

Request for clarification

Until 6th May 2011, prospective applicants may request clarification on aspects of this invitation by email to PADadmin@dcenr.gov.ie. A copy of all questions asked in relation to the Round and the Department's responses will be posted on the Department's website.

Clarification requests/responses

Question:

Will holders of Option Licences awarded under this round be required to become members of PIP? If so, will the membership be on a per company or per licence basis and what will the charges be? Can I ask the same question regarding follow on FELs

Response:

The holders of Option Licences awarded under this round will not be required to become members of PIP and therefore will not be required to pay research contributions.

Follow-on Frontier Exploration Licences arising from Licensing Options granted under this round will be required to make contributions to research funds - see Section 19(4) of the 2007 Licensing Terms:-
<http://www.dcenr.gov.ie/NR/ronlyres/48C3818F-02E7-4060-9E88-06D0C8332480/0/LicensingTerms2007Web2011.pdf>

Question:

I understand that each LO must be greater than 1 but no more than 6 blocks, but is it possible to have 2 or more LOs joining each other to make a larger Tranche? There is nothing in the document stating that you cannot do this, but would this require the submission of several documents, and if so how would the larger 'Tranche' (made up of a couple of Los) be treated when we come to the end of the 2 year period?

Response:

While an individual application should not be greater than an area equivalent to six complete blocks, there is no limit on the number of applications that an individual company or group of companies can make, nor is there any restriction in terms of adjoining applications. Each application would be treated as a separate application and evaluated on its own merits. Section 10.1(a) of the Licensing Round notice sets out the position in relation to the submission of documentation where multiple applications are being made

Question:

If a company is awarded a License Option, fulfils its work commitment in the two year period and desires to apply for an Exploration License what are the risks that the Exploration License could be awarded to another company? What does “first right” mean exactly?

Response:

A company or group of companies awarded a Licensing Option will be granted a Frontier Exploration Licence\Licences over the acreage held under the option provided they: (i) have fulfilled their obligations under the option; (ii) can demonstrate they satisfy the criteria set out at Section 3 of the Department’s Licensing Terms (see link to Licensing Terms below); and (iii) have proposed a work programme which is acceptable to the Minister for Phase 1 of the Frontier Exploration Licence. Where the Licensing Option holder satisfies the above and applies for a Frontier Exploration Licence before the Licensing Option has expired, the Department would not consider any application from another party for the acreage in question. (Please see answer to next Question (below) for guidance as to an acceptable work programme.)

Question:

If a License Option is successfully transformed into an Exploration License, what kind of commitment would be expected during the First period? Does a company have to drill a well if no prospects are identified?

Response:

The work programme proposed by the holders of a Licensing Option for the first phase of a Frontier Exploration Licence, should be adequate to evaluate the exploration potential already identified during the option period, to the point where an informed decision can be made at the end of Phase 1 of the Frontier Exploration Licence (i.e. after three years) to either commit to drilling, or to drop the licence. The work programme for the Phase 1 would generally be expected to include some geophysical data acquisition and, where appropriate, seismic reprocessing, but will not include a drilling requirement. In accordance with Section 19 of the Department’s Licensing Terms a drilling commitment is required to move forward to Phase 2 of an Exploration Licence.

Question:

Will only a single company be given a licence option for specific acreage, or is there a possibility that there could be overlap of licence option areas?"

Response:

Each Licensing Option will be for a specified area and there will be no overlap with other Licensing Option.

Link to Licensing Terms for Offshore Oil and Gas Exploration, Development and Production 2007: www.dcenr.gov.ie/NR/rdonlyres/9DA12EC6-C3E5-4DC3-AA45-7CCB3620364A/0/LicensingTerms2007.pdf

Question

What would be the approximate date of the award of a License Option following submission of the application by May 31st 2011?

Response:

Applicants may be called for interview by the Department to clarify their proposals, prior to any decision to award Licensing Options. It is expected that Interviews will commence on the week beginning 20th June 2011 with the aim is to make decisions on applications by end July 2011.

Question

Would the purchase of data from a 2D Spec Survey over the License Option area count as part of the work commitment for a License Option?

Response:

Purchase of non-released speculative/multiclient seismic data within the area of the Licensing Round will be considered as 'data acquisition' in the context of the work programme for a Licensing Option as stated in the Round details.

Question

Could you give any guidelines as to the level of detail required for a License Option Application document in terms of geoscience content etc.? i.e. What goes into a typical License Option submission?

Response:

The content of a Licensing Option application and the procedure for submitting the application are set out at Section 6 (Content of Application / Work Programme) and Section 10 (Submission of Applications) of the 2011 Atlantic Margin Round Notice.

Question

Does the PAD have a defined point system for work commitments that I should refer to? Are there any other bid reference guidelines that I should investigate?

Response:

The award criteria for Licensing Options under the 2011 Atlantic Margin Licensing Round are set out at Section 7 of the Round Notice. The Department does not have a defined point system for individual work commitments. However points will be awarded for the overall quality of the work programme which will take particular account of any new data acquisition and/or innovative technical studies proposed, as well as their relevance to defining the petroleum resource potential of the option area in question.

Where competing applications of an acceptable quality are received for the same area, the Minister reserves the right to suggest moving forward on the basis of the two applicants coming together to perform a single work programme to be agreed with the Minister, or to offering both applicants a Licensing Option over a revised area.

Question:

With regard work programmes, in the Round notice Clause 5.3 (a) states "procurement of all available and relevant technical data and studies". Does this mean there is an obligation to acquire all previous data over the option area if one is successful in being awarded an option?

