



APPENDIX C - SAFETY AND ENVIRONMENTAL ISSUES LICENSING AND OPERATORSHIP

LICENSING

The Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015 (the Licensing Regulations) include provisions relating to the capability of prospective licensees and the capacity of operators who are appointed under the regulations to undertake well operations¹ and/or offshore petroleum operations². Prospective licensees and operators should also be aware of the requirements detailed in the Hydrocarbons Licensing Directive Regulations 1995 and the Petroleum Licensing (Applications) Regulations 2015. Where the provisions in those regulations overlap with the safety and environmental provisions of the Licensing Regulations, the requirements are consolidated in this guidance document. More general guidance relating to petroleum licensing can be found at <https://www.nstauthority.co.uk/licensing-consents/licensing-system/licensee-criteria/>

1. LICENSING TRANSACTIONS

1.1 Prospective Licensees

Prospective licensees are required to provide the Oil and Gas Authority (now operating as the North Sea Transition Authority), the Licensing Authority (LA) with a number of submissions in support of their licence application, including submissions to enable the Offshore Major Accident Regulator, the Competent Authority³ (CA) to assess their safety and environmental capability. It should be noted that the requirements are not restricted to formal Licensing Rounds, and the LA will normally require submissions from companies applying for out-of-round licences and, where appropriate, to support applications requesting consent for transfer of licences.

All prospective licensees must provide the safety and environmental submissions described in Sections 1.2 to 1.5 below. Where full details in relation to a particular requirement in Section 1.2 cannot be provided at the application stage, as the development of proposals may be dependent upon licence award, applicants can provide brief submissions to demonstrate that they understand the requirements and, provide an outline timetable for the submission of full details prior to appointing an operator to undertake any well operations and/or offshore petroleum operations. The timetables should be clearly linked to any work programme submitted in support of the application, and approvals for specific well operations and/or offshore petroleum operations will not be issued until applicants have provided a supplementary submission that addresses any outstanding requirements. All applications must be supported by prospective licensees' Safety and Environmental Performance information described in Section 1.3, relevant Liability Arrangements described in Section 1.4, and all applications for new licences must be supported by an Environmental Sensitivity Assessment described in Section 1.5.

Prospective licensees should note that regulation 11 of the Licensing Regulations includes provisions for the LA and CA to request additional information in support of the licence application.

¹ "well operation" means (a) the drilling of a well, including the recommencement of drilling after a well has been completed, suspended or abandoned by plugging at the seabed; and (b) any operation in relation to a well which may result in an accidental release of fluids from that well which could give rise to the risk of a major accident.

² "offshore petroleum operations" means all activities associated with an installation or connected infrastructure, including design, planning, construction, operation and decommissioning thereof, relating to exploration and production of petroleum, but excluding conveyance of petroleum from one coast to another.

³ The competent authority is the Department for Business, Energy and Industrial Strategy (BEIS) Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) and the Health and Safety Executive (HSE) working in partnership.

Prospective licensees should also note that third parties can request access to the safety and environmental submissions submitted in support of licence application that are held by the CA, and the CA may be required to make the submissions available. If the prospective licensees consider that the submissions contain any information that is considered to be commercially sensitive, the relevant sections should be clearly identified. It should be noted that the information may be subject to disclosure in accordance with the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

To note: Following a successful licence application, the licensees must appoint a well and/or installation operator, as required under regulation 5 of the Licensing Regulations, prior to any well operations and/or any offshore petroleum operations being undertaken under the licence. Proposed well and installation operators can be a licensee, or within a licensee's company group, or a separate third party selected to provide the service. In all cases, proposal to appoint a well and/or installation operator will have to be made by the licensees in accordance with regulation 5 of the Licensing Regulations. Licensees must also be aware that in circumstances where the well and/or installation operator appointment is terminated by the LA in accordance with regulation 8 of the Licensing Regulations, the licensees could become responsible for the well operations and/or offshore petroleum operations in respect of which the operator was originally appointed.

