

## SCHEDULE 3

Regulation 2(1)(b)

### Model clauses for landward petroleum exploration licences

#### Interpretation etc

1.—(1) In this licence the following expressions have the following meanings—

“consent” means consent in writing;

“the Exploration Area” means the area comprising all the areas in which the Licensee may for the time being exercise any of the rights granted by this licence;

“licensed activities” means the activities carried on pursuant to this licence;

“the Licensee” means the person (or all the persons) specified in Schedule 1 as licence holders);

“the Minister” means the Secretary of State for Energy and Climate Change;

“Petroleum” includes any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in strata, but does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation;

“right” includes authorisation;

“Start Date” means the date specified as such in Schedule 2; and

“Well” includes borehole.

(2) Any reference in this licence to a clause or a Schedule is a reference to a clause of, or Schedule to, this licence; and any reference in a clause to a paragraph is to a paragraph of that clause.

(3) Any obligations which are to be observed and performed by the Licensee shall at any time at which the Licensee is more than one person be joint and several obligations.

#### Commencement Information

**I1** Sch. 3 clause 1 in force at 17.7.2014, see [reg. 1\(1\)](#)

#### Grant of Licence

2.—(1) In consideration of the payments provided for in clause 7 and the performance and observance by the Licensee of all the terms and conditions contained in this licence, the Minister, in exercise of the powers conferred by section 3 of the Petroleum Act 1998, hereby grants to the Licensee licence and liberty in common with all other persons to whom the like right may have been granted or may hereafter be granted, during the continuance of this licence and subject to its provisions, to search for Petroleum in the landward areas in respect of which a licence may be granted under that section 3.

(2) However, the rights conferred by this licence shall not be exercisable at any place in respect of which a licence (not being a methane drainage licence) entitling the holder to search and bore for and get Petroleum is for the time being in force, except with the agreement of the holder of that licence.

#### Commencement Information

**I2** Sch. 3 clause 2 in force at 17.7.2014, see [reg. 1\(1\)](#)

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### Prospecting methods

3.—(1) The rights granted by this licence include prospecting and carrying out geological surveys by physical or chemical means for the purpose of obtaining geological information about strata in the Exploration Area.

(2) The rights granted by this licence do not include the right to get Petroleum or to drill Wells.

(3) The Licensee shall give the Minister at least 21 days' written notice of any proposed seismic survey, during the term of this licence, of any area which is not wholly on the seaward side of the low water line in such a form as shall from time to time be approved by the Minister. Such notice shall include evidence that the planning authorities for the area to be surveyed have been consulted about the proposed survey and, in a case where any planning permission under the Town and Country Planning Act 1990 or the Town and Country Planning (Scotland) Act 1972 is required for the survey in question, evidence that such permission has been granted.

(4) The Licensee shall not carry out any seismic survey during the term of this licence of any such area as is mentioned in paragraph (3) of this clause if notice has not been given as required by that paragraph or if the Minister indicates to the Licensee within 14 days of the receipt of such notice that the survey is not to be carried out.

#### Commencement Information

**I3** Sch. 3 clause 3 in force at 17.7.2014, see [reg. 1\(1\)](#)

### Term of Licence

4. This licence unless sooner determined under any of its provisions shall continue in force for the term of three years beginning with the Start Date.

#### Commencement Information

**I4** Sch. 3 clause 4 in force at 17.7.2014, see [reg. 1\(1\)](#)

### Right of Licensee to terminate licence

5. Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions of this licence, the Licensee may at any time terminate this licence by giving to the Minister not less than one month's notice in writing.

#### Commencement Information

**I5** Sch. 3 clause 5 in force at 17.7.2014, see [reg. 1\(1\)](#)

### Provision of contact details to Minister

6.—(1) A notice, direction or other document authorised or required (in whatever terms) to be given to the Licensee by virtue of this licence is treated as given to the Licensee if it is given to the person specified by the Licensee under paragraph (2) at the address so specified.

(2) The Licensee must supply the Minister with the name and address of a person to whom notices, directions and other documents are to be given.

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(3) The Licensee must ensure that, where there is a change in the person to whom, or the address to which, information should be sent in accordance with paragraph (2), the Minister is notified of the change as soon as is reasonably practicable.

(4) If the Licensee fails to comply with paragraph (2) the Minister may give the Licensee a notice which—

- (a) requires the Licensee to comply with paragraph (2) within the period of one month beginning with the date of the notice; and
- (b) states that, if the Licensee fails to do so, the Licensee will be treated as having supplied under paragraph (2) the name and address specified by the Minister in the notice.

