



North Sea
Transition
Authority

Application for Seaward Production Licences **General Guidance**

Version: August 2022 Rev 1.0

Date of publication 7 October 2022

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Contents

1. General Guidance	4
a. Introduction.....	4
b. Type and Term of Licence.....	5
c. The Applicant.....	6
d. The Acreage.....	8
e. Work Programmes.....	8
f. Application Fee.....	9
g. How Decisions are Reached.....	9
h. Transparency.....	11
i. Out-Of-Round Applications.....	11
j. General Issues.....	12
ANNEX 1 RENTALS.....	14
ANNEX 2: CONTACTS.....	15

1. General Guidance

a. Introduction

1. The Oil and Gas Authority ('**OGA**') is now operating as the North Sea Transition Authority ('**NSTA**') and will be referred to as the NSTA in this document. The OGA remains the legal name of the company, and all licences and other legal documentation will continue to refer to the OGA.
2. Companies who want to participate in the exploitation of the UK's oil and gas resources need (among other things) a Production Licence granted by the NSTA.
3. The NSTA operates a competitive system for awarding Production Licences. Most such Licences are applied for, and issued, in Licensing Rounds.
4. The acreage to be offered in individual Licensing Rounds will be specified in maps and lists of blocks published on the NSTA's website at the opening of each particular round.
5. This note is intended to be used as guidance for applicants for Seaward Production Licences, and sets out how to complete, support and submit an application. The NSTA's website (NSTA: licensing rounds¹) includes pointers to other useful information, including general information about the licensing system and the availability of technical data.
6. This note offers general guidance about the NSTA policy and a high-level overview of the process. It is not a substitute for any regulation or law and is not legal advice.
7. There are separate and more detailed guidance notes about technical and financial aspects of the NSTA's decision-making. If you have any further queries, or need clarification of anything discussed in this note, there is a list of Contacts at the end.
8. Anyone who wants to explore for, drill for or extract oil or gas offshore in the UK (except Northern Ireland) must hold a Seaward Production Licence granted under the Petroleum Act 1998 by the NSTA.
9. Applications for such Licences can only be made in response to a formal invitation from the NSTA. These invitations are posted in the London Gazette, Edinburgh Gazette, and Belfast Gazette, and advertised prominently on the NSTA website. Usually, the NSTA issues general invitations in Licensing Rounds but exceptionally Out-of-Round applications may be invited for small areas in response to a request from a company. The invitation will specify the acreage on offer.
10. Applications are made through a part of the UK's Energy Portal called '**LARRY**' (the **L**icence **A**pplications **R**epository). Applicants will first need to get a Portal account, which is a quick and easy process. There is guidance about gaining access to LARRY on the NSTA's website.
11. All applications must be complete and include:
 - **Application Form** – this is available through the LARRY portal. (see separate LARRY User Guidance)

¹ [North Sea Transition Authority \(NSTA\): Licensing rounds](#)

- **Appendix A – Financial/Fitness** demonstrating a company’s financial viability and capability (as applicable) and the fitness of a prospective licensee. (Each Applicant company named in application is required to submit a separate Financial and Fitness submission) (see separate Financial Guidance and section **c. the Applicant** below on the NSTA’s approach to assessing fitness)
 - **Appendix B – Technical** covering the technical and commercial evaluation of the blocks applied for (see separate Technical Guidance)
 - **Appendix C – Safety and Environmental** documentation for the Offshore Major Accidents Regulator (**‘OMAR’**)², the Competent Authority (**‘CA’**), to assess safety and environmental capability, assessed by the Health and Safety Executive (**‘HSE’**) and the Offshore Petroleum Regulator for Environment & Decommissioning (**‘OPRED’**). (see separate Appendix C guidance)
12. There is an Application fee (see section **f. Application fee**).
 13. The NSTA will only award a licence to an applicant that meets certain financial, fitness, technical and other considerations, which depend in detail on the circumstances and the type of licence being applied for (see section c. The Applicant). Those applicants who meet the criteria will be considered in competition with other applicants. The NSTA usually interviews such applicants about their technical understanding of the acreage and the Work Programme offered (the NSTA always does so where there is competition for the same acreage). After interview, the NSTA marks each application against a Marks Scheme (See Technical Guidance).
 14. The NSTA has discretion in deciding whether or not to issue a licence (see section g “How decisions are reached”) and, if so, to whom and on what conditions. Where there is competition for the same acreage, the award will generally be that which the NSTA considers best serves the objective of maximising economic recovery of UK petroleum whilst also supporting the Secretary of State (**SoS**) in meeting net zero by 2050, subject to compliance with all relevant legal provisions. In particular, all applications will be determined in accordance with the terms of the Hydrocarbons Licensing Directive Regulations 1995 (1995/1434)³, the Petroleum Licensing (Applications) Regulations 2015 (2015/766)⁴, as amended, and the Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015 (2015/385)⁵.