1.2 Safety and Environmental Capability

All prospective licensees must provide the following information:

- (i) A section summarising the prospective licensee's safety, environmental and Net-Zero policies.
- (ii) A section setting out the prospective licensee's understanding of the relevant statutory safety and environmental provisions, how the prospective licensee manages their safety and environmental regulatory obligations and how the prospective licensee keeps abreast of evolving regulatory requirements.
- (iii) A section describing the prospective licensee's management structure pursuant to the proposed work programme, including details of functional responsibility at board level for the management of safety and environmental matters (an organogram may be useful to summarise the structure and responsibilities).
- (iv) A section confirming that the prospective licensee has relevant safety and environmental management systems, or a commitment to have such systems in place prior to appointing an operator to undertake any well operations and/or offshore petroleum operations.
- (v) Where a third party is to be appointed as well and/or installation operator to manage the well operations and/or offshore petroleum operations, a section setting out how the prospective licensee will select a third party that has the capacity to adequately undertake the duties relating to the appointment, and steps such as monitoring, audit and review that will be put in place by the prospective licensee to ensure that the third party meets, and continues to meet, the relevant statutory requirements.

Prospective licensees should ensure to provide sufficient information in support of the licence application, and should not include copies of detailed supporting documents.

1.3 Safety and Environmental Performance

All prospective licensees must provide details of safety and environmental performance record in relation to both onshore and offshore well operations and/or offshore petroleum operations, including information in relation to any major accidents. Applicants should specifically include information relating to the following:

- (i) Details of any major accidents⁴ during the last five years (either in the UK or in other countries).
- (ii) Details of any failure to comply with any relevant safety or environmental legislative standards or requirements that resulted in enforcement action by the regulator during the last five years (either in the UK or in other countries).
- (iii) Details of any criminal or civil action taken against the company, or pending against the company, with respect to safety or environmental issues during the last five years (either in the UK or in other countries).
- (iv) Details of any conviction for breaching any safety or environmental legislation during the last five years (either in the UK or in other countries).

It should be noted that details are only required in relation to onshore and offshore well operations and/or offshore petroleum operations undertaken by the specific prospective licensees. Companies with no previous experience of oil and gas activities should therefore provide a 'nil' return.

1.4 Liability Arrangements

The Licensing Regulations stipulate that licensees are financially liable for the prevention and remediation of any environmental damage that is, or may be, caused by the offshore petroleum operations carried out by the licensees, or by persons acting on their behalf. Prospective licensees must therefore demonstrate that they have made, or will make, adequate provision to cover liabilities potentially deriving from the proposed offshore petroleum operations, including liability for activities carried out on their behalf by appointed operators or contractors, and liability for potential economic damages.

Prospective licensees must provide evidence that they have, or will make, adequate provision to access sufficient financial resources for the immediate launch and uninterrupted continuation of all measures necessary for effective emergency response and subsequent remediation of any damage, including evidence of appropriate insurance or indemnity provision.

Where it is proposed that a licence will be held by more than one person, the obligations and liabilities that arise under the Licensing Regulations will be held jointly-and-severally by all of the licensees. In such cases, the liability proposals can be detailed in a joint submission signed by all the prospective licensees, confirming the manner in which the liabilities resulting from exploitation of the licence would be shared among the partner licensees.

Where commitments are provided to confirm aspects of the liability arrangements prior to undertaking offshore petroleum operations, environmental approvals for those activities will not be issued until a supplementary submission has been provided that addresses any outstanding requirements. Updates must also be provided as necessary to reflect any change in the liability provisions, for example as a result of transfer of licences or when transitioning from the exploration phase to a development phase.

⁴ 'Major accident' has the meaning given in regulation 2(1) of the Offshore Installations (Offshore Safety Directive) (Safety Case etc.) Regulations 2015

