

EXPLANATORY MEMORANDUM TO
THE PETROLEUM LICENSING (APPLICATIONS) REGULATIONS 2015

2015 No. 766

1. This explanatory memorandum has been prepared by the Department of Energy and Climate Change and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 To consolidate the aspects of two statutory instruments (namely the Petroleum (Production) (Seaward Areas) Regulations 1988 (S.I. 1988/1213) and the Petroleum (Production) (Landward Areas) Regulations 1995 (S.I. 1995/1436) concerning petroleum licensing applications, while also modernising licence application processes and making provision for applications for landward petroleum exploration licences.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1 This instrument is being made as part of the government's Red Tape Challenge programme, which involves removing and reforming areas of regulation. For more details, see the Policy Background section below.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- What is being done and why

7.1 These Regulations are being made as a result of the government's 'Red Tape Challenge' programme which sought the views of businesses and the public on the removal and reform of areas of regulation. DECC holds primary responsibility for the 'Red Tape Challenge Energy Theme' under which this instrument is being delivered.

7.2 The Regulations concern the application process for five kinds of petroleum licence:

- a) landward petroleum exploration licences;
- b) seaward petroleum exploration licences;
- c) methane drainage licences;
- d) petroleum exploration and development licences; and
- e) seaward area production licences.

7.3 The licence application processes needed to be modernised. Firstly to permit electronic applications via an online licence application portal for petroleum exploration and development licences and seaward area production licences. Secondly, to reduce the information required from applicants (most particularly unnecessary financial information).

7.4 The landward petroleum exploration licence is a new kind of licence not available under the two instruments which were consolidated. It was introduced by the Petroleum Licensing (Exploration and Production) (Landward Areas) Regulations 2014 (S.I. 2014/1686). These Regulations now govern the application process for this kind of licence.

7.5 The model clauses prescribed for the licences are not contained in these Regulations. Consequently, the parts of the Petroleum (Production) (Landward Areas) Regulations 1995 which prescribe the model clauses for methane drainage licences have not been superseded by these Regulations. The other parts of the two statutory instruments being consolidated which concern model clauses for other kinds of licences have all been superseded by other legislation.

- Consolidation

7.6 This is a consolidation of the aspects of two statutory instruments (mentioned in paragraph 2.1 above) which concern applications for petroleum licensing applications.

8. Consultation outcome

8.1 As part of the Red Tape Challenge, every few weeks regulation affecting a specific sector or industry (as well as that of general regulation that cuts across sectors) was published by the Cabinet Office online (at this web address: <http://www.redtapechallenge.cabinetoffice.gov.uk/home/index/>) for the public and stakeholders to suggest how they can be 'scrapped' or 'improved'. The department also ran an internal challenge process to identify measures which could be removed or reformed, which identified the two statutory instruments mentioned in paragraph 2.1 above as ones which could be consolidated and modernised.

9. Guidance

9.1 Guidance about the licence application process is published from time to time in connection with invitations to apply in 'Licensing Rounds'.

10. Impact

10.1 The impact on business, charities or voluntary bodies is nil.

10.2 The impact on the public sector is nil.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 There are no plans for monitoring and review.

13. Contact

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