STATUTORY INSTRUMENTS

2017 No. 855

PETROLEUM

The Petroleum and Offshore Gas Storage and Unloading Licensing (Amendment) Regulations 2017

Made - - - -	*9th August 2017*
Laid before Parliament	*25th August 2017*
Coming into force - -	*15th September 2017*

The Secretary of State makes the following Regulations in exercise of the powers conferred by section 4(1) and (2) of the Petroleum Act 1998(**1**) and sections 7(1) and 104(2) of the Energy Act 2008(**2**), having consulted the Oil and Gas Authority in accordance with section 7(4) of the Energy Act 2008(**3**):

Citation and commencement

1. These Regulations may be cited as the Petroleum and Offshore Gas Storage and Unloading Licensing (Amendment) Regulations 2017 and come into force on 15th September 2017.

Amendments to the Petroleum Licensing (Production) (Seaward Areas) Regulations 2008

2.—(1) The Petroleum Licensing (Production) (Seaward Areas) Regulations 2008(**4**) are amended as follows.

(2) For regulation 1(2) (interpretation) substitute—

"(2) In these Regulations "seaward area production licence" has the meaning given in regulation 2 of the Petroleum Licensing (Applications) Regulations 2015(**5**).".

(3) In regulation 2(1) (model clauses), for "production licences in seaward areas" substitute "seaward area production licences".

(4) The Schedule (model clauses for seaward area production licences) is amended as follows.

(**1**) 1998 c. 17; section 4 was amended by S.I. 2016/898, regulation 13(2). Section 4 was also modified by S.I. 2016/898, regulation 2(3). Amendments are also made to section 4 that have not yet entered into force. These amendments are made by the Scotland Act 2016 c. 11, section 48; by the Wales Act 2017 c. 4, Schedule 6, paragraph 15; and by S.I. 2016/898, regulation 3(3).
(**2**) 2008 c. 32.
(**3**) Section 7(4) was inserted by the Energy Act 2016 c. 20, Schedule 1, paragraph 45(3).
(**4**) S.I. 2008/225, relevant amending instruments are S.I. 2009/3283 and S.I. 2016/912.
(**5**) S.I. 2015/766, to which there are amendments not relevant to these Regulations.

(5) In clause 1(1)—

(a) insert the following definitions in the appropriate place—

""Phase A" means the period (if any) of the Initial Term specified as such in Schedule 5 to this licence;";

""Phase B" means the period (if any) of the Initial Term specified as such in Schedule 5 to this licence;";

""Phase C" means the period of the Initial Term specified as such in Schedule 5 to this licence;";

(b) for the definition of "Initial Term" substitute—

""Initial Term" means the period beginning with the date on which this licence is granted and ending on the last day of Phase C;";

(c) omit the definition of "Drill-or-Drop Period" and the definition of "Promote Period".

(6) For clause 3(1) substitute—

"**3.**—(1) This licence shall commence on the date on which it is granted.".

(7) For clause 4 substitute—

"**Initial Term**

4.—(1) Where a Phase A is specified but no Phase B is specified, this licence shall, unless the OGA in its discretion decides otherwise, automatically cease and determine on the expiry of Phase A in the event of failure by the Licensee before expiry of that phase to—

(a) take the actions that are described in the section of the Work Programme applicable to Phase A;

(b) undertake to complete before expiry of Phase C the work described in the section of the Work Programme applicable to Phase C; and

(c) demonstrate to the satisfaction of the OGA (whose decision shall be final)—

(i) the financial capacity of the Licensee to meet the obligations undertaken under sub-paragraph (b) in addition to all of the obligations imposed by this licence; and

(ii) the competence of the relevant persons to organise and supervise any of the operations of searching or boring for Petroleum.

(2) Where no Phase A is specified but a Phase B is specified, this licence shall, unless the OGA in its discretion decides otherwise, automatically cease and determine on the expiry of Phase B in the event of failure by the Licensee before expiry of that phase to—

(a) take the actions that are described in the section of the Work Programme applicable to Phase B;

(b) undertake to complete before expiry of Phase C the work described in the section of the Work Programme applicable to Phase C; and

(c) demonstrate to the satisfaction of the OGA (whose decision shall be final)—

(i) the financial capacity of the Licensee to meet the obligations undertaken under sub-paragraph (b) in addition to all of the obligations imposed by this licence; and

(ii) the competence of the relevant persons to organise and supervise any of the operations of searching or boring for Petroleum.

