources needed to exploit those rights to the best commercial advantage; and
- (c) were seeking to exploit those rights to the best commercial advantage,

could reasonably be expected to carry out during the period specified in the notice, and that period must be within the 30 years renewal term of the Licence.

(5) If a programme is submitted to the Department in consequence of a notice served by it in pursuance of paragraph (4) of this clause, then—

- (a) it shall not be entitled to revoke this Licence on the ground that the programme does not satisfy the requirements of that paragraph (hereafter in this clause referred to as "the relevant requirements");
- (b) if it is of opinion that the programme does not satisfy the relevant requirements it may serve a notice in writing on the Licensee stating its opinion and the reasons for it.

(6) Where notice in respect of a programme is served on the Licensee in pursuance of paragraph (5) of this clause he shall either—

- (a) within 28 days beginning with the date of service of the notice refer to arbitration, in the manner provided by Clause 41 of this Licence, the question of whether the programme satisfies the relevant requirements; or
- (b) within a reasonable period beginning with that date submit to the Department a further programme which satisfies the relevant requirements;

and where it is determined in consequence of any reference to arbitration in pursuance of sub-paragraph (a) of this paragraph that the programme in question does not satisfy the relevant requirements the Licensee shall submit to the Department as soon as possible after the date of the determination, a further programme which satisfies the relevant requirements.

(7) The Licensee shall carry out any programme submitted by him in pursuance of this clause as to which either—

- (a) the Department serves notice in writing on the Licensee stating that the Department approves the programme; or
- (b) it is determined in consequence of any reference to arbitration in pursuance of this Licence that the programme satisfies the relevant requirements;

and any programme approved by the Department in pursuance of this paragraph shall be deemed for the purposes of this Licence to satisfy the relevant requirements.

(8) Where, in consequence of any breach or non-observance by the Licensee of any provision of paragraph (4), (6) or (7) of this Clause the Department has power by virtue of paragraph (1) of Clause 40 of the Licence to revoke the Licence, it may if it thinks fit exercise that power in relation to such part only of the licensed area as it may specify; and where it does so the rights granted by the Licence shall cease in respect of the specified part of that area without prejudice to any obligation or liability imposed upon the Licensee or incurred by him under the terms of the Licence.

(9) Where the Licensee has a duty by virtue of this clause to carry out a programme during a part of the term of the Licence, the Department may serve notice in pursuance of paragraph (4) of this clause in respect of another part of that term.

Development and production programmes

10.—(1) The Licensee shall not—

- (a) erect or carry out any relevant works, either in the licensed area or elsewhere, for the purpose of getting petroleum from that area or for the purpose of conveying to a place on land petroleum got from that area; or
- (b) get petroleum from that area otherwise than in the course of searching for petroleum or drilling wells,

except with the consent in writing of the Department or in accordance with a programme which the Department has approved or served on the Licensee in pursuance of the following provisions of this clause.

(2) The Licensee shall prepare and submit to the Department in such form and by such time and in respect of such period during the term of the Licence as the Department may direct, a programme specifying—

- (a) the relevant works which the Licensee proposes to erect or carry out during that period for either of the purposes mentioned in paragraph (1)(a) of this clause;
- (b) the proposed locations of the works, the purposes for which it is proposed to use the works and the times at which it is proposed to begin and to complete the erection or carrying out of the works;
- (c) the maximum and minimum quantities of petroleum in the form of gas and the maximum and minimum quantities of petroleum in other forms which, in each calendar year during the period aforesaid or in such other periods during that period as the Department may specify, the Licensee proposes to get as mentioned in paragraph (1)(b) of this clause.

(3) If the Department directs the Licensee—

- (a) to prepare different programmes in pursuance of paragraph (2) of this clause in respect of petroleum from such different parts of the licensed area as are specified in the direction; or
- (b) where a programme approved or served in pursuance of this clause relates to a particular period during the term of the Licence, to prepare a programme or programmes in pursuance of paragraph (2) of this clause in respect of a further period or further periods during that term

the Licensee shall comply with the direction.

(4) It shall be the duty of the Department expeditiously to consider any programme submitted to it in pursuance of paragraph (2) of this clause and when it has done so to give notice in writing to the Licensee stating—

- (a) that the Department approves the programme; or
- (b) that the Department approves the programme subject to the condition that such of the relevant works as are specified in the notice shall not be used before the expiration of the period so specified in relation to the works or shall not be used without the consent in writing of the Department; or
- (c) that the Department rejects the programme on one or both of the following grounds, namely—
 - (i) that the carrying out of any proposals included in the programme in pursuance of paragraph (2) of this clause would be contrary to good oilfield practice;
 - (ii) that the proposals included in the programme in pursuance of sub-paragraph (c) of the said paragraph (2) are, in the opinion of the Department, not in the national interest;

and a notice in pursuance of sub-paragraph (b) of this paragraph may contain different conditions in respect of different works.

