

**2017 No. 426**

**ENERGY**

**The Oil and Gas Authority (Fees and Petroleum Licensing)  
(Amendment) Regulations 2017**

|                               |         |                        |
|-------------------------------|---------|------------------------|
| <i>Made</i>                   | - - - - | <i>13th March 2017</i> |
| <i>Laid before Parliament</i> |         | <i>16th March 2017</i> |
| <i>Coming into force</i>      | - -     | <i>6th April 2017</i>  |

The Secretary of State makes the following Regulations in exercise of the powers conferred by sections 12(1), (2), (5) and (6) and 82(2) and (3) of the Energy Act 2016(a) and having consulted the Oil and Gas Authority in accordance with section 12(8) of that Act.

**Citation and commencement**

1. These Regulations may be cited as the Oil and Gas Authority (Fees and Petroleum Licensing) (Amendment) Regulations 2017 and come into force on 6th April 2017.

**Amendments to the Oil and Gas Authority (Fees) Regulations 2016**

2.—(1) The Oil and Gas Authority (Fees) Regulations 2016(b) are amended as follows.

(2) In regulation 2 (interpretation)—

(a) after the entry for “the 2008 Act”, insert—

““the Applications Regulations” means the Petroleum Licensing (Applications) Regulations 2015(c);

“the Offshore Safety Directive Regulations” means the Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015(d);”;

(b) after the entry for “development and production programme”, insert—

““development area proposal” means a proposal submitted pursuant to a petroleum exploration and development licence defining the geographic locations within a petroleum field where the licensee proposes to undertake development and production including, where relevant, a plan setting out the activities to be carried out;”;

(c) after the entry for “licensee”, insert—

““petroleum exploration and development licence” has the meaning given in regulation 2 of the Applications Regulations;”;

(d) after the entry for “relevant licence”, insert—

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(a) 2016 c. 20. Section 12(9) of the Act provides that “prescribed” means prescribed by regulations.  
(b) S.I. 2016/904.  
(c) S.I. 2015/766, amended by S.I. 2016/912.  
(d) S.I. 2015/385, amended by paragraph 81 of Schedule 1 to the Energy Act 2016 (c. 20) and S.I. 2017/404.

““retention area proposal” means a proposal submitted pursuant to a petroleum exploration and development licence defining the geographic locations where the licensee proposes to undertake exploration and appraisal activities;”;

(e) after the entry for “well”, insert—

““well or installation operator” means a person appointed in accordance with regulation 5 of the Offshore Safety Directive Regulations (appointment of operators by offshore licensees) to conduct the planning or execution of well operations or offshore petroleum operations other than well operations;”;

(f) after the entry for “well suspension”, insert—

““work programme” means a programme set out in a schedule to a petroleum licence which sets out the prospecting to be undertaken during the initial term, including any geological survey by any physical or chemical means and any test drilling.”.

(3) In regulation 3(1) (applications prescribed for purposes of section 12(1)(d) of the Energy Act 2016), after sub-paragraph (o) (application for approval of the appointment of an operator under a petroleum licence), insert—

“(p) an application for approval of the appointment of a well or installation operator under regulation 5 of the Offshore Safety Directive Regulations where approval is granted in accordance with paragraph (1)(a) of that regulation;

(q) an application for consent to a retention area proposal where consent is granted;

(r) an application for consent to a development area proposal where consent is granted;

(s) an application for consent to extend the initial, second or final term of a petroleum licence;

(t) an application for consent to extend the final phase of the initial term of a petroleum licence;

(u) an application for consent to amend a work programme.”.

(4) In regulation 4 (fees payable for consents and pipeline works authorisations)—

(a) in the heading, omit “Estimated”;

(b) in the formula in paragraph (3), for “£500” substitute “£595”;

(c) in paragraph (4), omit the words “which the OGA estimates will be”;

(d) in paragraph (5), for the words “under regulation 5(3)” substitute “of the application”.

(5) Omit regulation 5 (requests to determine fees under regulation 4).

