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CARBON DIOXIDE APPRAISAL  
AND STORAGE LICENCE CS003

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**ENERGY ACT 2008**

Licence granted under section 18, granting the authorisation for intrusive offshore exploration for the purposes of selecting a site for carbon dioxide storage, and enabling the holder to be granted a storage permit.

**Interpretation etc.**

1.—(1) In this licence, the following expressions have the following meanings—

“the Act” means the Energy Act 2008;

“Agreement for Lease” means the agreement specified as such in Schedule 2, as amended from time to time;

“controlled place” has the meaning given to it in s.17(3) of the Act;

“Crown lease” has the meaning given to it in s.18(4) of the Act;

“Initial Term” means (subject to clause 6 (Extension of Initial Term) and clause 8 (Termination of Licence)) the period specified as such in Part 2 of Schedule 1;

“injection” means the injection of CO<sub>2</sub> streams into the storage site;

“Licensed Area” has the meaning given to it in clause 3;

“the Licensee” means the person (or all the persons) specified in Part 1 of Schedule 1 as licence holder (or joint licence holders);

“the OGA” means the Oil and Gas Authority;

“Operational Term” has the meaning given by clause 7(1) (Operational Term and Post-Closure Period);

“Storage Operator” means the single Licensee named as the operator in a Storage Permit;

“Petroleum” includes any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in strata but does not include coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation;

“Post-Closure Period” has the meaning given by clause 7(2) (Operational Term and Post-Closure Period);

“the Regulations” means the Storage of Carbon Dioxide (Licensing) Regulations 2010;<sup>1</sup>

“Start Date” means the date specified as such in Part 2 of Schedule 1;

“Storage Permit” means a permit granted in accordance with clause 9 (Application for a storage permit);

“the Termination Regulations” means the Storage of Carbon Dioxide (Termination of Licences) Regulations 2011;<sup>2</sup>

“Work Programme” means the programme (if any) specified in Schedule 5.

“Well” includes borehole.

(2) Any reference in this licence to a numbered regulation is to that regulation of the Regulations.

(3) Any expression used in this licence which is defined in regulation 1 or in the Act and not otherwise defined in this clause has the meaning given by that regulation or by the Act.

(4) Any reference in this licence to a clause or Schedule is a reference to a clause of, or Schedule to, this licence; and any reference in a clause to a paragraph is to a paragraph of that clause.

(5) Any obligations which are to be observed and performed by the Licensee shall at any time at which the Licensee is more than one person be joint and several obligations.

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<sup>1</sup> SI 2010/2221

<sup>2</sup> S.I. 2011/1483

### **Grant of licence**

2.—(1) Subject to the terms and conditions of this licence, the Licensee is authorised under section 18 of the Act—

- (a) to explore the Licensed Area in accordance with clause 5 (Storage activities); and
- (b) if the Licensee is granted a Storage Permit in respect of a storage site within the Licensed Area, and subject to the terms and conditions of that permit, to store carbon dioxide in accordance with clause 5(2); and
- (c) to establish and maintain installations for these purposes.

(2) No activity may be carried on under this licence unless the Licensee (or, where the Licensee is more than one person, one of those persons) is also the holder of a Crown lease enabling such activities to be carried on.

### **Licensed Area**

3.—(1) The Licensed Area is:

- (a) the area the co-ordinates of which are set out in the Agreement for Lease, as amended from time to time; or
- (b) if a Crown lease is granted in accordance with the terms of the Agreement for Lease, the area, the volume or both, the co-ordinates of which are set out in that Crown lease, as amended from time to time.

### **Term of Licence**

4. This licence shall commence with the Start Date, and (unless terminated or revoked in accordance with its provisions) shall continue—

- (a) for the Initial Term;
- (b) if a storage permit is granted, for the Operational Term; and
- (c) following the Operational Term, for the Post-Closure Period.

### **Storage activities**

5.—(1) This Licence does not include an appraisal term.

(2) During the Operational Term and the Post-Closure Period, subject to the terms and conditions of this licence and of any Storage Permit granted under it, the Licensee may carry on the following activities —

- (a) storage of carbon dioxide (with a view to its permanent disposal) within section 17(2)(a) or (b) of the Act (including, for the avoidance of doubt, any ancillary monitoring); and
- (b) exploration within the Licensed Area with a view to the carrying on of activities within section 17(2)(a) or (b) of the Act; and
- (c) the establishment or maintenance of installations for those purposes.