1.5 Environmental Sensitivity Assessment

All applications for new licences must be supported by an Environmental Sensitivity Assessment (10-20 pages including any relevant maps or diagrams), detailing relevant sensitive marine and coastal environments, and identifying the risks, hazards and other factors relevant to the potential degradation of the area that is the subject of the application and, where available, the potential cost of that degradation. The assessment should demonstrate that applicants are aware of the sensitivities within, and immediately adjacent to, the block(s) of interest, and aware of the potential impacts that would have to be managed during the execution of potential future activities. Sensitivities that would need to be taken into consideration would include ecosystems that play an important role in mitigation and adaptation to climate change, including salt marshes and sea grass beds; relevant conservation sites in the National Site Network, including Special Areas of Conservation (SACs) and Special Protection Areas (SPAs); and any areas designated as protected under any relevant international, regional or domestic agreements, including Marine Conservation Zones (MCZ's) and Marine Protected Areas (MPA's). The assessments should also take account of policies relating to relevant national and regional marine plans. Further information about marine sensitivities can be found on the Defra, Joint Nature Conservation Committee (JNCC), Scottish Government and Natural Resources Wales websites^{5,6,7,8,9}. Further information about marine plans can be found on relevant government and devolved authority websites^{10,11,12,13}.

The sensitivity assessment should take account of the potential work programme, and take account of the recommendations arising from the Strategic Environmental Assessments (SEAs) undertaken by BEIS¹⁴ relating to the wider marine environment, and any other relevant published reports. A list of SEA recommendations and their current status is available on the SEA website¹⁵, and information concerning other potential restrictions on offshore activity can be found on the gov.uk website¹⁶.

The Climate Change Act 2008¹⁷ (as amended) sets a Net Zero greenhouse gas (GHG) emissions target in law, requiring the UK to reduce all GHG emissions to Net Zero by 2050 with associated carbon budgets. The Energy White Paper¹⁸, North Sea Transition Deal¹⁹, the Net Zero Strategy²⁰ variously commit to reducing greenhouse gas emissions from offshore oil and gas activities. The commitments amongst others include:

- To drive the reduction of greenhouse gas emissions from all offshore oil and gas operations to make the UK continental shelf a net zero basin by 2050;
- To accelerate emissions reductions beyond the World Bank's 'Zero Routine Flaring by 2030' initiative and towards eliminating this practice as soon as possible in advance of this date.

⁵ <https://jncc.gov.uk/our-work/uk-marine-protected-area-datasets-for-download/#special-areas-of-conservation-with-marine-components-all-uk-waters>

⁶ <https://www.gov.uk/government/collections/marine-conservation-zone-designations-in-england>

⁷ <https://jncc.gov.uk/mpa-mapper>

⁸ <http://www.scotland.gov.uk/Topics/marine/marine-environment/mpanetwork>

⁹ <https://naturalresources.wales/guidance-and-advice/environmental-topics/wildlife-and-biodiversity/protected-areas-of-land-and-seas/marine-protected-areas/?lang=en>

¹⁰ <https://www.gov.uk/topic/planning-development/marine-planning>

¹¹ <https://www.gov.scot/publications/scotlands-national-marine-plan/>

¹² <https://www.daera-ni.gov.uk/articles/marine-plan-northern-ireland>

¹³ <https://gov.wales/marine-and-fisheries-planning-and-strategy>

¹⁴ <https://www.gov.uk/offshore-energy-strategic-environmental-assessment-sea-an-overview-of-the-sea-process>

¹⁵ <https://www.gov.uk/offshore-energy-strategic-environmental-assessment-sea-an-overview-of-the-sea-process>

¹⁶ [Other Regulatory Issues](#)

¹⁷ The Climate Change Act 2008 (2050 Target Amendment) Order 2019 at www.legislation.gov.uk/ukxi/2019/1056/contents/made

¹⁸

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945899/201216_BEIS_EWP_Command_Paper_Accessible.pdf

¹⁹ <https://www.gov.uk/government/publications/north-sea-transition-deal>

²⁰ <https://www.gov.uk/government/publications/net-zero-strategy>

Considering the above, the assessment must:

- (i) include consideration of potential climate change impacts from the proposed work programme;
- (ii) describe the applicant's strategy for avoiding and/or mitigating GHG emissions;
- (iii) set-out targets including any specific measures to avoid, mitigate or offset emissions resulting from the proposed work programme;
- (iv) include monitoring and review plans for (ii) and (iii) above; and
- (v) outline measures implemented and progress made towards reducing greenhouse gas emissions since 2018 from any existing UK well operations and/or offshore petroleum operations.

