

DEPARTMENT OF TRADE AND INDUSTRY

THE PETROLEUM (PRODUCTION) (SEAWARD AREAS)

REGULATIONS 1988

(97/C 205/06)

(Text with EEA relevance)

1. The Secretary of State for Trade and Industry invites interested persons, in accordance with the Petroleum (Production) (Seaward Areas) Regulations 1988 (SI 1988, No 1213), as amended ('the 1988 Regulations'), and the Hydrocarbons Licensing Directive Regulations 1995 (SI 1995, No 1434), to apply for petroleum production licences in respect of the blocks 204/14 and 204/15 as delineated on a map deposited at the Library at the Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET. This map may be inspected by prior appointment (telephone: (44) 171 215 5006 or (44) 171 215 5007, fax: (44) 171 215 5665) between 9.15 and 16.45 hours Monday to Friday until 2 October 1997.
 - (e) applicants who are also proposed operators are required to submit a statement of their general environmental policy for the conduct of licensed activities in seaward areas.
 - (f) further guidance on the material with which applicants may support their applications is given in Notes for Applicants, available from the Department of Trade and Industry;
 - (g) unless otherwise stated in the Notes for Applicants, material supplied in support of applications will be treated in confidence; such material will not be disclosed to third parties without the agreement of the applicant, unless it is already in the public domain or disclosure is required by law.
- APPLICATIONS FOR LICENCES
2. In respect of blocks 204/14 and 204/15:
 - (a) applications should be made on a standard application form available from the Department of Trade and Industry; copies of the application form and all other documents referred to in the text of this notice as being available from the Department of Trade and Industry may be obtained from the Licensing Branch, Oil and Gas Directorate, Department of Trade and Industry, 1 Victoria Street, London, SW1H 0ET (telephone: (44) 171 215 5111 or (44) 171 215 5032, fax: (44) 171 215 5142);
 - (b) applications should be delivered to the Oil and Gas Directorate of the Department of Trade and Industry at 1 Victoria Street, London, SW1H 0ET between 9.30 and 12.00 hours on 3 October 1997, together with an application fee of £ 2 820. No applications will be accepted after 12.00 hours on 3 October 1997;
 - (c) applicants are requested to indicate if they have any preferences between the blocks they have applied for, and if they would accept either block;
 - (d) applicants are required to provide details of the work programme for the initial term which they intend to carry out if awarded a licence (see paragraph 8 below);
 3. Applications will be judged against the background of the continuing need for expeditions, thorough, efficient and safe exploration to identify oil and gas resources of the United Kingdom Continental Shelf, with due regard to environmental considerations. Applications will be judged on the basis of the following criteria:
 - (a) the financial capability of the applicant to carry out the activities that would be permitted during the initial term of any licences or licences awarded including the work programme submitted for evaluating the full potential of the area within the relevant block or blocks;
 - (b) the technical capability of the applicant to carry out activities that would be permitted during the initial term including the identification of hydrocarbon prospects within the relevant block or blocks. Technical capability will be assessed in part upon the quality of geological analysis related to the block or blocks, (taking into account whether work done was innovative);
 - (c) the way in which the applicant proposes to carry out the activities that would be permitted during the initial term including the quality of the work programme submitted for evaluating the full potential of the area applied for;

- (d) where the applicant holds or has held a licence of any description under the Petroleum (Production) Act 1934, any lack of efficiency and responsibility displayed by the applicant in operations under that licence.
4. Successful applicants will be required to comply with conditions additional to those imposed by the Model Clauses set out in the 1988 Regulations; details of these additional conditions will accompany the letter offering the award of a licence. Details of conditions which are indicative of those proposed will apply to the blocks advertised for licence in this notice and can be obtained from the Department of Trade and Industry. The Department of Trade and Industry does not consider the contents of those conditions which are designed to take account of any particular environmental sensitivity identified in relation to a particular block to be confidential and may release details of such conditions to third parties without reference to the licensee of that block.
5. Following examination of all applications in respect of the blocks referred to in paragraph 1, the Secretary of State will select the applicants to whom he is prepared to award licences. Applicants to whom the Secretary of State is prepared to award a licence will be notified within a period of six months commencing on 3 October 1997.
6. Unsuccessful applicants will be notified in writing. An applicant will be notified of the reasons for the Secretary of State's decision if he submits a written request for this information to be provided.
7. In all cases where the Secretary of State is prepared to award a licence, it will be offered on the condition that, within 21 days of the date on which the Secretary of State makes the offer, the applicant:
- (a) confirms in writing his acceptance of a work programme proposed by the Secretary of State following discussion with the applicant;

- (b) remits to the Secretary of State the appropriate consideration referred to in paragraph 9 (a) below for the licence, and
- (c) confirms in writing his acceptance of any special conditions which he has been asked to comply.

LICENCE TERM AND CONSIDERATION PAYABLE

8. Licences issued in request of the blocks referred to in paragraph 1 will have an initial term of six years with a second term of twelve years. This second term may be extended beyond twelve years for a further period of eighteen years. In all other respects, the Model Clauses set out in Schedule 4 to the 1988 Regulations will be incorporated into the licence.
9. The consideration required in respect of production licences granted as a result of this invitation will be:
- (a) an initial payment, at the time the offer of a licence is accepted, of £ 410 for each square kilometre comprised in the licensed area;
- (b) on the sixth anniversary of the date of commencement of the licence term (following exercise of the option to hold the licence for a second term) the sum of £ 470 will be payable for each square kilometre in the area to which the licence then relates; on the seventh anniversary £ 940 per square kilometre and so on, rising by annual increments of £ 470 until an annual sum of £ 7 050 is payable for each square kilometre comprised in the licence area, subject to biennial review in line with movements in the Index of the Price of Crude Oil acquired by Refineries (published in the Digest of UK Energy Statistics) if the Secretary of State so determines. Further details concerning the payments due are available from the Department of Trade and Industry.