### **Extension of Initial Term**

6.—(1) Where an application is made to the OGA not later than three months before the end of the Initial Term, the OGA may decide that the term is to be extended, in accordance with regulation 4, for such further period as the OGA and the Licensee may agree.

(2) The extension may be made subject to such modification of the terms and conditions of this licence (other than this clause) as the OGA, after consulting the Licensee, considers appropriate; and this clause shall apply to the Licence Period as so extended.

### **Operational Term and Post-Closure Period**

7.—(1) The Operational Term is the period beginning with the date on which the Storage Permit comes into effect, and ending with the closure of the storage site.

(2) The Post-Closure Period is the period beginning with the closure of the storage site, and continuing until this licence is terminated pursuant to the Termination Regulations.

### **Termination of Licence**

8.—(1) The Licensee may terminate this licence by giving the OGA not less than one month's notice in writing to that effect—

- (a) during the Initial Term; or
- (b) during the Operational Term, but before the commencement of injection.

(2) Such termination does not affect any obligation imposed upon, or liability incurred by, the Licensee prior to termination.

(3) Where two or more persons are the Licensee, one of those persons may (under the same conditions as in paragraph (1)) terminate this licence in so far as it applies to that person, and in that case—

- (a) the authorisation granted to the person under this licence ceases, but this does not affect any obligation imposed upon, or liability incurred by, that person under the terms and conditions of this licence; and
- (b) the licence continues to have effect in respect of the other person who constitutes, or persons who together constitute, the Licensee and in relation to whom it is not terminated.

(4) During the Initial Term, the OGA may, by giving the Licensee notice in writing to that effect, terminate this licence with effect from the date specified in the notice if:

- (a) the Agreement for Lease has terminated; and
- (b) at the date on which the Agreement for Lease terminates, no Crown lease has been granted to the Licensee in accordance with the terms of the Agreement for Lease.

### **Application for a storage permit**

9.—(1) An application for a storage permit may be made, in accordance with the Regulations, in respect of a storage site within the Licensed Area.

(2) If such a permit is granted:

- (a) it shall be annexed as Schedule 4 to this licence; and
- (b) subject to regulation 12, the conditions set out in Schedule 3 to this licence apply in respect of the storage site authorised under that storage permit.

### **Provision of contact details to the OGA**

10.—(1) A notice, direction or other document authorised or required (in whatever terms) to be given to the Licensee by virtue of this licence is treated as given to the Licensee if it is given to the person specified by the Licensee under paragraph (2) at the address so specified.

(2) The Licensee must supply the OGA with the name and address of a person to whom notices, directions and other documents are to be given.

(3) The Licensee must ensure that, where there is a change in the person to whom, or the address to which, information should be sent in accordance with paragraph (2), the OGA is notified of the change as soon as is reasonably practicable.

(4) If the Licensee fails to comply with paragraph (2) the OGA may give the Licensee a notice which—

- (a) requires the Licensee to comply with paragraph (2) within the period of 30 days beginning with the date of the notice; and

- (b) states that, if the Licensee fails to do so, the Licensee will be treated as having supplied under paragraph (2) the name and address specified by the OGA in the notice.

### **Working obligations**

11.—(1) If a Work Programme is specified in Schedule 5, the Licensee shall before the expiry of the appraisal term carry out the Work Programme.

(2) If at any time the OGA serves a notice in writing on the Licensee requiring him to submit to the OGA, before a date specified in the notice, an appropriate programme for exploring for places for carbon dioxide storage in the Licensed Area during a period so specified, the Licensee shall comply with the notice.

(3) For the purposes of paragraph (2), an appropriate programme is one which any person who, if that person—

- (a) were entitled to carry on the activities authorised by this licence; and
- (b) had the competence and resources needed to carry on those activities to the best commercial advantage; and
- (c) were seeking to carry on those activities to the best commercial advantage,

could reasonably be expected to carry out during the period specified in the notice, and that period must be within the appraisal term.

