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Contact with Mr  
Hansen's proposals?  
(Other Depts. are satisfied).

PRIME MINISTER

SEVENTH ROUND OF OFFSHORE LICENSING

I minuted you and E Committee colleagues about the Seventh Round of offshore licensing on 30 April prior to publication on 1 May of the arrangements for the Round. The application period closed in August. An excellent response was achieved, 125 applications being received submitted by a total of over 200 companies.

2. My Department has examined the applications in detail and interviewed all applications in detail and interviewed all applicants. Particular attention has been given to their technical and financial capability, their current and planned contribution to the UK economy and their performance under any existing licences.

3. The Round offered two types of blocks; those in the company own choice area carrying a £5m premium and those specifically designated by my Department. We envisaged licensing about 90 blocks, not more than 70 of which are to be from my Department's list. I have been able to reach conclusions on awards for the premium blocks ahead of those on the Department's list because applicants for the former were required to submit detailed work programmes with their application, which could be examined during the interviewing process. For blocks on my Department's list many companies needed more time for the evaluation of prospects and further technical discussions are required with those in the running for licences before final decisions on awards can be reached. There is, however, no need to hold up the announcement of the premium awards. Public and oil industry interest in the Round is high and it is clearly advantageous to secure the resultant revenue as soon as possible.

4. I propose to make awards for blocks in the company nomination area as listed in the Annex. In accordance with the published terms, awards will be conditional on the prospective licensees:-

- i. confirming their acceptance of a work programme previously discussed with the Department; and



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- ii. agreeing to give BNOC the option to take at market value up to 51% of petroleum produced.

5. In the company nomination area I intend to licence all blocks for which there are applicants who have been adjudged as being suitable for licences. These amount to 42 blocks so that assuming all the offers are accepted, the sum raised will be £210m. This is substantially more than the amount we had originally expected.

6. The overall pattern of awards for this area has a substantial British content. British companies are involved in all the licences awards and 4 of the smaller British oil companies receive operatorships, as do BP, Shell and BNOC. These three companies feature prominently in the awards, primarily because they were in sole applicant groups for several blocks. The aggregate British equity interest in these licences is around 49% which, together with BNOC's option on 51% of the oil represents a potentially strong basis for security of supply. The indications are that when the licences in the area designated by my Department have also been awarded the overall British content in the whole Round will amount to just over 50% - and will involve a very substantial increase in the involvement of the British private sector, from about 6% to over 40% of total licence interests. This will be a successful outcome bearing in mind that in this round, unlike the 5th and 6th Rounds of our predecessors, BNOC has not had a mandatory 51% equity and has been bidding like any other applicant.

7. A number of EEC companies are included in the awards though none of them French. However French companies are likely to be offered awards from my Department's list in which they showed a greater interest.

8. Some of these blocks are sensitive to fishing interests, and to a lesser extent those of defence. Licensees will be made aware of this so that work on the licences can take proper account of these interests.



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9. I intend to announce the awards set out in the Annex early next week by means of a written Parliamentary Answer, the precise date to be settled in discussion with the Paymaster General. Regarding blocks on my Department's list, I hope to reach conclusions on the awards early in the New Year and inform you and colleagues accordingly. The likely number is just under 50.

10. I am sending a copy of this minute to members of E Committee to the Secretaries of State for Defence, Scotland and Wales, to the Chancellor of the Duchy and the Paymaster General and to Sir Robert Armstrong.

JA.  
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SECRETARY OF STATE FOR ENERGY

8 DECEMBER 1980



PROPOSED SEVENTH ROUND ALLOCATION - COMPANY NOMINATION AREA

| <u>BLOCK</u> | <u>GROUP (OPERATOR UNDERLINED)</u>  |
|--------------|---|
| 2/4          | <u>British Sun Oil Company Ltd</u><br>Clyde Petroleum Ltd<br>Charterhall Oil Ltd<br>North Sea Exploitation and Research Co. Ltd<br>Hampton Gold Mining Areas Ltd<br>Hautpas Limited<br>Clyde Petroleum (Minerals) Limited |
| 2/10 (b)     | <u>Chevron Petroleum (UK) Ltd</u><br>ICI Petroleum Limited<br>Sovereign Oil & Gas Ltd<br>Dow Chemical International Energy Co.<br>Dawsea Limited<br>Westburne Drilling & Exploration (UK) Ltd                             |
| 2/15         | <u>Chevron Petroleum (UK) Ltd</u><br>ICI Petroleum Limited<br>Sovereign Oil & Gas Ltd<br>Dow Chemical International Energy Co.<br>Dawsea Limited<br>Westburne Drilling and Exploration (UK) Ltd                           |
| 3/7(b)       | <u>Chevron Petroleum Company Limited</u><br>British National Oil Corporation<br>ICI Petroleum Ltd<br>Murphy Petroleum Ltd<br>Ocean Exploration Co Limited<br>Deminex UK Petroleum Limited                                 |
| 3/8(b)       | <u>BP Petroleum Development Limited</u><br>Ranger Oil (UK) Ltd<br>London & Scottish Marine Oil Company Ltd  |
| 3/11(b)      | <u>Sovereign Oil &amp; Gas Ltd</u><br>Dow Chemical International Energy Co.<br>Dawsea Ltd   |
| 3/16         | <u>Sovereign Oil and Gas Ltd</u><br>Dow Chemical International Energy Co.<br>Dawsea Ltd   |
| 3/21         | <u>Occidental Petroleum (Caledonia) Ltd</u><br>Thomson North Sea Ltd<br>Grandmet Oil Ltd<br>Getty Oil (Britain) Ltd<br>Allied Chemical (Great Britain) Limited  |

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3/27 London & Scottish Marine Oil Co. Ltd  
British National Oil Corporation