b. Type and Term of Licence

15. Seaward Production Licences cover exploration and appraisal as well as production. Seaward Production Licences will usually be offered under the “Innovate” licence framework⁶.
16. The terms and conditions of the licences on offer (**“Model Clauses”**) are set out in regulations, though the NSTA may offer licences on modified terms in particular cases. For Seaward Production Licences, the Model Clauses are set out in the Petroleum Licensing (Production)

² <https://www.hse.gov.uk/omar/index.htm>

³ <https://www.legislation.gov.uk/uksi/1995/1434/contents/made>

⁴ <https://www.legislation.gov.uk/uksi/2015/766/contents/made>

⁵ <https://www.legislation.gov.uk/uksi/2015/385/contents>

⁶ <https://www.nstaauthority.co.uk/licensing-consents/types-of-licence/>

(Seaward Areas) Regulations 2008 (2008/225) (as amended)⁷ and the current rentals schedule for Seaward Production Licences is detailed in ANNEX 1.

17. Companies who only wish to carry out offshore seismic surveys and not to drill, might consider applying for a Seaward Exploration Licence. Such licence only permits surveying and very shallow boreholes. It does not permit deep drilling, appraisal, or storage, and does not confer any exclusive rights over any area. Each Seaward Exploration Licence covers the entire UKCS (outside the areas covered by existing petroleum production licences unless permission is otherwise granted). The application fee is lower, and the application process simpler. Further details on the Seaward Exploration Licence application process can be found on the NSTA's website⁸. It is the licence holder's responsibility to understand what other regulatory obligations are required prior to undertaking operations.

c. The Applicant

18. In this section:
 - a) **"financial viability"** refers to the Applicant's historic, current and future solvency and provides assurance that the Applicant is currently solvent and is expected to remain so for the foreseeable future.
 - b) **"financial capacity"** means the capacity to fund the known and anticipated future commitments or the proposed (re)development. Funding must be clearly available to the applicant at the time of application, and not be subject to uncertain future events like share issues.
 - c) **"Licence Operator competence"** means the competence to carry out in accordance with the principles of the OGA Strategy the activities that would be permitted under the licence during the Initial Term (Phase C) or Second Term in the case of a Straight-to-Second-Term Licence⁹.
19. To be awarded a licence, a company must be registered in the UK, either as a company or as a branch of an overseas company. The application must include the registered name, registered address and registered company number of each company that is to hold the licence.
20. The NSTA will not award a licence to a company other than as named in the application, so applicants should decide exactly which company/ companies they want to hold the licence and ensure that the application reflects their choice. Where the applicant subsequently decides they want a licence to be held by a different company other than as specified in the application, they should accept the licence and then seek consent to assign it afterwards.
21. An application may be made by a single company, or by a group of companies, who must meet certain criteria, depending on the type of Licence being applied for¹⁰. This applies to each individual party to an application.
22. Where a licence is held by more than one company, each company's liability for obligations under the licence is joint and several.
23. All Applicants must meet certain criteria to demonstrate that they have the financial capability to exercise the exclusive rights granted by that Licence. In assessing an Applicant's financial

⁷ <https://www.legislation.gov.uk/uksi/2008/225/contents/made>

⁸ <https://www.nstaauthority.co.uk/licensing-consents/types-of-licence/>

⁹ <https://www.nstaauthority.co.uk/licensing-consents/licensing-system/operatorship/>

¹⁰ <https://www.nstaauthority.co.uk/licensing-consents/licensing-system/licensee-criteria/>

capability, the NSTA will assess two broad financial criteria. These are financial viability and financial capability. See the NSTA's Financial Guidance for further information. The Information Matrix in the Financial Guidance sets out the information to be submitted by applicants relevant to the type of application being submitted. In summary, an applicant for an Innovate Seaward Production Licence that starts with an Initial Term Phase A and/or Phase B will be assessed on different criteria compared with an applicant for an Innovate Seaward Production Licence that starts with either an Initial Term Phase C or straight to Second Term.