(5) Where the Department gives notices of rejection of a programme in pursuance of sub-paragraph (c) of paragraph (4) of this clause, then—

- (a) if the grounds of the rejection consist of or include the ground mentioned in head (i) of that sub-paragraph it shall include in the notice a statement of the matters in consequence of which it rejected the programme on that ground; and
- (b) if the grounds of the rejection consist of or include the ground mentioned in head (ii) of that sub-paragraph it shall include in the notice a statement of the rates at which it considers that, in the national interest, petroleum should be got from the area to which the programme relates; and
- (c) the Licensee shall prepare and submit to the Department, before the time specified in that behalf in the notice—
 - (i) where the notice contains such a statement as is mentioned in sub-paragraph (a) above, modification of the programme which ensure that the carrying out of the programme which those modifications would not be contrary to good oilfield practice;
 - (ii) where the notice contains such a statement as is mentioned in sub-paragraph (b) above, modification of the programme which ensure the getting of petroleum from the area there mentioned at the rates specified in the statement and which (except so far as may be necessary in order to get petroleum at those rates) are not such that the carrying out of the programme with those modifications would be contrary to good oilfield practice;

but the Licensee shall not be required by virtue of paragraph (i) of this sub-paragraph to submit modifications if the carrying out of the programme without modifications would not be contrary to good oilfield practice.

(6) If the Department gives notice in writing to the Licensee that the Department approves the modifications of a programme which have been submitted to it in pursuance of sub-paragraph (c) of paragraph (5) of this clause, the programme with those modifications shall be deemed to be approved by the Department, but if the Licensee fails to perform the duty imposed on him by that sub-paragraph the Department may if it thinks fit, instead of revoking the Licence in consequence of the failure, serve on the Licensee such a programme as the Department considers that the Licensee should have submitted to it in respect of the area and period to which the rejected programme related.

(7) Where the Department proposes to approve a programme subject to a condition in pursuance of paragraph (4)(b) of this clause or to reject a programme in pursuance of paragraph (4)(c) of this clause or to serve a programme on the Licensee in pursuance of paragraph (6) of this clause it shall before doing so—

- (a) gives the Licensee particulars of the proposal and an opportunity of making representations to the Department about the technical and financial factors which the Licensee considers are relevant in connection with the proposal; and
- (b) consider any such representations then made to it by the Licensee; and the Department shall not approve a programme subject to such a condition unless it is satisfied that the condition is required in the national interest.

(8) The Licensee shall carry out any programme approved or served on him by the Department in pursuance of this clause or, if such a programme is varied in pursuance of Clause 11 of this Licence, the programme as so varied except so far as the Licensee is authorised in writing by the Department to do otherwise or is required to do otherwise by such a condition as is mentioned in paragraph (4)(b) of this clause; but if it is necessary to carry out certain works in order to comply with provisions included in a programme by virtue of paragraph (5)(c) of this clause or provisions of a

programme served on the Licensee in pursuance of paragraph (6) of this clause or provisions of a programme as varied in pursuance of Clause 11 of the Licence, then, notwithstanding anything in the programme as to the time when those provisions are to be complied with, the Licensee shall not be treated as having failed to comply with those provisions before the expiration of the period reasonably required for carrying out the works.

(9) In this clause "relevant works" means any structures and any other works whatsoever which are intended by the Licensee to be permanent and are neither designed to be moved from place to place without major dismantling nor intended by the Licensee to be used only for searching for petroleum.

Provisions supplementary to Clause 10

11.—(1) A consent given by the Department in pursuance of Clause 10(1) of the Licence may be given subject to such conditions as are specified in the document signifying the consent and may in particular, without prejudice to the generality of the preceding provisions of this paragraph, be limited to a period so specified.

(2) Where—

- (a) the Department gives notice in respect of a programme in pursuance of paragraph (4)(a) or (b) or paragraph (6) of Clause 10 of the Licence or serves a programme in pursuance of the said paragraph (6); or
- (b) it is determined by arbitration that the Licensee is not required by virtue of head (i) of Clause 10(5)(c) of this Licence to submit modifications of a programme in respect of which notice of rejection containing such a statement as is mentioned in the said head (i) was given by the Department in pursuance of Clause 10(4)(c) of the Licence,

the Department may give to the Licensee, with the notice given or the programme served as mentioned in sub-paragraph (a) of this paragraph or, in a case falling within sub-paragraph (b) of this paragraph, within the period of 3 months beginning with the date of the arbitrator's determination, a notice (hereafter in this clause referred to as a "limitation notice") authorising the Department by a further notice given to the Licensee from time to time after the expiration of the period specified in that behalf in the limitation notice, to provide that the programme to which the limitation notice relates shall have effect while the further notice is in force with the substitution for any quantity of petroleum or any period specified in the programme in pursuance of Clause 10(2)(c) of this Licence of a different quantity of petroleum or a different period specified in the further notice.

