Dear Mr. Sucre,

With great interest I have read your letter of October 8, 1985. Although our operation is small and our experience in the oilfield is very short, I take the opportunity and have the pleasure to invite you to Suriname for a visit to our production field.

Your visit can be scheduled in November or December of this year. While in Suriname Staatsolie will be your host. Please advise in advance your travelling schedule by telex.

Best regards,

Drs. S.E. Jharap
Managing Director.

Copy:
- Ambassador of the Republic of Guyana in the Republic of Suriname, Mr. C.R. Jones
WORLDWIDE REPORT: Oil production down 1.7%, p. 63

U.S. gas industry in turmoil after 1 year of partial decontrol, p. 33
Norwegian government may veto early start-up of Gullfaks C, p. 41
Diamonds becoming more important to drilling technology, p. 131
PETROLEUM EXPLORATION OPPORTUNITIES IN GUYANA

Exploration companies will be invited to apply for petroleum exploration licences in the Co-operative Republic of Guyana in 1988. There are two main sedimentary areas. The Guyana Basin is a passive margin basin extending across the continental shelf (see “Petroleum Potential of Offshore Guyana”, 9th December 1988 issue Oil & Gas Journal). The Takatu Basin is an intracratic ‘pull-apart’ basin which straddles the Guyana-Brazil border. Reports detailing the petroleum potential of the respective basins are available for purchase together with data packages containing seismic and well data.

A presentation of the petroleum prospectivity and a new legislative/economic framework will be given at seminars in London and Houston on 11th and 18th February, 1988. Following the seminars, Guyana Government officials will be available to meet privately with interested companies.

To receive a free Promotional Document and an invitation to the seminars contact either:

Mr. A. Crawford
Permanent Secretary
Ministry of Energy and Mines
A Blackdam and Boyle Place
GUYANA

Steve Lawrence
Exploration Company
Highland House
Henry Street
Georgetown

Oil Concessions
(Guyana)
December 31, 1985

Mr. A. Crawford  
Permanent Secretary  
Ministry of Energy and Mines  
41 Brickdam and Boyle Place  
Georgetown, Guyana

Re: PETROLEUM EXPLORATION OPPORTUNITIES IN GUYANA

Dear Sir:

We have noted with interest a recent announcement by the Co-operative Republic of Guyana concerning presentations of the petroleum prospectivity and legislative/economic framework to the international oil industry.

We would like to receive additional information on the above.

Please airmail the documents to my attention at the address below.

Sincerely,

Dale Wetherbee  
Senior Staff Geologist  
Western Hemisphere Region  

DW:v1  
/0289W

cc: John Bonneville
January 8, 1986

Mr. A. Crawford
Permanent Secretary
Ministry of Energy and Mines
41 Brickdam and Boyle Place
Georgetown
Guyana

RE: Petroleum Exploration Opportunities in Guyana

Dear Mr. Crawford:

In response to your advertisement in the Oil & Gas Journal of December 30, 1985, would you please send to us your Promotional Document and an invitation to the seminars to the following:

Mr. Donald W. Raymond
Oil Transactions
1875 Olympic Blvd., Suite 205
Walnut Creek, CA 94596
U.S.A.

Thank you.

Very truly yours,

Suzanne G. Martin
Administrator

mtf
January 8, 1986

Mr. A. Crawford
Permanent Secretary
Ministry of Energy and Mines
41 Brickdam and Boyle Place
Georgetown
Guyana

Dear Mr. Crawford,

Regarding petroleum exploration opportunities in Guyana, please send your free promotional document and an invitation to the seminars to me at the address above.

Thank you.

J. B. CARNES
Research Consultant

JBC:af
January 9, 1986

Mr. A. Crawford  
Permanent Secretary  
Ministry of Energy and Mines  
41 Brickham and Boyle Place  
Georgetown, Guyana

Dear Mr. Crawford:

This letter is in response to the advertisement in the January, 1986 issue of the American Association of Petroleum Geologist's "Explorer" concerning "Petroleum Opportunities in Guyana".

R. Brewer and Company, Inc. is primarily involved with geophysical consulting, but many of our clients are active in international exploration and sometimes look to us to direct their interest. This being the case, we would like to attend your seminar in Houston on the 18th of February. Our company has been very interested in the Guyana basin since we were involved in an interpretation of a small portion of the area a few years ago.

Please send a copy of the promotional document mentioned in your advertisement and invitations to your Houston seminar to our offices. If you need any further information or if we may be of any assistance, please feel free to call.

