



**NORWEGIAN OFFSHORE
DIRECTORATE**

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

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1. Consent to commencement and continuation¹

Consent to commencement and continuation is regulated by Section 30a of the Petroleum Regulations. The consent scheme is delegated to the Norwegian Petroleum Directorate by the Ministry of Petroleum and Energy (now Norwegian Offshore Directorate and Ministry of Energy) in a letter dated 27 November 2006. The consent regarding resource aspects is an independent consent which is not included in other consent schemes within the petroleum regulations.

An overarching consideration in resource management is to ensure prudent production, cf. Section 4-1 of the Petroleum Act, which stipulates that the licensee must continuously assess production strategies and technical solutions and implement necessary measures, to avoid waste of resources.

Through the consent scheme, the authorities shall follow up that the licensee carries out its activities pursuant to regulations and previous decisions. The consent entails a verification to ensure that the resource-related terms and preconditions given in connection with approval of plans for development and operation (PDOs), licence for installation and operation (PIOs) and decision relating to disposal are fulfilled. Conditions for consent may be stipulated.

Separate consent pursuant to the Measurement Regulations must be applied for. This is not covered in this guideline.

1.1 Wording of the Regulations

Section 30a of the Petroleum Regulations reads as follows:

Section 30a. Consent to commencement and continuation

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

Consent as referenced 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 Hereinafter referred to as consent or the consent scheme

1.2 Specific content of the provision

1.2.1 Facilities subject to consent

According to its wording, Section 30a of the Petroleum Regulations is aimed at individual facilities. However, an individual facility will always have to be considered along with the field, transport or utilisation.

The Petroleum Act's definition of "*facilities*", cf. Section 1-6 litera d) comprises installations, plants and other equipment for petroleum activities, including pipelines and cables. This definition is, as a point of departure, decisive for which facilities are covered by the consent provision, but nevertheless such that the Norwegian Offshore Directorate, based on a resource-related perspective, limits the need for consent to apply to *permanently placed facilities, including pipelines, insofar as they are of significance for resource management*. Drilling of wells or changing the purpose of wells will not trigger the need for a consent.

For onshore plants, the activity must fall under the scope of the Act in order to be subject to the consent provision, cf. Section 1-4 of the Petroleum Act. In the event of doubt, please contact the Norwegian Offshore Directorate to determine whether a consent application is necessary.

1.2.2 Milestones that require consent

The consent provision entails that the licensee must obtain special consent to commencement and continuation of the activity at different milestones. Consent to commencement and continuation is required at the following milestones.

- For initial commencement of a facility or a significant part of a facility pursuant to approved PDO or PIO
- For initial commencement of a facility or a significant part of a facility pursuant to exemption for PDO or PIO
- For initial commencement of a facility or a significant part of a facility pursuant to an amended PDO or PIO
- Before commencement of a facility or a significant part of a facility following major reconstructions or modifications that have been subject to the Ministry's approval or an amended PDO
- Before changing the purpose of the facility which is not covered by an approved PDO or PIO or disposal decision
- Before use of a facility beyond the given lifetime in an approved PDO or PIO or disposal decision

2. Application for consent

2.1 Content of the application

Applications are submitted electronically to the Norwegian Offshore Directorate to postboks@sodir.no.

The licensee must provide an account of the resource-related circumstances in the application for consent. Insofar as possible, the account must cover:

- New measures for which consent is sought, including whether the facility/significant parts of the facility will be used for the first time or whether it has been subject to reconstruction/modifications
- Whether prior decisions have been met (PDO, PIO, exemption from PDO/PIO, amended PDO/PIO, disposal decision), including whether terms in PDO/PIO that are relevant for the commencement date have been met
- Changed preconditions, including changes to framework conditions, reservoir, volume, rates, etc. in relation to previous decisions
- The facility, including flexibility, weight capacity, space capacity, well slots and other capacity
- Cost development and profitability
- Delivery security, including regularity and vulnerability
- Orders from other authorities

All information must be documented. For information submitted to the Norwegian Offshore Directorate pursuant to other provisions in the regulations, the application must provide a reference to such documentation. For information included in the *Status report before start-up of production*, applications for consent pursuant to litera a) may refer in its entirety to this if this is sufficient for the information requested.

Information beyond resource-related factors, including information about costs, will only be relevant for the Norwegian Offshore Directorate's consent if they have a direct impact on these factors.

