



MAATSCHAPPIJ SURINAME N.V.

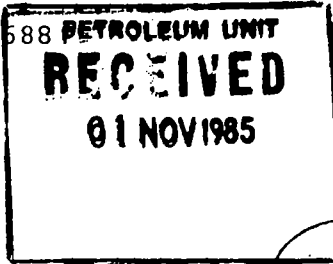
STATE OIL COMPANY SURINAME N.V.

GRAVENBERCHSTRAAT 18, PARAMARIBO-SURINAME, TELEFOON 99649/99684, TELEX: 217 SUROIL SN.

Onderwerp
Subject : Visit Staatsolie

Ons kenmerk
Our reference : 85-2588

Bijlage(n)
Enclosure : 1



Mr. B. Sucre
Chief Petroleum Unit
Permanent Secretary
Ministry of Energy and Mines
41 Brickdam, Georgetown

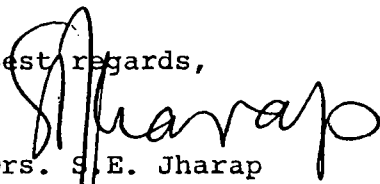
Paramaribo, October 17, 1985

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
- Ambassador of the Republic of Suriname in the Republic of Guyana, Drs. J.H. Kolader.

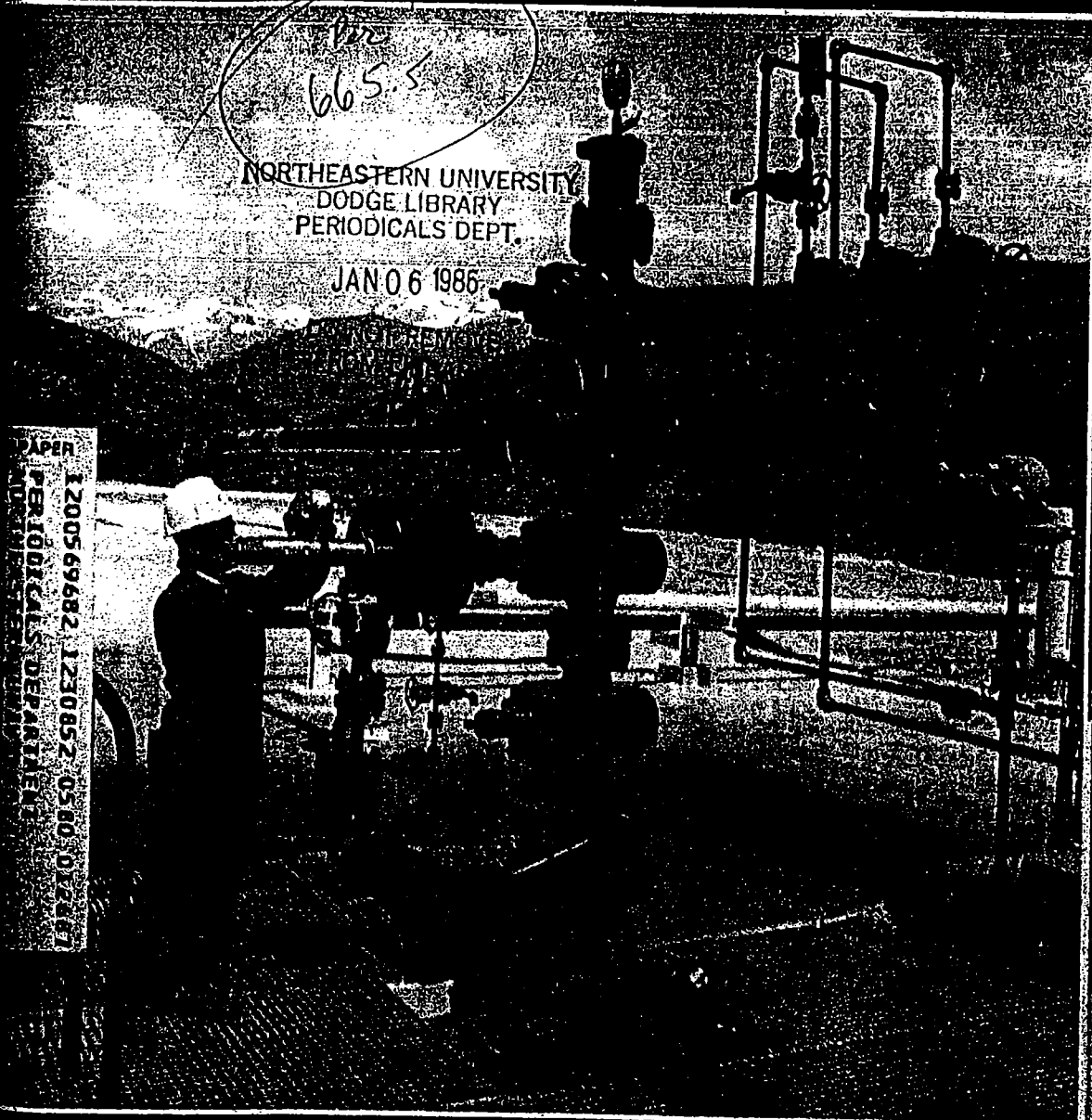
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Oil Concessions
(Guyana)