(3) A quantity or period specified in such a further notice as that to be substituted for a quantity or period which is specified in the programme in question shall be within the limits specified in the limitation notice as those applicable to that quantity or period specified in the programme; and those limits shall be such as to secure that the expenditure to be incurred by the Licensee in complying with the further notice, in a case where an effect of the notice is to increase the quantity of petroleum which the Licensee is required to get from the licensed area in any period, is less than the cost of drilling a new well in the Licensed area at the time when the further notice is given.

(4) Where the Department proposes to give a limitation notice or any such further notice as aforesaid it shall before doing so—

- (a) give the Licensee particulars of the proposal and an opportunity of making representations to the Department about the technical and financial factors which the Licensee considers are relevant in connection with the proposal; and
- (b) consider any such representations then made to it by the Licensee;

and the Department shall not give such a further notice of which an effect is to increase the quantity of petroleum which the Licensee is required to get from the

Licensed area during any period unless the Department is satisfied that the notice is required by reason of a national emergency and shall not give any other such further notice as aforesaid, unless it is satisfied that the notice is required in the national interest.

- (5) A limitation notice or such a further notice as aforesaid may—
- (a) specify any quantity or period by reference to such factors as the Department thinks fit; and
 - (b) in the case of such a further notice, contain provisions as to—
 - (i) the date when the notice is to come into force,
 - (ii) the date when the notice is to cease to be in force, and specify different dates in pursuance of this sub-paragraph for different provisions of the notice;

and the Department may revoke such a further notice at a particular time by serving on the Licensee a notice in writing stating that the further notice is revoked at that time.

(6) Any question arising under Clause 10 of the Licence or this clause as to what is, is not or is required in the national interest or as to what is, or is required by reason of, a national emergency shall be determined by the Department.

(7) The Licensee shall ensure that any conditions to which an approval is subject in pursuance of Clause 10(4)(b) of the Licence or a consent is subject in pursuance of paragraph (1) of this clause are complied with.

- (8) If in respect of part of the licensed area—
- (a) a consent has been given in pursuance of paragraph (1) of Clause 10 of the licence; or
 - (b) the Licensee has submitted to the Department, in accordance with a direction given by virtue of paragraph (3)(a) of that clause, a programme in pursuance of paragraph (2) of that clause—
 - (i) as respects which the Department has served notice in pursuance of paragraph (4)(a) or (b) or paragraph (6) of that clause, or
 - (ii) in consequence of which the Department has served a programme on the Licensee in pursuance of the said paragraph (6), or
 - (iii) in respect of which it has been determined by arbitration that the Licensee is not required by virtue of paragraph (5)(c)(i) of that clause to submit modifications,

paragraph (1) of Clause 40 of the Licence shall not authorise the Department to revoke the Licence in relation to that part of the licensed area in consequence of any breach or non-observance, while the consent is in force or during the period to which the programme relates, of any provision of the said Clause 10 in connection with a different part of the licensed area.

(9) Where in consequence of any breach or non-observance by the Licensee of any provision of Clause 10 of the Licence the Department has power by virtue of paragraph (1) of Clause 40 of the Licence to revoke this Licence or, in consequence of paragraph (8) of this clause to revoke it in respect of part only of the licensed area, it may if it thinks fit—

- (a) in a case where it has power to revoke the Licence, exercise the power in relation to such part only of the licensed area as it may specify; and
- (b) in a case where by virtue of the said paragraph (8) it has power to revoke it in respect of part only of the licensed area, exercise the power in relation to such portion only of that part as it may specify;

and where in consequence of the said paragraph (8) or by virtue of the preceding provisions of this paragraph the Department revokes the Licence in respect of a part or

portion of the licensed area, the rights granted by the Licence shall cease in respect of that part or portion without prejudice to any obligation or liability imposed upon the Licensee or incurred by him under the terms of the Licence.

Commencement and abandonment and plugging of wells

12.—(1) The Licensee shall not commence, or after abandoning in manner hereinafter provided, shall not recommence the drilling of any well without the consent in writing of the Department.

(2) The Licensee shall not abandon any well without the consent in writing of the Department.

(3) The Licensee shall ensure compliance with any conditions subject to which any consent under either of the foregoing paragraphs is given.

(4) If any such condition under paragraph (1) of this clause relates to the position, depth or direction of the well, or to any casing of the well or if any condition under either paragraph (1) or paragraph (2) of this clause relates to any plugging or sealing of the well, the Department may from time to time direct that the well and all records relating thereto shall be examined in such manner upon such occasion or at such intervals and by such persons as may be specified by the Department's direction and the Licensee shall pay to any such person or to the Department such fees and expenses for such examination as the Department may specify.

(5) The plugging of any well shall be done in accordance with a specification approved by the Department applicable to that well or to wells generally or to a class of wells to which that well belongs and shall be carried out in an efficient and workmanlike manner.

