# **33rd Round Questions & Answers- Version 9 (6th January 2023)**

**NOTE that relevant questions 1 to 21 below have been retained from the 30th to 32nd Round. Any new questions will be added at the foot of the relevant section.**

Questions raised by potential applicants concerning this Round for answer by the NSTA should be *emailed* to the contacts below. The NSTA will aim to post any *new* questions and answers within five working days on this page.

Questions will only be answered in this way, to ensure that the same information is available to everyone at the same time, in the interests of a transparent and fair process.

**Contact to be e-mailed with your questions**

Licensing\_Round@nstauthority.co.uk

Questions regarding LARRY should be directed initially to the Portal Help Desk.

LARRY Queries – Portal Helpdesk

Tel: 0300 067 1682

Email: ukop@nstauthority.co.uk

To view a new Q & A, scroll to the *end* of the relevant section. **New Questions and Answers at the bottom of List.**

**Q1. How does the phase approach work for a single application multi-block bid. Does each block within the application require its own phase timing or does the phase timing relate to the single application. Can individual blocks have a longer or shorter phase than others, within the same bid. Or do all blocks in a multi-block bid require the same phase timings?**

**For example, if you have a single application which includes 5 blocks, can you have a single Phasing structure which might include Geotechnical Phase A for all blocks but only 2 Phase C drill or drop wells. Or does every one of the 5 blocks need to have its own Phase A and Phase C and can the timing for each block be slightly different?**

**Our understanding is that the blocks will be input and scored separately in the LARRY system even though they are part of a single application, is this correct and how does this relate to a joint work programme and scoring.**

**A1:** A single Application can contain up to 20 Blocks/part blocks, either

1. in the same Area which the Applicant might want us to consider offering as a single Licence, or
2. in the same Area but which might potentially result in a number of Licences, or
3. in several different Areas which would result in a number of separate Licences.

Each Licence awarded can contain up to 10 blocks in total (whole blocks or part-blocks), and blocks must be contiguous within the licence (corner connections are invalid).

Each proposed Licence must have its own work programme, and this is what the phase timing should relate to. In other words, ***all blocks within a single potential licence must have the same phasing and timing***. If there are contiguous blocks that require fundamentally different work programmes, and hence phasing, it is preferable for these to be defined as separate licences. However, if the work required on each block only differs slightly, the applicant should consider the optimal phasing that can accommodate this work.

Potential licences that have the same starting Phase type can be submitted within a single application, even if they are geographically separate.

Note that *some elements* of the published Marks Scheme relate to block-specific evaluations of prospectivity and discoveries, and so to discriminate between competing applications, the NSTA will mark on a block-by-block basis. Actual and proposed coverage of seismic data will also be taken into account when evaluating individual blocks. However, since the potential licence will have an overall defined phasing, the phase timing marks will be the same for each block in that group.

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**Q2: Is there anything to prevent a Company applying for a Block (or series of Blocks) with one Group which identifies prospectivity in one part of the Block(s) from also applying for the same Block(s) with a different Group which sees different prospectivity in another part of the Block(s).**

*Example: block xx/xx is open and named as being available in 33rd Round.*

*Company A is interested in prospectivity in 2 parts of block xx/xx, in the west with company B, and in the east with company C.*

*Given that applications need to be made for whole blocks and company A does not want to bid together with company B & company C –*

*Does company A need to submit 2 applications for block xx/xx, one with company B with a work programme, clearly indicating area of interest, one with company C with a different area of interest and work programme?*

**A2:** There is nothing in the Guidance which says this cannot be done. Whilst whole Block(s) available have to be applied for, Groups can identify preferred areas of the Block(s). Two separate Applications will need to be submitted as the potential Licensees will be different, and separate Work Programmes would apply.

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**Q3: What does a Straight to Second Term look like?**

**PA3:** The Second Term, effectively for Appraisal and other work leading to Field Development Plan approval prior to its expiry, is also of flexible duration and should be designed by the Applicant to fit the expected programme of work that will result in an approved FDP. The applicant should outline their proposed work with a timeline showing key milestones and dependencies. In paragraph 23 of the Technical Guidance the NSTA states that “The requested duration of the Second Term should be indicated (normally 4 years for Developments or Re-Developments in mature areas but with a maximum duration of 6 years).”

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**Q4: Where the Application is for a Straight to Second Term Licence, what is an appropriate Pre-Development Programme?**

**A4:** A programme of work is required to demonstrate how the Applicant proposes to progress the Discovery, or Field where Production has ceased, to an approvable Field Development Plan (FDP) prior to the end of the Second Term.

The NSTA cannot be prescriptive as to what this Plan may comprise, but it would be expected that a description of the subsurface would be supplied, proposals as to how the hydrocarbons would be developed, proposed facilities concepts and solutions, offtake routes, the application of new and emerging technologies, contracting strategies, etc, as far as is known at the time of Application, and a timeline with the work flow to reach FDP submission demonstrating an understanding of the processes necessary to gain approval.

Note that in paragraph 17 and section “***d. The Elements of a Work Programme****”* of the Technical Guidance, the Work Programme referred to in the first sentence is that for the Initial Term of a Licence. Where there is an Initial Term, there is an obligation on the Licensees to fulfil the elements of a formal Work Programme.

For the Second Term, the NSTA is requesting a programme of work, which is not an obligation, but if no FDP is approved, then the Licence will Determine at the end of that Term. Through stewardship activities, the NSTA will monitor the programme of work to ensure that sufficient progress is made on an ongoing basis, and that suitable corrective action is taken as and when necessary.

