

Prime Minister

You saw the earlier draft, which has been improved to take into account points from the Treasury and F.C.O. Content for announcement by written answer tomorrow?

PRIME MINISTER

Yes

M.

SEVENTH ROUND OF UKCS OFFSHORE LICENSING:

ANNOUNCEMENT

tomorrow?

In the light of the conclusions of E Committee (E(80) 12th Meeting) I have prepared the announcement of the 7th Licensing Round in consultation with the Foreign & Commonwealth Secretary and the Chancellor of the Exchequer. The text of the announcement is attached for your and our colleagues' information and I propose to make it by Written Answer this Thursday, 1st May.

The text takes account of the points made by the Chancellor of the Exchequer and the Lord Privy Seal in their letters of 28th April. In particular in order to give all the help I can on public expenditure I am prepared to increase the initial payment for the company nominated blocks from £4 million to £5 million.

The indications are that the response from industry to the Round will be good, even though it is not as large as some companies would have liked and it contains a limited cash element. We have been able to meet the industry on several of the points they have made. As far as 51% option on oil is concerned, UKOOA have no objection to the principle but would prefer the option to be exercised by us rather than by BNOC. I am sure this is wrong since it would bring the Secretary of State, into an unwelcome degree of involvement in oil trading.

BNOC's involvement and rights under the licence will be strictly limited to those necessary for secure access. These arrangements are similar to those obtaining for our options on oil from existing oilfields, which give us a high degree of security of access to oil.

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They are, also fully in line with our policy announcement of 26th July 1979 for BNOC's future oil trading activities in support of the Government's policies for securing our oil supplies.

UKOOA are also seeking a general undertaking that refiners will be able to buy back oil purchased under our oil options. It is not possible or sensible to give undertakings relating to events and circumstances 10 years hence (when the first oil from 7th Round licences is likely to flow); but concern of refiners about buy back is very understandable, and I expect to discuss the matter further with the main individual UK refiners concerned, including BP, Shell and Esso. It is important that this should be handled circumspectly and on an individual company basis otherwise it will not be possible to confine any comfort to UK refiners alone.

I am copying this minute to our E Committee colleagues, to the Secretaries of State for Defence, Scotland and Wales and to Sir Robert Armstrong.

DH.

D A R H  
SECRETARY OF STATE FOR ENERGY



Revised of  
29 April 1980

PROPOSED STATEMENT BY QUESTION AND WRITTEN ANSWER

QUESTION: TO ASK THE SECRETARY OF STATE FOR ENERGY WHETHER HE WILL  
MAKE A STATEMENT ON THE SEVENTH ROUND OF OFFSHORE LICENSING ?

Answer:

I have today lodged in the House Libraries copies of a note describing the method of licensing I have decided on for the Seventh Round of offshore petroleum production licensing, and including a list and map showing the blocks for which I shall in due course be inviting applications for licences. The principal features of the arrangements will be as follows:

- a. My aim is to license approximately 90 blocks, of which at least 20 blocks will be in the area set aside for company nominations;
- b. I have listed 80 identified blocks for which I will be inviting applications: a maximum of 70 of these identified blocks will be licensed. In addition, companies will be able to apply for any block or blocks, of their own selection, in a defined area of the northern North Sea, as indicated in the detailed note of the arrangements for the Round. Licensees will be required to make an initial payment of £5 million on grant of licence for each block licensed to them in this defined area.
- c. Licences will be awarded by the normal discretionary method of allocation. In considering applications I shall take into account the applicant's technical competence and financial capability, and his previous performance and plans for the future on a range of other factors.

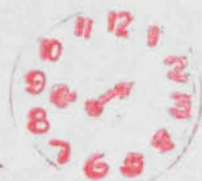
The Amending Regulations to govern the Round and to modify certain Model Clauses will be made and laid before the House as soon as possible. The Gazette Notices inviting applications and setting the closing date for receipt of applications will be published when the Regulations come into operation. The Notices will also set out the arrangements to give BNOC an option to take at market value up to 51% of the petroleum produced under the new licences.



