



# Oil and Gas (Enterprise) Act 1982

## 1982 CHAPTER 23

### PART I

#### OIL

##### *The British National Oil Corporation*

#### **1 Oil Corporation's powers of disposal**

- (1) Without prejudice to any powers conferred on it by any other enactment, the British National Oil Corporation (in this Act referred to as " the Oil Corporation ") shall, subject to subsection (2) below, have power to provide for the disposal, in such manner as it thinks fit, of any shares of an equity oil subsidiary.
- (2) The Oil Corporation shall not, and shall secure that each other member of the group does not, dispose of any shares of an equity oil subsidiary except with the consent of the Secretary of State and in accordance with any conditions specified in the instrument signifying his consent; and the Secretary of State shall not give any such consent except with the approval of the Treasury.
- (3) In exercising its powers under subsection (1) above the Oil Corporation may, with the consent of the Secretary of State, provide for employees' share schemes to be established in respect of equity oil subsidiaries; and any such scheme may provide for the transfer of shares without consideration.
- (4) In this section and sections 2 and 3 below—
  - " equity oil subsidiary " means a relevant subsidiary which has as its principal object searching and boring for and getting petroleum;
  - " group" means the Oil Corporation and all relevant subsidiaries taken together;
  - " petroleum " has the same meaning as in Part I of the Petroleum and Submarine Pipe-lines Act 1975 (in this Act referred to as " the 1975 Act");and in this Part "subsidiary " and " relevant subsidiary " have the same meanings as in the 1975 Act.

**2 Provisions supplementary to section 1**

- (1) For the purpose of facilitating the eventual disposal under section 1(1) above of—
- (a) any part of the undertaking of the Oil Corporation, or any part of the undertaking of a relevant subsidiary which is not an equity oil subsidiary, being (in either case) a part which is concerned with searching and boring for and getting petroleum, or any property rights or liabilities comprised in such a part; or
  - (b) the whole or any part of the undertaking of, or any property, rights or liabilities of, an equity oil subsidiary,
- the Corporation may exercise its powers to establish subsidiaries, to secure increases in the capital of subsidiaries and to transfer property, rights and liabilities to subsidiaries, notwithstanding the provisions of any enactment which may be taken to limit the purposes for which those powers may be exercised.
- (2) The Oil Corporation may also, for the said purpose, make schemes for the transfer, between the Corporation and a relevant subsidiary or between one such subsidiary and another, of—
- (a) any prescribed property, rights or liabilities ;
  - (b) all property, rights and liabilities comprised in, or in a prescribed part of, the transferor's undertaking.
- (3) A scheme under subsection (2) above may—
- (a) provide that any prescribed rights or liabilities of the transferor shall be enforceable either by or against either party or by or against both ;
  - (b) for the purpose of dealing with matters arising out of or related to the transfer, confer or impose on either party rights or liabilities which are to be enforceable against or by the other;
  - (c) provide that for the purposes of section 6 of the 1975 Act (borrowing limits) any aggregate amount there mentioned shall be determined as if any money borrowed or debt assumed by the transferor the liability to repay which is transferred were (in either case) money borrowed by the transferee ;
- and may contain such other supplementary, incidental and consequential provisions (including provisions as to the construction of agreements, licences and other documents) as may appear to the Oil Corporation to be necessary or expedient.
- (4) A scheme under subsection (2) above may also provide that—
- (a) prescribed securities of the transferee shall be issued to the transferor in consideration of the transfer and shall be credited as fully paid up ;
  - (b) for the purposes of section 56 of the Companies Act 1948 (share premium account) and of any statutory accounts of the transferee, the value of any asset and the amount of any liability transferred shall be taken to be the value or (as the case may be) the amount which would have been assigned to that asset or liability for the purposes of the statutory accounts prepared by the transferor in respect of its last accounting period ending before the transfer date if that period had ended immediately before that date ;
  - (c) a prescribed amount not exceeding the accumulated realised profits of the transferor at the transfer date shall be treated by the transferee as a reserve which represents its profits available for distribution (within the meaning of Part III of the Companies Act 1980);
  - (d) in ascertaining for the purposes of the said section 56 what amount (if any) falls to be treated as a premium received on the issue of any shares in

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pursuance of any provision made by virtue of paragraph (a) above, the amount of the net assets; transferred shall be taken to be reduced by an amount corresponding to the amount of any reserve for which provision is made by virtue of paragraph (c) above;

- (e) subject to any provision made by virtue of the preceding provisions of this subsection, for the purposes of any statutory accounts of the transferee the amount to be included in respect of any item shall be determined as if any relevant thing done by the transferor (whether by way of acquiring, revaluing or disposing of any asset or incurring, revaluing or discharging any liability, or by carrying any amount to any provision or reserve, or otherwise) had been done by the transferee.
- (5) A scheme under subsection (2) above shall not come into force until it is approved by the Secretary of State or until such date as the Secretary of State may in giving his approval specify; and the Secretary of State may approve a scheme either without modifications or with such modifications as, after consultation with the Oil Corporation, he thinks fit.
- (6) On the coming into force of a scheme under subsection (2) above—
- (a) the property, rights and liabilities to be transferred shall, subject to subsection (7) below, be transferred and vest in accordance with the scheme ; and
  - (b) any provision made by virtue of subsection (3) or (4) above shall have effect in accordance with the scheme notwithstanding any rule of law and the provisions of any enactment.
- (7) Schedule 1 to this Act shall apply to any transfer under paragraph (a) of subsection (6) above and that paragraph shall have effect subject to the provisions of that Schedule.
- (8) In this section " statutory accounts " means—
- (a) in relation to the Oil Corporation, a statement of accounts prepared by the Corporation in accordance with section 10 of the 1975 Act;
  - (b) in relation to any other party, accounts prepared by that party for the purposes of any provision of the Companies Acts 1948 to 1981 (including group accounts);

and in this section and in Schedule 1 to this Act " prescribed ", in relation to a scheme under subsection (2) above, means specified or described in or determined in accordance with the scheme.

### **3 Powers of Secretary of State as respects disposals by Oil Corporation**

- (1) The Secretary of State may, after consultation with the Oil Corporation, give directions to the Corporation requiring it to exercise its powers under sections 1 and 2 above (including the powers extended by section 2(1) above) for such purposes and in such manner as may be specified in the directions.
- (2) For the purpose of facilitating a disposal under section 1(1) above, the Secretary of State may by order provide that, in its application to any equity oil subsidiary specified in the order, Part I of the 1975 Act shall have effect with such modifications as may be so specified.
- (3) Except in so far as the Secretary of State, after consultation with the Oil Corporation, otherwise directs, the Corporation shall pay to the Secretary of State any sums received

by it or a relevant subsidiary on a disposal on or after the commencement date of any shares of an equity oil subsidiary.

- (4) The Secretary of State may by order transfer to himself or a nominee of his any shares of a company which is or has been an equity oil subsidiary, being shares held by or on behalf of one or more members of the group; and any shares transferred by an order under this subsection shall vest in the Secretary of State or the nominee by virtue of the order.
- (5) If an order under subsection (4) above so provides, the Secretary of State shall pay to the transferor such sum by way of consideration for the shares as may be specified in the order.
- (6) In determining for the purposes of the 1975 Act or this Part whether any subsidiary of the Oil Corporation is a relevant subsidiary, any shares of the subsidiary held by the Secretary of State or a nominee of his shall be treated as held by the Corporation.
- (7) The Secretary of State shall not give any direction or make any order under this section except with the approval of the Treasury; and except as aforesaid neither the Secretary of State nor a nominee of his shall dispose of any shares held by virtue of this section.
- (8) Any sums required by the Secretary of State for making payments under subsection (5) above shall be paid out of money provided by Parliament; and any sums received by the Secretary of State under subsection (3) above and any dividends or other sums received by the Secretary of State or a nominee of his in right of, on the disposal of, or otherwise in connection with, any shares held by virtue of this section shall be paid into the Consolidated Fund.

#### **4 New financial structure of Oil Corporation**

- (1) On and after the commencement date no further sums shall be paid out of the National Oil Account (in this section referred to as " the Account ") under section 40(3)(a) or (c) of the 1975 Act (sums needed by the Oil Corporation or wholly owned subsidiaries of the Corporation and sums payable to Ministers in respect of revenue accruing in respect of certain services); and on and after that date no further sums shall be paid into the Account under any of the following provisions of that Act, namely—
  - (a) section 7(2) (sums lent to the Corporation by the Secretary of State);
  - (b) section 14(4)(b) (sums received by wholly owned subsidiaries of the Corporation); and
  - (c) section 40(2)(a) and (c) (sums received by the Corporation and sums payable to the Corporation in respect of certain services).
- (2) On the commencement date the Oil Corporation shall assume a debt due to the Secretary of State (in this section referred to as " the Oil Corporation's commencing debt ") of such amount as may be determined by the Secretary of State, with the approval of the Treasury and after consultation with the Corporation, to be the excess of the aggregate of the sums paid out of the Account under section 40(3)(a) of the 1975 Act over the aggregate of the sums paid into the Account under sections 14(4) (b) and 40(2)(a) and (c) of that Act, or such other amount as may be so determined.
- (3) The Treasury shall be deemed to have issued under section 7(4) of the 1975 Act to the Secretary of State out of the National Loans Fund on the commencement date a sum equal to the amount of the Oil Corporation's commencing debt.