2 WELL AND INSTALLATION OPERATOR APPOINTMENTS

Following a successful licence application, the licensees will be required to undertake the exploration or development activities agreed with the LA. Following cessation of production activities, the licensees will be required to undertake the decommissioning activities detailed in the decommissioning programme agreed with the BEIS OPRED Offshore Decommissioning Unit (ODU).

Prior to undertaking relevant exploration, development or decommissioning activities, the licensees must appoint a well and/or installation operator to undertake any well operations and/or any offshore petroleum operations under the licence as required under regulation 5 of the Licensing Regulations. For example, the licensees would normally be expected to appoint:

- Exploration Phase
 - Well operator(s), to undertake exploration and appraisal well operations, including drilling, well suspension and for the duration of well suspension and abandonment operations
- Development Phase
 - Well operator(s), to undertake development well operations, including production well drilling, well integrity for the life of the well, well intervention (maintenance) and well suspension and abandonment operations
 - Installation operator, where relevant, for design, construction, installation, commissioning and to undertake production installation operations
- Decommissioning Phase
 - Well operator(s), to undertake well abandonment operations. Note: well abandonment operations may take place prior to cessation of production for the installation / field being agreed
 - Installation operator, where relevant, to undertake decommissioning operations

Proposed well and/or installation operators can be a licensee, or within a licensee's company group, or a separate third party selected to provide the service. In all cases, the proposal to appoint a well and/or installation operator will have to be made by the licensees in accordance with regulation 5 of the Licensing Regulations. In many cases, it is likely that the licensees will appoint the licence operator as the well operator and/or installation operator for the life of the licence. However, the licensees can appoint one or more companies as a well operator, for one or more phases, and can appoint a single third party as the installation operator for one or both relevant phases. The licensees can also appoint an installation operator to undertake specific duties, e.g. the preparation and submission of a design notification, and then terminate the original appointment and appoint a replacement installation operator for the rest of the development phase (construction, installation, commissioning and production).

Details of proposed appointments must be submitted to the LA and the licensees must:

- Provide the Name (legal entity, registered address and Companies House registration) of the proposed well and/or installation operator, appointment phase (exploration, development, decommissioning) and the particular well operations and/or offshore petroleum operations, duties and responsibilities relevant to the appointment;
- Confirm that the licensees will provide the selected operator with the necessary authority to deliver their safety and environmental duties and responsibilities;
- Confirm that the licensees have determined that the selected operator has the capacity to meet the requirements relevant to those duties and responsibilities and provide documented evidence (such as assurance audit and gap analysis) on how the licensees have determined / satisfied that the selected operator has the capacity to meet the requirements relevant to those duties and responsibilities; and
- Confirm and set out the steps that the licensees will take to ensure that the appointed operator will continue to meet those requirements, by implementing arrangements for the monitoring, audit and review of the operator's capacity.

Proposed appointments must also be accompanied by evidence of the proposed operator's capability and capacity to manage the well operations and/or offshore petroleum operations, duties and responsibilities relevant to the appointment.

Notice of proposed operator appointments can only be made following award of a licence or at a later date, and should be sent to the LA at least three (3) months before the date of the proposed appointment taking effect. In exceptional cases, the licensees can request that proposed appointments are fast-tracked, and provided that there is a reasonable justification, the proposals may be processed within a timeline that the LA has agreed with the CA on a case-by-case basis / but there are no guarantees. Following consultation with the CA, the LA may object in writing to the appointment, within the relevant determination period, outlining the reasons for its objection. Where the LA objects to the proposed appointment and where there would otherwise be no accepted operator, the licensee will be responsible for the duties covered by the proposed appointment and will be the well and/or installation operator until another operator is appointed and accepted by the LA. Licensees must also be aware that in circumstances where the well and/or installation operator appointment is terminated by the LA in accordance with regulation 8 of the Licensing Regulations, the licensees could become responsible for the well operations and/or offshore petroleum operations in respect of which the operator was originally appointed. Therefore, the licensees will have to demonstrate in their submission to appoint the well and/or installation operator, how the licensees would manage the removal of the well and/or installation operator to ensure that suitable capacity and competencies are in place to manage the activities undertaken by the well and/or installation operator until a new well / installation operator is appointed.