24. Applicants for an Innovate Seaward Production Licence that starts with either an Initial Term Phase C or straight to Second Term will also be assessed by the NSTA on Licence Operator competence.
25. Where the Applicant is proposing a Phase C-only Work Programme (i.e. straight to drilling) in respect of some acreage, and a Phase A and/or a Phase B Work Programme in respect of other acreage, separate Applications must be submitted for each area, as the financial and technical competency assessments, will be different.
26. Where an Applicant has applied to start in Phase A or Phase B, any award will show as “**No Operator**” because the competencies for licence operatorship will have not been reviewed. These checks will be carried out prior to a request to progress from Phase A/B to Phase C.
27. Applicants are required to submit the following information as part of the Financial & Fitness Supporting documentation in the Finance section in LARRY (see NSTA website for more information¹¹).

In respect of:

- (i) the Applicant;
- (ii) any director of the Applicant; and
- (iii) any other individual involved in the management of the Applicant.

Applicants should confirm in particular if:

- 1) any person (corporate or natural) listed at (i) to (iii) above is bankrupt and/or associated with any corporate insolvency proceedings, or liquidation or administration;
- 2) any person (corporate or natural) listed at (i) to (iii) above has:
 - (a) any unspent conviction for a relevant offence; has been the subject of any adverse finding or any settlement in civil proceedings;
 - (b) been the subject of, or interviewed in the course of, any existing or previous investigation or disciplinary proceedings by other regulatory authorities, government bodies or agencies, or in criminal proceedings;
 - (c) been investigated, disciplined, censured or suspended or criticised by a regulatory or professional body, a court or Tribunal, whether publicly or privately;
 - (d) been notified of any potential proceedings or investigations that might lead to proceedings of a disciplinary or criminal nature; or
 - (e) been involved with any business to which the above apply;

¹¹ <https://www.nstauthority.co.uk/media/7893/fitness-website-document-final-december-2021.pdf>

- 3) any person (corporate or natural) listed at (i) to (iii) above has been involved with a company, partnership or other organisation that has:
 - a) been refused registration, authorisation, membership or a licence to carry out any trade, business or profession, or
 - b) had that registration, authorisation, membership or licence revoked, withdrawn or terminated, or
 - c) been expelled by a regulatory or government body;
- 4) any person (corporate or natural) listed at (ii) or (iii) above has been dismissed, or asked to resign and resigned, from employment or from a position of trust, fiduciary appointment or similar.

If Applicants answer 'yes' to any of the above, further details should be provided.

d. The Acreage

- 28.** At any licensing opportunity, whether it be a Licensing Round or an Out-of-Round invitation, the NSTA will invite applications for a specified list of blocks and part-blocks. The NSTA cannot consider applications for acreage other than that offered.
- 29.** The boundary between the Landward and Seaward regimes is the Low Water Mark, except those areas landward of a Bay Closing Lines, as defined out in the Petroleum Licensing (Exploration and Production) (Landward Areas) Regulations 2014 (2014/1686) ¹². All landward areas fall under the Landward licensing regime.
- 30.** The NSTA has divided the UK's acreage into blocks. Seaward blocks vary in size from c.190km² in the far north to c.250km² in the far south.
- 31.** Licensing Rounds cover specified areas. The NSTA will decide which areas to offer after considering a number of factors, including for example: recommendations of the Strategic Environmental Assessment ¹³; other regulatory requirements; request from industry; areas where the NSTA has published new seismic or other geoscientific data. The invitation makes clear which acreage is available for application.
- 32.** The NSTA will not award acreage that the applicant has no plans to explore and exploit nor will it be prepared to licence a very small or very irregular area.
- 33.** The NSTA will not issue a single Seaward Production Licence covering separate (non-contiguous) areas. For these purposes, two areas that join corner-to-corner are considered to be separate.

e. Work Programmes

- 34.** For licence applications that start with an Initial Term, the applicant must propose a Work Programme, which is the minimum amount of work that the applicant must carry out, if it should be awarded a licence.
- 35.** Along with the technical work already carried as part of the application, the Work Programme is one of the main factors that the NSTA will consider between competing applications. It is likely to be discussed at interview. A Work Programme consists of one or more elements of exploration work.

