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STATUTORY INSTRUMENTS

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**2009 No. 2814**

**PETROLEUM  
GAS**

**The Offshore Exploration (Petroleum, and Gas Storage  
and Unloading) (Model Clauses) Regulations 2009**

*Made - - - - 20th October 2009*  
*Laid before Parliament 22nd October 2009*  
*Coming into force - - 13th November 2009*

The Secretary of State, in exercise of the powers conferred by section 4(1)(e) and (2) of the Petroleum Act 1998(1) and by sections 7(1) and 104(2) of the Energy Act 2008(2), makes the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Offshore Exploration (Petroleum, and Gas Storage and Unloading) (Model Clauses) Regulations 2009 and come into force on 13th November 2009.

**Model clauses**

2.—(1) Subject to paragraphs (3) and (4), the model clauses prescribed for the licences mentioned in paragraph (2) are those set out in the Schedule.

(2) The licences are—

- (a) licences under section 3 of the Petroleum Act 1998 to search for petroleum in any area below the low water line in respect of which the Secretary of State may grant a licence under that section; and
- (b) licences under section 4 of the Energy Act 2008 to—
  - (i) explore any controlled place with a view to carrying on activities within section 2(3) (a) to (d) of the Energy Act 2008, and
  - (ii) establish or maintain an installation in a controlled place for the purposes of such exploration.

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(1) 1998 c. 17.  
(2) 2008 c.32.

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(3) The model clauses prescribed for the licences mentioned in paragraph (2)(a) do not include clauses 2(2) or 3(3).

(4) The model clauses prescribed for the licences mentioned in paragraph (2)(b) do not include clauses 2(1), 3(2), 7, 8(4)(b), 17(b), 18 or 20(2)(a).

**3.** The model clauses prescribed by regulation 3(2) of, and Schedule 1 to, the Petroleum Licensing (Exploration and Production) (Seaward and Landward Areas) Regulations 2004<sup>(3)</sup> do not apply in relation to any licence granted after the commencement of these Regulations.

*Lord Hunt of Kings Heath OBE*  
Minister of State

20th October 2009

Department of Energy and Climate Change

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(3) [SI 2004/352](#); Schedule 1 was amended by [SI 2006/784](#), [2007/3224](#) and [2009/229](#), and by section 77 of, and Part 3 of Schedule 3 to, the Energy Act 2008.

## SCHEDULE

Regulation 2(1)

### MODEL CLAUSES FOR EXPLORATION LICENCES

#### **Interpretation etc.**

1.—(1) In this licence the following expressions have the following meanings—

“consent” means consent in writing;

“controlled place” has the meaning given in section 2(4) or section 17(3) of the Energy Act 2008;

“the Exploration Area” means the area comprising all the areas in which the Licensee may for the time being exercise any of the rights granted by this licence;

“licensed activities” means the activities carried on pursuant to this licence;

“the Licensee” means the person (or all the persons) specified in Schedule 1 as licence holder (or joint licence holders);

“the Minister” means the Secretary of State for Energy and Climate Change;

“Petroleum” includes any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in strata, but does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation;

“right” includes authorisation;

“Start Date” means the date specified as such in Schedule 2;

“Well” includes borehole.

(2) Any reference in this licence to a clause or a Schedule is a reference to a clause of, or Schedule to, this licence; and any reference in a clause to a paragraph is to a paragraph of that clause.

(3) Any obligations which are to be observed and performed by the Licensee shall at any time at which the Licensee is more than one person be joint and several obligations.

#### **Grant of Licence**

2.—(1) In consideration of the payments provided for in clause 7 and the performance and observance by the Licensee of all the terms and conditions contained in this licence, the Minister, in exercise of the powers conferred by section 3 of the Petroleum Act 1998, hereby grants to the Licensee licence and liberty in common with all other persons to whom the like right may have been granted or may hereafter be granted, during the continuance of this licence and subject to its provisions, to search for Petroleum in the strata in the islands and in the sea bed and subsoil in any area below the low water line in respect of which a licence may be granted under that section 3.