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**Commencement Information**

**I6** Sch. 3 clause 6 in force at 17.7.2014, see [reg. 1\(1\)](#)

**Payment of consideration for licence**

7.—(1) The Licensee shall pay to the Minister during the term of this licence, and in accordance with paragraph (2), consideration for the grant of the rights mentioned in clause 2(1).

(2) That consideration is to be paid—

- (a) in the amounts specified in Schedule 3; and
- (b) at the times and in the manner so specified.

(3) The Licensee shall not by reason of determination of this licence or of any reduction in the Exploration Area be entitled to be repaid or allowed any part of any sum payable to the Minister pursuant to this licence.

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**Commencement Information**

**I7** Sch. 3 clause 7 in force at 17.7.2014, see [reg. 1\(1\)](#)

**Avoidance of harmful methods of working**

8.—(1) The Licensee shall maintain all apparatus and appliances in good repair and condition and shall execute all operations in or in connection with the Exploration Area in a proper and workmanlike manner in accordance with methods and practice of exploration customarily used in good industry practice.

(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 paragraph (1). If the Licensee objects to any such instruction on the ground that it is unreasonable the Licensee may, within fourteen days from the date upon which the same was given, refer the matter to arbitration in the manner provided by clause 20.

(3) In this clause, “good industry practice” means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in an activity authorised by or under this licence.

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**Commencement Information**

**I8** Sch. 3 clause 8 in force at 17.7.2014, see [reg. 1\(1\)](#)

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## Fishing and navigation

9. The Licensee shall not carry out any operations authorised by this licence in or about the Exploration Area in such manner as to interfere unjustifiably with navigation or fishing in the waters of the Exploration Area or with the conservation of the living resources of the sea.

### Commencement Information

**I9** Sch. 3 clause 9 in force at 17.7.2014, see [reg. 1\(1\)](#)

## Licensee to keep records

10.—(1) The Licensee shall keep within the United Kingdom accurate geological plans and maps relating to the Exploration Area and such other records in relation thereto as may be necessary to preserve all information that the Licensee has about the geology of the Exploration Area.

(2) The Licensee shall deliver copies of the said records, plans and maps referred to in paragraph (1) to the Minister or to a person nominated by the Minister when requested to do so either—

- (a) within any time limit specified in the request; or
- (b) if there is no time limit specified, within four weeks of the request.

### Commencement Information

**I10** Sch. 3 clause 10 in force at 17.7.2014, see [reg. 1\(1\)](#)

## Returns

11.—(1) If requested to do so by the Minister on or before the first day of any month in which this licence is in force, the Licensee shall furnish to the Minister on or before the fifteenth day of that month a return in a form from time to time approved by the Minister of the progress of the Licensee's operations in the Exploration Area. Such return shall contain a statement of all geological work, including surveys and tests by any physical or chemical means, which has been carried out and the areas in which and the persons by whom the work has been carried out and the results thereof.

(2) If so instructed by the Minister, within two months after the end of each calendar year which falls wholly or partly within the period during which this licence is in force and within two months after the expiry or determination of this licence the Licensee shall furnish to the Minister an annual return in a form from time to time approved by the Minister of the operations conducted by the Licensee in the Exploration Area during that year or the period prior to such expiry or determination as the case may be.

(3) If so instructed by the Minister, the Licensee shall submit to the Minister a plan upon a scale approved by the Minister showing all works executed by the Licensee in connection with exploration activities under this licence.

(4) The Licensee shall furnish to the Minister such other information, including information in the form of maps and plans, as to progress of the Licensee's operations in the Exploration Area as the Minister may from time to time require.

(5) The Licensee shall comply with any requests for information made in accordance with paragraph (3) either—

- (a) within any time limit specified in the request; or
- (b) if there is no time limit specified, within four weeks of the request.

**Commencement Information**

**I11** Sch. 3 clause 11 in force at 17.7.2014, see [reg. 1\(1\)](#)

**Reports to be treated as confidential**

**12.** All records, returns, plans, maps, accounts and information (in this clause referred to as “the specified data”) which the Licensee is or may from time to time be required to furnish under the provisions of this licence shall be supplied at the expense of the Licensee and shall not (except with the consent of the Licensee which shall not be unreasonably withheld) be disclosed to any person not in the service or employment of the Crown—

