

PRIME MINISTER

SEVENTH ROUND OF OFFSHORE LICENSING

I minuted you and 'E' Committee colleagues on 8 December about the written first batch of awards under the Seventh Round of offshore licensing. *Answer?*
 All these awards covering 42 blocks in the company nomination area, were taken up by the end of the year, bringing in revenue of £210m in initial premia.

2 The assessment of applications for blocks specifically designated by my Department has now been completed and I have reached decisions on the licence allocations to complete the Round. *R.*

3 I propose to make awards as listed in Annexes 'A' and 'B' (jointly). These awards will be conditional on the prospective licensees:

- i confirming their acceptance of a work programme previously discussed with the Department: and
- ii agreeing to give BNOG the option to take at market value up to 51% of petroleum produced.

4 I intend to licence 48 blocks, bringing the total for the Round to 90, in line with our original intentions.

5 The pattern of awards for the Round as a whole maintains the satisfactory features of the company nomination area. British companies are involved in all licence awards in both areas. Four of the smaller British companies receive operatorships in this second list of awards, bringing the number for the Round as a whole to six companies receiving ten operatorships in all. The aggregate British equity content is just under 50% with total licence interests for the British private sector amounting to over 40% as against only 6% in the Sixth Round.

6 A number of blocks among those designated by my Department are sensitive to fishing, defence, shipping and environmental interests and this has been drawn to the attention of licensees. They have also been made aware, where appropriate, of the operational restrictions which will apply to some blocks in order to minimise interference with existing shipping and defence use. In addition, licensees in the Inner Moray Firth will subscribe to a Code of Practice drawn up by my Department with the fishing organisations and the oil industry to ensure that offshore operations are conducted with special regard for fishing activities in the area. For blocks close to shore, licensees have agreed to prepare oil spill contingency plans and for two blocks actually abutting the shore, my Department has examined closely the companies' proposed environmental protection plans for emergency situations.

7 You will be aware from my letter of 30 January to the Foreign and Commonwealth Secretary of my proposal to use the remaining Seventh Round awards to put pressure on the French companies Elf and Total to obtain the early commitment of their North Alwyn Gas to the gas gathering pipeline. This commitment is crucial to the success of the project.

8 Subject to the final agreement of the Foreign and Commonwealth Secretary, I may find it necessary to delay the announcement of the award of all the 11 blocks in Annex 'B' (for which the French have been shortlisted) beyond the date of the initial announcement of awards. Should the French refuse to meet our wishes, I propose to scale down slightly the awards to them and the changes involved are given in Annex 'C'.

9 I am, therefore, planning at this stage to announce the 37 awards set out in Annex 'A' in the week of 9 March by means of a Written Parliamentary Answer. Dependent upon the attitude adopted by the French, I shall announce the remaining 11 awards as at Annex 'B' or 'C' at an appropriate time.



● 3

10 I am copying this minute to members of 'E' Committee, to the Chancellor of the Duchy, to the Secretaries of State for Defence, Scotland and Wales and to Sir Robert Armstrong.

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Secretary of State for Energy
26 February 1981

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ANNEX A

BLOCK

GROUPS (OPERATOR UNDERLINED)

North of Shetlands

1/4

Tricentrol North Sea Ltd.
Saxon Oil Ltd.
Volvo Petroleum (UK) Ltd.

Moray Firth

11/25

Shell UK Ltd.
Esso Petroleum Company Ltd.

12/21

The British National Oil Corporation
BP Petroleum Development Ltd.
Deminex (London) Ltd.
Hunt Oil (UK) Ltd.
Kerr-McGee Oil (UK) Ltd.

12/22

Arpet Petroleum Ltd.
The Broken Hill Proprietary Company Ltd.
Gas and Oil Acreage Ltd.
Midclyde Oil and Energy Ltd.
RMC Explorations Ltd.
Aran Energy Ltd.
Santop Ltd.

12/23

Premier Consolidated Oilfields Ltd.
A. Johnson Exploration Ltd.
Neste Exploration Ltd.
New Court Oil Venturers Ltd.
United Gravel Company Ltd.
Venture Oil Company Ltd.

12/24

Occidental Petroleum (Caledonia) Ltd.
Thomson North Sea Ltd.
Grandmet Oil Ltd.
Getty Oil (Britain) Ltd.
Allied Chemical (Great Britain)Ltd.

12/27

Burmah Oil Exploration Ltd.
Charterhouse Oil and Gas Ltd.
Charter Consolidated (UK Offshore Oil
Exploration) Ltd.
Swedish Petroleum Ltd.
Canadian Industrial Gas (UK) Ltd.
DSM Hydrocarbons (UK) Ltd.
Norsk Hydro Petroleum Ltd.

