

2015 No. 766

PETROLEUM

The Petroleum Licensing (Applications) Regulations 2015

Made - - - - *18th March 2015*

Laid before Parliament *20th March 2015*

Coming into force - - *30th June 2015*

The Secretary of State, in exercise of the powers conferred by section 4(1) and (2) of the Petroleum Act 1998(a), makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Petroleum Licensing (Applications) Regulations 2015, and come into force on 30th June 2015.

Interpretation

2. In these Regulations—

“application notice” means a notice published in the Official Journal of the European Union which—

(a) indicates that the Secretary of State is prepared to accept applications for petroleum exploration and development licences or seaward area production licences in respect of blocks, and

(b) specifies the web site on which details of the blocks are published;

“block” means an area to which a reference number has been assigned and published on a web site by the Department of Energy and Climate Change;

“landward area” means an area which lies on the landward side of the lines drawn in accordance with the provisions of Schedule 1, no part of which is part of Northern Ireland;

“landward petroleum exploration licence” means a licence to search for petroleum in a landward area;

“low water line” has the meaning given by paragraph 8 of Schedule 1;

“methane drainage licence” means a licence to get natural gas in the course of operations for making and keeping safe mines whether or not disused;

“model clauses” in relation to a licence means the model clauses prescribed under section 4(1)(e) of the Petroleum Act 1998 to be incorporated in licences of that type;

“petroleum exploration and development licence” means a licence to search and bore for, and get, petroleum in a landward area;

“promote licence” means a seaward area production licence in which, in accordance with the model clauses or clauses having a similar effect—

- (a) a “Promote Period” (within the meaning given by the model clauses) is specified, and
- (b) a clause is included concerning the effect of the expiry of the Promote Period in relation to the continuation of the licence beyond that period;

“seaward area” means—

- (a) islands on the seaward side of the lines drawn in accordance with the provisions of Schedule 1,
- (b) an area in the sea bed and subsoil beneath waters which lie on the seaward side of the said lines but within the outward limit of the territorial sea of the United Kingdom, and
- (c) an area in the sea bed and subsoil within any area designated under section 1(7) of the Continental Shelf Act 1964(a);

“seaward petroleum exploration licence” means a licence to search for petroleum in any seaward area or landward area below the low water line;

“seaward area production licence” means a licence to search and bore for, and get, petroleum in a seaward area;

“work programme” means a scheme of prospecting including any geological survey by any physical or chemical means and any test drilling.

Application of the Regulations

3.—(1) These Regulations apply to an application for—

- (a) a landward petroleum exploration licence;
- (b) a seaward petroleum exploration licence;
- (c) a methane drainage licence;
- (d) a petroleum exploration and development licence; and
- (e) a seaward area production licence.

(2) The following Regulations cease to have effect, to the extent specified, in relation to an application for a licence mentioned in paragraph (1) made after the date of coming into force of these Regulations—

- (a) the whole of the Petroleum (Production) (Seaward Areas) Regulations 1988(b);
- (b) the Petroleum (Production) (Landward Areas) Regulations 1995(c) with the exception of—
 - (i) regulation 9(2)(c); and
 - (ii) Schedule 5 to the Regulations.

Applications for licences: general

4.—(1) Applications may be made by any person.

(2) Applications must—

- (a) in the case of an application for—
 - (i) a petroleum exploration and development licence or
 - (ii) a seaward area production licence,

(a) 1964 c. 29, amended by section 37 of, and paragraph 1 of Schedule 3 to, the Oil and Gas (Enterprise) Act 1982 (c. 23) and section 103 of the Energy Act 2011 (c. 16).
(b) S.I. 1988/1213, relevant amending instruments are S.I.s 1992/2378, 1995/1435, 1996/2946, 2009/229 and 2009/3283.
(c) S.I. 1995/1436, relevant amending instruments are S.I.s 2009/229 and 2009/3283.

be made via the portal provided by the Department of Energy and Climate Change for the purpose of licence applications on a publicly accessible web site;

- (b) in the case of an application for a licence other than those mentioned in sub-paragraph (a), be made in writing;
- (c) be accompanied by such evidence and particulars or documents in support as are specified in these Regulations in respect of the licence being applied for, and are appropriate to that application;
- (d) be accompanied by the appropriate fee, as set out in regulation 7.

