

guest editorial.....

Could take time

By Jeremy Gresswell - Energy Correspondent, Aberdeen Press and Journal, Scotland

I sometimes wonder what you, the Faroese, really think of the British. In general trade, we appear to be viewed as the lesser of the two evils when compared with Denmark but, when it comes to oil, we are seen as greedy and grasping.

I am of course referring to the debate over where to draw the Continental Shelf boundary between the two island communities... a dispute that seems to have been going on forever.

While finding a solution seems now to be a priority in the Faroe Islands, it would be wrong to assume that the UK is starting to treat the issue with any degree of urgency. That would be asking too much.

For one thing, we have a general election in May, when the Labour Party appears nearly certain to oust the Conservative administration after some 18 years in power.

Even if the polls are adrift in terms of the percentage of votes each party might capture, Labour is now so far ahead of the Tories that they must surely sweep them aside.

This would mean a different crop of politicians who are certain to unsettle the Civil Service, including those at the Foreign and Commonwealth Office who are currently responsible for handling the British side of negotiations with Denmark.

There has been some debate

in the UK of late about just how much blood-letting there might be in the various departments. Civil servants are supposed to be impartial, but this seems unlikely given the length of time the Tories under Thatcher and Major have been in power.

So, unless agreement is miraculously reached in the next few weeks between Westminster and Copenhagen, then everyone will probably be in for a long wait, and that includes the many multi-nationals now keen to explore the White Zone.

A Labour administration would have to go through a settling down process first before it really starts to make decisions and there is a view that many of its policies will be little different to those currently in place.

It has often been said that the Labour administration in power at the time the North Sea was parcelled up was in too much of a haste to get a deal and gave too much away to Norway. Labour would not wish to repeat the same mistake.

It is all very well current UK Energy Minister Lord Fraser of Carmyllie saying on December 17 last that a White Zone agreement would be reached, though he didn't say when. He simply will not be around to have any kind of say after the election and, in any case, it is a matter for the Foreign Office, though liaison with the Department of Trade cannot be ruled out.

But I admit to being totally baffled by Fraser's references

to the median line and I quote: "Negotiations continue, but I know how strong interest is in the area and every effort will be made to open this to (exploration licence) applications (by oil companies) at the earliest date after the median line has been agreed with the Faroese".

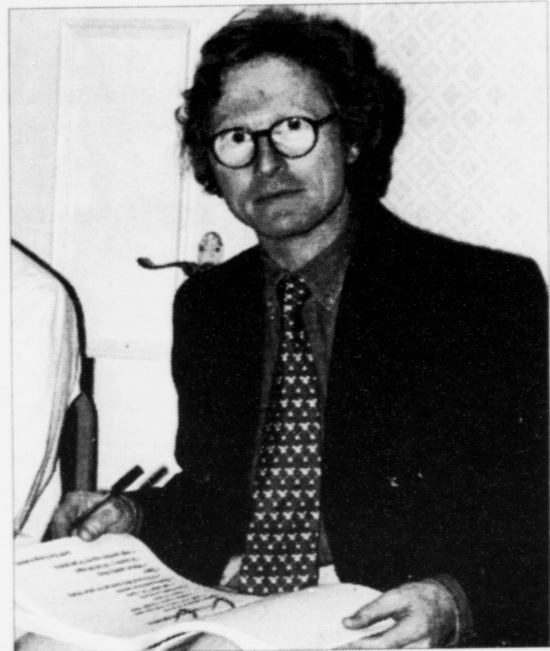
Turn to a dictionary and one discovers that the word median means half-way. This is what it has always meant to British and Faroese fishermen... a common sense line drawn between the two communities. This is the basis of the Geneva Convention guidelines which led to the equitable compromise over where to draw the fishery boundary between Faroe and the UK.

Shrewd as he is, I fear Lord Fraser may have misused the word, as Britain has so far stubbornly refused to acknowledge the simple formula, preferring something more complex giving it a far larger slice of the cake that the Faroese naturally believe it is entitled to.

