

July 22, 1988

The Harbour Master,
Ministry of Transport,
Transport and Harbours Department,
Battery Road,
Kingston,
GEORGETOWN.

Dear Comrade,

This is to inform you that the Government of Guyana has recently signed an offshore Petroleum Agreement with two U.S based oil companies. The boundaries of the Petroleum concession is as follows:

NW boundary - 58° 25' 00" West Longitude; 8° 20' 00" North Latitude;
NE boundary - 57° 20' 00" West Longitude; 8° 00' 00" North Latitude;
SE boundary - 57° 45' 00" West Longitude; 6° 50' 00" North Latitude;
SW boundary - 58° 24' 30" West Longitude; 7° 12' 30" North Latitude;

This company will be conducting preliminary seismic surveys mainly in the Northern portion of the concession. Western Geophysical, a U.S based company is contracted to carry out the surveys between July 25 and August 8, 1988. The surveys require a motor vessel (the M.V Western Anchorage) which will be towing a 3km. cable that will contain sensitive and delicate electronic equipment and which can easily be damaged by passing ships.

The base of operations will be the Pegasus Hotel and the person in charge is Mr. Major C. Smith. Mr. Smith will be supplying details of the vessel


../2

and any other information you may require. The vessel is expected in Port Georgetown on Monday 25th July, 1988 and will be berthed at the John Fernandes Wharf.

Your kind assistance in facilitating this programme will be appreciated.

All for your information.

Yours Co-operatively,


Brian Sucre',
DIRECTOR, PETROLEUM UNIT.

137

" P R E S S R E L E A S E "

The Government of Guyana today granted a Petroleum Prospecting Licence to LASMO Oil (Guyana) Ltd, a subsidiary of London and Scottish Marine Oil Company PLC of the United Kingdom and BHP Petroleum (Guyana) Ltd, a subsidiary of Broken Hill Proprietary Co. Ltd of Australia acting together as the Licensee in respect of an area of approximately 11400 sq. km. offshore. The Licence will be for a period of three (3) years in the first instance, renewable for two (2) consecutive periods of three (3) years each, making for a maximum exploration period of nine (9) years.

The Government, represented by the Deputy Prime Minister, Planning and Development, also signed a Petroleum Agreement with the same companies covering exploration for and production of petroleum in the area covered by the Licence.

During Phase I of the exploration term, the companies will complete about 2000 km. of necessary seismic surveys. If the companies elect to continue exploring beyond Phase I, they could drill at least four (4) exploration wells.

The Agreement which allows for the sharing of production in the event of any commercial development describes the regime under which petroleum extracted will be shared between the companies on the one hand

/....2.

and the Government on the other. The two (2) companies will be providing their own funds to explore for and to extract petroleum.

The signing of this Agreement ends two (2) years of discussions and negotiations which were begun when the new Petroleum (Exploration and Production) Act 1986 was enacted and oil companies were invited to participate in the exploration activities. This Licence is the third granted for prospecting for petroleum in Guyana, the second off-shore.

The Guyana Natural Resources Agency (GNRA), which has negotiated the Agreement, will be responsible for its administration and implementation on behalf of the Government and will monitor and oversee the proposed petroleum operations and all matters relating to those operations.

GUYANA NATURAL RESOURCES AGENCY:

JULY 28, 1988.

4th President to Paul Bernard
as requested
[Signature]

Oil Concessions
(Guyana)



THERE ARE 156 DAYS LEFT IN THE YEAR

Guyana, two more oil coys sign exploration agreement

THE Government of Guyana yesterday granted a petroleum prospecting licence to LASMO Oil (Guyana) Limited, a subsidiary of London and Scottish Marine Oil Company PLC of the United Kingdom and BHP Petroleum (Guyana) Limited, a subsidiary of Broken Hill Proprietary Company Limited of Australia for an area approximately 11400 sq km offshore south-west, bet-

ween the Demerara and Corentyne rivers. The licence for an initial period of three years is renewable for two consecutive periods of three years each, making for a maximum exploration period of nine years.

by **DHANRAJ BHAGWANDIN**

Signing the relevant documents at the Guyana Natural Resources Agency on behalf of Guyana was Deputy Prime Minister Planning and Development Haslyn Parris while C.N. Davidson Kelly, one of LASMO's directors, and J. Williams Soderman, Vice President of BHP Petroleum signed for the two companies.

Also concluded yesterday was a petroleum agreement with the same companies covering exploration and production of petroleum in the area covered by the licence.

The sinking of one well could entail expenditure of more than \$5 million US, according to the officials.

