STATUTORY INSTRUMENTS

1982 No. 1131

GAS

The British Gas Corporation (Disposal of Offshore Oilfield Interests) Directions 1982

Made - - -	*4th August* 1982
Laid before Parliament	*6th August* 1982
Coming into Operation	*31st August* 1982

The Secretary of State, in exercise of the powers conferred on him by section 11(1) of the Oil and Gas (Enterprise) Act 1982(**a**) (hereinafter referred to as "the Act") and of all other powers enabling him in that behalf and after consultation with the British Gas Corporation (hereinafter referred to as "the Corporation") and with the approval of the Treasury, hereby gives the following directions to the Corporation:—

Citation, commencement and interpretation

1.—(1) These directions may be cited as the British Gas Corporation (Disposal of Offshore Oilfield Interests) Directions 1982 and shall come into operation on 31st August 1982.

(2) In these directions "petroleum" has the same meaning as in Part I of the Petroleum and Submarine Pipe-lines Act 1975(**b**).

Establishment of Subsidiary A

2. For the purpose of facilitating the eventual disposal under section 9(1)(*a*) of the Act of the property, rights and liabilities of the Corporation and of Gas Council (Exploration) Limited, a wholly owned subsidiary of the Corporation, relating to, or comprised in so much of their undertakings as relate to, the seaward areas specified in the Schedule to these directions, the Corporation shall exercise its powers extended by section 10(1) of the Act by establishing, before the expiry of the period of 3 months beginning on the date of the coming into operation of these directions, a wholly owned subsidiary of the Corporation, (hereinafter referred to as "Subsidiary A"), having as its principal object searching and boring for and getting petroleum either directly or through subsidiaries.

Scheme relating to Subsidiary A

3.—(1) For the purpose mentioned in Clause 2 above, the Corporation shall exercise its powers under section 10(2) of the Act by making, and submitting to the Secretary of State for approval before the expiry of the period specified in Clause 2 above, a scheme for the transfer of the property, rights and liabilities mentioned in Clause 2 above to Subsidiary A.

(**a**) 1982 c.23. (**b**) 1975 c.74.

(2) Such scheme shall, pursuant to section 10(3)(*b*) of the Act, for the purpose of facilitating the conclusion of arrangements with a view to securing participation by the British National Oil Corporation or any other body on behalf of the Government in activities connected with petroleum, confer on the Corporation, subject to any existing rights of other persons, rights enforceable against Subsidiary A to acquire, if the Corporation so elects, up to 51% of the petroleum not consisting of methane won or saved from each of the seaward areas specified in the Schedule to these directions to which Subsidiary A will become entitled.

(3) Such scheme shall also provide that—

(*a*) in consideration of the transfer referred to in paragraph (1) above there shall be issued as appropriate to the Corporation and to Gas Council (Exploration) Limited shares of Subsidiary A which shall be credited as fully paid up and debentures securing a debt repayable in the event of a disposal of any shares of Subsidiary A except to the Secretary of State or a nominee of his;

(*b*) an appropriate amount not exceeding the accumulated realised profits of Gas Council (Exploration) Limited at the transfer date shall be treated by Subsidiary A as a reserve which represents its profits available for distribution (within the meaning of Part III of the Companies Act 1980(**a**)); and

(*c*) in ascertaining for the purposes of section 56 of the Companies Act 1948(**b**) what amount (if any) falls to be treated as a premium received on the issue of the shares of Subsidiary A in pursuance of the provision made by sub-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 sub-paragraph (*b*) above.

Establishment of Subsidiary B, Subsidiary C, Subsidiary D and Subsidiary E

4. For the purpose mentioned in Clause 2 above, the Corporation shall exercise its powers extended by section 10(1) of the Act by establishing, before the expiry of the period specified in Clause 2 above, four wholly owned subsidiaries of the Corporation (hereinafter referred to as "Subsidiary B", "Subsidiary C", "Subsidiary D" and "Subsidiary E"), each having as its principal object searching and boring for and getting petroleum and each having no members except Subsidiary A and its nominees.

Scheme relating to Subsidiary B, Subsidiary C, Subsidiary D and Subsidiary E

5.—(1) For the purpose mentioned in Clause 2 above, the Corporation shall exercise its powers under section 10(2) of the Act by making, and submitting to the Secretary of State for approval before the expiry of the period specified in Clause 2 above, a scheme for—

(*a*) the transfer between Subsidiary A and Subsidiary B of the property, rights and liabilities referred to in Clause 3(1) and (2) above in so far as they relate to, or are comprised in so much of the undertaking of Subsidiary A as relates to, the seaward area specified in paragraph 1 of the Schedule to these directions;

(**a**) 1980 c.22. (**b**) 1948 c.38.

(*b*) the transfer between Subsidiary A and Subsidiary C of the property, rights and liabilities so referred to in so far as they relate to, or are comprised in so much of such undertaking as relates to, the seaward area specified in paragraph 2 of that Schedule;

(*c*) the transfer between Subsidiary A and Subsidiary D of the property, rights and liabilities so referred to in so far as they relate to, or are comprised in so much of such undertaking as relates to, the seaward area specified in paragraph 3 of that Schedule;

(*d*) the transfer between Subsidiary A and Subsidiary E of the property, rights and liabilities so referred to in so far as they relate to, or are comprised in so much of such undertaking as relates to, the seaward area specified in paragraph 4 of that Schedule.