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**Q5**: **Applicants must provide an Appendix C, concerning HSE related aspects. Is an environmental sensitivity assessment required as part of a potential Initial Term Phase A entry license application or can this be delayed until an appropriate time before commencing offshore operations?**

**A5:** The Department for Business, Energy and Industrial Strategy (BEIS) have advised that all prospective applications, including those for proposing to start with a Phase A term, will need to be supported by an environmental sensitivity assessment. The guidance provided by BEIS in relation to this can be accessed here:

[Appendix C - Safety and Environmental Issues Licensing and Operatorship Guidance - Sept 22 (hse.gov.uk)](https://www.hse.gov.uk/omar/assets/docs/app-c-safety-environmental-licensing.pdf)

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**Q6:** **Can NSTA please confirm how it will protect the confidentiality of technology plans and seismic processing technologies as expressed in Appendix B documents and arising from interviews?**

**A6:** The NSTA only publishes Work Programmes of successful Applications when a Licence becomes extant. Those Work Programmes are usually generic in nature so specific details of technology plans and seismic processing technologies will not be released. All commercially sensitive documentation provided to the NSTA should be clearly marked as such so that the NSTA can apply the relevant IT policies to protect the applicant’s intellectual property.

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**Q7: What is the mechanism for the Licensee dropping the licence between phases of the Initial Term. For instance, if the licensee does not see sufficient potential after Phase A, are they able to relinquish the licence at that stage, before committing to seismic acquisition in Phase B? Considering the points system then, is seismic acquisition within the Geotechnical work programme considered to be ‘committed’, or can an applicant be awarded points for including seismic in Phase B, even though the licence is starting with, and can be dropped after, Phase A?**

**A7:** As per clause 4 of the [Licence model clauses](https://www.nstauthority.co.uk/media/3938/draft-model-clauses-regulation-17.pdf), an Applicant for a Phase A Innovate Licence who fulfills the Work Programme for that phase need not continue the licence into Phase B if the evidence does not support further work. A discussion will take place as necessary with the NSTA towards the end of each Phase to determine whether or not the Licensees wish the licence to continue into the next phase, and if so what the actual programme of work will be.  Entry to Phase C will be on the premise of a Firm well only.

If Contingent seismic is indicated in the subsequent Phase B, where the start phase is Phase A, the discussion indicated above will determine whether the licence would continue into Phase B with the Contingent seismic, which at that point would become a Firm work programme obligation.

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**Q8: What is the definition of contingent seismic?**

**PA8:** An applicant may wish to bid a Firm Phase A work programme, followed by a Contingent Phase B work programme. The contingency may the result of certain conditions being or not being met as the result of the work conducted in Phase A, e.g., the results of seismic reprocessing in Phase A. These conditions should be defined in the licence round application and they will be discussed in the Application Interview.

Where Contingent seismic is agreed and included in the licence work programme in the subsequent Phase B, there will be a discussion towards the end of the previous Phase A prior to either progressing into Phase B, or relinquishing the licence. The NSTA will assess the interpretation made by the Licensees at the time and will not allow the licence to continue into Phase B unless the seismic acquisition is confirmed. If however it is agreed that new seismic acquisition is not necessary, either the licence will be relinquished, or may in exceptional circumstances be allowed to continue into Phase B, without the need to shoot new seismic data.

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**Q9: In the situation where an application is made for a licence comprising multiple blocks, with Phase C as the start phase and a single firm well commitment, do the 100 marks (assuming short duration) apply just to the block which contains the ready-to-drill prospect, or to every block comprising the licence application?**

**A9:** As the marking will be comparative on a block by block basis, the Marks will be associated with the block or blocks where the prospect is situated. If a prospect is split between, say, two blocks then the NSTA may allocate half the marks to one block and half to the adjacent block but only where that is comparable with any competing Application. If a prospect is perceived to be the same opportunity even if it is mapped in a slightly different location on competing applications, then the Marks allocated will reflect the similarities

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**Q10: As a follow-up question Q9, if the same scenario applied but with two Firm well commitments, how are marks awarded for this? The Marks Scheme almost suggests that marks are only awarded for the phasing (applied across an entire licence application), but not for the number of wells an applicant is committing to drill. It would seem logical for additional marks to be awarded for a multiple well commitment, but it’s currently not clear how this would be applied from the Marks Scheme?**

**A10:** Only one Firm well will be marked per potential licence, *unless it is unambiguously clear that the wells will test different targets*

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**Q11: Please can you clarify a query regarding the** [**Marks Scheme reference document**](https://emea01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.ogauthority.co.uk%2Fmedia%2F3974%2Fmarks-scheme-reference-sheet.pdf&data=02%7C01%7Cjen.brzozowska%40ogauthority.co.uk%7Cbbcea955725546a6ee8708d519fee21d%7Ce681c59d868e488780face36f1f21b0f%7C0%7C1%7C636443504866401298&sdata=dwptj79q9njr3B5sZLPpHbkEzIG9NXuKJCnx5RheWes%3D&reserved=0)**.**

**Per the “β” note it states that “An above-ground evaluation should be provided for all applications where the Initial Term is Phase C or the licence start term is the Second Term”.  Should this be interpreted as:**

1. **All submissions will be marked on their Above Ground Evaluation, but it is mandatory for Phase C or Second Term applications, OR**
2. **Only applications for Phase C or Second Term should have an Above Ground Evaluation and it will not contribute to marks for Phase A or B applications.**

**A11:** Above-ground evaluation would be expected for all applications starting in Phase C of the Initial Term or if the Licence start term is the Second Term. However, where a well-thought out, relevant, above-ground evaluation is submitted for a Phase A/B Application, the NSTA would mark it.

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**Q12: Is there any more detailed official guidance regarding what is expected in terms of the above ground evaluation?**

**A12:** The NSTA has not provided guidance for any of the three areas in the Above-Ground Evaluation as it is difficult to be prescriptive. Information provided will be assessed (as stated above) on its relevance to the prospectivity and the area concerned.