The agreement which allows for the sharing of production in the event of any commercial development, described the regime under which petroleum extracted will be shared between the companies and the Government.

The two companies will provide their own funds to explore and extract petroleum.

The licence is the third granted for prospecting for petroleum in Guyana, the second offshore.

The Guyana Natural Resources Agency which has negotiated the Agreement, will be

ceremony Deputy Prime Minister Parris said that after nearly 30 months of discussions, an agreement has been reached based on equity and fairness.

He also expressed the hope that with goodwill on both sides the agreement will lead to a new era in Guyana's development.

According to Kelly, the

licence is characterised by a unique mechanism allowing for a fair allocation of profits between Government and the companies even in the face of fluctuating oil prices.

A short statement expressing satisfaction with the negotiation was also made by Soderman.

During the first phase of



Officials during yesterday's signing ceremony. In centre is Deputy Prime Minister Planning. Haslyn Parris. On his left is Davidson Kelly, one of LASMO's directors, and on his immediate right is William Soderman, Vice-President BHP.

Page 6

Exploration agreement

(from page one)

the exploration term the companies will complete about 2000 km of necessary seismic surveys. If the companies elect to continue exploring beyond that phase, they could drill at least four exploration wells. The companies have

already spent about \$1 million (US) on the local project, officials told newsmen shortly after the signing ceremony.

However, they did not disclose, specifically what sums are targeted to be spent over the next few years on the venture.

A N N E X A

DESCRIPTION OF CONTRACT AREA

Description of Area to be granted
under Petroleum Prospecting Licence pursuant to
Article 3 of the Petroleum Agreement.

The area comprising approximately 11,418 square kilometres described herein consisting of graticular blocks identified herein and shown on the map attached as Annex B.

Longitude and Latitude measurements are West and North respectively

Commencing at Point "a", 57° 20' Long., 7° 30' Lat.; Eastwards to Point "b", 57° 00' Long., 7° 30' Lat.; Southwards to Point "c", 57° 00' Long., 7° 20' Lat.; Eastwards to Point "d", 56° 50' Long., 7° 20' Lat.; Southwards to Point "e", 56° 50' Long., 7° 15' Lat.; Eastwards to Point "f", 56° 45' Long., 7° 15' Lat.; Southwards to Point "g", 56° 45' Long., 7° 10' Lat.; Eastwards to Point "h", 56° 40' Long., 7° 10' Lat.; Southwards to Point "i", 56° 40' Long., 7° 00' Lat.; Eastwards to Point "j", 56° 35' Long., 7° 00' Lat.; Southwards to Point "k", 56° 35' Long., 6° 55' Lat.; South-West to Point "l", 56° 55' Long., 6° 25' Lat.; Westwards to Point "m", 57° 05' Long., 6° 25' Lat.; Northwards to Point "n", 57° 05' Long., 6° 30' Lat.; Westwards to Point "o", 57° 25' Long., 6° 30' Lat.; Northwards to Point "p", 57° 25' Long., 6° 35' Lat.; Westwards to Point "q", 57° 45' Long., 6° 35' Lat.; Northwards to Point "r", 57° 45' Long., 6° 40' Lat.; Westwards to Point "s", 57° 50' Long., 6° 40' Lat.; Northwards to Point "t", 57° 50' Long., 6° 50' Lat.; Eastwards to Point "u", 57° 45' Long., 6° 50' Lat.; Northwards to Point "v", 57° 45' Long., 7° 05' Lat.; Eastwards to Point "w", 57° 40' Long., 7° 05' Lat.; Northwards to Point "x", 57° 40' Long., 7° 25' Lat.; Eastwards to Point "y", 57° 20' Long., 7° 25' Lat.; Northwards to Point "a", 57° 20' Long., 7° 30' Lat.

