



Petroleum Royalties (Relief) and Continental Shelf Act 1989

CHAPTER 1

ARRANGEMENT OF SECTIONS

Petroleum Royalties Relief

Section

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Petroleum Royalties (Relief) and Continental Shelf Act 1989

1989 CHAPTER 1

An Act to confer on holders of certain petroleum licences an exemption from royalties (including royalties in kind) in respect of petroleum from certain onshore and offshore fields and to confer power to amend the Continental Shelf (Designation of Additional Areas) Order 1974 to give effect to an Agreement made between Her Majesty's Government in the United Kingdom and the Government of the Republic of Ireland relating to their respective rights in relation to the continental shelf.

[7th February 1989]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Petroleum Royalties Relief

1.—(1) Petroleum won and saved from any relevant Southern Basin or onshore field or relevant onshore area shall be disregarded in determining whether any and, if so, what—

- (a) payments of royalty; and
- (b) deliveries of petroleum,

are to be made in relation to chargeable periods ending after 30th June 1988 as consideration for the grant of a licence to which this section applies.

(2) This section applies to any licence granted under section 2 of the Petroleum (Production) Act 1934 which incorporates all or any of—

- (a) the model clauses listed in Part I of the Schedule to this Act (model clauses for production licences for seaward areas); or

Royalty exemption for petroleum from certain Southern Basin and landward areas.

1934 c. 36.

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- (b) the model clauses listed in Part II of the Schedule to this Act (model clauses for production licences, appraisal licences and development licences for landward areas),

including, in the case of any licence which incorporates all or any of the model clauses set out in Schedule 4 or 5 to the 1984 Regulations or in Schedule 4 to the 1988 Regulations, any licence granted after the passing of this Act.

(3) For the purposes of this section—

- 1975 c. 22. (a) “relevant Southern Basin or onshore field” means an oil field (within the meaning of Part I of the Oil Taxation Act 1975) other than one—
- 1983 c. 28. (i) which is a relevant new field for the purposes of section 36 of the Finance Act 1983 (allowance for fields in seaward areas other than the North Sea Southern Basin having no development consent granted or development programme served or approved before 1st April 1982); or
- (ii) for any part of which consent for development was granted to the licensee by the Secretary of State before 1st April 1982; or
- (iii) for any part of which a programme of development was served on the licensee or approved by the Secretary of State before that date;
- 1934 c. 36. (b) “relevant onshore area” means any onshore area for which a licence has been granted under section 2 of the Petroleum (Production) Act 1934 which incorporates all or any of the model clauses listed in Part II of the Schedule to this Act other than so much of such a licensed area as is or forms part of an onshore field (within the meaning of the definition in paragraph (a) above disregarding the exclusions);

and “onshore” has the same meaning as “landward” (in the expression “landward areas”) in the regulations specified in Part II of the Schedule to this Act and “petroleum” has the same meaning as in the said Act of 1934.

(4) In determining, in accordance with paragraph (a) of subsection (3) above, whether an oil field (in this subsection referred to as “the field in question”) is a relevant Southern Basin or onshore field, no account shall be taken of a consent for development granted before 1st April 1982 or a programme of development served on the licensee or approved by the Secretary of State before that date if—

- (a) in whole or in part that consent or programme related to another oil field for which a determination under Schedule 1 to the Oil Taxation Act 1975 was made before the determination under that Schedule for the field in question; and
- (b) on or after 1st April 1982, a consent for development is or was granted or a programme of development is or was served on the licensee or approved by the Secretary of State and that consent or programme relates, in whole or in part, to the field in question.

(5) In subsections (3) and (4) above “development” means—

- (a) the erection or carrying out of permanent works for the purpose of getting oil from the field or area, as the case may be, or for the purpose of conveying oil won from it to a place on land; or
- (b) winning oil from the field or area, as the case may be, otherwise than in the course of searching for oil or drilling wells;

and consent for development does not include consent which is limited to the purpose of testing the characteristics of an oil-bearing area and does not relate to the erection or carrying out of permanent works.

