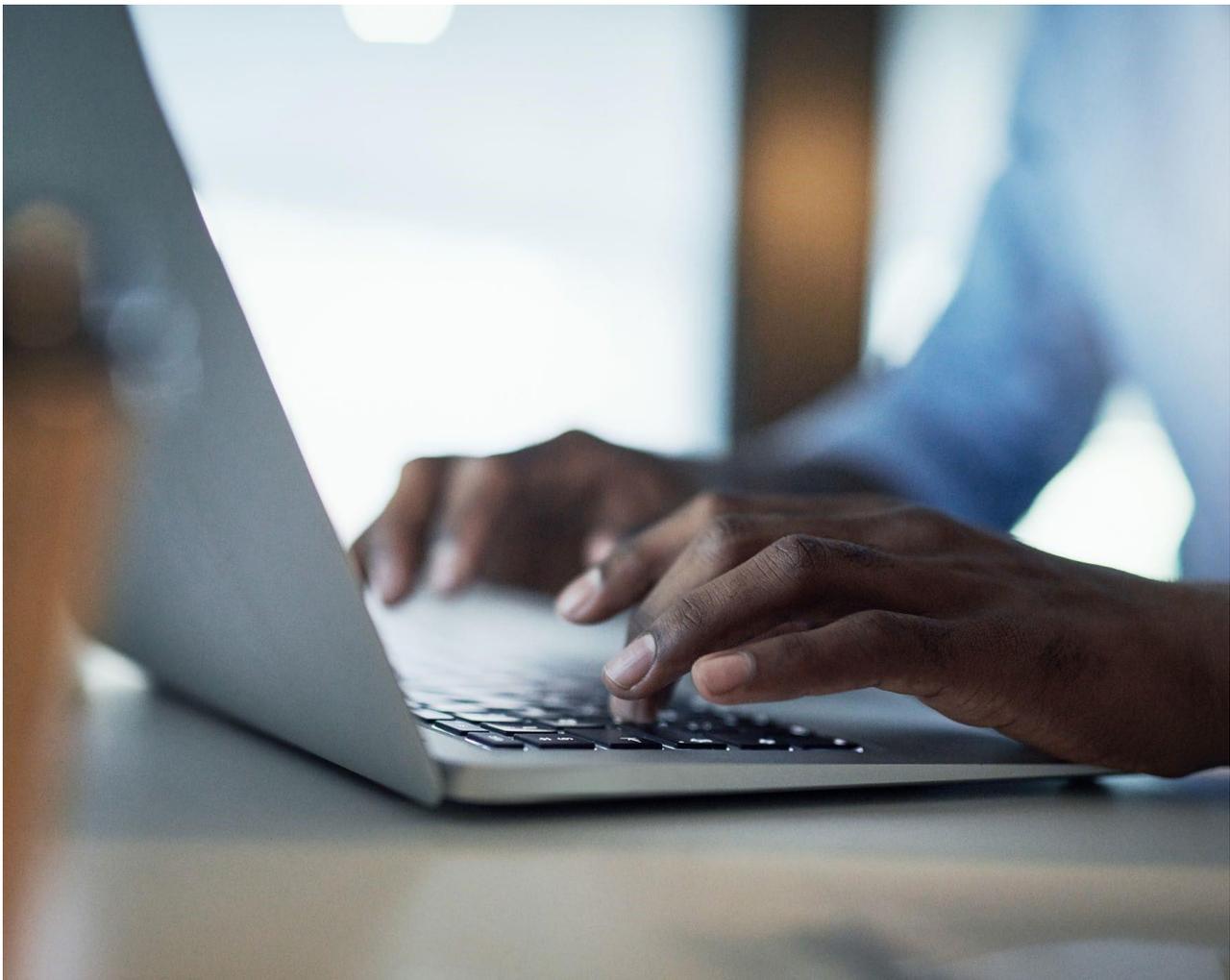


Cost Recovery for Onshore Oil, Gas and Geothermal Well and Borehole Operations

This guidance provides notice of how cost recovery will apply for inspection, investigation and enforcement under the relevant statutory provisions for onshore oil, gas and geothermal well and borehole operations.