¹² [The Petroleum Licensing \(Exploration and Production\) \(Landward Areas\) Regulations 2014 \(legislation.gov.uk\)](https://www.legislation.gov.uk/uksi/2014/1686)

¹³ <https://www.gov.uk/guidance/offshore-energy-strategic-environmental-assessment-sea-an-overview-of-the-sea-process>

- 36.** For the Seaward Innovate Licence starting with an Initial Term the Work Programme may be divided into three phases. There is more detailed in the 'Technical Guidance' but in summary:
- **Phase A** for carrying out geotechnical studies and geophysical data purchase and or reprocessing,
 - **Phase B** for shooting new seismic and acquiring other geophysical data, and
 - **Phase C** for drilling.
- 37.** If the NSTA offers a licence, part of the offer will specify the Work Programme that the NSTA is willing to accept. The Work Programme will be set out in full in the licence. The agreed Work Programme will form an important part of the Licence itself, and the Licence will expire at the end of the Initial Term, or relevant Phase of the Initial Term, if the Work Programme has not been completed by then¹⁴.

f. Application Fee

- 38.** There is an Application Fee of £9,210 per application for Seaward Production Licences to cover the NSTA's costs, see guidance¹⁵.
- 39.** This payment should be made through LARRY which provides a secure method for these payments.
- 40.** Confirmation of payment is required before the final submission of any application can be made in LARRY. Note failure to register payment before the round closes will result in an Applicant not being able to submit its application.
- 41.** There are two methods to make a payment. The first uses WorldPay to enable Card Payment (credit or debit card), this is the recommended method. If using this method, Applicants should ensure they have the appropriate credit limit in place. The second method or 'Alternative Payment Method' allows applicants to arrange a BACS or CHAPS payment. This alternative payment is effectively a pledge that a payment is to be made, but is awaiting reconciliation. Applicants should therefore ensure they have all internal approvals in place in good time to pay by this method. See LARRY user Guidance for further details.

g. How Decisions are Reached

- 42.** The NSTA's general policy objective in deciding whether to award a Licence and to whom is to maximise the economic recovery of UK petroleum, whilst also supporting the SoS in meeting the net zero by 2050 target, as laid out in the OGA Strategy¹⁶. The Petroleum Act 1998 gives the NSTA discretion in deciding whether or not to issue a licence; and if so, to whom and on what conditions. However, the NSTA must, where applicable, exercise its discretion in accordance with the principal objective of the OGA Strategy. The NSTA must also have regard to the factors set out at section 8 of the Energy Act 2016¹⁷, so far as relevant.

¹⁴ <https://www.nstauthority.co.uk/news-publications/publications/2021/updated-guidance-on-the-management-of-offshore-licence-work-programme-commitments-rev-20/>

¹⁵ <https://www.nstauthority.co.uk/regulatory-framework/legislative-context/charging-regime/>

