

# PA130 BUSINESS MONITOR

A publication of the Government Statistical Service

## Report on the Census of Production 1988

### Extraction of mineral oil and natural gas

Presented by the Chancellor of the Exchequer  
 to Parliament in pursuance of the Statistics of Trade Act 1947  
 (10 & 11 Geo.6 Cha.39 sec 7)

**CENTRAL STATISTICAL OFFICE**  
 Business Statistics Office

London: Her Majesty's Stationery Office

#### SOURCES OF INFORMATION

The information in this report is based on the data provided by the Department of Energy for a full year of the 1988 production census. The data were collected from the quarterly inquiries conducted under the Statistics of Trade Act 1947. The data are presented in this report in the form of a summary of the main findings of the census. The data are presented in this report in the form of a summary of the main findings of the census.

#### CHANGES MADE FOR 1988 ONWARDS

Previous editions of this report have been revised to take account of changes in the way in which the data are collected and presented. The changes are described in this section. The changes are described in this section.

#### SYMBOLS USED

- not available
- 0 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

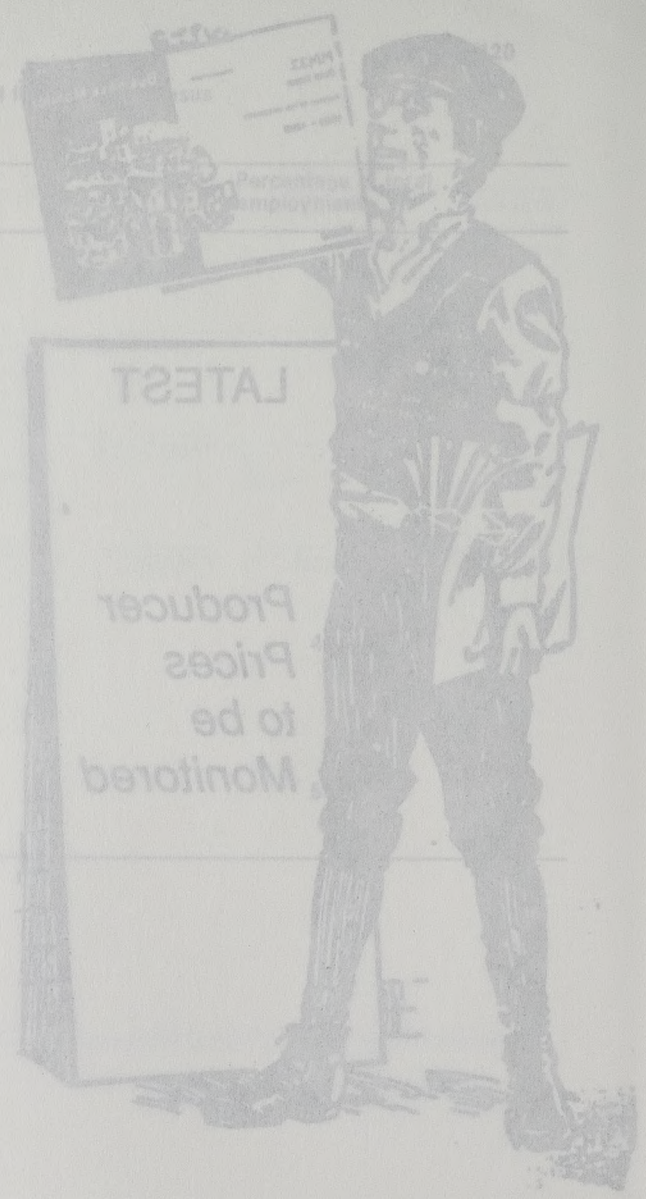
Figures in this table have been rounded to the nearest final digit where necessary and, in these instances, the sum of the constituent items may not always agree exactly with the total shown.

#### CAPITAL EXPENDITURE

The figure for the Gross Fixed Capital Formation of the industry represents the value of the new buildings which have been erected during the year. The value is expressed in million pounds sterling. The value is expressed in million pounds sterling.

#### NEW BUILDING WORK

Table 2	Capital expenditure on new building work
1	Output and cost, 1984-1988
2	Capital expenditure on new building work, 1984-1988



#### INTRODUCTION OF NEW BUSINESS MONITOR - MMS FOR PRODUCER PRICES

With the move of the Department of Trade and Industry's Statistical Division to the Central Statistical Office and the announced changes of the British Business, the Producer Price Indices will from 13 October be published in the form of a Business Monitor - MMS.

With the introduction of the new Monitor the opportunity is being taken to expand the current spectrum of published figures to a rolling period of between 13 to 24 months plus the annual average.

An abbreviated specimen copy is available on request and shows the first page of each table. Part 1 of the Monitor will show the index values with a middle reference number against each set of figures. Part 2 will consist of a list of index titles for each of the six tables with the appropriate reference number.

All indices for the latest two months will remain provisional and any earlier months that have to be retained together with any revision will be indicated by either a 'p' or 'r' marker. For those months that any index is not available the values will be suppressed.

Index	1987	1988
Industrial: 0633 812106	38.47	38.50
Manufacturing	38.47	38.50
Construction	38.47	38.50

Table 2	Capital expenditure on new building work
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Industrial: Central Statistical Office  
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 Newport  
 Gwent NP23 5BA  
 Telephone Number: 0633 812106

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 £4.25.

**In interpreting the data in the tables it is essential to bear in mind the notes and definitions which commence on page 3.**

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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 (PA 1001).

