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BUSINESS MONITOR

Report on the Census of Production

Extraction of mineral oil and natural gas

PA 130

1983

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BUSINESS MONITORS

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PA 130

BUSINESS MONITOR

A publication of the Government Statistical Service

Report on the Census of Production 1983

Extraction of mineral oil and natural gas

Presented by the Secretary of State for Trade and Industry
to Parliament in pursuance of the Statistics of Trade Act 1947
(10 & 11 Geo.6 Cha.39 sec 7)

Department of Trade and Industry
Business Statistics Office

London: Her Majesty's Stationery Office

BUSINESS MONITORS MAKING UP THE COMPLETE CENSUS REPORT

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PA316	Hand tools and finished metal goods	PA461	Sawmilling, planing, etc. of wood
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PA321	Agricultural machinery and tractors	PA463	Builders' carpentry and joinery
PA322	Metal-working machine tools and engineers' tools	PA464	Wooden containers
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PA130 EXTRACTION OF MINERAL OIL AND NATURAL GAS

PA130

The information in this report relates to undertakings classified to the Extraction of mineral oil and natural gas industry, Group 130 in the Standard Industrial Classification Revised 1980. The industry Group covers the following Activity Heading:—

1300 Extraction of mineral oil and natural gas

Exploration for and extraction of petroleum on land and offshore; "petroleum" in this context includes mineral oil, methane, ethane, propane, butane and condensates. The heading includes the activities of holders of petroleum exploration and production licences. Also included are the activities of licensees' contractors and agents providing services unique to this industry and not allocable to any other heading in the classification, e.g. well drilling, seismic surveying specifically for petroleum deposits and offshore pipelaying. (The provision of other services, e.g. manufacturing, repairing, catering, transport, procurement or hiring should be included in the appropriate headings elsewhere in the classification.) Mining and retorting of oil shale are included under this heading. Also included is the operation of land terminals for stabilisation, separation and storage, and of offshore or land pipelines between well-head and terminal. Other land pipelines are classified to Group 140 if feeding a refinery, Group 162 if part of the distribution of gas, Group 612 if part of the distribution of fuel or Group 726 if operated on a fee or contract basis.

This report relates to Great Britain and the United Kingdom Continental Shelf and is compiled from figures provided by the Department of Energy. For a full description of the 1980 classification see Standard Industrial Classification Revised 1980, obtainable from Her Majesty's Stationery Office, price £3.40.

In interpreting the data in the tables it is essential to bear in mind the notes and definitions which commence on page 5.

SYMBOLS USED

— not available
 — or less than half the first digit shown
 — figures cannot be shown owing to the lack of disclosing information about individual enterprises
 R revised

ROUNDING OF FIGURES

Figures in the tables have been rounded to the nearest final digit where necessary and, in these instances, the sum of the constituent items may not always agree exactly with the total shown.

CAPITAL EXPENDITURE

The figures shown are the Gross Fixed Capital Formation of the industry and represent expenditure charged to capital account with imported items included at their full value at the time they entered the country (which for this industry includes the offshore areas of the United Kingdom Continental Shelf). In most cases this occurs in the same period as payment is made for some items with a lengthy construction period e.g. offshore production platform, expenditure may be spent over several years. Capital expenditure during the year in respect of units whose production had not started before the end of the year is included. The value of capital goods produced for the undertaking's own use by the undertaking's staff is included. The value of assets acquired or disposed of by the sector as a whole is included. No allowance is made for depreciation, amortisation or obsolescence. Amounts received or expected to be received in grants and/or allowances from government sources, statutory bodies or local authorities are included.

NEW BUILDING WORK

The presents expenditure on new building and other constructional work including offshore production and reconstructional work, including systems, pipelines and terminals, the extension and reconstruction of existing facilities, design and installation costs and the value of any newly constructed buildings, machinery and equipment. This includes architects' and surveyors' fees, legal fees, stamp duties, agents' commissions and land registry fees.

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EXPLANATORY NOTES AND DEFINITIONS

INTRODUCTION

1. These notes give basic information to help with the interpretation of tables in this Industry Report. More general information about the census is given in a separate Business Monitor — Report on the Census of Production, Introductory Notes (PA1001).