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**Q13:** **If a Licensee enters into a Phase A Initial Term licence and proposes to move into Phase C and drill a well after x years, is is possible to drill a well earlier if progress is made quicker than planned in the study phase (Phase A)? Or is it also possible to first move into Phase B before and delaying Phase C possibly. In other words, can the proposed Work Programme be adjusted along the way with new data coming to light?**

**A13:** The Innovate Licence is devised to be flexible; the Applicant is able to specify the Work Programme and timescale that suits the prospectivity they have identified, within a framework. There is nothing to prevent the successful Applicant from drilling earlier than originally proposed (although this should be discussed with the NSTA).. Licensees would not be allowed to move into a subsequent Phase B if this had not been included in the original licence Work Programme.

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**Q14:** **In the Seaward Marks Scheme Summary under the section "Geotechnical database used", the use of 3D seismic gets 40 marks maximum whereas Well Data gets 5 marks maximum. Is this 5 marks per well or 5 marks for using every available well? Wells provide as much information relevant to petroleum production as seismic data and should receive comparable weighting.**

**A14:** In the Marks Scheme the “Geotechnical database used” Well Data is 5 Marks (max) overall as the NSTA would expect the Applicant to have reviewed all appropriate well data in the area of the block(s) they are applying for. Well data is comparatively easy and also freely available to access via the National Data Repository (NDR).  Enhanced well datasets can also be purchased from appointed release agents

Similarly it would be expected that the available seismic data would have been reviewed but as this is usually subject to purchasing a licence to view, with varying costs associated, if an Applicant can demonstrate that it has done this then it will attract some Marks.

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**Q15:** **With regard to the potential work programme marks, would a seismic purchase in Phase A gain a maximum of 20 points as detailed in the “Geotechnical work programme” section or 30 points (20 plus a potential 10 for short duration as detailed in the “Phase Timing Mark” section)?**

**Likewise, would shooting a new 3D seismic in Phase B, gain a maximum of 60 points as indicated in the Geotechnical Work Programme section or 100 (60 + 40 for short duration)?**

**Please can the NSTA also confirm that you would potentially get zero marks for a proposed Phase B work programme if you entered the licence in Phase A**

**A15:** An Application where the Start Phase is Phase A could attract 20 marks for 3D seismic purchase (maximum; depending on the type of seismic data) plus 10 marks for phase timing (maximum; short phase timing). An Application where the Start Phase is Phase B (ie shooting new seismic) could attract 60 marks for the new 3D shoot seismic (maximum; depending on the type of seismic data) plus 40 marks for phase timing (maximum; short phase timing). This would be in addition to any marks awarded for previously purchased or reprocessed seismic which will attract the relevant marks in the ‘Geotechnical Database Used’ section.

If the Start Phase is Phase A then Applicants would only attract marks pertaining to the Phase A Work Programme.

If new seismic acquisition is being made as a Firm commitment, then the Start Phase should be Phase B. There is nothing preventing other studies being included in Phase B at the same time. However, if any other studies or reprocessing are to be undertaken to inform whether new seismic should be shot, then this would be classed as having a Phase A start followed by a Contingent Phase B work programme.

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**Q16:** **When defining the work programme on a block-by-block basis, a well commitment is required. If a prospect is straddling block boundaries, is the well, intended to test the prospect to be listed for each of the blocks? In this case, on a per block basis, multiple wells would be listed, but the joint work programme for all blocks combined (the licence work programme) would only contain a single well.**

**A16:** Where it is obvious that a prospect straddles one or more blocks, the NSTA will check the Joint Work Programme, which should only be for one well if both blocks are being applied for to be awarded as part of a single licence. At the application stage however, a Work Programme for each block being applied for should still be supplied.

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**Q17**: **It appears that there are 40 marks available for 3D seismic used for the application, and a further 20 marks available should a client commit to purchase 3D seismic after award. If a company has licensed the latest available commercial 3D broadband seismic data over a block before application, would they also receive the 20 marks for seismic purchase under the geotechnical work program considering there is no ‘newer/better’ seismic for them to purchase? We assume that it is considered preferable to use the latest data for application and that there is no penalty to then continue to use these data for the work program.**

**A17:** Under the Asset Stewardship Expectation SE-03 “[Optimum Use of Subsurface Data](https://www.nstauthority.co.uk/media/5896/oga_se3_use_of_subsurface_data_july_2019.pdf)”, the NSTA expects that potential licensees make optimal use of geophysical data. During the licence application process this includes identifying what available data sets are “most pertinent for characterising, evaluating and exploiting the subsurface in the relevant term”. When evaluating an application, a range of marks from 0-40 will be awarded for the type and amount of 3D seismic data used in the interpretation described in the application, with the most appropriate datasets attracting the highest marks.

If an Applicant already has access to and has used all the most appropriate data over the application area, no marks will be awarded for purchase in the future Geotechnical Work Programme, i.e. the NSTA will not ‘double-dip’. If, however the Applicant proposes purchasing more data to fill in areas currently not covered, or will extend coverage regionally, a range of marks form 0-20 will be awarded. Additionally if an Applicant proposes to produce or purchase a new reprocessed volume over existing owned or licensed data, a range of 0-10 marks will be awarded.

As a basic principle, an Applicant who currently has the most appropriate data, will always achieve higher marks than an Applicant who proposes to purchase the data at a later date.

Companies that have access to, and have fully used, the most appropriate/optimal datasets at application stage also tend to produce a more robust technical assessment and forward plan, and may therefore be more likely to receive higher marks elsewhere in the Marks Scheme. This may outweigh any marks that may be available for future data purchases, and therefore the NSTA would encourage Applicants to produce their best technical assessment and offer an appropriate work programme at licence application stage in order to maximise the chance of an offer of award..

