

1972 No. 1522

CONTINENTAL SHELF

PETROLEUM

The Petroleum (Production) (Amendment) Regulations 1972

<i>Made</i>	- - -	10th October 1972
<i>Laid before Parliament</i>		18th October 1972
<i>Coming into Operation</i>		9th November 1972

The Secretary of State in exercise of powers conferred by section 6 of the Petroleum (Production) Act 1934(a) and by that section as extended by section 1(3) of the Continental Shelf Act 1964(b), and now vested in him (c), hereby makes the following Regulations:—

1.—(1) These Regulations may be cited as the Petroleum (Production) (Amendment) Regulations 1972 and shall come into operation on 9th November 1972.

(2) The Interpretation Act 1889(d) shall apply to the interpretation of these Regulations as it applies to the interpretation of an Act of Parliament.

2. The Petroleum (Production) Regulations 1966(e), as amended (f), shall have effect subject to the following further amendments:—

(i) in paragraph (4) of Regulation 6 (maximum and minimum size of a landward area for which a production licence may be granted on a non-invited application) for “twenty square kilometres” there shall be substituted “10 square kilometres” and in that paragraph and paragraph (5) of that regulation for “five hundred square kilometres” there shall be substituted “250 square kilometres”;

(ii) for Regulation 8 (applications for exploration licences) there shall be substituted:—

“8.—(1) An application for an exploration licence may be made in respect of—

(a) the whole or any part of the seaward areas or the landward areas below the low water line;

(b) an area in the landward areas above the low water line.

(a) 1934 c. 36.

(b) 1964 c. 29.

(c) See S.R. & O. 1942/1132 (Rev. XV, p. 99), the Ministry of Fuel and Power Act 1945 (c. 19), S.I. 1969/1498 (1969 III, p. 4797), S.I. 1970/1537 (1970 III, p. 5293).

(d) 1889 c. 63.

(e) S.I. 1966/898 (1966 II, p. 2109).

(f) S.I. 1971/814 (1971 II, p. 2327).

(2) Every application for an exploration licence made pursuant to paragraph (1)(b) above shall include both a description of a clearly defined area in relation to which a licence is sought and two copies of the 1 : 25,000 Ordnance Survey map or other such map as the Secretary of State may allow upon which the boundaries of that area are clearly defined.

(3) The area in respect of which an exploration licence is granted, if an area mentioned in paragraph (1)(b) above, shall be a compact area not exceeding 500 square kilometres.”;

(iii) in Regulation 10(2) (model clauses) for paragraph (c) there shall be substituted:—

“(c) for incorporation in exploration licences for seaward areas or landward areas below the low water line, the clauses set out in Schedule 5 and for incorporation in exploration licences for any such area as is mentioned in Regulation 8(1)(b) above, those clauses amended in accordance with Schedule 7;”;

(iv) in Regulation 11, for paragraph (3) there shall be substituted:—

“(3) With every application for an exploration licence made pursuant to Regulation 8(1)(a) there shall be paid a fee of £20 and for every such application made pursuant to Regulation 8(1)(b) there shall be paid a fee of £100.”;

(v) in Schedule 2, in paragraph 7 after “production licence” there shall be added “or an application for an exploration licence in respect of a landward area which is not below the low water line”;

(vi) Schedule 3 thereto shall be amended in the manner described in Part I of the Schedule hereto; and

(vii) there shall be added as Schedule 7 thereto the provisions set out in Part II of the Schedule hereto.

Dated 10th October 1972.

Tom Boardman,
Minister for Industry,
Department of Trade and Industry.

SCHEDULE

PART I

Modifications to the model clauses for production licences for landward areas set out in Schedule 3 to the 1966 Regulations

(a) In Clause 1 the definitions of “continuing part” and “surrendered part” shall be omitted.

(b) For Clauses 3 to 8 there shall be substituted:—

“3.—(1) This licence unless sooner determined under any of the provisions hereof shall be and continue in force for the term of 4 years next after []; but if the terms and conditions hereof are duly performed and observed and, in particular, if the work programme described in Schedule 3 hereto has been duly performed, it may be continued for a further period of 20 years in respect of part of the relevant area in the manner hereinafter provided.