(2) Such scheme shall also provide that, in consideration of the transfers referred to in paragraph (1) above, there shall be issued as appropriate to Subsidiary A, shares of Subsidiary B, Subsidiary C, Subsidiary D and Subsidiary E which shall be credited as fully paid up.

Establishment of Subsidiary F

6. For the purpose of facilitating the eventual disposal under section 9(1)(*a*) of the Act of the rights referred to in Clause 3(2) above, the Corporation shall exercise its powers extended by section 10(1) of the Act by establishing, before the expiry of the period specified in Clause 2 above, a wholly owned subsidiary of the Corporation, (hereinafter referred to as "Subsidiary F"), having as its principal object the acquisition and disposal of petroleum.

Scheme relating to Subsidiary F

7.—(1) For the purpose mentioned in Clause 6 above, the Corporation shall exercise its powers under section 10(2) of the Act by making, and submitting to the Secretary of State for approval before the expiry of the period specified in Clause 2 above, a scheme for the transfer between the Corporation and Subsidiary F of the rights referred to in Clause 3(2) above.

(2) Such scheme shall also provide that, in consideration of the transfer referred to in paragraph (1) above, there shall be issued as appropriate to the Corporation shares of Subsidiary F which shall be credited as fully paid up.

Schemes—general provisions

8. Any scheme made pursuant to the directions shall—

(*a*) where appropriate, also provide that for the purposes of section 56 of the Companies Act 1948 (share premium account) and of any statutory accounts of a 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;

(*b*) where appropriate, and subject to any provision made by virtue of Clause 3(3) or paragraph (*a*) above, also provide that 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 had been done by the transferee; and

(*c*) 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 Corporation to be necessary or expedient.

Provisions relating to disposal of shares

9. The Corporation shall exercise its power under section 9(1)(*a*) of the Act to provide for the disposal of shares of Subsidiary A, Subsidiary B, Subsidiary C, Subsidiary D and Subsidiary E in the following manner:—

(*a*) by engaging an independent petroleum consultant to prepare, before the expiry of the period of 6 months beginning on the date of the coming into operation of these directions, reports evaluating each of the interests of Subsidiary B, Subsidiary C, Subsidiary D and Subsidiary E in the seaward areas specified in the Schedule to these directions and another report evaluating those interests taken together;

(*b*) by compiling, or causing to be compiled, such information about the activities of Subsidiary A, Subsidiary B, Subsidiary C, Subsidiary D and Subsidiary E as may facilitate any such disposal of shares ; and

(*c*) without prejudice to the generality of paragraph (*b*) above, by preparing, or causing to be prepared, proper statements of accounts both on a current cost and on an historical cost accounting convention showing—

(i) the state of affairs at the transfer date relating to the scheme referred to in Clause 5(1) above of each of Subsidiary A, Subsidiary B, Subsidiary C, Subsidiary D and Subsidiary E and of all those subsidiaries of the Corporation taken together; and

(ii) the annual profit and loss and the source and application of funds in respect of such seaward areas during a period of at least 5 years ending on the transfer date relating to the scheme referred to in Clause 5(1) above,

with a view to the completion of such statements of accounts before the expiry of the period of 2 months beginning on such transfer date.

Nigel Lawson,
Secretary of State for Energy.

4th August 1982.

We approve these directions.

John Selwyn Gummer,
Geoffrey Howe,
Two of the Lords Commissioners of Her Majesty's Treasury.

4th August 1982.

SCHEDULE

Clause 2

SEAWARD AREAS

1. Blocks 22/17 and 22/18 comprised respectively in production licences P.019 and P.020.

2. Block 9/13a comprised in production licence P.139.

3. Block 211/27 comprised in production licence P.184.

4. Block 30/11b comprised in production licence P.185.

Note. In this Schedule—

(a) "block" means an area delineated on the reference map deposited at the principal office of the Department of Energy for the purposes of the Petroleum (Production) Regulations 1982(**a**); and

(b) references to production licences are references to production licences for seaward areas within the meaning of the Petroleum (Production) Regulations 1982.

(**a**) S.I. 1982/1000.

EXPLANATORY NOTE

(This Note is not part of the Directions.)

These directions require the British Gas Corporation—

(*a*) to establish a subsidiary, referred to as Subsidiary A, having as its principal object searching and boring for and getting petroleum and to make a scheme for the transfer of the property, rights and liabilities of the Corporation and Gas Council (Exploration) Limited, a wholly owned subsidiary of the Corporation, relating to four seaward areas comprised respectively in production licences P.019 and P.020 (blocks 22/17 and 22/18), P.139 (block 9/13a), P.184 (block 211/27) and P.185 (block 30/11b), to Subsidiary A subject to rights of the Corporation to acquire petroleum from each of those areas;

(*b*) to establish four subsidiaries each also having as its principal object searching and boring for and getting petroleum and to make a scheme for the transfer of the property, rights and liabilities of Subsidiary A relating to each seaward area to one of those subsidiaries;

(*c*) to establish a subsidiary having as its principal object the acquisition and disposal of petroleum and to make a scheme for the transfer to that subsidiary of the rights of the Corporation to acquire petroleum from each of the seaward areas;

(*d*) to make provisions of a general nature in each of the schemes;

(*e*) to provide for the disposal of shares in the subsidiaries established pursuant to the directions by engaging an independent petroleum consultant to evaluate the interests of the subsidiaries referred to in sub-paragraph (*b*) above in the seaward areas, arranging for the compilation of appropriate information about the activities of those subsidiaries and for the preparation of appropriate accounts.

SI 1982/1131
ISBN 0-11-027131-9

