



SANCTION NOTICE

To: Apache Beryl I Limited
Address: **Company Number: BR000651**
Caledonia House
Prime Four Business Park,
Aberdeen
AB15 8PU

To: Apache Beryl I Limited
Address: **Company Number: FC005975**
Century Yard Cricket Square,
PO Box 1111,
George Town,
Ky1-1102,
Cayman Islands

Date: 25 June 2026

1. SANCTION NOTICE

- 1.1. This Sanction Notice is given to Apache Beryl I Limited ("**Apache**") pursuant to section 42 of the Energy Act 2016 (the "**2016 Act**").
- 1.2. For the reasons given in this Sanction Notice, the North Sea Transition Authority ("**NSTA**") gives a Sanction Notice to Apache for its failure to comply with a petroleum-related requirement in the form of a Financial Penalty Notice which imposes on Apache a financial penalty of **£75,000** (seventy-five thousand pounds).

2. SUMMARY OF FACTS

- 2.1. This Sanction Notice relates to Apache exceeding by 5,526 thousand cubic metres ("**ksm3**") the consent granted to it by the NSTA to produce gas in connection with activities it carried out under petroleum licences issued for the Nevis field ("**the Field**"). The exceedance occurred in relation to the annual production consent granted to Apache for the Field for the period from **1**

January 2024 to 31 December 2024 (the “Consent”). Information supplied by Apache indicates the consent was breached on **22 July 2024**.

3. BACKGROUND

- 3.1 The Consent allowed Apache to get petroleum from the Field only in quantities which were neither greater than the maximum of the average rate of 0.42 thousand cubic metres of oil per day (“**km³/d**”) and 123.99 thousand cubic metres of gas per day (“**ksm³/d**”) nor less than the minimum of the average rate of 0.11 km³/d of oil per day and 31 ksm³/d of gas per day, amounting to a cumulative limit of 45,380 ksm³ of gas for the 366-day period **1 January 2024 to 31 December 2024**. The Consent was issued on **15 December 2023** in relation to licences P139, P254 and P337.
- 3.2 On **28 August 2024**, Apache submitted a short-term production consent application to the NSTA in order to increase the maximum consented volume of gas production for 2024. Apache’s rationale was “*Request to increase Gas production due to well performance better than forecast in 2024, as well as good platform uptime*”. Apache said it submitted the short-term production consent application “*to ensure continued compliance in light of updated production forecasts*”.
- 3.3 The short-term production consent application was rejected by the NSTA on **4 September 2024** on the basis that a revision should have been submitted instead. At this point the NSTA was unaware that the Consent had been exceeded and its normal process if a consent has not been exceeded is to manage a change to a consent via a consent revision and not an application for a new consent.
- 3.4 On **16 September 2024**, the NSTA checked the production data submitted to the NSTA by Apache, which appeared to show that the Field had exceeded the maximum consented volume of gas production in mid-July 2024, and on **19 September 2024** the NSTA informed Apache that it had exceeded the Consent. Apache subsequently confirmed the Consent had been exceeded on **22 July 2024**.
- 3.5 A Consent Stewardship Meeting was held between the NSTA and Apache on **25 September 2024** in which:
 - a. Apache admitted to the Consent exceedance.
 - b. Apache informed the NSTA that production had been shut in at the Field since **24 September 2024** due to the Consent exceedance.
 - c. Apache explained that there had been increased gas production from two out of six Nevis wells from **April 2024** onwards and that this was the reason for the exceedance.
 - d. Apache said its system for tracking consents flagged and identified on **3 July 2024** that a possible exceedance would occur. Following this flag, Apache said it reviewed production forecasts and that on **16 July 2024** a consent revision was developed internally and a short-term production consent application submitted to the NSTA on **28 August 2024**.
 - e. Following an outage, Apache said it restarted the Field on **20 September 2024** in the belief that the Consent had not been breached at that time. Apache explained that, at the time of the restart, its offshore team was not aware that the Consent had been exceeded. Once aware of the exceedance, Apache said “*prompt action was taken to shut in the wells*”.

- 3.6 On **16 May 2025**, the NSTA sent an Information Notice to Apache. Apache responded on **30 May 2025** and, in response to a question from the NSTA as to why Apache had restarted the Field on **20 September 2024** even though they had been informed on **19 September 2024** that they had exceeded the Consent, Apache said:

“The Apache offshore team were focussed on safe plant reinstatement, based on the understanding that the consent limit had not yet been exceeded. The plant reinstatement procedure had been determined prior to the appropriate personnel receiving confirmation of consent exceedance. Upon receipt of the confirmation, prompt action was taken to shut in the wells”.

The NSTA notes that the shut in occurred on **24 September 2024**, five days after Apache had been informed by the NSTA that the Consent had been exceeded.