¹⁶ <https://www.nstauthority.co.uk/regulatory-framework/the-strategy/>

¹⁷ <https://www.legislation.gov.uk/ukpga/2016/20/section/8/enacted>

43. Only applicants who satisfy the NSTA's financial and fitness criteria and, where appropriate, the Licence Operator competence and the requirements of the Offshore Safety Directive¹⁸ can be considered for award of a Seaward Production Licence.
44. The NSTA cannot grant a Seaward Production Licence unless it has first received the agreement of the SoS under the Offshore Petroleum Activities (Conservation of Habitats) Regulations 2001 (as amended). OPRED will advise that where the SoS considers that anything that might be carried out under a Seaward Production Licence is likely to have a significant effect on a relevant site (whether individually or in combination with any other plan or project), the SoS shall make an appropriate assessment ('AA') of the implications for the relevant site in view of the site's conservation objectives. Subject to the conclusions of the AA, the SoS would only agree to the grant of a Seaward Petroleum Licence provided the SoS is satisfied that nothing that might be done or no activity which might be carried out under the Seaward Production Licence would have an adverse effect on the integrity of the relevant site.
45. Where two or more applicants who have applied for the same acreage and they all meet the NSTA's criteria, the NSTA's assessors will make a recommendation of award after evaluating the respective geotechnical submissions and interviews where appropriate. The assessors will base their recommendations on the technical understanding demonstrated by the applicant, the generation of valid prospectivity derived from evaluation of available data, the quality of the work that it has already carried out, and the proposed Work Programme. Applications will be marked against these criteria according to a predefined Marks Scheme (see Technical Guidance), and award will normally be made to the applicant with the highest mark, subject to all other criteria being met.
46. In some cases, the NSTA may consider that additional factors that are not covered by, or amenable to, the Marks Scheme are relevant to the achievement of its policy. Examples could include:
 - a) the applicant's track record on the completion of Work Programmes;
 - b) the applicant's track record of performance, such as activity on the management of suspended wells and asset stewardship;
 - c) cases where direct comparison between competing applications is difficult, such as those where the geographical coverage and geological focus is different, or where competing Work Programmes offer a choice between a prospect-specific investigation and a wider area investigation.
47. The NSTA may accommodate such factors by, amongst other things:
 - a) suggesting that competing applicants agree to become one licensee (a "marriage"); or
 - b) splitting applications for competed acreage so that each applicant receives the area(s) that it is focused on.
48. The NSTA may suggest a marriage between competing Applicants where their interests and expertise are complementary, and their applications cannot be separated geographically. However, it remains up to the Applicants to make the marriage and agree on terms. If Applicants are unable or unwilling to form a single licence partnership, it will be at the discretion of the NSTA to take a final decision on licence award.
49. The NSTA will not consider applications where material information has been withheld.

¹⁸ <https://www.nstauthority.co.uk/licensing-consents/licensing-system/offshore-safety-directive/>

- 50. There are occasions where the NSTA may decide that no application for award of a Petroleum Licence would best serve the NSTA's general objective as set out above.
- 51. The NSTA will not award marks for CCS, gas or methane storage or any other proposed plans outside of Seaward Petroleum Licensing.

h. Transparency

- 52. Applicants may need to include commercially sensitive information in their applications, such as financial forecasts and proprietary data. The NSTA does not intend to publish such information, however the NSTA is subject to the requirements of, and will handle any such information in accordance with, the Freedom of Information Act 2000, the Environmental Information Regulations 2004 (2004/3391) and the Data Protection Act 2018 and other relevant law, which take full cognisance of issues of transparency and confidentiality.
- 53. The NSTA treats applications as confidential until decisions have been announced because of the competitive aspect of awards. After that, the NSTA publishes the winning applicants' names and marks, and, when a licence has been executed, publishes the licence document itself. The NSTA will also notify the unsuccessful applicants of their marks for each Block. Upon request the NSTA will discuss an applicant's unsuccessful application in more detail.
- 54. The NSTA's general policy is to maximise the availability of useful information about the UKCS and will routinely require the submission of a short Relinquishment Report when each licence terminates, summarising the work done, prospectivity identified, and associated reserve estimates for the licensed area. The NSTA will publish this report. The NSTA may also disclose other information at various times, and allow access to physical samples, in accordance with the relevant regulatory regime. For information and samples created or acquired on or following 1 January 2018, the Oil and Gas Authority (Offshore Petroleum) (Disclosure of Protected Material after Specified Period) Regulations 2018 apply.
- 55. The NSTA will publish a list of the names of all applicants for Production Licences and of their beneficial owners among other information whose publication is required by the Extractive Industries Transparency Initiative Standard.
- 56. For the purposes of the Data Protection Act 2018, the NSTA will hold the Applicants' contact details, including the names and email addresses of individuals who are nominated as company contact for licensing issues, and use them in communications relating to the application and in relation to administering any licence issued as a result of it. In the case of successful applications, this information will normally be made publicly available by the NSTA. For example, the NSTA will normally publish the details of each company's direct contact details on our website e.g. the contact person for licensing issues, and may supply such information to companies or individuals wishing to contact that licensee.
- 57. Anyone who wishes to object to any of these uses of such information should make clear their objections, and the grounds for them, in their application. Please be advised that the success of an application is not dependent on an applicant's agreement to the condition of this information being published. Should an applicant raise valid objections, other arrangements will be made.
- 58. For further information of the NSTA's policy on use and retention of personal information see: <https://www.nstauthority.co.uk/site-tools/privacy-statement/>. Any queries or concerns regarding the NSTA's use of personal information should be directed to Licensing_Round@NSTAuthority.co.uk

