STATUTORY INSTRUMENTS

1983 No. 1096

GAS

The British Gas Corporation (Further Disposal of Offshore Interests) Directions 1983

Made - - - - -	26*th July* 1983
Laid before Parliament	26*th July* 1983
Coming into Operation	12*th September* 1983

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 (Further Disposal of Offshore Interests) Directions 1983 and shall come into operation on 12th September 1983.

(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 I

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, including in particular, but without prejudice to the generality of the foregoing—

(*a*) all rights and liabilities of the Corporation in respect of the purchase from Gas Council (Exploration) Limited of any kind of petroleum which may be won and saved from those seaward areas under any agreement which does not also confer on the Corporation rights to purchase from other persons, not being members of the group, petroleum of that kind so won and saved; and

(*b*) all rights and liabilities of the Corporation and Gas Council (Exploration) Limited under any agreement for the preparation, pursuant to Clause 6(*a*) below, of the report mentioned in that paragraph,

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

the Corporation shall exercise its powers extended by section 10(1) of the Act by establishing, before the expiry of the period of 2 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 I") as a private company within the meaning of the Companies Act 1980**(a)** having as its principal object searching and boring for and getting petroleum.

Scheme relating to Subsidiary I

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 I.

(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 rights of other persons existing at the transfer date, rights enforceable against Subsidiary I in respect of the acquisition, at the election of the Corporation, of up to 51% of the petroleum not consisting of methane to which Subsidiary I may become entitled by virtue of its interests in each of the seaward areas specified in the Schedule to these directions.

(3) Such scheme shall also provide that in consideration of the transfer referred to in paragraph (1) above there shall be issued—

(*a*) to the Corporation a debenture of Subsidiary I which shall be credited as fully paid up for securing payment of the sum of £1; and

(*b*) to Gas Council (Exploration) Limited a debenture of Subsidiary I which shall be credited as fully paid up for securing payment of the sum of £9,998 and be subject to the right of Gas Council (Exploration) Limited to require Subsidiary I at any time before repayment of the debenture to allot and issue 9,998 ordinary shares of £1 each in Subsidiary I which shall be credited as fully paid up in exchange for and in satisfaction of the debenture.

Establishment of Subsidiary II

4. For the purpose of facilitating the eventual disposal under section 9(1)(*a*) of the Act of the rights to be conferred pursuant to Clause 3(2) above, the Corporation shall exercise its powers under 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 II") as a private company within the meaning of the Companies Act 1980 having as its principal object the acquisition and disposal of petroleum.

(a) 1980 c. 22.

Scheme relating to Subsidiary II

5.—(1) For the purpose mentioned in Clause 4 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 II of the rights to be conferred pursuant to Clause 3(2) above and any other rights and liabilities connected with those rights conferred or imposed by the scheme to be made under Clause 3(1) above.

(2) Such scheme shall also provide that in consideration of the transfer referred to in paragraph (1) above, there shall be issued to the Corporation a debenture of Subsidiary II which shall be credited as fully paid up for securing payment of the sum of £1.

Provisions relating to disposal

6. The Corporation shall exercise its powers under section 9(1)(*a*) of the Act to provide for the eventual disposal thereunder of property, rights and liabilities to be transferred by the scheme to be made under Clause 3(1) above in the following manner:—

(*a*) by engaging an independent petroleum consultant to prepare, before the expiry of the period of 3 months beginning on the date of the coming into operation of these directions, a report on the proven, probable and possible reserves of petroleum in the seabed and subsoil of the seaward areas specified in the Schedule to these directions;

(*b*) by compiling, or causing to be compiled, such information about the activities of any member of the group as may facilitate any such disposal.

Peter Walker,
Secretary of State for Energy.

21st July 1983.

We approve these directions.

Ian B. Lang,
Donald Thompson,
Two of the Lords Commissioners
of Her Majesty's Treasury.

26th July 1983.

Clauses 2, 3(2) and 6(*a*) SCHEDULE

SEAWARD AREAS

1. Blocks 29/11a, 29/12 and 29/18a now comprised in production licence P.065.

2. Block 30/22a now comprised in production licence P.143.

3. Blocks 205/23a, 206/9 and 206/10a now comprised in production licence P.170.

4. Blocks 3/11a, 9/27a, 210/24a and 211/27 now comprised in production licence P.184.

5. Blocks 13/16a, 13/21a, 15/22, 21/20a, 30/11b and 30/12b now comprised in production licence P.185.

6. Blocks 22/22a and 22/23a and the part of block 22/17 now comprised in production licence P.291 and the part of block 22/18 now comprised in production licence P.292.

7. Block 9/13b now comprised in production licence P.337.

Note. In this Schedule "block" means an area delineated on reference maps deposited at the principal office of the Department of Energy for the purposes of regulations made under section 6 of the Petroleum (Production) Act 1934**(a)**.

(a) 1934 c. 36.

EXPLANATORY NOTE

(This Note is not part of the Directions.)

These directions require the British Gas Corporation—

(*a*) to establish a wholly owned subsidiary of the Corporation, referred to as Subsidiary I, as a private company having as its principal object searching and boring for and getting petroleum and to make a scheme for the transfer to Subsidiary I of the property, rights and liabilities of the Corporation and Gas Council (Exploration) Limited, a wholly owned subsidiary of the Corporation, relating to the seaward areas comprised in production licences specified in the Schedule to the directions; such scheme—

(i) to confer on the Corporation rights in respect of the acquisition, at the election of the Corporation, of up to 51% of the petroleum not consisting of methane to which Subsidiary I may become entitled by virtue of its interests in those seaward areas, and

(ii) to provide, in consideration of the transfer referred to above, for the issue to the Corporation and Gas Council (Exploration) Limited respectively of a debenture for £1 and a convertible debenture for £9,998;

(*b*) to establish a wholly owned subsidiary of the Corporation, referred to as Subsidiary II, as a private company having as its principal object the acquisition and disposal of petroleum and to make a scheme for the transfer to Subsidiary II of the rights referred to in paragraph (*a*)(i) above and other rights and liabilities connected therewith; such scheme to provide, in consideration of this transfer, for the issue to the Corporation of a debenture for £1;

(*c*) to provide for the eventual disposal of property, rights and liabilities transferred by the scheme referred to in paragraph (*a*) above by engaging an independent consultant to prepare a report on the petroleum reserves in the seaward areas and compiling such information about the activities of the Corporation and its wholly owned subsidiaries as may facilitate such disposal.

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