

SCHEDULE 2

Model clauses for petroleum exploration and development licences

Working obligations

15.—(1) Subject to paragraph (2) of this clause, the Licensee shall during the Initial Term of this licence carry out with due diligence the Work Programme.

(2) Paragraph (1) of this clause does not require the Licensee to carry out any part of the Work Programme described as a “Drill-or-Drop Provision” unless he has given an undertaking in accordance with clause 4(1)(b) of this Licence.

(3) The Licensee shall give the Minister at least 21 days’ written notice of any proposed seismic survey, during the term of this licence, of any area which is not wholly on the seaward side of the low water line in such a form as shall from time to time be approved by the Minister. Such notice shall include 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 1990 or the Town and Country Planning (Scotland) Act 1972 is required for the survey in question, evidence that such permission has been granted.

(4) The Licensee shall not carry out any seismic survey during the term of this licence of any such area as is mentioned in paragraph (3) of this clause if notice has not been given as required by that paragraph or if the Minister indicates to the Licensee within 14 days of the receipt of such notice that the survey is not to be carried out.

(5) If at any time during the term of this licence the Minister serves a notice in writing on the Licensee requiring him to submit to the Minister, before a date specified in the notice, an appropriate programme for exploring for, or carrying out appraisals of the amount of or the feasibility of getting, Petroleum in the Licensed Area during a period so specified, the Licensee shall comply with the notice; and for the purposes of this paragraph an appropriate programme is one which 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 period specified in the notice, being a period within the term of this licence.

(6) If a programme is submitted to the Minister in consequence of a notice served by him in pursuance of paragraph (5) of this clause, then—

- (a) he shall not be entitled to revoke this licence on the ground that the programme does not satisfy the requirements of that paragraph (hereafter in this clause referred to as “the Relevant Requirements”); but
- (b) if he is of opinion that the programme does not satisfy the Relevant Requirements he may serve a notice in writing on the Licensee stating his opinion and the reasons for it.

(7) Where notice in respect of a programme is served on the Licensee in pursuance of paragraph (5) 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 44 of this licence, the question whether the programme satisfies the Relevant Requirements; or
- (b) within a reasonable period beginning with the date of service of such notice submit to the Minister a further programme which satisfies the Relevant Requirements;

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

and where it is determined in consequence of any reference to arbitration in pursuance of subparagraph (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 the Relevant Requirements.

(8) The Licensee shall carry out any programme submitted by him in pursuance of this clause as to which either—

- (a) the Minister serves notice in writing on the Licensee stating that the Minister approves the programme; or
- (b) it is determined in consequence of any reference to arbitration in pursuance of clause 44 of this licence that the programme satisfies the relevant requirements;

and any programme approved by the Minister in pursuance of this paragraph shall be deemed for the purposes of this licence to satisfy the Relevant Requirements.

(9) Where, in consequence of any breach or non-observance by the Licensee of any provision of paragraph (5), (7) or (8) of this clause, the Minister has power by virtue of paragraph (1) of clause 41 of this licence to revoke this licence, he may if he thinks fit exercise that power in relation to such part only of the Licensed Area as he may specify; and where he does so the rights granted by this licence shall cease in respect of the specified part of that area without prejudice to any obligation or liability imposed upon the Licensee or incurred by him under the terms of this licence.

(10) Where the Licensee has a duty by virtue of this clause to carry out a programme during a part of the term of this licence, the Minister may serve notice in pursuance of paragraph (5) of this clause in respect of another part of that term.