- (4) The rate of interest payable on so much of the principal of the Oil Corporation's commencing debt as is for the time being outstanding, the date from which interest is to begin to accrue, the arrangements for paying off the principal of the debt and the other terms of the debt shall be such as the Secretary of State may, with the approval of the Treasury, from time to time determine; and different rates and dates may be determined under this subsection with respect to different portions of the commencing debt.
- (5) Any sums received by the Secretary of State by way of interest on or repayment of the Oil Corporation's commencing debt shall be paid into the National Loans Fund.
- (6) In consequence of subsection (1) above section 7(2), section 14(4)(b) and section 40(2)(a) and (c) and (3)(a) and (c) of the 1975 Act shall cease to have effect.

## **5 Payments by Oil Corporation to Secretary of State**

- (1) If for any accounting year there is an excess of the revenue of the Oil Corporation or any relevant subsidiary over the total sums required by it to meet expenditure properly chargeable to revenue account, the Secretary of State may, with the approval of the Treasury and after consultation with the Corporation, give the Corporation directions requiring it to pay, or cause to be paid, the whole or part of the excess to the Secretary of State.
- (2) The Secretary of State may, with the approval of the Treasury and after consultation with the Oil Corporation, direct the Corporation to pay, or cause to be paid, to the Secretary of State the whole or part of any sum which is or, in the opinion of the Secretary of State, ought to be standing to the credit of a reserve of the Corporation or a relevant subsidiary.
- (3) Any sums received by the Secretary of State in pursuance of this section shall be paid into the Consolidated Fund.
- (4) In this section " accounting year " has the same meaning as in Part I of the 1975 Act.

## **6 Grants by Secretary of State to Oil Corporation**

- (1) The Secretary of State with the approval of the Treasury may, out of money provided by Parliament, make grants to the Oil Corporation or a relevant subsidiary towards expenditure incurred by the Corporation or subsidiary in or in connection with the exercise of the power conferred on the Corporation by section 2(1)(e) of the 1975 Act (power to enter into, and give effect to, participation agreements).
- (2) Grants under this section may be made subject to such conditions as the Secretary of State with the approval of the Treasury may determine.

## **7 Borrowing powers etc. of Oil Corporation**

For subsections (3) and (4) of section 6 of the 1975 Act (borrowing powers etc.) there shall be substituted the following subsections—

- “(3) The aggregate amount outstanding at any time in respect of the principal of any money borrowed temporarily by the Corporation and relevant subsidiaries shall not exceed such amount as is for the time being specified by the Secretary

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of State; and the aggregate amount outstanding at any time in respect of the principal of—

- (a) any money borrowed by the Corporation or a relevant subsidiary from an outside person;
- (b) any sums for the repayment of which by an outside person the Corporation or a relevant subsidiary is surety or guarantor; and
- (c) the Corporation's commencing debt,

shall not exceed £600 million or such larger amount, not exceeding £800 million, as is for the time being specified by an order made by the Secretary of State.

- (4) In applying subsection (3) above, any money borrowed temporarily by the Corporation or a relevant subsidiary for the purpose of repaying, before the due date, any money borrowed by it otherwise than by way of temporary loan shall be disregarded
- (5) Where the Corporation or a relevant subsidiary sells petroleum on terms such that any of the petroleum will or may fall to be delivered more than twelve months after the payment of the price therefore, the price of so much of the petroleum as has not been delivered at any time after the payment shall be treated for the purposes of subsection (3) above as money borrowed by the Corporation or subsidiary from the purchaser.
- (6) Where any person makes to the Corporation or a relevant subsidiary a payment which is to be appropriated to purchases of petroleum by that person from the Corporation or subsidiary, then, unless the terms of the payment are such that the whole of it may reasonably be expected to be so appropriated within twelve months after the making of the payment, so much of the payment as has not been so appropriated at any time shall be treated for the purposes of subsection (3) above as money borrowed by the Corporation or subsidiary from the purchaser.
- (7) Where the Corporation or a relevant subsidiary purchases property on terms such that any part of the price will or may fall to be paid more than twelve months after the transfer of the property, so much of the price as has not been paid at any time after the transfer shall be treated for the purposes of subsection (3) above as money borrowed by the Corporation or subsidiary from the vendor.
- (8) In applying subsection (7) above, any part of the price which may fall to be paid more than twelve months after the transfer of the property and which, if it did, would fall to be calculated by reference to the amount by which the value of the property exceeded its estimated value, or any income derived from the property exceeded the estimated amount of that income, shall be disregarded.
- (9) Where in any case to which subsection (7) above applies any part of the price cannot be ascertained at the time of the transfer, that subsection shall have effect in relation to that part of the price as if—
  - (a) the amount thereof; and
  - (b) the extent to which it has not been paid at any time,
 were such amount or extent as the Secretary of State, with the approval of the Treasury and after consultation with the Corporation, may determine.
- (10) Where at any time a company ceases to be a relevant subsidiary, the Secretary of State may by order provide that subsection (3) above shall have effect as if

for the amounts there specified there were substituted such lower amounts as he may consider appropriate having regard, in particular, to the aggregate amount outstanding at that time in respect of the principal of—

- (a) any money borrowed by that company; and
- (b) any sums for the repayment of which by an out side person that company was at that time surety or guarantor.

(11) In this section—

' the Corporation's commencing debt' means the debt assumed by the Corporation under section 4(2) of the Oil and Gas (Enterprise) Act 1982 ;

' outside person' means a person other than the Corporation or a relevant subsidiary;

' sell' includes barter and exchange and ' purchase ', ' price' and ' payment' shall be construed accordingly.”

### *The National Oil Account*

## **8 Abolition of the National Oil Account**

- (1) The National Oil Account (in this section referred to as " the Account ") shall cease to exist and the amount standing to the credit of the Account shall be paid into the Consolidated Fund.
- (2) In consequence of subsection (1) above, the 1975 Act shall be amended as follows—
  - (a) in sections 25(3) and 40(2) (b) (certain sums received by the Secretary of State to be paid into the Account) for references to the Account there shall be substituted references to the Consolidated Fund ; and
  - (b) in sections 40(3)(b) and 41(4) (certain sums payable by the Secretary of State to be paid out of the Account) for references to the Account there shall be substituted references to money provided by Parliament.
- (3) Also in consequence of subsection (1) above, section 40(1) and (4) of that Act and, in section 40(3), the words " and when" onwards (establishment of the Account, accounts and audit and payment of excess amount into the Consolidated Fund) shall cease to have effect.
- (4) Nothing in this section shall affect the operation of the said section 40(4) (accounts and audit) in relation to the financial year ending 31st March next before the commencement date.
- (5) If the commencement date is other than a 1st April, the said section 40(4) and subsection (4) above shall have effect in relation to the period beginning with the immediately preceding 1st April and ending with the date immediately preceding the commencement date as they apply with respect to the financial year mentioned in subsection (4) above subject, however, in the case of the said section 40(4), to the modification that a copy of the account mentioned in that subsection shall be sent to the Comptroller and Auditor General as soon as possible.

## PART II

### GAS

#### *The British Gas Corporation*

#### **9 Gas Corporation's powers of disposal**

- (1) Without prejudice to any powers conferred on it by any other enactment, the British Gas Corporation (in this Act referred to as " the Gas Corporation ") shall, subject to subsection (2) below, have power to provide for the disposal, in such manner as it thinks fit, of—
  - (a) any shares of a relevant subsidiary ;
  - (b) the whole or any part of the undertaking of, or any property, rights or liabilities of, a relevant subsidiary; or
  - (c) any part of the undertaking of, or any property, rights or liabilities of, the Corporation.
- (2) The Gas Corporation shall not, and shall secure that each member of the group does not, dispose of any shares of a relevant subsidiary except with the consent of the Secretary of State and in accordance with any conditions specified in the instrument signifying his consent; and the Secretary of State shall not give any such consent except with the approval of the Treasury.
- (3) In exercising its powers under subsection (1)(a) above the Gas Corporation may, with the consent of the Secretary of State, provide for employees' share schemes to be established in respect of subsidiaries of the Corporation; and any such scheme may provide for the transfer of shares without consideration.
- (4) In determining for the purposes of this Part whether any subsidiary of the Gas Corporation is a relevant subsidiary, any shares of, the subsidiary which cease or have ceased to be held by or on behalf of one or more members of the group after 17th December 1981 and before the coming into force of subsection (2) above shall be treated as continuing to be so held.
- (5) In this section and sections 10 and 11 below—
  - " group" means the Gas Corporation and all relevant subsidiaries taken together;
  - " relevant subsidiary " means a wholly owned subsidiary of the Corporation;
  - " subsidiary " and " wholly owned subsidiary " have the same meanings as in the Gas Act 1972 (in this Act referred to as " the 1972 Act").