(3) In respect of an application for a petroleum exploration and development licence, regulation 5(2)(b), (5) and Schedule 2 sets out the information and supporting documentation required.

(4) In respect of an application for a seaward area production licence, regulation 5(2)(b), (5) and Schedules 2 and 3 set out the information and supporting documentation required.

(5) An application for a licence other than a petroleum exploration and development licence or a seaward area production licence may be made at any time.

(6) If any of the matters stated in an application or any further information supplied by the applicant changes after the application is made or after the information is supplied but before a licence is granted or the Secretary of State informs the applicant that the application is refused, the applicant must immediately give notice in writing to the Secretary of State giving particulars of the change.

(7) Nothing in these Regulations prevents more than one application being made by the same applicant or more than one licence being granted to that applicant.

(8) In this regulation, “in writing” includes transmission by way of an email sent to an address provided by the Secretary of State for the purpose of receiving applications for licences and related information.

Applications for a petroleum exploration and development licence or a seaward area production licence

5.—(1) This regulation applies to an application for—

- (a) a petroleum exploration and development licence; or
- (b) a seaward area production licence.

(2) Subject to paragraph (6), every application for a licence must—

- (a) be in response to an application notice, and
- (b) specify the block or blocks to which it relates.

(3) Subject to paragraph (4), the application notice mentioned in paragraph (2) must provide for applications relating to any of the blocks to be made and determined in competition with others, specifying—

- (a) a date on or before which any such applications are to be made, being a date at least 90 days after the date on which the application notice is published; and
- (b) a date on which, or a period within which, it is proposed that licences will be granted to successful applicants.

(4) In the case of any block in respect of which—

- (a) provision for competing applications was made on a previous occasion in an application notice, and
- (b) that provision did not result in the grant of a licence,

the application notice may provide for applications to be made and determined at any time.

(5) If an application specifies more than one block it may indicate an order of preference for some or all of the blocks and it may indicate that blocks are applied for as alternatives.

(6) Where the Secretary of State decides that geological or production considerations justify the granting of a licence in respect of any area to the holder of a licence in respect of a contiguous

area, and notifies the holders of licences in respect of areas contiguous to the area in question accordingly, any of them may apply for a licence in respect of the area in question within whatever period the Secretary of State considers sufficient for this purpose and specifies in the notification.

Applications for landward petroleum exploration licences, seaward petroleum exploration licences and methane drainage licences

6. An application for—

- (a) a landward petroleum exploration licence,
- (b) a seaward petroleum exploration licence, or
- (c) a methane drainage licence,

must include in respect of each applicant—

- (i) the applicant's name in full;
- (ii) where the applicant is a body corporate—
 - (aa) its place of incorporation; and
 - (bb) its registration number at Companies House or other appropriate registration number or identifier, or if it is registered in another jurisdiction, its registration number or other identifier from that jurisdiction;
- (iii) where the applicant is an individual, the applicant's usual residential address, otherwise—
 - (aa) the address of the applicant's registered office; or
 - (bb) if the applicant does not have a registered office the address of the applicant's principal place of business in the United Kingdom, and if the applicant does not have a principal place of business in the United Kingdom, the address of the applicant's principal place of business; and
- (iv) the place or places from which—
 - (aa) the applicant's operations under the licence; or
 - (bb) any commercial activities in connection with those operations, will be directed and controlled.