(4) If a programme is submitted to the OGA in consequence of a notice served under paragraph (2), then—

- (a) the OGA shall not be entitled to revoke this licence on the ground that the programme does not satisfy the requirements of that paragraph (“the Relevant Requirements”); but
- (b) if the OGA is of the opinion that the programme does not satisfy the Relevant Requirements it may serve a notice in writing on the Licensee stating its opinion and the reasons for it.

(5) Where notice in respect of a programme is served on the Licensee under paragraph (4) the Licensee shall within a reasonable period beginning with the date of service of such notice submit to the OGA a further programme which satisfies the Relevant Requirements.

(6) The Licensee shall carry out any programme submitted by him under this clause as to which the OGA serves notice in writing on the Licensee stating that the OGA approves the programme and any programme approved by the OGA under this paragraph shall be deemed for the purposes of this licence to satisfy the Relevant Requirements.

(7) Where, in consequence of any breach or non-observance by the Licensee of any provision of paragraph (2), (5) or (6), the OGA has power by virtue of paragraph (1) of clause 27 (Revocation of licence) to revoke this licence, it may if it thinks fit exercise that power in relation to such part only of the Licensed Area as it may specify; and where it does so the authorisation granted by this licence shall cease in respect of the specified part of that area without prejudice to any obligation or liability imposed upon the Licensee or incurred by him under the terms of this licence.

(8) Where the Licensee has a duty by virtue of this clause to carry out a programme during a part of the appraisal term, the OGA may serve notice under paragraph (2) in respect of another such part.

### **Relevant Works**

12.—(1) The Licensee shall not erect or carry out any Relevant Works in a controlled place, either in the Licensed Area or elsewhere, for the purposes of—

- (a) the storage of carbon dioxide within section 17(2)(a) of the Act in the Licensed Area; or
- (b) the conveyance of carbon dioxide from a place on land for storage in the Licensed Area,

except in accordance with a plan to which the OGA has given consent.

(2) The document in which that consent is given may be a storage permit.

(3) The document in which that consent is given may specify—

- (a) any conditions to which the consent is subject; and

(b) a period to which the consent is limited.

(4) In this clause, "Relevant Works" means any structure and other works (of any kind) which are intended by the licensee to be permanent and are neither designed to be moved from place to place without major dismantling nor intended by the Licensee to be used only for exploration for places suitable for the storage of carbon dioxide.

#### **Commencement and abandonment and plugging of Wells, and test injection**

13.—(1) The Licensee shall not commence or recommence the drilling of any Well, or undertake the test injection of carbon dioxide, without the consent in writing of the OGA.

(2) Subject to paragraph (6), the Licensee shall not abandon any Well without the consent in writing of the OGA.

(3) The Licensee shall ensure compliance with any conditions subject to which any consent under either of the foregoing paragraphs is given.

(4) If any such condition under paragraph (1) relates to the position, depth or direction of the Well, or to any casing of the Well or if any condition under either paragraph (1) or paragraph (2) relates to any plugging or abandoning of the Well, the OGA may from time to time direct that the Well and all records relating thereto shall be examined in such manner, upon such occasions or at such intervals and by such person as may be specified by the OGA's direction, and the Licensee shall pay to the OGA such fees and expenses for such examination as the OGA may specify.

(5) The plugging of any Well shall be done in accordance with a specification approved by the OGA applicable to that Well or to Wells generally or to a class of Wells to which that Well belongs and shall be carried out in an efficient and workmanlike manner.

(6) The OGA may at any time give the Licensee a notice requiring a well drilled pursuant to this licence to be plugged and abandoned in accordance with paragraph (5) within the period specified in the notice (but this paragraph is subject to paragraphs (8) and (9)).

(7) The Licensee shall comply with any notice under paragraph (6).

(8) A notice under paragraph (6) may not be given less than one month before the expiry or determination of the Licensee's authorisation under this licence in relation to the area, or the part of the area, in which the well is drilled.

(9) A notice under paragraph (6) may be given only in relation to a well which has not been used within the period of one year ending with the day on which the notice is given.

(10) Subject to paragraphs (6) to (7) and (11) and (12), any Well drilled by the Licensee pursuant to this licence shall be plugged and abandoned in accordance with paragraphs (2), (3), (4) and (5), not less than one month before the expiry or determination of the Licensee's authorisation in respect of the area or part thereof in which that Well is drilled.

