
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations which come into force on 30th June 1995 are supplemental to regulations made under section 6 of the Petroleum (Production) Act 1934 (“the 1934 Act”). These Regulations give effect to Articles 2 (other than paragraph 1), 3 (other than paragraphs 1 to 5), 4 (other than paragraph (a)), 5 and 6 of Council Directive (94/22/EEC) on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons (“the Directive”) (O.J. L164, 30.6.94, p.3). The Directive is further implemented by the Petroleum (Production) (Landward Areas) Regulations 1995 (S.I. 1995/1436) and the Petroleum (Production) (Seaward Areas) (Amendment) Regulations 1995 (S.I. 1995/1435).

The Regulations restrict the criteria which the Secretary of State may take into account when considering an application for a licence made in accordance with regulations made under the 1934 Act (“a licence”). The Regulations provide that the criteria upon which applications are to be determined are to be published, together with the notice inviting applications, in the Official Journal. The Regulations provide that an application may be refused on the grounds of national security if the applicant is effectively controlled by nationals of a state which is not a member State but otherwise the criteria may not be applied in a discriminatory manner. When an application is unsuccessful, the applicant is to be notified on request of the reasons for the decision. The Regulations limit the terms and conditions which may be imposed on the grant of a licence and provide that such terms and conditions shall be applied in a non-discriminatory manner.

The Regulations provide that where the Secretary of State has invited applications for a licence he shall make available to interested parties the terms and conditions upon which the licence will be granted. If a change is made in those terms and conditions prior to the grant of the licence, the Secretary of State is to issue details of that change to any person who has requested a statement of terms and conditions.

The Regulations require the Secretary of State to limit the term of any licence granted to the period necessary for the proper performance of the activities authorised by the licence and restrict the circumstances in which the Secretary of State may extend a licence. The Regulations also limit the Secretary of State’s powers to request information from a licensee and to monitor the activities of the licensee.