(2) If the Secretary of State sees fit and petroleum is then being got under this licence, it may be further continued for a period of 10 years at the expiry of the said period of 20 years.

4.—(1) The Licensee, if he wishes this licence to continue for a further period of 20 years in respect of a part of the licensed area as provided by Clause 3, shall at least six months before the expiry of the initial term give the Secretary of State written notice of continuance and, unless notice has been given under Clause 6(1) to surrender at least one half of the original licensed area before such expiry, give written notice of surrender from a date not later than such expiry in respect of an area which satisfies the requirements of Clause 6(2) and whose surrender reduces the licensed area to not more than one half its original size.

(2) Where notice of continuance is duly given and such area (if any) as may be required to be surrendered by notice under paragraph (1) is duly surrendered, this licence shall, subject to the provisions hereof, continue in respect of the residual area for a term of 20 years after the expiry of the initial term.

5. The Licensee, if he wishes the Secretary of State to assent to the further continuance of this licence for a period of 10 years following the expiry of the 20 year term, shall apply in writing for such assent during the nineteenth year of that term; and where assent is given, this licence shall, subject to the provisions hereof, continue in respect of the area to which it then relates for a further period of 10 years after the expiry of the said 20 year term.

6.—(1) Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof, the Licensee may, at any time, determine this licence or surrender any such part of the licensed area as is mentioned in the following paragraph by giving six months written notice to that effect to the Secretary of State.

(2) Any area to be surrendered in accordance with the preceding provisions of this licence shall be a clearly defined compact area—

- (a) which comprises at least 10 square kilometres or one fifth of the subsisting licensed area (whichever is the greater) and has a length not more than three times its average breadth; and
- (b) whose surrender leaves as the licensed area one or more clearly defined and reasonably compact areas none of which is less than 10 square kilometres or has a length more than three times its average breadth.

7. Upon the date on which any determination of this licence by the Licensee or any surrender of a part of the licensed area is to take effect, the rights granted by this licence shall cease or cease in respect of the part so surrendered as the case may be but without prejudice to any obligation or liability imposed upon the Licensee or incurred by him under the terms and conditions of the licence prior to that date.

8.—(1) The Licensee shall pay to the Secretary of State during the continuance of this licence the consideration by way of royalty or otherwise for the grant hereof specified in Schedule 2 hereto at the times and in the manner specified in that Schedule.

(2) The Licensee shall not by reason of the determination of this licence or the surrender of any part of the licensed area be entitled to be repaid or allowed any sum payable to the Secretary of State hereunder before the date of the determination or surrender.”.

(c) For Clause 12 there shall be substituted the following:—

“12—(1) The Licensee shall during the initial term of this licence carry out with due diligence the scheme of prospecting and development including any geological survey by chemical or physical means or programme of test drilling or any of them set out in Schedule 3 to this licence.

(2) The Licensee shall give the Secretary of State at least 21 days' written notice of any proposed seismic survey of any area which is not wholly on the seaward side of the low water line and such notice shall indicate the nature of the survey and the

total number of kilometres to be shot and shall be accompanied by a copy of the 1" Ordnance Survey map for the relevant area upon which the proposed lines of survey are indicated and by 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 1971 or the Town and Country Planning (Scotland) Act 1972 is required for the survey in question, evidence that such permission has been granted.

(3) The Licensee shall not carry out any seismic survey of any such area as is mentioned in paragraph (2) if notice has not been given as aforesaid or if the Secretary of State indicates to the Licensee within 14 days of the receipt of such notice that the survey is not to be carried out."

(d) In Clause 13, there shall be added as paragraph (9):—

"(9) An application for the consent of the Secretary of State to the drilling of a well at any place above the low water line shall be accompanied by evidence that the planning authority for the relevant place has been consulted about the drilling and that any planning permission required by the Town and Country Planning Act 1971 or the Town and Country Planning (Scotland) Act 1972 for the drilling of that well has been granted."

PART II

NEW SCHEDULE 7 TO THE 1966 REGULATIONS

Modifications to the model clauses set out in Schedule 5 in a case where an exploration licence is granted in respect of an area in the landward areas above the low water line.

(a) In Clause 1 the definition of "the Act of 1964" shall be omitted.

