

**PETROLEUM EXPLORATION AND
DEVELOPMENT IN IRELAND**

**Report Covering Period
1 July 2001 - 31 December 2001**

Report by the Minister for the Marine and Natural Resources for the six months ended 31 December 2001 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.

PN 11115

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

INTRODUCTION

This report sets out:

- particulars of all authorisations granted by the Minister and current during the reporting period;
- the amount of money relating to petroleum exploration collected by the Minister during the reporting period; and
- other information relating to petroleum exploration and development.

PART ONE

PETROLEUM AUTHORISATIONS

1. Petroleum Exploration Licences

A Petroleum Exploration Licence vests in the holder the exclusive right of carrying out exploration for petroleum in the licensed area.

Thirteen exploration licences were current during the reporting period. These licences were subject to the 1992 Licensing Terms for Offshore Oil and Gas Exploration and Development.

A **Standard Exploration Licence** is issued for a period of six years in respect of an area with water depths up to 200 metres and is subject to an annual rental fee of £132 per sq. km. If acreage is surrendered at the end of the 4th year the annual rental fee rises to £264 per sq. km.

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 annual rental fees of £66 per sq. km. If acreage is surrendered at the end of the 4th year annual rental fees rise to £132 per sq. km. and at the end of the 7th year to £264 per sq. km.

A **Frontier Exploration Licence** may be issued in respect of an area with special difficulties related to physical environment, geology or technology where such area is specified and announced by the Minister for the Marine and Natural Resources as a 'Frontier Area'. This licence type is valid for a period of not less than 15 years, comprising a maximum of four phases. Annual rental during the first phase is £22 per sq. km. and £ 44 per sq. km. during the second and subsequent phases. If acreage is surrendered at the end of the second or third phase annual rental fees rise to £88 per sq. km.

The 1992 terms also provide for an application fee of £6,580 in each case.

Licence	Licence Period	Block No	Acreage	Participants * Operator	% Interest
2/93 Deepwater	1 January 1993 - 31 December 2004	18/25 (p), 8/30(p), 27/4, 27/5 (p) & 27/9 (p)	730.3 km ²	* Enterprise Energy Ireland Limited Statoil Exploration (Ireland) Limited Marathon International Petroleum Hibernia Limited	45% 36.5% 18.5%
2/94 Frontier	15 March 1994 - 14 March 2010	12/2, 12/3, 12/7 & 12/8	930.8 km ²	* Enterprise Energy Ireland Limited Agip Ireland BV	60% 40%
3/94 Frontier	15 March 1994 - 14 March 2010	18/14, 18/15, 18/19 & 18/20	961.6 km ²	* Enterprise Energy Ireland Limited Statoil Exploration (Ireland) Limited Marathon International Petroleum Hibernia Limited	45% 36.5% 18.5%
5/94 Frontier	15 March 1994 - 14 March 2010	11/29, 19/2, 19/3, 19/4, 19/7, 19/8, 19/11, 19/12, 19/16, 19/17 & 19/21	2632.3 km ²	* Statoil Exploration (Ireland) Limited Enterprise Energy Ireland Offshore Inc. Murphy Ireland Offshore, Ltd. Enterprise Energy Ireland Limited	30% 30% 25% 15%
5/95 ¹ Frontier	15 March 1995 - 15 March 2010	34/15, 34/20 & 35/16	756.2 km ²	* Chevron U.K. Limited Statoil Exploration (Ireland) Limited	80% 20%

PETROLEUM EXPLORATION LICENCES (contd.)

