
STATUTORY INSTRUMENTS

2015 No. 1661

PETROLEUM

The Oil and Gas Authority (Levy) Regulations 2015

Made - - - - *8th September 2015*
Laid before Parliament *9th September 2015*
Coming into force - - *1st October 2015*

The Secretary of State for Energy and Climate Change makes the following Regulations in exercise of the powers conferred by section 42(1) of, and paragraphs 3 and 5 to 7 of Schedule 7 to, the Infrastructure Act 2015⁽¹⁾.

Citation and commencement

1. These Regulations may be cited as the Oil and Gas Authority (Levy) Regulations 2015 and come into force on 1st October 2015.

Interpretation

2. In these Regulations—

“charging period” has the meaning given in regulation 4;

“licensee” means a person holding a petroleum licence;

“offshore exploration licence” means a petroleum licence of the sort referred to in regulation 2(2)(a) of the Offshore Exploration (Petroleum, and Gas Storage and Unloading) (Model Clauses) Regulations 2009⁽²⁾, relating to an area any part of which lies within offshore waters;

“offshore licence” means an offshore exploration licence or an offshore production licence;

“offshore production licence” means a petroleum licence which is not an offshore exploration licence, relating to an area any part of which lies within offshore waters;

“offshore waters” means—

(a) the waters comprising the territorial sea of the United Kingdom, and

(b) the sea in any area for the time being designated under section 1(7) of the Continental Shelf Act 1964⁽³⁾;

(1) 2015 c. 7.
(2) S.I. 2009/2814.
(3) 1964 c. 29.

“petroleum licence” means a licence under—

- (a) section 2 of the Petroleum (Production) Act 1934⁽⁴⁾ (licences to search for and get petroleum), or
- (b) section 3 of the Petroleum Act 1998⁽⁵⁾ (searching for, boring for and getting petroleum).

Liability to pay the levy

3.—(1) Except where paragraph (2) applies, where at the relevant time a licensee is the licensee of one or more offshore production licences, that licensee is liable to pay, in respect of the charging period, a levy of £2,759.30 for each such licence of which that licensee is the holder.

(2) Where at the relevant time the Secretary of State has, in accordance with the terms of an offshore production licence,—

- (a) given a consent to the licensee to—
 - (i) erect or carry out any relevant works (within the meaning of the licence) either in the licensed area or elsewhere, for the purpose of getting petroleum from that area or for the purpose of conveying to a place on land petroleum got from that area; or
 - (ii) get petroleum from that area otherwise than in the course of searching for petroleum, drilling wells or testing wells; or
- (b) approved a programme, the approval of which allows the licensee to undertake any of the matters referred to in paragraph (2)(a) of this regulation; or
- (c) served such a programme on the licensee,

the licensee is liable to pay, in respect of the charging period, a levy of £30,422.92 for each such licence of which that licensee is the holder.

(3) Where at the relevant time the licensee is the licensee of an offshore exploration licence, the licensee is liable to pay, in respect of the charging period, a levy of £2,759.30 for that licence.

(4) For the purpose of this regulation the “relevant time” means 12.01a.m. on 1st October 2015.

The charging period

4. The charging period is a six month period beginning on 1st October 2015 and ending on 31st March 2016.

Payment of the levy

5. Where a licensee of an offshore licence is liable to pay a levy to the Secretary of State in accordance with these Regulations, the Secretary of State must notify that licensee in writing of—

- (a) the amount of the levy for which that person is liable;
- (b) the date by which the amount is required to be paid; and
- (c) details of how the payment can be made.

Interest payable on late payment of the levy

6.—(1) Where any amount of the levy notified to the licensee of an offshore licence is not paid in accordance with a notice under regulation 5, the licensee shall be liable to pay to the Secretary of State interest, calculated in accordance with paragraph (2), on the amount of the levy which remains unpaid.

(4) 1934 c. 36.

(5) 1998 c. 17.

(2) The interest payable under paragraph (1) shall be simple interest calculated from day to day on the unpaid amount from the date by which the amount is required until the date when payment is made at a rate of 5 per cent per annum over the Bank of England base rate from time to time.

(3) For the purpose of this regulation the “Bank of England base rate” means—

- (a) the rate announced from time to time by the Monetary Policy Committee of the Bank of England as the official dealing rate, being the rate at which the Bank is willing to enter into transactions for providing short term liquidity in the money markets; or
- (b) where an order under section 19 of the Bank of England Act 1998⁽⁶⁾ (reserve powers) is in force, any equivalent rate determined by the Treasury under that section.

Recovery of the levy

7.—(1) Where any amount of the levy notified to the licensee of an offshore licence is not paid in accordance with a notice under regulation 5, that unpaid amount together with any interest due in accordance with regulation 6 is recoverable as a civil debt due to the Secretary of State.

(2) Where a licensee of an offshore licence is more than one person, the liability to pay the levy is joint and several.

Signed by authority of the Secretary of State for Energy and Climate Change

8th September 2015

Andrea Leadsom
Minister of State
Department of Energy and Climate Change

⁽⁶⁾ 1998 c. 11.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for imposing a levy on licensees of offshore licences. The levy is payable to meet the expenditure of the Oil and Gas Authority (the “OGA”) in carrying out certain functions as set out in section 42(5) of the Infrastructure Act 2015 (c. 7).

The provisions of these Regulations refer to the Secretary of State rather than the OGA since the OGA is an executive agency of the Department of Energy and Climate Change and has no separate legal identity.

Regulation 3 makes provision for the application of the levy to licensees of offshore exploration licences and offshore production licences. The higher levy rate is payable in circumstances where a licensee will be producing petroleum or the relevant consent or approval has been given such that there is nothing preventing a licensee from producing petroleum in respect of that licence.

Regulation 4 provides for the charging period.

Regulation 5 provides for the licensees to be notified of the amount of the levy, the time by which it must be paid and the method of payment.

Regulation 6 provides for the payment of interest where the levy is paid late.

Regulation 7 makes provision for any unpaid levy together with interest to be recovered as a civil debt and makes provision for joint and several liability where the licensee is more than one person.

A full regulatory impact assessment of the effect that these Regulations will have on the costs of business is annexed to the Explanatory Memorandum which is available alongside these Regulations on www.legislation.gov.uk.