
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the model clauses prescribed in the Petroleum Licensing (Exploration and Production) (Seaward and Landward Areas) Regulations 2004 (S.I. 2004/352) (“the 2004 regulations”). Unless the Secretary of State thinks fit to modify or exclude them in any particular case, the model clauses are incorporated in exploration, production and petroleum exploration and development licences. The amendments to the model clauses will apply for the purposes of the 24th and subsequent rounds of licensing in seaward areas and the 13th and subsequent rounds of licensing in landward areas.

Regulations 3(2) and 3(3) insert and make provision for a new model clause applying to production and petroleum exploration and development licences, which are set out in Schedules 2, 3, 4 and 6 of the 2004 regulations. The new clause relates to the abandonment and plugging of Wells. It provides that, where the Minister revokes a licence, any Well drilled by the Licensee pursuant to the licence must be plugged and sealed as soon as possible or, if the Minister so directs, left in good order and fit for further working.

Regulation 3(4) amends an existing clause in production and petroleum exploration and development licences by providing that Well casings and fixtures left in position at the expiry or determination of the Licensee’s rights, or at the completion of any works required of the Licensee under the new clause inserted by regulation 3(3), shall be the property of the Minister.

Regulations 3(5), 3(6) and 3(7) apply to exploration licences as well as to the above categories of licence. They collectively provide that the insolvency events specified in the Schedules, wherever they occur, shall entitle the Minister to revoke a licence.

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.