

Guidelines relating to consent for commencement and continuation within the resource management area

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1. Introduction

About the consent for commencement and continuation scheme

The authorities must follow-up the implementation of key decisions. An overall consideration in the resource management is ensuring prudent production; cf. Section 4-1 of the Petroleum Act. The requirements stipulate that the licensee must continuously assess production strategies and technical solutions and implement necessary measures, so resources are not squandered.

The licensee will have a continuous obligation to ensure that the facilities used for the activity are always equipped and designed in a manner which contributes to the best possible production of the reservoir within prudent technical and financial frameworks.

The consent for resource management shall contribute to follow up that the licensee carries out its activities pursuant to regulations and previous decisions. The consent entails an inspection to ensure that the resource-related terms and preconditions provided in connection with approvals of plans for development and operation (PDOs), plans for installation and operation (PIOs) and decommissioning decisions are fulfilled.

The consent scheme also includes any nonconformity and change to the preconditions after a decision has been made, but which do not require a new or amended PDO or PIO. Such factors could include new information about the reservoir, changed capacity needs, new technology, amended costs, etc.

The consent scheme is delegated to the Norwegian Petroleum Directorate (NPD) by the Ministry of Petroleum and Energy (MPE) by a letter dated 27 November 2006. The resource consent is an independent consent which is not included in other consent schemes within the petroleum regulations. The case processing time is still within the timeframes used by the HSE regulations.

1.1 Wording of the regulations

Section 30a of the Petroleum Regulations relating to commencement and continuation

Before a licensee may carry out petroleum activities as referred to in items a) to c) below, the consent of the Ministry of Petroleum and Energy or whomever it authorizes is required for the commencement or continuation of petroleum activities.

Consent as referred to in the first paragraph must be obtained:

- a) Before a facility or part of a facility is initially put to use;*
- b) Before a facility or part of a facility is put to use after major reconstructions or modifications have been carried out, or before a change of the purpose for which the facility was originally approved in a Plan for development and operation or in a Plan to install and operate facilities, or in a decision relating to disposal; cf. the Act Sections 4-2 and 4-3.*
- c) Before a facility is used beyond the time for which it was originally built and the conditions on which the approval of the facility were based in a Plan for development and operation or in a Plan to install and operate the facility, or in a decision relating to disposal; cf. the Act Sections 4-2, 4-3 and 5-3.*

1.2 Practical application of the consent scheme

The provision entails that the licensee must have separate consent for commencement and to continue its petroleum activity in a new phase. The consent scheme also includes consent before using the measurement system. This is regulated separately in Section 18 of the Measurement Regulations.

According to its wording, Section 30a of the Petroleum Regulations addresses the individual facility. However, the individual facility must always be considered along with the field, transport or utilisation.

Consent for commencement and continuation is required at the following milestones:

- Before commencement of facility after PDO/PIO or exemption from such plans
- Before commencement after amended PDO or PIO
- Before commencement after implementation of major reconstructions or modifications, or before changing the usage of the facility which is not included in the approved plan for development and operation or permit for installation and operation or decision relating to disposal
- Before use of facility beyond approved lifetime, etc.
- Before final shutdown of operations of a facility or a field
- Before implementing final disposal pursuant to a decision relating to disposal

2. Application for consent

A precondition for an efficient consent processing is that the licensee provides information regarding any nonconformity from originally approved plans early on. In the time from when an authority decision related to a PDO, PIO or disposal has been made, until implementation is complete, experience shows that new factors can entail a need for modifications in relation to the original plans. Changed framework conditions can also impact the project.

Consent applications must normally be submitted nine weeks before consent is required at the latest. For consent applications before use of the facility beyond the approved lifetime, the application must be submitted one year before consent is required. Other deadlines can be agreed as needed. For consent related to the measurement system, the deadline is 20 days before consent is required at the latest. Licensees can therefore apply separately for such consent.

