

OFFSHORE IRELAND - ROUND DETAILS ANNOUNCED
2006 LICENSING ROUND – SLYNE, ERRIS AND DONEGAL BASINS

Closing Date: 15 March, 2006

2006 LICENSING ROUND – SLYNE, ERRIS AND DONEGAL BASINS

1. Applications are now invited for Frontier Exploration Licences, to be issued under the Petroleum and Other Minerals Development Act, 1960, covering the blocks listed in the schedule to this Notice and shown on the attached map (Attachments I and II).
 - a. Applications for Licences must be received not later than 12 noon on 15 March, 2006.
2. Each Licence issued on the basis of an application pursuant to this Notice will be subject to the provisions contained in the Licensing Terms for Offshore Oil and Gas Exploration and Development issued by the Minister for Energy in November 1992 and as detailed in this Notice.
3. All participants are required to
 - a. Purchase a copy of the 2005 PAD Special Publication 1/05 entitled "Petroleum Systems Analysis of the Slyne, Erris and Donegal Basins Offshore Ireland", unless the participants are already funding this study as subscribing members of the Petroleum Infrastructure Programme. For information on ordering the Publication, please contact the PAD; Tel: +353 1 678 2000, Email: PADadmin@dcmnr.gov.ie
 - b. Include a non-refundable fee of €8,354 with applications for a Licence. In a case where there is more than one application for a Licence from a specific bidding group (a company or identical group of companies with the same operator) one fee of €8,354 will cover all such applications.
4. Licences will be awarded on the relative strength of the work programmes offered, with particular emphasis on a programme's appropriateness for evaluating hydrocarbon prospectivity and preparing the acreage for exploration drilling. Applicants may be called for interview by Petroleum Affairs Division to clarify their proposals, prior to any decision to award Licences.
5. The receipt of an application will not create an obligation on the part of the Minister to grant a Licence in respect of part or all of the area that is the subject of the application.
6. SPECIFIC TERMS FOR THESE FRONTIER EXPLORATION LICENCE APPLICATIONS
 - 6.1 **Area of Licence Application**

Applications for Licences should be principally for regular-shaped, continuous areas covered by the Round, though applications for the irregularly shaped sub-blocks, which are the result of previous relinquishments, will be

entertained. Licence applications should comprise areas that are equivalent to not less than one and not more than three complete blocks within the area.

The area in the Round is shown on the attached map (**Attachment II**). The blocks available are specified in the attached schedule (**Attachment I**). Specific areas applied for are at the discretion of the applicant.

6.2 **Duration of Licence**

Licences will be valid for a period of fifteen (15) years from 15 May, 2006 divided into four phases as follows:-

First phase	-	15 May, 2006 to 14 May, 2009
Second phase	-	15 May, 2009 to 14 May, 2011
Third phase	-	15 May, 2011 to 14 May, 2016
Fourth phase	-	15 May, 2016 to 14 May, 2021

6.3 **Exploration Obligations**

Each Licence shall be subject to the following exploration obligations:-

- (a) During the first phase of the Licence, the licensee must undertake in respect of the whole licensed area, a work programme which shall be agreed with the Minister before the issue of the Licence. The work programme to be undertaken shall generally include 3D seismic data acquisition to cover an area equivalent to at least 50% of the licence (unless 3D already exists). Where exploration drilling is not included in the work programme for this phase, Licensees will be required to commence logistical planning for drilling, as soon as practicable.
- (b) If the licensee wishes the Licence to continue in force, on or before 15 February, 2009, a work programme, which will include the drilling of at least one exploration well, for the second phase of the Licence, shall be proposed by the licensee for the approval of the Minister.
- (c) On or before 15 February, 2011, a work programme, for the third phase of the Licence, shall be proposed by the licensee for the approval of the Minister which shall include at least one further exploration well.
- (d) On or before 15 February 2016, a work programme, for the fourth phase of the Licence, shall be proposed by the licensee for the approval of the Minister.
- (e) Licensees will be required to undertake reasonable site-specific environmental studies as may be appropriate to their work programmes.
- (f) In all phases, the licensee will incur an obligation to rapidly and prudently appraise any potentially commercial discovery.