#### **10 Provisions supplementary to section 9**

- (1) For the purpose of facilitating the eventual disposal under section 9(1)(a) above of—
  - (a) any part of the undertaking of, or any property, rights or liabilities of, the Gas Corporation ; or
  - (b) the whole or any part of the undertaking of, or any property, rights or liabilities of, a relevant subsidiary,the Corporation may exercise its powers to establish subsidiaries, to secure increases in the capital of subsidiaries and to transfer property, rights and liabilities to subsidiaries,



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notwithstanding the provisions of any enactment which may be taken to limit the purposes for which those powers may be exercised.

(2) The Gas Corporation may also, for the said purpose, make schemes for the transfer, between the Corporation and a relevant subsidiary or between one such subsidiary and another, of—

- (a) any prescribed property, rights or liabilities ;
- (b) all property, rights and liabilities comprised in, or in a prescribed part of, the transferor's undertaking.

(3) A scheme under subsection (2) above may—

- (a) provide that any prescribed rights or liabilities of the transferor shall be enforceable either by or against either party or by or against both ;
- (b) for the purpose of dealing with matters arising out of or related to the transfer, confer or impose on either party rights or liabilities which are to be enforceable against or by the other;
- (c) provide that for the purposes of section 19 of the 1972 Act (borrowing limit) the aggregate there mentioned shall be determined as if any money borrowed by the transferor the liability to repay which is transferred were money borrowed by the transferee ;

and may contain such other supplementary, incidental and consequential provisions (including provisions as to the construction of agreements, licences and other documents) as may appear to the Gas Corporation to be necessary or expedient.

(4) A scheme under subsection (2) above may also provide that—

- (a) prescribed securities of the transferee shall be issued to the transferor in consideration of the transfer and shall be credited as fully paid up ;
- (b) for the purposes of section 56 of the Companies Act 1948 (share premium account) and of any statutory accounts of the transferee, the value of any asset and the amount of any liability transferred shall be taken to be the value or (as the case may be) the amount which would have been assigned to that asset or liability for the purposes of the statutory accounts prepared by the transferor in respect of its last accounting period ending before the transfer date if that period had ended immediately before that date ;
- (c) a prescribed amount not exceeding the accumulated realised profits of the transferor at the transfer date shall be treated by the transferee as a reserve which represents its profits available for distribution (within the meaning of Part III of the Companies Act 1980);
- (d) in ascertaining for the purposes of the said section 56 what amount (if any) falls to be treated as a premium received on the issue of any shares in pursuance of any provision made by virtue of paragraph (a) above, the amount of the net assets transferred shall be taken to be reduced by an amount corresponding to the amount of any reserve for which provision is made by virtue of paragraph (c) above ;
- (e) subject to any provision made by virtue of the preceding provisions of this subsection, for the purposes of any statutory accounts of the transferee the amount to be included in respect of any item shall be determined as if any relevant thing done by the transferor (whether by way of acquiring, revaluing or disposing of any asset or incurring, revaluing or discharging any liability, or by carrying any amount to any provision or reserve, or otherwise) had been done by the transferee.

- (5) A scheme under subsection (2) above shall not come into force until it is approved by the Secretary of State or until such date as the Secretary of State may in giving his approval specify ; and the Secretary of State may approve a scheme either without modifications or with such modifications as, after consultation with the Gas Corporation, he thinks fit.
- (6) On the coming into force of a scheme under subsection (2) above—
- (a) the property, rights and liabilities to be transferred shall, subject to subsection (7) below, be transferred and vest in accordance with the scheme ; and
  - (b) any provision made by virtue of subsection (3) or (4) above shall have effect in accordance with the scheme, notwithstanding any rule of law and the provisions of any enactment.
- (7) Schedule 1 to this Act shall apply to any transfer under paragraph (a) of subsection (6) above and that paragraph shall have effect subject to the provisions of that Schedule.
- (8) In this section " statutory accounts " means—
- (a) in relation to the Gas Corporation, a statement of accounts prepared by the Corporation in accordance with section 23 of the 1972 Act;
  - (b) in relation to any other party, accounts prepared by that party for the purposes of any provision of the Companies Acts 1948 to 1981 (including group accounts);

and in this section and in Schedule 1 to this Act " prescribed ", in relation to a scheme under subsection (2) above, means specified or described in or determined in accordance with the scheme.

## **11 Powers of Secretary of State as respects disposals by Gas Corporation**

- (1) The Secretary of State may, after consultation with the Gas Corporation, give directions to the Corporation requiring it to exercise its powers under sections 9 and 10 above (including the powers extended by section 10(1) above) for such purposes and in such manner as may be specified in the directions.
- (2) The matters to which the Secretary of State shall have regard in exercising his powers under subsection (1) above shall include, in particular, the need to secure that the public is so far as practicable protected from any personal injury, fire, explosion or other dangers arising from the transmission or distribution of gas through pipes, or from the use of gas supplied through pipes.
- (3) For the purpose of facilitating a disposal under section 9(1)(a) above, the Secretary of State may by order provide that, in its application to any relevant subsidiary specified in the order, the 1972 Act shall have effect with such modifications as may be so specified.
- (4) If and to the extent that the Secretary of State, after consultation with the Gas Corporation, so directs, the Corporation shall pay to the Secretary of State any sums received by it or a relevant subsidiary on a disposal of—
  - (a) any shares of a relevant subsidiary;
  - (b) the whole or any part of the undertaking of, or any property, rights or liabilities of, a relevant subsidiary ; or
  - (c) any part of the undertaking of, or any property, rights or liabilities of, the Corporation,

being a disposal effected on or after the commencement date or in pursuance of a direction given under section 7(2) of the 1972 Act.

- (5) The Secretary of State may by order transfer to himself or a nominee of his any shares of a company which is or has been a relevant subsidiary of the Gas Corporation, being shares held by or on behalf of one or more members of the group ; and any shares transferred by an order under this subsection shall vest in the Secretary of State or the nominee by virtue of the order.
- (6) If an order under subsection (5) above so provides, the Secretary of State shall pay to the transferor such sum by way of consideration for the shares as may be specified in the order.
- (7) In determining for the purposes of the 1972 Act or this Part whether any company is a relevant subsidiary or a subsidiary of the Gas Corporation, any shares of the company held by the Secretary of State or a nominee of his shall be treated as held by the Corporation.
- (8) The Secretary of State shall not give any direction or make any order under this section except with the approval of the Treasury; and except as aforesaid neither the Secretary of State nor a nominee of his shall dispose of any shares held by virtue of this section.
- (9) Any sums required by the Secretary of State for making payments under subsection (6) above shall be paid out of money provided by Parliament; and any sums received by the Secretary of State under subsection (4) above and any dividends or other sums received by the Secretary of State or a nominee of his in right of, on the disposal of, or otherwise in connection with, any shares held by virtue of this section shall be paid into the Consolidated Fund.

#### *Supply of gas by persons other than Gas Corporation*

## **12 Supply of gas by other persons**

- (1) For section 29 of the 1972 Act there shall be substituted the following sections—

### **“29 Restrictions on supply by other persons.**

- (1) Subject to section 29A below, the Secretary of State's consent is required for gas to be supplied through pipes to any premises, except supply by or to the Corporation.
- (2) Consent is not to be given to the supply of gas by any person to premises situated within 25 yards from a distribution main of the Corporation unless either—
  - (a) the Secretary of State is of the opinion that the rate of supply to those premises would be likely to exceed 25,000 therms a year; or
  - (b) the Corporation, having been given the opportunity to do so, have not objected to the giving of consent.
- (3) The Secretary of State's consent may be given—
  - (a) either unconditionally or subject to conditions ; and
  - (b) either with reference to particular cases or by means of orders of general application.

- (4) A specific consent given to any person (that is to say, consent given to him otherwise than by order of general application) is irrevocable and may be given for a specified period or indefinitely.
- (5) Where consent has been given by an order of general application, any person who proposes to undertake a supply which is covered by that general consent may notify the Secretary of State of his proposal (in the manner specified by the order), whereupon subsection (4) above applies as if specific consent either unlimited in duration or, if the order so provides, for the period there specified had been given to him for that supply.
- (6) For the purposes of this section—
  - (a) a person providing gas for his own use shall not in so doing be deemed to supply gas, and gas provided by a company for the use of any subsidiary or holding company of that company, or of any subsidiary of a holding company of that company, shall be deemed to be provided for the use of that company;
  - (b) a person providing, for use in a flat or part of a building let by him, gas supplied to him shall not in so doing be deemed to be supplying gas.