April 2025



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Part 1: Cost recovery arrangements

Introduction

This guide is aimed at Borehole Site Operators of onshore ‘petroleum’ boreholes as defined in the Borehole Sites and Operations Regulations 1995 (BSOR), Well Operators as defined in the Offshore Installations and Wells (Design and Construction, etc) Regulations 1996 (DCR) and Geothermal Operators as defined in the Health and Safety and Nuclear (Fees) (Amendment) and Gas Safety (Miscellaneous Amendment) Regulations 2024. It provides information about how the cost recovery scheme operates, as well as details about the scope and nature of the activities undertaken by HSE, for which costs are recovered. It also explains how the costs are calculated.

The [cost recovery rates](#) are on the HSE website.

The fee boundary and what is cost recoverable

Cost recovery was extended to include all inspection, investigation and enforcement activities for onshore oil and gas well and borehole operations and introduced for geothermal well and borehole operations on 1 April 2024 by the Health and Safety and Nuclear (Fees) (Amendment) and Gas Safety (Miscellaneous Amendment) Regulations 2024¹ (the “Fees Regulations 2024”). The Fees Regulations 2024 have been made under the Health and Safety at Work etc. Act 1974 (HSWA), which gives HSE the power to cost recover for the enforcement of any of the relevant statutory provisions for boreholes and wells, including geothermal boreholes and wells.

A fee is payable to the Executive by a Borehole Site Operator of a borehole site that is located onshore, or a Well Operator of a well that is located onshore, or a Geothermal Operator of a geothermal well or borehole operation that is located onshore.

HSE recovers the costs of its activities for certain onshore borehole sites under the Control of Major Accident Hazards Regulations 1999 (COMAH). No fee is payable by onshore oil, gas and geothermal Operators for any function where a fee is payable (or has been paid) for that function under COMAH or any other charging regime.

Costs recovered

HSE will recover its costs by charging a reasonable fee, based on an hourly rate, for any of the functions conferred on HSE by HSWA which relate to the enforcement, including

¹ The Health and Safety and Nuclear (Fees) (Amendment) and Gas Safety (Miscellaneous Amendment) Regulations 2024. Available at: [The Health and Safety and Nuclear \(Fees\) \(Amendment\) and Gas Safety \(Miscellaneous Amendment\) Regulations 2024 \(legislation.gov.uk\)](#)

inspection and investigation of any of the relevant statutory provisions against the Operator (as specified above). Examples of these relevant statutory provisions include:

Statutory notifications

HSE will recover costs for work associated with the inspection of statutory notifications under regulation 6(1) and 6(5) of BSOR. This time will include:

- advice to the Borehole Site Operator / Well Operator in connection with the borehole site's operations and advice prior to the submission of the borehole notifications (see below for provisions re general advice);
- desktop inspection work;
- on-site verification inspection work;
- meetings (wherever they take place);
- telephone conversations; and
- report writing.

HSE will recover its costs for the time spent inspecting weekly reports submitted under the provisions of regulation 19 of DCR. This includes time spent on the following activities:

- desktop inspection work;
- on-site verification inspection work;
- meetings (wherever they take place);
- telephone conversations; and
- report writing.

The above will also apply to the inspection of voluntary BSOR regulation 6(1) & 6(5) notifications, and DCR regulation 19 weekly reports for geothermal well or borehole operations submitted by the Geothermal Operator.

Inspection of BSOR notifications and DCR regulation 19 weekly reports will be mostly desk based but may involve site visits. If inspection of the BSOR notification or DCR regulation 19 weekly report leads the HSE to believe that a site visit is appropriate, then it will be cost recovered under the category of inspection.

The amount of time spent on inspection of the BSOR notification / DCR regulation 19 weekly report is dependent on the type of well operation being conducted, the nature of the hazards present and the complexity of the information presented. As part of its inspection the HSE may make a request for further information it considers to be necessary and recover costs for the inspection of this additional information, as it supports the BSOR notification / DCR regulation 19 weekly report.

