

PETROLEUM EXPLORATION AND DEVELOPMENT IN IRELAND

**Report Covering Period
1 January, 2007 – 30 June, 2007**

Report by the Minister for Communications, Marine and Natural Resources for the six months ended 30 June 2007, in accordance with Section 57 of the *Petroleum and Other Minerals Development Act, 1960*, and the said Section 57 as applied by the *Continental Shelf Act, 1968*.

PRN A7/1505

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Note: Block numbers refer to blocks in the Williams Grid.

INTRODUCTION

This Report sets out:

- the particulars of all Authorisations granted by the Minister for Communications, Marine and Natural Resources that were current during the reporting period;
- the amount of money relating to petroleum exploration and development collected by the Minister during the reporting period, and
- other information relating to petroleum exploration and development in Ireland.

PART ONE
PETROLEUM AUTHORISATIONS

PETROLEUM LEASES

A **Petroleum Lease** vests in the Lessee the exclusive right to produce petroleum from the leased areas.

Lease	Commencement Date	Block Nos	Area (km ²)	Participants (* = Operator)	% Interest
<u>Offshore Petroleum Lease No. 1: Kinsale/Ballycotton</u>	7 May, 1970	48/20, 48/25, 49/16 & 49/21	1003.03	*Marathon Oil Ireland Limited.	100%
<u>Corrib Petroleum Lease</u>	15 November, 2001	18/20(p) & 18/25(p)	29.28	*Shell E&P Ireland Limited Statoil Exploration (Ireland) Ltd. Marathon International Petroleum Hibernia Ltd.	45% 36.5% 18.5%
<u>Seven Heads Petroleum Lease</u>	13 November, 2002	48/22(p), 48/23(p), 48/24(p), 48/27(p), 48/28(p), 48/29(p) & 48/30(p)	291.5	*Marathon Seven Heads Limited Island Oil and Gas Plc. Sunningdale Oils (Ireland) Ltd.	86.5% 12.5% 1%

P – part block

OFFSHORE PETROLEUM EXPLORATION LICENCES

A **Petroleum Exploration Licence** vests in the Holder the exclusive right of carrying out exploration for petroleum in a specific licensed offshore area.

Twenty offshore Petroleum Exploration Licences were current during the reporting period. **Seventeen** of these Licences were subject to the 1992 '*Licensing Terms for Offshore Oil and Gas Exploration and Development*'. **Three** Licences which were awarded in 2007 were subject to the 2007 '*Licensing Terms for Offshore Oil and Gas Exploration, Production and Development*'.

A **Standard Exploration Licence** is issued for a period of six years in respect of an area with water depths of up to 200 metres and is subject to an annual rental fee of **€167** per km². If acreage is surrendered at the end of the fourth year, the annual rental fee rises to **€335** per km².

A **Deepwater Exploration Licence** is issued for a period of twelve years in respect of areas in which the water depth exceeds 200 metres and is subject to an annual rental fee of **€83** per km². If acreage is surrendered at the end of the fourth year, the annual rental fee rises to **€167** per km². At the end of the seventh year, this figure rises again to **€335** per km².

A **Frontier Exploration Licence** may be issued in respect of an area with special difficulties related to physical environment, geology or technology – where such an area is specified and announced by the Minister for Communications, Marine and Natural Resources as a 'Frontier Area'. This Licence type is valid for a period of not less than fifteen years and is comprised of a maximum of four phases. Annual rental during the first phase is **€27** per km² and **€55** per km² during the second and subsequent phases. If acreage is surrendered at the end of the second or third phase, the annual rental fee rises to **€111** per km².

The 1992 Terms also provide for an application fee of **€8,354** in each case.

Licence	Licence Period	Block Nos.	Area (km ²)	Participants (* = Operator)	% Interest
2/94 Frontier	15 March, 1994 – 14 March, 2010	12/2(p), 12/3(p), 12/7(p), & 12/8(p)	465.6	* Shell E&P Ireland Ltd. Eni Ireland BV OMV (Ireland) Exploration GMBH	50% 40% 10%
3/94 Frontier	15 March, 1994 – 14 March, 2010	18/14(p), 18/15(p), 18/19(p) & 18/20(p)	467.2	* Shell E&P Ireland Ltd. Statoil Exploration (Ireland) Ltd. Marathon International Petroleum Hibernia Ltd.	45% 36.5% 18.5%
5/94 Frontier	15 March, 1994 – 14 March, 2010	19/2(p), 19/3(p), 19/4(p), 19/7(p), 19/8, 19/11(p), 19/12(p), 19/16(p), 19/17(p) & 19/21(p)	1316.04	* Statoil Exploration (Ireland) Ltd. Enterprise Energy Ireland Offshore Inc. Shell E&P Ireland Ltd.	58.7% 23.65% 23.65%
7/97 Frontier	4 June, 1997 – 3 June, 2013	11/20, 11/23 (p), 11/24, 11/25, 11/28 (p), 12/11 (p), 12/12 (p) & 12/16 (p)	1327.66	* Eni Ireland BV	100%