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**Q18:** **Our company is currently in discussions with a seismic provider, looking for pre-funding to shoot a multiclient 3D survey.**

1. **If an operator decided to proceed with this prefunding, would the NSTA’s mark scheme classify this as a purchase of data or as the shooting of new seismic?**
2. **How would the timing of the above transaction affect the marks awarded in the licensing round. For example, if the data was paid for in advance of the licence application, could it then be included in the work programme? The timing of the round deadline may also mean that despite pre-funding the seismic, the data would not be available early enough to be used for prospect definition. As such, would it be advisable to delay the pre-funding of the seismic acquisition so that it can be included in, and therefore attract marks awarded for the proposed work programme in the licence application?**
3. **How is the use of regional data rewarded in the mark scheme? For example, if we were to propose the purchase of 3D seismic as part of a licence work programme, would purchasing a greater area of seismic be rewarded with a higher mark than a similar application purchasing data only over the block of interest?**
4. **As an alternative, rather than pre-funding a multi-client acquisition programme, if an Applicant were to propose the acquisition of a proprietary seismic survey in the work programme, would this significantly outweigh any application submitted which only purchases existing seismic? The Marks Scheme indicates that proprietary seismic acquisition would place the application into Phase B rather than Phase A and should be a higher rated application, is this correct?**

**A18:**

1. Prefunded multiclient 3D seismic data is classed as a purchase and is therefore cannot be considered as a Phase B activity. The NSTA will, however, recognise where a company’s pre-funding underpins or has enabled multiclient activity.
2. Marks are only awarded for seismic data used in the application. Where prefunding has occurred, but data has not yet been used/is still in processing/yet to be acquired, the marks assigned for *Geotechnical database used* will only be based on existing data and interpretation. The proposed pre-funded activity would therefore be scored under *Geotechnical work programme.* The NSTA will however recognise the pre-funding over and above a standard proposed purchase post award.
3. The marks awarded for seismic are awarded for each block (*Geotechnical database used* & *Geotechnical work programme*). However, marks are awarded for those elements of a proposed work programme which are considered appropriate to derisking and delineating the area and any prospectivity. If a more regional approach has been demonstrated to tie in appropriate analogues and allow a geological model to be carried into the application area then marks will be allocated on that basis.
4. The acquisition of seismic data on a proprietary basis can attract up to 60 marks depending on the acquisition area and details, and also attract up to 40 marks for Phase B start phase. A seismic purchase can only attract up to 20 marks, plus up to 10 marks dependent on Phase A start phase and duration.

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**Q 19: An application where the Start Phase is Phase B (i.e. shooting new seismic) could attract 60 marks for the new 3D seismic shoot. Is that 60 marks specifically related to the a proprietary 3D seismic acquisition only or would a new multi-client 3D seismic acquisition over the licence area during the Phase B period also fulfil the requirements and also attract 60 marks?**

**A 19:** For an application were the proposed Start Phase is Phase B with Firm New Shoot Seismic, a range of marks from 0-60 will be awarded for the shooting and processing of new seismic, dependant on the type and amount of data obtained. This can apply to both proprietary or multi-client seismic data acquisition, however the acquisition of proprietary data will carry a higher weighting. It is also worth noting that a further 20, 30 or 40 marks can be awarded dependant on the timeframe in which the new seismic data will be available to aid the evaluation of any licence that may be awarded.. By proposing to start in Phase B the Applicant is making a Firm commitment to acquire (i.e. shoot) the seismic data. If the multiclient company later fails to acquire the data, the licensee will still be obliged to acquire the committed survey within the timeframe of that licence phase.

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**Q 20: Please can you explain how multiclient data is used within an application. We understand that points are allocated to companies based on the quality of their application, with one method of improving the quality being the use of higher quality datasets within the application. Please can the NSTA share some any insights on how data is used in an application, for example:**

* **Are data examples shown within an application? If so, are these typically examples of seismic sections, an interpretation of the seismic data, or both?**
* **What reference are Applicants obliged to provide in relation to the data?**
* **Are points awarded just for stating that a certain dataset will be utilised in the licence going forwards, or does Applicant need to prove they have used the data as part of their application?**

**A20:** As part of licence applications, we expect all applicants to provide representative examples of seismic lines used, together with interpretations. They are also required to provide us with a database of all relevant subsurface data they have used in their application.

With regards to points awarded, when evaluating an application, a range of marks from 0-40 will be awarded for the type and amount of seismic data used in the interpretation described in the application with the most appropriate datasets attracting higher marks. If an Applicant already has access to and has used all the most appropriate data over the application area, no marks will be awarded for the purchase of such data in the future Geotechnical Work Programme, i.e. the NSTA will not ‘double-dip’. If however the Applicant proposes purchasing more data to fill in areas currently not covered, or will extend coverage regionally, a range of marks between 0-20 can be awarded. Additionally if an Applicant proposes to produce or purchase a new reprocessed volume over existing owned or licensed data, a range of 0-10 marks may be awarded.

Companies that have access to, and have fully used, the most appropriate/optimal datasets at application stage also tend to produce a more robust technical assessment and forward plan at application stage, and are therefore more likely to receive higher marks elsewhere in the marks scheme. This may outweigh any marks that may be available for future data purchases, and therefore the NSTA would encourage applicants to produce their best technical assessment and offer an appropriate work programme at licence application stage in order to maximise the chance of an offer of award.