In the application for consent, the licensee must

- confirm whether the previous decision is fulfilled (PDO, PIO, exemption from PDO/PIO, amended PDO/PIO, decision relating to disposal) and provide information regarding changed preconditions in relation to prior decisions
- describe new measures where consent is applied for

Information submitted to the NPD under other provisions in the regulations can be included in the documentation basis. The application must reference such documentation.

Information beyond resource-related factors will only be relevant for the NPD's consent if it has a direct impact on resource-related, including cost-related, assumptions.

2.1 Consent for commencement

Facilities can not be put into use for the first time without receiving consent from the NPD. The same applies after changes in accordance with an amended PDO or PIO. Consent is also required for commencement in those instances where exemptions are granted for PDO or PIO.

The consent application must prove that the development decisions have been fulfilled. Relevant information must be provided regarding changed preconditions and framework conditions. Furthermore, additional information regarding expected capacities, flexibility and regularity must be provided. An overview of the cost development in the project must also be included. Information must be provided as regards the status for fulfilment of any terms for the approval or permit granted.

A status report at the commencement of production pursuant to Section 26 of the Resource Management Regulations is a part of the documentation basis for new fields.

2.2 Consent for commencement after completing reconstruction or modifications, or before changing the usage of the facility

A need may arise for the facilities to be modified in order to adapt to new preconditions. If the modifications on the facility and/or the preconditions for the development are significantly changed, a new or amended plan may be required in such instances. In practice however, necessary modifications on fields and facilities are not normally of a size that would require a new or amended PDO or PIO. Which decision to be used depends on the significance of the reconstruction or modification. It must be clarified with the authorities in advance whether the measures require a new or amended PDO/PIO or only consent for commencement. This entails that the authorities must in any event be involved in such plans at an early phase of the planning, cf. the PDO/PIO guidelines.

Even though a new or amended PDO/PIO is not required, there is still a need for a formalised processing of changes by applying for consent. This can include, e.g. changes to drilling or processing capacity, reduced injection capacity or changes in operational regularity.

Information to be provided relates to what is used as a basis for the measures and which resource-related, including cost-related, effects it will have. This can include, e.g. new knowledge regarding the reservoir, changed operational assumptions, implementation of new technology, tie-in of other facilities, etc.

2.3 Before use of a facility beyond the lifetime and the preconditions used as a basis for approval of the plan for development and operation or permit for installation and operation

Facilities can be used for longer times or with other forms of operation than planned. Normally, such changes will be subject to an amended PDO or PIO.

If use of the facility beyond the operating period and the preconditions used as a basis for previous decisions is not subject to an amended PDO or PIO, the licensee must acquire consent.

The application must document needs and possibilities for measures to optimise the resource utilisation, including third party use of the facility. Hereunder, the facility's suitability or efficiency, the cost picture or third party consideration must be aspects of the consent assessment. The consent within the resource management area thereby is not directed at the facilities' safety-related lifetime, but whether the facility is suited as regards resources under the provided preconditions.

Other relevant solutions than further use of the facility, such as use of others' facilities or new constructions, must be addressed in the application.

2.4 Consent for shutdown of operations

Application for consent must be made before a facility or a field finally shuts down operations.

When the licensee has a specific schedule for shutting down operation of a facility, an application for consent should be submitted.

The application must provide information regarding the reservoir as well as economical and production technical factors that are used as a basis for the licensee's decision to shut down operations on a facility or a field. Any relations to third parties, possible supplementary resources, etc. must be discussed.

2.5 Consent for final disposal pursuant to a decision relating to disposal

Decisions relating to disposal are in many cases available a long time before operations cease and the actual disposal takes place. It is important to follow-up to ensure that the decision relating to disposal is implemented in a cost-efficient manner and pursuant to the preconditions and framework used as a basis for the decision.

Before activity is implemented pursuant to a decision relating to disposal, the licensee must apply for consent to verify that the activity takes place within the framework entailed by the decision relating to disposal.

Development within removal technology, changed framework conditions, etc. can also result in a need for the authorities to assess the planned activity. Emphasis will be placed on assessment of cost-related framework and possibility for increasing efficiency, including cost-savings.