9/3 Conoco (UK) Limited  
British National Oil Corporation  
London & Scottish Marine Oil Col Ltd

9/11 Unocal Exploration and Petroleum Co. (UK) Limited  
Getty Oil (Britain) Ltd  
Ultramar Exploration Ltd  
Norwegian Oil Co. D.N.O. (UK) Ltd

9/12(b) Conoco (UK) Ltd  
British National Oil Corporation  
Gulf Oil Corporation  
London & Scottish Marine Oil Co. Ltd

9/13(b) Mobil North Sea Ltd  
Amerada Exploration Limited  
Texas Eastern (UK) Limited  
British Gas Corporation

9/24(b) BP Petroleum Development Limited  
Transworld Petroleum (UK) Limited

15/28(b) British National Oil Corporation  
Barclays North Sea Limited  
Carless Exploration Limited  
Deminex Oil & Gas (UK) Limited  
Gas & Oil Acreage Ltd  
Unocal Exploration & Production Co. (UK) Ltd

16/7(b) BP Petroleum Development Limited

16/8(b) Conoco (UK) Ltd  
Saxon Oil Ltd

16/12(b) Phillips Petroleum Company United Kingdom, Limited  
Oil Exploration Ltd  
Century Power and Light Limited  
Agip (UK) Ltd

16/16(b) British National Oil Corporation  
Arpet Petroleum Limited  
Carless Exploration Limited  
Gas & Oil Acreage Limited

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- 16/21(b) British National Oil Corporation  
Arpet Petroleum Ltd  
Carless Exploration Ltd  
Gas and Oil Acreage Ltd
- 16/27(b) Gulf Oil Corporation  
GAO England Ltd  
Husky Oil (UK) Ltd  
Berkeley Seventh Round Limited  
Tanks Oil & Gas Ltd  
Tanks North Sea Ltd  
Unilon Oil Explorations Ltd  
Sunlite Oil Co. (UK) Ltd  
DSM Hydrocarbons (UK) Ltd  
Oxoco (UK) Ltd
- 21/3(b) Occidental Petroleum (Caledonia) Ltd  
Thomson North Sea Ltd  
Grandmet Oil Ltd  
Getty Oil (Britain) Ltd  
Allied Chemical (GB) Limited
- 21/4 Gulf Oil Corporation  
Berkeley Seventh Round Limited  
Candecca North Sea Limited  
Sears Exploration & Development Limited  
Tanks Oil & Gas Ltd  
Tanks North Sea Ltd
- 21/11 Texaco North Sea UK Limited  
A.B. Exploration Limited  
Unigate Exploration Limited
- 21/13b Shell UK Limited  
Esso Petroleum Co. Ltd
- 21/17 Shell UK Limited  
Esso Petroleum Co. Ltd
- 21/18 Shell UK Limited  
Esso Petroleum Co. Ltd
- 21/22 Texaco North Sea UK Limited  
A.B. Exploration Limited  
Unigate Exploration Limited

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21/23(b)

Shell UK Limited

Esso Petroleum Co. Ltd

22/2

Burmah Oil Exploration Limited

Charterhouse Oil & Gas Limited

Charter Consolidated (UK Offshore Oil Explorations) Limited

Swedish Petroleum Limited

Norsk Hydro Petroleum Limited

22/4

Phillips Petroleum Company United Kingdom Limited

Fina Exploration Ltd

Century Power and Light Limited

Oil Exploration Ltd

Agip (UK) Limited

22/5(b)

Superior Oil (UK) Limited

Volvo Petroleum (UK) Ltd

Third Triton Petroleum Ltd

Guthrie Group Investment

Second North Sea Oil and Gas Company Limited

General Assets Limited

22/19

Cities Service (UK) Limited

Attock Petroleum (North Sea) Limited

Hudson's Bay Oil & Gas Company (UK) Ltd

Pennzoil (UK) Limited

North Sea Selection Co. Ltd

Taylor Woodrow Energy Ltd

22/24(b)

Shell UK Limited

Esso Petroleum Co. Ltd

23/16(b)

Shell UK Limited

Esso Petroleum Co. Ltd

23/21(b)

Amoco UK Petroleum Limited

British Gas Corporation

Amerada Exploration Limited

Texas Eastern (UK) Limited

29/1(b)

Monsanto Limited

Enserch Exploration (UK) Limited

Placid Oil Co. (United Kingdom)

Caledonian Offshore Company Limited

W L Exploration Ltd

THF Oil Limited



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- 29/5(b) Ultramar Exploration Limited  
Houston Data Venture (UK) Limited  
Canadian Pacific Oil and Gas of Canada Limited  
The British Electric Traction Company Limited
- 30/1(c) BP Petroleum Development Limited
- 30/25(b) Phillips Petroleum Company United Kingdom Limited  
Agip (UK) Limited  
Century Power and Light Limited  
Oil Exploration Limited
- 210/15(b) BP Petroleum Development Limited  
Transworld Petroleum (UK) Limited
- 211/11(b) BP Petroleum Development Ltd  
Transworld Petroleum (UK) Limited





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**10 DOWNING STREET**

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D. Emp  
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*From the Private Secretary*

10 December 1980

The Prime Minister has considered your Secretary of State's minute of 8 December about the Seventh Round of offshore licensing, and is content with his proposals.

I am sending copies of this letter to Private Secretaries to members of E Committee, Brian Norbury (Ministry of Defence), Godfrey Robson (Scottish Office), John Craig (Welsh Office), Robin Birch (Office of the Chancellor of the Duchy of Lancaster), Richard Prescott (Paymaster General's Office) and David Wright (Cabinet Office).

L. P. LANKESTER

Julian West, Esq.,  
Department of Energy.

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