Inspection

HSE will recover reasonable costs for work associated with inspection including all work checking compliance with the duties placed on an Operator under BSOR and DCR, and the relevant statutory provisions placed on a Geothermal Operator. Inspection activities could be at the borehole site or at the Borehole Site Operator / Well Operator / Geothermal Operator's offices, or offices of their contractors. Inspections conducted at offices will be of safety management systems that are used in connection with the borehole operations / well operations / geothermal well or borehole operation that the Borehole Site Operator / Well Operator / Geothermal Operator, is or is planning to conduct.

The amount of time cost recovered will vary depending upon the individual circumstances of each inspection but will include time spent preparing and reporting on findings as well as conducting the inspection. Time spent reviewing an Operator's response to actions raised following a visit will also be recovered.

Investigation

HSE investigates accidents and serious incidents meeting HSE's incident selection criteria² and complaints in accordance with HSE's Complaints Procedure³. This activity is cost recoverable from the Borehole Site Operator or Geothermal Operator if it occurs at the borehole site.

If the incident is a Wells Dangerous Occurrence (as per The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), Schedule 2 Dangerous Occurrences Part 1 (General), para 20 titled 'Wells') and requires to be reported by the Well Operator, costs will be recovered from the Well Operator. Guidance on Wells Dangerous Occurrences that require to be reported under RIDDOR can be found at this link:

<http://www.hse.gov.uk/riddor/dangerous-occurences.htm>

Enforcement

Subject to the exclusions outlined below, costs connected with enforcement activities are recovered from duty holders.

Where a possible breach or offence is identified by HSE, any activities carried out to enable the HSE to decide whether to prosecute and in preparing a summons or, in Scotland, preparing a report for the Procurator Fiscal is cost recoverable. This may include consideration of facts, gathering evidence, taking statements and other legal work. Where costs have been recovered as a result of these activities, HSE will not seek to recover them as legal costs.

Assessment

² HSE's incident selection criteria, available at: [Investigation - Stage 2: Decide whether to investigate \(hse.gov.uk\)](http://www.hse.gov.uk/investigation-stage-2-decide-whether-to-investigate)

³ HSE Complaints procedure. Available at: [Operational Procedure - Complaints - Introduction \(hse.gov.uk\)](http://www.hse.gov.uk/operational-procedure-complaints-introduction)

HSE cost recovers for any work associated with the assessment of submissions made seeking exemption from any regulatory provision or requirement under any relevant legal or regulatory provision.

Exclusions

Costs will not be recovered for:

- Legal proceedings connected with duties under HSWA and the relevant statutory provisions from the time a summons is obtained from a Magistrates Court, and any subsequent investigation in connection with that prosecution in England and Wales or investigation or prosecution connected with duties under HSWA and the relevant statutory provisions from the time the case is referred to the Procurator Fiscal or the Procurator Fiscal intervenes, whichever is the sooner, in Scotland;
- Work in connection with an appeal against an improvement or prohibition notice at an Employment Tribunal from the date that the Tribunal receives a notice of appeal;
- Activity related to cost-recovery disputes.

Provision on advice for compliance

HSE does not cost recover for advice given to Borehole Site Operators, Well Operators and Geothermal Operators in advance of their activities coming within scope of BSOR and DCR. However, this does not include pre-receipt advice that relates to the BSOR notifications for which costs are recovered. Advice given by HSE on the general application of RSPs is not subject to cost recovery.

Application of cost recovery to borehole sites using contractors

While HSE is carrying out enforcement activity, including inspection and investigation under the relevant statutory provisions, if it is necessary for HSE to interact and / or visit a contractor that has been working at the Borehole Operator / Well Operator / Geothermal Operator site then the cost of this enforcement will be recovered from the relevant Operator according to the criteria in the paragraphs above, irrespective of whether the activity is at the borehole site or at the offices of the Operator or at the offices of their contractors.

However, if enquiries lead to further investigation of health and safety issues not related to the responsibilities of the Borehole Operator / Well Operator / Geothermal Operator then no further costs will be recoverable from them.

