

MEMORANDUM FOR CABINET  
BY THE HON. ACTING PRIME MINISTER

Exploration of the Continental Shelf

The closing date for the receipt of applications from oil-companies for participation in the survey of the Continental Shelf is the 15th January, 1966. The survey is to be effected under a collective arrangement at the expense of participating companies.

To date five companies (Shell, Agip, Sinclair International, Malta American Exploration and Ausonia Mineraria) have signified their interest; eight other companies have made enquiries.

The anticipated agreement with the Italian Government for the division of the Continental Shelf to the North of Malta not having materialized, the Italian Government has been informed of the decision to carry out the survey in order to minimize the chances of possible representations which might delay the holding of the survey.

Mr F. Rouhani, U.N. adviser, returned to Malta on the 2nd January to discuss a Continental Shelf Act which he had drafted at Government's request. He feels that the Act should be enacted as early as practicable. He also proposed that Dr Parviz Mina, B.Sc. Ph.D (Birmingham), an expert in Continental Shelf operations, should come to Malta early next February to advise the Oil Committee during the final discussions with oil-companies' representatives on the technical aspects of the survey. Dr Mina is the head of the Petroleum Engineering and Production Department of the National Iranian Oil Company, a para-statal agency.

The Oil Committee feels that the enactment of the Continental Shelf Act before the commencement of the survey and the early ratification of the Geneva Convention of 1958 on the continental shelf would give an additional sense of security to oil-companies and would strengthen Government's case in future negotiations with neighbouring countries. It therefore recommends the promulgation of the Act during the present parliamentary session, if possible.

The legal member of the Committee, whilst agreeing that the Continental Shelf would eventually have to be covered by ad hoc legislation and that there are advantages in ratifying the Convention, does not consider that there is any urgent need for such an Act since the survey work would be adequately covered by the present Petroleum (Production) Act 1958.

During his last visit Mr Rouhani met the local representatives of oil-companies; as a result of these informal discussions a note (annexed) outlining Government's views on the survey was circulated to all interested companies. One of the points raised which still has to be decided is whether the eventual bidding for the various blocks is to be restricted solely to the participants in the survey.

Hon Ministers are invited to advise as to whether:

- (a) a Continental Shelf Act should be enacted during the present parliamentary session;
- (b) early ratification of the Geneva Convention of 1958 on the Continental Shelf should be effected;
- (c) Dr P. Mina, expert on Continental Shelf operations, should be invited to Malta early next February to give the necessary technical assistance to the Oil Committee during the final discussions with Companies' technical representatives;
- (d) eventual bidding for the various blocks should be restricted to companies who will have subscribed towards the cost of the survey.

12th January, 1966

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NOTE

In the notice issued on the 9th November, 1965 it was stated that the Government would discuss with interested companies the manner in which an initial survey of the Continental Shelf area could be carried out to the satisfaction of all concerned. It is now felt that it might be helpful to prospective applicants to have an indication of the Government's present thinking concerning the way in which the said survey could be carried out. It is the purpose of this note to give such an indication. An outline of the Government's views at this stage is given hereunder:

1. The survey would cover the entire continental shelf area around the Islands of Malta, which is estimated to be of the order of 3,300 sq. miles.
2. The survey would be effected under a collective arrangement. This means that the interested companies would be consulted as to the nature of the work programme as well as the agency to which the survey work should be entrusted.
3. The cost of the survey would be borne in equal parts by the participating companies.
4. The entire results of the survey and the interpretation thereof would be released to the participating companies.
5. In the light of the results of the survey, the Government would divide suitable areas into a number of plots for eventual bidding.
6. No refund would be made of monies paid by participating companies towards the cost of the survey.
7. There is in existence legislation governing production concessions. This may require to be adapted for off-shore exploration but any changes to be effected in such laws would be promulgated before the commencement of bidding.

Office of the Prime Minister,  
Auberge d'Aragon,  
Valletta.