i. Out-Of-Round Applications

- 59. This Guidance Note also applies to Out-of-Round applications, which are special circumstances covering a specific portion of acreage. There are two differences between a

Licensing Round and an Out-of-Round Invitation; the Out-of-Round process is initiated at a company's request, instead of being triggered by the NSTA, and the NSTA will only invite Out-of-Round applications for a very small area. See the NSTA website for more details on the Out of Round Process¹⁹

- 60.** A company wishing to pursue the Out-of-Round route must first demonstrate to the NSTA that an Out-of-Round Invitation is justified, i.e. that there are clear reasons why it should not have to wait for the next opportunity in a Licensing Round. If that is the case, the NSTA will usually invite applications in a similar way to that in a Licensing Round. Therefore, the first step for any company is to write to Offshore.Exploration@NSTAuthority.co.uk at the NSTA, making a case for an Out-of-Round invitation.

j. General Issues

- 61.** The NSTA will not approve Joint Operating Agreements made under Seaward Production Licences issued in the 20th Round or later if they include pre-emption provisions, except in special circumstances where the applicant has made a convincing case for such provisions before award (and in such cases, it may count against the application where there is a choice between competed bids). Where the NSTA does accept a special need for pre-emption provisions, only pre-emption provisions in the agreed form will be approved.
- 62.** A Production Licence does not grant carte blanche to carry out all petroleum-related activities from then on. Some activities, such as drilling, are subject to further individual controls by the NSTA, and a licensee of course remains subject to controls by other regulators such as BEIS and the Health and Safety Executive.
- 63.** Under the Energy 2016 Act and related regulations, any production licence issued will be subject to requirements on the reporting, management and retention of information and physical samples. There are NSTA Guidelines related to the reporting, retention and release of data including well data, new geophysical surveys, etc. on the NSTA website²⁰.

k. Other Seabed Users

- 64.** In the UKCS there is increasing demand for access to the seabed, particularly from other offshore energy providers such as wind farms, natural gas storage or carbon storage.
- 65.** Where the NSTA has offered blocks for application for petroleum Seaward Production Licences, it is the responsibility of applicants to be aware of other potential users and identify any issues that may arise should projects develop. The following NSTA and other third party resources provide information that may be of assistance to identify other users (this list is not exhaustive):
- The NSTA- Lease Agreements, Interactive Maps & Tools, and data downloads:
 - <https://www.arcgis.com/apps/webappviewer/index.html?id=cb3474a78df24139b1651908ff8c8975>
 - <https://www.nstauthority.co.uk/data-centre/interactive-maps-and-tools/>
 - <https://www.nstauthority.co.uk/data-centre/nsta-open-data/>
 - The Crown Estate - Open Data

¹⁹ <https://www.nstauthority.co.uk/licensing-consents/licensing-system/licence-applications/>

²⁰ <https://www.nstauthority.co.uk/news-publications/publications/2021/reporting-and-disclosure-of-information-and-samples-guidance/>

<https://opendata-thecrownestate.opendata.arcgis.com/>

- Crown Estate Scotland - Spatial Hub

<https://crown-estate-scotland-spatial-hub-coregis.hub.arcgis.com/>

- Marine Scotland

[https://spatialdata.gov.scot/geonetwork/srv/eng/catalog.search#/metadata/Marine Scotland FishDAC 12385](https://spatialdata.gov.scot/geonetwork/srv/eng/catalog.search#/metadata/Marine_Scotland_FishDAC_12385)

- Coal Authority

<https://mapapps2.bgs.ac.uk/coalauthority/home.html>

NOTE: the NSTA does not take any responsibility for the accuracy or availability of third-party data.