The arrangements I have decided on have been determined following consultation with interested organisations. During the course of consultations, the view has been put to me that the licensing of some areas, particularly in the English Channel and parts of the Moray Firth, is of major interest to the fishing industry and to organisations concerned with environmental matters, and that particular care and consideration are needed in the conduct of exploration and development in these areas. I agree with this view. Oil and gas activities must be carried out in a manner which causes as little inconvenience as possible to other marine users, and which safeguards the environment. When operating in blocks close to the shore, licensees must take special care to avoid pollution. Licensees working in areas of especial interest to the fishing industry should liaise with the relevant fishing organisations about oil and gas operations, and carry out these operations so as to cause as little interference as practicable to fishing interests. On more general environmental matters, I will expect that - as part of the process for preparing a development plan for a discovery near to shore - the licensee will normally carry out a study into the implications of the proposed development on the marine environment, on other users of the sea, and on local coastal areas, consulting the relevant local authority as appropriate. Any proposed installations onshore will be covered by the normal planning procedure.

The Government is confident that the blocks to be offered for licensing, and the arrangements for the Round, will provide worthwhile and attractive opportunities for the industry to extend their exploration for oil and gas reserves on the UK Shelf.

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*File 16*

10 DOWNING STREET

*From the Private Secretary*

1 May 1980

*19/05/80  
for Hansard*

SEVENTH ROUND OF UKCS OFFSHORE  
LICENSING

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This is to confirm that the Prime Minister is content with the draft answer enclosed with your Secretary of State's minute of yesterday's date which he intends to make this afternoon.

I am sending copies of this letter to the Private Secretaries to the members of E Committee and to Brian Norbury (Ministry of Defence), Godfrey Robson (Scottish Office), George Craig (Welsh Office) and to David Wright (Cabinet Office).

T. P. LANKESTER

W. J. Burroughs, Esq.,  
Department of Energy.

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## ENERGY

### Coal Mining Industry

**Mr. Skeet** asked the Secretary of State for Energy how much has been paid in grants since the Coal Industry Act 1977 for the elimination of uneconomic capacity, the number of colliers affected and the miners transferred up to the most recent date for which figures are available; and how much uneconomic capacity remains to be closed.

**Mr. John Moore:** The grants paid under section 6 of the Coal Industry Act 1977 have been £32 million to date. I am asking the chairman of the National Coal Board to write to the hon. Member about the other points raised.

### National Coal Board

**Mr. Skeet** asked the Secretary of State for Energy what use he has made of section 7 of the Coal Industry Act 1971 in the past year; and whether he intends to give any directions to the National Coal Board as set out in the section for divestment of particular operations or the sale of assets.

**Mr. John Moore:** None, and I have no present plans to do so.

**Mr. Skeet** asked the Secretary of State for Energy whether he has called for a report of National Coal Board activities or any part of them pursuant to section 6 of the Coal Industry Act 1971.

**Mr. John Moore:** No.

### Quangos

**Mr. Philip Holland** asked the Secretary of State for Energy if he will list the committees, councils, commissions, and other official bodies to which he has appointed members other than civil servants that have been established by him since May 1979, and state in each case the names and full-time employments of those appointed.

**Mr. David Howell:** No such body has been established since May 1979.

### Urenco (Dr. Khan)

**Mr. Hannam** asked the Secretary of State for Energy whether he has received a copy of the English translation of the report by the Netherlands Government on their investigation of the Khan affair.

**Mr. Norman Lamont:** Yes. A copy of English translation of the report, together with a copy of the translation of the letter sent by the Netherlands Government to the Netherlands Parliament, has been laid in the Library of the House.

### North Sea Oil (Licensing)

**Mr. Viggers** asked the Secretary of State for Energy whether he will make a statement on the seventh round of offshore licensing.

**Mr. David Howell:** I have today lodged in the House Library copies of a note describing the method of licensing I have decided on for the seventh round of offshore petroleum production licensing, and including a list and map showing the blocks for which I shall in due course be inviting applications for licences. The principal features of the arrangements will be as follows:

a. My aim is to license approximately 90 blocks, of which at least 20 blocks will be in the area set aside for company nominations;

b. I have listed 80 identified blocks for which I will be inviting applications: a maximum of 70 of these identified blocks will be licensed. In addition, companies will be able to apply for any block or blocks, of their own selection, in a defined area of the northern North Sea, as indicated in the detailed note of the arrangements for the round. Licensees will be required to make an initial payment of £5 million on grant of licence for each block licensed to them in this defined area.

c. Licences will be awarded by the normal discretionary method of allocation. In considering applications I shall take into account the applicant's technical competence and financial capability, and his previous performance and plans for the future on a range of other factors.

