



Oil & Gas
Authority

Offshore licence assignment applications in the context of insolvency proceedings

OGA policy position

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OGA policy position: offshore licence assignment applications in the context of insolvency proceedings¹

Objective

In delivering MER UK, encouraging investment and minimising public expenditure, the OGA will generally not support the practice of a company separating out its valuable from non-strategic assets, where such separation is considered to be to the detriment of those stated objectives.

The OGA will:

- Encourage the applicant to seek a consensual commercial solution with all relevant licensees, joint venture partners and/or infrastructure co-owners prior to seeking assignment consent from the OGA.
- Promote transparency and collaboration between the parties to the proposed transaction and those licenses, joint venture partners and/or infrastructure co-owners who may be impacted by it; and also engage directly, where appropriate to do so, with said groups.
- Consider information made available to the OGA prior to taking a decision. It is in the interest of all parties to the transaction, therefore, to be co-operative and transparent when engaging with the OGA.
- Consult with the Department for Business, Energy and Industrial Strategy's Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) on decommissioning aspects.

The OGA will not:

- Normally consent to an assignment which will not serve the objective of this policy.
- Generally consent to an assignment that enables a company to avoid its licence commitments and obligations at no cost to itself, but to the detriment of joint venture partners, licensees, infrastructure co-owners or the Exchequer.

When taking decisions, the OGA will consider:

- The OGA's statutory obligations including the impact on MER UK and the outcome of the OGA's consultation with OPRED.
- As appropriate, the financial capability of both the assignor and assignee to the proposed transaction; both at the time of the assignment application and on transaction completion².
- Whether licence commitments and obligations can be upheld by the proposed transaction, and sufficient capital is available as part of the proposed transaction to cover known and anticipated costs in relation to such commitments and obligations.
- The impact of the proposed transaction and alternatives on relevant parties including the Exchequer.
- Where appropriate, other relevant factors as they relate to the company and/or wider basin.

¹ The transfer by an existing UK petroleum production licence holder to another entity requires licence assignment consents from the OGA. Where the variation of a pipeline works authorisation (PWA) is required as part of the proposed transaction, written consent from the OGA must be sought in accordance with the terms and conditions of that PWA.

² The OGA financial guidance: <https://www.ogauthority.co.uk/media/4186/revfinancialguidancev5.pdf>



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