85-2588-02

WEEK OF DECEMBER 30, 1985
A PennWell Publication

OIL & GAS JOURNAL



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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

**Oil Concessions
(Guyana)**



Ministry of Energy and Mines
Co-operative Republic
of Guyana

PETROLEUM EXPLORATION OPPORTUNITIES IN GUYANA

Exploration companies will be invited to apply for petroleum exploration licences in the Co-operative Republic of Guyana in 1986. 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 1985 issue Oil & Gas Journal). The Takutu Basin is an intracratonic '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 1986.

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
41 Brickdam and Boyle Place
Georgetown
GUYANA

or
Steve Lawrence
Exploration Consultant
Highlands Farm
Henley-on-Thames
Oxfordshire
ENGLAND





Diamond Shamrock
International Petroleum Company

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.

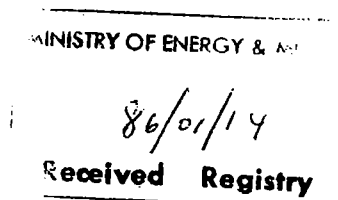
Sincerely,

Dale Wetherbee
Senior Staff Geologist
Western Hemisphere Region

DW:vl

/0289W

cc: John Bonneville



**OIL
TRANSACTIONS**

1875 Olympic Blvd.
Walnut Creek, CA 94596

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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

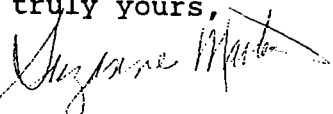
Dear Mr. Crawford:

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.

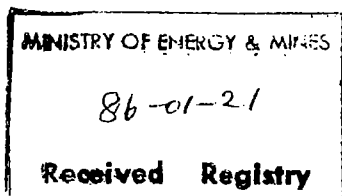
Thank you.

Very truly yours,



Suzanne G. Martin
Administrator

mtf





Texaco USA
Houston Research Center

3901 Briarpark
PO Box 770070
Houston TX 77215 0070
713 954 6000
TWX 910 881 5397

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16
C/S Pl file this.
1/21

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

MINISTRY OF ENERGY & MINES
26-01-21
Received Registry

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Memorial of Guyana
Annex 137

R. BREWER AND COMPANY, INC.
EXPLORATION CONSULTANTS

TELEPHONE: 713-652-3805
CABLE: BREWCO HOUSTON

1210 AMERICANA BUILDING
HOUSTON, TEXAS 77002

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

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MINISTRY OF ENERGY & MINES
86-01-21
Received Registry

Oil Concessions
(Guyana)

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TELEX

MR. STEVE LAWRENCE
EXPLORATION CONSULTANTS LTD.
ENGLAND.

TELEX NO. 848776 ECL UK G

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

- X MARATHON INTERNATIONAL OIL COMPANY, P.O. BOX 3128, HOUSTON, TEXAS
- X AMOCO PRODUCTION COMPANY, P.O. BOX 3092, HOUSTON, TEXAS
- X KESSO EXPLORATION INC., P.O. BOX 146, HOUSTON, TEXAS
- X MONSANTO OIL COMPANY, 1300 POST OAK TOWER, 5051 WESTHEIMER,
HOUSTON, TEXAS
- X SOHIO PETROLEUM COMPANY, P.O. BOX 4587, HOUSTON, TEXAS
- X TEXACO USA, P.O. BOX 770070, HOUSTON, TEXAS
- X R. BREWER AND COMPANY INC., 1210 AMERICANA BUILDING, HOUSTON, TEXAS
- X OIL TRANSACTIONS, 1875 OLYMPIC BLVD., WALNUT CREEK, CA 94596
- X NOMECO EXPLORATION COMPANY, NORTHERN MICHIGAN, USA
- X SEISMOGRAPHY INTERNATIONAL INCORPORATED, 12012 WICKCHESTER LANE,
SUITE 290, HOUSTON, TEXAS