Fees

7. The appropriate fee for a licence application is—

- (a) in respect of a landward petroleum exploration licence, £500;
- (b) in respect of a seaward petroleum exploration licence, £500;
- (c) in respect of a methane drainage licence, £50;
- (d) in respect of a petroleum exploration and development licence, £1,400;
- (e) in respect of a seaward area production licence, £2,100;

Form of licences

8. Every licence must incorporate the model clauses prescribed for that type of licence at the time that the licence is issued, unless the Secretary of State thinks fit to modify or exclude them in any particular case.

18th March 2015

Verma
Parliamentary Under Secretary of State
Department of Energy and Climate Change

SCHEDULE 1

Regulation 2

Lines dividing Landward Areas from Seaward Areas

1. Except as provided by paragraphs 2 to 6, the lines dividing—
 - (a) the mainland of Great Britain and Northern Ireland and adjacent islands (other than the Orkney and Shetland Islands) and the waters adjacent to the mainland and such islands, to be treated for the purposes of these Regulations as landward areas, from
 - (b) the islands and waters to be treated for such purposes as seaward areas,is the low water line along the coast of the mainland of Great Britain and Northern Ireland, the Isle of Wight, Anglesey and Holy Island.
2. The lines dividing landward areas from seaward areas at the estuaries, rivers, harbours, bays and other places specified in the second column of Table 1 of this Schedule are straight lines drawn between the pairs of points identified by the map references respectively specified in the third column of that Table, each such point being a point situated on the low water line on or adjacent to the feature named in the fourth column of that Table.
3. The lines dividing landward areas from seaward areas between Cape Wrath and the Mull of Kintyre are a series of straight lines drawn so as to join successively, in the order in which they are there set out, the points identified by the map references specified in the second column of Table 2 of this Schedule, each such point being a point situated on the low water line on or adjacent to the feature, if any, named in the third column of that Table.
4. The lines dividing landward areas from seaward areas in the vicinity of the Pentland Firth and the Orkney Islands are—
 - (a) a straight line drawn from the map reference point ND 310753, being a point situated on the low water line on or adjacent to the feature known as St John's Point, to the map reference point ND 289809;
 - (b) from the map reference point ND 289809, a line running clockwise parallel with, and three nautical miles seaward of, the baselines from which the breadth of the territorial sea adjacent to the Orkney Islands is measured to the map reference point ND 459711; and
 - (c) from the map reference point ND 459711, a straight line to the map reference point ND 407734, being a point situated on the low water line on or adjacent to the feature known as Duncansby Head.
5. The lines dividing landward areas from seaward areas at the bays and harbour specified in the second column of Table 3 of this Schedule are straight lines drawn between the points identified by the map references specified in the third column of that Table, each such point being a point situated on the low water line on or adjacent to the feature named in the fourth column of that Table.
6. Subject to the provisions of the paragraphs 2 to 5, the lines dividing landward areas from seaward areas at the mouths of rivers or estuaries are straight lines joining the points on the low water lines at either side of each such mouth.

7. The line dividing the Shetland Islands and the waters adjacent to those Islands, to be treated for the purposes of these Regulations as landward areas, from the areas to be treated for such purposes as seaward areas, is—

- (a) a line parallel with, and
- (b) three nautical miles seaward of,

the baselines from which the breadth of the territorial sea adjacent to those Islands is measured, except that Foula and Fair Isle and the waters adjacent to them are to be treated as seaward areas.

8. In this Schedule—

- (a) “low water line” means the line so marked on the Ordnance Survey maps on a scale of 1:25,000 in the case of maps relating to Great Britain, and 1:50,000 in the case of maps relating to Northern Ireland, in the edition for the areas to which they respectively relate last published prior to the date on which these Regulations are made,
- (b) any reference to a map reference point is a reference to a point having that map reference on the National Grid for those Ordnance Survey maps, and
- (c) “nautical miles” means international nautical miles of 1,852 metres.