INDUSTRIAL CLASSIFICATION

2. Since 1980, Censuses have been conducted on the Standard Industrial Classification Revised 1980 (SIC (80)). The Standard Industrial Classification exists to promote uniformity and comparability in the official statistics of the United Kingdom. The SIC (80) is the result of an attempt to align the United Kingdom classification with the General Industrial Classification of Economic Activities within the European Communities (NACE). It is based on activity rather than on commodities produced. A full description of SIC (80) is given in Standard Industrial Classification Revised 1980, obtainable from Her Majesty's Stationery Office, price £3.40.

REPORTING UNIT

3. The reporting unit for this industry is the undertaking and includes the activities of holders of petroleum exploration and production licences, who are required to provide separate information for each field or project. Where licencees operate in consortia, most of the information included in this Report is derived from returns submitted by the operator of each consortium. Because of the complex organisation of companies and consortia operating in the United Kingdom Continental Shelf development, no attempt is made to provide the enterprise counts used in the rest of the Census since the concept of the enterprise has little meaning for this industry.

SOURCES OF INFORMATION

4. The information published in this Industry Report is provided by the Department of Energy and is derived from data collected by the Business Statistics Office from contractors and holders of petroleum exploration and production licences in quarterly inquiries conducted under the Statistics of Trade Act 1947. Additional information is collected by the Department of Energy from holders of seaward and landward licences in an administrative inquiry conducted under the Petroleum and Submarine Pipelines Act 1975.

CHANGES MADE FOR 1982 ONWARDS

5. Previous monitors have shown capital expenditure in the year in which it was incurred. This has given rise to questions about differences with the figures, published in the annual National Income and Expenditure booklet, which are based not on expenditure in any year, but on deliveries. To overcome this, capital expenditure figures in this monitor are now based on the national accounts definitions (see note 8).

SYMBOLS USED

6. The following symbols are used throughout the PA series of Business Monitors:

- .. not available
- nil or less than half the final digit shown
- * figures cannot be shown owing to the risk of disclosing information about individual enterprises
- R revised

ROUNDING OF FIGURES

7. Figures in the tables have been rounded to the nearest final digit where necessary and, in these instances, the sum of the constituent items may not always agree exactly with the total shown.

CAPITAL EXPENDITURE

8. The figures shown are the Gross Fixed Capital Formation of the industry and represent expenditure charged to capital account with imported items included at their full value at the time they entered the country (which for this industry includes the offshore areas of the United Kingdom Continental Shelf). In most cases this occurs in the same period as payment is made but for some items with a lengthy construction period e.g. offshore production platforms, expenditure may be spread over several years. Capital expenditure during the year in respect of units whose production had not started before the end of the year is included. The value of capital goods produced for the undertaking's own use, by the undertaking's own staff is included. The value of assets acquired or disposed of by the sector as a whole is included. No allowance is made for depreciation, amortisation or obsolescence. Amounts received or expected to be received in grants and/or allowances from government sources, statutory bodies or local authorities are included.

a. NEW BUILDING WORK

This represents expenditure on new building and other constructional work including offshore production platforms and tanker loading systems, production and appraised wells, pipelines and terminals, the extension and reconstruction of existing facilities, design and installation costs and the value of any newly constructed buildings acquired. The figures include architects' and surveyors' fees, legal fees, stamp duties, agents' commissions and Land Registry fees.

b. LAND AND EXISTING BUILDINGS

This represents the value of freeholds and the value or premium payable or receivable for leaseholds acquired or disposed of. The figures for acquisitions include architects' and surveyors' fees, legal fees, stamp duties agents' commissions and Land Registry fees. The figures for disposals are net of any such professional fees payable.

c. PLANT AND MACHINERY, VEHICLES

This represents the value of new and second-hand plant and machinery, onshore and offshore platform modules and equipment and vehicles acquired or disposed of. The figures include the cost of transport and installation. The values of acquisitions and disposals exclude amounts written off capital assets or any premiums and other amounts not related to the cost of construction of items acquired or disposed of.

EMPLOYERS' NATIONAL INSURANCE CONTRIBUTIONS ETC.