66. To date the following guidance has been published should situations develop where oil and gas developers and renewable developers come into conflict.

https://www.nstauthority.co.uk/media/2795/crown_estate_lease_independent_valuer_guidance.pdf

67. In addition, the Joint Nature Conservation Committee ('**JNCC**') maintains a list and provides an interactive map of the UK's Marine Conservation Zones ('**MCZ**') and Marine Protected Areas ('**MPA**'), including Special Areas of Conservation ('**SAC**') and Special Protection Areas ('**SPA**') which form the UK MPA National Area Network. MPAs are defined geographical areas of the marine environment established and managed to achieve long-term nature conservation and sustainable use.

- The JNCC - MPA website and Mapper

<https://jncc.gov.uk/our-work/about-marine-protected-areas/>

<https://jncc.gov.uk/mpa-mapper/>

68. Prospective applicants for blocks offered by the NSTA that may overlap with the MPAs should be aware that, subject to the conclusions of any Habitats Regulations assessment undertaken by BEIS, some blocks may be subject to restrictions or suitable mitigation measures so as to avoid adverse effects on a designated site or species, or in some circumstances, may require derogation and compensation measures. This includes the risk to mobile species which may range far from protected area boundaries but are nonetheless subject to protection.

ANNEX 1 RENTALS

Seaward Innovate Production Licence's rental schedule

- 1) On the Commencement Date, and on each anniversary of the Start Date, the Licensee shall pay the OGA sums ("Periodic Payments") calculated as the following amounts multiplied by the Area Factor:
 - (a) on each such date during Phase A: £15;
 - (b) on each such date during Phase B: £30;
 - (c) on each such date during Phase C: £150;
 - (d) on each subsequent date after the Initial Term:
 - (i) on the 1st such date: £300;
 - (ii) on the 2nd such date: £900;
 - (iii) on the 3rd such date: £1,800;
 - (iv) on the 4th such date: £2,700;
 - (v) on the 5th such date: £3,900;
 - (vi) on the 6th such date: £5,100;
 - (vii) on the 7th such date: £6,300;
 - (viii) on the 8th such date: £6,900;
 - (ix) on the 9th such date, and every subsequent such date: £7,500.
- 2) The Periodic Payments shall be subject to variation in accordance with the following provisions:
 - (a) The Periodic Payments shall be increased or subsequently reduced in line with movements in the Index of the Price of Crude Oil acquired by Refineries (published in the Quarterly Energy Prices) ('Index') if the OGA so determines. The OGA shall give notice of any such determination ("biennial determination") not less than one month before the date on which such payment falls due, and shall specify in the notice the increase or reduction in the amount payable. Movements in the Index shall 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 the two latest calendar years before the Start Date. In the event that the Index ceases to be published the OGA may substitute arrangements for redetermination of periodic payments having substantially similar effect to those set out above.
 - (b) The increase or reduction specified in a biennial determination shall be payable or take effect on the anniversary of the Start Date next following the date of the relevant determination.
 - (c) No biennial determination shall have effect so as to reduce the Periodic Payments below the levels set out in paragraph (1) above.
 - (d) The OGA shall 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.
- 3) In this Schedule:
 - (a) "Commencement Date" means the date specified in clause 3(1) of this licence;
 - (b) "the Initial Term" means the period specified as such in Schedule 5 on the date that this licence was granted;
 - (c) "Periodic Payments" means the payments set out at paragraphs (1) and (2) above; and
 - (d) "Phase A", "Phase B" and "Phase C" are as defined at Schedule 3 of this licence; and
 - (e) "the Area Factor" means the number of square kilometres comprised in the Licensed Area at the date upon which the Periodic Payment in question becomes due.

ANNEX 2: CONTACTS

- 1)** The NSTA's London address is:
North Sea Transition Authority
Lower Ground Floor
Sanctuary Buildings
20 Great Smith Street
London
SW1B 3BT

- 2)** The NSTA's Aberdeen address is:
North Sea Transition Authority
3rd Floor
Marischal Square (1MSq)
Broad Street
Aberdeen
AB10 1LP

All enquiries for Licensing Rounds should be made to: Licensing_Round@NSTAuthority.co.uk