Sincerely,

James E. Mabry, III

James E. Mabry, III
TELEX

MR. STEVE LAWRENCE
EXPLORATION CONSULTANTS LTD.
ENGLAND.

TELEX NO. 648776 ECL UK 6

THE FOLLOWING OIL COMPANIES WROTE ME REQUESTING INVITATIONS TO SEMINARS. PLEASE ENSURE INVITATIONS ARE SENT THEM IN TIME:

* MARATHON INTERNATIONAL OIL COMPANY, P.O. BOX 3128, HOUSTON, TEXAS
* AMOCO PRODUCTION COMPANY, P.O. BOX 3092, HOUSTON, TEXAS
* LESSO EXPLORATION INC., P.O. BOX 146, HOUSTON, TEXAS
* MONSANTO OIL COMPANY, 1300 POST OAK TOWER, 5051 WESTHEIMER, HOUSTON, TEXAS
* SOHIO PETROLEUM COMPANY, P.O. BOX 4507, HOUSTON, TEXAS
* TEXACO USA, P.O. BOX 770070, HOUSTON, TEXAS
* R. BREWER AND COMPANY INC., 1210 AMERICANA BUILDING, HOUSTON, TEXAS
* OIL TRANSACTIONS, 1875 ODMPIC BLVD., WALNUT CREEK, CA 94596
* NIMCO EXPLORATION COMPANY, NORTHERN MICHIGAN, USA
* SEISMOGRAPHY INTERNATIONAL INCORPORATED, 12012 WICKCHESTER LANE, SUITE 290, HOUSTON, TEXAS

A.P. CRAWFORD
PERMANENT SECRETARY
MINISTRY OF ENERGY & MINES
GUYANA

1986-01-22

DESPATCHED REGIST

Oil Concessions
(Guyana)
Annex Peter R. Johnson, Manager, Legal and Lands for LASNO, John L. Elliott, President of Petrel Petroleum Corporation, and Claude B. Masters, Attorney, visited Cost Pizzis and members of the Petroleum Unit, Ministry of Energy and Mines — Edm B. Suarez, Chief, Petroleum Unit, and T. Ritter (Senior Exploration Consultant) on the above date in order to classify certain matters concerning their offer, which will be placed with the High Commissioners in London on Tuesday 15th July and at the same time to give us an insight into their proposed offer. Also present were Jo Salomon, Legal Advisor, Ministry of Energy and Mines and M. Bender, Vice Chairman, Guyana National Energy Authority.

John Elliott explained that their offer will not confine to the E-1 through E-6 areas which we would have preferred, but rather is over the seaward three quarters of area E-5 and E-6 along with a small portion of the adjacent E-4. The total area/extent of the offer will be over 193 full 5' x 5' blocks, each having an area/extent of approximately 54 km² and another 26 partial blocks, half along the Guyanaese coast and half along the Guyanaese/Surinamese offshore boundary.

The total area involved will be approximately 13,860 km² or 3,400,000 acres, which is much larger than any of the six "E" areas that we had laid out earlier. In addition, 16 of the full blocks, 13 of the partial blocks along the Guyanaese coast, and 3 along the Guyanaese/Surinamese offshore boundary overlap the area of possible interest to Energy World Trade. The area/extent of this overlap is approximately 2,016 km² or 498,000 acres.

It is obvious that LASNO/PETREL are requesting such a large area with the idea of high grading it with a seismic program and then being able to return blocks at the end of four years which they will be reasonably certain have little prospect of having hydrocarbons. There is nothing wrong with this approach so long as we can assure ourselves that the presently unexplored (by seismic) areas, which make up the seaward 65% of their requested area, receive enough seismic exploration to obtain a 5 x 5 km grid over the entire area. However, we must await their offer to see if they plan enough of a seismic program to give us this type of coverage, that is a 5 x 5 km grid.

It should be noted that approximately 2,000 line km of seismic would be needed in the unexplored seaward 65% of the proposed area and that is not considering additional detail seismic which LASNO/PETREL will wish to do in remaining 35% of the area. Based on these numbers and an
estimated cost of US$800 per kilometer to obtain and possess data we are looking at a monetary commitment for the seismic work in excess of one million dollars (U.S.).

Mr. Johnson stated he wanted a three-year exploration period during which the above noted seismic work would be completed and then a final year, making the first exploration complete, with apparently no obligatory work while they made up their minds whether or not to enter into the 2nd exploration period. He was rather vague on what he was trying to accomplish with this play, but I do not think we would make an agreement that permitted any company to enter into the second exploration period without an obligatory exploration well early in said period.