12/28

Tenneco Great Britain Ltd.
Albright and Wilson Ltd.
David Brown Tractors Ltd.
GKN Exploration Ltd.
Cluff Oil Ltd.
Cluff Oil Australia (UK) Ltd.
Cluff Oil Hong Kong (UK) Ltd.
CCP North Sea Associates Ltd.
Moray Firth Exploration Ltd.
Matheson Petroleum Co. Ltd.

12/29

Kerr-McGee Oil (UK) Ltd.
Tricentrol North Sea Ltd.
Bricomin Exploration Company Ltd.
Moray Petroleum Holdings and Development Ltd.
East of Scotland Resources Ltd.
Fishermen's Petroleum Company Ltd.
Reid Marine Ltd.
Highland Participants Ltd.

Outer Moray Firth

13/11

Phillips Petroleum Company United Kingdom Ltd.
Fina Exploration Ltd.
Century Power and Light Ltd.
Oil Exploration Ltd.
Agip (UK) Ltd.

20/12

Mobil North Sea Ltd.
Flamstone Oil and Gas Ltd.
Amerada Exploration Ltd.
Texas Eastern (UK) Ltd.
Whitehall Petroleum Ltd.
Coalite Group Ltd.

20/14

Mobil North Sea Ltd.
Flamstone Oil and Gas Ltd.
Amerada Exploration Ltd.
Texas Eastern (UK) Ltd.
Whitehall Petroleum Ltd.
Coalite Group Ltd.

20/15

Shell UK Ltd.
Esso Petroleum Company Ltd.

Southern North Sea

43/26

Hamilton Brothers Oil Company (Great Britain) Ltd.
Hamilton Brothers Petroleum (UK) Ltd.
Blackfriars Oil Co. Ltd.
The Trans-European Company Ltd.
Tricentrol North Sea Ltd.

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50/16 and 50/21

Σ British Gas Corporation

South Western Approaches

73/2

Monsanto Ltd.
THF Oil Ltd.
Amerada Exploration Ltd.
Charterhall Oil Ltd.
Kaiser Petroleum (UK) Ltd.
WL Explorations Ltd.
Swedish Petroleum Ltd.
Charterhall North Sea Oil Australia Ltd.

73/3

Gulf Oil Corporation
Charterhouse Oil and Gas Ltd.
Tricentrol North Sea Ltd.
Gas and Oil Acreage Ltd.
Sears Exploration and Development Ltd.
Berkeley Seventh Round Ltd.

73/5

Arpet Petroleum Ltd.
Santop Ltd.

73/6

Chevron Petroleum Company Ltd.
ICI Petroleum Ltd.
Natwest Resources Ltd.

73/13

Murphy Petroleum Ltd.
Ultramar Exploration Ltd.
Ocean Exploration Co. Ltd.
Viva Petroleum Ltd.

73/14 and 73/19

Murphy Petroleum Ltd.
Ultramar Exploration Ltd.
Ocean Exploration Co. Ltd.
Viva Petroleum Ltd.

86/17

Murphy Petroleum Ltd.
Ultramar Exploration Ltd.
Ocean Exploration Co. Ltd.
Viva Petroleum Ltd.

English Channel

98/17

Texaco North Sea UK Ltd.
A.B. Exploration Ltd.
Unigate Exploration Ltd.

98/18

Unocal Exploration and Production Company
(UK) Ltd.
Bristar (North Sea) Ltd.
City Oil Exploration Ltd.
Lennox Oil Company Ltd.
Pentland Oil Exploration Ltd.
TI Energy Development Ltd.
Valor Exploration Ltd.

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99/16

Texas Gas Exploration (UK) Corporation
Candecca North Sea Ltd.
Caledonian Offshore Company Ltd.
Cockrell Oil (UK) Corporation
Dolphin Petroleum Ltd.
Ocean Transport and Trading Ltd.
Pogo British Isles Inc.
Racal Exploration Ltd.

99/18

Texas Gas Exploration (UK) Corporation
Candecca North Sea Ltd.
Caledonian Offshore Company Ltd.
Cockrell Oil (UK) Corporation
Dolphin Petroleum Ltd.
Ocean Transport and Trading Ltd.
Pogo British Isles Inc.
Racal Exploration Ltd.

North of Shetlands

206/1

The British National Oil Corporation
Shell UK Ltd.

208/13

Shell UK Ltd.
The British National Oil Corporation

208/17

Amoco UK Petroleum Ltd.
British Gas Corporation

209/4

British Sun Oil Company Ltd.
Union Jack Oil Company Ltd.
Ranger Oil (UK) Ltd.
Clyde Petroleum Ltd/Clyde Petroleum
(Minerals) Ltd.
North Sea Exploitation and Research Company Ltd.
Hampton Gold Mining Areas Ltd.
Charterhall Oil Ltd.
Hautpas Ltd.

209/12

Marathon Oil UK Ltd.
LMS Energy Ltd. (LME)
LL & E (UK) Inc.
Norwich Union (Hydrocarbons) Ltd.

214/27

Gulf Oil Corporation
Jubilee Oil Company Ltd.

