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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations prescribe the model clauses which, unless the Secretary of State thinks fit to modify or exclude them in any particular case, will be incorporated in exploration, production and petroleum exploration and development licences. The model clauses prescribed will apply for the purposes of the 22nd and subsequent rounds of licensing in seaward areas and the 12th and subsequent rounds of licensing in landward areas.

The purpose of The Petroleum (Current Model Clauses) Order 1999 (S.I.1999/160) (“the 1999 Order”) was to consolidate the model clauses which, prior to the date appointed for commencement of the Petroleum Act 1998 (“the Act”), had been prescribed by the Secretary of State under a series of Statutory Instruments and which were incorporated in licences still in existence at the date so appointed. Section 5(5) of the Act provides that the model clauses set out in the 1999 Order are substituted in relation to the relevant licences for those prescribed under the Statutory Instruments which preceded the Order. These Regulations apply notwithstanding anything contained in the 1999 Order, the sole purpose of which was to effect the above-mentioned process of consolidation.

A Regulatory Impact Assessment has not been prepared. These Regulations have no regulatory impact on existing licences and apply only for the purpose of future licensing rounds. However, it is not possible to describe meaningfully the effect that the revised model clauses are likely to have, not least because their effect on future licences is likely to vary according to the individual characteristics possessed by each licensee. In the circumstances, any Regulatory Impact Assessment which might have been produced would have been likely to have been misleading.