Provided that—

- (a) the Minister shall be entitled at any time to make use of any of the specified data for the purpose of preparing and publishing such returns and reports as may be required of the Minister by law;
- (b) the Minister shall be entitled at any time to furnish any of the specified data to the Natural Environment Research Council and to any other body of a like nature as may from time to time be carrying on activities of a substantially similar kind to the geological activities at present carried on by the said Council;
- (c) the Minister, the said Council and any such other body shall be entitled at any time to prepare and publish reports and surveys of a general nature using information derived from any of the specified data;
- (d) the Minister, the said Council and any other such body shall be entitled to publish any of the specified data of a geological, scientific or technical kind either—
  - (i) after the expiry of the period of three years beginning with the date when the data were due to be supplied to the Minister in accordance with clause 11, or if earlier, the date when the Minister received those data;
  - (ii) after the licence ceases to have effect, whether because of its termination or revocation or the expiry of the Licence Period; or
  - (iii) after the expiry of such longer period as the Minister may determine after considering any representations made to him by the Licensee about the publication of data in pursuance of this sub-paragraph.

**Commencement Information**

**I12** Sch. 3 clause 12 in force at 17.7.2014, see [reg. 1\(1\)](#)

**Inspection of records etc**

**13.** The Licensee shall—

- (a) permit any person in the service or employment of the Crown who is appointed by the Minister for the purpose to inspect, and to take copies of and make notes from, all books, papers, maps and other records of any kind kept by the Licensee in pursuance of this Licence or in connection with activities about which the Minister is entitled to obtain information in pursuance of clause 11(4); and
- (b) furnish that person at reasonable times with such reasonable assistance as he may request in connection with or arising out of an inspection in pursuance of this clause.

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**Commencement Information**

**I13** Sch. 3 clause 13 in force at 17.7.2014, see [reg. 1\(1\)](#)

**Rights of access**

**14.** Any person or persons authorised by the Minister shall be entitled at all reasonable times to enter into and upon any of the Licensee’s installations and equipment used or to be used in connection with the licensed activities in the Exploration Area for the purposes of—

- (a) examining the installations, plant, appliances and works made or executed by the Licensee in pursuance of this licence and the state of repair and condition thereof; and
- (b) executing any works or providing and installing any equipment which the Minister may be entitled to execute or provide and install in accordance with the provisions of this licence.

**Commencement Information**

**I14** Sch. 3 clause 14 in force at 17.7.2014, see [reg. 1\(1\)](#)

**Power to execute works**

**15.** If the Licensee fails at any time to perform the obligations arising under clause 8 the Minister shall be entitled, after giving to the Licensee reasonable notice in writing—

- (a) to execute any works and to provide and install any equipment which in the opinion of the Minister may be necessary to secure the performance of all or any those obligations; and
- (b) to recover the costs and expenses of doing so from the Licensee.

**Commencement Information**

**I15** Sch. 3 clause 15 in force at 17.7.2014, see [reg. 1\(1\)](#)

**Indemnity against third-party claims**

**16.** The Licensee shall at all times keep the Minister effectually indemnified against all actions, proceedings, costs, charges, claims and demands whatsoever which may be made or brought against the Minister by any third party in relation to or in connection with this licence or any matter or thing done or purported to be done in pursuance of this licence.

**Commencement Information**

**I16** Sch. 3 clause 16 in force at 17.7.2014, see [reg. 1\(1\)](#)

**No transfer, assignment or sub-licence**

**17.—(1)** The Licensee and a Third Party may at any time jointly submit to the Minister a written notice that they desire the Minister to transfer the Licence from the Licensee to the Third Party.

(2) Where the Minister receives a notice under paragraph (1) he shall have complete discretion to decide whether or not to effect the transfer being sought.

(3) If the Minister decides to effect the transfer being sought, he may do so by written notice to the Licensee and the Third Party; and in such case the Third Party shall become the Licensee in place of the Licensee and any liabilities or obligations incurred by the Licensee pursuant to the Licensee shall pass to the Third Party.

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#### Commencement Information

**I17** Sch. 3 clause 17 in force at 17.7.2014, see [reg. 1\(1\)](#)

#### Power of revocation

**18.**—(1) If any of the events specified in the following paragraph occur then and in any such case the Minister may revoke this licence and thereupon the same and all the rights hereby granted shall cease and determine but subject nevertheless and without prejudice to any obligation or liability incurred by the Licensee or imposed upon him by or under the terms and conditions of this licence.