(11) A direction by the OGA may be given by notice in writing to the Licensee not less than one month before the Licensee's authorisation in respect of the area or part thereof in which the Well is situated expire or determine so as to relieve the Licensee of the obligation imposed by paragraph (10) of this clause to plug and abandon the Well.

(12) Where the OGA terminates or revokes this licence, any Well drilled by the Licensee pursuant to this licence shall—

- (a) be plugged and abandoned in accordance with paragraphs (2), (3), (4) and (5), as soon as reasonably practicable; or
- (b) if the OGA so directs when giving the notice of termination or revocation, be left in good order and fit for further working together with all casings and any Well head fixtures the removal whereof would cause damage to such Wells.

(13) Any Well that, pursuant to a direction by the OGA under paragraph (11), has not been plugged and abandoned, shall be left in good order and fit for further working together with all casings and any Well head fixtures the removal whereof would cause damage to such Wells.

(14) All casings and fixtures forming part of a Well and left in position at the expiry or determination (whether by termination, revocation or otherwise) of the Licensee's authorisation in

respect of the area or part thereof in which that Well is drilled, or at the completion of any works required of the Licensee under paragraph (12) (whichever is the later), shall be the property of the OGA.

#### **Extraction of stored carbon dioxide**

14. The Licensee must not (and must not permit any other person to) extract stored carbon dioxide from the storage site except with the prior written consent of the OGA and in accordance with any conditions subject to which any such consent is given.

#### **Avoidance of harmful methods of working**

15.—(1) The Licensee shall maintain all apparatus and appliances and all Wells in the Licensed Area which have not been abandoned and plugged as provided by clause 13 (Commencement and abandonment and plugging of Wells, and test injection) in good repair and condition and shall execute all operations in or in connection with the Licensed Area in a proper and workmanlike manner in accordance with methods and practice customarily used in good industry practice and in particular the Licensee shall take all steps practicable in order to prevent damage to adjoining strata.

(2) The Licensee shall comply with any instructions from time to time given by the OGA in writing relating to any of the matters set out in the foregoing paragraph.

(3) In this clause, “good industry practice” means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in an activity authorised by or under this licence.

#### **Appointment of exploration operators**

16.—(1) The Licensee shall ensure that another person (including, in the case where the Licensee is two or more persons, any of those persons) does not exercise any function of organising or supervising any activity described in clause 5(1) (storage activities) that is authorised by this licence unless that other person is a person approved in writing by the OGA and the function in question is one to which that approval relates.

(2) The OGA shall not refuse to give its approval of a person in pursuance of paragraph (1) if that person is competent to exercise the function in question, but where an approved person is no longer competent to exercise that function the OGA may, by notice in writing given to the Licensee, revoke its approval.

#### **Fishing and navigation**

17. The Licensee shall not carry out any operations in or about the Licensed Area in such manner as to interfere unjustifiably with navigation or fishing in the waters of the Licensed Area or with the conservation of the living resources of the sea.

#### **Training**

18.—(1) The OGA may from time to time (after consulting the Licensee) give to the Licensee instructions in writing as to the training of persons employed or to be employed, whether by the Licensee or by any other person, in any activity which is related to the exercise of the authorisation granted by this licence, and the Licensee shall ensure that any instructions so given are complied with.

(2) The Licensee shall furnish the OGA with such information relating to the training of persons referred to in paragraph (1) of this clause as the OGA may from time to time request.

**Licensee to keep records**

19.—(1) The Licensee shall keep accurate records in a form from time to time approved by the OGA of the drilling, deepening, plugging or abandonment of all Wells and of any alterations in the casing thereof. Such records shall contain particulars of the following matters—

- (a) the site of and number assigned to every Well;
- (b) the subsoil and strata through which the Well was drilled;
- (c) the casing inserted in any Well and any alteration to such casing;
- (d) any Petroleum, water, mines or workable seams of coal encountered in the course of such activities; and
- (e) such other matters as the OGA may from time to time direct.

(2) The Licensee shall keep within the United Kingdom accurate geological plans and maps relating to the Licensed Area and such other records in relation thereto as may be necessary to preserve all information which the Licensee has about the geology of the Licensed Area.

(3) The Licensee shall deliver copies of the said records, plans and maps referred to in the two foregoing paragraphs to the OGA when requested to do so either—

- (a) within any time limit specified in the request; or
- (b) if there is no time limit specified, within four weeks of the request.