(6) In subsection (5) above “permanent works” means any structures or other works whatsoever which are intended by the licensee to be permanent and are neither designed to be moved from place to place without major dismantling nor intended by the licensee to be used only for searching for oil.

2. Section 1 of the Petroleum Royalties (Relief) Act 1983 (royalty exemption for petroleum from certain new offshore fields) shall apply to any licence granted under section 2 of the Petroleum (Production) Act 1934 which incorporates all or any of the model clauses set out in Schedule 4 to the Petroleum (Production) (Seaward Areas) Regulations 1988 (production licences for seaward areas) as it applies to licences so granted which incorporate all or any of the model clauses specified in subsection (2) of that section, including any licence granted after the passing of this Act.

Extension of royalty exemption for petroleum from certain new offshore fields. 1983 c. 59. 1934 c. 36. S.I.1988/1213.

Continental Shelf

3.—(1) This section applies in relation to the agreement made between Her Majesty’s Government in the United Kingdom and the Government of the Republic of Ireland as to the respective rights of the United Kingdom and the Republic of Ireland in relation to the continental shelf adjacent to the two countries and signed at Dublin on behalf of those Governments on 7th November 1988.

Power to amend designation order relating to continental shelf between the United Kingdom and the Republic of Ireland.

(2) Her Majesty may, by Order in Council, make such provision amending the Continental Shelf (Designation of Additional Areas) Order 1974 made under section 1(7) of the Continental Shelf Act 1964 (designating an area to the west of Scotland) as appears to Her to be necessary to give effect to the said Agreement.

S.I.1974/1489. 1964 c. 29.

Supplementary

4.—(1) This Act may be cited as the Petroleum Royalties (Relief) and Continental Shelf Act 1989.

Short title and extent.

(2) Sections 1 and 2 of this Act do not extend to Northern Ireland.

SCHEDULE

Section 1(2).

LICENCES TO WHICH SECTION 1 APPLIES

PART I

Model clauses for production licences for seaward areas

The model clauses referred to in section 1(2)(a) are the following—

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|-----------------------------------|---|
| 1975 c. 74. | 1. The model clauses set out in Part II of Schedule 2 to the Petroleum and Submarine Pipe-lines Act 1975. |
| S.I. 1976/1129.
S.I. 1978/929. | 2. The model clauses set out in Schedule 5 to the Petroleum (Production) Regulations 1976, as originally made or as amended by the Petroleum (Production) (Amendment) Regulations 1978. |
| S.I. 1980/721. | 3. The model clauses set out in Schedule 5 to the said Regulations of 1976 as amended by the said Regulations of 1978 and by the Petroleum (Production) (Amendment) Regulations 1980. |
| S.I. 1982/1000.
1987 c. 12. | 4. The model clauses set out in Schedule 5 to the Petroleum (Production) Regulations 1982 as originally made or as amended by section 18 of and Schedule 2 to the Petroleum Act 1987. |
| S.I. 1988/1213. | 5. The model clauses set out in Schedule 4 to the Petroleum (Production) (Seaward Areas) Regulations 1988. |

PART II

Model clauses for production, appraisal and development licences for landward areas

The model clauses referred to in section 1(2)(b) are the following—

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| | 1. The model clauses set out in Part II of Schedule 3 to the Petroleum and Submarine Pipe-lines Act 1975. |
| | 2. The model clauses set out in Schedule 4 to the Petroleum (Production) Regulations 1976. |
| | 3. The model clauses set out in Schedule 4 to the Petroleum (Production) Regulations 1982. |
| S.I. 1984/1832. | 4. The model clauses set out in Schedule 4 to the Petroleum (Production) (Landward Areas) Regulations 1984 as originally made or as amended by section 18 of and Schedule 2 to the Petroleum Act 1987. |
| | 5. The model clauses set out in Schedule 5 to the said Regulations of 1984 as originally made or as amended by section 18 of and Schedule 2 to the Petroleum Act 1987. |

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