The amending regulations to govern the round and to modify certain model clauses will be made and laid before the House as soon as possible. The Gazette notices inviting applications and setting the closing date for receipt of applications will be published when the regulations come into operation. The notices will also set out the arrangements to give BNOG an option to take at market value up to 51 per cent. of the petroleum produced under the new licences.

The arrangements I have decided on have been determined following consultation with interested organisations. During the course of consultations, the view has been put to me that the licensing of some areas, particularly in the English Channel and parts of the Moray Firth, is of major



to his Department, that the cancellation of the Whitebirk link road to the M6-M61 and the alternative strategy of upgrading the existing A6119-A677 north of Blackburn, will result in adequate provision for future traffic growth, and is not likely to cause a bottleneck in traffic flow.

**Mr. Kenneth Clarke:** Yes. The proposed new link between Whitebirk and M6-M61 has been cancelled because a motorway would not have attracted enough traffic to justify its construction. The A6119-A677 route, suitably improved, should cope with predicted traffic flows.

### Quangos

**Mr. Philip Holland** asked the Minister of Transport if he will list the committees, councils, commissions, and other official bodies to which he has appointed members other than civil servants that have been established by him since May 1979, and state in each case the names and full-time employments of those appointed.

**Mr. Fowler:** Since May 1979 I have set up the inquiry on lorries, people and the environment.

Sir Arthur Armitage, vice-chancellor and professor of common law at the University of Manchester, is conducting the inquiry and he is assisted by four assessors; Sir Henry Chilver, vice-chancellor of the Cranfield institute of technology, Professor P. J. Lawther, professor of environmental and preventive medicine at St. Bartholomew's hospital and the London Hospital medical schools, Miss A. Lees, county planning officer of Merseyside county council and Professor R. Rees, professor of economics at University College, Cardiff.

## ENVIRONMENT

### New Towns Consortium

**Mr. Latham** asked the Secretary of State for the Environment what projects have been carried out overseas by the New Towns Consortium since 4 July 1979; and what is the financial outturn to date.

**Mr. Geoffrey Finsberg:** Since 4 July 1979, the only new project carried out by the New Towns Consortium has been a further secondment to the World Bank

for an advisory mission in Thailand. Costs and overheads have been recovered. In addition, the Department has been involved in setting up the secondment of new towns staff to assist, on repayment terms, with a housing project in Trinidad; and in arranging, at the request of the Government of Sri Lanka, an exploratory visit to that country.

### Quangos

**Mr. Philip Holland** asked the Secretary of State for the Environment if he will list the committees, councils, commissions, and other official bodies to which he has appointed members other than civil servants that have been established by him since May 1979, and state in each case the names and full-time employments of those appointed.

**Mr. Heseltine:** I have established one public body since May 1979—the London Housing Staff Commission.

The chairman of the Commission is Mr. Philip Vine and there are two members; Mr. Wilfred Bowdell and Mr. John Dryden. All three are retired.

I have also announced the appointment of the shadow chairman and deputy chairman of two urban development corporations. Mr. Nigel Broackes, chairman of Trafalgar House Limited, is the shadow chairman and Mr. Bob Mellish, Member of Parliament for Southwark, Bermondsey the shadow deputy chairman of the London Docklands urban development corporation. Mr. Leslie Young, chairman of J. Bibby & Sons Ltd., is the shadow chairman and Sir Kenneth Thompson, chairman of the Merseyside county council, the shadow deputy chairman of the Merseyside urban development corporation.

### Surplus Local Authority Land

**Mr. Cyril D. Townsend** asked the Secretary of State for the Environment what steps he plans to take to ensure that the release of surplus local authority land for private development is not prevented by the use of compulsory purchase powers by other local authorities.

**Mr. Heseltine:** Such orders would be contrary to Government policy, and I would reject them without an inquiry.



interest to the fishing industry and to organisations concerned with environmental matters, and that particular care and consideration are needed in the conduct of exploration and development in these areas. I agree with this view. Oil and gas activities must be carried out in a manner which causes as little inconvenience as possible to other marine users, and which safeguards the environment. When operating in blocks close to the shore, licensees must take special care to avoid pollution. Licensees working in areas of especial interest to the fishing industry should liaise with the relevant fishing organisations about oil and gas operations, and carry out these operations so as to cause as little interference as practicable to fishing interests. On more general environmental matters, I will expect that—as part of the process for preparing a development plan for a discovery near to shore—the licensee will normally carry out a study into the implications of the proposed development on the marine environment, on other users of the sea, and on local coastal areas, consulting the relevant local authority as appropriate. Any proposed installations onshore will be covered by the normal planning procedures.