Response:

The work programme will be as set out in Section 5.3 of the [Round Notice](#) Regarding the term "procurement of all available and relevant technical data and studies" this term will be taken to mean all existing technical data and studies available from the Department or its data agents and relevant to the option area, with the exception of such data and studies which can be demonstrated to the Department's satisfaction as not being of sufficient quality and/or applicability to make their use in defining the prospectivity of the option area worthwhile.

Question:

To know the costs and breakdowns for data and whether there is a single price for all data of all Irish waters or whether it can be got for chosen blocks or multiples of blocks. What formats etc. does the data come in?

Response:

Information on Irish petroleum data availability can be found on the Department's website at the following links:

[Data Release](#)

[Online databases](#)

Exploration companies can purchase data over any selected areas / blocks from the Department's data agents who have current details on data costs, file formats etc. It is up to the exploration company to select the data it requires and to obtain relevant information from the data agents.

Question:

When is there a requirement to set up an entity in Ireland? Is this on a successful award of a licensing option?

Response:

The 2007 Licensing Terms require that the holder of a petroleum authorisation (other than a Petroleum Prospecting Licence) must have a permanent representation in Ireland. However there is no requirement to set up an Irish entity in order to apply for acreage under the 2011 Atlantic Margin Licensing Round.

Question:

In relation to the Acreage Availability Update published by the Department on 1 April, to inquire as to the release status of seismic data acquired under the recently relinquished exploration licences now available in the Licensing Round.

Response:

3D seismic data acquired under the recently relinquished Rockall Basin licence will not be released until December 2011, whereas the 2D seismic data acquired under the two recently relinquished Porcupine Basin licences are now available from the Department's Data Agent.

Question:

Are applicants required to have a registered business entity in Ireland, or are foreign registered applicants also invited? If so, will applications from foreign registered entities be evaluated on the same terms as if they were submitted by business entities registered in Ireland?

Response:

It is not necessary to have a registered business entity in Ireland in order to apply for a Licensing Option under the Round. However, any company awarded a Licensing Option under the Round will be required to have a permanent representation in Ireland which is authorised to act on and to enter into binding commitments on behalf of the Licensing Option holder – see Section 1 (4) of the [Licensing Terms for Offshore Oil and Gas Exploration, Development & Production 2007](#).

All applications received, irrespective of country of origin, will be evaluated on the basis of the award criteria set out at Section 7 of the Round Notice.

Question:

Is it necessary to apply for a Petroleum Prospecting License before submitting an application for a Licensing Option at the end of May or whether both applications can be made simultaneously at the close of bids?

Response:

A Petroleum Prospecting License is only required after a licensing option is awarded in the round. There is no need to apply for a Petroleum Prospecting License at this stage.

Question:

Section 6.2 (d) in the Round Notice states that the application shall include “a summary environmental assessment ...”. Is this summary to be based on the relevant Strategic Environmental Assessments (IOSEAs) undertaken on behalf of the Department of Communications, Energy and Natural Resources, and not based on separate (special) assessments carried out by the applicant.

Response:

The summary environmental assessment may be based on the relevant Irish Offshore Strategic Environmental Assessments (IOSEAs) published on the Department’s website at the following link: <http://www.dcenr.gov.ie/Natural/Petroleum+Affairs+Division/>

Question:

To recommend a line of enquiry to establish environmental sensitivities for a selected area, ref. 6.2 (d) of the Round Announcement

Response:

The environmental sensitivities are all covered in the various IOSEA reports published by the Department at the following link: <http://www.dcenr.gov.ie/Natural/Petroleum+Affairs+Division/>

Question:

On the 2011 Licensing Round Notice, the content that each Application shall include is specified. Is there is any format (frame of document, etc) for application.

Response:

The application should be submitted in hard copy as specified at Section 10 of the Round Notice. There is no form to be completed or specific format/layout required.

Question:

Will Licensing Option holders be obliged to procure all PAD sponsored and third party technical reports and does the term "procure" provide for means of accessing data other than by direct purchase e.g. leasing data?

Response:

Option holders will be expected to make all reasonable efforts to identify and acquire technical reports which are available and directly relevant to evaluating the prospectivity of the option area, subject to the reports being worthwhile based on best technical judgement.

Question:

Although applications are specifically invited for Licensing Options would a company or group of companies be permitted to apply for a Frontier Exploration Licence(s) instead?

Response:

Applications under the 2011 Atlantic Margin Licensing Round will only be accepted for Licensing Options. Section 4 of the Round Notice stipulates that the option to convert "up to a maximum of 75% of the acreage covered by the Licensing Option" to an Exploration Licence or Licences is "exercisable at any time after one year from the date of the award of the Licensing Option up to the date the Licensing Option expires". Where an applicant wishes to fast track exploration activity this may be reflected in the work programme submitted, but it should be noted that the drilling of a well(s) is not permitted under the Licensing Option, ref. Section 5.3 (b) of the Round Notice.

Question:

Clarification sought in terms of the ability to undertake seismic and drilling operations in the offshore Hovland and Belgica Mound Provinces SAC sites.

Response:

The 2007 Strategic Environmental Assessment of the Porcupine Basin recommended that seismic and drilling activities should not be permitted within the Belgica Mound/Hovland Mound SACs. The recommendations were made on the basis that available scientific information could not preclude that these activities would not impinge on the integrity of the sites. The Department accepted the recommendations from the SEA and the acquisition of new seismic data and the drilling of wells within the SACs are not permitted at present. The Department intends to undertake a further Strategic Environmental Assessment in the Porcupine Basin in 2012.

Question:

Is the Department aware of any companies who may be interested in putting together bidding groups for the purpose of submitting applications under the Round and if so could it facilitate an exchange of contact details?

Response:

This question has been raised by a number of companies. Unfortunately the Department is not in a position to facilitate such introductions. However, since the Department intends to publish the names of all successful applicants post the awards any company interested in pursuing potential farm-in opportunities is free to do so at that stage.