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**Q21: If two or more companies are applying together in an area of mutual interest, do both companies submit an application or do they submit a single application with all parties named?**

**A21:** How companies choose to form joint ventures in order to submit licence applications is a matter for the Applicant(s). If companies have agreed to apply together, they are only required to submit a single application for each area they are interested in. This means that each application only needs to be accompanied by one Appendix B and one Appendix C document plus any other supporting maps, shapefiles etc as outline in the published licence application [general/technical] guidance. Each company on an application will, however, be required to submit their own Appendix A information to enable the NSTA to complete its financial assessment of all companies associated with a licence application.

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**Q22: We would potentially like to apply for a single block identified as part of one of the SNS Priority Clusters. Do we have to apply for all the blocks in that cluster?**

**A22:** No.- Applicants can apply for any of the blocks/part blocks offered by the NSTA in the 33rd Round individually or as a group, including those identified as part of the Priority Clusters. The NSTA identified a number of undeveloped prospect and discoveries in the SNS and grouped them as potential opportunities that may be more attractive as a whole. It is up to individual applicants how they apply for them.

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**Q23: In previous rounds I recall a limit on Appendix B pages and file size input into LARRY. Are there any limits on size of pdf for uploading to LARRY?**

**A23:** As per the information given on page 26 of the Guidance about the use of LARRY , the size limit for uploads to the Portal is 50MB per file.

 <https://www.nstauthority.co.uk/media/8419/larry-industry-guidance-7-october-2022.pdf>

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**Q24: Is block 113/28 on offer for application. It appears on the map, but not in the block listing.**

**A24:** Block 113/28 is **not** available for application. This block was excluded by the Crown Estate and is not included the block listing or in the LARRY system. Whilst every endeavour is made to ensure the map is correct, should there be any discrepancies between the map and the LARRY block listing, it is always the LARRY listing that takes precedent.

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**Q25: There doesn’t appear to be an option to create a license that is “Straight to 2nd Term”. Only Phase A/B or Phase C.**

**A25:** There is no specific option to select a Straight to Second Term option in the LARRY application system.

Paragraph 31 of the Technical Guidance issued at the opening of the Round states;

*“When creating a new application in LARRY, an Applicant that proposes to move Straight to Second Term (e.g. for development of an existing discovery or re-development of an existing field where production has ceased) should select ‘Innovate with Phase C only’ , but make it clear in the application that a Second Term start for the licence is being requested. If the NSTA agrees, then neither an Initial Term nor a formal Exploration and Appraisal Work Programme will be needed. Nevertheless, the applicant should propose a Work Programme to firm up its plans or analysis in case the NSTA does not agree that it is realistic to move straight to Second Term.”*

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**Q26: We read from the NSTA’s Technical Guidance on the application for a Production Licence that for each separate application the ‘combination of Terms and Phases’ needs to remain ‘the same across all blocks applied for’ (Section 1.a.7). How does this rule apply given that applicants are being encouraged to submit an Area Plan?**

**Can an Appendix B application be a combination of Second Term for Undeveloped Field xx + Phase A/B/C for additional undeveloped discoveries or prospects? Therefore, tying it all together under the same Area Plan.**

**A26:** In short No. The guidance is clear, if applying for one or more blocks with a proposed “Straight to Second Term” and other blocks with a Phased Initial Term they should be submitted as separate applications.

The ‘Area Plan’ element of the Appendix B may link them as part of a wider development approach and help explain why you are applying for different combinations of blocks and work programmes, but as required since the full introduction of the Innovate Licences in the 30th Round, and stated in the Technical Guidance issued at the opening of the 33rd Round (section 1.a.7) “*Separate applications should be submitted for each area where there are different Licensee or Term/Phase combinations*”.

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**Q27:** **We noticed in the 32nd Licence Awards there were a number of ‘merge with’ licences. Do you have any information on what qualifies for this type of licence? And how we would go about applying for it?**

**A27:** In exceptional cases the NSTA may consider merging a block or blocks applied for in the current round with an already existing Licence. This would only be considered where there is clear evidence that the additional prospectivity/opportunity applied for, is geologically linked with a prospect, discovery or field already held (all geological risks are shared). i.e. the mapped feature extends into the open block(s) and a separate well would not be required to prove up the presence of hydrocarbon in the case of a prospect or additional resources in the case of a discovery or field.

Note that if a block or blocks are merged with an existing Licence, they will adopt the timeline (schedule) and work programme commitments of the original licence. Applicants should make it clear in the Appendix B and LARRY application form of the proposed merger and identify which licence the applied for blocks will be merged with. Applicants should indicate which Term/Phase the blocks will start with (in line with the existing licence). If blocks are merged into an existing licence, the NSTA would not envisage having to vary (extend) the duration of individual Phase or Terms as a result of adding extra blocks, either at the time of application or in the future.

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**Q28: It is unclear to us whether we should apply for a Second Term or Phase C. As I understand it Second Term would mean we have ready made wells on the field to be connected and produced. If this is not the case and we need to drill new well(s) we need to apply for Phase C. Can you please confirm?**

**A28:** As per the Technical Guidance clause 19, only where an applicant does not consider any further exploration is needed should an applicant consider proposing going straight to development (i.e. **Straight to Second Term**). In other words, the opportunity already has a discovery well on it. The Second Term is a period for appraisal and obtaining Development and Production Consent, including the submission of the Field Development Plan.

Clause 31 states;- *“when creating a new application in LARRY, an Applicant that proposes to move Straight to Second Term (e.g. for development of an existing discovery or re-development of an existing field where production has ceased) should select ‘Innovate with Phase C only’ , but make it clear in the application that a Second Term start for the licence is being requested. If the NSTA agrees, then neither an Initial Term nor a formal Exploration and Appraisal Work Programme will be needed. Nevertheless, the applicant should propose a Work Programme to firm up its plans or analysis in case the NSTA does not agree that it is realistic to move straight to Second Term.”*

The other thing to bear in mind is that the Licence fees increase from £150 per km2 in Initial Term Phase C to £300 per km2 in the Second Term in the 1st year and then significantly increase each of the following years.