#### **29A Exceptions to section 29.**

- (1) Where a person (in this section referred to as a supplier) notifies the Secretary of State that he proposes to undertake a supply of gas to any premises at a rate in excess of 2,000,000 therms a year (in this section referred to as 'the required rate'), the Secretary of State's consent under section 29 above is not required for that supply unless, within six weeks of receiving the notification, the Secretary of State notifies the supplier either—
  - (a) that he is of the opinion that the rate of supply to those premises would be unlikely to exceed the required rate ; or
  - (b) that he is unable to form an opinion as to whether the rate of supply to those premises would or would not be likely to exceed the required rate.
- (2) Where a supplier has given the Secretary of State a notification under subsection (1) above and—
  - (a) the rate of supply to the premises to which the notification relates fails to exceed the required rate for three successive periods of twelve months;
  - (b) the supplier fails to furnish the Secretary of State with such information as he may require for the purpose of determining whether the condition in paragraph (a) above is fulfilled ; or
  - (c) the supplier fails to afford the Secretary of State with such facilities as he may require for the purpose of verifying any information furnished in pursuance of such a requirement as is mentioned in paragraph (b) above,

the Secretary of State may direct that the supplier's notification shall be treated as invalid for the purposes of that subsection except as regards gas previously supplied.”

- (2) Section 4 of the 1934 Act and section 8 of the Energy Act 1976 (which are superseded by this section) shall cease to have effect.

- (3) Each of the following, namely—
- (a) an authorisation given by the Secretary of State under the said section 4 ;
  - (b) a consent given by him or by the Gas Corporation under the said section 8 ; and
  - (c) a consent given by the Corporation under section 29 of the 1972 Act either as originally enacted or as amended by the said section 8,
- shall have effect as if it were a consent given by the Secretary of State under the said section 29 as substituted by this section.

### **13 Standards of quality**

- (1) After section 29A of the 1972 Act there shall be inserted the following section—

**“29B Standards of quality Power to prescribe standards.**

- (1) The Secretary of State shall after consultation with the Corporation prescribe standards of pressure, purity and uniformity of calorific value to be complied with by the Corporation in supplying gas through pipes, and may after such consultation prescribe other standards with respect to the properties, condition and composition of gas so supplied.
- (2) The Secretary of State shall after consultation with such persons and organisations as he considers appropriate prescribe standards of pressure and purity to be complied with by persons other than the Corporation in supplying gas through pipes, and may after such consultation prescribe standards of uniformity of calorific value and other standards with respect to the properties, condition and composition of gas so supplied.
- (3) The Secretary of State shall appoint competent and impartial persons to carry out tests of gas supplied through pipes for the purpose of ascertaining whether it conforms with the standards prescribed under this section and (in the case of gas supplied by the Corporation) whether it is of the declared calorific value.
- (4) Regulations may provide—
  - (a) for determining the places at which such tests are to be carried out,
  - (b) for requiring premises, apparatus and equipment to be provided and maintained by persons supplying gas through pipes (in this section referred to as suppliers) for the purpose of carrying out such tests,
  - (c) for persons representing the supplier concerned to be present during the carrying out of such tests,
  - (d) for the manner in which the results of such tests are to be made available to the public,
  - (e) for conferring powers of entry on property of suppliers for the purpose of deciding where tests are to be carried out and otherwise for the purposes of this section, and
  - (f) for any other matters supplementary or incidental to the matters aforesaid for which provision appears to the Secretary of State to be necessary or expedient.
- (5) There shall be paid out of money provided by Parliament to the persons appointed under subsection (3) above such remuneration and such allowances as may be determined by the Secretary of State with the approval of the

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Treasury, and such pensions as may be so determined may be paid out of money provided by Parliament to or in respect of those persons.

- (6) Every person who is a supplier during any period shall pay to the Secretary of State such proportion as the Secretary of State may determine of—
- (a) any sums paid by him under subsection (5) above in respect of that period ; and
  - (b) such part of his other expenses for that period as he may with the consent of the Treasury determine to be attributable to his functions in connection with the testing of gas for the purposes of this section ;
- and any liability under this subsection to pay to the Secretary of State sums on account of pensions (whether paid by him under subsection (5) above or otherwise) shall, if the Secretary of State so determines, be satisfied by way of contributions calculated, at such rate as may be determined by the Treasury, by reference to remuneration.
- (7) The reference in subsection (6) above to expenses of the Secretary of State includes a reference to expenses incurred by any government department in connection with the Department of Energy, and to such sums as the Treasury may determine in respect of the use for the purposes of that Department of any premises belonging to the Crown.”

- (2) Section 26 of the 1972 Act (which is superseded by this section) shall cease to have effect.

## 14 Safety regulations

For section 31 of the 1972 Act there shall be substituted the following section—

### “31 Power to make safety regulations

- (1) The Secretary of State may make such regulations as he thinks fit for the purpose of securing that the public is so far as practicable protected from any personal injury, fire, explosion or other dangers arising from the transmission or distribution of gas through pipes, or from the use of gas supplied through pipes.
- (2) Without prejudice to the generality of subsection (1) above, any regulations made under this section may make provision for empowering any officer authorised by the relevant authority, with such other persons (if any) as may be necessary.—
  - (a) to enter any premises in which there is a service pipe connected with gas mains, for the purpose of inspecting any gas fitting on the premises, any flue or means of ventilation used in connection with any such gas fitting, or any service pipe or other apparatus (not being a gas fitting) which is on the premises and is used for the supply of gas or is connected with gas mains,
  - (b) where he so enters any such premises, to examine or apply any test to any such object as is mentioned in paragraph (a) above and (where the object is a gas fitting) to verify what supply of air is available for it, with a view to ascertaining whether the provisions of any regulations made under this section have been complied with or whether the object is in such a condition, or (in the case of a gas fitting) the supply of air available for it is so inadequate, that it (or, in the case of a flue or means

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- of ventilation, the gas fitting in connection with which it is used) is likely to constitute a danger to any person or property, and
- (c) where in his opinion it is necessary to do so for the purpose of averting danger to life or property, and notwithstanding any contract previously existing, to disconnect and seal off any gas fitting or any part of the gas supply system on the premises, or cut off the supply of gas to the premises or, if no such supply is being given, to signify the refusal of the relevant authority to give or, as the case may be, allow such a supply.
- (3) Where any regulations under this section confer any power in accordance with paragraph (c) of subsection (2) above, the regulations shall also include provision—
- (a) for securing that, where any such power is exercised, the consumer will be notified as to the nature of the defect or other circumstances in consequence of which it has been exercised,
- (b) for enabling any consumer so notified to appeal to the Secretary of State on the grounds that the defect or other circumstances in question did not constitute a danger such as to justify the action taken in the exercise of the power, or did not exist or have ceased to exist, and
- (c) for enabling the Secretary of State to give such directions as may in accordance with the regulations be determined by him to be appropriate in consequence of any such appeal.
- (4) Regulations made under this section may make provision for prohibiting any person, except with the consent of the relevant authority or in pursuance of any directions given by the Secretary of State as mentioned in subsection (3) (c) above, from—
- (a) reconnecting any gas fitting or part of any gas supply system which has been disconnected by or on behalf of the relevant authority in exercise of a power conferred by the regulations, or
- (b) restoring the supply of gas to any premises where it has been cut off by or on behalf of the relevant authority in the exercise of any such power, or
- (c) causing gas from gas mains to be supplied to any premises where in pursuance of the regulations the refusal of the relevant authority to give or, as the case may be, allow a supply to those premises has been signified and that refusal has not been withdrawn.
- (5) Where in pursuance of any powers conferred by regulations made under this section, entry is made on any premises by an officer authorised by the relevant authority, the officer shall ensure that the premises are left not less secure by reason of the entry ; and the relevant authority shall make good, or pay compensation for, any damage caused by the officer, or by any person accompanying him in entering the premises, in taking any action therein authorised by the regulations, or in making the premises secure.
- (6) If any person wilfully obstructs any officer exercising powers conferred by regulations made under this section, he shall be guilty of an offence and liable on summary conviction to a fine not exceeding £200.

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- (7) The Rights of Entry (Gas and Electricity Boards) Act 1954 (entry under a justice's warrant) shall apply in relation to any powers of entry conferred by regulations made under this section as if—
- (a) any reference to the Corporation were a reference to the relevant authority, and
  - (b) any reference to an employee of the Corporation were a reference to an officer authorised by the relevant authority.
- (8) Any local enactment which is inconsistent with or rendered redundant by any regulations made under this section shall cease to have effect as from the date on which those regulations come into operation.
- (9) In this section 'the relevant authority'—
- (a) in relation to dangers arising from the distribution of gas by the Corporation, or from the use of gas supplied by the Corporation, means the Corporation, and
  - (b) in relation to dangers arising from the distribution of gas by a person other than the Corporation, or from the use of gas supplied by such a person, means the Secretary of State."