- 3.7 On **30 September 2024**, following confirmation that the Consent had been exceeded, Apache submitted a new application for the production consent for the Field for the remainder of 2024. Unlike on **4 September 2024**, by **30 September 2024** both the NSTA and Apache knew that the Consent had been exceeded and, therefore, a new consent was now required, rather than a revision. A new consent was issued by the NSTA and commenced on **4 October 2024**.
- 3.8 On **30 January 2025**, Apache concluded an internal investigation which identified a single point of failure following the sudden and unexpected resignation of a long-serving key member of staff resulting in a breakdown in communication regarding consents at Apache. In order to improve its compliance with consents, Apache has initiated a monthly production consent compliance review, during which production forecasts against all production consents are reviewed. Apache has also planned the following further action:
- a. Procedure to be developed for consent management, clearly defining roles and responsibilities.
 - b. Training to be provided to individuals responsible for the consent management process.
 - c. Dashboard to be created to increase visibility of consent compliance.

Field Consents

- 3.9 The NSTA considers the effective management of field consents is a vital indicator of good stewardship by operators and licensees. The management of field consents is an important component of a stable, well-regulated environment in which industry, investors and the public can have confidence.

4. LICENSEES

- 4.1 The Field is associated with licences P139, P254 and P337. At the time of the exceedance the Field was owned by Apache and Chrysaor Limited. Apache was the Field Operator and was responsible for compliance with its consents. For this reason, enforcement action has only been taken against Apache.

5. FAILURE TO COMPLY

- 5.1. The NSTA may use its sanction powers under Chapter 5 of the 2016 Act where there has been a failure to comply with a petroleum-related requirement. A petroleum-related requirement includes a duty to comply with a term or condition of an offshore licence. Production consents are given under the model clauses to which the licence refers. A production consent is a term or condition of an offshore licence.

The petroleum-related requirement

- 5.2. The NSTA considers that Apache failed to comply with the Consent.

- 5.3 The Field is associated with licences P139, P254 and P337 and the relevant model clause for these licences is Clause 15 of Schedule 5 of the Petroleum (Current Model Clauses) Order 1999, titled “*Development and production programmes*” and sets out:

“The licensee shall not-

- a) erect or carry out any relevant works, either in the licensed area or elsewhere, for the purpose of getting petroleum from that area or for the purpose of conveying to a place on land petroleum got from that area; or*
- b) get petroleum from that area otherwise than in the course of searching for petroleum or drilling wells;*

except with the consent in writing of the Minister or in accordance with a programme which the Minister has approved or served on the Licensee in pursuance of the following provisions of this clause.”

- 5.4 The NSTA issues consents under these clauses. The licences also allow the consent to include conditions. Failure to comply with the production consent is a failure to comply with the terms of a licence. Failure to comply with the terms of a licence is a failure to comply with a petroleum-related requirement (the “**Breach**”).

6. THE SANCTION

- 6.1. The NSTA gives this Sanction Notice with a financial penalty of **£75,000** (the “**Financial Penalty**”) in respect of the Breach, which must be paid within 30-days of the date of this Sanction Notice to the NSTA, which will be paid to the HM Treasury. In arriving at the level of the Financial Penalty, the NSTA has had regard to those matters listed in section 8 of the 2016 Act, in particular the need to maintain a stable and predictable system of regulation – by demonstrating that regulatory obligations are complied with – which encourages investment in relevant activities.
- 6.2. The other available sanctions under the 2016 Act (e.g. enforcement notice, licence revocation notice or an operator removal notice) are not proportionate or necessary in these circumstances given that this was a failure by Apache to properly manage compliance with its production consent and engage with the NSTA prior to the exceedance occurring, and a new consent has since been issued.

Consideration of the NSTA’s Sanction Procedure and Financial Penalty Guidance

6.3. The NSTA has considered carefully the aims set out in paragraph 24 of the Sanction Procedure and paragraph 16 of the Financial Penalty Guidance, which are that any financial penalty determined should be among other things:

- Effective in addressing the underlying cause for the failure to comply;
- Dissuasive of future failure to comply, either by the person or, further to publication of the Sanction Notice, other persons in similar circumstances; and
- Proportionate to the significance of the failure in the context of the petroleum-related requirement and the impact on the relevant persons.

6.4. Paragraph 17 of the NSTA's Financial Penalty Guidance sets out various matters that the NSTA may also take into account when determining the amount of a financial penalty, as follows:

The extent to which Apache may have sought to benefit from the failure to comply

6.5. There is no evidence currently before the NSTA to suggest that Apache sought to benefit from the failure to comply.

Whether Apache gained as a consequence of the failure to comply

6.6. There is no evidence currently before the NSTA to suggest that Apache gained (financially or otherwise) from the failure to comply other than being able to produce more than was consented.