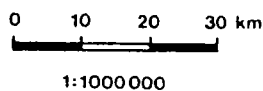
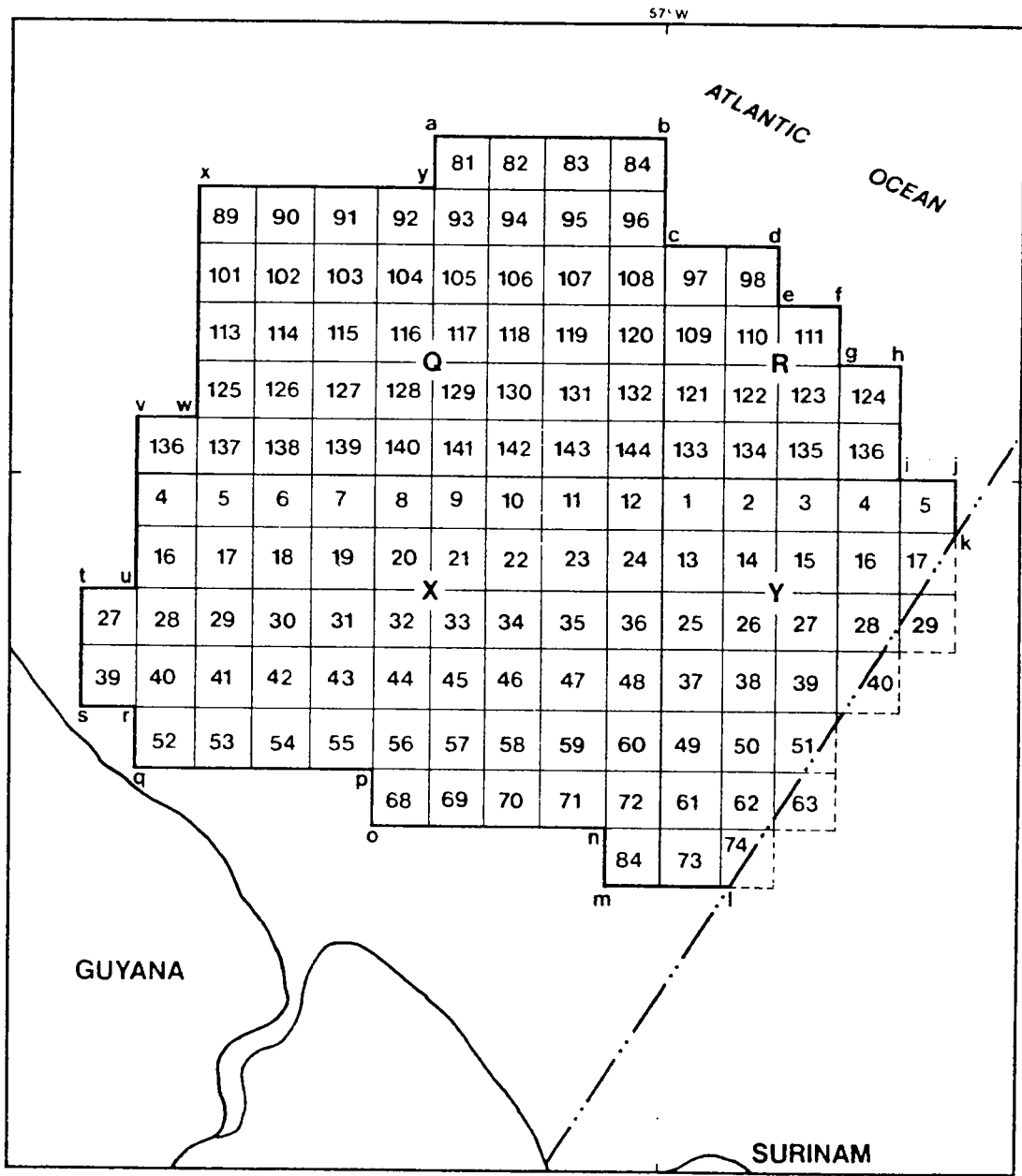
ANNEX A (CONT'D)

Consisting of the Following 5' x 5' Graticular Blocks
as Shown in the Map in Annex B

- Q - 81 - 84, 89 - 96, 101 - 108, 113 - 120, 125 - 132, 136 -
144
- R - 97 - 98, 109 - 111, 121 - 124, 133 - 136
- X - 4 - 12, 16 - 24, 27 - 36, 39 - 48, 52 - 60, 68 - 72, 84
- Y - 1 - 5, 13 - 16, 17(Part), 25 - 27, 28(Part), 29(Part),
37 - 39, 40(Part), 49 - 50, 51(Part), 52(Part), 61,
62(Part), 63(Part), 73, 74(Part)

OFFSHORE GUYANA
AREA GRANTED UNDER A
PETROLEUM PROSPECTING LICENCE
TO

LASMO OIL (GUYANA) LIMITED AND BHP PETROLEUM (GUYANA) INC.



Total Area 11,418 sq kms

Guyana awards offshore licenses to two combines

Exploration is set to resume off Guyana.

The government and its Guyana Natural Resources Agency (GNRA) have awarded two offshore exploration licenses.

One went to a combine of Guyana Exploration Ltd., an Isle of Man company owned by U.S. interests, and Petrel Petroleum Corp., Houston. GNRA awarded the other license to a combine of Lasmo Oil (Guyana) Ltd. and BHP Petroleum (Guyana) Inc.

