

## SCHEDULE 10

### CURRENT MODEL CLAUSES FOR SEAWARD PRODUCTION LICENCES DERIVING FROM SCHEDULE 4 TO THE PETROLEUM (PRODUCTION) (SEAWARD AREAS) REGULATIONS 1988 AS IT HAD EFFECT ON AND AFTER 16TH DECEMBER 1996

## PART II

### **Option to continue licence into second term**

**3A.**—(1) At any time not later than three months before the expiration of the initial term the Licensee paying the payments and royalties hereinafter provided and observing and performing the terms and conditions herein contained may submit to the Minister a programme for further exploration for petroleum in the second term.

(2) Any programme submitted in accordance with paragraph (1) above shall be such a programme for further exploration in the second term as any person, who, if he—

- (a) were entitled to exploit the rights granted by this licence;
- (b) had the competence and resources needed to exploit those rights to the best commercial advantage; and
- (c) were seeking to exploit those rights to the best commercial advantage,

could reasonably be expected to carry out during the second term.

(3) Within one month of receipt of a programme submitted in accordance with paragraph (1) above, the Minister shall serve a notice in writing on the Licensee either—

- (a) if he is of the opinion that the programme submitted does not meet the requirements of paragraph (2) above (hereinafter called “the relevant requirements”), stating that that is his opinion and reasons for it; or
- (b) stating that he approves the programme.

(4) Where notice in respect of a programme for further exploration is served upon the Licensee in pursuance of paragraph (3)(a) of this clause he shall either—

- (a) within 28 days beginning with the date of service of the notice refer to arbitration, in the manner provided by clause 43 of this licence, the question of whether the programme satisfies the relevant requirements; or
- (b) with a reasonable period beginning with that date submit to the Minister a further programme which satisfies the relevant requirements,

and where it is determined in consequence of any reference to arbitration in pursuance of sub-paragraph (a) of this paragraph that the programme in question does not satisfy the relevant requirements, the Licensee shall submit to the Minister as soon as possible after the date of the determination a further programme which satisfies such requirements.

(5) If the Licensee either—

- (a) fails to perform the duty imposed on him by sub-paragraph (4)(b) above; or
- (b) where he is required to submit a further programme following the conclusion of an arbitration, fails to submit a programme which satisfies the relevant requirements,

the Minister may if he thinks fit, instead of revoking this licence in consequence of the failure, serve on the Licensee such a programme as the Minister considers that the Licensee should have submitted to him in respect of the period to which the rejected programme related.

(6) The Licensee shall carry out during the second term any programme either—

**Status:** This is the original version (as it was originally made).

- (a) served upon him by the Minister in accordance with sub-paragraph (5) above; or
- (b) submitted by him pursuant to this clause as to which either—
  - (i) the Minister serves a notice in writing on him stating that he approves the programme; or
  - (ii) it is determined in consequence of any reference to arbitration in pursuance of this licence that the programme satisfies the relevant requirements,and any programme approved by the Minister in pursuance of this clause shall be deemed for the purposes of this licence to satisfy the relevant requirements.