The severity of the failure to comply

6.7. Apache has explained how the possibility of exceeding the Consent was identified in early **July 2024**. However, there were subsequent failures of communication that led to the wrong application being submitted to the NSTA, in a timeframe that was not sufficient to prevent the original Consent being breached resulting in production being restarted without a valid consent in place. Furthermore, despite the recognition of a potential exceedance in early July, Apache was unaware that the Consent had been exceeded until advised of this by the NSTA on **19 September 2024**.

6.8. Having been advised on **19 September 2024** that the Consent had been exceeded, Apache proceeded to restart the Field on **20 September 2024** and did not shut in until **24 September 2024**. Apache did not apply for a new consent until **30 September 2024**, 11 days after being informed that it had exceeded the Consent.

6.9. Apache has attributed the root cause of the failure to a single point failure caused by the resignation of a key member of staff, which resulted in a breakdown of communication regarding consents. This in turn highlights that Apache did not have robust systems in place to ensure regulatory compliance.

The degree of harm caused, or increased costs incurred by the failure to comply

6.10. Apache's failure to comply undermines trust and confidence in its asset management system and its oversight of its regulatory obligations.

Whether there are any relevant industry Codes of Practice

6.11. There are no relevant industry codes of practice governing production consents.

The duration of the contravention

6.12. The data provided by Apache shows that the Consent was exceeded on **22 July 2024**, but Apache was unaware of the exceedance until advised of it by the NSTA on **19 September 2024**, and a new consent was in place from **4 October 2024**, approximately two and a half months later.

Mitigating circumstances

6.13. The Case Team consider the following to be mitigating circumstances:

- a. Apache has fully co-operated with the NSTA's investigation;
- b. Apache has conducted a lessons learned exercise to strengthen processes for monitoring compliance with consents; and,
- c. Apache has not previously been investigated for field consent non-compliance.

Aggravating circumstances

6.14. Apache exceeded the Consent on **22 July 2024** but was unaware it had done so until the NSTA informed it on **19 September 2024**. Despite being informed of the Breach, Apache restarted the Field on **20 September 2024** and did not shut in until **24 September 2024**. Apache did not apply for a new consent until **30 September 2024**, 11 days after being informed of the Breach. This demonstrates a clear absence of internal processes, both to prevent the initial failure to comply and to prevent the subsequent restart.

Financial Penalty

6.15. Taking into account the above, the NSTA notes Apache's co-operation and its attempts to ensure lessons are learned. However, the NSTA considers that those mitigating circumstances do not reduce the level of the proposed penalty and are matters a licensee should address in any event. Given the vulnerability to failure of Apache's internal systems to monitor its data, properly anticipate the Breach, notice when the exceedance had occurred and communicate effectively that the Field was outwith consent before restarting, the NSTA considers that it would be appropriate to impose a sanction in respect of the Breach and that a financial penalty set at **£75,000** would send an appropriate and strong message to Apache and other persons in similar circumstances that the NSTA takes compliance with the need to have appropriate production consents in place seriously. In reference to the matters set out at paragraphs 6.5 – 6.14 above, the starting point of the fine was set at the lower end of the NSTA's available scale and increased slightly to reflect the aggravating circumstances. In that regard, the NSTA considers that the level of the Financial Penalty would be effective in addressing the underlying cause of the Breach, dissuasive of future failures to comply with regulatory obligations, and proportionate to the significance of the Breach.

7. REPRESENTATIONS

7.1. A Sanction Warning Notice was given to Apache on **24 April 2026**, and Apache was given the opportunity to provide representations. Apache did not provide any representations on the material content of the Sanction Warning Notice.

8. PUBLICATION OF THE SANCTION NOTICE

- 8.1 Pursuant to section 53 of the 2016 Act, the NSTA may publish details of any Sanction Notice given in accordance with Chapter 5 of the 2016 Act.
- 8.2 The NSTA may not publish anything that, in the NSTA's opinion is (a) commercially sensitive; (b) not in the public interest to publish; or (c) otherwise not appropriate for publication.
- 8.3 The NSTA does not consider that the Sanction Notice contains any commercially sensitive information. Further, the NSTA considers that publication of the Sanction Notice without redaction is both in the public interest and appropriate. The NSTA considers that the public interest in publishing the Sanction Notice includes:
 - 8.3.1. developing public and investor confidence in the UK Continental Shelf by demonstrating how the NSTA is acting to ensure that regulatory obligations are complied with;
 - 8.3.2. encouraging licensees to come forward with information that can assist NSTA investigations;
 - 8.3.3. enhancing licensee and public understanding of when the NSTA does, and does not, consider it appropriate to take enforcement action;
 - 8.3.4. providing a means of achieving due process and ensuring that parties directly involved in the case are treated fairly; and
 - 8.3.5. dissuading others from failure to comply.
- 8.4. Therefore, the NSTA considers it appropriate to publish the Sanction Notice.

Jane de Lozey
Director of Regulation
North Sea Transition Authority