(2) The Minister, in exercise of the powers conferred by section 4 of the Energy Act 2008, and subject to the terms and conditions contained in this licence, authorises the Licensee to explore any controlled place with a view to carrying on activities within section 2(3)(a) to (d) of that Act, and to establish or maintain an installation in a controlled place for the purposes of such exploration.

(3) However, the rights conferred by this licence shall not be exercisable (except with the agreement of the relevant person) at any place in respect of which a petroleum licence or an Energy Act licence is for the time being in force.

(4) In this clause—

“Energy Act licence” means a licence under section 4 or 18 of the Energy Act 2008 (other than an exploration licence);

“exploration licence” means a licence to—

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- (a) explore any controlled place with a view to carrying on activities within section 2(3)(a) to (d) of that Act, and establish or maintain an installation in a controlled place for the purposes of such exploration; or
- (b) explore any controlled place with a view to carrying on activities within section 17(2) (a) or (b) of that Act, and to establish or maintain an installation in a controlled place for the purposes of such exploration.

“petroleum licence” means a licence (not being a methane drainage licence) entitling the holder to search and bore for and get Petroleum, or to get Petroleum in the course of underground coal gasification;

“relevant person” means the holder of the petroleum licence or the Energy Act licence.

### **Prospecting methods**

**3.—**(1) The rights granted by this licence include prospecting and carrying out geological surveys by physical or chemical means and drilling for the purpose of obtaining geological information about strata in the Exploration Area, but do not include any right to drill Wells of a depth exceeding 350 metres below the surface of the sea bed or such greater depth as the Minister may from time to time approve either generally or in relation to a particular Well or in relation to a class of Wells to which that Well belongs.

(2) The rights granted by this licence do not include the right to get Petroleum or to drill Wells for the production of Petroleum.

(3) The rights granted by this licence do not include the right to drill Wells for the purpose of the injection of gas (including injection for the purposes of appraisal or testing).

### **Term of licence**

**4.** This licence unless sooner determined under any of its provisions shall continue in force for the term of three years beginning with the Start Date, but may, if the Minister sees fit and the Licensee has at least three months before the expiry of that term made a written request for its extension, be continued for a further period of three years.

### **Right of Licensee to terminate licence**

**5.** Without prejudice to any obligation or liability imposed by or incurred under the terms and conditions of this licence, the Licensee may at any time terminate this licence by giving to the Minister not less than one month’s notice in writing.

### **Provision of contact details to Minister**

**6.—**(1) A notice, direction or other document authorised or required (in whatever terms) to be given to the Licensee by virtue of this licence is treated as given to the Licensee if it is given to the person specified by the Licensee under paragraph (2) at the address so specified.

(2) The Licensee must supply the Minister with the name and address of a person to whom notices, directions and other documents are to be given.

(3) The Licensee must ensure that, where there is a change in the person to whom, or the address to which, information should be sent in accordance with paragraph (2), the Minister is notified of the change as soon as is reasonably practicable.

(4) If the Licensee fails to comply with paragraph (2) the Minister may give the Licensee a notice which—

- (a) requires the Licensee to comply with paragraph (2) within the period of one month beginning with the date of the notice; and
- (b) states that, if the Licensee fails to do so, the Licensee will be treated as having supplied under paragraph (2) the name and address specified by the Minister in the notice.

#### **Payment of consideration for licence**

7.—(1) The Licensee shall pay to the Minister during the term of this licence, and in accordance with paragraph (2), consideration for the grant of the rights mentioned in clause 2(1).

- (2) That consideration is to be paid—
  - (a) in the amounts specified in Schedule 3; and
  - (b) at the times and in the manner so specified.

(3) The Licensee shall not by reason of determination of this licence or of any reduction in the Exploration Area be entitled to be repaid or allowed any part of any sum payable to the Minister pursuant to this licence.

#### **Commencement, abandonment and plugging of Wells**

8.—(1) The Licensee shall not commence, or recommence, the drilling of a Well without the consent of the Minister.