P – part block

OFFSHORE PETROLEUM EXPLORATION LICENCES (cont'd)

Licence	Licence Period	Block Nos.	Area (km ²)	Participants (* = Operator)	% Interest
1/99 Frontier	15 March, 1999 – 14 March, 2014	43/19, 43/20, 43/24, 43/25, 43/28 & 43/29	1553.62	* Eni Ireland BV	100%
1/04 Frontier	15 April, 2004 – 14 April, 2019	26/27(p), 26/28, 35/2(p) & 35/3(p)	622.06	* Island Assets Porcupine Limited X-IPEC Limited Valhalla Oil and Gas Limited	40% 35% 25%
2/04 Frontier	15 November, 2004 – 14 November, 2019	35/8 & 35/9	500.95	* Providence Resources Plc Sosina Exploration Limited	80% 20%
3/04 Frontier	15 November, 2004 – 14 November, 2020	44/18, 44/23, 44/24, 44/29, & 44/30	1295.27	*Providence Resources Plc ExxonMobil Exploration and Production Ireland (Offshore) Limited. Sosina Exploration Limited	16% 80% 4%
1/05 Frontier	20 January, 2005 – 19 January, 2020	13/7, 13/11(p) & 13/12(p)	408.29	* Lundin Exploration BV Island Donegal Limited Donegal Exploration Limited Petroceltic Erris Limited Sunningdale Donegal Basin Limited	35% 26% 19.25% 16.25% 3.5%
2/05 Frontier	1 July, 2005 – 30 June, 2021	11/10, 11/15 & 12/1, 12/6	932.18	* Shell E&P Ireland Limited Eni Ireland BV. OMV (IRELAND) Exploration GmbH	50% 40% 10%
3/05 Frontier	1 July, 2005 – 30 June, 2021	18/10, 19/1 & 19/6	715.58	* Island Rockall JV Limited	100%
4/05 Standard	1 November, 2005 – 31 October, 2011	49/17 (p), 49/22 (p) & 49/23 (p).	258.49	*Island Expro Limited	100%
5/05 Standard	1 November, 2005 – 31 October, 2011	48/26 (p), 48/27 (p), 57/1 (p), 57/2	664.2	*Island Expro Limited Celtex Exploration Services Limited Carob Limited Bexley Investments Limited	55% 15% 15% 15%

P – part block

Frontier Exploration Licence 1/05 (Lundin Exploration BV, Island Donegal Limited, Donegal Exploration Limited, Petroceltic Erris Limited and Sunningdale Donegal Basin Limited) was relinquished with effect from 19 January, 2007

OFFSHORE PETROLEUM EXPLORATION LICENCES (cont'd)

Licence	Licence Period	Block Nos.	Area (km ²)	Participants (* = Operator)	% Interest
1/06 Frontier	1 December, 2006 to 30 November, 2021	27/4, 27/5 (p) & 27/9	610.55	* Serica Energy (UK) Limited	100%
2/06 Frontier	1 December, 2006 to 30 November, 2021	19/9, 19/13 & 19/17 (p)	653.53	* Statoil Exploration (Ireland) Ltd. Shell E&P Ireland Ltd.	58.7% 41.3%
3/06 Frontier	1 December, 2006 to 30 November, 2021	13/4 (p), 13/5 (p), 13/9 (p), 13/13 (p), 13/14 (p) & 14/1 (p),	699.29	* Island Oil and Gas plc Lundin Exploration BV Endeavour Energy UK Limited	40% 40% 20%
4/06 Frontier	1 December, 2006 to 30 November, 2021	27/17 (p), 27/18, 27/22 (p) & 27/23	741.48	* Island Oil and Gas plc Lundin Exploration BV	50% 50%
1/07 Standard	1 February, 2007 to 31 January, 2013	41/25 (p), 42/21 (p), 41/30 (p), 42/26 (p) & 51/1 (p)		* Providence Resources Plc Midmar Energy Limited	95% 5%
2/07 Standard	1 February, 2007 to 31 January, 2013	49/8 (p), 49/9 (p), 49/13 (p), 49/14 (p), 49/18 (p), 49/19 (p), 50/6 (p), 50/11 (p) & 50/12 (p)		* Providence Resources Plc Challenger Minerals (Celtic Sea) Limited Midmar Energy Limited	75% 20% 5%
3/07 Standard	1 April, 2007 to 31 March, 2013	48/29 (p), 48/30 (p) & 49/26 (p)	298.86	* Providence Resources Plc Challenger Minerals (Celtic Sea) Limited Midmar Energy Limited	75% 20% 5%