*Use by other persons of pipe-lines belonging to Gas Corporation*

## **15 Construction of pipe-lines by Gas Corporation**

- (1) The Gas Corporation shall not at any time execute any works for the construction of a high pressure pipe-line unless, not less than two years (or such shorter period as the Secretary of State may allow) before that time, it has given notice to the Secretary of State stating that it intends to execute the works.
- (2) A notice under subsection (1) above shall—
- (a) specify the points between which the proposed pipe-line is to run and be accompanied by a map (drawn to a scale not less than 1:1,500,000) on which is delineated the route which it is proposed to take ;
  - (b) specify the length, diameter and capacity of the proposed pipe-line, the kind of gas which it is designed to convey and the quantities of gas which the Gas Corporation requires or expects to require to be conveyed by the pipe-line in order to secure the performance by the Corporation of its statutory duties and contractual obligations; and
  - (c) contain such other particulars (if any) as may be prescribed by regulations made by the Secretary of State.
- (3) The Secretary of State shall cause to be published in such publication or publications as he considers appropriate notice of the receipt by him of any notice under subsection (1) above; and a notice so published shall—
- (a) specify the points between which the proposed pipe-line is to run;
  - (b) name a place or places where a copy of the notice under subsection (1) above (and of the map accompanying it) may be inspected free of charge, and copies thereof may be obtained at a reasonable charge, at all reasonable hours; and
  - (c) specify the time within which, and the manner in which, representations may be made as to the matters mentioned in paragraphs (a) and (b) of subsection (4) below.



- (4) Where in the light of any such representations duly made the Secretary of State is satisfied—
- (a) that a demand exists or is likely to arise for the conveyance of gas of, or of a kind similar to, the kind specified in the notice under subsection (1) above; and
  - (b) that the routes along which the gas will require to be conveyed will severally be, as to the whole or any part thereof, the same or substantially the same as the route or any part of the route so specified,
- then, subject to subsection (6) and section 17(4) below, the Secretary of State may give directions to the Corporation in accordance with subsection (5) below.
- (5) Directions under subsection (4) above may—
- (a) require the Gas Corporation to secure that the pipe-line, or any length of it specified in the directions, shall be so constructed as to be capable of conveying quantities so specified of gas of, or of a kind similar to, the kind specified in the notice under subsection (1) above;
  - (b) specify the sums or the method of determining the sums which the Secretary of State considers should be paid to the Corporation by such of the persons who made representations to the Secretary of State as are specified in the directions for the purpose of defraying so much of the cost of constructing the pipe-line as is attributable to that requirement;
  - (c) specify the arrangements which the Secretary of State considers should be made by each of those persons, within a period specified in that behalf in the directions, for the purpose of securing that those sums will be paid to the Corporation if it constructs the pipe-line in accordance with that requirement;
  - (d) provide that the Corporation may, if such arrangements are not made by any of those persons within the period aforesaid, elect in the manner specified in the directions that the requirement shall have effect with such modifications as are so specified with a view to eliminating the consequences of the representations made by that person.
- (6) The Secretary of State shall not give directions under subsection (4) above without first giving the Gas Corporation particulars of the requirement he proposes to specify in the directions and an opportunity of being heard about the matter; and the said particulars must be given to the Corporation within six months of the Secretary of State receiving the notice under subsection (1) above.
- (7) If, after a notice under subsection (1) above has been given to the Secretary of State, the execution of the works to which the notice relates has not been substantially begun at the expiration of three years from the date on which it was given to him, or at the expiration of any extension of that period which he may allow, the notice shall be treated as invalid for the purposes of that subsection except as regards works previously executed.
- (8) This section shall not apply as respects works for the completion of a pipe-line of which the construction was begun before the commencement date or, if the Secretary of State so directs in the case of any works, within three years of that date.
- (9) In this section and sections 16 and 17 below—
- "gas" has the same meaning as in Part III of the 1972 Act;
  - " high pressure pipe-line " means any pipe-line which—
    - (a) has a design operating pressure exceeding 7 bars; or
    - (b) is of a class specified in an order made by the Secretary of State ;

" pipe-line " has the same meaning as in the Pipe-lines Act 1962;  
 " statutory duties", in relation to the Gas Corporation, means the duties imposed on the Corporation by section 2(1) of and paragraph 2 of Schedule 4 to the 1972 Act.

## **16 Increase of capacity etc. of pipe-lines belonging to Gas Corporation**

- (1) If in the case of a pipe-line belonging to the Gas Corporation it appears to the Secretary of State, on the application of a person other than the Corporation—
- (a) that the pipe-line can and should be modified by installing in it a junction through which another pipe-line may be connected to the pipe-line ; or
  - (b) in the case of a high pressure pipe-line, that the capacity of the pipe-line can and should be increased by modifying apparatus and works associated with the pipeline,

then, subject to section 17(4) below, the Secretary of State may, after giving to the Corporation an opportunity of being heard about the matter, give directions to the Corporation in accordance with subsection (2) below in consequence of the application.

- (2) Directions under this section may—
- (a) specify the modifications which the Secretary of State considers should be made in consequence of the application ;
  - (b) specify the sums or the method of determining the sums which the Secretary of State considers should be paid to the Gas Corporation by the applicant for the purpose of defraying the cost of the modifications ;
  - (c) specify the arrangements which the Secretary of State considers should be made by the applicant, within a period specified in that behalf in the directions, for the purpose of securing that those sums will be paid to the Corporation if it carries out the modifications ;
  - (d) require the Corporation, if the applicant makes those arrangements within the period aforesaid, to carry out the modifications within a period specified in that behalf in the directions.
- (3) References in subsections (1) and (2) above to modifications include, in the case of modifications to any apparatus and works, references to changes in, substitutions for and additions to the apparatus and works ; and the reference in subsection (1) above to apparatus and works associated with a pipe-line shall be construed in accordance with section 65(2) of the Pipe-lines Act 1962.

## **17 Acquisition of rights to use pipe-lines belonging to Gas Corporation**

- (1) If a person applies to the Secretary of State for directions under this section which enable the applicant to secure a right to have conveyed, by a pipe-line belonging to the Gas Corporation, during a period specified in the application quantities so specified of gas which is of a kind so specified and is of, or of a kind similar to, the kind which the pipe-line is designed to convey, it shall be the duty of the Secretary of State—
- (a) to decide whether the application is to be considered further or rejected;
  - (b) to serve notice of his decision on the applicant; and
  - (c) in the case of a decision that the application is to be considered further, to give the Corporation notice that it is to be so considered and an opportunity of being heard about the matter.

- (2) Where, after further considering an application under subsection (1) above, the Secretary of State is satisfied that the giving of directions under this section would not prejudice the conveyance by the pipe-line of—
- (a) the quantities of gas which the Gas Corporation requires or may reasonably be expected to require to be conveyed by the pipe-line in order to secure the performance by the Corporation of its statutory duties and contractual obligations ; and
  - (b) the quantities of gas which any person who has a right to have gas conveyed by the pipe-line is entitled to require to be so conveyed in the exercise of that right,
- the Secretary of State may give such directions to the Corporation.
- (3) Directions under this section may—
- (a) specify the terms on which the Secretary of State considers the Gas Corporation should enter into an agreement with the applicant for all or any of the following purposes—
    - (i) for securing to the applicant the right to have conveyed by the pipe-line during the period specified in the directions the quantities so specified of gas which is of the kind so specified ;
    - (ii) for securing that the exercise of that right is not prevented or impeded ;
    - (iii) for regulating the charges which may be made for the conveyance of gas by virtue of that right;
    - (iv) for securing to the applicant the right to have a pipe-line of his connected to the pipe-line by the Corporation;
  - (b) specify the sums or the method of determining the sums which the Secretary of State considers should be paid by way of consideration for any such right; and
  - (c) require the Corporation, if the applicant pays or agrees to pay those sums within a period specified in that behalf in the directions, to enter into an agreement with him on the terms so specified.
- (4) Where the Secretary of State proposes to give directions to the Gas Corporation under section 15(4) or 16 above, it shall be his duty before doing so—
- (a) in the case of directions under section 15(4) above, to give to any person whom he proposes to specify in the directions particulars of the requirement he proposes so to specify and an opportunity of making an application under subsection (1) above in respect of the proposed pipe-line; and
  - (b) in the case of directions under section 16 above, to give to the applicant particulars of the modifications he proposes to specify in the directions and an opportunity of making such an application in respect of the pipeline ;
- and subsections (1) to (3) above shall have effect in relation to such an application made by virtue of this subsection as if for references to a pipe-line there were substituted references to the proposed pipe-line or, as the case may be, the pipe-line as it would be with those modifications.
- (5) Any reference in this section to a right to have a quantity of gas of any kind conveyed by a pipe-line is a reference to a right—
- (a) to introduce that quantity of gas of that kind at one point in the pipe-line ; and
  - (b) to take off such quantity as may be appropriate of gas of, or of a kind similar to, that kind at another point in the pipe-line.

- (6) Any reference in a deed or other instrument or document to the functions of the Gas Corporation shall be taken to include a reference to any obligations arising under an agreement entered into by the Corporation in pursuance of directions given under this section.

