



Oil & Gas  
Authority

**Oil & Gas Authority**

21 Bloomsbury St  
London WC1B 3HF

E:

[www.ogauthority.co.uk](http://www.ogauthority.co.uk)

17 July 2018

Island Gas Limited  
7 Down Street  
London  
W1J 7AJ

Dear ,

**LICENCE PEDL257**

Thank you for your letter of **26 February 2018** in which you requested a change in the Drill-or-Drop Period of the Licence.

The model clauses which apply are set out in Schedule 2 to The Petroleum Licensing (Exploration and Production) (Landward Areas) Regulations 2014 (S.I. 1686/2014).

In particular, clause 4 of the Licence sets out:

**Determination of Licence during Initial Term where a Drill-or-Drop Period is specified**

- 4. (1)** *Where a Drill-or-Drop Period is specified, this licence shall, unless the Minister [the OGA] in his discretion decides otherwise, automatically cease and determine on the expiry of that period in the event of failure by the Licensee before the expiry of that period to-*
- (a) take the actions that are described in Part 1 of the Work Programme;*  
*and*
  - (b) undertake to complete on or before the expiry of the Initial Term the work described in Part 2 of the Work Programme.*
- (2)** *In this clause, "Drill-or-Drop Period" means the period (if any) specified as such in Schedule 5 to this Licence.*

*[Pursuant to Schedule 5, the Drill-or-Drop Period will expire on 20 July 2018 being the period of **two years** beginning with the Start Date (21 July 2016).]*

In accordance with clause 4.1 of the Licence the OGA hereby exercise its discretion such that the Drill-or-Drop Period is now the period of **five years** beginning from the Start Date (i.e. by the end of the Initial Term).

I would like to point out that, among other things, the Licensee is obliged to complete the work programme before the expiry of the Initial Term (as provided for under clause 5(1)(b) of the Licence).

Please confirm in writing that Island Gas Limited acknowledges and agrees to the above.

Yours sincerely,

Licensing & Consents