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**Q29: Regarding the Phase C Firm Well timing, there are 3 different time frames : short / Mid / Long. Can you please give us further information about these time frames ?**

**A29:** Clause 20 of the Technical Guidance states;- “ *A firm commitment to drill a well (a “Firm well”) will only be considered by the NSTA where the drilling decision does not require any further work, analysis etc, and so will not be considered where there is either a Phase A or a Phase B proposed. If a firm well is to be proposed, the Work Programme would commence with Phase C, with a maximum duration of 4 years, with the first year or two solely for well planning, ordering long lead items and site surveying.”*

The “Duration” of the Phase C time commitment will partially depend on the technical difficulty of the proposed well; HPHT, Long step out, number of side-tracks etc. It will also be dependent on the maturity of the well planning and consents required to drill the well. As a general guide, Long= 4 years, Mid= 2-3 years, Short =1-2 Years.

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**Q30: My understanding is that you can combine applications that start in Phase A and Phase B together into a single LARRY application (assuming partners/equities/administrator is the same). Can you combine Phase C and straight to 2nd term applications together into a single LARRY applications?**

**A30:** As per paragraph 7 of the Technical Guidance, each application “can contain up to 20 blocks or part blocks as long as the composition of Licensees in the application and the combination of Terms and Phases is the same across all blocks applied for. Separate applications should be submitted for each area where there are different Licensee or Term/Phase combinations”. i.e all blocks in the same application start in the same Term and/or Phase, this would include Initial term Phase C or “Straight to Second Term”. Applicants cannot combine blocks that start with Phase A with blocks that start with Phase B. Note however, each individual block should have its own specific work programme, but where applicants are proposing to combine blocks into a single Licence, this should be indicated in the Appendix B and LARRY Application form.

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**Q31: Can you please clarify, in respect of a potential  application for an Innovate production licence in the latest seaward round, by a micro organisation: Has the Levy fully replaced the Rental charges on acreage?  There are still some residual references to 'rental' in the documentation. If rental persists, which document prescribes the amounts to be paid?**

**A31:** There are two annual charges related to Seaward Petroleum Licences. There is the Rental Fees which are defined in Schedule 2 of the Licence, and for the 33rd Round laid out in Annex 1 of the General Guidance. [33rd Licensing Round General Guidance (nstauthority.co.uk)](https://www.nstauthority.co.uk/media/8415/33rd-licensing-round-general-guidance-7-october.pdf). These are collected by the NSTA on behalf of HM Treasury and are invoiced on or just after the anniversary (start) date of the licence.

Secondly there is the Industry Levy which is charged to licence holders to fund the NSTA, in line with the established principle across regulation and service delivery of ‘user pays’. The Levy is calculated on the 1st of April each year. See link to NSTA website for further details  [North Sea Transition Authority (NSTA): Industry levy](https://www.nstauthority.co.uk/regulatory-framework/legislative-context/industry-levy/)

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**Q32: If an applicant wishes to apply for only part of an available block, are there any restrictions as to the shape of the area applied for?**

**We have reviewed the General Guidance for the round and, while it states that very small or very irregular areas will not be awarded, there is no specific guidance as to shape. We are aware that licence relinquishment areas are restricted as to their shape (they must be bounded by minute lines of latitude extending not less than two minutes of longitude and minute lines of longitude extending not less than two minutes of latitude), their area (they must consist of not less than thirty sections), and their position with reference to block boundaries (they must either coincide with the corresponding boundaries of the block or be not less than two sections distant from them). Do similar restrictions apply to licence application areas?**

**A32:** When making an application in LARRY applicants will have to select the whole block/part block that is offered, but can then indicate the priority area in the Application form and make it clear in Appendix B. The NSTA will then discuss with the applicant the reasoning behind applying for the sub-area in the post application interview. The NSTA will be guided by similar area requirements to the Licence restriction, but at the application stage as long as the priority area is constrained by whole minutes of Latitude and Longitude, the NSTA will consider any reasonable shape.

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**Q33: Can you confirm that the maximum time for the initial term is six (6) years ?**

**If an eight (8) year term was appropriate with an appropriate work programme, would that be accepted ?**

**A33:** As defined in paragraph 21 of the Technical Guidance issued at the opening of the Round;

[33rd Licensing Round technical Guidance](https://www.nstauthority.co.uk/media/8416/33rd-licensing-round-technical-guidance-7-october.pdf)

*“For the areas included in the 33rd Round, the NSTA expects that applicants will request Initial Term durations of* ***no longer than 6 years*** *as the areas offered are considered to be relatively mature.”*

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**Q34: In previous rounds a document of “other regulatory issues” has been provided with seasonal restrictions etc. highlighted. I cannot find this online, can you please confirm if this has been provided for this round and if so how I can access this?**

**A 34:** This document has not been provided for this Round. The block listing issued at the opening of the Round contains information of known overlaps with Windfarm and CCS applications and MOD restrictions.

For environmental issues, applicants are guided to the OESEA4 [UK Offshore Energy Strategic Environmental Assessment 4 (OESEA4) - GOV.UK (www.gov.uk)](https://www.gov.uk/government/consultations/uk-offshore-energy-strategic-environmental-assessment-4-oesea4), and as per the section **k. Other Seabed Users** in the [General Guidance](https://www.nstauthority.co.uk/media/8415/33rd-licensing-round-general-guidance-7-october.pdf) published at the opening of the Round, in particular paragraphs 67 & 68, Applicants are guided to the JNCC for more information on the UK Marine Conservation Zones and Marine Protected Areas

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**Q 35: The Appendix A section of the LARRY application asks for a yearly breakdown of Overall Expenditure – split into Firm/Contingent/Drill-or-drop. Is this expenditure for wells only?**

**A 35:** No costing data is required for applications for Innovate Licences commencing at Phase A/B. However, where costing data is required, we expect costings to be provided for the whole work programme being proposed, not just well costings.