Note – Regulatory submissions and notifications to undertake well operations or offshore petroleum operations must not be made by the proposed operator until the LA has approved the proposal or not objected to the proposed appointment within the relevant determination period.

Where the LA does not object to the proposed appointment within the relevant determination period, the licensees can proceed with the appointment. Following termination of any operator appointment, the relevant licensees who appointed the operator must also notify the LA of the termination.

The safety and environmental submissions required to support proposed operator appointments are described in Sections 2.1 and 2.2 below. Where full details cannot be provided at the appointment stage, as the development of firm proposals may be dependent upon contract award, the proposed operator can provide brief submissions to demonstrate that they understand the safety and environmental requirements, and provide an outline timetable for the submission of full details prior to undertaking any well operations and/or offshore petroleum operations. The timetable should be

clearly linked to the particular well operations and/or offshore petroleum operations, duties and responsibilities relevant to the appointment. Approvals for specific well operations and or offshore petroleum operations will not be issued until the proposed operator has provided a supplementary submission that addressed any outstanding requirements. It should be noted that supplementary submissions must be made to the CA in good time ahead of any planned well operations and/or offshore petroleum operations to allow the CA to fully scrutinise the information provided and follow-up where necessary.

Licensees and proposed operators should note that regulation 11 of the Licensing Regulations include provision for the LA and CA to request additional information, both in support of the proposed operator appointment and following appointment. The CA may also wish to interview licensees and proposed operators to discuss the submissions made in support of the operator appointment. Licensees and proposed operators should also note that third parties can request access to safety and environmental submissions submitted in support of operator appointments that are held by the CA, and the CA may be required to make the submissions available. If the submissions contain any information that is considered to be commercially sensitive, the relevant sections should therefore be clearly identified. It should be noted that the information may be subject to disclosure in accordance with the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

2.1 Safety and Environmental Capacity

Licensees must provide supporting information that contains the following:

- (i) A section detailing the proposed operator's safety, environmental and Net-Zero policies or, a commitment to have such policies in place prior to undertaking any well operations and/or offshore petroleum operations. If a commitment is being made, then the submission must include a plan on when the policies will be developed and implemented prior to offshore installation and/or well operations commencing. The acceptance of a commitment to having policies in place by the CA rather than having a fully developed policies already in place, will depend on the nature of well operations and/or offshore petroleum operations the proposed well and/or installation operator will be undertaking and when they will be commencing them if they were to be successfully appointed.
- (ii) A section setting out the proposed operator understanding of the relevant statutory safety and environmental provisions, and the roles and responsibilities of operators in relation to safety and environmental management. The CA's expectations here are that the operator being appointed will outline their awareness of the relevant offshore safety and environmental regulatory requirements, how they manage their safety and environmental regulatory obligations and how they keep abreast of evolving regulatory requirements.
- (iii) A section describing the proposed operator's management structure, including details of functional responsibility for the management of safety and environmental matters (an organogram may be useful to summarise the structure and responsibilities). This section will demonstrate staffing levels planned by the well and/or installation operator and a summary of how competence is to be managed and maintained. The demonstration can make reference to the relevant sections in the operator's safety and environmental management systems (SEMS) that relate to recruitment and competency management. If applicable this section will also require a demonstration from the operator on how they would manage resourcing multiple simultaneous operator appointments.
- (iv) A section confirming that the proposed operator has relevant SEMS, or a commitment to have such systems in place prior to undertaking any well operations and/or offshore petroleum operations. If a commitment is being made, then the submission must include a

plan on when the SEMS will be developed and implemented prior to any well operations and/or offshore petroleum operations commencing. The acceptance of a commitment to having a SEMS in place by the CA rather than having a fully developed SEMS already in place, will depend on what well operations and/or offshore petroleum operations the proposed well and/or installation operator will be undertaking and when they will be commencing them if they were successfully appointed. It should be noted that where a commitment is made, a description of the SEMS must be submitted to the CA in good time ahead of any planned well operations and/or offshore petroleum operations to allow the CA to review and follow-up where necessary.