(2) The Licensee shall not abandon any Well without the consent of the Minister except as provided in paragraphs (5) to (10).

(3) The Licensee shall ensure compliance with any conditions subject to which any consent under either of the foregoing paragraphs is given.

(4) If any such condition under paragraph (1) relates to the position, depth or direction of the Well or to any casing of the Well or any condition under either paragraph (1) or paragraph (2) relates to any plugging or sealing of the Well—

- (a) the Minister may from time to time direct that the Well and all records relating thereto shall be examined in such manner upon such occasions or at such intervals and by such persons as may be specified by the Minister's direction; and
- (b) the Licensee shall pay to any such person or to the Minister such fees and expenses for such examination as the Minister may specify.

(5) The Minister may at any time before the expiry or determination of this licence give the Licensee a notice requiring a Well drilled pursuant to this licence to be plugged and abandoned within the period specified in the notice (but this paragraph is subject to paragraphs (7) and (8)).

(6) The Licensee shall comply with any notice under paragraph (5).

(7) A notice under paragraph (5) may not be given less than one month before the expiry or determination of the Licensee's rights under this licence in relation to the area in which the Well is drilled.

(8) A notice under paragraph (5) may be given only in relation to a Well from which the Licensee has not extracted any petroleum within the period of one month ending with the day on which the notice is given.

(9) Where the Licensee's rights in any area cease for the time being to be exercisable, by reason of clause 2(3) or by reason of the ending of any agreement referred to in that paragraph, the Licensee, unless the Minister otherwise determines, shall within one month after the date on which such rights cease to be exercisable plug any of the Licensee's Wells in that area.

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(10) All the Licensee's Wells (other than Wells to which the last foregoing paragraph applies) in the Exploration Area shall, unless the Minister otherwise determines, be plugged by the Licensee not less than one month before the expiry or determination of the Licensee's rights under this licence.

(11) The plugging of any Well shall be done in accordance with a specification approved by the Minister applicable to that Well or to Wells generally or to a class of Wells to which that Well belongs and shall be carried out in an efficient and workmanlike manner.

#### **Avoidance of harmful methods of working**

9.—(1) The Licensee shall maintain all apparatus and appliances and all Wells which have not been abandoned and plugged as provided by clause 8 in good repair and condition and shall execute all operations in or in connection with the Exploration Area in a proper and workmanlike manner in accordance with methods and practice of exploration customarily used in good industry practice and in particular the Licensee shall take all steps practicable in order—

- (a) to prevent the escape or waste of Petroleum discovered in the Exploration Area;
- (b) to conserve the Exploration Area for operations related to the production of Petroleum;
- (c) to prevent damage to Petroleum-bearing strata;
- (d) to prevent the entrance of water through Wells to Petroleum-bearing strata; and
- (e) to prevent the escape of Petroleum into any waters in or in the vicinity of the Exploration Area.

(2) The Licensee shall comply with any instructions from time to time given by the Minister in writing relating to any of the matters set out in paragraph (1). If the Licensee objects to any such instruction on the ground that it is unreasonable the Licensee may, within fourteen days from the date upon which the same was given, refer the matter to arbitration in manner provided by clause 22.

(3) The Licensee shall give notice to the Minister of any event causing escape or waste of Petroleum, damage to Petroleum-bearing strata or entrance of water through Wells to Petroleum-bearing strata forthwith after the occurrence of that event and shall, forthwith after the occurrence of any event causing escape of Petroleum into the sea, give notice of the event to the Chief Inspector of Her Majesty's Coastguard.

(4) In this clause, "good industry practice" means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in an activity authorised by or under this licence.

#### **Fishing and navigation**

10. The Licensee shall not carry out any operations authorised by this licence in or about the Exploration Area in such manner as to interfere unjustifiably with navigation or fishing in the waters of the Exploration Area or with the conservation of the living resources of the sea.

