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Mr. Ole Bech
The Ministry of Energy
Strandgade 29
1401 København K.

Copenhagen, March 9, 1981.

Dear Mr. Bech,

In accordance with your request we have discussed the provisions included in the proposed bill regulating sole rights concession for the exploration for, and production of hydrocarbons in Denmark's underground (the bill) and the provisions to be included in a proposed agreement between the Danish Government and the sole concessionaires of the existing Danish concession. Our discussions were with representatives of the Ministry of Energy (the Ministry), in which they outlined the differences between the bill and the proposed agreement. The purpose of these discussions was to solicit DeGolyer & MacNaughton's opinions on the significance of the differences found in the bill and the proposed agreement. We understand the proposed agreement is still being formulated, thus some of the comments and opinions included herein may be inconsistent with the final version of the proposed agreement. Specifically, the purpose of our discussions were to identify the differences which might be encountered in the exploration and evaluation programmes if the bill was passed or the proposed agreement implemented.

As a result of our discussions we have the following observations:

- 1) Both the bill and the proposed agreement provide for similar relinquishment commencing January 1, 1982. The proposed agreement defers the 2nd and 3rd relinquishments by one year and provides