

## SCHEDULE 2

### Model clauses for petroleum exploration and development licences

#### **Avoidance of harmful methods of working**

**24.**—(1) The Licensee shall maintain all apparatus and appliances and all Wells in the Licensed Area which have not been abandoned and plugged as provided by clause 20 of this licence in good repair and condition and shall execute all operations in or in connection with the Licensed Area in a proper and workmanlike manner in accordance with methods and practice customarily used in good oilfield practice and without prejudice to the generality of the foregoing provision the Licensee shall take all steps practicable in order—

- (a) to control the flow and to prevent the escape or waste of Petroleum discovered in or obtained from the Licensed Area;
- (b) to conserve the Licensed Area for productive operations;
- (c) to prevent damage to adjoining Petroleum-bearing strata;
- (d) to prevent the entrance of water through Wells to Petroleum-bearing strata except for the purposes of secondary recovery; and
- (e) to prevent the escape of Petroleum into any waters in or in the vicinity of the Licensed Area.

(2) The Licensee shall comply with any instructions from time to time given by the Minister in writing relating to any of the matters set out in the foregoing paragraph. If the Licensee objects to any such instruction on the ground that it is unreasonable he may, within fourteen days from the date upon which the same was given, refer the matter to arbitration in manner provided by clause 44 of this licence.

(3) Notwithstanding anything in the preceding provisions of this clause, the Licensee shall not—

- (a) flare any gas from the Licensed Area; or
- (b) use gas for the purpose of creating or increasing the pressure by means of which Petroleum is obtained from that area,

except with the consent in writing of the Minister and in accordance with the conditions, if any, of the consent.

(4) Before deciding to withhold consent or to grant it subject to conditions in pursuance of paragraph (3) of this clause, the Minister shall give the Licensee an opportunity to make representations in writing to the Minister about the technical and financial factors which the Licensee considers are relevant in connection with the case and shall consider any such representations then made to him by the Licensee.

(5) Consent in pursuance of paragraph (3) of this clause shall not be required for any flaring which, in consequence of an event which the Licensee did not foresee in time to deal with it otherwise than by flaring, is necessary in order—

- (a) to remove or reduce the risk of injury to persons in the vicinity of the Well in question; or
- (b) to maintain a flow of Petroleum from that or any other Well;

but when the Licensee does any flaring which is necessary as aforesaid he shall forthwith inform the Minister that he has done it and shall, in the case of flaring to maintain a flow of Petroleum, stop the flaring upon being directed by the Minister to do so.

(6) The Licensee shall give notice to the Minister of any event causing the escape or waste of Petroleum, damage to Petroleum-bearing strata or the entrance of water through Wells to Petroleum-bearing strata except for the purposes of secondary recovery forthwith after the occurrence of that

**Status:** This is the original version (as it was originally made).

event and shall, forthwith after the occurrence of any event causing the escape of Petroleum into the sea, give notice of the event to the Chief Inspector of Her Majesty's Coastguard.

(7) The Licensee shall comply with any reasonable instructions from time to time given by the Minister with a view to ensuring that funds are available to discharge any liability for damage attributable to the release or escape of Petroleum in the course of activities connected with the exercise of rights granted by this licence; but where the Minister proposes to give such instructions he shall before giving them—

- (a) give the Licensee particulars of the proposal and an opportunity to make representations to the Minister about the proposal; and
- (b) consider any representations then made to him by the Licensee about the proposal.