#### **Licensee to keep records**

11.—(1) The Licensee shall keep within the United Kingdom accurate records in a form from time to time approved by the Minister of the drilling, deepening, plugging or abandonment of all Wells and of any alterations in the casing thereof. Such records shall contain particulars of the following matters—

- (a) the site of and number assigned to every Well;
- (b) the subsoil and strata through which the Well was drilled;
- (c) the casing inserted in any Well and any alteration to such casing;

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- (d) any Petroleum, water, mines or workable seams of coal encountered in the course of such activities; and
  - (e) such other matters as the Minister may from time to time direct.
- (2) The Licensee shall keep within the United Kingdom accurate geological plans and maps relating to the Exploration Area and such other records in relation thereto as may be necessary to preserve all information that the Licensee has about the geology of the Exploration Area.
- (3) The Licensee shall deliver copies of the said records, plans and maps referred to in paragraphs (1) and (2) to the Minister or to a person nominated by the Minister when requested to do so either—
- (a) within any time limit specified in the request; or
  - (b) if there is no time limit specified, within four weeks of the request.

### **Returns**

**12.**—(1) If requested to do so by the Minister on or before the first day of any month in which this licence is in force, the Licensee shall furnish to the Minister on or before the fifteenth day of that month a return in a form from time to time approved by the Minister of the progress of the Licensee's operations in the Exploration Area. Such return shall contain—

- (a) a statement of the areas in which any geological work, including surveys by any physical or chemical means, has been carried out;
- (b) the number assigned to each Well, and in the case of any Well the drilling of which was begun or the number of which was changed in that month, the site of that Well;
- (c) a statement of the depth drilled in each Well; and
- (d) a statement of any Petroleum, water, mines or workable seams of coal encountered in the course of those operations.

(2) Within two months after the end of each calendar year which falls wholly or partly within the period during which this licence is in force and within two months after the expiry or determination of this licence the Licensee shall furnish to the Minister an annual return in a form from time to time approved by the Minister of the operations conducted by the Licensee in the Exploration Area during that year or the period prior to such expiry or determination as the case may be together with a plan upon a scale approved by the Minister showing the situation of all Wells. The Licensee shall also indicate on that plan all works executed by the Licensee in connection with exploration activities under this licence.

(3) The Licensee shall furnish to the Minister such other information, including information in the form of maps and plans, as to progress of the Licensee's operations in the Exploration Area as the Minister may from time to time require.

(4) The Licensee shall comply with any requests for information made in accordance with paragraph (3) either—

- (a) within any time limit specified in the request; or
- (b) if there is no time limit specified, within four weeks of the request.

### **Licensee to keep samples**

**13.**—(1) As far as reasonably practicable the Licensee shall correctly label and preserve for reference for a period of five years samples of the sea bed and of the strata encountered in any of the Licensee's Wells in the Exploration Area and samples of any Petroleum or water discovered in any such Wells.

(2) The Licensee shall not dispose of any sample after the expiry of that period of five years unless—

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- (a) the Licensee has at least six months before the date of the disposal given notice in writing to the Minister of an intention to dispose of the sample; and
  - (b) the Minister or any person authorised by him has not within that period informed the Licensee in writing that he wishes the sample to be delivered to him.
- (3) The Minister or any person authorised by him shall be entitled at any time—
- (a) to inform the Licensee in writing that he wishes part of any sample preserved by the Licensee to be delivered to him; or
  - (b) to inspect and analyse any sample preserved by the Licensee.
- (4) The Licensee shall forthwith comply with any request for the delivery of the whole or any part of any sample which is made in accordance with the preceding provisions of this clause.

