STATUTORY INSTRUMENTS

2006 No. 784

PETROLEUM

The Petroleum Licensing (Exploration and Production) (Seaward and Landward Areas) (Amendment) Regulations 2006

Made - - - -	*15th March 2006*
Laid before Parliament	*16th March 2006*
Coming into force - -	*13th April 2006*

The Secretary of State, in exercise of the powers conferred on him by section 4 of the Petroleum Act 1998(**a**), hereby makes the following Regulations:

Citation and Commencement

1. These Regulations may be cited as the Petroleum Licensing (Exploration and Production) (Seaward and Landward Areas) (Amendment) Regulations 2006 and shall come into force on 13th April 2006.

Interpretation

2. In these Regulations "the Principal Regulations" means the Petroleum Licensing (Exploration and Production) (Seaward and Landward Areas) Regulations 2004(**b**).

Amendment of the Principal Regulations

3.—(1) The Principal Regulations shall be amended as follows.

(2) In—

(a) paragraph 16(6) of Schedule 2;

(b) paragraph 17(6) of Schedule 3;

(c) paragraph 15(6) of Schedule 4; and

(d) paragraph 15(6) of Schedule 6,

for "Subject to paragraph (7)", substitute "Subject to paragraphs (7) and (7A)".

(3) After—

(a) paragraph 16(7) of Schedule 2;

(b) paragraph 17(7) of Schedule 3;

(c) paragraph 15(7) of Schedule 4; and

(d) paragraph 15(7) of Schedule 6,

(**a**) 1998 c.17.
(**b**) S.I. 2004/352.

insert the following—

"(7A) Where the Minister revokes this licence, any Well drilled by the Licensee pursuant to this licence shall—

(a) be plugged and sealed in accordance with paragraphs (2), (3), (4) and (5) of this clause, as soon as reasonably practicable; or

(b) if the Minister so directs at the time of revocation, be left in good order and fit for further working together with all casings and any Well head fixtures the removal whereof would cause damage to such Wells.".

(4) For—

(a) paragraph 16(9) of Schedule 2;

(b) paragraph 17(9) of Schedule 3;

(c) paragraph 15(9) of Schedule 4; and

(d) paragraph 15(9) of Schedule 6,

substitute the following—

"(9) All casings and fixtures forming part of a Well and left in position at the expiry or determination (whether by revocation or otherwise) of the Licensee's rights in respect of the area or part thereof in which that Well is drilled, or at the completion of any works required of the Licensee under paragraph (7A) of this clause (whichever is the later), shall be the property of the Minister.".

(5) At the beginning of—

(a) paragraphs 20(2)(c), (d) and (e) of Schedule 1;

(b) paragraphs 38(2)(c), (d) and (e) of Schedule 2;

(c) paragraphs 39(2)(c), (d) and (e) of Schedule 3;

(d) paragraphs 37(2)(c), (d) and (e) of Schedule 4; and

(e) paragraphs 36(2)(c), (d) and (e) of Schedule 6,

insert the words "in Great Britain,".

(6) In—

(a) paragraph 20(2)(c) of Schedule 1;

(b) paragraph 38(2)(c) of Schedule 2;

(c) paragraph 39(2)(c) of Schedule 3;

(d) paragraph 37(2)(c) of Schedule 4; and

(e) paragraph 36(2)(c) of Schedule 6,

after the word "bankruptcy", insert the words "or sequestration".

(7) After—

(a) paragraph 20(2)(e) of Schedule 1;

(b) paragraph 38(2)(e) of Schedule 2;

(c) paragraph 39(2)(e) of Schedule 3;

(d) paragraph 37(2)(e) of Schedule 4; and

(e) paragraph 36(2)(e) of Schedule 6,

insert the following—

"(ee) 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;".

Malcolm Wicks
Minister of State for Energy
Department of Trade and Industry

15th March 2006

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the model clauses prescribed in the Petroleum Licensing (Exploration and Production) (Seaward and Landward Areas) Regulations 2004 (S.I. 2004/352) ("the 2004 regulations"). Unless the Secretary of State thinks fit to modify or exclude them in any particular case, the model clauses are incorporated in exploration, production and petroleum exploration and development licences. The amendments to the model clauses will apply for the purposes of the 24th and subsequent rounds of licensing in seaward areas and the 13th and subsequent rounds of licensing in landward areas.

Regulations 3(2) and 3(3) insert and make provision for a new model clause applying to production and petroleum exploration and development licences, which are set out in Schedules 2, 3, 4 and 6 of the 2004 regulations. The new clause relates to the abandonment and plugging of Wells. It provides that, where the Minister revokes a licence, any Well drilled by the Licensee pursuant to the licence must be plugged and sealed as soon as possible or, if the Minister so directs, left in good order and fit for further working.

Regulation 3(4) amends an existing clause in production and petroleum exploration and development licences by providing that Well casings and fixtures left in position at the expiry or determination of the Licensee's rights, or at the completion of any works required of the Licensee under the new clause inserted by regulation 3(3), shall be the property of the Minister.

Regulations 3(5), 3(6) and 3(7) apply to exploration licences as well as to the above categories of licence. They collectively provide that the insolvency events specified in the Schedules, wherever they occur, shall entitle the Minister to revoke a licence.

A Regulatory Impact Assessment has not been prepared. These Regulations have no regulatory impact on existing licences and apply only for the purpose of future licensing rounds.

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£3.00

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E0456 3/2006 160456T 19585