

## DEPARTMENT OF TRADE AND INDUSTRY

THE PETROLEUM (PRODUCTION) (SEAWARD AREAS)  
REGULATIONS 1988

1. Further to the Notice published on 6 March 1992 regarding the 14th Round of petroleum production licensing, the Secretary of State for Trade and Industry now invites applications, in accordance with the Petroleum (Production) (Seaward Areas) Regulations 1988 (SI 1988 No 1213), as amended by the Petroleum (Production) (Seaward Areas) (Amendment) Regulations 1990 (SI 1990 No 1332) and the forthcoming Petroleum (Production) (Seaward Areas) (Amendment) 1992 (in this notice called "the Regulations"), for petroleum production licences in respect of the blocks specified in Schedules 1, 2, 3, and 4 to this notice and delineated on maps deposited in the Library at the Department of Trade and Industry, 1 Palace Street, London SW1E 5HE. The maps may be inspected by prior appointment (Telephone No 071-238 3042) between 09.15 and 16.45 hours Monday to Friday until Tuesday 15 December 1992.

## CONSIDERATION FOR AND CONDITIONS OF LICENCES

2. Licences issued in respect of blocks shown on the maps at Schedules 1 and 3 and listed in Schedules 2 and 4 to this Notice 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. These licences will be subject to the conditions set out in Schedule 4 to the Regulations.
3. 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 £390 for each square kilometre comprised in the licensed area;
  - (b) subsequent annual payments determined according to the following provisions:
    - (i) on the sixth anniversary of the date of commencement of the licence term (following exercise of the option to continue as to "the remaining period of the licence) the sum of £450 will be payable for each square kilometre in the area to which the licence then relates; on the seventh anniversary £900 per square kilometre and so on, rising by annual increments of £450 until an annual sum of £6,750 is payable for each square kilometre comprised in the licensed area;
    - (ii) the payments specified in sub-paragraph 3(b)(i) above will be subject to variation as follows:
      - (aa) The annual payments will be increased or subsequently reduced at two-yearly intervals 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 Minister so determines. The Minister will give notice of any such determination ("biennial determination") during the month preceding the eighth anniversary of the date of commencement of licences or any subsequent two-yearly anniversary, and will specify in the notice the increase or reduction in the amount payable. Movements in the Index will be calculated by reference to a comparison between the arithmetic mean of the Index levels for the two latest calendar years for which figures are available at the time when the determination is made, and the arithmetic mean of the Index levels for 1990 and 1991. In the event that the Index of the Price of Crude Oil acquired by Refineries ceases to be published, the Minister may substitute arrangements for redetermination of annual payments having substantially similar effect to those set out above based on such other comparable Index as he may determine.
      - (bb) The increase or reduction specified in a biennial

determination will be payable or take effect on the anniversary of the date of commencement of the licence next following the date of the relevant determination.

- (cc) No biennial determination will have effect so as to reduce the annual payments below the levels set in sub-paragraph 3(b)(i).
  - (dd) The Minister will not make a biennial determination increasing or reducing the amounts payable, where that increase or reduction would be 5% or less of the levels set following the previous biennial determination.
- (c) a royalty (Provided for in Clauses 10-13 of Schedule 4 to the Regulations) at the rate of 12.5% payable in respect of petroleum won and saved from any field which is neither:
    - (i) a relevant new field for the purposes of the Petroleum Royalties (Relief) Act 1983, nor
    - (ii) a relevant Southern Basin field for the purposes of the Petroleum Royalties (Relief) and Continental Shelf Act 1989.
4. Licences may be granted subject to special conditions governing the notice required for, and the timing and circumstances of, operations carried out thereunder. The Department of Trade and Industry will make copies of these conditions available as soon as possible.

## APPLICATIONS FOR LICENCES

5. In respect of all blocks listed in Schedules 2 and 4:
  - (a) applications should be made on a standard application form available from the Department of Trade and Industry;
  - (b) applications should be delivered between 09.30 and 12.00 hours on Tuesday 15 December 1992 or between 09.30 and 12.00 hours on Wednesday 16 December 1992 to the Oil & Gas Division of the Department of Trade and Industry at 1 Palace Street, London, SW1E 5HE, together with a remittance in respect of the appropriate application fee of £3,700;
  - (c) no applications will be accepted after 12.00 hours on Wednesday 16 December 1992;
  - (d) applicants are requested to indicate where possible any preference they attach to the blocks applied for and should indicate if blocks applied for are alternatives;
  - (e) applicants are requested to provide details of the work programme they propose to carry out if awarded a licence;
  - (f) applicants should note that they are requested to submit a statement of their policy with regard to health and safety and, for the first time, to submit a statement of their policy with regard to the environment;
  - (g) further guidance on the material with which applicants may support their applications is given in Guidance Notes available from the Department of Trade and Industry;
  - (h) copies of 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 (Room 3.2M.23), Oil & Gas Division, Department of Trade and Industry, 1 Palace Street, London SW1E 5HE (Telephone No 071 238 3211/3212).
6. Applicants will be judged against the background of the continuing need for expeditious, thorough, efficient and safe exploration to identify oil and gas resources on the UK Continental Shelf, with due regard to environmental considerations. The financial and technical capacity of each applicant will be established as far as possible before competing applications are evaluated. Applicants must also meet a threshold of acceptability for other