(6) Any well drilled by the Licensee pursuant to the Licence, which, at the expiry or determination of the Licensee's rights in respect of the area or part thereof in which that well is drilled, has not with the consent of the Department been abandoned, shall be left in good order and fit for further working together with all casings and any well head fixtures the removal whereof would cause damage to such well or if the Department so directs in manner provided by paragraph (8) of this clause be plugged and sealed in accordance with the Department's direction.

(7) All casings and fixtures left in position pursuant to the last foregoing paragraph shall be the property of the Department.

(8) In any case to which paragraph (6) of this clause applies, a direction by the Department may be given by notice in writing to the Licensee not less than 1 month before the Licensee's rights in respect of the area or part thereof in which the well is situate expire or determine, specifying the manner in which the well is to be plugged and sealed and the time within which such work is to be done.

(9) An application for the consent of the Department to the drilling of a well shall be accompanied by evidence that any necessary planning permission has been granted.

Distance of wells from boundaries of licensed area

13. No well shall except with the consent in writing of the Department be drilled or made so that any part thereof is less than 125 metres from any of the boundaries of the licensed area.

Control of development wells

14.—(1) The Licensee shall not suspend work on the drilling of a development well, or having suspended it in accordance with this paragraph shall not begin it again, except with the consent in writing of the Department and in accordance with the conditions, if any, subject to which the consent is given.

(2) When work on the drilling of a development well is suspended in accordance with paragraph (1) of this clause, the Licensee shall forthwith furnish the Department with such information relating to the well as the Department may specify.

(3) The Licensee—

- (a) shall not do any completion work in respect of a well in the licensed area except in accordance with a programme of completion work approved by the Department in respect of the well;
- (b) shall furnish to the Department, in accordance with the provisions of such a programme, particulars of any completion work done by him in respect of a well in the licensed area; and
- (c) shall not remove or alter any casing or equipment installed by way of completion work in respect of a well except with the consent in writing of the Department and in accordance with the conditions, if any, subject to which the consent is given.

(4) In this Clause—

“completion work”, in relation to a well, means work, by way of the installation of a casing or equipment or otherwise after the well has been drilled, for the purpose of bringing the well into use as a development well; and

“development well” means a well which the Licensee uses or intends to use in connection with the getting of petroleum in the licensed area, other than a well which for the time being is used or intended to be used only for searching for petroleum.

Provision of storage tanks, pipes, pipe-lines or other receptacles

15. 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, pipe-lines or other receptacles constructed for that purpose.

Avoidance of harmful methods of working

16.—(1) The Licensee shall maintain all apparatus and appliances and all wells in the licensed area which have not been abandoned and plugged as provided by Clause 12 of the Licence 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;
- (b) to conserve the licensed area for productive operations;
- (c) to prevent damage to adjoining petroleum bearing strata;
- (d) to prevent the entrance of water through wells to petroleum bearing strata except for the purposes of secondary recovery; and
- (e) to prevent the escape of petroleum into any waters or water bearing strata in or in the vicinity of the licensed area.

(2) The Licensee shall comply with the instructions from time to time given by the Department in writing relating to any of the matters set out in the foregoing paragraph. 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 41 of the Licence.

(3) Notwithstanding anything in the preceding provisions of this clause, the Licensee shall not—

- (a) flare any gas from the licensed area; or
- (b) use gas for the purpose of creating or increasing the pressure by means of which petroleum is obtained from that area,

except with the consent in writing of the Department and in accordance with the conditions, if any, of the consent.

(4) An application for consent in pursuance of paragraph (3) of this clause must be made in writing to the Department and must specify the date on which the Licensee proposes to begin the flaring or use in question; and subject to paragraph (5) of this clause that date must not be before the expiration of the period of 2 years beginning with the date when the Department receives the application.

(5) If the Department gives notice in writing to the Licensee stating that, in consequence of plans made by the Licensee which the Department considers are reasonable, the Department will entertain an application for consent in pursuance of paragraph (3) of this clause which specifies a date after the expiration of a period mentioned in the notice which is shorter than the period mentioned in paragraph (4) of this clause, an application made in consequence of the notice may specify, as the date on which the applicant proposes to begin the flaring or use in question, a date after the expiration of that shorter period.

(6) Before deciding to withhold consent or to grant it subject to conditions in pursuance of paragraph (3) of this clause, the Department shall give the Licensee an opportunity of making representations in writing to the Department about the technical and financial factors which the Licensee considers are relevant in connection with the case and shall consider any such representations then made to it by the Licensee.

(7) Consent in pursuance of paragraph (3) of this clause shall not be required for any flaring which, in consequence of an event which the Licensee did not foresee in time to deal with it otherwise than by flaring, is necessary in order—

- (a) to remove or reduce the risk of injury to persons in the vicinity of the well in question; or
- (b) to maintain a flow of petroleum from that or any other well;

but when the Licensee does any flaring which is necessary as aforesaid he shall forthwith inform the Department that he has done it and shall, in the case of flaring to maintain a flow of petroleum, stop the flaring upon being directed by the Department to stop it.

