

Applications for Exploration Licences

2. The Secretary of State is prepared to receive applications for exploration licences in respect of any unlicensed area. Applications should relate to one or more contiguous blocks as shown on the Inspection Map at the Department of Energy, 1 Palace Street, London SW1E 5HE. Applicants for a licence will be expected to offer a suitable work programme for the acreage.

3. The Inspection Map may be inspected by prior appointment (tel 071-238-3422) between 1000 and 1600 hours Monday to Friday. Applications should be made on the standard application form available from the Department and should be delivered between 1000 and 1200 hours to the Department's Oil and Gas Division, at the above address, on either Wednesday 19th or Thursday 20th June 1991. No application will be accepted outside these times. All applications should be accompanied by the fee of £1,000 in accordance with Regulation 10(1) of the Regulations. Guidance Notes on the material with which applicants may support the application and on its presentation are available from the Department at the above address.

Application for Supplementary Seismic Survey Licences, Appraisal licences and Development licences

4. An application for a supplementary seismic survey licence, an appraisal licence or a development licence may be made at any time, and should be made in accordance with the provisions of Regulations 7 and 8 of the Regulations. In accordance with Regulation 8(4)-(7) of the Regulations, an application for a development licence should be accompanied by two copies of the work programme proposed by the applicant, together with a copy of any planning permission which may be required before the work programme may be carried out.

Conditions

5. In all cases where the Secretary of State is prepared to award a licence, it will be offered on condition that, within 14 working days of the date on which the Secretary of State makes the offer, the applicant:

- (a) in the case of an exploration or appraisal licence, confirms his acceptance of a work programme proposed by the Secretary of State following discussion with the applicant; and
- (b) in the case of any licence, remits to the Secretary of State the appropriate consideration for the licence.

Consideration for Licences

6. The Secretary of State, with the consent of the Treasury, has determined that until further notice the consideration for exploration, supplementary seismic survey and appraisal licences under the Regulations shall be as follows:

- (a) exploration licences: upon acceptance of the offer of a licence a payment shall be due at the rate of £75 per square kilometre comprised in the area to which the licence relates
- (b) supplementary seismic survey licences: upon the acceptance of the offer of a licence a payment of £50 shall be due
- (c) appraisal licences:
 - (i) upon acceptance of the offer of a licence a payment shall be due at the rate of £75 per square kilometre comprised in the area to which the licence relates;
 - (ii) on the grant of an extension or further extension to the licence under model clause 4 incorporated in the licence a further payment shall be due at the rate which is then applicable upon the acceptance of an offer of an appraisal licence.

7. The Secretary of State has also determined, with the consent of the Treasury, that until further notice the consideration for development licences shall comprise a payment due upon acceptance of the offer of a licence and further payments due on each anniversary of the date on which the licence term begins. The amount of these payments will be subject to adjustments based on movements in the Crude Oil Price Index published in the Digest of UK Energy Statistics ("the Index").

8. Until 1st October 1993, the initial payment due and subsequent payments will be at the rate of £1,500 per square kilometre of the licensed area. In September 1993, and at three yearly intervals thereafter, the rate per square kilometre will be reviewed. If the difference between the average level of the Index over the three years preceding the review (1990-92 in the case of the first review) and the average level of the Index over an earlier three year base period (1984-86 in the case of the first review), expressed as a percentage, is 10 per cent or more, the rate will be adjusted by the amount of the difference (the "percentage change"), provided that this adjustment does not reduce the rate below £1,500. If the percentage change would reduce the rate below £1,500, the rate for the succeeding three years will be £1,500. If the percentage change is less than 10 per cent, no adjustment will be made. In both these latter cases, the adjustment to be made at the next review will be determined by applying the percentage change to the rate that would have had effect but for the £1,500 or 10 per cent restriction, rather than the rate that actually had effect prior to the review. (3 SI)