### PART III

#### PETROLEUM LICENCES

#### 18 Amendment of enabling powers etc.

- (1) The Petroleum (Production) Act 1934 (in this Act referred to as " the 1934 Act") shall have effect, and be deemed always to have had effect, as if subsection (2) of section 1 (vesting of property in petroleum) were renumbered as subsection (4) of that section and for subsection (1) of that section there were substituted the following subsections—
- “(1) The property in petroleum to which subsection (2) of this section applies at the commencement of this Act, so far as it is not already so vested, is hereby vested in His Majesty; and His Majesty shall at any time have the exclusive right of searching and boring for and getting petroleum to which that subsection applies at that time.
- (2) Subject to subsection (3) of this section, this subsection applies at any time to petroleum which at that time exists in its natural condition in strata in Great Britain or beneath the territorial waters of the United Kingdom adjacent to Great Britain; and it so applies notwithstanding that the land in which any such petroleum so exists belongs to His Majesty or the Duchy of Cornwall, belongs to a government department or is held in trust for His Majesty for the purposes of a government department.
- (3) Subsection (2) of this section does not apply to petroleum which at the commencement of this Act may be lawfully gotten under a licence in force under the Petroleum (Production) Act 1918, being a licence specified in the Schedule to this Act, so long as that licence remains in force.”
- (2) The 1934 Act shall also have effect, and be deemed always to have had effect, as if in subsection (1) of section 2 (power to grant licences) after the word " shall" there were inserted the words " at any time " and at the end of that subsection there were added the words " to which subsection (2) of section 1 of this Act applies at that time ".

#### 19 Modification of model clauses in existing licences

- (1) Where a licence granted under section 2 of the 1934 Act before the coming into force of section 20 below incorporates—
- (a) the model clauses set out in Part II of Schedule 2 to the 1975 Act (clauses relating to production licences for seaward areas);
  - (b) the model clauses set out in Part II of Schedule 3 to that Act (clauses relating to production licences for landward areas);
  - (c) the model clauses set out in Schedule 4 to the Petroleum (Production) Regulations 1976 (clauses relating to production licences for landward areas);

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- (d) the model clauses set out in Schedule 5 to the said Regulations of 1976 as originally made or as amended by the Petroleum (Production) (Amendment) Regulations 1978 (clauses relating to production licences for seaward areas); or
  - (e) the model clauses set out in Schedule 5 to the said Regulations of 1976 as amended by the said Regulations of 1978 and the Petroleum (Production) (Amendment) Regulations 1980,
- those model clauses as so incorporated shall have effect with the amendments provided for by whichever is appropriate of paragraphs 1 to 5 of Schedule 2 to this Act.
- (2) It is hereby declared that any provisions of a licence which are amended by subsection (1) above may be altered or deleted by an instrument under seal executed by the Secretary of State and the licensee.
  - (3) Any reference in any document to provisions of a licence which are amended by subsection (1) above shall, except so far as the nature of the document or the context otherwise requires, be construed as a reference to those provisions as so amended.

## **20 Modification of model clauses for incorporation in future licences**

The following model clauses, namely—

- (a) the model clauses set out in Schedule 4 to the said Regulations of 1976 ; and
- (b) the model clauses set out in Schedule 5 to those regulations as amended by the said Regulations of 1978 and the said Regulations of 1980,

shall have effect with the amendments provided for by paragraphs 3 and 5 respectively of Schedule 2 to this Act.

## **PART IV**

### **OFFSHORE ACTIVITIES**

## **21 Safety zones around installations**

- (1) The Secretary of State may by order establish a safety zone around any installation which, or part of which, is maintained, or is in the course of being assembled or dismantled, in waters to which this section applies.
- (2) A safety zone shall not extend more than five hundred metres from the installation to which it relates but, subject to that, may extend to waters outside waters to which this section applies.
- (3) A vessel shall not enter or remain in a safety zone except under and in accordance with the terms of an order made or consent given by the Secretary of State.
- (4) If a vessel enters or remains in a safety zone in contravention of subsection (3) above, then, subject to subsection (5) below, its owner and its master shall each be liable—
  - (a) on summary conviction, to a fine not exceeding the statutory maximum; and
  - (b) on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine or to both.

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- (5) It shall be a defence for a person charged with an offence under this section to prove that the establishment of the safety zone was not, and would not on reasonable enquiry have become, known to the master.
- (6) Where the commission by any person of an offence under this section is due to the act or default of some other person, that other person, as well as the first-mentioned person, shall be guilty of that offence and shall be liable to be proceeded against and punished accordingly.
- (7) Where a body corporate is guilty of an offence under this section and that offence is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, he, as well as the body corporate, shall be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Where the affairs of a body corporate are managed by its members this subsection shall apply in relation to the acts and defaults of a member in connection with his functions of management as if he were a director of the body corporate.

- (8) Proceedings for an offence under this section may be taken, and the offence may for all incidental purposes be treated as having been committed, in any place in the United Kingdom.
- (9) The waters to which this section applies are—
- (a) tidal waters and parts of the sea in or adjacent to the United Kingdom up to the seaward limits of territorial waters; and
  - (b) waters in any area designated under section 1(7) of the Continental Shelf Act 1964 (in this Act referred to as "the 1964 Act").
- (10) In this section " installation " does not include any part of a pipe-line within the meaning of section 33 of the 1975 Act other than apparatus or works which are by virtue of that section to be treated as associated with a pipe or system of pipes for the purposes of Part III of that Act.
- (11) Section 2 of the 1964 Act (which is superseded by this section) shall cease to have effect.

## **22 Application of criminal law etc.**

- (1) Her Majesty may by Order in Council provide that, in such cases and subject to such exceptions as may be prescribed by the Order, any act or omission which—
- (a) takes place on, under or above an installation in waters to which this section applies or any waters within five hundred metres of any such installation; and
  - (b) would, if taking place in any part of the United Kingdom, constitute an offence under the law in force in that part,
- shall be treated for the purposes of that law as taking place in that part.
- (2) Her Majesty may by Order in Council provide that, in such cases and subject to such exceptions as may be prescribed by the Order, a constable shall on, under or above any installation in waters to which this section applies or any waters within five hundred

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metres of such an installation have all the powers, protection and privileges which he has in the area for which he acts as constable.

This subsection is without prejudice to any other enactment or rule of law affording any power, protection or privilege to constables.

- (3) Subsections (7) and (8) of section 21 above shall apply in relation to anything that is an offence by virtue of an Order in Council under this section as they apply in relation to an offence under that section.
- (4) The waters to which this section applies are—
  - (a) territorial waters of the United Kingdom ;
  - (b) waters in any area designated under section 1(7) of the 1964 Act; and
  - (c) waters in any area specified under subsection (5) below.
- (5) Her Majesty may from time to time by Order in Council specify any area which—
  - (a) is in a foreign sector of the continental shelf ; and
  - (b) comprises any part of a cross-boundary field,as an area as respects which the powers conferred by this section and section 23 below are exercisable.
- (6) In this section—

" cross-boundary field " means a field that extends across the boundary between an area designated under section 1(7) of the 1964 Act and a foreign sector of the continental shelf;

" field " means a geological structure identified as such by Order in Council under subsection (5) above.
- (7) This section and section 23 below shall apply to installations notwithstanding that they are for the time being in transit.
- (8) Section 3 of the 1964 Act (which is superseded by this section and section 23 below) shall cease to have effect

## **23 Application of civil law**

- (1) Her Majesty may by Order in Council—
  - (a) provide that, in such cases and subject to such exceptions as may be prescribed by the Order, questions arising out of acts or omissions taking place on, under or above waters to which this section applies in connection with any activity mentioned in subsection (2) below shall be determined in accordance with the law in force in such part of the United Kingdom as may be specified in the Order ; and
  - (b) make provision for conferring jurisdiction with respect to such questions on courts in any part of the United Kingdom so specified.
- (2) The activities referred to in subsection (1) above are—
  - (a) activities connected with the exploration of, or the exploitation of the natural resources of, the shore or bed of waters to which this section applies or the subsoil beneath it; and
  - (b) without prejudice to the generality of paragraph (a) above, activities carried on from, by means of or on, or for purposes connected with, installations to which subsection (3) below applies.

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- (3) This subsection applies to any installation which is or has been maintained, or is intended to be established, for the carrying on of any of the following activities, namely—
- (a) the exploitation or exploration of mineral resources in or under the shore or bed of waters to which this section applies;
  - (b) the storage of gas in or under the shore or bed of such waters or the recovery of gas so stored;
  - (c) the conveyance of things by means of a pipe, or system of pipes, constructed or placed on, in or under the shore or bed of such waters ; and
  - (d) the provision of accommodation for persons who work on or from an installation which is or has been maintained, or is intended to be established, for the carrying on of an activity falling within paragraph (a), (b) or (c) above or this paragraph.
- (4) The fact that an installation has been maintained for the carrying on of an activity falling within subsection (3) above shall be disregarded for the purposes of that subsection if, since it was so maintained, it has been outside waters to which this section applies or has been maintained for the carrying on of an activity not falling within that subsection.
- (5) Any jurisdiction conferred on any court under this section shall be without prejudice to any jurisdiction exercisable apart from this section by that or any other court.
- (6) The waters to which this section applies are—
- (a) tidal waters and parts of the sea in or adjacent to the United Kingdom up to the seaward limits of territorial waters;
  - (b) waters in any area designated under section 1(7) of the 1964 Act;
  - (c) waters in any area specified under section 22(5) above; and
  - (d) in relation to installations which are or have been maintained, or are intended to be established, in waters falling within paragraph (a), (b) or (c) above, waters in a foreign sector of the continental shelf which are adjacent to such waters.