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

GUYANA

1986-01-22

DESPATCHED REGISTER

86-01-22

JL

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*Pl note file under of
a reply come in.*

H/1/20

LASMO/PETREL DISCUSSION OF JULY 10, 1986
at the office of the Deputy Prime Minister,
Planning and Development

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Messrs Peter R. Johnson, Manager, Legal and Lands for LASMO, John L. Elliot, President of Petrel Petroleum Corporation, and Claude B. Masters, Attorney, visited Cde Passis and members of the Petroleum Unit, Ministry of Energy and Mines - Cde B. Sucre, Chief, Petroleum Unit, and T. Ritter (Senior Exploration Consultant) on the above date in order to clarify certain matters concerning their offer, which will be placed with the High Commissioner in London on Tuesday 15th July and at the same time to give us an insight into their proposed offer. Also present were J. Sobhan, Legal Adviser, Ministry of Energy and Mines and M. Bender, Vice Chairman, Guyana National Energy Authority.

John Elliot explained that their offer will not conform to the G-1 through G-6 areas which we would have preferred, but rather is over the shoreward three quarters of areas G-5 and G-6 along with a small portion of the adjacent G-4. The total area/extent of the offer will be over 153 full 5' x 5' blocks, each having an area/extent of approximately 84 km² and another 26 partial blocks, half along the Guyanese coast and half along the Guyanese-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 "G" areas that we had laid out earlier. In addition, 16 of the full blocks, 13 of the partial blocks along the Guyanese coast, and 3 along the Guyanese-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 LASMO/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 as long as we can assure ourselves that the presently unexplored (by seismic) areas, which make up the shoreward 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 kms of seismic would be needed in the unexplored shoreward 65% of the proposed area and that is not considering additional detail seismic which LASMO/PETREL will wish to do in remaining 35% of the area. Based on these numbers and an

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estimated cost of US\$500 per kilometer to obtain and process 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 an acreage release program of 30, 20 and 20%. 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 30% 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.

Like's Mr Johnson said he would prefer to have any percentage change in the production splits to be based on daily production rates, as is the custom in the industry, instead of on cumulative production as is stated in the model contract. Commonwealth Secretariat people wanted to use cumulative production rather than daily production because they feel 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 Com Sec reasoning 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 ones will probably not be drilled. We should review this matter thoroughly as negotiations continue.

Lesmo will probably ignore the Petroleum Profits Tax because they feel the potential of the area does not warrant such a tax.

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Mr Johnson wanted to know if the Government would want income as soon 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(5)). 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 Laeme representative also wanted the Government to consider a way in which Laeme 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/B. Suarez

1986-07-11.



Guyana Natural Resources Agency

Memorial of Guyana
Annex 139

4... Brickdam and Bridge Place,
Stauback, Georgetown,
GUYANA.

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P.O. Box 1074
Tel: 60720, 63549, 50111
Telex: 3 00 GNRAGY

1987-04-10.

LASMO International Oil
Development Limited,
Bastion House,
140 London Wall,
London, EC2Y 5JN,
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.

Oil Concessions
(Guyana)

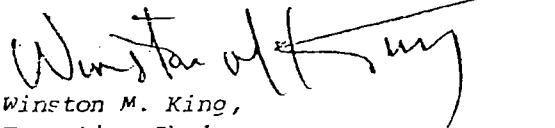
- (2) Certificate of Incorporation and Memorandum and Articles of Association (or Charter or By Laws) of the Companies, BHP Petroleum (Guyana) Inc and its wholly owned subsidiary, who will be signatories to the Contract as Contractor.
- (3) Information on the Companies referred to in (2) above as required in Form A of the Regulations.
- (4) Memorandum setting out in summary form the operating arrangements between LASMO and BHP with respect to the conduct of petroleum operations under the Contract including written confirmation 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,
Executive Chairman.

C.C. BHP Petroleum (Guyana) Inc.