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STATUTORY INSTRUMENTS

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**2004 No. 352**

**The Petroleum Licensing (Exploration and Production)  
(Seaward and Landward Areas) Regulations 2004**

**Citation and Commencement**

1. These Regulations may be cited as the Petroleum Licensing (Exploration and Production) (Seaward and Landward Areas) Regulations 2004 and shall come into force on 5th March 2004.

**Interpretation**

2. In these Regulations—

“break clause” means a clause in a licence, other than a clause relating to continuation of the licence beyond its initially agreed or any subsequent term, which provides that, in the event of failure by the licensee on or before a date specified in that clause to take specified action or to undertake to complete specified work, the licence shall cease and determine;

“exploration licence” means a licence to search for petroleum in any seaward area and in those parts of any landward area which are below the low water line;

“frontier area” means an area whose exploitation is rendered especially difficult by any one or more of the following factors, namely—

- (a) its distance from existing petroleum-related infrastructure;
- (b) great water depth; or
- (c) the lack of existing pertinent technical data relating to such area;

“landward area” means an area on the landward side of the baselines as set out in the Territorial Waters Order in Council 1964<sup>(1)</sup>;

“licence” means any licence granted pursuant to Part I of the Petroleum Act 1998 ;

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

“production licence” means a licence to search and bore for, and get, petroleum in strata, in the sea bed and in the subsoil in a seaward area; and

“seaward area” means an area on the seaward side of the baselines as set out in the Territorial Waters Order in Council 1964 in respect of which the Secretary of State may grant a licence.

**Model Clauses**

3.—(1) Notwithstanding anything contained in the Petroleum (Current Model Clauses) Order 1999<sup>(2)</sup> the model clauses prescribed for the purposes of section 4(1)(e) of the Petroleum Act 1998 in relation to—

- (a) exploration licences;

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(1) 1965 III, p. 6452A; a revised Schedule was substituted by the Territorial Sea (Amendment) Order 1998. (S.I.1998/2564).

(2) S.I. 1999/160.

- (b) production licences; and
- (c) petroleum exploration and development licences

are those provided for by paragraphs (2)–(8).

(2) The model clauses for exploration licences are set out in Schedule 1.

(3) The model clauses for production licences which relate to frontier areas and which do not include a break clause are set out in Schedule 2.

(4) The model clauses for production licences which relate to frontier areas and which do include a break clause are set out in Schedule 3.

(5) Subject to paragraph (6), the model clauses for production licences which relate to areas other than frontier areas are set out in Schedule 4.

(6) Production licences which relate to areas other than frontier areas shall, in such cases as the Secretary of State may think fit, contain the break clause and related provisions set out in Schedule 5.

(7) Subject to paragraph (8), the model clauses for petroleum exploration and development licences are set out in Schedule 6.

(8) Petroleum exploration and development licences shall, in such cases as the Secretary of State may think fit, contain the break clause and related provisions set out in Schedule 7.

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11th February 2004