HSE Contracted Third Party Involvement

Where work is contracted to a third party by HSE, for example the use of external specialists to support an investigation, the reasonable cost to HSE of the service will be recovered from the Borehole Site Operator / Well Operator / Geothermal Operator. This will be shown as a separate item on the invoice and the cost recovery rate may differ from the hourly rate. HSE

has management arrangements to ensure that the quality and duration of the work of third parties is properly controlled and monitored.

Part 2: Procedures for charging fees

Methodology used for calculating fees

The total amount charged is calculated on the time spent on the particular cost recoverable activity, multiplied by a pre-determined hourly rate. The costs recovered are calculated in accordance with HM Treasury's guidance [Managing public money](#) and includes the full cost of all the resources used in carrying out and supporting that cost recoverable activity. The costs included in these headings are as follows.

- **Gross salaries of direct staff**
 - staff actually carrying out the work, their line managers and support staff.
- **Gross salaries of operational management and strategy**
 - staff who deal with the consistency and quality of operational work, as well as finance and planning issues specific to that division.
- **Indirect costs**
 - travel and subsistence
 - staff development and training
- **Executive delivery costs**
 - developing and maintaining guidance for duty holders;
 - internal guidance for inspectors (for example to achieve consistency of regulation);
 - consulting and discussing current problems and their effective control with duty holders and their representatives; and
 - industry-specific research and development.
- **Overheads**
 - accommodation costs
 - use of information technology
 - office services (for example postage and telecommunications)
 - corporate services (for example finance and planning, human resources, senior management and business services)
 - depreciation of fixed assets and cost of capital.

Administrative and financial arrangements

HSE issues invoices and receives payments for all cost recoverable activities irrespective of who carried out the work, for example HSE employee or a contractor. HSE is responsible for debt recovery. Invoices identify each separate cost recoverable activity, including:

- date of activity
- location.

- number of hours spent
- the rate to be applied.
- the name of the inspector doing the work.
- the total amount payable.

Invoicing and debt recovery functions are carried out centrally; inspectors are not responsible for the issuing of invoices or for any follow-up actions relating to non-payment of invoices. Queries on invoices should be referred to the contact point given in HSE's Query and Disputes Guidance.

Invoicing will take place within 30 working days of the end of a quarter. Invoices will be issued in March, June, September and December. Invoices will invariably contain costs for time outside the quarterly periods which precede the invoice date.

Payment will be due to HSE within 30 days of the date of the invoice. HSE will actively pursue outstanding debts in accordance with its debt recovery procedures.

Fees

Fees are charged on an 'actuals' basis. That is, the recovery of the full cost of the time spent by HSE carrying out a relevant activity or intervention. The way in which HSE has approached the identification of the relevant costs for inclusion in the charge out rate follows the guidance in HM Treasury's [Managing public money](#). The time spent by all HSE staff working on the enforcement, including inspection and investigation of the relevant statutory provisions will be invoiced and the hourly rate will be calculated to include these grades of staff.

[Cost recovery rates](#)

Procedure for handling queries and disputes

If a duty holder has a query about an invoice, they should contact HSE to seek to resolve it informally. If it is not possible to do this, they should refer to [Cost Recovery – HSE Queries and Disputes Procedure](#)

It should be noted there are time limits at each level, within which queries should be submitted.

Procedure for resolving operational issues.

Where matters of dispute arise on operational issues, which have implications for the cost recovery regime, these will first be considered by the Boreholes Cost Recovery Group. This group will have the overall responsibility to keep under review the effectiveness and operation of the onshore oil, gas and geothermal well and borehole operations cost recovery

regime's financial and administrative arrangements. The membership of the Review Group will comprise representatives from industry and trade associations, as well as HSE officials. If the matter cannot be resolved by the Review Group, it will be referred to senior officials within HSE.

Contacts for advice and guidance

For further advice or queries on the operation of the cost recovery system, contact:

Energy Division
Redgrave Court
Merton Road
Bootle Merseyside
L20 7HS

Email: HIDCostRecovery@hse.gov.uk



Further information

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