

SOVEREIGN OIL & GAS LTD

København, den 4. marts 1982

Dear Sirs,

We wrote to the Ministry of Energy on the 29th September, 1981 indicating our interest in the forthcoming round of licensing in the area of the Danish Continental Shelf. Since that date we have had the opportunity to meet representatives of the Department of Energy and D.O.N.G. and have reviewed our ideas and concerns with regard to the proposed licensing terms and fiscal regime.

The proposed tax structure for hydrocarbon production has subsequently been formulated and is under consideration by the

Parliamentary Select Committee. Our in-depth analysis has highlighted some inconsistencies with your overall policy of setting taxation at levels which will be attractive compared to opportunities elsewhere in the North Sea.

We believe our attached submission is important and in the national interest. The change we propose will ensure that relicensing of the relinquished areas will be both competitive and successful and ensure that the hydrocarbon potential is properly evaluated.

Yours faithfully

D. BIGGINS

GENERAL MANAGER

*Til folketingets skatte- og afgiftsudvalg,*

*Mr. Poul Nielson og*

*Mr. Mogens Lykketoft*