(8) The Licensee shall give notice to the Department of an event causing escape or waste of petroleum, damage to petroleum bearing strata or entrance of water through wells to petroleum bearing strata except for the purposes of secondary recovery forthwith after the occurrence of that event and shall, forthwith after the occurrence of any event causing escape of petroleum into the sea, give notice of the event to Chief Inspector of Her Majesty's Coastguard.

(9) The Licensee shall comply with any reasonable instructions from time to time given by the Department with a view to ensuring that funds are available to discharge any liability for damage attributable to the release or escape of petroleum in the course of activities connected with the exercise of rights granted by this Licence; but where the Department proposes to give such instructions it shall before giving them—

- (a) give the Licensee particulars of the proposal and an opportunity of making representations to the Department about the proposal; and
- (b) consider any representations then made to it by the Licensee about the proposal.

Appointment of operators

17.—(1) The Licensee shall appoint such person as operator as is previously approved of in writing by the Department to exercise any function of organising or supervising operations for searching or boring for or getting petroleum in pursuance of this Licence.

(2) The Department shall not refuse to give its approval of a person in pursuance of paragraph (1) of this clause if that person is competent to exercise the function in question; but where an approved person is no longer competent to exercise that function the Department may, by notice in writing given to the Licensee, revoke its approval.

Safety, health and welfare of employees

18. The Licensee shall comply with any instructions from time to time given by the Department in writing for securing the safety, health and welfare of persons employed in or about the licensed area.

Training

19.—(1) The Department may from time to time give to the Licensee instructions in writing as to the training of a reasonable number of persons employed or to be employed, whether by the Licensee or by any other person, in any activity which is related to the exercise of the rights granted by this Licence and the Licensee shall ensure that any instructions so given are complied with.

(2) The Licensee shall furnish the Department with such information relating to the training of persons referred to in paragraph (1) of this clause as the Department may from time to time request.

Unit development

20.—(1) If at any time in which the Licence is in force the Department shall be satisfied that the strata in the Licensed area or any part thereof form part of a single geological petroleum structure or petroleum field (hereinafter referred to as "an oil field") other parts whereof are formed by strata in areas in respect of which other licences granted in pursuance of the Act are then in force and the Department shall consider that it is in the national interest in order to secure the maximum ultimate recovery of petroleum and in order to avoid unnecessary competitive drilling that the oil field should be worked and developed as a unit in co-operation by all persons including the Licensee whose licences extend to or include any part thereof the following provisions of this clause shall apply.

(2) Upon being so required by notice in writing by the Department the Licensee shall co-operate with such other persons, being persons holding Licences under the Act 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 the other Licensees in co-operation, and shall, jointly with the other Licensees, submit such scheme for the approval of the Department.

(3) The said notice shall also contain or refer to a description of the area or areas in respect of which the Department requires a development scheme to be submitted and shall state the period within which such scheme is to be submitted for approval by the Department.

(4) If a development scheme shall not be submitted to the Department within the period so stated or if a development scheme so submitted shall not be approved by the Department, the Department may itself prepare a development scheme which shall be fair and equitable to the Licensee and all other Licensees, and the Licensee shall perform and observe all the terms and conditions thereof.

(5) If the Licensee shall object to any such development scheme prepared by the Department it may within 28 days from the date on which notice in writing of the said scheme shall have been given to it by the Department refer the matter to arbitration in the manner provided by clause 41 hereof.

Licensee to keep records

21.—(1) The Licensee shall keep accurate records in a form from time to time approved by the Department of the drilling, deepening, plugging or abandonment of all wells and of any alterations in the casing thereof. Such records shall contain particulars of the following matters—

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

(2) The Licensee shall keep in the United Kingdom accurate geological plans and maps relating to the licensed area and such other records in relation thereto as may be necessary to preserve all information which the Licensee has about the geology of the licensed area.

(3) The Licensee shall deliver copies of the said records, plans and maps referred to in the two foregoing paragraphs to the Department as and when required.

Returns

22.—(1) The Licensee shall furnish to the Department 3 months from the date of the Licence, and at intervals of 3 months thereafter during the period in which the Licence is in force a return in a form from time to time approved by the Department of the progress of his operations in the licensed area. Such return shall contain—

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

(2) Within 2 months after the end of each calendar year in which the Licence is in force and within 2 months after the expiration or determination of the Licence or any renewal thereof the Licensee shall furnish to the Department an annual return in a form from time to time approved by the Department of the operations conducted in the licensed area during that year or the period prior to such expiration or determination as the case may be together with a plan upon a scale approved by the Department showing the situation of all wells. The Licensee shall also indicate on the said plan all development and other works executed by him in connection with searching, boring for or getting petroleum.