**Returns**

20.—(1) The Licensee shall furnish the OGA with such information as the OGA may from time to time request about any of the activities authorised by this licence.

(2) The Licensee shall comply with any such request either—

- (a) within any time limit specified in the request; or
- (b) if there is no time limit specified, within four weeks of the request.

**Licensee to keep samples**

21.—(1) As far as reasonably practicable the Licensee shall correctly label and preserve for reference for a period of five years samples of the sea bed and of the strata encountered in any Well and samples of any Petroleum or water discovered in any Well in the Licensed Area.

(2) The Licensee shall not dispose of any sample after the expiry of the said period of five years unless—

- (a) he has at least six months before the date of the disposal given notice in writing to the OGA of his intention to dispose of the same; and
- (b) the OGA or any person authorised by it has not within the said period of six months informed the Licensee in writing that it wishes the sample to be delivered to it.

(3) The OGA or any person authorised by it shall be entitled at any time—

- (a) to inform the Licensee in writing that it wishes the whole or any part of any sample preserved by the Licensee to be delivered to the OGA; or
- (b) to inspect and analyse any sample preserved by the Licensee.

(4) The Licensee shall forthwith comply with any request for the delivery of the whole or any part of any sample which is made in accordance with the preceding provisions of this clause.

**Reports to be treated as confidential**

22.—(1) All records, returns, plans, maps, samples, accounts and information (in this clause referred to as “the specified data”) which the Licensee is or may from time to time be required to furnish under the provisions of this licence shall be supplied at the expense of the Licensee and shall



not (except with the consent in writing of the Licensee which shall not be unreasonably withheld) be disclosed to any person not in the service or employment of the Crown—

Provided that—

- (a) the OGA shall be entitled at any time to make use of any of the specified data for the purpose of preparing and publishing such returns and reports as may be required of the OGA by law;
- (b) the OGA shall be entitled at any time to furnish any of the specified data to the Natural Environment Research Council and to any other body of a like nature as may from time to time be carrying on activities of a substantially similar kind to the geological activities at present carried on by the said Council;
- (c) the OGA, the said Council and any such other body shall be entitled at any time to prepare and publish reports and surveys of a general nature using information derived from any of the specified data;
- (d) the OGA, the said Council and any other such body shall be entitled to publish any of the specified data of a geological, scientific or technical kind either—
  - (i) after the expiration of the period of three years beginning with the date when the data were due to be supplied to the OGA in accordance with clause 19 (Licensee to keep records) or 20 (Returns), or if earlier, the date when the OGA received those data;
  - (ii) after the licence ceases to have effect, whether because of its termination or revocation or the expiration of the Licence Period; or
  - (iii) after the expiration of such longer period as the OGA may determine after considering any representations made to it by the Licensee about the publication of data in pursuance of this sub-paragraph.

(2) This clause does not prevent the publication of information containing the results of any monitoring required by the Storage Permit.

#### **Inspection of records etc.**

23. The Licensee shall—

- (a) permit any person in the service or employment of the Crown who is appointed by the OGA for the purpose to inspect, and to take copies of and make notes from, all books, papers, maps and other records of any kind kept by the Licensee in pursuance of this licence or in connection with activities about which the OGA is entitled to obtain information in pursuance of clauses 18(2) (Training) and 20(1) (Returns) of this licence; and
- (b) furnish that person at reasonable times with such information and provide him at reasonable times with such reasonable assistance as he may request in connection with or arising out of an inspection in pursuance of this clause.

#### **Rights of access**

24. Any person or persons authorised by the OGA shall be entitled at all reasonable times to enter into and upon any of the Licensee's installations or equipment used or to be used in connection with the activities authorised by this licence—

- (a) to examine the installations, Wells, plant, appliances and works made or executed by the Licensee in pursuance of the licence and the state of repair and condition thereof; and
- (b) to execute any works or to provide and install any equipment which the OGA may be entitled to execute or provide and install in accordance with the provisions hereof.

#### **Power to execute works**

25. If the Licensee shall at any time fail to perform the obligations arising under the terms and conditions of either of clauses 13 (Commencement and abandonment and plugging of Wells, and test injection) or 15 (Avoidance of harmful methods of working), the OGA shall be entitled, after

giving to the Licensee reasonable notice in writing of its intention, to execute any works and to provide and install any equipment which in the opinion of the OGA may be necessary to secure the performance of the said obligations or any of them and to recover the costs and expenses of so doing from the Licensee.

