
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations consolidate with amendments the provisions of the Petroleum (Production) Regulations 1982 (as amended) in relation to (a) applications to the Secretary of State for petroleum production licences in respect of seaward areas and (b) applications to the Secretary of State for petroleum exploration licences in respect of seaward areas and landward areas below the low water line.

The Regulations set out the requirements for such applications and in the case of applications for seaward production licences increase the amount of the application fee (from £2,500) to £3,100 (Regulation 9(1) and (2)).

The Regulations also prescribe model clauses to be incorporated, unless the Secretary of State sees fit to modify or exclude them in a particular case, in licences granted in pursuance of applications under these Regulations (Regulation 8). The clauses appropriate to seaward production licences are set out in Schedule 4 and those appropriate to exploration licences in seaward areas and landward areas below the low water line are set out in Schedule 5.

The main changes in relation to seaward production licences are in the model clauses dealing with the continuance of the licence beyond the initial term of 6 years. The revised clause 4(4) provides that the licence may be continued for a further period of 12 years (“the second term”) after the initial term. The new clause 5 provides that, subject to the conditions specified in that clause being satisfied, the licence may be continued thereafter for a further maximum period of 18 years. The new clause 6 introduces a power further to extend the term of the licence after the expiry of such 18-year period.

The Regulations provide that after the date of coming into force of these Regulations the Petroleum (Production) Regulations 1982 shall cease to have effect in relation to applications for production licences in respect of seaward areas and for exploration licences in respect of seaward areas and landward areas below the low water line (Regulation 3(2) and Schedule 2). The 1982 Regulations ceased to have effect after 18 December 1984 in relation to applications for production licences in respect of landward areas and exploration licences in respect of landward areas above the low water line, by virtue of the Petroleum (Production) (Landward Areas) Regulations 1984 ([S.I. 1984/1832](#)) (which Regulations laid down a new framework for landward licensing). The future scope of the 1982 Regulations is thus now confined to applications for methane drainage licences.