(3) The Licensee shall furnish the Department with such information as the Department may from time to time request about any aspect of activities of the Licensee, which are attributable directly or indirectly to the grant of the Licence, except that the Licensee shall not by virtue of this paragraph be required to furnish information in respect of its activities in connection with any crude oil after he has appropriated it for refining by it.

Licensee to keep samples

23.—(1) As far as reasonably practicable the Licensee shall correctly label and preserve for reference for a period of five years samples of the strata encountered in

any well (including, where the site of such well is on land covered by water, the surface of such land) and samples of any petroleum or water discovered in any well in the licensed area.

(2) The Licensee shall not dispose of any sample after the expiry of the said period of five years unless—

(a) it has at least six months before the date of the disposal given notice in writing to the Department of its intention to dispose of the sample; and

(b) the Department or any person authorised by it has not within the said period of six months informed the Licensee in writing that it wishes the sample to be delivered to it.

(3) The Department or any person authorised by it shall be entitled at any time—

(a) to inform the Licensee in writing that it wishes part of any sample preserved by the Licensee to be delivered to it; or

(b) to inspect and analyse any sample preserved by the Licensee.

(4) The Licensee shall forthwith comply with any request for the delivery of the whole or any part of any sample which is made in accordance with the preceding provisions of this clause.

Reports to be treated as confidential

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

Provided that—

(a) the Department shall be entitled at any time to make use of any of the specified data for the purpose of preparing and publishing such returns and reports as may be required by law;

(b) the Department shall be entitled at any time to furnish any of the specified data to the Geological Survey of Northern Ireland and to any other body of a like nature as may from time to time be carrying on activities of a substantially similar kind to the geological activities at present carried on by the Geological Survey of Northern Ireland;

(c) the Department, the Geological Survey of Northern Ireland and any other such body shall be entitled at any time to prepare and publish reports and surveys of a general nature using information derived from any of the specified data;

(d) the Department, the Geological Survey of Northern Ireland and any such other body shall be entitled to publish any of the specified data of a geological, scientific or technical kind after the expiration of the period of five years beginning with the date when the Department received the data or after the expiration of such longer period as the Department may determine after considering any representations made to it by the Licensee about the publication of data in pursuance of this sub-paragraph.

Inspection of records, etc.

25. The Licensee shall—

(a) permit any person in the service or employment of the Crown who is appointed by the Department for the purpose to inspect, and to take copies of

and make notes from, all books, papers, maps and other records of any kind except by the Licensee in pursuance of the Licence or in connection with activities about which the Department is entitled to obtain information in pursuance of Clauses 19(2) and 22(3) of the Licence; and

- (b) furnish that person at reasonable times with such information and provide him at reasonable times with such reasonable assistance as he may request in connection with or arising out of an inspection in pursuance of this Clause.

Rights of access

26. Any person or persons authorised by the Department 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 or to enter into and upon any of the Licensee's installations or equipment used or to be used in connection with searching, boring for and getting petroleum in the licensed area for the purposes hereinafter mentioned—

- (a) to examine the installations, wells, plant appliances and works made or executed by the Licensee in pursuance of the Licence and the state of repair and condition thereof; and
- (b) to execute any works or to provide and install any equipment which the Department may be entitled to execute or provide and install in accordance with the provisions hereof.

Power to execute works

27. If the Licensee shall at any time fail to perform the obligations arising under the terms and conditions of any of Clauses 7, 12, 15, 16 or 18 of the Licence the Department shall be entitled, after giving to the Licensee reasonable notice in writing of such its intention, to execute any works and to provide and install any equipment which in the opinion of the Department 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.

Fishing and navigation

28. The Licensee shall not carry out any operations authorised by the Licence in or about the licensed area in such manner as to interfere unjustifiably with navigation or fishing in any waters (including the sea) in or in the vicinity of the licensed area or with the consideration of the living resources of any such waters (including the sea).

Preservation of amenities

29. 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 situated.

Protection of mines and mineral deposits

30. Where any borehole or well drilled within the licensed area shall penetrate any mine workings or any workable mineral deposit the Licensee shall take such steps as may be necessary to prevent any water or petroleum in the borehole or well from entering such mine workings or workable deposit.

Notice of accident or fire

31. Notice shall be given to the Department by the Licensee within 24 hours of the occurrence of any accident or fire causing loss of life or serious personal injury or damage to property in or about the licensed area in relation to any employment or works connected with the purpose for which the Licence is granted.

Disposal of refuse waste oil and salt water

32. The Licensee shall exercise due diligence to prevent injury or damage from or escape of refuse, waste oil and salt water and shall dispose of same in a safe and proper manner.

Abandonment or disuse of structures

33. If at any time during the currency of the Licence any structure erected by the Licensee in connection with the Licence upon the licensed area shall be abandoned or become disused, the Licensee shall forthwith give notice to the Department of such abandonment or disuse and within such period as the Department may direct such structure shall be removed and the site of such structure shall be cleared by the Licensee to the satisfaction of the Department.