(6) In regulation 6 (fixed fees payable for other consents)—

(a) in paragraph (1), for “(2)” substitute “(3)”;

(b) at the beginning of paragraph (2), insert “Subject to paragraph (3),”;

(c) after paragraph (2) (but before the table), insert—

“(3) Where the fee payable under paragraph (1) is for one of the following applications, the licensee must pay the fee within 30 days of the OGA notifying the licensee of the determination of the application unless the OGA notifies the licensee in writing that the licensee may pay the fee at a later date—

(a) an application for consent to extend the initial, second or final term of a petroleum licence;

(b) an application for consent to extend the final phase of the initial term of a petroleum licence;

(c) an application for consent to amend a work programme.”; and

(d) for the table (fees for other consents), substitute the following—

| <i>“Activity or matter requiring consent</i>  | <i>Fee payable</i> |
|---|--------------------|
| Methodology proposed for the measurement of petroleum   | £1,214             |
| Drill a primary well  | £729               |
| Drill a sidetrack well branching off from the principal well to a target location different from that of the principal well | £596               |
| Fit or refit equipment in a well for the purpose of enabling hydrocarbon production or injection                            | £566               |
| Get petroleum from a licensed area  | £1,052             |
| Variation of a consent to get petroleum from a licensed area  | £1,052             |
| Flare or vent petroleum from a well   | £765               |
| Variation of a consent to flare or vent petroleum from a well   | £765               |
| Well suspension   | £596               |
| Put back into use any well subject to a well suspension   | £566               |
| Abandon a well permanently  | £566               |
| Change of licensee of a petroleum licence   | £401               |
| Change of the beneficiary of rights granted by a petroleum licence  | £401               |
| Appointment of an operator under a petroleum licence  | £1,201             |
| Extension of the initial, second or final term of a petroleum licence   | £1,000             |
| Extension of the final phase of the initial term of a petroleum licence   | £1,000             |
| Amendment of a work programme   | £1,000”.           |

(7) After regulation 6, insert—

**“Fees payable for consent to retention or development area proposals**

**6A.**—(1) A licensee must pay a fee of £1,068 where the licensee applies to the OGA for consent to a retention area proposal or a development area proposal and the OGA grants consent.

(2) The licensee must pay any fee payable under paragraph (1) within 30 days of the OGA notifying the licensee of the grant of consent unless the OGA notifies the licensee in writing that the licensee may pay the fee at a later date.

**Fees payable for determination of oil fields**

**6B.**—(1) A licensee must pay a fee of £1,124 for the determination of an oil field under Schedule 1 to the Oil Taxation Act 1975 (determination of oil fields)(a).

(2) The licensee must pay any fee payable under paragraph (1) within 30 days of the OGA notifying the licensee of the determination unless the OGA notifies the licensee in writing that the licensee may pay the fee at a later date.

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(a) 1975 c. 22, amended by paragraph 7(5) of Schedule 4 to the Petroleum Act 1998 (c. 17), paragraph 7 of Schedule 42 to the Finance Act 2009 (c. 10), section 61(1) of the Finance Act 2011 (c. 11), section 48(20) of the Scotland Act 2016 (c. 11) (from a date to be appointed) and S.I. 2016/898.

### **Fees payable for metering examinations and tests**

**6C.**—(1) For any examination or test of an appliance used to measure petroleum listed in the first column of the table following paragraph (3) which is undertaken by or at the direction of the OGA, the licensee must pay the corresponding fee in the second column of that table.

(2) The licensee must pay any fee payable under paragraph (1) within 30 days of the OGA notifying the licensee of the amount due unless the OGA notifies the licensee in writing that the licensee may pay the fee at a later date.

(3) In the table, “seaward area production licence” has the meaning given in regulation 2 of the Applications Regulations.

### **Fees payable for metering examinations or tests**

| <i>Type of metering examination or test</i>                                | <i>Fee payable</i> |
|--|--------------------|
| Metering examination under a seaward area production licence               | £2,534             |
| Metering examination under a petroleum exploration and development licence | £2,994             |
| Meter flow calibration   | £1,612             |

### **Fees payable for approval of well or installation operators**

**6D.**—(1) A licensee must pay a fee where—

- (a) the licensee applies to the OGA for approval of the appointment of a well or installation operator;
- (b) the OGA consults the competent authority under regulation 5(3) of the Offshore Safety Directive Regulations; and
- (c) the OGA approves the application in accordance with regulation 5(1)(a) of those regulations.