The Government are confident that the blocks to be offered for licensing, and the arrangements for the round, will provide worthwhile and attractive opportunities for the industry to extend their exploration for oil and gas reserves on the United Kingdom shelf.

#### **PRIME MINISTER (ENGAGEMENTS)**

Q4. **Mr. Sheerman** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q6. **Mr. William Hamilton** asked the Prime Minister what are her official engagements on 1 May.

Q8. **Mr. Michael Brown** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q9. **Mr. Temple-Morris** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q10. **Mr. Bob Dunn** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q11. **Mr. Robert Atkins** asked the Prime Minister if she will list her official engagements for 1 May.

Q12. **Mr. Lawrence** asked the Prime Minister if she will list her official engagements for 1 May.

Q14. **Mr. Montgomery** asked the Prime Minister if she will list her official engagements for 1 May.

Q15. **Mr. Stephen Ross** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q16. **Mr. Freud** asked the Prime Minister if she will list her official engagements for 1 May.

Q17. **Mr. Brinton** asked the Prime Minister if she will list her official engagements for 1 May.

Q19. **Mr. Neubert** asked the Prime Minister whether she will list her official engagements for 1 May.

Q20. **Mr. Parry** asked the Prime Minister if she will state her engagements for Thursday 1 May.

Q21. **Mr. Farr** asked the Prime Minister if she will state her official engagements for 1 May.

Q22. **Mr. John Carlisle** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q23. **Mr. Nicholas Baker** asked the Prime Minister if she will list her official engagements for 1 May.

Q24. **Mr. Dykes** asked the Prime Minister whether she will list her official engagements for 1 May.

Q25. **Mr. Meacher** asked the Prime Minister if she will list her official engagements for 1 May.

Q26. **Mr. Whitehead** asked the Prime Minister if she will list her official engagements for 1 May.



Q27. **Mr. Beith** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q28. **Miss Joan Lester** asked the Prime Minister if she will list her official engagements for 1 May.

Q29. **Mr. Butcher** asked the Prime Minister if she will list her official engagements for 1 May.

Q33. **Mr. Shersby** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q35. **Mr. John Townend** asked the Prime Minister if she will list her official engagements for 1 May.

Q36. **Mr. Trippier** asked the Prime Minister if she will list her official engagements for 1 May.

Q37. **Mr. Flannery** asked the Prime Minister if she will list her official engagements for 1 May.

Q38. **Mr. Leighton** asked the Prime Minister if she will list her official engagements for 1 May.

Q39. **Mr. Watson** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q40. **Mr. Bidwell** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q41. **Mr. Hannam** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q42. **Mr. Colin Shepherd** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q43. **Mr. John Home Robertson** asked the Prime Minister if she will list her official engagements for Thursday 1 May.

Q3. **Mr. Kilroy-Silk** asked the Prime Minister if she will list her official engagements for 1 May.

**The Prime Minister:** I refer my hon. Friends and the hon. Members to the reply which I gave earlier today to the

hon. Member for Workington (**Mr. Campbell-Savours**).

### MAY BANK HOLIDAY

Q5. **Mr. Peter Bottomley** asked the Prime Minister if she will reconsider the date of the early May holiday for future years.

**The Prime Minister:** I understand my hon. Friend's reservations about the May bank holiday, but we have concluded that we should continue with the present arrangements since there are difficulties in each of the alternatives which have been suggested.

Q18. **Mr. Best** asked the Prime Minister if she will introduce legislation to designate the early May bank holiday as "Great Britain Day".

**The Prime Minister:** I have no plans to do so.

### IMPORT CEILINGS

Q7. **Mr. Alexander W. Lyon** asked the Prime Minister if she will take steps to introduce a ceiling on imports allied to a greater State investment in industry in order to revive Great Britain's manufacturing base.

**The Prime Minister:** A policy of import ceilings would be damaging to the economy, would be contrary to our international obligations and would invite retaliation against our exports. Increased state investment in industry would add to the burden of public expenditure and would need to be financed by higher taxation or higher borrowing—both of which would damage industry.

### UNEMPLOYMENT

Q13. **Mr. Stan Thorne** asked the Prime Minister whether she will set up a special investigation into the methods of reducing unemployment.

**The Prime Minister:** There are already a number of national and international bodies which are studying this problem. No useful purpose would be served by launching a new investigation.