### 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 £4.25.

### 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 licensees operate in consortia, most of the information included in the 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

Output and costs, 1984-1988  
All United Kingdom undertakings classified to the industry

	Unit	1984	1985	1986	1987	1988
Undertakings	Number	203	233	217	233	234
Sales of petroleum and goods produced	£ million	21,879.8	21,477.9	11,212.3	11,954.1R	9,278.2
Exploration and other work done, and services rendered	"	628.4	795.8	734.5	733.0	727.9
Goods merchanted or factored	"	10.0	5.4	2.8	4.8	7.9
<b>Total sales and work done</b>	"	<b>22,518.2</b>	<b>22,279.1</b>	<b>11,949.6</b>	<b>12,692.0R</b>	<b>10,014.0</b>
Increase during the year, stocks of materials, stores and fuel and work in progress	"	-0.7	103.9	-89.0	54.5	-56.2
<b>Gross output</b>	"	<b>22,517.5</b>	<b>22,383.0</b>	<b>11,860.6</b>	<b>12,746.5R</b>	<b>9,957.8</b>
Purchases of materials, goods and services for exploration and operating activities (a)	"	2,937.1	3,485.3	2,860.2	2,562.2	2,187.9(c)
<b>Gross value added</b>	"	<b>19,580.4</b>	<b>18,897.7</b>	<b>9,000.4</b>	<b>10,184.3R</b>	<b>7,769.9</b>
Total employment	Thousand	31.0	29.0	23.0	28.0	29.0
Wages and salaries (b)	£ million	406.6	467.6	511.4	484.9	535.4

(a) Accruals of royalties and licence fees are excluded from the table but are estimated for the industry at £820.4 million for 1988.

(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 £103 million in 1988.

(c) Insurance monies received in 1988 are netted out against operating activities.

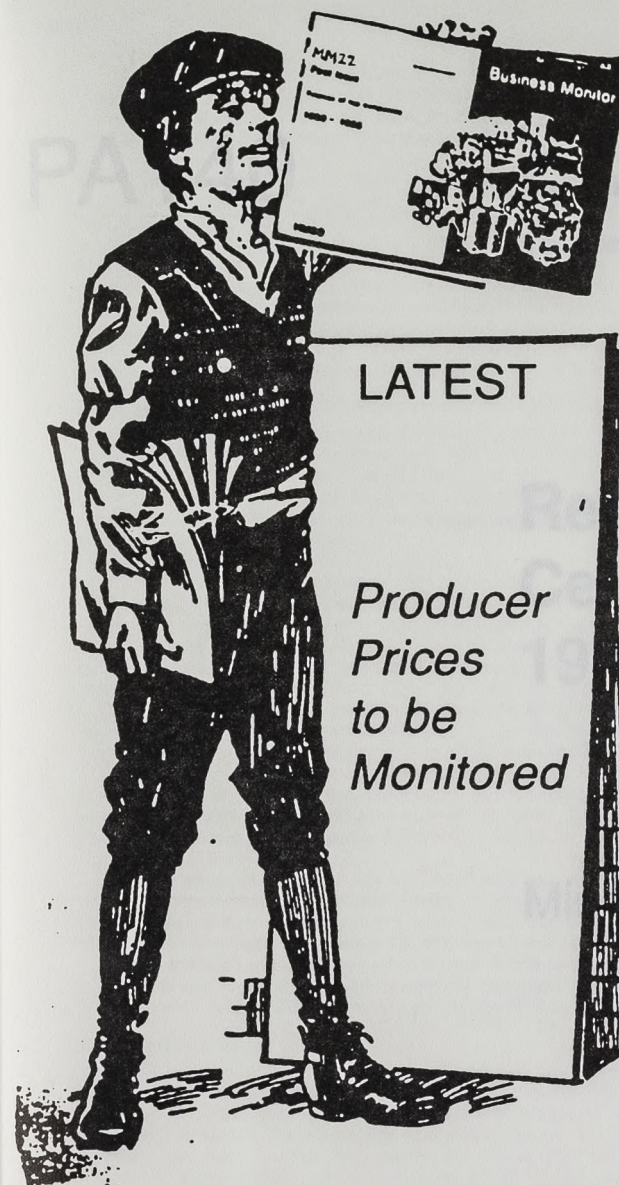
TABLE 2

Capital expenditure, 1984-1988  
All United Kingdom undertakings classified to the industry

	£ million				
	1984	1985	1986	1987	1988
<b>Land and buildings (a)</b>					
New building work	2,062.9	1,741.6	1,403.7	1,334.1	1,573.9
<b>Land and existing buildings</b>					
Acquisitions	-	0.2	-	-	7.5
Disposals	2.1	-	0.5	1.6	-
<b>Plant and machinery (b)</b>					
Acquisitions	1,079.0	1,089.0	1,118.6	704.4	550.1
Disposals	6.1	2.1	3.5	3.4	1.2
<b>Vehicles, ships and specialised floating equipment</b>					
Acquisitions	15.8	4.6	60.8	12.8	5.3
Disposals	0.3	16.1	0.2	3.9	0.1
<b>Total gross capital formation</b>	<b>3,149.2</b>	<b>2,817.2</b>	<b>2,578.9</b>	<b>2,042.4</b>	<b>2,135.5</b>

(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.



**INTRODUCTION OF NEW BUSINESS MONITOR - MM22 FOR PRODUCER PRICE INDICES**

With the move of the Department of Trade and Industry statistical divisions to the Central Statistical Office and the announced closure of British Business, the Producer Price Indices will from 13 October be published in the form of a Business Monitor - MM22.

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