Table 1

Points at Mouths of Specified Estuaries and Other Indentations of the Coast

	<i>Name of estuary or other indentation</i>	<i>National grid reference</i>	<i>Name of feature</i>
1	Firth of Clyde	NR 716074 NR 718046 NR 725037 NW 962695	Cove Point Sanda Island (Black Point) Sanda Island Lighthouse Laggan Hill
2	Wigtown Bay	NX 494464 NX 546513	Eggerness Point Ringdoo Point
3	Solway Firth	NX 653432 NX 943134	Fox Craig (Meikle Ross) St Bees Head
4	Duddon Sands	SD 130763 SD 168685	Haverigg Point Mill Scar
5	Morecambe Bay	SD 220612 SD 304490	Hilpsford Point Rossall Point
6	River Ribble	SD 286250 SD 300202	Salter's Bank Horse Bank
7	Liverpool Bay	SD 262052 SJ 131855	Formby Point Point of Ayr
8	Beaumaris Bay	SH 744786 SH 641815	Penmaenbach Point Trwyn Du
9	Holyhead Harbour	SH 281849 SH 257847	Twyn Cliperau Breakwater Head
10	Cymyran Bay	SH 294750 SH 297748	Traeth Llydan Traeth Cymyran
11	Llanddwyn Bay	SH 386623 SH 429585	Llanddwyn Island Morfa Dinlleu
12	Milford Haven	SM 819036 SM 840027	West Blockhouse Point Rat Island
13	Carmarthen Bay	SN 309062 SS 397926	Laugharne Sands Burry Holms
14	Bristol Channel	ST 311806 ST 303627	West Usk Lighthouse Birnbeck Island

15	Padstow Bay	SW 925784	Shag Rock
		SW 915785	Stepper Point
16	Falmouth Harbour	SW 827315	Pendennis Point
		SW 845311	St Anthony Head
17	Plymouth Sound	SX 443486	Penlee Point
		SX 490486	Renney Rocks
18	Salcombe River	SX 725359	Bolt Head
		SX 766355	Gammon Head
19	Solent (west side)	SZ 319897	Hurst Castle
		SZ 292849	Needles Point
20	Solent (east side)	SZ 663876	Foreland
		SZ 684990	Fort Cumberland (Eastney Point)
21	Thames Estuary	TR 227694	Reculver
		TM 174142	Clacton-on-Sea
22	Harwich Harbour	TM 268244	The Naze
		TM 283311	Landguard Point
23	The Wash	TF 701452	Gore Point
		TF 565571	Gibraltar Point
24	River Humber	TA 374048	Northcoates Point
		TA 397104	Spurn Head
25	Holy Island Harbour (Lindisfarne)	NU 137403	Parton Shiel
		NU 141415	Castle Point
26	Firth of Forth	NT 496864	Eyebroughy
		NT 496993	Elie Ness
27	Firth of Tay	NO 538159	Kinkell Ness
		NO 546302	Buddon Ness
28	Moray Firth	NH 807587	Whiteness Head
		NH 812670	Sutors Stacks
		NH 812670	Sutors Stacks
		NH 813686	North Sutor
29	Dornoch Firth	NH 815857	Whiteness
		NH 809871	Dornoch Point
30	Tongue Bay	NC 641638	Port an-t Strathain
		NC 572663	Geodh' an Fhuarain
31	Loch Eriboll	NC 502687	Whiten Head
		NC 392719	Faraid Head
32	Kyle of Durness	NC 392719	Faraid Head
		NC 349717	A'Ghoil

Table 2

Points Between Cape Wrath and the Mull of Kintyre

	<i>National Grid Reference</i>	<i>Name of feature</i>
1	NC 257748	Cape Wrath
2	NB 519669	Lith Sgeir
3	NB 472634	Dell Rock
4	NB 186451	Tiumpan
5	NB 142442	Mas Sgeir
6	NB 115435	Stac nam Balg
7	NB 048399	Sgeir Gallan
8	NB 036382	Gallan Beag