#### **Transfer of licence, etc.**

26.—(1) The OGA may—

- (a) on the joint application of the Licensee and each proposed joint licence holder, include one or more other persons as joint licence holders;
- (b) where the Licensee is a single person, on the joint application of the Licensee and each proposed transferee, transfer this licence to one or more persons;
- (c) where the Licensee is two or more persons, on the joint application of each of the joint licence holders and each proposed transferee, transfer this licence from one or more of the joint licence holders to one or more persons;

and in any of these cases Schedule 1 shall be amended accordingly.

(2) Where the Licensee is two or more persons and this licence is transferred in so far as it applies to one of those persons—

- (a) this licence continues to have effect in respect of any other person who constitutes, or persons who together constitute, the Licensee, including any person or persons to whom the licence has been transferred; and
- (b) If the OGA exercises the power in paragraph (1)(b) or (c), the authorisation granted to the person from whom this licence is transferred ceases, but this does not affect any obligation imposed upon, or liability incurred by, that person under the terms and conditions of this licence.

#### **Revocation of licence**

27.—(1) If any of the events specified in paragraph (3) occurs, or the conditions specified in paragraph (4) are satisfied, then the OGA may (by giving the Licensee notice in writing to that effect) revoke the licence with effect from the date specified in the notice (but no such revocation may have effect in the Operational Term after commencement of injection).

(2) If the OGA exercises the power in paragraph (1), the authorisation granted to the Licensee under this licence ceases; but this does not affect any obligation imposed upon, or liability incurred by, the Licensee under the terms and conditions of this licence.

(3) The events specified by this paragraph are—

- (a) any breach or non-observance by the Licensee of any of the terms and conditions of this licence;
- (b) in Great Britain, the bankruptcy or sequestration of the Licensee;
- (c) in Great Britain, the making by the Licensee of any arrangement or composition with creditors;
- (d) in Great Britain, if the Licensee is a company, the appointment of a receiver or administrator or any liquidation whether compulsory or voluntary;
- (e) in a jurisdiction other than Great Britain, the commencement of any procedure or the making of any arrangement or appointment substantially corresponding to any of those mentioned in sub-paragraphs (b) to (d) of this paragraph;

and where two or more persons are the Licensee any reference to the Licensee in sub-paragraphs (b) to (e) of this paragraph is a reference to any of those persons.

(4) The conditions specified by this paragraph are—

- (a) the Licensee is a company; and
- (b) there is a change in the control of the Licensee; and

(c) the OGA serves notice in writing on the Licensee stating that the OGA proposes to revoke this licence in pursuance of this paragraph unless such a further change in the control of the Licensee as is specified in the notice takes place within the period of three months beginning with the date of service of the notice; and

(d) that further change does not take place within that period.

(5) There is a change in the control of the Licensee for the purposes of paragraph (4)(b) whenever a person has control of the Licensee who did not have control of the Licensee when this licence was granted (or, if there has been a transfer of this licence under clause 26 (Transfer of licence, etc.), when that transfer took place); and subsections (2) and (4) to (6) of section 416 of the Income and Corporation Taxes Act 1988<sup>3</sup> ("ICTA") shall apply, for the purpose of determining whether for the purposes of this paragraph a person has or had control of the Licensee, with the modifications specified in paragraph (7).

(6) Where two or more persons are the Licensee and any of them is a company, paragraphs (4) and (5) of this clause shall have effect as if—

(a) sub-paragraph (a) of paragraph (4) were omitted;

(b) in sub-paragraph (b) of that paragraph, after the word "of" there were inserted the words "any company included among the persons who together constitute"; and

(c) for the word "Licensee" in any other provision of those paragraphs there were substituted the word "company".

(7) The modifications of section 416 of the ICTA referred to in paragraph (5) are—

(a) for the words "the greater part", wherever they occur in subsection (2) of that section, substitute "one-third or more"; and

(b) in subsection (6) of that section—

(i) for the word "may" substitute "shall";

(ii) omit the words "and such attributions" onwards; and

(iii) in the other provisions of that subsection, any reference to an associate of a person is to be construed as including only a relative of that person (as defined by section 417(4) of the ICTA), a partner of that person, and a trustee of a settlement (as defined by section 681(4) of the ICTA) of which that person is a beneficiary.

