

## SCHEDULES

### SCHEDULE 8

Section 101.

#### AMENDMENTS OF SCHEDULE 10 TO FINANCE ACT 1987

- 1 At the end of paragraph 1 (interpretation) there shall be added the following sub-paragraph—
  - “(3) Where an amount of oil is required to be delivered to the Secretary of State pursuant to a notice served by him, any oil which is inadvertently delivered to him in excess of the amount required shall be treated for the purposes of sub-paragraph (2) above as delivered pursuant to the notice.”.
- 2 (1) In paragraph 5 (content of nomination) in sub-paragraph (1)(b)—
  - (a) for the words “except in the case of a proposed appropriation” there shall be substituted “in the case of a proposed sale”; and
  - (b) for the word “delivered” there shall be substituted “sold”.(2) At the end of sub-paragraph (3) of paragraph 5 (penalty for fraudulent or negligent furnishing of information etc. in connection with a nomination) there shall be added the words “and the nomination shall not be effective”.
- 3 (1) In paragraph 8 (revision of nominations) after sub-paragraph (2) there shall be inserted the following sub-paragraphs—
  - “(2A) If a participator who has made a nomination of a proposed supply, proposed appropriation or a proposed transaction falling within paragraph 2(1)(d) above fails, in whole or in part, to supply, to appropriate or otherwise to complete the proposed transaction by the delivery or appropriation of oil forming part of his equity production for the proposed delivery month, then, in accordance with regulations made by the Board, he may amend or withdraw the nomination as mentioned in sub-paragraph (2B) below.
  - (2B) The circumstances in which, in a case falling within sub-paragraph (2A) above, a participator may amend or withdraw a nomination are,—
    - (a) in the case of a nomination of a proposed supply or proposed appropriation, if the participator is of the opinion that the failure referred to in that sub-paragraph was caused by circumstances over which neither he nor any person connected or associated with him had control; or
    - (b) in the case of a nomination of a proposed transaction falling within paragraph 2(1)(d) above, in such circumstances as may be prescribed by regulations made by the Board; or
    - (c) in any case where the nomination is of a proposed supply or proposed appropriation and the participator is either the field operator or the operator of a relevant system, if the participator is of the opinion that the failure referred to in sub-paragraph (2A) above was caused by action necessarily taken by him in the

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interests of safety or the prevention of pollution or in accordance with good oil field practice.

(2C) In relation to such a nomination as is referred to in sub-paragraph (2B) (c) above,—

- (a) a participator is the field operator if, in relation to the field specified in the nomination, he is the person having the function of organising or supervising operations for searching or boring for or getting oil in pursuance of a licence; and
- (b) the expression “relevant system” is applicable only where the oil to which the nomination relates is blended oil and is a reference to any system by which blended oil (in relation to which the field specified in the nomination is one of the originating fields) is transported, treated or stored prior to its disposal or relevant appropriation; and
- (c) a participator in an oil field is an operator of a relevant system, as defined above, if he is the person charged, or principally charged, with the operation of the system;

and expressions used in paragraph (b) above have the same meaning as in section 63 of this Act.”

(2) In sub-paragraph (3) of paragraph 8—

- (a) for the words “sub-paragraph (2)”, in the first place where they occur, there shall be substituted “the preceding provisions of this paragraph”;
- (b) in paragraph (a) after the word “above” there shall be inserted “or, where sub-paragraph (2B) above applies, that the failure was caused as mentioned in paragraph (a) or paragraph (c) of that sub-paragraph or that the circumstances prescribed for the purposes of paragraph (b) of that sub-paragraph exist”; and
- (c) in paragraph (b), for the words “if sub-paragraph (2)(a)” there shall be substituted “except where sub-paragraph (2)(b) or sub-paragraph (2B)(a)”.

(3) In sub-paragraph (4) of paragraph 8 after the words “sub-paragraph (2)(b)” there shall be inserted “and sub-paragraph (2B)”.

(4) In sub-paragraph (5) of paragraph 8 for the words “preceding provisions of this Schedule” there shall be substituted “provisions of this Schedule (other than this paragraph)”.

4 In paragraph 9 (effective volume for nominated transactions) for sub-paragraph (4) there shall be substituted the following sub-paragraphs—

“(4) In relation to a proposed supply or proposed appropriation where the nominal volume is expressed as mentioned in paragraph 7(5) above and oil is in fact supplied or, as the case may be, relevantly appropriated as proposed in the nomination, the effective volume is whichever is the greater of—

- (a) the minimum nominal volume; and
- (b) so much of the total volume of oil supplied or relevantly appropriated as does not exceed the maximum nominal volume.

(5) In relation to a proposed supply or proposed appropriation which does not fall within sub-paragraph (4) above, the effective volume is the nominal volume.”

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- 5 (1) In paragraph 11 (which defines the aggregate nominated proceeds for a month) at the beginning of paragraph (b) of sub-paragraph (1) (market value of excess of equity production over proceeds of nominated transactions) there shall be inserted the words “subject to sub-paragraph (1A) below” and at the end of that sub-paragraph there shall be inserted the following sub-paragraph—
- “**(1A)** If for any month—
- (a) a participator has made a nomination of a proposed sale, and
  - (b) he has an excess falling within sub-paragraph (3) below,
- then for that month the reference in sub-paragraph (1)(b) above to the market value of the excess shall be construed as a reference to the market value multiplied by the designated fraction for that month.”
- (2) At the beginning of sub-paragraph (2) of paragraph 11 there shall be inserted “Subject to sub-paragraph (2A) below” and at the end of that sub-paragraph there shall be inserted the following sub-paragraph—
- “**(2A)** In the case of a nominated transaction consisting of a proposed supply or proposed appropriation, the proceeds of the transaction shall not have the meaning assigned by sub-paragraph (2) above unless the participator satisfies the Board—
- (a) that the whole of the effective volume of oil has been or is to be used for refining as mentioned in paragraph 2(1)(b) above or, as the case may be, has been or is to be relevantly appropriated; or
  - (b) that, in so far as any of the effective volume of oil has not been or is not to be so used or appropriated, that is occasioned by circumstances over which neither the participator nor any company associated with him, as mentioned in paragraph 2(1) above, has (or had at any material time) control;
- and if the Board are not so satisfied with respect to any such nominated transaction, the proceeds of that transaction means the market value (determined in accordance with Schedule 3 to the principal Act) of the effective volume of oil, multiplied by the designated fraction for the month in question.”
- (3) At the end of paragraph 11 there shall be inserted the following sub-paragraphs—
- “**(5)** For any month the designated fraction is such fraction as may be specified for the purposes of that month by order made by the Treasury.
- (6)** An order under sub-paragraph (5) above—
- (a) shall not specify a fraction smaller than unity or greater than  $\frac{3}{2}$ ;
  - (b) may be made to have effect for any month in the chargeable period in which falls the date on which the order is made (whether that month begins before, on or after that date);
  - (c) if it has effect for a month earlier than the date on which it is made, may contain such transitional provisions as the Treasury consider appropriate; and
  - (d) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.”

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6 In paragraph 12 (nominations of blended oil by a participator in two or more fields )

(a) for the words from the beginning to “this Act” there shall be substituted

“(1) If a person is a participator in two or more oil fields which, in relation to any blended oil, are or are included among the originating fields, then, in accordance with regulations made by the Board, he may make a nomination, having effect with respect to all the originating fields in which he is a participator, of a proposed sale, supply or appropriation of the blended oil”;  
and

(b) at the end there shall be added—

“(2) In sub-paragraph (1) above “blended oil” and “the originating fields” have the same meaning as in section 63 of this Act.”