Mr. Johnson wanted to know if Guyana would consider on acreage release program of 30, 20 and 10%. However, there are only two relinquishments and later at the hotel I found he meant to have a 30% relinquishment at the end of either 3 or 4 years and a 20% reduction at the end of seven years (end of 2nd exploration period) and would hold the remaining 50% for the full ten year exploration period. This would seem a very long time to hold such a large area and we would have to evaluate this portion of the offer thoroughly.

Lanco?" Mr. Johnson said he would prefer to have any percentage change in the production split to be based on daily production rates, as is the custom in the industry, instead of an cumulative production as is stated in the model contract. Commonwealth Secretary said people wanted to use cumulative production rather than daily production because they felt that as daily production declines the capital costs will be almost completely amortized so that the profit will be greater and the Government should benefit with a greater share.

This Can Geo remaining is probably correct, but when the private company sees its share of profits declining, as the cumulative production increases, it may be difficult for the company to justify increased maintenance which will be necessary, and even secondary recovery projects. In addition, smaller fields would be non-commercial if found late in the exploration period, and more importantly, smaller anomalies would probably not be drilled. We should review this matter thoroughly as negotiations continue.

Lanco will probably ignore the Petroleum Profits Tax because they feel the potential of the area does not warrant such a tax.
Mr Johnson wanted to know if the Government would want income as seen as production began, while he did not actually say so he inferred that he would like to have all oil to be considered cost oil until the company had recovered its investment. However, the model contract is so arranged that the Government is supposed to receive some minimum payment, which would correspond, more or less to a royalty, from the first day of production (see Article II(3)). I believe we should insist on receiving some income as soon as production is established and I told John Elliott that later in the day.

The Lessee representative also wanted the Government to consider a way in which Lessee could keep title to equipment brought into Guyana. They need such an arrangement to assure deductibility of the cost of said equipment against their U.K. taxes. We believe a method can be found to do this. He also asked about the standing of the border (offshore) between Guyana and Suriname. From an old map, which I have not seen, it would appear that as much as 20% of the area could fall in this area of possible dispute. As relations are very good between the two countries, it is felt that should oil be found within this zone an amicable and just solution to any dispute could be reached.

John Elliott wanted to know when serious negotiations could begin and he was told that the second half of September would be the earliest. A preliminary presentation of their geology and proposed work program can be presented before that, but as Mr King will not be in Guyana until August 4th I doubt if we should consider a presentation prior to the week of August 18th.

T. Ritter/D. Suarez
1986-07-11.

Oil Concessions
(Guyana)
LASMO International Oil Development Limited,
Bastion House,
140 London Wall,
London, EC2Y 5FL,
ENGLAND.

ATTENTION: Mr. Martin Scott.

Dear Sirs,

RE: GUYANA – PRODUCTION SHARING CONTRACT

I refer to your request that the Government of Guyana expressly acknowledges and approves the association of BHP Petroleum (Guyana) Inc with LASMO in the application filed by LASMO on 15th July, 1986, as subsequently amended, and to our discussions in this regard.

Formal approval for the association of BHP with LASMO as a joint applicant for a Production Sharing Contract is hereby given.

Kindly forward the following information to this Agency as early as possible:

(1) Relevant evidence authorising the association between the Companies in the application for and negotiation of the Contract and names and office of personnel of the Companies authorised in this respect.
(2) Certificate of Incorporation and Memorandum and Articles of Association (or Charter or By-Laws) of the Companies, LEP Petroleum (Guyana) Inc and the relevant LEPWO Subsidiary, who will be signatories to the Contract as Contractors.

(3) Information on the Companies referred to in (2) above as required in Form A of the Regulations.

(4) Memorandum setting out in summary form the operating arrangements between LEPWO and BNP with respect to the conduct of petroleum operations under the Contract including written confirmations that such arrangements will neither infringe nor be contrary to any provisions of the Production Sharing Contract, the Petroleum Act or the Laws of Guyana.

(5) Any other information deemed relevant by the Companies for the purpose of satisfying the Minister of the financial and technical competence and experience of the Companies and their affiliates as required by the Act.

At the appropriate time formal applications for the grant of a Petroleum Prospecting Licence should be made by the companies who
will be the contractor in accordance with the provisions of the Act.

We look forward to conclusion of a mutually satisfactory contract in the near future.

Yours Co-operatively,

[Winston M. King's signature]

Winston M. King,
Executive Chairman.

C.C. BHP Petroleum (Guyana) Inc.