9. This includes employers' national insurance contributions, including the national insurance surcharge, under the Social Security Pensions Act 1975, commercial insurance premiums for policies providing pensions, superannuation or other retirement benefits, sickness benefits, personal accident benefits, disability benefits or death benefits for employees or their dependants. Also included are contributions to canteens and social centres.

GROSS OUTPUT

10. This is calculated by increasing (or decreasing) the value of TOTAL SALES AND WORK DONE by the rise (or fall) during the year of STOCKS OF MATERIALS, STORES AND FUEL AND WORK IN PROGRESS.

GROSS VALUE ADDED AT FACTOR COST

11. For this industry, gross value added is calculated by deducting from GROSS OUTPUT the cost of PURCHASES OF MATERIALS, GOODS AND SERVICES FOR EXPLORATION AND OPERATING ACTIVITIES. Royalties and licence fees are not deducted from GROSS OUTPUT in calculating gross value added.

OPERATING RATIOS

12. These are not calculated for this industry because of the special nature of the United Kingdom Continental Shelf Development.

WAGES AND SALARIES

13. This represents amounts paid during the year to all employees and includes all overtime payments, bonuses, commissions, holiday pay and redundancy payments less any amounts reimbursed from government sources. No deduction is made for income tax or employees' national insurance contributions etc. Payments in kind, travelling expenses, lodging allowances etc. and employers' national insurance contributions etc. are excluded.

14. The figures for this industry cover payments made to employees engaged in production as well as to employees directly engaged in exploration and development.

TABLE 1

PA130

Output and costs, 1979-1983
All United Kingdom undertakings classified to the industry

	Unit	1979	1980	1981	1982	1983
Undertakings	Number	104	121	129	161	176
Sales of petroleum and goods produced	£ million	6,232.0R	9,498.7R	13,186.9	15,307.6	18,153.5
Exploration and other work done, and services rendered	"	159.8R	260.2R	364.0R	526.5	532.5
Goods merchanted or factored	"	2.3	1.4	2.0	4.1	8.1
Total sales and work done	"	6,394.1	9,760.3R	13,552.9R	15,838.2	18,694.1
Increase during the year, stocks of materials, stores and fuel and work in progress	"	63.6R	113.4R	68.0R	121.0	-29.9
Gross output	"	6,457.7R	9,873.7R	13,620.9R	15,959.2	18,664.2
Purchases of materials, goods and services for exploration and operating activities (a)	"	728.4R	1,064.8R	1,552.8R	2,151.5	2,360.7
Gross value added	"	5,729.3R	8,808.9R	12,068.1R	13,807.7	16,303.5
Total employment	Thousand	16.2	18.8	20.2	22.6R	23.9
Wages and salaries (b)	£ million	129.7	181.1	237.9	283.7	344.9

(a) Accruals of royalties and licence fees are excluded from the table but are estimated for the industry at £1,886.2 million for 1983.

(b) The cost of employers' contributions to national insurance, pensions and welfare schemes and the running costs of canteens is excluded from the table but is estimated for the industry at £71.0 million for 1983.

TABLE 2

PA130

Capital expenditure, 1979-1983
All United Kingdom undertakings classified to the industry

	1979	1980	1981	1982	1983
Land and buildings (a)					
New building work	1,168.8R	1,339.3R	1,822.5R	1,841.7	1,600.4
Land and existing buildings					
Acquisitions	0.4	0.3	0.3	0.1	-
Disposals	24.5	4.8	7.6	2.8	34.8
Plant and machinery (b)					
Acquisitions	911.1R	1,001.0R	1,096.2R	1,219.6	1,335.7
Disposals	26.6R	19.9R	53.6R	3.4	28.7
Vehicles, ships and specialised floating equipment					
Acquisitions	28.0R	77.2R	24.6R	25.6R	2.6
Disposals	0.1R	0.1R	0.2R	0.1	0.1
Total gross capital formation	2,057.1R	2,393.0R	2,882.2R	3,080.7R	2,875.1

(a) Including off-shore production platforms, production and appraisal wells, tanker off-shore loading systems, pipelines, terminals and the cost of installation.

(b) Including platform modules and equipment and the cost of installation and mobile drilling rigs.

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