

2016 No. 904

ENERGY

The Oil and Gas Authority (Fees) Regulations 2016

Made - - - - *7th September 2016*

Laid before Parliament *12th September 2016*

Coming into force - - *1st October 2016*

The Secretary of State for Business, Energy and Industrial Strategy makes the following Regulations in exercise of the powers conferred by section 12(1), (2), (5) and (6) of the Energy Act 2016(a).

Citation and commencement

1. These Regulations may be cited as the Oil and Gas Authority (Fees) Regulations 2016 and come into force on 1st October 2016.

Interpretation

2. In these Regulations—

“the 1998 Act” means the Petroleum Act 1998(b);

“the 2008 Act” means the Energy Act 2008(c);

“the 2016 Act” means the Energy Act 2016;

“carbon dioxide appraisal and storage licence” means a licence granted under section 18 of the 2008 Act (licences) in respect of an activity within section 17(2) of that Act (prohibition on unlicensed activities)(d);

“carbon dioxide storage proposal” means a proposal for the storage of carbon dioxide and any associated works submitted pursuant to a carbon dioxide appraisal and storage licence;

“development and production programme” means a programme submitted pursuant to a petroleum licence setting out the measures proposed to be taken in connection with the development and production of a petroleum field;

“development plan” means a plan submitted pursuant to a gas storage licence setting out the measures proposed to be taken in connection with the development of a gas storage field;

“gas storage licence” means a licence granted under section 4 of the 2008 Act (licences) in respect of any activity within section 2(3) of that Act (prohibition on unlicensed activities)(e);

(a) 2016 c. 20. Section 12(9) of the Act provides that “prescribed” means prescribed by regulations.

(b) 1998 c. 17.

(c) 2008 c. 32.

(d) Section 17 was amended by S.I. 2011/2453 and S.S.I. 2011/224. Section 18 was amended by the Energy Act 2016, Schedule 1, paragraph 53; S.I. 2011/2453 and S.S.I. 2011/224.

(e) Section 2 was amended by the Deregulation Act 2015 (c. 20), section 14(2). Section 4 was amended by the Energy Act 2016, Schedule 1, paragraph 42.

“licensee” means the holder of a relevant licence;

“petroleum licence” means a licence granted under section 3 of the 1998 Act (searching for, boring and getting petroleum) or under section 2 of the Petroleum (Production) Act 1934 (licences to search for and get petroleum)(a);

“pipeline deposit proposal” means a proposal—

(a) to place any material on the seabed for the protection or support of a pipeline during its construction; or

(b) for the maintenance of a pipeline,

where that proposal is submitted pursuant to a pipeline works authorisation;

“pipeline works authorisation” means an authorisation given by the OGA(b) in accordance with section 15 of the 1998 Act (submarine pipelines: authorisations)(c);

“relevant licence” means, as appropriate, a carbon dioxide appraisal and storage licence, a gas storage licence or a petroleum licence;

“well” includes borehole;

“well suspension” means the suspension of the use of a well such that it may be re-used for the purpose of drilling or other works.

Applications of a prescribed description

3.—(1) The following applications are prescribed for the purposes of section 12(1)(d) of the 2016 Act (powers of the OGA to charge fees)—

- (a) an application for consent to a development and production programme;
- (b) an application for consent to the methodology proposed for the measurement of petroleum;
- (c) an application for consent to drill a primary well;
- (d) an application for consent to drill a sidetrack well branching off from the principal well to a target location different from that of the principal well;
- (e) an application for consent to fit or refit equipment in a well for the purpose of enabling hydrocarbon production or injection;
- (f) an application for consent to get petroleum from a licensed area;
- (g) an application for a variation of a consent to get petroleum from a licensed area;
- (h) an application for consent to flare petroleum from a well;
- (i) an application for a variation of a consent to flare petroleum from a well;
- (j) an application for consent to a well suspension;
- (k) an application for consent to put back into use any well subject to a well suspension;
- (l) an application for consent to abandon a well permanently;
- (m) an application for consent to a change of licensee of a petroleum licence;
- (n) an application for consent to a change of the beneficiary of rights granted by a petroleum licence; and
- (o) an application for approval of the appointment of an operator under a petroleum licence.

(2) An application for consent to a pipeline deposit proposal is prescribed for the purposes of section 12(1)(e) of the 2016 Act.

(a) 1934 c. 36. That Act was repealed by the Petroleum Act 1998, Schedule 5, Part 1.

(b) The OGA is defined as the Oil and Gas Authority in section 1(4) of the Energy Act 2016.

(c) Section 15 was amended by the Energy Act 2011 (c. 16), Schedule 2, paragraphs 8 and 9; the Energy Act 2016, Schedule 1, paragraph 15; S.I. 2000/1937 and S.I. 2011/2305.