6.4 **Surrender of Acreage**

- (a) There will be no obligation to surrender any area at the end of the first phase of the Licence, but on or before 15 February, 2009 the licensee shall notify the Minister of the area proposed for retention for the second phase of the Licence; it must be a regular-shaped, continuous area, unless part-blocks originally awarded preclude such designation.

- (b) If the work programme submitted to the Minister on or before 15 February, 2011 and approved by the Minister, does not contain a proposal to undertake the drilling of a second exploration well or if a second exploration well has not been drilled by that date, the licensee shall, on 15 May, 2011 surrender 50% of the then licensed area.
- (c) If a second exploration well has not been commenced by 15 May, 2016, the Licence must be surrendered on that date.
- (d) If the work programme submitted to the Minister on or before 15 February, 2016 and approved by the Minister, does not contain a proposal to undertake the drilling of a third exploration well or if a third exploration well has not been drilled by that date, the licensee shall, on 15 May, 2016, surrender 50% of the then licensed area.
- (e) Provided that the licensee has observed all obligations and discharged all liabilities imposed by or incurred under the terms and conditions of the Licence, the licensee has the right at any time to surrender interest in any specified part of the licensed area or to determine the Licence, by giving the Minister at least three months prior written notice.

6.5 **Rental Fees**

Annual rental fees, calculated as follows, are payable on issue of the Licence and thereafter on the anniversary date of the issue of the Licence:-

- First phase
 - €27 per sq. km
- Second, Third and Fourth phases
 - €55 per sq. km but
 - €111 per sq. km if any surrender of acreage pursuant to sub-paragraphs (b) or (d) of paragraph 6.4 takes place.

The Minister may, as set out in Section 44 of the 1992 Licensing Terms, increase the monetary amounts mentioned above, having regard to relevant economic factors and will notify each licensee accordingly.

6.6 **Petroleum Infrastructure Programme**

The Petroleum E&P Promotion and Support (PEPPS) sub-programme comprises two groups, as follows:

- (a) **Irish Shelf Petroleum Study Group (ISPSG)**
This group, the successor to the joint industry Rockall and Porcupine Study Groups of the PIP, concentrates on the regional exploration elements of the PIP/PEPPS objectives. Specific work themes include:
 - Regional geological and geophysical data gathering and studies aimed at improving knowledge of petroleum systems and exploration potential;
 - Special engineering studies to improve E&P cost effectiveness and recommendations on better procedures and practices;

- Environmental baseline studies and monitoring with a view to developing regional impact assessment frameworks;
- Other project areas to be agreed with the PAD.

Management of this group is by way of a joint Industry / PAD management committee, chaired by the PAD, and assisted by project-related technical committees and a Secretariat.

(b) **Expanded Offshore Support Group (EOSG)**

This group continues the work of the PIP Offshore Support Group, concentrating on infrastructure support, but has flexibility to conduct other work as deemed necessary, and provides additional services to facilitate applied petroleum-related research. Specific work themes include:

- Support for training, scholarship, equipment purchase, goods & services etc. so that local organisations and individuals can participate in, contribute to and benefit from research and development related to hydrocarbon E&P;
- Facilitation and (part) funding of joint industry programmes or projects;
- Provision of a one-stop-shop contact for E&P related research activities in relation to funding sources, contacts and sample/data access issues;
- Conduct of projects under any PIP/PEPPS objective heading in pursuance of PAD strategic goals.

Management of the EOSG is undertaken by a Departmental steering committee assisted by advisory committees and a Secretariat. Linkages will be established between the two groups where a clear benefit accrues e.g. for ease of administration, project linkage, project management.

6.7 **Contributions to PIP/PEPPS**

Annual contributions, calculated as follows (current in July 2004), are payable on issue of the Licence and thereafter on the anniversary date of the issue of the Licence:-

ISPSG	- € 80,000 per Licence
EOSG	- € 16,000 per Company

7. APPLICATION LOGISTICS

- (a) Applications should be marked '2006 Licensing Round – Slyne, Erris and Donegal Basins' and should be addressed to, "The Secretary General, Department of Communications, Marine and Natural

Resources, Petroleum Affairs Division, Beggars Bush, Haddington Road, Dublin 4, Ireland".

