

international news

Mr. Varley reports on North Sea energy

Eleanor Lawrence

ALL set fair on the energy front was the message that the Secretary of State for Energy, Mr Eric Varley, delivered in his annual report to Parliament on the state of Britain's oil and gas reserves (*Production and reserves of oil and gas in the United Kingdom: a report to Parliament by the Secretary of State for Energy*, HMSO, 32p).

Assuming the forecasts are correct, Britain should be self sufficient in oil by 1980. At present, consumption of oil in the United Kingdom runs at around 100 million tons a year and is expected to rise in the next 10 years. Oil production could well reach 100–140 million tons a year by 1980 and be sustained at this rate throughout the decade, says the report. Although present proven commercial reserves could not keep this sort of production up, it is confidently expected that further commercial finds will be made in areas already licensed in the North Sea, the Celtic Sea and areas that will be explored when licences are granted. Indeed, as Mr Varley was introducing the report Occidental Oil announced a new find, the Claymore Field near its Piper Field off the Orkneys.

But the estimates for the first oil ashore in 1975 have been downgraded from 25 million tons (last year's estimate) to 5 million tons. This setback is due to delays in obtaining and installing pipeline and production equipment as a result of materials and labour problems.

On the thorny problem of finding building sites for the massive production platforms, Mr Varley said that he had no plans in hand to bring in legislation. At present the industry is not unduly worried about a shortage of platform building sites, but Mr Varley warned that his department would not hesitate to ask for legislation to speed up present planning procedures if it became necessary.

The first oil ashore is expected to come from the big Forties field con-

trolled by BP. This is now expected to start production in 1975 after delays in installing steel production platforms that were supposed to have been in position in 1973.

Estimated reserves of oil in the North Sea now total 895 million tons from proven sources with a possible total of 2,950 million tons when all possible sources already discovered are taken into account. These figures compare very favourably with last year's estimate of 70–100 million tons with reserves of 800–1,300 million tons to be proved to sustain the forecast production level. The report stresses the difficulties in giving accurate estimates of production levels and reserves, especially as no oil has actually come ashore yet. More realistic figures should be available when the fields have been operating for a few years.

In contrast to oil, the North Sea gas industry has now been in operation for several years. Reserves remaining are estimated to be sufficient to provide between 5,000 and 6,000 million cubic feet a day, about double last year's consumption, in the late 1970s. This rate of production could be sustained with existing reserves until the 1980s but unless new reserves are found production will then slowly decline. Exploration for new reserves is now being concentrated in parts of the North Sea other than the heavily developed area off the south-east coast of England and the northern basin, which includes the Frigg field, and seems extremely promising.

Commenting on the report, Mr Varley said that Britain was better placed for energy in the medium term than many other industrial countries. In the 1980s some crude oil of the heavier grades would have to be imported for certain purposes such as the manufacture of lubricants but otherwise Britain would probably be physically self sufficient for oil. When asked if he planned any further controls to prevent oil companies sending the oil abroad, he said that present regulations ensured that all oil from the North Sea would be landed in Britain and that present export licensing arrangements would be sufficient controls. Self sufficiency in oil means, however, that a great deal of the oil from the North Sea will have to end up as domestic and industrial fuel given current consumption in the United Kingdom. Some people are of the opinion that the high quality North Sea oil is too

valuable to burn and that Britain would get better value from her oil if it were channelled into the manufacture of petrochemicals for export.

Although he regards the turn of Britain's energy fortune as very encouraging, Mr Varley tempered the general air of euphoria with a warning that the oil and gas reserves will not last for ever and that the best possible use must be made of them. To these ends he committed his department to investigating ways of conserving energy although he conceded that this would be extremely difficult to do for the domestic consumer.

Test ban talks draw liberal fire

Colin Norman, Washington

THE recent announcement that the United States and the Soviet Union are trying to negotiate an agreement which will limit the size of underground nuclear explosions (but not ban them entirely) has drawn fire from the Federation of American Scientists (FAS), an intellectually heavyweight organisation which lobbies chiefly for arms control, and from a handful of liberal senators. The federation has warned that such a treaty would probably have little effect on the development of new nuclear weapons and that it would have no effect on nuclear proliferation.

The fact that a so-called threshold treaty is under discussion surfaced earlier this month, before India joined the nuclear club, and it is generally believed that some form of agreement will be ready for President Nixon to sign when he travels to Moscow for a summit meeting at the end of June. It is cynically being viewed in Washington as a device which will allow Nixon to maintain his self-proclaimed image as a peacemaker even though he will be unlikely to bring back from Moscow any major new arms limitation agreement resulting from the strategic arms limitation talks.

A threshold test ban treaty is likely to set a limit on the magnitude of seismic signals which can be sent out by an underground nuclear explosion. In other words, it will enable both the United States and the Soviet Union to carry on testing small nuclear devices provided that they do not send out seismic signals greater than whatever threshold is negotiated.