- Where the operator appointment is in relation to installation operations, a summary of the independent verification scheme for the relevant installation will be required. If the operator being appointed is in relation to well operations, a summary of their Well Examination Scheme will be required. If the proposed appointment is for both a well and installation operations, a summary of all schemes will be required.
 - The summary is not expected to be a detailed account of their schemes as they will be assessed and inspected at a later date if the operator appointment is successful. The intention of the summary is to demonstrate to the CA that the proposed operator is aware these schemes are required, understands their responsibilities as required by these schemes, and either has these schemes in place including the appointment of an Independent Verifier and / or a Well Examiner, or has plans in place to appoint them.
 - Detailed guidance on the requirements of an installation's verification scheme and a well operator Well Examination scheme can be found in "The Offshore Installations (Offshore Safety Directive) (Safety Case etc) Regulations 2015", HSE publication reference L154. Regulations 9, 10, 11, 12 and 13 apply to Verification and Well Examination Schemes.
 - In accordance with current BEIS OPRED Environmental Management System (EMS) guidance, to secure compliance with OSPAR Recommendation 2003/5²¹ the proposed operator should either:
 - (a) possess an existing EMS (or integrated SEMS) that has been independently certified or verified to comply with the requirements of the BEIS Guidance, or
 - (b) in the process of being independently certified or verified and expect to notify BEIS OPRED in accordance with its guidance before undertaking any well operations and/or offshore petroleum operations.
- (v) The Climate Change Act 2008²² (as amended) sets a Net Zero greenhouse gas (GHG) emissions target in law, requiring the UK to reduce all GHG emissions to Net Zero by 2050 with associated carbon budgets. The Energy White Paper²³, North Sea Transition Deal²⁴, the Net Zero Strategy²⁵ variously commit to reducing greenhouse gas emissions from offshore oil and gas activities. The commitments amongst others include:

²¹ <https://www.gov.uk/oil-and-gas-ospar-ems-recommendation>

²² The Climate Change Act 2008 (2050 Target Amendment) Order 2019 at www.legislation.gov.uk/ukxi/2019/1056/contents/made

²³

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945899/201216_BEIS_EWP_Commmand_Paper_Accessible.pdf

²⁴ <https://www.gov.uk/government/publications/north-sea-transition-deal>

²⁵ <https://www.gov.uk/government/publications/net-zero-strategy>

- To drive the reduction of greenhouse gas emissions from all offshore oil and gas operations to make the UK continental shelf a net zero basin by 2050;
- To accelerate emissions reductions beyond the World Bank's 'Zero Routine Flaring by 2030' initiative and towards eliminating this practice as soon as possible in advance of this date

Considering the above, the supporting information must

- (a) describe the proposed operator's strategy for avoiding and/or mitigating GHG emissions;
- (b) set-out targets including any specific measures to avoid, mitigate or offset emissions resulting from the proposed activities;
- (c) include monitoring and review plans for (a) and (b) above; and
- (d) outline measures implemented and progress made towards reducing greenhouse gas emissions since 2018 from any existing UK well operations and/or offshore petroleum operations.

2.2 Safety and Environmental Performance

Licensees must provide details of the proposed operator's safety and environmental performance record in relation to both onshore and offshore well operations and/or offshore petroleum operations, including information in relation to any major accidents. Submissions should specifically include information relating to the following:

- (i) Details of any major accidents²⁶ involving the proposed operator during the last five years (in the UK and elsewhere).
- (ii) Details of any failure of the proposed operator to comply with any relevant safety or environmental legislative standards or requirements that resulted in enforcement action being taken by the regulator during the last five years (in the UK and elsewhere).
- (iii) Details of any criminal or civil action taken against the proposed operator, or pending against the proposed operator, with respect to safety or environmental issues during the last five years (in the UK and elsewhere).
- (iv) Details of any conviction imposed on the proposed operator for breaching any safety or environmental legislation during the last five years (in the UK and elsewhere).
- (v) Where any details have been provided for i) to iv) above, please provide brief details of actions taken in response to the incidents including any changes to safety or environmental policies, processes or procedures.
- (vi) Brief details of any initiatives to continually improve safety or environmental performance.