P – part block

RESERVED AREA LICENCES

A lessee may at any time apply for a **Reserved Area Licence** in respect of a specified area adjacent to or surrounding the leased area and which is not the subject of an authorisation other than a Petroleum Prospecting Licence granted to a person other than the lessee.

Licence	Licence Period	Block Nos.	Area (km ²)	Participants (* = Operator)	% Interest
<u>1/05</u> Deepwater	1 January, 2005 – 31 December, 2008	18/25(p) & 18/30(p)	130.21	* Shell E&P Ireland Ltd. Statoil Exploration (Ireland) Ltd. Marathon International Petroleum Hibernia Ltd.	45% 36.5% 18.5%

P – part block

ONSHORE PETROLEUM EXPLORATION LICENCES

Licence	Licence Period	Location	Area (km ²)	Participants (* = Operator)	% Interest
<u>ON1/05</u>	1 November, 2005 – 31 October, 2011	Northwest Carboniferous Basin, over parts of Counties Cavan and Leitrim	209.51	*Finavera Ltd.	100%
<u>ON2/05</u>	1 November, 2005 – 31 October, 2011	Northwest Carboniferous Basin, over parts of Counties Sligo, Leitrim, Cavan, Roscommon and Mayo	1069.47	*Finavera Ltd.	100%

LICENSING OPTIONS

A **Licensing Option** gives the Holder the first right to an Exploration Licence over all or part of the area covered by the Option.

Option No	Option Period	Block Nos.	Area (km ²)	Participants (* = Operator)	% Interest
<u>03/2</u>	1 February, 2003 – 31 July, 2004 (Extended to 31 December, 2006) Further Authorisation under discussion	49/11(p) & 49/12(p)	257.3	* Lansdowne Oil & Gas plc	100%
<u>03/5</u>	15 September, 2003 – 14 September, 2004 (Extended to 31 December, 2006) Further Authorisation under discussion	48/22(p), 48/23(p), 48/24(p), 48/27(p), 48/28(p), 48/29(p) & 48/30(p)	291.5	* Lansdowne Oil & Gas plc Island Oil and Gas plc Lundin Exploration BV Sunningdale Oils (Ireland) Limited	74% 12.5% 12.5% 1%
<u>03/6</u>	15 September, 2003 – 14 September, 2004 (Extended to 31 December, 2006) Further Authorisation under discussion	48/17(p), 48/18(p), 48/19(p), 48/22(p), 48/23(p) & 48/24(p)	808.12	* Lansdowne Oil & Gas plc Island Expro Limited Sunningdale Oils (Ireland)Limited	76.4% 22% 1.6%
<u>03/10</u>	24 November, 2003 – 23 November, 2005 (Extended to 31 December, 2006) Further Authorisation under discussion	49/17(p), 49/18(p), 49/23(p)	509.92	* Lansdowne Oil & Gas plc	100%
<u>05/1</u>	1 January, 2005 – 31 December, 2006 (Extended to 31 December, 2007)	49/13(p)	160.74	* Milesian Oil & Gas Ltd	100%
<u>05/2</u>	1 January, 2005 – 31 December, 2006 (Extended to 31 December, 2007)	47/25 (p), 48/21(p) & 48/22(p)	435.93	* Milesian Oil & Gas Ltd	100%
<u>05/3</u>	1 April 2005 – 30 September, 2006 (Extended to 30 September, 2007)	41/29(p), 41/30(p), 50/3(p), 50/4, 50/5 & 51/1(p)	841.56	* Providence Resources Plc.	100%

P – part block

LICENSING OPTIONS (cont'd)

Option No	Option Period	Block Nos.	Area (km ²)	Participants (* = Operator)	% Interest
<u>06/1</u>	1 September 2006 – 31 August 2009	61/14, 61/15, 61/17, 61/18, 61/19, 61/20, 61/22, 61/23, 61/24, 61/25, 62/11, 62/16, 62/17, 62/21 & 62/22	4029.53	*Providence Resources Plc ExxonMobil Exploration and Production Ireland (Offshore) Limited. Sosina Exploration Limited	16% 80% 4%

P – part block

PETROLEUM PROSPECTING LICENCES

A Petroleum Prospecting Licence is non-exclusive and confers on the Licensee the right to search for petroleum in any area where an Exploration Licence, Reserved Area Licence or Petroleum Lease is not in force.