### **Reports to be treated as confidential**

**14.** All records, returns, plans, maps, samples, accounts and information (in this clause referred to as “the specified data”) which the Licensee is or may from time to time be required to furnish under the provisions of this licence shall be supplied at the expense of the Licensee and shall not (except with the consent of the Licensee which shall not be unreasonably withheld) be disclosed to any person not in the service or employment of the Crown—

Provided that—

- (a) the Minister shall be entitled at any time to make use of any of the specified data for the purpose of preparing and publishing such returns and reports as may be required of the Minister by law;
- (b) the Minister shall be entitled at any time to furnish any of the specified data to the Natural Environment Research Council and to any other body of a like nature as may from time to time be carrying on activities of a substantially similar kind to the geological activities at present carried on by the said Council;
- (c) the Minister, the said Council and any such other body shall be entitled at any time to prepare and publish reports and surveys of a general nature using information derived from any of the specified data;
- (d) the Minister, the said Council and any other such body shall be entitled to publish any of the specified data of a geological, scientific or technical kind either—
  - (i) after the expiry of the period of three years beginning with the date when the data were due to be supplied to the Minister in accordance with clause 12 or 13, or if earlier, the date when the Minister received those data;
  - (ii) after the licence ceases to have effect, whether because of its termination or revocation or the expiry of the Licence Period; or
  - (iii) after the expiry of such longer period as the Minister may determine after considering any representations made to him by the Licensee about the publication of data in pursuance of this sub-paragraph.

### **Inspection of records etc**

**15.** The Licensee shall—

- (a) permit any person in the service or employment of the Crown who is appointed by the Minister for the purpose to inspect, and to take copies of and make notes from, all books, papers, maps and other records of any kind kept by the Licensee in pursuance of this Licence or in connection with activities about which the Minister is entitled to obtain information in pursuance of clause 12(3); and



- (b) furnish that person at reasonable times with such reasonable assistance as he may request in connection with or arising out of an inspection in pursuance of this clause.

### **Rights of access**

**16.** Any person or persons authorised by the Minister shall be entitled at all reasonable times to enter into and upon any of the Licensee's installations and equipment used or to be used in connection with the licensed activities in the Exploration Area for the purposes of—

- (a) examining the installations, Wells, plant, appliances and works made or executed by the Licensee in pursuance of this licence and the state of repair and condition thereof; and
- (b) executing any works or providing and installing any equipment which the Minister may be entitled to execute or provide and install in accordance with the provisions of this licence.

### **Power to execute works**

**17.** If the Licensee fails at any time to perform the obligations arising under clauses 8 or 9 the Minister shall be entitled, after giving to the Licensee reasonable notice in writing—

- (a) to execute any works and to provide and install any equipment which in the opinion of the Minister may be necessary to secure the performance of all or any those obligations; and
- (b) to recover the costs and expenses of so doing from the Licensee.

### **Indemnity against third-party claims**

**18.** The Licensee shall at all times keep the Minister effectually indemnified against all actions, proceedings, costs, charges, claims and demands whatsoever which may be made or brought against the Minister by any third party in relation to or in connection with this licence or any matter or thing done or purported to be done in pursuance of this licence.

### **No transfer, assignment or sub-licence**

**19.** The Licensee may not transfer this licence, or assign or part with any of the rights granted by this licence, to another person in relation to the whole or any part of the Exploration Area, and may not grant any sub-licence in respect of any such rights.

### **Power of revocation**

**20.—**(1) If any of the events specified in the following paragraph occur then and in any such case the Minister may revoke this licence and thereupon the same and all the rights hereby granted shall cease and determine but subject nevertheless and without prejudice to any obligation or liability incurred by the Licensee or imposed upon him by or under the terms and conditions of this licence.

(2) Those events are—

- (a) all or any part of any consideration specified in Schedule 3 being in arrear or unpaid for two months next after any of the days on which the same ought to have been paid;
- (b) any breach or non-observance by the Licensee of any of the terms and conditions of this licence;
- (c) in Great Britain, the bankruptcy or sequestration of the Licensee;
- (d) in Great Britain, the making by the Licensee of any arrangement or composition with his creditors;
- (e) in Great Britain, if the Licensee is a company, the appointment of a receiver or administrator or any liquidation whether compulsory or voluntary;

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- (f) in a jurisdiction other than Great Britain, the commencement of any procedure or the making of any arrangement or appointment substantially corresponding to any of those mentioned in sub-paragraphs (c) to (e) of this paragraph.
- (3) Where two or more persons are the Licensee any reference to the Licensee in paragraph (2) (b) to (f) is a reference to any of those persons.