(2) Those events are—

- (a) all or any part of any consideration specified in Schedule 3 being in arrear or unpaid for two months next after any of the days on which the same ought to have been paid;
- (b) any breach or non-observance by the Licensee of any of the terms and conditions of this licence;
- (c) in Great Britain, the bankruptcy or sequestration of the Licensee;
- (d) in Great Britain, the making by the Licensee of any arrangement or composition with his creditors;
- (e) in Great Britain, if the Licensee is a company, the appointment of a receiver or administrator or any liquidation whether compulsory or voluntary;
- (f) in a jurisdiction other than Great Britain, the commencement of any procedure or the making of any arrangement or appointment substantially corresponding to any of those mentioned in sub-paragraphs (c) to (e) of this paragraph.
- (g) if the Licensee is a company, the Licensee's ceasing to direct and control either—
  - (i) its operations under the licence; or
  - (ii) any commercial activities in connection with those operations from a fixed place within the United Kingdom;

and where two or more persons are the Licensee any reference to the Licensee in sub-paragraphs (b) to (g) of this paragraph is a reference to any of those persons.

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#### Commencement Information

**I18** Sch. 3 clause 18 in force at 17.7.2014, see [reg. 1\(1\)](#)

#### Power of partial revocation

**19.**—(1) This clause applies in a case where—

- (a) two or more persons are the Licensee, and
- (b) an event mentioned in clause [18\(2\)\(c\)](#) to [\(g\)](#) occurs in relation to one of those persons.

(2) Where this clause applies, the Minister may exercise the power of revocation in clause [18](#) to revoke the licence in so far as it applies to the person mentioned in paragraph (1)(b).

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(3) If the Minister exercises the power in paragraph (2), the rights granted to the person under this licence cease, but without prejudice to any obligation or liability incurred by the person or imposed under the terms and conditions of this licence.

(4) Where this licence is revoked in relation to one person under this clause, it continues to have effect in respect of the other person who constitutes, or persons who together constitute, the Licensee and in relation to whom it is not revoked.

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**Commencement Information**

**I19** Sch. 3 clause 19 in force at 17.7.2014, see [reg. 1\(1\)](#)

**Arbitration**

**20.**—(1) If at any time any dispute, difference or question shall arise between the Minister and the Licensee as to any matter arising under or by virtue of this licence or as to their respective rights and liabilities in respect thereof then the same shall, except where it is expressly provided by this licence that the matter or thing to which the same relates is to be determined, decided, approved or consented to by the Minister, be referred to arbitration as provided by the following paragraph.

(2) The arbitration referred to in the foregoing paragraph shall be by a single arbitrator who, in default of agreement between the Minister and the Licensee as to his appointment, shall be appointed by the Lord Chief Justice of England for the time being.

(3) To the extent that this clause applies to any part of the Exploration Area which is situated within the Scottish area, as defined in article 1(2) of the Civil Jurisdiction (Offshore Activities) Order 1987 (S.I. 1987/2197), this clause shall have effect as if—

- (a) for the word “arbitrator” in paragraph (2) there were substituted the word “arbiter”; and
- (b) for the words “the Lord Chief Justice of England”, in paragraph (2) there were substituted the words “the Lord President of the Court of Session”.

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**Commencement Information**

**I20** Sch. 3 clause 20 in force at 17.7.2014, see [reg. 1\(1\)](#)



### **Changes to legislation:**

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### **Changes and effects yet to be applied to :**