(3) The following applications are prescribed for the purposes of section 12(1)(h) of the 2016 Act—

- (a) an application for consent to a carbon dioxide storage proposal; and
- (b) an application for consent to a development plan.

Estimated fees payable for consents and pipeline works authorisations

4.—(1) A licensee must pay a fee where the licensee applies to the OGA for consent to—

- (a) a carbon dioxide storage proposal;
- (b) a development and production programme; or
- (c) a development plan.

(2) A person must pay a fee where the person applies to the OGA for—

- (a) a consent to a pipeline deposit proposal; or
- (b) a pipeline works authorisation.

(3) The amount of the fee under paragraphs (1) and (2) is determined by the formula—

$$£500 \times A \times B.$$

(4) In paragraph (3), reference to—

A is the number of days; and

B is the number of officers,

which the OGA estimates will be required to determine the application.

(5) The licensee or person must pay any fee payable under paragraph (1) or (2) within 30 days of the OGA notifying the licensee or person of the determination under regulation 5(3) unless the OGA notifies the licensee or person, as appropriate, in writing that the licensee or person may pay the fee at a later date.

(6) In paragraph (4), “officer” means a person engaged by the OGA to carry out the function in respect of which the relevant fee is payable.

Requests to determine fees under regulation 4

5.—(1) A licensee or person who intends to make an application set out in regulation 4(1) or (2) must, before submitting the application, make a written request to the OGA to determine the fee payable (“a fee request”).

(2) A fee request must include sufficient information to enable the OGA to determine the fee payable, including—

- (a) a draft of the relevant proposal, programme, plan or authorisation; and
- (b) any associated documentation which the licensee or person, as appropriate, proposes to submit with the application.

(3) The OGA must as soon as practicable after receiving a fee request—

- (a) determine the fee payable; and
- (b) notify the licensee or person who has made the fee request, in writing, of the determination.

Fixed fees payable for other consents

6.—(1) A licensee who makes an application to the OGA for consent to an activity or matter listed in the first column of the table following paragraph (2) must pay the corresponding fee in the second column of that table.

(2) The licensee must pay any fee payable under paragraph (1) at the time of making the application, unless the OGA notifies the licensee in writing that the fee may be paid at a later date.

Fees for other consents

<i>Activity or matter requiring consent</i>	<i>Fee payable</i>
Methodology proposed for the measurement of petroleum	£920
Drill a primary well	£647
Drill a sidetrack well branching off from the principal well to a target location different from that of the principal well	£532
Fit or refit equipment in a well for the purpose of enabling hydrocarbon production or injection	£506
Get petroleum from a licensed area	£994
Variation of a consent to get petroleum from a licensed area	£994
Flare or vent petroleum from a well	£714
Variation of a consent to flare or vent petroleum from a well	£714
Well suspension	£532
Put back into use any well subject to a well suspension	£506
Abandon a well permanently	£506
Change of licensee of a petroleum licence	£252
Change of the beneficiary of rights granted by a petroleum licence	£252
Appointment of an operator under a petroleum licence	£900

Fees payable for applications for petroleum licences

7.—(1) A person who makes an application for a petroleum licence listed in the first column of the table following paragraph (2) must pay the corresponding fee in the second column of that table.

(2) The terms referred to in the table have the meaning given in regulation 2 of the Petroleum Licensing (Applications) Regulations 2015 (interpretation)(a).

Fees for petroleum licences

<i>Type of licence</i>	<i>Fee payable</i>
Landward petroleum exploration licence	£500
Seaward petroleum exploration licence	£500
Methane drainage licence	£50
Petroleum exploration and development licence	£1,400
Seaward area production licence	£2,100

Fees payable for applications for gas storage licences

8.—(1) Subject to paragraph (2), a person who makes an application for a gas storage licence must pay a fee of £2,100.

(2) Paragraph (1) does not apply to an application for an exploration licence.

(3) The person must pay any fee payable under paragraph (1) at the time of making the application.

(4) In this regulation—

“controlled place” has the meaning given in section 2(4) of the 2008 Act (prohibition on unlicensed activities)(b);

(a) S.I. 2015/766.

(b) Section 2 was amended by the Deregulation Act 2015, section 14(2).

“exploration licence” means a licence to—

- (a) explore any controlled place with a view to carrying on an activity within section 2(3)(a) to (d) of the 2008 Act, and
- (b) establish or maintain an installation in a controlled place for the purpose of such exploration;

“installation” has the meaning given in section 16 of the 2008 Act (interpretation)(a).