## **24 Extended meaning of " offshore installation " in the 1971 Act**

For section 1 of the Mineral Workings (Offshore Installations) Act 1971 (in this Act referred to as "the 1971 Act") there shall be substituted the following section—

### **“1 Application of Act.**

- (1) This Act shall apply to any activity mentioned in subsection (2) below which is carried on from, by means of or on an installation which is maintained in the water, or on the foreshore or other land intermittently covered with water, and is not connected with dry land by a permanent structure providing access at all times and for all purposes.
- (2) The activities referred to in subsection (1) above are—
  - (a) the exploitation or exploration of mineral resources in or under the shore or bed of controlled waters;
  - (b) the storage of gas in or under the shore or bed of controlled waters or the recovery of gas so stored ;



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- (c) the conveyance of things by means of a pipe, or system of pipes, constructed or placed on, in or under the shore or bed of controlled waters ; and
  - (d) the provision of accommodation for persons who work on or from an installation which is or has been maintained, or is intended to be established, for the carrying on of an activity falling within paragraph (a), (b) or (c) above or this paragraph.
- (3) Her Majesty may by Order in Council provide that, in such cases and subject to such exceptions and modifications as may be prescribed by the Order, this Act shall have effect as if—
- (a) any reference to controlled waters included a reference to waters in any area specified under section 22(5) of the Oil and Gas (Enterprise) Act 1982 ; and
  - (b) in relation to installations which are or have been maintained, or are intended to be established, in controlled waters, any reference in subsection (2) above to controlled waters included a reference to waters in a foreign sector of the continental shelf which are adjacent to such waters.
- (4) In this Act—
- ' controlled waters ' means—
    - (a) tidal waters and parts of the sea in or adjacent to the United Kingdom up to the seaward limits of territorial waters;
    - (b) waters in any area designated under section 1(7) of the Continental Shelf Act 1964; and
    - (c) such inland waters as may for the time being be specified for the purposes of this paragraph by Order in Council;
  - ' foreign sector of the continental shelf ' means an area which is outside the territorial waters of any state and within which rights are exercisable by a state other than the United Kingdom with respect to the sea bed and subsoil and their natural resources ;
  - ' offshore installation ' means any installation which is or has been maintained, or is intended to be established, for the carrying on of any activity to which this Act applies.
- (5) In this section—
- ' exploration ' means exploration with a view to exploitation;
  - ' inland waters ' means waters within the United Kingdom other than tidal waters and parts of the sea;
  - ' installation ' includes—
    - (a) any floating structure or device maintained on a station by whatever means; and
    - (b) in such cases and subject to such exceptions as may be prescribed by Order in Council, any apparatus or works which are by virtue of section 33 of the Petroleum and Submarine Pipe-lines Act 1975 to be treated as associated with a pipe or system of pipes for the purposes of Part III of that Act,
- but, subject to paragraph (b) above, does not include any part of a pipeline within the meaning of that section ;
- ' modifications ' includes additions, omissions and alterations.

- (6) The fact that an installation has been maintained for the carrying on of an activity falling within subsection (2) above shall be disregarded for the purposes of this section if, since it was so maintained, the installation—
- (a) has been outside controlled waters or, where it was so maintained in a part of a foreign sector of the continental shelf adjacent to those waters, the area consisting of those waters and that part; or
  - (b) has been maintained for the carrying on of an activity not falling within that subsection.
- (7) Orders in Council made under this section may be varied or revoked by a subsequent Order so made; and any statutory instrument containing an Order under subsection (3) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.”

## **25 Extended meaning of " pipe-line " etc. in the 1975 Act**

- (1) In section 33(1) of the 1975 Act (meaning of pipeline etc.), after paragraph (a) there shall be inserted the following paragraph—
- “(aa) any apparatus for treating or cooling any thing which is to flow through, or through part of, the pipe or system;”.
- (2) In section 22(1) of that Act (compulsory increases in capacity etc. of pipe-lines)—
- (a) for the words " a pipe " in paragraph (b) there shall be substituted the words " another pipe-line "; and
  - (b) the words " connected with the pipe-line " in paragraph (i) shall be omitted.
- (3) In section 23 (3)(d) of that Act (acquisition by persons of right to use pipe-lines belonging to others) for the words " a pipe and apparatus" there shall be substituted the words " a pipe-line ".
- (4) Any pipe-line in relation to which there is in force an authorisation which has been granted under Part III of that Act before the coming into force of subsection (1) above shall not be regarded for the purposes of—
- (a) section 24(4) of that Act (termination of authorisations); or
  - (b) section 25(1) of that Act (vesting of pipe-lines on termination of authorisations),
- as comprising any such associated apparatus as is mentioned in paragraph (aa) of section 33(1) of that Act.
- (5) In subsection (3)(a) of section 26 of that Act (safety regulations) sub-paragraphs (i) and (ii) (exclusion of pipe-lines forming part of offshore installations etc.) shall cease to have effect.

## **26 Extended application of the Offshore Petroleum Development (Scotland) Act 1975**

- (1) In section 1 of the Offshore Petroleum Development (Scotland) Act 1975 (acquisition of land in connection with offshore petroleum)—
- (a) at the end of subsection (1) there shall be inserted the words " or the storage of gas in or under the sea bed or the recovery of gas so stored ";
  - (b) at the end of subsection (2) (a) there shall be inserted the words " or the storage of gas in or under the sea bed or the recovery of gas so stored ";

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- (c) at the end of subsection (2)(b) there shall be inserted the words " or conveying gas to or from the places in or under the sea bed where it is stored or to be stored "; and
  - (d) in subsection (2)(c) after the word " despatch" there shall be inserted the words " or for the reception of gas and for its storage or onward despatch to or from the places in or under the sea bed where it is stored or to be stored and any treatment incidental thereto ".
- (2) In section 20(2) of that Act (interpretation)—
- (a) after the definition of " harbour authority " there shall be inserted the following definition—
    - “ installation ' includes any floating structure or device maintained on a station by whatever means ;” ; and
  - (b) in the definition of " relevant operations" after the word " petroleum " there shall be inserted the words " or the storage of gas in or under the sea bed or the recovery of gas so stored ".

## 27 Prosecutions

- (1) Subject to subsection (2) below, this section has effect as respects—
- (a) any offence alleged to have been committed on, under or above an installation in waters to which section 22 above applies, or any waters within five hundred metres of such an installation ;
  - (b) any offence under the 1971 Act alleged to have been committed elsewhere than in the United Kingdom ;
  - (c) any offence committed on or as respects an aircraft which is not registered in the United Kingdom, being an offence created by virtue of paragraph 6(5) of Part III of Schedule 13 to the Civil Aviation Act 1982; and
  - (d) any offence under section 21 above alleged to have been committed elsewhere than in the United Kingdom.
- (2) An offence shall not be one within subsection (1) above if it is an offence under, or under any provision having effect under—
- (a) the Merchant Shipping Acts 1894 to 1979, or any enactment to be construed as one with the Merchant Shipping Act 1894;
  - (b) the Prevention of Oil Pollution Act 1971, or any enactment to be construed as one with that Act;
  - (c) Part I of the Finance Act 1972, or any enactment to be construed as one with that Part;
  - (d) Part III of the 1975 Act;
  - (e) the Customs and Excise Acts 1979, or any enactment to be construed as one with those Acts or any of them; or
  - (f) except where it is created by virtue of paragraph 6(5) of Part III of Schedule 13 to the Civil Aviation Act 1982, that Act or any enactment to be construed as one with that Act.
- (3) No proceedings shall be instituted in England and Wales for an offence within subsection (1) above except—
- (a) in the case of an offence under the 1971 Act or under section 21 above, by the Secretary of State or by a person authorised in that behalf by the Secretary of State; or

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- (b) in the case of any offence, by or with the consent of the Director of Public Prosecutions ;
- but this subsection shall not apply to an offence if prosecution of that offence in England and Wales requires the consent of the Attorney General.
- (4) No proceedings shall be instituted in Northern Ireland for any offence within subsection (1) above except—
- (a) in the case of an offence under the 1971 Act or under section 21 above, by the Secretary of State or by a person authorised in that behalf by the Secretary of State; or
- (b) in the case of any offence, by or with the consent of the Director of Public Prosecutions for Northern Ireland;
- but this subsection shall not apply to an offence if prosecution of that offence in Northern Ireland requires the consent of the Attorney General for Northern Ireland.
- (5) Section 3 of the Territorial Waters Jurisdiction Act 1878 (consents required for prosecutions) shall not apply to any proceedings for an offence within subsection (1) above.
- (6) Any reference in this section to an offence under the 1971 Act includes a reference to an offence under regulations made under that Act.
- (7) Section 10 of the 1971 Act (which is superseded by this section) shall cease to have effect.