Department's rights of entry on lands

34. If and whenever any royalties payable under regulation 2 of the Petroleum Production (Royalties) Regulations (Northern Ireland) 1965 (hereinafter called "royalties") or any part thereof shall be in arrear or unpaid for twenty-eight 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 Department may (as an additional remedy and without prejudice to the power of distress and any other rights and remedies to which it 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 or into and upon any of the Licensee's installations and equipment used or to be used in connection with searching, boring for or getting petroleum in the licensed area and may take possession of and sell all or any of the stocks of petroleum engines, machinery, tools, implements, chattels and effects belonging to the Licensee which shall be found in or upon or about the land installations and equipment so entered upon and out of the moneys arising from such sale of all or any of the stocks of petroleum engines, machinery, tools, implements, chattels and effects belonging to the Licensee may retain and pay all the arrears of the said payments and also the cost and expenses incidental to the taking of possession and sale rendering the surplus (if any) to the Licensee.

Compensation for damage

35. Where any person suffers any damage or injury resulting from or arising out of the exercise by the Licensee of any right authorised by the Licence or of any ancillary right which the Licensee is authorised to exercise by virtue of Section 3 of the Act, the Licensee shall make to such person reasonable amends and satisfaction therefor.

Indemnification of the Licensor

36. The Licensee shall at all times keep the Department effectually indemnified against all actions, proceedings, costs, charges, claims and demands whatsoever which may be made or brought against the Department by any third party by reason of any matter or thing done or purported to be done by the Licensee, its agents, employees or contractors under the Licence or any breach of the terms and conditions of the Licence and no settlement shall be made by the Department with any third party in respect of any such action, proceedings, claim or demand without the prior approval of the Licensee, such approval not to be unreasonably withheld.

Insurance

37. (a) Without prejudice to the obligations and liabilities of the Licensee under Clause 35 (compensation for damage) and Clause 36 (indemnification of the Licensor) the Licensee shall procure and shall maintain in the joint names of the Department and the Licensee such insurances as are necessary to cover the obligations of the Licensee under Clauses 35 and 36;

- (b) For all claims to which sub-paragraph (a) applies the insurance cover shall be such sum as shall be determined by the Department for any one occurrence or series of occurrences arising out of one event;
- (c) The Licensee shall produce for inspection by the Department documentary evidence that the insurances required by this clause have been procured or are properly maintained and shall produce to the Department such policy or policies of insurance and receipts for premiums as the Department may reasonably require;
- (d) The Licensee shall pay the costs incurred by the Department in examining the documents, policies and receipts submitted to it under sub-paragraph (c) hereof;
- (e) In the event of the default by the Licensee in procuring or maintaining the necessary insurances to provide the cover specified in sub-paragraph (b) hereof the Department may itself insure against any risk with respect to which the default shall have occurred and any premium or premiums so paid shall be a debt due by the Licensee to the Department.

Advertisements, prospectuses, etc.

38. 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.

Restrictions on assignment, etc.

39.—(1) The Licensee shall not, except with the consent in writing of the Department in accordance with the conditions (if any) of the consent, do anything whatsoever whereby, under the law (including the rules of equity) of any part of the United Kingdom or of any other place, any right granted by the Licence or derived from a right so granted becomes exercisable by or for the benefit of or in accordance with the directions of another person.

(2) The Licensee shall not enter into any agreement providing for a person other than the Licensee to become entitled to, or to any proceeds of sale of, any petroleum which, at the time when the agreement is made, has not been but may be won and saved from the licensed area unless the terms of the agreement have been approved in writing by the Department either unconditionally or subject to conditions; but the preceding provisions of this paragraph do not apply to—

- (a) an agreement for the sale of such petroleum under which the price is payable after the petroleum is won and saved; and
- (b) an agreement in so far as it provides that, after any petroleum has been won and saved from the licensed area, it shall be exchanged for other petroleum.

(3) The Licensee shall not, without the consent of the Department, dispose of any petroleum won and saved in the licensed area or any proceeds of sale of such petroleum in such a manner that the disposal does, to the knowledge of the Licensee or without his knowing it, fulfil or enable another person to fulfil obligations which a person who controls the Licensee, or a person who is controlled by a person who controls the Licensee, is required to fulfil by an agreement which, if the person required to fulfil the obligations were the Licensee, would be an agreement of which the terms require approval by virtue of paragraph (2) of this Clause; and subsections (2) and (4) to (6) of section 302 of the Income and Corporation Taxes Act 1970 shall apply, for the purpose of determining whether for the purposes of this paragraph a person has control of another person, with the following modifications, namely—

- (a) for the words “the greater part” wherever they occur in the said sub-section (2) there shall be substituted the words “one-third or more”; and
- (b) in the said sub-section (6), for the word “may” there shall be substituted the word “shall” the words from “and such attributions” onwards shall be omitted and in the other provisions of that sub-section any reference to an associate of a person shall be construed as including only a relative of his (as defined by section 303(4) of that Act), a partner of his and a trustee of a settlement (as defined by section 454(3) of that Act) of which he is a beneficiary.