(b) For Clauses 2 to 5 there shall be substituted:—

"2. In consideration of the payments hereinafter provided and the performance and observance by the Licensee of all the terms and conditions hereof, the Secretary of State in exercise of his powers under the Act of 1934 hereby grants to the Licensee EXCLUSIVE LICENCE AND LIBERTY during the continuance of this licence and subject to the provisions hereof to search for petroleum in the area of
more particularly described in Schedule 1 hereto:

Provided that nothing in this licence shall affect the right of the Secretary of State to grant a methane drainage licence in respect of the whole or any part of the exploration area or affect the exercise of any rights granted by such licence.

3. The right to search for petroleum conferred by this licence shall include prospecting and carrying out geological surveys by physical or chemical means and drilling to a depth not exceeding 350 metres for the purpose of obtaining geological information about strata in the exploration area but shall not include any right to get petroleum.

4. This licence unless sooner determined under any of the provisions hereof shall be and continue in force for a period of three years from [] but may if the Secretary of State sees fit and the Licensee has at least 3 months before the current expiry date made a written request for its extension, be continued for not more than three further successive periods of one year.

5. Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions hereof the Licensee may determine this licence at any time during the period of three years mentioned above if he has given the Secretary of State not less than six months written notice to that effect."

(c) There shall be inserted after Clause 6 the following additional clause:—

“6A (1) The Licensee shall give the Secretary of State at least 21 days written notice of any proposed seismic survey and such notice shall indicate the nature of the survey and the total number of kilometres to be shot and shall be accompanied by a copy of the 1" Ordnance Survey map for the relevant area upon which the proposed lines of survey are indicated and by 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 County Planning Act 1971 or the Town and Country Planning (Scotland) Act 1972 is required for the survey in question, evidence that such permission has been granted.

(2) The Licensee shall not carry out any seismic survey if notice thereof has not been given as aforesaid or if the Secretary of State indicates to the Licensee within 14 days of the receipt of such notice that the survey is not to be carried out.”.

(d) In Clause 7, there shall be added as paragraph (8):—

“(8) An application for the consent of the Secretary of State shall be accompanied by evidence that the planning authority for the relevant place has been consulted about the drilling of the well in question and that any planning permission required by the Town and County Planning Act 1971 or the Town and Country Planning (Scotland) Act 1972 for the drilling of that well has been granted.”.

(e) In Clause 10, for the words after “interfere unjustifiably” there shall be substituted “with navigation in any navigable waters within the exploration area or with fishing in or the conservation of the living resources of any waters in or in the vicinity of the exploration area”.

(f) In Clause 14, the words “of the sea bed and” shall be omitted.

(g) In Clause 15 (as set out in the amending regulations of 1971), “or the Act of 1964” shall be omitted.

(h) In Clause 17, after “enter into and upon” there shall be included “any land for the time being possessed or occupied by the Licensee in the exploration area or”.

(i) In Clause 22(2), the words between “place in Scotland” and “the arbitration” in the first paragraph of the proviso and the whole of the second paragraph of the proviso shall be omitted.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations further amend the Petroleum (Production) Regulations 1966 (S.I. 1966/898) which relate to the granting of petroleum licences and set out model clauses for incorporation in such licences.

Provision is now made to enable the Secretary of State to grant exploration licences (as distinct from production licences) for landward areas. Any such licence must be limited to an area not exceeding 500 sq. kms. and will be an exclusive licence initially valid for 3 years but renewable, at the discretion of the Secretary of State, for up to 3 years more. It will permit the licensee to conduct seismic survey work and carry out shallow drilling.

Changes are also made in relation to production licences for landward areas. The prescribed maximum and minimum areas in relation to the grant of these licences are reduced from 500 to 250 sq. kms. and from 20 to 10 sq. kms. respectively. The model clauses for incorporation in such licences are modified to require the licensee to surrender at least half the original licensed area by the end of the first 4 years. He will be entitled to continue the licence for a remaining part of the area for a further 20 years with the possibility of an extension, at the discretion of the Secretary of State, for another 10 years. (The present model clauses which are replaced provide for a 46 year term and require at least half the licensed area to be surrendered by the end of the first 6 years).

The model clauses for both production and exploration licences for landward areas will in future enable the Secretary of State to exercise control over seismic survey work and require that any necessary planning permission be obtained before any seismic or drilling work is carried out.

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