From time to time, I have highlighted just how bizarre this would be. Imagine Faroese fishermen denied access to their own grounds by UK installations and their associated 400m safety exclusion zones.

Would this then lead to Britain tabling a demand for renegotiation of the fishery boundary to bring it into line with the mineral resources fence?

Were that to be the case, then it would be virtual war out there in the Faroe-Shetland Channel.



Jeremy Gresswell

No wonder your political cartoonists have had a field day with us, the Brits. Frankly, we deserve it.

But if, just if, Lord Fraser really meant what he said, then surely an agreement could be reached very quickly, though Rockall, which the UK claims sovereignty over, could prove a sticking point.

It is far from clear what if any influence the multi-national oil companies will have on the outcome. They have, of course, been lobbying to get a deal and are very keen to set their teeth into the White Zone.

Keenest of all must surely be BP, with Shell a close second. They have the licenses for what is generally regarded as the juiciest UK Atlantic Frontier acreage and the best finds

made so far are tantalisingly close to the White Zone.

Foinaven is about to come onstream. Now more than a year late and \$200million over budget, BP hopes for first commercial oil towards the end of March, barring further problems. Schiehallion will be next, though the start date has been pushed back into 1998.

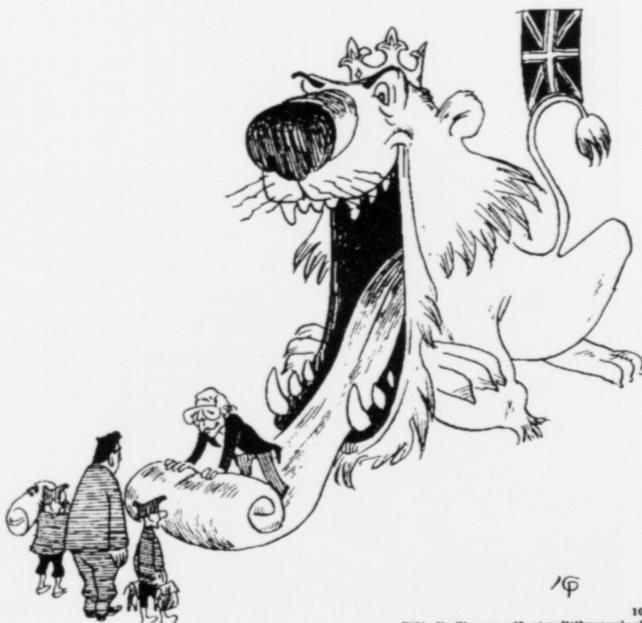
Both are close to the White Zone, but not as infuriatingly close as Conival, about which nothing has been disclosed by BP since its discovery was rumoured by myself in October 1994. However, the field has found itself onto oil and gas charts and is widely believed to be a huge gas/gas condensate deposit.

But Conival appears to have been the last big find, though various operators have "tight holes" in their portfolios. Influential oilfield publication Drilling Weekly judged 1996 to be a poor one in terms of Atlantic Frontier exploration and expressed the hope that 1997 turned out to be better... for the oil industry's sake.

In that case, Mobil had better pull the rabbit out of the hat with its ambitious project to drill two wells in the Faroe-Shetland Channel at a water depth of around 1,500 metres using the world's largest semi-submersible drilling rig.

Problem is that the Jack Bates was seriously damaged on February 23 when it struck an uncharted submerged object while under tow. It remains to be seen what the impact on the programme will be as the rig has to go into a shipyard for upgrade work anyway. So it may be possible to deal with the repairs in parallel and start the first well as planned... in May.

Jack Bates is a vision of what might be and it will be working just about as close to the White Zone as it is possible to get. Its very presence so close to the Faroes must surely be a source of much encouragement... and frustration.



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10. januar 1995:

Tíðindi vísja vera við, at politikkarsmá skulu yvirtaka marknesamráðingarnar millum Føroyar og Bretland

- Welcome!