- (b) Each application should be submitted in two parts, corresponding to the information to be provided under Section 4 (two copies required) and Section 5 (three copies required) respectively of the Licensing Terms. (A total of two copies of material under Section 4 will suffice where more than one application is being made).

8. INFORMATION ON APPLICANTS TO BE SUPPLIED WITH APPLICATION (Two copies per participant for one or more applications).

An applicant must nominate a person to liaise with the Irish authorities and in respect of each participant in an application must provide information as to :-

- (a) Its name, address and nationality,
- (b) A copy of its charter or constitution,
- (c) Information concerning its place of registration, its principal place of business, its board of directors, the domicile and nationality of its directors, its share capital and shareholdings;
- (d) Information as to the form of the organisation, its technical resources, including where relevant, information concerning the relationship with its parent company and other integrated corporate structures that may be involved, its technical resources, its petroleum production, refining and marketing capacities and its own petroleum requirements;
- (e) Further details as to its financial structure and its parent company including the annual reports for the last three years together with copies of the balance sheets and the profit and loss accounts for the same period, as well as information as to the manner in which exploration and development activities are to be financed and performance guaranteed;
- (f) Confirmation that it is chargeable, in accordance with the laws of Ireland, to tax in respect of profits, income and capital gains arising from, or connected with, operations conducted in the offshore area to which the application applied;
- (g) Information concerning its previous experience in exploration for and exploitation of petroleum;
- (h) Information concerning any authorisation previously issued by the Minister in which it participated;
- (i) A statement detailing its policy towards the safety, health and welfare of the workforce; and
- (j) A statement detailing its policy towards protection of the environment.

Additional information may be sought by the Minister following the receipt of applications.

9. INFORMATION ON WORK PROGRAMME TO ACCOMPANY APPLICATION (Three copies per application).

Each application must be accompanied by:

- (a) A statement describing the area to which the application applies;
- (b) Information as to the geological, geophysical and other data upon which the application is based, accompanied by a comprehensive technical assessment of this data;
- (c) A full and detailed description of the work programme which the applicant proposes to carry out for the first phase of the Licence together with outline plans for the second phase, and any innovative approaches, for example, to drilling a programme of low-cost exploration wells; and
- (d) A statement as to the applicant's organisational and operational structures for effecting the proposed work programme, including the position in regard to the setting up of an exploration office in Ireland.

In addition each application should provide:-

- The order of preference of each block sought;
- An outline description of evaluation programmes that would be conducted in an exploration well/ wells.

Additional information may be sought by the Minister following receipt of the above information.

Slyne, Erris, Donegal Frontier Licensing Round

Area (Applications of between 1 and 3 blocks)

List of blocks (73 full blocks and 31 part blocks)

Blocks 6/26, 6/27(part), 6/28(part), 6/29(part)

Blocks 11/23(part), 11/28(part), 11/29, 11/30

Blocks 12/2(part), 12/3(part), 12/4, 12/5, 12/7(part), 12/8(part), 12/9, 12/10,
12/11(part), 12/12(part), 12/13, 12/14, 12/15, 12/16(part), 12/17, 12/18, 12/19, 12/21,
12/22, 12/23, 12/24, 12/26, 12/27

Blocks 13/1, 13/2, 13/3, 13/4, 13/5, 13/6, 13/8, 13/9, 13/10, 13/11(part), 13/12(part),
13/13, 13/14, 13/15

Blocks 14/1, 14/2, 14/3, 14/4(part), 14/6, 14/7, 14/8, 14/9, 14/10(part)

Blocks 18/14(part), 18/15(part), 18/19(part), 18/20(part), 18/23, 18/24, 18/25(part),
18/28, 18/29, 18/30(part)

Blocks 19/2(part), 19/3(part), 19/4(part), 19/5, 19/7(part), 19/9, 19/11(part),
19/12(part), 19/13, 19/16(part), 19/17(part), 19/21(part), 19/22, 19/26

Blocks 20/1

Blocks 27/2, 27/3, 27/4, 27/5, 27/6, 27/7, 27/8, 27/9, 27/10, 27/11, 27/12, 27/13,
27/14, 27/15, 27/16, 27/17, 27/18, 27/19, 27/21, 27/22, 27/23, 27/24, 27/26, 27/27,
27/28

Closing date: **Wednesday 15th March 2006**