Licence No.	No. of Years	Licence from	Licensee
<u>4/04</u>	3	20 October, 2004	Black Rock Oil & Gas PLC
<u>1/05</u>	3	1 January, 2005	Milesian Oil & Gas Limited
<u>2/05</u>	3	14 June, 2005	Trans-International Oil Exploration Ltd
<u>3/05</u>	3	1 October, 2005	TGS-NOPEC Geophysical Company (UK)
<u>1/06</u>	3	8 March, 2006	Lansdowne Celtic Sea Limited
<u>2/06</u>	3	22 May, 2006	Shell E&P Ireland Limited
<u>3/06</u>	3	12 June, 2006	Fugro Data Services AG
<u>1/07</u>	3	23 April, 2007	Providence Resources Plc
<u>2/07</u>	3	17 May, 2007	GX Technology Corporation

Petroleum Prospecting Licence 1/04 (Providence Resources Plc) expired on 31 December 2007

Petroleum Prospecting Licence 2/04 (Circle Oil Company Limited) expired on 28 February 2007

ONSHORE PETROLEUM PROSPECTING LICENCES

Licence No.	No. of Years	Licence From	Licensee
<u>ON1/04</u>	3	13 April, 2004	Finavera Limited.

Petroleum Prospecting Licence ON1/04 (Finavera Limited) expired on 12 April 2007

PART TWO
MONEYS RECEIVED

During the six months ended 30 June, 2007, the total amount of all moneys collected by the Minister either by way of rentals under or by virtue of any lease, licence or permit, sale of data and application fees was **€664,678.00**. Details are as follows:

Rentals	Application fees	Assignments of interest	Sale of data	Total
€646,582.00	€1,392.00	€16,704.00	€0.00	€664,678.00

PART THREE
OTHER INFORMATION

EXPLORATION/APPRAISAL WELLS drilled during the 6 months ended 30 June, 2007

Well No. (Block)	Well Class	Area	Operator	Rig Name	TD (MD)	Water Depth	Spud Date/ Re-entry date	Rig Release Date	Well Result	Well Status
18/20-6 (P101)	Development	Slyne Basin (Corrib Field)	Shell E&P Ireland Ltd	Sedco 711	-	349m	27 March 2007	-	Operations ongoing	Operations ongoing
18/20-5 (P6)	Development	Slyne Basin (Corrib Field)	Shell E&P Ireland Ltd	Sedco 711	-	348m	31 March 2007	16 June 2007	Operations ongoing in field	Temporarily suspended. Operations expected to resume Q3 2007
49/23-2z	Appraisal / Development	North Celtic Sea Basin	Island Oil & Gas Plc	Petroliia	5140'	289ft	16 May 2007	-	Gas well-testing operations ongoing	Operations ongoing

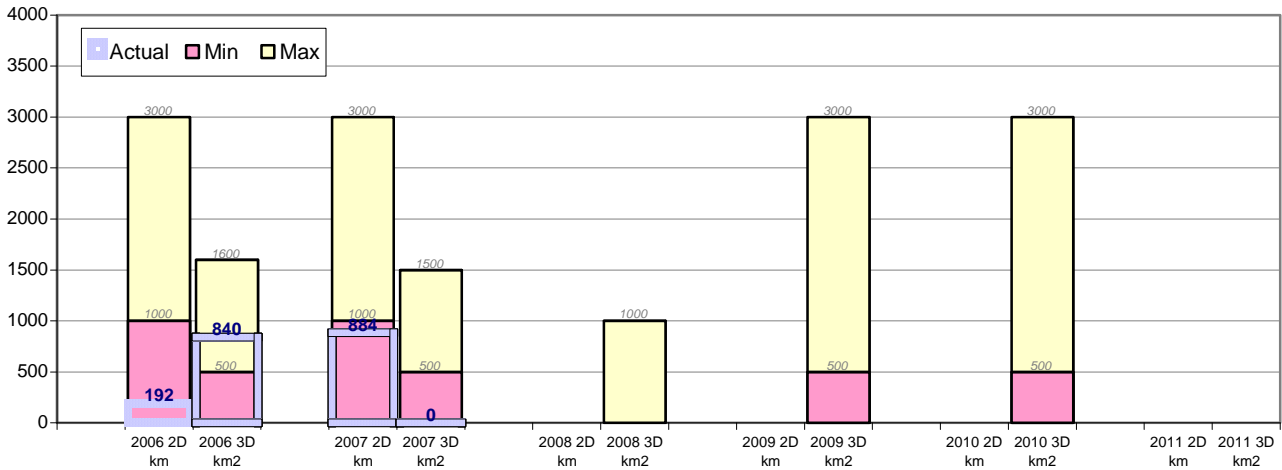
SEISMIC SURVEYS carried out or commenced in the 6 months ended 30 June, 2007