9	NA 993324	Eilean Molach
10	NA 873118	Gasker
11	NB 594809	Haskeir Eagach
12	NF 572646	Huskeiran
13	NF 707301	Rudha Ardvule
14	NF 646049	Greian Head
15	NL 620988	—
16	NL 614979	Ard a' Chaolais
17	NL 606963	Biruaslum
18	NL 549843	Guarsay Mor
19	NL 542819	Sron an Duin
20	NL 546803	Skate Point
21	NL 840262	Skerryvore
22	NM 121031	Dubh Artach
23	NR 151538	Frenchman's Rocks
24	NR 162510	An Coire
25	NR 268414	Mull of Oa
26	NR 589071	Mull of Kintyre

Table 3

Points at Mouths of Specified Indentations of the Coast of Northern Ireland

	<i>Name of indentation</i>	<i>National Grid Reference</i>	<i>Name of feature</i>
1	Larne Lough	D 398051	Devil's Churn
		D 436036	Skernagh Point
2	Belfast Lough	J 487934	Black Head
		J 602862	Mew Island
		J 601856	Mew Island
		J 599837	Copeland Island
		J 598828	Copeland Island
		J 587813	Foreland Point
3	Strangford Lough	J 624450	Ballyquintin Point
		J 612435	Killard Point
4	Dundrum Harbour	J 422340	Ballykinler
		J 417339	Murlough

SCHEDULE 2

Regulation 4(3), (4)

Information and supporting documentation required for an application for a petroleum exploration and development licence or a seaward area production licence

1. Name of each applicant in full.
2. If the application is made by more than one person, and the applicants have agreed on the manner in which the benefits resulting from the exploitation of the licence should be shared between them, the share each applicant would be entitled to take.
3. Except in the case of an application for a promote licence, the name of the proposed operator.

4. The reference number of each block in respect of which the application is made and if the application is made by tender, the consideration by way of initial payment which the applicant is prepared to offer for each such block.

5. An analysis of the geology of the area to which the application relates, identifying, in particular—

- (a) petroleum prospects, and
- (b) a description of the technical data on which this analysis is based.

6. Either—

- (a) the work programme for evaluating the potential petroleum production from the area to which the application relates which the applicant proposes to undertake under the licence applied for; or
- (b) a description of any evaluation of the potential petroleum production from the area to which the application relates that has previously been undertaken, if no further evaluation is proposed to be undertaken under the licence,

except in a case where the Secretary of State indicates this is not required.

7. Where applicable—

- (a) evidence of the operator's technical competence and capacity to undertake the work programme mentioned in paragraph 6(a), and
- (b) an explanation of the way in which the work programme takes account of the analysis of geology mentioned in paragraph 5.

8. In respect of each applicant—

- (a) where the applicant is a body corporate—
 - (aa) its place of incorporation;
 - (bb) its registration number at Companies House or other appropriate registration number or identifier, or if it is registered in another jurisdiction, its registration number or other identifier from that jurisdiction;
- (b) where the applicant is an individual, the applicant's usual residential address, otherwise—
 - (aa) the address of the applicant's registered office; or
 - (bb) if the applicant does not have a registered office the address of the applicant's principal place of business in the United Kingdom; and if the applicant does not have a principal place of business in the United Kingdom, the address of the applicant's principal place of business;
- (c) the place from which—
 - (i) the applicant's operations under the licence, or
 - (ii) any commercial activities in connection with those operations,will be directed and controlled;
- (d) where the applicant is a business, a copy of—
 - (i) the most recent audited accounts; and
 - (ii) where the applicant is also a body corporate, the most recent audited accounts of any body corporate having control of the applicant,but if—
 - (aa) the most recent audited accounts are in respect of a period ending on a date more than twelve months before the date of the application, a copy of a balance sheet showing the state of the body corporate's affairs as at the latest date within that twelve months period in respect of which a balance sheet can be made available must be supplied, or

- (bb) there are not yet any audited accounts, a copy of a balance sheet showing the state of the body corporate's affairs at the date of the licence application must be supplied.