## 28 Interpretation of Part IV

- (1) In this Part—

" foreign sector of the continental shelf " means an area which is outside the territorial waters of any state and within which rights are exercisable by a state other than the United Kingdom with respect to the sea bed and subsoil and their natural resources ;

" installation" includes any floating structure or device maintained on a station by whatever means ;

"statutory maximum", in relation to a fine on summary conviction, means—

- (a) in England, Wales and Northern Ireland, the prescribed sum within the meaning of section 32 of the Magistrates' Courts Act 1980 (at the passing of this Act £1,000); and

- (b) in Scotland, the prescribed sum within the meaning of section 289B of the Criminal Procedure (Scotland) Act 1975 (at the passing of this Act £1,000);

and for the purpose of the application of this definition in Northern Ireland the provisions of the said Act of 1980 which relate to the sum mentioned in paragraph (a) above shall extend to Northern Ireland ;

" submersible apparatus" has the same meaning as in section 16(2) of the Merchant Shipping Act 1974 ;

" vessel " includes a hovercraft, submersible apparatus and an installation which is in transit and " master "—

- (a) in relation to a hovercraft, means the captain ;

- (b) in relation to submersible apparatus, means the person in charge of the apparatus ; and
  - (c) in relation to an installation which is in transit, means the person in charge of the transit operation.
- (2) It is hereby declared that, notwithstanding that this Part may affect individuals or bodies corporate outside the United Kingdom, it applies to any individual whether or not he is a British subject, and to any body corporate whether or not incorporated under the law of any part of the United Kingdom.

## **PART V**

### MISCELLANEOUS AND GENERAL

#### **29 Northern Ireland and Isle of Man shares of petroleum revenue**

- (1) Where petroleum is delivered to the Secretary of State under the terms of a licence granted under section 2 of the 1934 Act as applied by section 1(3) of the 1964 Act, then, for the purposes of section 2 of the Miscellaneous Financial Provisions Act 1968 (Northern Ireland and Isle of Man shares of revenue from the continental shelf), the proceeds from the licence shall be taken to include the proceeds of the sale of the petroleum less—
- (a) any sums paid by the Secretary of State in respect of the petroleum or the delivery or treatment of the petroleum; and
  - (b) any expenses incurred by the Secretary of State in connection with the sale.
- (2) In this section and section 30 below " petroleum " has the same meaning as in the 1934 Act.

#### **30 Payments to petroleum production licence holders etc.**

- (1) Where for any chargeable period for the purposes of a licence granted under section 2 of the 1934 Act any person has been required to deliver petroleum to the Secretary of State under the terms of that licence, subsection (3) of section 41 of the 1975 Act (repayment of royalty payments to facilitate or maintain the development of the petroleum resources of the United Kingdom) shall have effect as if for that period that person had paid to the Secretary of State by way of royalty such sum, or (where he has been required to deliver some but not all of the petroleum which he could have been required to deliver) such additional sum, as he would have been required to pay under the terms of the licence if he had not been required to deliver the petroleum.
- (2) Subsections (1) and (2) of the said section 41 (payments in pursuance of participation agreements) and, in subsection (4) of that section, the words " or an order made by virtue of this section " shall cease to have effect.

#### **31 Participation agreements as respects onshore petroleum**

In section 1(3) of the Participation Agreements Act 1978 (meaning of " participation agreement") after the word " petroleum ", in the first place where it occurs, there shall be inserted the words " existing in its natural condition in strata in the United Kingdom or ".

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### **32 Provisions as to regulations, orders etc.**

- (1) Any power conferred by this Act to make regulations or orders and the power conferred by section 11(1) above to give directions shall be exercisable by statutory instrument.
- (2) Any statutory instrument containing an Order in Council under this Act, an order under section 3(2) or 11(3) or (5) above or a direction under section 11(1) above shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (3) Where the Secretary of State gives directions—
  - (a) to the Oil Corporation under any provision of Part I of this Act; or
  - (b) to the Gas Corporation under any provision of Part II of this Act,
 it shall be the duty of that Corporation (notwithstanding any duty imposed on it by or under any enactment) to comply with the directions.

### **33 Stamp duty**

- (1) Stamp duty shall not be chargeable on any instrument which is certified to the Commissioners of Inland Revenue by the Oil Corporation or the Gas Corporation as having been made or executed for both of the following purposes, namely—
  - (a) to facilitate such an eventual disposal as is mentioned in section 2(1) or, as the case may be, section 10(1) above; and
  - (b) to comply with a direction given by the Secretary of State under section 3(1) or, as the case may be, section 11(1) above;
 but no such instrument shall be deemed to be duly stamped unless it is stamped with the duty to which it would but for this subsection be liable or it has, in accordance with the provisions of section 12 of the Stamp Act 1891, been stamped with a particular stamp denoting that it is not chargeable with any duty or that it is duly stamped.
- (2) Stamp duty shall not be chargeable under section 47 of the Finance Act 1973 in respect of—
  - (a) the formation of a subsidiary of either Corporation; or
  - (b) any increase in the capital of such a subsidiary,
 if the transaction concerned is certified by the Treasury as satisfying the requirements of subsection (3) below.
- (3) A transaction satisfies the requirements of this subsection if—
  - (a) it is effected for both of the purposes mentioned in subsection (1) above ; and
  - (b) it is entered into in connection with one or more transfers to be effected under section 2 or 10 above and does not give rise to an excess of capital.
- (4) For the purposes of subsection (3) above a transaction gives rise to an excess of capital if—
  - (a) in a case falling within subsection (2) (a) above, the total issued capital of the subsidiary exceeds, on the date of the transaction, the total value of the assets less liabilities transferred; or
  - (b) in a case falling within subsection (2)(b) above, the aggregate amount of the increase of issued capital of the subsidiary exceeds, on that date, that total value;

and in this subsection " issued capital" means issued share capital or loan capital.

### **34 Application of Trustee Investments Act 1961**

- (1) For the purpose of applying paragraph 3(b) of Part IV of Schedule 1 to the Trustee Investments Act 1961 (which provides that shares and debentures of a company shall not count as wider-range and narrower-range investments respectively within the meaning of that Act unless the company has paid dividends in each of the five years immediately preceding that in which the investment is made) in relation to investment in shares or debentures of a company to which this section applies during the first investment year or during any year following that year, the company shall be deemed to have paid a dividend as there mentioned—
  - (a) in any year preceding the first investment year which is included in the relevant five years ; and
  - (b) in the first investment year, if that year is included in the relevant five years and the company does not in fact pay such a dividend in that year.
- (2) This section applies to any company of which shares have been transferred to the Secretary of State or a nominee of his by an order under section 3(4) or 11(5) above.
- (3) In this section—
  - " the first investment year ", in relation to a company to which this section applies, means the calendar year in which the relevant order or, as the case may be, the first such order was made ; and
  - " the relevant five years " means the five years immediately preceding the calendar year in which the investment in question is made or is proposed to be made.

### **35 Financial provisions**

- (1) There shall be paid out of money provided by Parliament—
  - (a) any administrative expenses of the Secretary of State; and
  - (b) any increase attributable to the provisions of this Act in the sums which under any other enactment are paid out of money so provided.
- (2) There shall be paid into the Consolidated Fund any increase attributable to this Act in the sums which under any other enactment are payable into that Fund.

### **36 General interpretation**

In this Act—

- "the 1934 Act" means the Petroleum (Production) Act 1934;
- " the 1964 Act " means the Continental Shelf Act 1964 ;
- " the 1971 Act" means the Mineral Workings (Offshore Installations) Act 1971 ;
- " the 1972 Act " means the Gas Act 1972 ;
- " the 1975 Act" means the Petroleum and Submarine Pipelines Act 1975;
- " the commencement date ", in relation to any provision of this Act, means the date of the coming into force of that provision;
- " employees' share scheme " means a scheme for encouraging or facilitating the holding of shares or debentures in a company by or for the benefit of—
  - (a) the bona fide employees or former employees of the company or of a subsidiary of the company; or

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- (b) the wives, husbands, widows, widowers or children or step-children under the age of 18 of such employees or former employees ;
- " the Gas Corporation " means the British Gas Corporation ;
- " modifications " includes additions, omissions and alterations ;
- " the Oil Corporation " means the British National Oil Corporation ;
- " securities " includes shares, debentures, debenture stock, bonds and other securities of the company concerned, whether or not constituting a charge on the assets of the company;
- " shares " includes stock;
- " statutory provision ", except in relation to Northern Ireland, has the same meaning as in section 57(1) of the Harbours Act 1964 and, in relation to Northern Ireland, has the same meaning as in section 1(f) of the Interpretation Act (Northern Ireland) 1954.

### **37 Amendments and repeals**

- (1) The enactments specified in Schedule 3 to this Act shall have effect subject to the amendments specified in that Schedule (being minor amendments or amendments consequential on the preceding provisions of this Act).
- (2) The enactments specified in Schedule 4 to this Act are hereby repealed to the extent specified in the third column of that Schedule.

### **38 Short title, commencement and extent**

- (1) This Act may be cited as the Oil and Gas (Enterprise) Act 1982.
- (2) This Act shall come into force on such day as the Secretary of State may by order appoint, and different days may be so appointed for different provisions or different purposes.
- (3) This Act, except Parts II and III and Schedule 2, extends to Northern Ireland.