### **Power of partial revocation**

- 21.**—(1) This clause applies in a case where—
- (a) two or more persons are the Licensee, and
  - (b) an event mentioned in clause 20(2)(c) to (f) occurs in relation to one of those persons.
- (2) Where this clause applies, the Minister may exercise the power of revocation in clause 20 to revoke the licence in so far as it applies to the person mentioned in paragraph (1)(b).
- (3) If the Minister exercises the power in paragraph (2), the rights granted to the person under this licence cease, but without prejudice to any obligation or liability incurred by the person or imposed under the terms and conditions of this licence.
- (4) Where this licence is revoked in relation to one person under this clause, it continues to have effect in respect of the other person who constitutes, or persons who together constitute, the Licensee and in relation to whom it is not revoked.

### **Arbitration**

- 22.**—(1) If at any time any dispute, difference or question shall arise between the Minister and the Licensee as to any matter arising under or by virtue of this licence or as to their respective rights and liabilities in respect thereof then the same shall, except where it is expressly provided by this licence that the matter or thing to which the same relates is to be determined, decided, approved or consented to by the Minister, be referred to arbitration as provided by the following paragraph.
- (2) The arbitration referred to in the foregoing paragraph shall be by a single arbitrator who, in default of agreement between the Minister and the Licensee as to his appointment, shall be appointed by the Lord Chief Justice of England for the time being.
- (3) To the extent that this clause applies to any part of the Exploration Area which is situated within the Scottish area, as defined in article 1(2) of the Civil Jurisdiction (Offshore Activities) Order 1987<sup>(4)</sup>, this clause shall have effect as if—
- (a) for the word “arbitrator” in paragraph (2) there were substituted the word “arbitrator”; and
  - (b) for the words “the Lord Chief Justice of England”, in paragraph (2) there were substituted the words “the Lord President of the Court of Session”.
- (4) To the extent that this clause applies to any part of the Exploration Area which is situated within the Northern Irish area, as defined in article 1(2) of the Civil Jurisdiction (Offshore Activities) Order 1987, this clause shall have effect as if for the words “the Lord Chief Justice of England”, in paragraph (2), there were substituted the words “the Lord Chief Justice of Northern Ireland”.
- (5) This clause does not affect the power of the Minister to institute (or authorise the institution) of criminal proceedings, to apply for an injunction, or to give any direction or notice, under any provision contained in Chapter 2 of Part 1 of the Energy Act 2008<sup>(5)</sup>.

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(4) [SI 1987/2197](#).

(5) [2008 c. 32](#).

## **Ministry of Defence**

23.—(1) The Licensee shall give the Ministry of Defence six months' prior notice of any installation movements within the Exploration Area.

(2) The Licensee shall give the Ministry of Defence six weeks' prior notice of any seismic survey within the Exploration Area.

(3) The Licensee shall, at his own expense, install and maintain underwater sonar beacons to Ministry of Defence specifications on any structures that may be temporarily within the Exploration Area, provided that there shall be no requirement to fit such beacons to fixed and charted installations.

## **Relationship with fishing industry**

24.—(1) The Licensee shall appoint a fisheries liaison officer who shall agree suitable arrangements with the seismic survey and supply vessel owners of any vessels employed by the Licensee, their masters and with the organisations or individuals which represent the local fishing industry in order to promote good working relationships between the various parties. The setting up of the arrangements shall be the responsibility of the Licensee.

(2) In particular the Licensee shall—

- (a) consult the organisations which represent the local fishing industry about the sea routes to be used by any vessels employed by the Licensee;
- (b) after informing the Minister of the result of such consultations, agree with him measures to be used to minimise interference with fishing activities without thereby unreasonably increasing transit times;
- (c) ensure that the agreed sea routes are used unless safety of navigation or security of cargo considerations dictate otherwise; and
- (d) take all reasonable steps to ensure that a responsible person who is fluent in English is a member of the crew of any vessels employed by the Licensee.