9. For the purposes of paragraph 8(d)(ii), whether a body corporate has control of another body corporate is determined as if sections 450(2) to (4) and 451(1) to (5) of the Corporation Tax Act 2010(a) applied subject to the following modifications—

- (a) for the words “the greater part” wherever they occur in section 450(3) there were substituted the words “one-third or more”;
- (b) in section 451(4), for the word “may”, there were substituted the word “must”; and
- (c) in section 451(4) and (5) any reference to an associate of a person is construed as including only a relative of that person (as defined by section 448(2) of the Corporation Tax Act 2010), a partner of that person and a trustee of a settlement (as defined by section 620 of the Income Tax (Trading and Other Income) Act 2005(b)) of which that person is a beneficiary.

SCHEDULE 3

Regulation 4(4)

Additional information and supporting documentation required for an application for a seaward area production licence

1. Except where the licence applied for is a promote licence, evidence that the applicant will be able to meet the costs of any damage which may be caused by the release or escape of petroleum through drilling or production operations, including, where appropriate, evidence that the proposed operator is a member of the Offshore Pollution Liability Association Limited, or any body which may after the date upon which these Regulations come into force assume responsibility for the functions currently carried out by the Offshore Pollution Liability Association Limited.

2. A statement of the general environmental policy of the proposed operator in respect of activities licensed in seaward areas by the Secretary of State in accordance with section 3 of the Petroleum Act 1998(c) together with a summary of—

- (a) its management systems for the implementation of that policy, and
- (b) where applicable, how those management systems will be applied to the work programme provided in accordance with paragraph 6(a) of Schedule 2.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations consolidate with amendments the Petroleum (Production) (Seaward Areas) Regulations 1988 and the Petroleum (Production) (Landward Areas) Regulations 1995 (except for those parts of the 1995 Regulations concerning the model clauses for methane drainage licences).

The Regulations set out the requirements for applications for the following kinds of licences:

- a landward petroleum exploration licence,
- a seaward petroleum exploration licence,
- a methane drainage licence,
- a petroleum exploration and development licence, and
- a seaward area production licence,

(a) 2010 c. 4.

(b) 2005 c. 5, amended by paragraph 552 of Schedule 1 to the Income Tax Act 2007 (c. 3) and S.I. 2012/964.

(c) 1998 c. 17.

being licences connected with the search for and getting of petroleum in Great Britain and those islands and waters adjacent to it which are “landward areas” as defined in the Regulations and in those waters around the United Kingdom and those islands adjacent to it which are “seaward areas” as defined in the Regulations (see regulation 2 and Schedule 1).

Regulation 4 requires that applications for a petroleum exploration and development licence or a seaward area production licence must be made via the portal provided by the Department of Energy and Climate Change on a publicly accessible web site, otherwise applications must be in writing (which includes transmission by email). Applications must be accompanied by such evidence and particulars or documents in support as are specified in these Regulations in respect of the licence being applied for, and must be accompanied by the appropriate fee (as set by regulation 7).

Regulation 5 sets out the application process for a petroleum exploration and development licence or a seaward area production licence, where except in the special case covered by paragraph (6), all applications must be in response to a notice published in the Official Journal of the European Union. The special case in paragraph (6) is where the Secretary of State decides that geological or production considerations justify it, a licence may be granted in respect of any area to the holder of a licence in respect of a contiguous area. Holders of licences in respect of all contiguous areas would be notified by the Secretary of State and invited to submit a licence application.

Regulation 6 sets out the information required for an application for a landward petroleum exploration licence, a seaward petroleum exploration licence and a methane drainage licence, and regulation 7 specifies the fees for licence applications.

Regulation 8 requires that all licences must contain the model clauses prescribed by the Secretary of State in relation to that type of licence at the time of issue of the licence, unless the Secretary of State thinks fit to modify or exclude them in any particular case. The model clauses are contained in various instruments, and are updated periodically.

An impact assessment has not been produced for this instrument as it has no direct impact on business, the public sector, charities or voluntary bodies.

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