2.2 Application deadline

An application for consent pursuant to litera a) and b) must be submitted no later than nine weeks before consent is required. For applications for consent prior to use of a facility beyond the approved lifetime pursuant to litera c), the application must be submitted one year before consent is required. Other deadlines can be agreed if necessary. If the deadlines cannot be met, one cannot expect that consent will be granted by the desired date.

Efficient consent processing is contingent upon the licensee informing the Norwegian Offshore Directorate of deviations from originally adopted plans as early as possible.

2.3 Consent pursuant to Section 30a second paragraph, litera a) of the Petroleum Regulations

Facilities or parts of a facility cannot be used *for the first time* until the Norwegian Offshore Directorate has granted consent. This applies in connection with a PDO or PIO, exemption from PDO or PIO and an amended PDO or PIO (Section 4-2 (7) of the Petroleum Act).

For *parts of* a facility that will be used, consent is required in those cases where the part is of a *significant* scope/importance for the resource management.

Use means final commencement of the facility or parts of the facility. Testing does not require consent.

The application for consent must prove that the development was carried out pursuant to the PDO or PIO decision. Information must be provided on changed preconditions and framework conditions. Furthermore, supplementary information must be provided on expected capacities,

flexibility and regularity. An overview of the cost development in the project must also be provided, as well as the status for fulfilment of potential terms of the approval or licence granted.

A status report on commencement of production pursuant to Section 32 of the Resource Management Regulations is part of the documentation basis for new fields. Before the planned production start-up of a field, a status report must be sent to the Norwegian Offshore Directorate pursuant to Section 32 of the Resource Management Regulations. The status report must describe changes that have taken place during the period from PDO approval, potentially from exemption from such a plan, until production start-up. For information included in the *Status report before start-up of production*, applications for consent pursuant to litera a) may refer in its entirety to this if this is sufficient for the information requested.

2.4 Consent pursuant to Section 30a second paragraph, litera b) of the Petroleum Regulations

There may be a need to reconstruct/modify existing facilities or parts of a facility in order to adapt the facility to new preconditions. Presuming that the relevant reconstruction/modification is significant, it will require consent unless the Norwegian Offshore Directorate decides otherwise.

The licensee has a duty to report all such significant changes to the Ministry, cf. Section 4-2(7) of the Petroleum Act, and in this connection, the Ministry shall either approve the change or demand a new or amended PDO or PIO. Consent will normally be required in all cases.

This entails that the authorities must be involved at an early phase of the planning of reconstructions or modifications, cf. PDO and PIO guidelines.

Consent prior to changing the purpose of the facility is required insofar as the change is not comprised by an approved PDO, PIO or disposal decision.

The application for consent must provide information about the basis for the measures and which resource-related, including cost-related, effects they will have. This could include new information about the reservoir, changed operational assumptions, implementation of new technology, tie-in of other facilities, etc.

2.5 Consent pursuant to Section 30a second paragraph, litera c) of the Petroleum Regulations

An application for consent must be submitted before using a facility beyond the approved lifetime.

Different lifetimes may be defined in the PDO or PIO; operating period, production period, financial lifetime or design lifetime/technical lifetime. These will often coincide. Consent pursuant to litera c) is only required at the end of the design lifetime.

The consent within the resource area is not aimed at the facility's safety-related lifetime, but at whether the facility, under the given preconditions, is suited for continuation from a resource perspective. The application must therefore document the need for and possibility of measures

to optimise resource utilisation, including third party use of the facility. The facility's suitability, efficiency, cost development and third-party considerations will be included in the assessment of consent.

Relevant solutions other than further use of the facility, such as use of facilities of other parties or new construction, shall be covered in the application.

The Norwegian Offshore Directorate's consent to continued use of a facility will be limited to the duration of the production licence.

3. Case processing

The Norwegian Offshore Directorate will aim to have a case processing time of nine weeks, including appeal proceedings. This means that the Norwegian Offshore Directorate's consent decision will normally be provided three to four weeks after the application is received. For cases related to litera c), the case processing time is normally somewhat longer.

4. Right of appeal

Consent decisions can be appealed pursuant to Section 28 first paragraph of the Public Administration Act. Appeals are lodged with the Norwegian Offshore Directorate within three weeks after the decision has been received.

5. Exemption

One can apply for an exemption from the duty to apply for consent. A substantiated application for exemption must be submitted to the Norwegian Offshore Directorate as early as possible, but no later than two weeks before the deadline to apply for consent.