Guyana has seen no exploration since 1983, when Home Oil Co. Ltd., Calgary, shut down operations after testing oil in noncommercial volumes in an onshore wildcat about 200 miles south of Georgetown (see map, OG), Apr. 26, 1982, p. 102).

Offshore, a Royal Dutch/Shell Group affiliate had noncommercial hydrocarbon shows in the Abary wildcat.

Word of pending offshore contracts caused a political stir in neighboring Venezuela, which long has disputed its border with Guyana, claiming territory as far east as the Essequibo River. Venezuela's Foreign Ministry later

said the contract areas are outside the disputed region (OG), July 11, p. 31).

Contracts similar. The new licenses are similar, both based on production sharing agreements in the event of discoveries.

Lasmo, with a 60% interest, and BHP, 40%, will begin shooting 2,000 line km of seismic survey on the 11,418 sq km Satira block within the next few months.

The license has an initial term of 3 years with options for two successive 3-year periods.

Lasmo-BHP has an option to drill, depending on seismic results. If drilling is successful, the partners can apply for a 20-year production license.

Guyana Exploration and Petrel also agreed to conduct 2,000 line km of seismic survey. The Western Anchorage seismic vessel began operations July 29.

The combine plans to begin drilling early next year in an exploration peri-

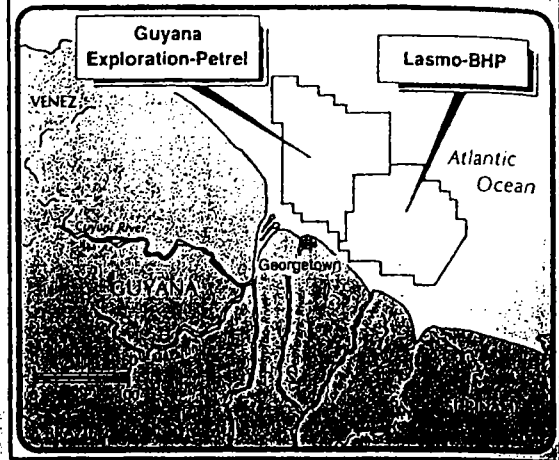
od lasting as long as 10 years. The combine's block covers 12,450 km.

Petrel says main objectives are in Cretaceous carbonates in structures well defined reefal trends. Oil shows in the Guyana basin is Cretaceous Luna shale.

Affiliates of Conoco Inc., Genetec Inc., Royal Dutch/Shell Group and Deminex operated in the region earlier.

At least one well had hydrocarbon shows.

Guyana exploration licenses



Piper flames out; structure to be strengthened

Flames from the last of five wells that were a fire on Occidental Petroleum (Caledonia's) Piper Alpha platform are out.

First steps are under way to stabilize what's left of the structure in the U.K. North Sea.

Red Adair teams killed one of the last burning wells, and the final fire died naturally.

Aided by good weather, crews are preparing to plug all 36 wells on the platform.

The operation is expected to take about 2 weeks.

The first platform stabilization project was to cement one of the damaged platform legs. Oxy also ordered a steel "X" frame that will be clamped to the east side of the jacket 50-120 ft below the water line to strengthen the damaged structure. The jacket stands 10-17 ft in water.

The 70-by-100-ft rectangular frame with "X" bracing weighing 250 tons, will be installed by a crane and ROVs

because it is still too dangerous to send divers into the water around the platform.

Once the frame is in place and a complete survey of the debris on the seabed complete, divers will attempt to recover the accommodation unit, thought to contain many missing bodies.

The death toll from the July 6 explosions that blew away most of Piper Alpha's topsides is 167. Oxy said 122 bodies are still missing.

Construction of the strengthening frame is under way at McDermott International's Ardersier, Scotland, yard.

Work will take about 1 month to complete.

Cement was run into the B1 leg, damaged in the explosions. It is a corner leg and vital to stability of the remains of the platform during winter storms.

A 42-ft cement plug was placed in the tubular leg from 26 ft above the

water line to 68 ft below the line.

Adair's killing of the wells allowed the Kingsnorth U.K. semisubmersible rig, which had been drilling a well, to move off station.

After that, the MSV Tharos semisubmersible support vessel was able to anchor off the platform.

It has remained on station using dynamic positioning since the accident.

Oxy also moved in the Deepsea support vessel, to remove oil from pipeline to Flotta terminal in the Orkney Islands. The line is plugged at Piper Alpha end with a natural gas plug held in place by subsea pressure.

The Claymore platform will resume production with the main line running in a U.S. vessel early plugged.

Oil from seabed wells will be sent through Claymore.