STATUTORY INSTRUMENTS

2025 No. 239

ENERGY

PETROLEUM

The Oil and Gas Authority (Levy and Fees) Regulations 2025

Made - - - -	*26th February 2025*
Laid before Parliament	*3rd March 2025*
Coming into force - -	*1st April 2025*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 12(1), (2), (5) and (6), 13(1) to (4) and 14(1) and (3) to (9) of the Energy Act 2016(**a**).

The Secretary of State has consulted the Oil and Gas Authority in accordance with sections 12(8) and 13(8) of the Energy Act 2016.

PART 1
General

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Oil and Gas Authority (Levy and Fees) Regulations 2025 and come into force on 1st April 2025.

(2) These Regulations extend to England and Wales, Scotland and Northern Ireland.

PART 2
The Oil and Gas Authority Levy

Interpretation

2. In this Part—

> "licensee" means a person who holds a petroleum licence or, where a petroleum licence is held by more than one person, together the persons who hold that petroleum licence;

(**a**) 2016 c. 20.

"non-production levy" means the levy which is payable in respect of the relevant charging period in accordance with regulation 4 and which is calculated in accordance with the formula in regulation 5(2);

"offshore exploration licence" means a petroleum licence of the sort referred to in regulation 2(2)(a) of the Offshore Exploration (Petroleum, and Gas Storage and Unloading) (Model Clauses) Regulations 2009(**a**), relating to an area any part of which lies within offshore waters;

"offshore production licence" means a petroleum licence relating to an area any part of which lies within offshore waters which is not an offshore exploration licence;

"offshore waters" means—

(a) the waters comprising the territorial sea of the United Kingdom, and

(b) the sea in any area for the time being designated under section 1(7) of the Continental Shelf Act 1964(**b**);

"payment notice" means a notice given to a licensee in accordance with regulation 6 in respect of the relevant charging period;

"petroleum licence" means a licence granted under—

(a) section 2 of the Petroleum (Production) Act 1934(**c**) (licences to search for and get petroleum), or

(b) section 3 of the Petroleum Act 1998(**d**) (licences to search for and bore for and get petroleum),

which is not an excluded licence(**e**) in relation to the relevant charging period;

"production levy" means the levy which is payable in respect of the relevant charging period in accordance with regulation 3 and which is calculated in accordance with the formula in regulation 5(1);

"relevant charging period" means the period beginning on 1st April 2025 and ending on 31st March 2026;

"relevant time" means 12.01 a.m. on 1st April 2025;

"total amount of levy" means the total payable by licensees in accordance with regulations 3 and 4, being £40,042,000.

Liability to pay production levy

3.—(1) A licensee is liable to pay the production levy in respect of each offshore production licence which is held by the licensee at the relevant time and in respect of which either of the criteria at paragraph (2) is satisfied.

(2) The criteria are that at the relevant time the licensee is, in accordance with that licence, entitled to—

(**a**) S.I. 2009/2814; relevant amending instruments are S.I. 2016/912, 992, 2023/424.
(**b**) 1964 c. 29. Section 1(7) was amended by paragraph 1 of Schedule 3 to the Oil and Gas (Enterprise) Act 1982 (c. 23) and by section 103 of the Energy Act 2011 (c. 16).
(**c**) 1934 c. 36. This Act was repealed by section 51 of and Schedule 5 to the Petroleum Act 1998 (c. 17), subject to the savings set out in Schedule 3 to that Act.
(**d**) 1998 c. 17. Section 3 was amended by section 48(1) to (4) of the Scotland Act 2016 (c. 11) and by S.I. 2016/898.
(**e**) "Excluded licence" is defined by section 13(10) of the Energy Act 2016.

(a) erect or carry out any relevant works (within the meaning of the licence) either in the licensed area or elsewhere, for the purpose of getting petroleum from that area or for the purpose of conveying to a place on land petroleum got from that area, or

(b) get petroleum from that area otherwise than in the course of searching for petroleum, drilling wells or testing wells.

(3) Where the licensee is more than one person, the liability under paragraph (1) is joint and several.