(3) Where both a Phase A and a Phase B are specified—

(a) this licence shall, unless the OGA in its discretion decides otherwise, automatically cease and determine on the expiry of Phase A in the event of failure by the Licensee before expiry of that phase to—

(i) take the actions that are described in the section of the Work Programme applicable to Phase A; and

(ii) undertake to complete before expiry of Phase B the work described in the section of the Work Programme applicable to Phase B; and

(b) if this licence continues to Phase B, this licence shall, unless the OGA in its discretion decides otherwise, automatically cease and determine on the expiry of Phase B in the event of failure by the Licensee before expiry of that phase to—

(i) take the actions that are described in the section of the Work Programme applicable to Phase B;

(ii) undertake to complete before expiry of Phase C the work described in the section of the Work Programme applicable to Phase C; and

(iii) demonstrate to the satisfaction of the OGA (whose decision shall be final)—

(aa) the financial capacity of the Licensee to meet the obligations undertaken under paragraph (ii) in addition to all of the obligations imposed by this licence; and

(bb) the competence of the relevant persons to organise and supervise any of the operations of searching or boring for Petroleum.

(4) Where a deadline specified in the Work Programme for any action to be taken does not coincide with the date of expiry of any of Phases A, B and C, this licence shall, unless the OGA in its discretion decides otherwise, automatically cease and determine on the expiry of that deadline in the event of failure by the Licensee to take the action required by that deadline.

(5) The OGA may decide that this licence shall not automatically cease and determine in accordance with paragraphs (1) to (4) of this clause only if the Licensee consents.

(6) The relevant persons referred to in paragraphs (1)(c)(ii), (2)(c)(ii) and (3)(b)(iii)(bb) of this clause are—

(a) any persons nominated by the Licensee for approval under clause 24 of this licence; or

(b) the Licensee, where the Licensee is one person and the Licensee has not nominated anybody for such approval.".

(8) After clause 4 insert—

"**Amendments to the Work Programme**

4A.—(1) This clause applies to an amendment to be made to the content of the Work Programme (including to the deadline for taking an action).

(2) At any time not later than three months before the deadline for taking an action in the Work Programme the Licensee may give notice in writing to the OGA that the Licensee desires an amendment regarding that action, and the notice shall describe the proposed amendment.

(3) The OGA may in its discretion permit a shorter notice period than the period of three months specified in paragraph (2).

(4) Where notice is given, the OGA may in its discretion direct in writing that the Work Programme be amended as proposed.".

(9) In the heading of clause 5, omit "("Frontier" licences)".

(10) In clause 6—

(a) in paragraph (1)—

(i) for the first occurrence of "the Initial Term" substitute "Phase C of the Initial Term, or such shorter notice period as the OGA may in its discretion permit,";

(ii) in sub-paragraph (b), before "the Initial Term" insert "Phase C of";

(b) in paragraph (5), before "the Initial Term" insert "Phase C of".

(11) For clause 7 substitute—

"**Extension of Initial Term Phase or Second Term**

7.—(1) This clause applies to an extension to be made to Phase A or, as the case may be, to Phase B or Phase C of the Initial Term or to the Second Term ("the relevant phase or term").

(2) At any time not later than three months before expiry of the relevant phase or term, or such shorter notice period as the OGA may in its discretion permit, the Licensee may, subject to payment of the sums specified in Schedule 2 and to performance of the terms and conditions herein contained, give notice in writing to the OGA that the Licensee desires that phase or term to be extended for a further period.

(3) Where such notice is given, the OGA may in its discretion direct in writing that the relevant phase or term be extended; and paragraph (2) of this clause shall apply to that phase or term as extended.

(4) Any extension shall be for a period, and subject to such conditions, as the OGA may determine.

(5) Where Phase C of the Initial Term or where the Second Term is extended, clause 3 shall apply in respect of the Initial Term or Second Term as extended.

(6) Where Phase A or Phase B of the Initial Term is extended by a period, the subsequent phase of the Initial Term shall (without prejudice to paragraph (2)) be reduced by the same amount.

(7) Where Phase C of the Initial Term is extended by a period, the Second Term shall (without prejudice to paragraph (2)) be reduced by the same amount.

(8) Where the Second Term is extended by a period, the Third Term shall be reduced by the same amount.".

(12) In clause 8(1), after "the Second Term" insert ", or such shorter notice period as the OGA may in its discretion permit,".

(13) In clause 9—

(a) renumber clause 9 as clause 9(1);

(b) after clause 9(1) insert—

"(2) The OGA may in its discretion accept an application for extension of this licence made less than three months before expiry of the Third Term.".

(14) In clause 16(1), before "the Initial Term" insert "Phase C of".

(15) In clause 40(4), for the text from "subsections (2)" to the end of the paragraph, substitute—

"for the purposes of this paragraph, whether a person has control of another person is to be determined as if sections 450(2) to (4) and 451(1) to (5) of the Corporation Tax Act 2010(**6**) apply subject to the following modifications—

(a) for the words "the greater part" wherever they occur in section 450(3), there are substituted the words "one-third or more";

(**6**) 2010 c. 4.