

that the 10 % relinquished January 1, 1981, may be counted in the 50 % to be relinquished by January 1, 1982. This reduces the amount of area relinquished at each relinquishment date. For a large area it can be viewed as relatively insignificant, when the more important factors such as the exploration potential, the total amount of area available for new concessions, and the procedures for relinquishment are considered.

- 2) A major difference between the bill and the proposed agreement is a provision in the proposed agreement which will allow the concessionaires to retain from 7 to 9 contiguous blocks each containing about 212 square kilometers in the south west area. The concessionaires, subject to performing an acceptable work programme, will be allowed to retain these blocks until the year 2000, before any relinquishment is required. As we understand this provision, the Ministry would allow the concessionaires to retain these blocks with the same exploration obligations as would be expected of other companies, that could be granted these blocks through a new concession. Assuming the proposed agreement adequately describes this concept, we find no basis for expecting that the concessionaires will explore these blocks in a less satisfactory manner than would other companies.
- 3) We understand the proposed agreement will contain a provision which will allow the concessionaires to retain certain rights or prolong the rights for 6 petroleum discoveries including Gwen, Lulu, Nord Arne, Adda, Nils, and Lola. While not identifying the petroleum deposits specifically the bill provides that the Minister may grant the same conditions. We note that when requesting and receiving the extensions for these petroleum discoveries the concessionaires accept certain responsibilities for conducting additional evaluations, which could lead to the development of these petroleum deposits. These procedures are those identified in paragraph 2 of the bill.
4. The proposed agreement permits the concessionaires to retain 7 to 9 blocks of 212 square kilometers conditional on acceptable work programmes for each block submitted by the end of December, 1981.