(4) Where the Licensee is two or more persons, then, without prejudice to the preceding provisions of this clause, none of those persons shall enter into an agreement with respect to the entitlement of any of them to—

- (a) the benefit of any right granted by this Licence; or
- (b) any petroleum won and saved from the licensed area; or
- (c) any proceeds of sale of such petroleum

unless the terms of the agreement have been approved in writing by the Department but the preceding provisions of this paragraph do not apply to an agreement for the sale of such petroleum under which the price is payable after the petroleum is won and saved and an agreement in so far as it provides that, after any petroleum has been won and saved from the licensed area, it shall be exchanged for other petroleum.

Power of revocation

40.—(1) If any of the events specified in the following paragraph shall occur then and in such case the Department may revoke the 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 incurred by the Licensee or imposed upon him by or under the terms and conditions hereof.

- (2) The events referred to in the foregoing paragraph are—
- (a) any royalties or any part thereof being in arrear or unpaid for two months next after any of the days whereon the same ought to have been paid;
- (b) any breach or non-observance by the Licensee of any of the terms and conditions of this Licence;
- (c) the making by the Licensee of any arrangement or composition with its creditors;
- (d) the bankruptcy of the Licensee or, if the Licensee is a company, the appointment of a receiver or any liquidation whether compulsory or voluntary;
- (e) any breach or non-observance by the Licensee of the terms and conditions of a development scheme;
- (f) the Licensee's ceasing in the case of a company to have its central management and control in the United Kingdom;
- (g) any breach of a condition subject to which the Department gave its approval in pursuance of Clause 39(2) of the Licence;
- (h) any breach of Clause 39(4) of the Licence;

and where two or more persons are the Licensee any reference to the Licensee in sub-paragraph (c) to (g) of this paragraph is a reference to any of those persons.

(3) The Department may revoke the Licence, with the like consequences as are mentioned in paragraph (1) of this clause, if:—

- (a) the Licensee is a company; and

- (b) there is a change in the control of the Licensee; and
- (c) the Department serves notice in writing on the Licensee stating that the Department proposes to revoke the Licence in pursuance of this paragraph unless such a further change in the control of the Licensee as is specified in the notice takes place within the period of three months beginning with the date of service of the notice; and
- (d) that further change does not take place within that period.

(4) There is a change in the control of the Licensee for the purposes of paragraph (3)(b) of this clause whenever a person has control of the Licensee who did not have control of the Licensee when this Licence was granted; and sub-sections (2) and (4) to (6) of section 302 of the Income and Corporation Taxes Act 1970 shall apply, for the purpose of determining whether for the purposes of this paragraph a person has or had control of the Licensee, with the modifications specified in Clause 34(3) of the Licence.

(5) Where two or more persons are the Licensee and any of them is a company, paragraphs (3) and (4) of this clause shall have effect as if—

- (a) sub-paragraph (a) of paragraph (3) were omitted;
- (b) in sub-paragraph (b) of that paragraph, after the word “of” there were inserted the words “any company included among the persons who together constitute”; and
- (c) for the word “Licensee” in any other provision of those paragraphs there were substituted the word “company”.

Arbitration

41.—(1) If at any time hereafter any dispute, difference or question shall arise between the Department and the Licensee touching the construction, meaning or effect of the Licence or any clause or matter therein contained or any instruction given by the Department or the rights or liabilities of the Department and Licensee respectively under the Licence or otherwise however in relation to the premises, then every such dispute, difference or question shall, save where it is expressly provided by the Licence that the matter or thing to which the same relates shall be determined or decided by the Department or the Licensee, be referred to arbitration in accordance with the provisions of the Arbitration Act (Northern Ireland) 1937, the arbitrator to be appointed by agreement between the Department and the Licensee.

(2) In the case of any such arbitration which relates to a development scheme the Licensee shall, unless the arbitrator otherwise determines, perform and observe the terms and conditions of the development scheme pending the decision of the arbitrator.

Costs

42. The Licensee will pay the proper costs and expenses of the Department of and incidental to the preparation of this Licence.

(This note is not part of the Regulations.)

These Regulations revoke and re-enact the Petroleum Production (Licences) Regulations (Northern Ireland) 1965 as amended. They prescribe the persons by whom and the manner in which applications for petroleum licences may be made. They prescribe that licence areas shall be no greater than 350 sq. km. or less than 10 sq. km. (there had previously been no limit) and set out revised Model Clauses which may be incorporated in any licence. The Regulations also prescribe that the application fee for a licence shall be £1,000 and that one quarter of the fee shall be repaid if an application is refused. For a licence of maximum size (350 sq. km.) this represents an increase from a previous fee of £406 (based on a fee of £3 per square mile) and a reduction of the refundable portion from three quarters to one quarter.