(2) The amount of the fee under paragraph (1) is the sum of the fees charged by the competent authority under the following provisions when providing advice in accordance with the competent authority’s functions as a consultee—

- (a) section 13(6) of the Health and Safety at Work Act 1974(a) (powers of the executive), and
- (b) regulation 13A of the Offshore Safety Directive Regulations (fees)(b).

(3) The licensee must pay any fee payable under paragraph (1) within 30 days of the OGA notifying the licensee of the determination of the application unless the OGA notifies the licensee in writing that the licensee may pay the fee at a later date.

(4) Any fee payable under paragraph (1) is in addition to the fee payable for appointment of an operator under a petroleum licence under regulation 6.

(5) In this regulation, “competent authority” means the Health and Safety Executive and the Secretary of State, acting jointly.”.

### **Consequential amendments to Petroleum Licensing Model Clauses**

**3.** In the following provisions, omit the words after “direction”—

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(a) 1974 c. 37. Section 13 was substituted by S.I. 2008/960 and amended by paragraph 3 of Schedule 12 to the Energy Act 2013 (c. 32).  
(b) Regulation 13A was inserted by S.I. 2017/404.

- (a) paragraph 14(5) of the Schedule to the Petroleum Licensing (Production) (Seaward Areas) Regulations 2008 (model clauses – measurement of petroleum)(**a**), and
- (b) paragraph 13(5) of Schedule 2 to the Petroleum Licensing (Exploration and Production) (Landward Areas) Regulations 2014 (model clauses – measurement of petroleum)(**b**).

*Nick Hurd*  
Minister of State

13th March 2017

Department for Business, Energy and Industrial Strategy

### **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations amend the Oil and Gas Authority (Fees) Regulations 2016 (S.I. 2016/904) (“the Fees Regulations”), which make provision for the Oil and Gas Authority (“the OGA”) to charge fees, and make consequential amendments to other legislation.

Regulation 2(3) amends regulation 3 of the Fees Regulations (applications prescribed for purposes of section 12(1)(d) of the Energy Act 2016) to prescribe additional applications for which the OGA may charge a fee. These are applications made by the holder of certain petroleum licences for approval of the appointment of a well or installation operator; consent to a retention area proposal (where consent is granted); consent to a development area proposal (where consent is granted); consent to extend a term of a petroleum licence or the final phase of the initial term; and consent to amend a work programme. Regulation 2(2) inserts the relevant definitions in regulation 2 of the Fees Regulations (interpretation).

Regulation 2(4)-(5) amends regulation 4 of the Fees Regulations (fees payable for consents and pipeline works authorisations) and omits regulation 5 (requests to determine fees under regulation 4) to increase to £595 the daily rate in the formula for calculating the applicable fee and to provide for charging on the basis of the actual costs incurred in determining an application instead of an estimate.

Regulation 2(6) inserts a new table in regulation 6 of the Fees Regulations (fixed fees payable for other consents) including new fixed fees for applications for consent to extend a term of a petroleum licence or the final phase of the initial term and consent to amend a work programme. It also increases the existing fees to reflect increased resource costs.

Regulation 2(7) inserts new fixed fees for applications for consent to a retention or development area proposal (where consent is granted); consent to determination of an oil field; and metering examinations and tests. It also inserts the methodology for calculating the new fee for applications for approval of the appointment of well or installation operators.

Regulation 3 amends the model clauses for petroleum production licences to omit the existing provision for charging fees and expenses for metering tests or examinations, which is replaced by the fee introduced by these Regulations.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sectors is foreseen.

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(a) S.I. 2008/225, amended by S.I. 2016/912.

(b) S.I. 2014/1686, amended by S.I. 2016/912.

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£6.00

UK2017031618 03/2017 19585

<http://www.legislation.gov.uk/id/uksi/2017/426>

ISBN 978-0-11-115684-1



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