Operator	Authorisation	Contractor	Vessel	2D Line Km	3D Km²	Survey Area
TGS Nopec	Petroleum Prospecting Licence 3/05	TGS Nopec	Akademik Lazerev	883.5	0	East Rockall Margin

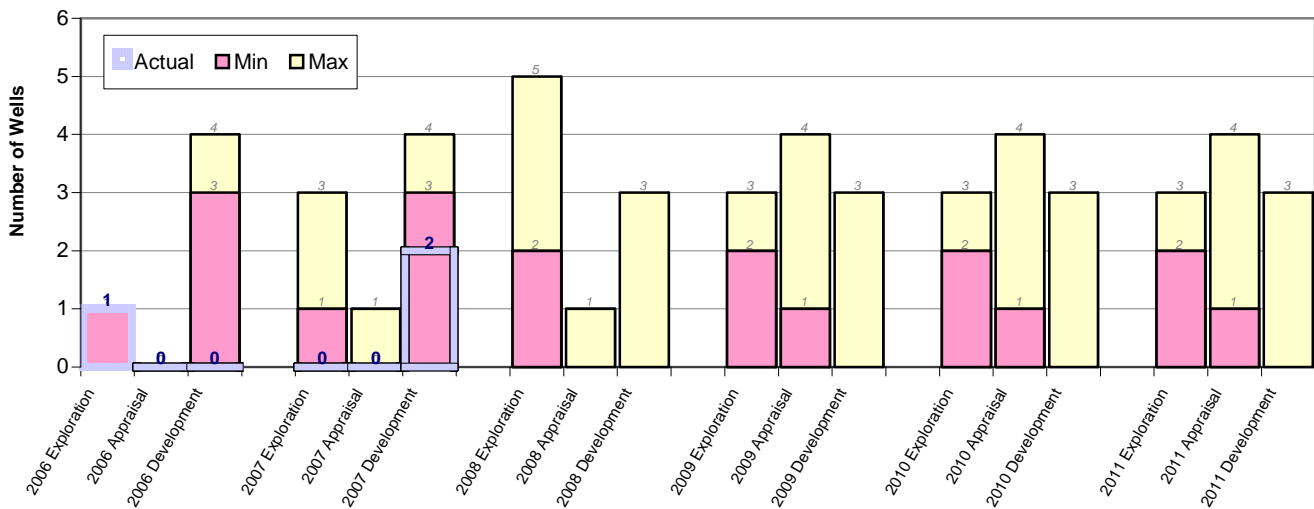
Exploration activities forecast in the IOSEA1 area from new 2006 licences and pre-existing licences - 2006 to 2011 (from combined tables 4.1 and 4.2 of IOSEA1 Environmental Report)

Type of activity	2006		2007		2008		2009		2010		2011	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
2D seismic survey (km)	1000	3000	1000	3000	-	-	-	-	-	-	-	-
3D seismic survey (km ²)	500	1600	500	1500	-	1000	500	3000	500	3000	-	-
Exploration drilling (numbers of wells)	1	1	1	3	2	5	2	3	2	3	2	3
Appraisal drilling (numbers of wells)	-	-	-	1	-	1	1	4	1	4	1	4
Development drilling (numbers of wells)	3	4	3	4	-	3	-	3	-	3	-	3

Seismic Surveys in the Slyne/Erris/Donegal Area



Drilling in the Slyne/Erris/Donegal Area



Actual versus forecast levels of exploration activity – IOSEA1 area