Liability to pay non-production levy

4.—(1) Subject to paragraphs (2) to (4), a licensee is liable to pay the non-production levy in respect of each licence of the following kinds held by the licensee at the relevant time—

(a) an offshore exploration licence;

(b) an offshore production licence in respect of which neither of the criteria at regulation 3(2) is satisfied.

(2) A licensee which at the relevant time—

(a) is a micro-enterprise, and

(b) holds an innovate licence in phase B of its initial term,

is liable to pay the non-production levy discounted by 80% in respect of that licence.

(3) A licensee which at the relevant time—

(a) is a micro-enterprise, and

(b) holds either—

(i) a promote licence in its promote period, or

(ii) an innovate licence in phase A of its initial term,

is liable to pay the non-production levy discounted by 90% in respect of that licence.

(4) A licensee does not qualify to pay the non-production levy at a discounted rate under paragraph (2) or (3) if the licensee, when viewed together with all group undertakings of the licensee, does not fall within the size and financial limits set out in the definition of "micro-enterprise".

(5) Where the licensee is more than one person—

(a) the liability under this regulation is joint and several, and

(b) the licensee is only a micro-enterprise for the purposes of paragraphs (2) and (3) if every person who holds the licence is a micro-enterprise.

(6) In this regulation—

"financial year" is determined in accordance with section 390 of the Companies Act 2006(**a**);

"group undertaking", in relation to an undertaking, means—

(a) a parent undertaking or subsidiary undertaking of that undertaking, or

(b) a subsidiary undertaking of any parent undertaking of that undertaking;

"innovate licence" means an offshore production licence in which, in accordance with the model clauses, the initial term of the licence (within the meaning of the licence) is divided into phases;

(**a**) 2006 c. 46.

"micro-enterprise" means an undertaking which has fewer than 10 employees and meets one or both of the following requirements—

(a) its turnover does not exceed £1,778,000;

(b) the aggregate of the amounts shown as assets in its balance sheet does not exceed £1,778,000,

in the undertaking's financial year immediately preceding that in which the licensee is liable to pay the non-production levy;

"model clauses" means model clauses prescribed by the Petroleum Licensing (Production) (Seaward Areas) Regulations 2008(**a**);

"parent undertaking" has the meaning given in section 1162 of the Companies Act 2006;

"promote licence" means an offshore production licence in which, in accordance with the terms of the licence—

(a) a "promote period" is specified, and

(b) a clause is included concerning the effect of the expiry of the promote period in relation to the continuation of that licence beyond that period;

"subsidiary undertaking" has the meaning given in section 1162 of the Companies Act 2006;

"turnover" has the meaning given in section 474 of the Companies Act 2006(**b**);

"undertaking" means—

(a) a body corporate or partnership, or

(b) an unincorporated association carrying on a trade or business, with or without a view to profit.

Calculation of production levy and non-production levy

5.—(1) The OGA(**c**) must calculate the production levy in accordance with the formula—

$$\frac{C \times 0.89}{P}$$

(2) The OGA must calculate the non-production levy in accordance with the formula—

$$\frac{C \times 0.11}{N\,100 + (N\,90 \times 0.1) + (N\,80 \times 0.2)}$$

(3) In this regulation—

"C" is £40,042,000 (being the total amount of levy);

"N100" is the total number of licences in respect of which a licensee is liable to pay the non-production levy under regulation 4(1) and in respect of which neither regulation 4(2) nor regulation 4(3) applies;

(**a**) S.I. 2008/225, amended by paragraphs 64, 65 and 66 of Schedule 21 to the Energy Act 2023 (c. 52) and S.I. 2009/229, 3283, 2016/912, 992, 2017/426, 855, 2023/424.
(**b**) The definition of "turnover" was amended by S.I. 2015/980.
(**c**) "OGA" is defined in section 1(4) of the Energy Act 2016 as the Oil and Gas Authority.

"N90" is the total number of licences in respect of which a licensee is liable to pay the non-production levy discounted by 90% under regulation 4(3);

"N80" is the total number of licences in respect of which a licensee is liable to pay the non-production levy discounted by 80% under regulation 4(2);

"P" is the total number of offshore production licences in respect of which a licensee is liable to pay the production levy under regulation 3(1).