It should be noted that details are only required in relation to onshore and offshore well operations and/or offshore petroleum operations and licensees should provide a 'nil' return for proposed operators with no previous experience of managing well operations and/or offshore petroleum operations.

²⁶ 'Major accident' has the meaning given in regulation 2(1) Offshore Installations (Offshore Safety Directive) (Safety Case etc.) Regulations 2015

3 OPERATOR CAPACITY

The Licensing Regulations require that the licensees must ensure that the appointed operators have the capacity to meet the regulatory requirements in relation to the particular well operations and/or offshore petroleum operations, duties and responsibilities relevant to the appointments, and must take all reasonable steps to ensure that the appointed operators satisfy those requirements.

Regulation 4 of the Licensing Regulations requires that the well and/or installation operator must have sufficient presence on the installation in order to conduct the relevant well operations and/or offshore petroleum operations, even if they rely on subsidiary companies or other contractors to undertake the well operations and/or offshore petroleum operations.

Regulation 9 of the Licensing Regulations also places a responsibility on the offshore licensees to ensure that the well and/or installation operator have the capacity to meet the requirements.

Regulation 5 of the Offshore Installations (Offshore Safety Directive) (Safety Case etc.) Regulations 2015 (SCR 2015) therefore places duties on licensees, including ensuring that any operator appointed by the licensee is capable of satisfactorily carrying out the functions and discharging the duties of the operator under relevant statutory provisions. Being 'capable' includes having the technical and managerial ability to do the job, as well as being adequately resourced, both financially and in terms of having sufficient competent staff.

Regulation 7 of the Licensing Regulations and regulation 6 of SCR 2015 forms part of a mechanism to ensure that only operators with the capacity to fulfil the 2013 Directive operator requirements conduct well operations and/or offshore petroleum operations. In determining whether an operator has the necessary capacity, the CA will consider whether the operator has the technical and managerial ability to do the job, as well as being adequately resourced, both financially and in having sufficient numbers of competent staff. Other factors may also be relevant, such as having sufficient authority to fulfil health, safety and environmental responsibilities.

Licensees also have an obligation to monitor the carrying out of the functions and the discharging of the duties, to satisfy themselves that the operator they have appointed is carrying out the functions correctly. These obligations fall jointly on all the licensee partners in any licence, even if they are not all active in pursuing the goals of a licence, they will need to agree and put in place a management system to ensure these duties are discharged.

Selecting the right company as the operator is the key to complying with regulation 9 of the Licensing Regulations and regulation 5 of SCR 2015. The CA will therefore be closely scrutinising proposed appointments to ensure that the prospective operators have the necessary capacity to conduct the operations, and it will object to proposed appointments if it considers that the proposed operator could not satisfy the above requirements.

The Licensing Regulations also include provision for the LA and the CA to request information at any time in relation to compliance with the above requirements, to supplement any observations made at the time of the appointment or during CA inspections or interventions.

Where, following appointment, the CA determines that an operator no longer has the capacity to manage the relevant duties and responsibilities for which they were appointed, the CA will notify the LA in accordance with regulation 7 of the Licensing Regulations, and the LA must terminate the appointment of the operator. The LA will therefore issue a written notice of termination, stating the date the appointment is terminated and setting out the reason, or reasons, for the termination. Where the appointment of an operator has been terminated, the licensees will be responsible for

the duties covered by the appointment, subject to the outcome of any appeal against the CA determination²⁷ or until another operator is appointed and accepted by the LA.

For further guidance in relation to the health and safety aspects of licence applications and operator appointments, please contact the HSE Energy Team (e-mail: omar-general@hse.gov.uk), and for further guidance in relation to the environmental aspects please contact the BEIS OPRED Business Support Team (e-mail: bst@beis.gov.uk).

²⁷ Under Regulation 37(1)(b) of the Offshore Installations (Offshore Safety Directive) (Safety Case etc.) Regulations 2015