Fees payable for applications for carbon dioxide appraisal and storage licences

9.—(1) Subject to paragraph (2), a person who makes an application for a carbon dioxide appraisal and storage licence in respect of—

- (a) activities within section 17(2)(a) to (c) of the 2008 Act (prohibition on unlicensed activities)(b) and a controlled place which is not in, under or over the territorial sea adjacent to Scotland; or
- (b) the establishment or maintenance in a controlled place which is not in, under or over the territorial sea adjacent to Scotland of an installation for the purposes of activities within section 17(2) of the 2008 Act,

must pay a fee of £2,100.

(2) Paragraph (1) does not apply to an application for a general exploration licence.

(3) The person must pay any fee payable under paragraph (1) at the time of making the application.

(4) In this regulation—

“controlled place” has the meaning given in section 17(3), (3A) and (4) of the 2008 Act;

“general exploration licence” has the meaning given in regulation 1(3) of the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010 (interpretation)(c);

“installation” has the meaning given in section 35 of the 2008 Act (interpretation)(d).

Fees: general

10.—(1) A fee payable under these Regulations must be paid—

- (a) to the OGA; and
- (b) in such manner as the OGA from time to time determines.

(2) A fee is not paid under these Regulations until the OGA receives that fee in cleared funds.

Neville-Rolfe

Minister of State for Energy and Intellectual Property
Department for Business, Energy and Industrial Strategy

7th September 2016

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the Oil and Gas Authority (“the OGA”) to charge fees. They consolidate provision for fees that were previously charged by the Secretary of State for the

(a) Section 16 was amended by the Energy Act 2016, Schedule 1, paragraph 52.
(b) Section 17 was amended by S.I. 2011/2453 and S.S.I. 2011/224.
(c) S.I. 2010/2221. Regulation 1 was amended by the Energy Act 2016, Schedule 1, paragraph 78 and S.I. 2012/461.
(d) Section 35 was amended by the Marine and Coastal Access Act 2009 (c. 23), Schedule 4, paragraph 5(3); the Energy Act 2016, Schedule 1, paragraph 62; S.I. 2011/2453 and S.S.I. 2011/224.

Department for Business, Energy and Industrial Strategy (“DBEIS”) under the following regulations:

- the Offshore Gas Storage and Unloading (Licensing) Regulations 2009 (S.I. 2009/2813) (“the 2009 Regulations”);
- the Storage of Carbon Dioxide (Licensing etc.) Regulations 2010 (S.I. 2010//2221) (“the 2010 Regulations”);
- the Gas and Petroleum (Consents) Charges Regulations 2013 (S.I. 2013/1138) (“the 2013 Regulations”); and
- the Petroleum Licensing (Applications) Regulations 2015 (S.I. 2015/766) (“the 2015 Regulations”).

Regulation 3 prescribes the applications for which the OGA may charge a fee. These are applications made by the holder of a petroleum licence, the holder of an authorisation relating to pipelines and the holder of a gas storage licence or carbon dioxide appraisal and storage licence.

Regulation 4 sets out the formula for estimating fees payable for certain consents and pipeline works authorisations. This is based on a daily rate of £500 which is multiplied by the number of days and number of officers which the OGA estimates will be required to determine the application. Before making an application under regulation 4, the licensee or person must request that the OGA determines the fee, as provided for by regulation 5. The OGA must notify the licensee or person who requests the determination of a fee of the amount payable. This provision was previously set out in regulation 3 of the 2013 Regulations.

Regulation 6 sets out the fees payable for other consents, for example a consent to drill a well. There is a fixed fee for each type of consent. This provision was previously set out in regulation 5 of the 2013 Regulations.

Regulation 7 sets out the fees payable on making an application for relevant petroleum licences, for example a landward petroleum exploration licence. There is a fixed fee for an application for each type of petroleum licence. This provision was previously set out in regulation 7 of the 2015 Regulations.

Regulation 8 sets out the fee payable on making an application for a gas storage licence. This provision was previously set out in regulation 2 of the 2009 Regulations.

Regulation 9 sets out the fee payable on making an application for a carbon dioxide appraisal and storage licence. This provision was previously set out in regulation 3 of the 2010 Regulations.

Regulation 10 provides that a fee payable under these Regulations must be paid to the OGA and is not paid unless the OGA holds the fee in cleared funds.

An impact assessment has not been produced for this instrument. However, an impact assessment was prepared for the Energy Bill 2015-16, to which this instrument relates. A copy of that impact assessment is available from DBEIS, 3 Whitehall Place, London, SW1A 2AW and is available at www.parliament.uk.

The provisions consolidated by this instrument were the subject of previous impact assessments which are available from DBEIS at the above address.

These Regulations have no impact on the private sector since there has been no change to the range of applications for which fees are charged and the way that those fees are determined. The amount of each fee has not increased. They have no impact on the voluntary sector and no significant impact on the public sector.