Payment of the levy

6. Where a licensee is liable to pay a levy to the OGA in accordance with these Regulations, the OGA must notify the licensee in writing by 31st May 2025 as to—

(a) whether the licensee is liable to pay the production levy, the non-production levy or both;

(b) the total amount payable by the licensee;

(c) the date by which that amount must be paid, being a date not less than 30 days after the date of the notice;

(d) details of how the payment can be made.

Interest payable on late payment of the levy

7.—(1) Where any amount of levy is not paid in accordance with a payment notice, the licensee is liable to pay to the OGA interest calculated in accordance with paragraph (2) on the amount of the levy which remains unpaid.

(2) Interest payable under paragraph (1) is simple interest calculated from day to day on the unpaid amount beginning with the date by which the amount must be paid until the date when payment is made, at a rate of 5% over the Bank of England base rate from time to time.

(3) Where the licensee is more than one person, the liability under this regulation is joint and several.

(4) For the purpose of this regulation, the "Bank of England base rate" means—

(a) the rate announced from time to time by the Monetary Policy Committee of the Bank of England as the official dealing rate, being the rate at which the Bank is willing to enter into transactions for providing short term liquidity in the money markets, or

(b) where an order under section 19 of the Bank of England Act 1998(**a**) (reserve powers) is in force, any equivalent rate determined by the Treasury under that section.

Recovery of the levy

8. Where any amount of levy is not paid in accordance with a payment notice, that unpaid amount, together with any interest due in accordance with regulation 7, is recoverable as a civil debt due to the OGA.

Repayment or credit of the levy under these Regulations

9.—(1) This regulation applies where the total amount of levy exceeds the leviable costs.

(2) The OGA must, by 31st December 2026, credit to each licensee the difference between—

(**a**) 1998 c. 11.

(a) the sum of the amount paid by or on behalf of that licensee in accordance with the payment notice and any interest paid by or on behalf of that licensee in accordance with regulation 7, and

(b) the recalculated amount of levy payable by that licensee.

(3) Any payment notice in respect of which sums remain outstanding is to be construed as referring to the recalculated amount of levy payable by the relevant licensee, and regulation 7 is to be construed accordingly.

(4) In this regulation—

"leviable costs" means the sum of the costs incurred by the OGA and the Lord Chancellor in exercising the functions referred to in section 13(2)(a) of the Energy Act 2016, excluding any costs incurred in exercising the functions referred to in section 13(2)(b) of that Act, in respect of the relevant charging period;

"recalculated amount of levy payable" means the sum of—

(a) the amount of levy payable by a licensee in accordance with the payment notice, and

(b) any amount of interest which became payable by that licensee in accordance with regulation 7,

multiplied by the relevant multiplier;

"relevant multiplier" means the figure calculated by dividing the leviable costs by the total amount of levy, expressed to three decimal places.

PART 3

The Oil and Gas Authority Fees

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

10.—(1) The Oil and Gas Authority (Fees) Regulations 2016(**a**) are amended as follows.

(2) In regulation 2 (interpretation), after the definition of "category 2 pipeline works authorisation variation" insert—

""change in control" means, in relation to a licensee, a change in control under—

(a) clause 37A of Schedule 3 to the Petroleum Production (Landward Areas) Regulations 1995(**b**);

(b) any of the following clauses in the Petroleum (Current Model Clauses) Order 1999(**c**)—

(i) clause 38A of Part 2 of Schedule 2;

(ii) clause 36A of Part 2 of Schedule 3;

(iii) clause 37A of Part 2 of Schedule 4;

(iv) clause 39A of Part 2 of Schedule 5;

(v) clause 38A of Part 2 of Schedule 6;

(vi) clause 35A of Part 2 of Schedule 8;

(**a**) S.I. 2016/904, as amended by S.I. 2017/426, 2018/56, 980, 2020/208, 2021/206, 2022/204, 2023/228, 2024/241.
(**b**) S.I. 1995/1436, as amended by paragraph 2 of Schedule 21 to the Energy Act 2023 (c. 52).
(**c**) S.I. 1999/160, as amended by paragraphs 7, 11, 15, 19, 23, 27, 31, 35, 39 and 43 of Schedule 21 to the Energy Act 2023.