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**Q36: In the application guidance it states “The NSTA considers a fit-for-purpose application to be a report at most 50 pages long, including relevant maps and seismic sections indicating well ties, where appropriate”. Am I understanding this correctly that the expectation is that the entire appendix B should be at most 50 pages?? It seems overly short given all of the sections that applicants are expected to provide within that appendix. Will companies be penalised for going far beyond the 50 pages.**

**A36:** No you will not be penalised for going over, its just that the geology of the UKCS is well known, so there does not need to be a whole lot of background information, unless it is pertinent to the opportunity being applied for.

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**Q37: Please can you advise what financial information NSTA needs from applicants when applying for licences in the 33rd Round either to Phase A work programme or straight to second term?**

**A37**: Licensees are required to submit the financial information as detailed in the appropriate column of the information matrix which can be found on the last page of NSTA’s financial guidance <https://www.nstauthority.co.uk/media/8011/financial-guidance-august-2018.pdf>

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**Q38:** **Ahead of 33rd Round licence applications being submitted on or before 12th Jan; we had a few clarifications on the ‘Alternative Payment’ option for the submissions (section 4.2 on the attached guidance).

Upon filling out the details shown in Figure 4.16, then clicking submit alternative payment - At this point, is the application officially submitted, or is the application on hold pending the payment of the invoice to be issued by NSTA?

A38:** Once the Alternative Payment Method is selected and the onscreen information is completed, the application will be submitted.

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**Q39:** **We have a questions regarding ‘Straight to Second Term’ licence applications in the 33rd Licensing Round.**

**We are considering such an application where no further E&A wells are necessary and the structure within the area of application is deemed sufficiently appraised to proceed to a development work programme.**

**We understand that, as stated in the technical guidance, financial capability of any work programme should be demonstrated.**

**For a “Straight to Second Term” licence application, does this mean the work programme envisaged in the Second Term, i.e. Concept Selection, FEED, surveys, and the preparation of an FDP and other supporting permitry up to a Final Investment Decision, or the cost of the development itself?**

**Our understanding is that financial capability for the development would be demonstrated and assessed at the point of FDP approval/production consent, and this would not need to be demonstrated for a “Straight to Second Term” licence award.**

**A39:** Paragraph 31 of the [Technical Guidance issues at the opening of the Round](https://www.nstauthority.co.uk/media/8416/33rd-licensing-round-technical-guidance-7-october.pdf) states;-

*“When creating a new application in LARRY, an Applicant that proposes to move Straight to Second Term (e.g. for development of an existing discovery or re-development of an existing field where production has ceased) should select ‘Innovate with Phase C only’ , but make it clear in the application that a Second Term start for the licence is being requested. If the NSTA agrees, then neither an Initial Term nor a formal Exploration and Appraisal Work Programme will be needed. Nevertheless, the applicant should propose a Work Programme to firm up its plans or analysis in case the NSTA does not agree that it is realistic to move straight to Second Term.”*

Therefore, the applicant should provide the appropriate financial information, as defined in the table on page 21  in the [Financial Guidance](https://www.nstauthority.co.uk/media/8011/financial-guidance-august-2018.pdf), that matches the required proposed work programme.

i.e.- if proposing starting in Phase A or B  then refer to column *“No work programme: Offshore Innovate licences at Phase A or Phase B of the initial term of the licence”*

if proposing starting in Phase C, then refer to column *“Work programme: Onshore licences or any Offshore Innovate Licence that will open with a ‘Phase C’ work programme”*

If starting in the Second Term, the financial checks are to ensure applicants have the capability to produce an FDP, which may not be a significant financial commitment and therefor the approach will be similar to the “*No work programme*” requirements in the Financial Guidance table (page 21). A more detailed financial analysis will be conducted at the point of FSDP submission.

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**Q40:** **The guidance also states that where the NSTA does not agree that it is realistic for a “Straight to Second Term” licence award, the applicant should also propose a Work Programme to firm up its plans or analysis. In this scenario, will the application then be assessed on this alternative work programme through the Licence Round Application Marks Scheme?**

**A40:** The mark scheme will be applied to all applications on a block-by-block basis especially where there is competition. According to the published scheme in Annex 2 of the Technical Guidance, up to 100 marks are available for blocks that start in the Second Term, whereas up to 10, 40 or 100 points are available for licences that start in Phase A, B or C respectively. The marks awarded will be based on the NSTA’s assessment of the applicants proposed stating Phase/Term, not on the Phase/Term that the NSTA may offer.

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**Q41: Following on from Q37, for an applicating starting at Phase A - where an Appendix A is not required - where/how is the information requested in the ‘information matrix’  added to the application?**

**A41:** Please see section **3.12 Finance Information** on page 30 of the LARRY Guidance for how Financial Information is to be submitted. [LARRY Industry Guidance (nstauthority.co.uk)](https://www.nstauthority.co.uk/media/8419/larry-industry-guidance-7-october-2022.pdf)

The Finance Guidance issued at the opening of the Round, details the information required for Licences starting in the Initial Term Phase A or B, this is summarised on the table on page 21. [financial-guidance-august-2018.pdf (nstauthority.co.uk)](https://www.nstauthority.co.uk/media/8011/financial-guidance-august-2018.pdf)

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**Q42: For licences that will start in the initial term Phase A. We are aware that for such an application we must also specify the work program for phase C. In this case is it necessary to specify where the Exploration well will be drilled (which prospect) and to what depth / stratigraphy? If the licence has several competing prospects, and it is not known which would be drilled, how is this handled?**

**A42:** For licence starting in the Initial Term Phase A or B, the well commitment in Phase C does not require the specific location/prospect to be named, but does require a minimum depth commitment, which may or may not include an appropriate ‘whichever is shallower’ type statement.