(3) The Licensee shall make every effort to locate and remove, without unreasonable delay, any debris resulting from the licensed activities. The Licensee shall consult the relevant fishing organisations on the method of clearance and inform Minister of the result of such consultation. If as a result of such consultation the Minister determines that the method of clearance of debris should be modified, such modifications shall be observed by the Licensee.

(4) Claims for damage to or loss of gear or loss of fishing time arising from reported debris shall be dealt with promptly by the Licensee.

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## **EXPLANATORY NOTE**

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

These Regulations prescribe model clauses for offshore exploration licences granted under section 3 of the Petroleum Act 1998 (“the 1998 Act”), and under section 4 of the Energy Act 2008 (“the 2008 Act”). Unless the Secretary of State decides to exclude or modify them in any particular case, such clauses are deemed to be incorporated into the relevant licences (which permit certain kinds

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of exploration for the purposes, respectively, of petroleum production and the storage or unloading of combustible gas). For the most part, identical clauses are prescribed for both kinds of licence, so that the licences can be combined in a single document; however, in a few cases, provisions are prescribed only in respect of petroleum exploration licences, and in others only in respect of gas storage and unloading exploration licences.

As regards exploration licences under section 4 of the 2008 Act, model clauses are prescribed by these Regulations for the first time. Except in relation to the unloading of gas to a pipeline, the relevant provisions of the 2008 Act are commenced by the Energy Act 2008 (Commencement No. 4 and Transitional Provisions) Order 2009 (SI 2009/2809 (C. 123)). As regards exploration licences under section 3 of the 1998 Act, model clauses were previously prescribed by Schedule 1 to the Petroleum Licensing (Exploration and Production) (Seaward and Landward Areas) Regulations 2004 (SI 2004/352) (“the 2004 Regulations”). The model clauses now prescribed will apply only to licences granted after the coming into force of these Regulations.

The licences in question will enable the holder to undertake the exploration of the entire offshore area below the low-water line, out to the seaward limits of the United Kingdom Continental Shelf, but only by means of such relatively non-intrusive methods as seismic surveys and shallow drilling. In order to obtain the right to explore particular areas by more intrusive means (such as deep drilling below 350 metres) it will be necessary to obtain a separate licence under section 3 of the 1998 Act, or section 4 of the 2008 Act. Furthermore, licences for either intrusive or non-intrusive exploration of the offshore area for the purposes of carbon dioxide storage can be granted under section 18 of the 2008 Act. Model clauses in respect of gas storage licences under section 4 of the 2008 Act are prescribed by the Offshore Gas Storage and Unloading (Licensing) Regulations 2009 (SI 2009/2813). As regards licences under the Petroleum Act 1998, see Schedule 6 to the 2004 Regulations, and the Schedule to the Petroleum Licensing (Production) (Seaward Areas) Regulations 2008 (SI 2008/225).

An Impact Assessment has not been prepared for these Regulations. In the case of licences under the 1998 Act, the model clauses prescribed have no effect on existing licences and are largely similar to those previously prescribed. As regards the clauses prescribed for licences under the 2008 Act, the assessment for the proposed offshore licensing regime contained in the Impact Assessment for the Energy Bill 2007-08 is relevant. That assessment is contained in Annex C to the Government’s *Consultation on the Proposed Offshore Gas Storage and Gas Unloading Licensing Scheme: Implementing the Energy Act 2008*, and is updated in section 8 of that document. The document is available at:

<http://www.decc.gov.uk/en/content/cms/consultations/open/gsuls/gsuls.aspx>

Alternatively copies can be obtained from: Ricki Kiff, Energy Development Unit, Department of Energy and Climate Change, 3 Whitehall Place, London SW1A 2AW. Tel: 0300 068 6042; email: [ricki.kiff@decc.gsi.gov.uk](mailto:ricki.kiff@decc.gsi.gov.uk).