(vii) clause 41A of Part 2 of Schedule 9;

(viii) clause 41A of Part 2 of Schedule 10;

(ix) clause 32A of Part 2 of Schedule 13;

(x) clause 34A of Part 2 of Schedule 14;

(c) any of the following clauses in the Petroleum Licensing (Exploration and Production) (Seaward and Landward Areas) Regulations 2004(**a**)—

(i) clause 37A of Schedule 2;

(ii) clause 38A of Schedule 3;

(iii) clause 36A of Schedule 4;

(iv) clause 35A of Schedule 6;

(d) clause 40A of the Schedule to the Petroleum Licensing (Production) (Seaward Areas) Regulations 2008(**b**);

(e) clause 40A of Schedule 2 to the Petroleum Licensing (Exploration and Production) (Landward Areas) Regulations 2014(**c**); or

(f) paragraph 6 of Schedule 1 to the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010(**d**).".

(3) In regulation 3 (applications of a prescribed description)—

(a) after paragraph (1)(w) insert—

"(x) an application for consent to a change in control.";

(b) after paragraph (3)(j) insert—

"(k) an application for consent to a change in control.".

(4) In regulation 4(1) (fees payable for consents and pipeline works authorisations)—

(a) after sub-paragraph (e) omit "or";

(b) after sub-paragraph (f) insert "; or" and—

"(g) a change in control.".

Michael Shanks
Minister for Energy
26th February 2025 Department for Energy Security and Net Zero

(**a**) S.I. 2004/352, as amended by paragraphs 48, 52, 56 and 60 of Schedule 21 to the Energy Act 2023.
(**b**) S.I. 2008/225, as amended by paragraph 64 of Schedule 21 to the Energy Act 2023.
(**c**) S.I. 2014/1686, as amended by paragraph 68 of Schedule 21 to the Energy Act 2023.
(**d**) S.I. 2010/2221, as amended by Schedule 6 to the Energy Act 2023.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision in respect of a levy and fees payable to the Oil and Gas Authority ("the OGA").

Regulations 2 to 9 make provision for calculating and imposing a levy on the holders of petroleum licences in respect of the period beginning on 1st April 2025 and ending on 31st March 2026 ("the relevant charging period"). The levy is payable to meet costs incurred by the OGA in carrying out its functions as well as costs incurred by the Lord Chancellor in connection with the provision of Tribunals to consider appeals against the decisions of the OGA.

Regulation 3 sets out liability to pay the production levy for the relevant charging period. This is the highest rate of levy.

Regulation 4 sets out liability to pay the non-production levy for the relevant charging period. Paragraphs (2) and (3) provide that micro-enterprises holding promote or innovate licences at the relevant time (i.e. 12.01 a.m. on 1st April 2025) in certain circumstances qualify to pay the non-production levy at discounted rates in respect of those licences.

Regulation 5 provides the methodology for calculating the production levy and the non-production levy.

Regulations 6 to 8 provide for the process by which licensees are notified as to the amount of levy payable, for interest to be payable on late payments, and for the OGA to be able to take action to recover any unpaid levy as a civil debt.

Regulation 9 requires the amount of the levy to be paid by licensees under regulations 3 and 4 to be adjusted if the total amount of levy to be recovered under these Regulations exceeds the leviable costs incurred by the OGA and the Lord Chancellor in respect of the relevant charging period. The OGA will credit the licensees appropriately should that be the case.

Regulation 10 amends the Oil and Gas Authority (Fees) Regulations 2016 (S.I. 2016/904) to enable the OGA to charge the licensee a new fee for an application for a change in control of the licensee company or, where two or more persons are the licensee, of any such person which is a company. The new fee is explained in the Explanatory Memorandum published alongside this instrument on www.legislation.gov.uk.

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. An impact assessment was produced for the original levy regulations, namely the Oil and Gas Authority (Levy) Regulations 2015 (S.I. 2015/1661), and is available from the Department for Energy Security and Net Zero at 55 Whitehall, London SW1A 2HP and on www.legislation.gov.uk.

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ISBN 978-0-34-826949-9

£8.14

http://www.legislation.gov.uk/id/uksi/2025/239

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