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**Q43: We have a question on the 50 page guidance, particularly on what is best practice when including figures and tables. Would the NSTA prefer to see a 50 page document with scaled smaller pictures, that can be zoomed in on in Adobe to read, or contain more pages with maps and figures that are better imaged on a full page layout?**

**A43:** The 50-page limit is a rough guide to the size of document to be submitted, if the actual document needs to be more for ease of reading, this is not a problem. However, please bear in mind, as detailed in the LARRY Guidance section 3.8 Appendix B (page 25), the maximum file size that can be uploaded to the Portal is 50MB per file.

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**Q44: With reference to the ‘Technical Guidance’, and the summary table for the prospectivity given below, are there any predefined tables? Is it a predefined table/excel file provided by NSTA or can we create a summary table based on the given example in the guidance (see below).**



**A44:** Within the Appendix B itself there are no predefined tables/excel files that need to be completed, applicants can create a summary table based on the example given. However as part of the LARRY submission, Applicants are required to enter individual Prospect/Opportunity Volumetric and Risk data into pre-defined tables in the LARRY PORTAL (see section 3.5 Prospect/Opportunity pages 15-19 in the LARRY Guidance) [LARRY Industry Guidance (nstauthority.co.uk)](https://www.nstauthority.co.uk/media/8419/larry-industry-guidance-7-october-2022.pdf).

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**Q45: Can the applicant apply for Phase-A or B or C as a starting phase of the initial term with duration of 18 months or 30 months. Options available in phase timing option in LARRY are 1 year, 2 years, 3 years and 4 years no months. Should the applicant apply only with the number of years instead of months?**

**A45:** There is nothing to stop applicants from requesting either Phase or Term durations that are not based on 12 month increments, however, as laid out in the General Guidance issued at the opening of the Round, paragraph 14; “*The NSTA has discretion in deciding whether or not to issue a licence and, if so, to whom and on what conditions.”* [33rd Licensing Round General Guidance](https://www.nstauthority.co.uk/media/8415/33rd-licensing-round-general-guidance-7-october.pdf)

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**Q46: If there is a joint bid by two or more companies, what happens if one of the parties withdraws before the awards are announced? Does the whole bid have to be withdrawn, or can the remaining parties continue with their bid without the withdrawing party?**

**A46:** Yes, the remaining companies can continue with the bid at an increased equity. What we cannot accept is a new company joining the group after submission but before the offer is made and accepted.

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**Q47: We have followed the guidance in the table shown on page 21 of the NSTA’s Financial Guidance document. However, when we come to submit these reports into LARRY we see there is also an additional table to be filled in *Existing UKCS Capital Commitments – Net Costs*, and these details are requested by individual licence. Can I clarify if these numbers are point forward commitments as of today that are registered with the NSTA, and therefore does not include any past commitments relating to historical FDPs or any ongoing/planned capital expenditure on producing fields?**

**A47:** For each existing UK Licence we are looking for costings for unfulfilled work programmes and other agreed and unexpended CAPEX such as FDPs.

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**Q48: We are unable to add Block 21/19e containing the Eagle Discovery. I received a pop-up message saying that ‘This block is not currently on offer’. The Eagle discovery in Block 21/19e was listed as one of NSTA’s featured opportunity and there is a downloadable slide deck on the Eagle Discovery.**

**A48:** The 33rd Round was opened on the 7th October 2022, with a further addition 13 blocks on the 13th October 2022 (following clearance by the MOD) .

This part block was created following a partial relinquishment of block 21/19a (P238) on the 31st October 2022.

The NSTA can only offer blocks for application that are relinquished at the opening of the Round.

Block 21/19e was not relinquished by the 07/10/22 and therefore as you have stated, it did not appear on the list of blocks offered in the 33rd Round nor did it appear as such on the interactive map on our website.

As you may appreciate the Featured Discoveries data pack was put together over a number of months prior to the opening of the Round and would have included a number of opportunities that may or may not be relinquished in time for offering in the Round. Whilst the NSTA makes every endeavour to ensure only information on opportunities that are available for application are published , the definitive list of blocks on offer, is that created in LARRY at the opening of the Round and listed in the ‘List of offshore blocks on offer’

[33rd-round-block-listing-13\_10\_22-inc-additional-blocks.xlsx (live.com)](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.nstauthority.co.uk%2Fmedia%2F8438%2F33rd-round-block-listing-13_10_22-inc-additional-blocks.xlsx&wdOrigin=BROWSELINK)

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**Q49: I was hoping you could clarify the expectations regarding the technology plan for the 33R applications? We see that it is included in the Marks Scheme but there is no guidance to indicate that it is required as part of Appendix B content?**

**Is the expectation that we should provide/upload our current UKCS technology plan (As required under SE-08) to LARRY? Or is there an expectation to include a description of the applicants relevant technical capability in the Appendix B ?**

**A49:** The Technical Guidance issued at the opening of the Round states that:-

*Applicants should make clear how all activities, studies and research it proposes (Including Technology Plans) are relevant to:*

1. *the way in which the licence activities will be carried out, and/or*
2. *to the applicant’s technical capability.*

*If the NSTA feels that such proposals are not relevant to the above, then they will not be awarded marks.*

I would therefor include a copy of any Technology Plan you have as required by SE-08 and highlight any specific technologies that may be relevant to the opportunities identified in your application.