Licence	Licence Period	Block No.	Acreage	Participants * Operator	% Interest
6/95 ² Frontier	15 March 1995 - 15 March 2010	35/19, 35/29, 35/30, 36/21, 36/26, 44/4 & 44/5	1778.9 km ²	* Marathon International Petroleum Hibernia Limited Phillips Petroleum Company United Kingdom Limited	50% 50%
8/95 ³ Frontier	15 March 1995 - 15 March 2010	34/24, 34/25, 34/30, 35/21, 35/23(E) & 35/24	1394.3 km ²	* Statoil Exploration (Ireland) Limited Conoco (U.K.) Ltd. Enterprise Energy Ireland Offshore Inc Dana Petroleum (E&P) Limited	37.931% 27.586% 20.690% 13.793%
1/97 ⁴ Standard	1 May 1997 - 30 April 2003	63/3(S), 63/4(p), 63/8(N) , 63/9(N)	599.8 km ²	* EDC (Europe) Limited Prospeccion Y Desarrollo de Hidrocarburos Espanoles S.A. (PYDHESA) Medusa Hydrocarbons Limited	57% 28.5% 14.5%
6/97 ⁵ Frontier	4 June 1997 - 3 June 2013	5/16 (p), 5/17(p), 5/21, 5/22, 5/26 & 5/27	991.4 km ²	* Enterprise Energy Ireland Limited Mobil Oil North Sea Ltd. Murphy Ireland Offshore, Ltd. Enterprise Energy Ireland Offshore Inc	25% 25% 25% 25%
7/97 Frontier	4 June 1997 - 3 June 2013	11/20, 11/23, 11/24, 11/25, 11/28, 12/11, 12/12 & 12/16	1883.2 km ²	* Agip Ireland BV	100%
8/97 Frontier	4 June 1997 - 3 June 2013	75/21, 75/26, 82/25 & 82/30	992.4 km ²	* Agip Ireland BV	100%
1/99 Frontier	15 March 1999 - 14 March 2014	43/19, 43/20, 43/24, 43/25, 43/28 & 43/29	1553.6 km ²	* Agip Ireland BV	100%
2/99 Frontier	15 March 1999 - 14 March 2014	44/18, 44/23, 44/24, 44/29, & 44/30	1295.6 km ²	* Elf Petroleum Ireland BV	100%

N - northern half S - southern half E - eastern half W - western half p - part block

Notes:

1. An application for the relinquishment of Frontier Exploration Licences 5/95 is under discussion with the operator.
2. Frontier Exploration Licences 6/95 was relinquished with effect from 31 December, 2001.
3. Frontier Exploration Licences 8/95 was relinquished with effect from 31 December, 2001.
4. Standard Exploration Licence 1/97 was relinquished with effect from 31 December, 2001.
5. Frontier Exploration Licence 6/97 was relinquished with effect from 21 December, 2001.

PETROLEUM LEASES

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

	Commencement Date	Blocks / area of lease	Participants
Offshore Petroleum Lease No. 1 (Kinsale / Ballycotton)	7 May 1970	48/20, 48/25, 49/16 & 49/21 <u>Area:</u> 1003.03 sq. km.	* Marathon International Petroleum Ireland Limited
Corrib Petroleum Lease	15 November, 2001	18/20 & 18/25 <u>Area:</u> 29.28 sq. km.	* Enterprise Energy Ireland Limited Marathon International Petroleum Hibernia Limited Statoil Exploration (Ireland) Limited

LEASE UNDERTAKINGS

	Blocks and area	Participants	% Interest
Seven Heads Gas Lease Undertaking 1 April, 2001 -31 March 2003	48/22 (p), 48/23 (p), 48/24 (p), 48/27 (p), 48/28 (p), 48/29 (p) and 48/30 (p) <u>Area</u> : 291.5 sq.km	* Ramco Oil and Gas Ltd.; Duke Energy Services Ireland Limited ¹ Island Petroleum Developments Ltd. Northern Exploration Limited Sunningdale Oils (Ireland) Ltd.	49% 26% 20% 4% 1%
50/11A Lease Undertaking 1 May, 2001 - 30 April, 2004	50/11 (p) <u>Area:</u> 47.13 sq.km	* Providence Resources plc; Island Petroleum Developments Ltd.	75% 25%

Note 1: Duke Engineering and Services Limited assigned its interest in the Seven Heads Gas Lease Undertaking to Duke Energy Services Ireland Limited with effect from 31 August, 2001.