### **Power of partial revocation**

**28.**—(1) This clause applies in a case where two or more persons are the Licensee and—

(a) an event mentioned in clause 27(3)(b), (c), (d), or (e) occurs in relation to one of those persons; or

(b) the conditions specified in clause 27(4) are satisfied in relation to one of those persons.

(2) Where this clause applies, the OGA may exercise the power of revocation in clause 27 to revoke the licence in so far as it applies to the person mentioned in paragraph (1)(a) or (b).

(3) If the OGA exercises the power in paragraph (2), the authorisation granted to the person under this licence ceases, but this does not affect any obligation imposed upon, or liability incurred by, the Licensee under the terms and conditions of this licence.

(4) Where this licence is revoked in relation to one person under this clause, it continues to have effect in respect of the other person who constitutes, or persons who together constitute, the Licensee and in relation to whom it is not revoked.

### **Ministry of Defence**

**29.**—(1) The Licensee shall give the Ministry of Defence six months' prior notice of any installation movements within the Licensed Area.

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(3) 1988 c.1

(2) The Licensee shall give the Ministry of Defence six weeks' prior notice of any seismic survey within the Licensed Area.

(3) The Licensee shall at the Licensee's own expense, install and maintain underwater sonar beacons to Ministry of Defence specifications on any structures that may be temporarily within the Licensed Area provided that there shall be no requirement to fit such beacons to fixed and charted installations.

#### **Relationship with fishing industry**

**30.**—(1) The Licensee shall appoint a fisheries liaison officer who shall agree suitable arrangements with the seismic survey and supply vessel owners employed by the Licensee, their masters and the organisations or individuals which represent the local fishing industry in order to promote good working relationships between the various parties. The setting up of the arrangements shall be the responsibility of the Licensee. In particular the Licensee shall—

- (a) consult the organisations which represent the local fishing industry about the sea routes to be used by supply vessels;
- (b) after informing the OGA of the result of such consultations, agree with him which routes shall be used to minimise interference with fishing activities without thereby unreasonably increasing transit times;
- (c) ensure that the agreed routes are used unless safety of navigation or security of cargo considerations dictate otherwise; and
- (d) take all reasonable steps to ensure that a responsible person who is fluent in English is a member of the crew of the supply vessel.

(2) The Licensee shall make every effort to locate and remove, without unreasonable delay, any debris resulting from the licensed activities. The Licensee shall consult the relevant fishing organisations on the method of clearance and inform the OGA of the result of such consultation. If as a result of such consultation the OGA determines that the method of clearance of debris should be modified, such modifications shall be observed by the Licensee.

(3) Claims for damage to or loss of gear or loss of fishing time arising from reported debris shall be dealt with promptly by the Licensee.

#### **Discovery of Petroleum**

**31.**—(1) This paragraph applies where the Licensee—

- (a) becomes aware, whether by means of a geological survey or otherwise, of the presence of any amount of Petroleum at a place within the Licensed Area,
- (b) is not the holder of a Petroleum Licence entitling the holder to bore for and get Petroleum in that place, and
- (c) has not entered into any agreement with the holder of such a Licence, and in accordance with its provisions, entitling the Licensee to the Petroleum got in that place.

(2) When paragraph (1) applies the Licensee shall, as soon as is reasonably practicable—

- (a) notify the OGA of that fact in writing; and
- (b) comply with any directions given by the OGA.

(3) For the purposes of paragraph (1), "Petroleum Licence" means a licence under section 3 of the Petroleum Act 1998(a) or section 2 of the Petroleum (Production) Act 1934(b).

#### **Arbitration**

**32** —(1) If at any time any dispute, difference or question shall arise between the OGA and the Licensee as to any matter arising under or by virtue of this licence or as to their respective

rights and liabilities in respect thereof then the same shall, except where it is expressly provided by this licence that the matter or thing to which the same relates is to be determined, decided, directed, approved or consented to by the OGA, be referred to arbitration as provided by the following paragraphs.