214/28

Esso Petroleum Company Ltd.
RTZ Oil and Gas Ltd.

219/20

Conoco (UK) Ltd.
London & Scottish Marine Oil Company Ltd.
Saxon Oil Ltd.

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219/27

Sovereign Oil and Gas Ltd.
Dow Chemical International Energy Company
Dawsea Ltd.

219/28

Sovereign Oil and Gas Ltd.
Dow Chemical International Energy Company
Dawsea Ltd.

220/16 220/21 and 220/22

Conoco (UK) Ltd.
London & Scottish Marine Oil Company Ltd.
Saxon Oil Ltd.

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ANNEX B

BLOCK

GROUPS (OPERATOR UNDERLINED)

South Western Approaches

73/4

BP Petroleum Development Ltd.
Total Oil Marine Ltd.
Elf UK Ltd
Aquitaine UK Ltd.

English Channel

98/11

British Gas Corporation
BP Petroleum Development Ltd:

99/12 and 99/13

Esso Petroleum Company Ltd.
Whitehall Petroleum Ltd.
Premier Consolidated Oilfields Ltd.
Venture Oil Company Ltd.

North of Shetlands

208/21

✓ Elf UK Ltd.
Conoco (UK) Ltd.
Gulf Oil Corporation
London & Scottish Marine Oil Company Ltd.
Barclays North Sea Ltd.

208/22

Esso Petroleum Company Ltd.
RTZ Oil and Gas Ltd.

209/8

✓ Marathon Oil UK Ltd.
IMS Energy Ltd. (IME)
LL & E (UK) Inc.
Norwich Union (Hydrocarbons) Ltd.

214/29

✓ Total Oil Marine Ltd.
Tricentrol North Sea Ltd.
Hispanoil (UK) Ltd.
Pict Petroleum Ltd.
Esco Exploration Ltd.

219/29

✓ BP Petroleum Development Ltd.
Elf UK Ltd
Agip (UK) Ltd.

219/30

✓ Total Oil Marine Ltd.
Tricentrol North Sea Ltd.
Hispanoil (UK) Ltd.
Pict Petroleum Ltd.
Esco Exploration Ltd.

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220/26

BP Petroleum Development Ltd.
Elf UK Ltd
Agip (UK) Ltd.
Enjay Holdings Ltd.

220/27

BP Petroleum Development Ltd.
Elf UK Ltd.
Agip (UK) Ltd.
Enjay Holdings Ltd.

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ANNEX C

BLOCK

(Blocks where recommendations are different from Annex B are starred)

South Western Approaches

73/4

GROUPS (OPERATOR UNDERLINED)

BP Petroleum Development Ltd.
Total Oil Marine Ltd.
Elf UK Ltd.
Aquitaine UK Ltd.

English Channel

98/11

British Gas Corporation
BP Petroleum Development Ltd.

99/12 and 99/13

Esso Petroleum Company Ltd.
Whitehall Petroleum Ltd.
Premier Consolidated Oilfields Ltd.
Venture Oil Company Ltd.

North of Shetlands

208/21

Elf UK Ltd
Conoco (UK) Ltd.
Gulf Oil Corporation
London & Scottish Marine Oil Company Ltd.
Barclays North Sea Ltd.

208/22

Esso Petroleum Company Ltd.
RTZ Oil and Gas Ltd.

209/8

Marathon Oil UK Ltd.
LMS Energy Ltd. (LME)
LL & E (UK) Inc.
Norwich Union (Hydrocarbons) Ltd.

214/29

Total Oil Marine Ltd.
Tricentrol North Sea Ltd.
Hispanoil (UK) Ltd.
Pict Petroleum Ltd.
Esco Exploration Ltd.

219/29

BP Petroleum Development Ltd.
Elf UK Ltd.
Agip (UK) Ltd.

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* 219/30

BP Petroleum Development Ltd.
Elf UK Ltd.
Agip (UK) Ltd.

* 220/26

Shell UK Ltd.
The British National Oil Corporation

220/27

BP Petroleum Development Ltd.
Elf UK Ltd.
Agip (UK) Ltd.
Enjay Holdings Ltd.

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10 DOWNING STREET

From the Private Secretary

cc: E
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 FCO + Chanc/OL
 HMT
 DO1 MOD
 Labes. SO
 9 March 1981 WO
 DTEmg
 MAFF Mr Ingham
 DTTrade
 CSO, HMT
 CO

Seventh Round of Offshore Licensing

The Prime Minister has now had an opportunity to consider your Secretary of State's minute of 26 February on the above subject.

The Prime Minister understands that the FCO are content with Mr. Howell's proposals. Subject to any comments that the Treasury may have, she is content that he should make an announcement by means of a Written Parliamentary Answer on the basis proposed.

I am sending copies of this letter to the Private Secretary to members of E Committee, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Defence, Scotland and Wales and to David Wright (Cabinet Office).

TPL

J.D. West, Esq.,
Department of Energy.

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