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	Blocks	Participants * operator	% interest
99/1	1 April 1999 - 31 March 2001 (extended to 31 March, 2002)	27/13, 27/14, 27/18, 27/19, 27/22 & 27/23	* Marathon International Petroleum Hibernia Limited	100%
99/2	11 May 1999 - 31 March 2001 (extended to 31 March, 2002)	13/4 (S), 13/8 (S), 13/9, 13/13 (N) and 13/14 (N)	* Enterprise Energy Ireland Limited	100%
00/1	15 February 2000 - 31 January, 2001 (extended to 31 January, 2002)	50/6 (p) and 50/7 (p)	* Providence Resources plc. Island Petroleum Developments Ltd.	65% 35%
00/2	1 March 2000 - 28 February 2001 (extended to 28 February, 2002)	13/7, 13/11 (NE) and 13/12 (N)	* Ramco Oil and Gas Ltd. Island Petroleum Developments Ltd. Sunningdale Oils (Ireland) Ltd.	70% 20% 10%
00/3	1 June 2000 - 31 May 2002	19/9	* Statoil Exploration (Ireland) Limited Enterprise Energy Ireland Limited Murphy Ireland Offshore, Ltd.	30% 45% 25%
00/4	1 June 2000 - 31 May 2001 (application for Exploration Licence under consideration)	48/18 (p), 48/19 (p) and 48/24 (p)	* Ramco Oil and Gas Ltd. Island Petroleum Developments Ltd. Sunningdale Oils (Ireland) Ltd.	60% 32% 8%
00/5	1 August 2000 - 30 April 2002	27/3 (E) and 27/8	* Enterprise Energy Ireland Limited Statoil Exploration (Ireland) Limited	55.215% 44.785%
01/1 *	1 January 2001- 31 December, 2001	49/11 (S) and 49/12 (S)	* Marathon International Petroleum Hibernia Limited	100%

* relinquished 31 December, 2001

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
3/97	3	6/8/97 (extended to 5/8/2002)	Phillips Petroleum Exploration Ireland
3/98	3	15/5/98 (extended to 14/5/2003)	Elf Exploration UK plc
4/98	3	1/10/98 (extended to 30/9/2003)	Chevron Ireland
1/99	3	9/4/99	Marathon International Petroleum Hibernia Limited
1/00	3	8/3/00	Ramco Oil and Gas Ltd.
2/00	3	5/4/00	Delft Geophysical B.V.
3/00	3	8/6/00	Enterprise Energy Ireland Limited
4/00	3	8/6/00	Statoil Exploration (Ireland) Limited
1/01	3	13/6/01	PGS Exploration (UK) Ltd.

ONSHORE PETROLEUM EXPLORATION LICENCES

Licence No.	Licence period	Licensed area	Operator	% interest
1/01	1 July, 2001 - 31 December, 2005	411 km ² - North West Carboniferous Basin	Evergreen Resources Inc.	100%
2/01	1 July, 2001 - 31 December, 2005	1549 km ² - North West Carboniferous Basin	Evergreen Resources Inc.	100%

PART TWO

MONEYS RECEIVED

During the six months ended 31 December, 2001 the total amount of all moneys collected by the Minister either by way of sale of data, application fees, rentals under or by virtue of any lease, licence or permit, was IR £659,459. Details are as follows:

Rentals	Application fees	Sale of data	Total
£ 615,904	£ 23,030	£ 20,525	£ 659,459

In addition to the above, the sum of IR £ 1,736,884 was paid by Marathon International Petroleum Ireland Limited in respect of royalty payments on production from the Kinsale Head Gas Field and the Ballycotton Gas Field. The Minister for Finance has directed that this payment be treated as an Extra-Exchequer receipt.