- Sch. 3 clause 2(1) word substituted by [S.I. 2016/912 reg. 23\(46\)](#)
- Sch. 3 clause 3 word substituted by [S.I. 2016/912 reg. 23\(47\)](#)
- Sch. 3 clause 5 word substituted by [S.I. 2016/912 reg. 23\(48\)](#)
- Sch. 3 clause 6 heading word substituted by [S.I. 2016/912 reg. 23\(49\)\(a\)](#)
- Sch. 3 clause 6 word substituted by [S.I. 2016/912 reg. 23\(49\)\(b\)](#)
- Sch. 3 clause 7 word substituted by [S.I. 2016/912 reg. 23\(50\)](#)
- Sch. 3 clause 8(2) word substituted by [S.I. 2016/912 reg. 23\(51\)](#)
- Sch. 3 clause 10(2) word substituted by [S.I. 2016/912 reg. 23\(52\)](#)
- Sch. 3 clause 11 word substituted by [S.I. 2016/912 reg. 23\(53\)](#)
- Sch. 3 clause 12(a) word substituted by [S.I. 2016/912 reg. 23\(54\)\(b\)](#)
- Sch. 3 clause 12(b) word substituted by [S.I. 2016/912 reg. 23\(54\)\(c\)](#)
- Sch. 3 clause 12(c) word substituted by [S.I. 2016/912 reg. 23\(54\)\(d\)](#)
- Sch. 3 clause 12(d) word substituted by [S.I. 2016/912 reg. 23\(54\)\(e\)\(i\)](#)
- Sch. 3 clause 12(d)(iii) word substituted by [S.I. 2016/912 reg. 23\(54\)\(e\)\(ii\)](#)
- Sch. 3 clause 13(a) word substituted by [S.I. 2016/912 reg. 23\(55\)\(b\)](#)
- Sch. 3 clause 14 word substituted by [S.I. 2016/912 reg. 23\(56\)](#)
- Sch. 3 clause 15 word substituted by [S.I. 2016/912 reg. 23\(57\)](#)
- Sch. 3 clause 16 word substituted by [S.I. 2016/912 reg. 23\(58\)](#)
- Sch. 3 clause 17(1) word substituted by [S.I. 2016/912 reg. 23\(59\)\(a\)](#)
- Sch. 3 clause 17(2) word substituted by [S.I. 2016/912 reg. 23\(59\)\(b\)\(i\)](#)
- Sch. 3 clause 17(2) word substituted by [S.I. 2016/912 reg. 23\(59\)\(b\)\(ii\)](#)
- Sch. 3 clause 17(3) word substituted by [S.I. 2016/912 reg. 23\(59\)\(c\)\(i\)](#)
- Sch. 3 clause 17(3) word substituted by [S.I. 2016/912 reg. 23\(59\)\(c\)\(ii\)](#)
- Sch. 3 clause 18(1) word substituted by [S.I. 2016/912 reg. 23\(60\)](#)
- Sch. 3 clause 19 word substituted by [S.I. 2016/912 reg. 23\(61\)](#)
- Sch. 3 clause 20 word substituted by [S.I. 2016/912 reg. 23\(62\)](#)
- Sch. 3 clause 12 words inserted by [S.I. 2016/912 reg. 23\(54\)\(a\)](#)
- Sch. 3 clause 13(a) words omitted by [S.I. 2016/912 reg. 23\(55\)\(a\)](#)
- Sch. 3 clause 1(1) words substituted by [S.I. 2016/912 reg. 23\(45\)](#)
- Regulations amendment to earlier affecting provision [S.I. 2018/56, reg. 9](#) by [S.I. 2018/980 reg. 7\(4\)](#)
- Regulations modified by [S.I. 2018/56 reg. 9](#) (This amendment comes into force immediately after section 48 of the Scotland Act 2016 (c. 11). That provision was brought into force on 9.2.2018 by [S.I. 2018/163, reg. 2\(b\)](#))
- Regulations modified (temp.) by [S.I. 2018/980 reg. 14](#)

### **Changes and effects yet to be applied to the whole Instrument associated Parts and Chapters:**

Whole provisions yet to be inserted into this Instrument (including any effects on those provisions):

- Sch. 2 para. 22A(2)(a)(ii) words substituted by [S.I. 2017/1012 Sch. 6 para. 35](#)
- Sch. 2A inserted by [S.I. 2018/56 Sch. 1](#) (This amendment comes into force immediately after section 48 of the Scotland Act 2016 (c. 11). That provision was brought into force on 9.2.2018 by [S.I. 2018/163, reg. 2\(b\)](#))
- Sch. 2B inserted by [S.I. 2018/980 Sch. 1](#)

- Sch. 3A inserted by [S.I. 2018/56 Sch. 2](#) (This amendment comes into force immediately after section 48 of the Scotland Act 2016 (c. 11). That provision was brought into force on 9.2.2018 by S.I. 2018/163, reg. 2(b))
- Sch. 3B inserted by [S.I. 2018/980 Sch. 2](#)
- reg. 1A inserted by [S.I. 2018/56 reg. 3\(2\)](#) (This amendment comes into force immediately after section 48 of the Scotland Act 2016 (c. 11). That provision was brought into force on 9.2.2018 by S.I. 2018/163, reg. 2(b))
- reg. 1A(1A) inserted by [S.I. 2018/980 reg. 4\(2\)](#)
- reg. 1A(2) words inserted by [S.I. 2018/980 reg. 4\(3\)](#)
- reg. 2(1A) inserted by [S.I. 2018/56 reg. 3\(4\)](#) (This amendment comes into force immediately after section 48 of the Scotland Act 2016 (c. 11). That provision was brought into force on 9.2.2018 by S.I. 2018/163, reg. 2(b))
- reg. 2(1A) substituted by [S.I. 2018/980 reg. 4\(4\)](#)
- reg. 3 inserted by [S.I. 2016/912 reg. 23\(2\)](#)