(2) The arbitration referred to in the foregoing paragraph shall be by a single arbitrator who, in default of agreement between the OGA and the Licensee as to his appointment, shall be appointed by the Lord Chief Justice of England for the time being.

(3) To the extent that this clause applies to any part of the Licensed Area situated within the Scottish area, as defined in article 1(2) of the Civil Jurisdiction (Offshore Activities) Order 1987, this clause shall have effect as if—

(a) for the word “arbitrator”, wherever it occurs in paragraphs (2) and (4) of this clause there were substituted the word “arbiter”; and

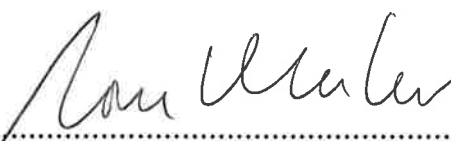
(b) for the words “the Lord Chief Justice of England”, in paragraph (2) there were substituted the words “the Lord President of the Court of Session”.

(4) This clause does not affect the power of the OGA to institute (or authorise the institution) of criminal proceedings, to apply for an injunction, or to give any direction or notice, under any provision contained in Chapter 2 of Part 1 of the Energy Act 2008.

(5) This clause does not apply to any matter arising under the provisions of the Storage Permit.

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On behalf of the OGA:

Signature: 

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**Name: Thomas Wheeler, Director of Regulation**

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Date: 16 January 2019

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## SCHEDULE 1

### PART 1

**Licensee:**

Pale Blue Dot Energy (Acorn) Ltd,  
Brathens Business Park, Banchory,  
AB31 4BW

### PART 2

**Start Date:** 1st January 2018.

**Initial Term:** The period from the Start Date until 22<sup>nd</sup> November 2022.

## SCHEDULE 2

The Option Agreement for rights relating to Carbon Dioxide storage site upon and under the bed of the sea at the Acorn Storage Site, for the proposed Acorn Hydrogen and CCS Project between Crown Estate Scotland (Interim Management) and Pale Blue Dot Energy (Acorn) Limited.

## SCHEDULE 3

### Conditions applicable to a storage site authorised under a Storage Permit granted under this Licence

#### **Closure of storage site by the operator**

1.—(1) The Storage Operator must close the storage site where the conditions for closure set out in the Storage Permit are met.

(2) The Storage Operator may close the storage site if—

- (a) the consent of the OGA has been given following an application under sub-paragraph (3), and
- (b) any conditions attached to that consent have been met.

(3) An application for the OGA's consent to the closure of the storage site must—

- (a) be made in writing and sent to 21 Bloomsbury Street, London, United Kingdom, WC1B 3HF, and
- (b) contain the reasons why the Storage Operator proposes to close the storage site.

(4) However, a storage site may not be closed under sub-paragraph (1) or (2) until the terms of the post-closure plan for the storage site have been determined under regulation 13(3) of the Termination Regulations.

#### **Post-closure plan**

2.—(1) Prior to the closure of the storage site in accordance with paragraph(1) or (2), the Storage Operator must submit a proposed post-closure plan to the OGA for approval.

(2) That proposal must be based on the provisional post-closure plan, subject to any modifications proposed by the Storage Operator.

(3) In deciding whether to propose any such modifications, the Storage Operator must take into account—

- (a) an analysis of the relevant risks;
- (b) current best practice; and
- (c) any improvements in the available technology.

#### **Post-closure obligations**

3.—(1) After the storage site has been closed and until the licence is terminated, the Storage Operator must continue to—

- (a) monitor the storage site in accordance with the conditions of the Storage Permit relating to monitoring, including the monitoring plan,
- (b) comply with its reporting and notification obligations in accordance with the conditions of the Storage Permit relating to reporting and notification of leakages and significant irregularities, (with the exception of the requirement to report on the quantities, properties and composition of the carbon dioxide stream registered by the Storage Operator), and
- (c) comply with its obligations to take corrective measures in accordance with the conditions of the Storage Permit relating to corrective measures.

(2) However, for those purposes any reference to the monitoring plan or the corrective measures plan is to be read as a reference to the post-closure plan.

(3) The Storage Operator must seal the storage site and remove the injection facilities in accordance with its obligations under Part 4 of the Petroleum Act 1998.



**SCHEDULE 4**  
**Storage Permit**

**SCHEDULE 5**  
**Work Programme**

There is no Work Programme.