There were plenty of people prepared to write the obituary of onshore oil in Britain during the mid-1960s. As one observer lamented in 1965, 'There will be few tears shed when the home drilling industry starts to die this year.'\(^1\) Another noted that there was little incentive to drill for 'the remaining prospects which may survive to be discovered in this country'.\(^2\) He concluded, 'The next chapter will be exploration of the North Sea.' Suddenly, onshore oil had become an industry with a modern past and no future - a 'museum curiosity', in the words of one disillusioned oilman.\(^3\) In the event, though, the death notices were to prove premature. Barely ten years later onshore prospectors were to be celebrating their most important find to date and enjoying a new lease of life, as a result of the massive increases in oil prices which transformed the economics of finding and exploiting finds anywhere in the world.

Such a dramatic turnaround in the fortunes of the industry could hardly have been foreseen in 1964. Competing oils from the Middle East and North Africa were in cheap and plentiful supply. British Petroleum, in particular, remained an oil-rich company. More important, it appeared that the government had delivered a death blow to onshore exploration and production by its decision to end the preferential tax treatment enjoyed by producers of indigenous light oils, in conformity with commitments given to Britain's partners in the European Free Trade Area (EFTA), at the end of 1964.

The move had been foreshadowed some years earlier, and had been bitterly opposed especially in Scotland where it posed an immediate closure threat to the dwindling shale oil industry. A campaign was launched to persuade government to provide direct support for the industry if the concession were removed. It failed. In March 1962, the Minister of Power told the House of Commons, 'Representations from the industries concerned have been carefully considered, and the government have decided they would not be justified in proposing a subsidy to replace the preference.'\(^4\) He went on to confirm that the latter would be withdrawn not later than in 1964. In April of that year, this 'most important outstanding obligation under the EFTA conventions' was fulfilled with the announcement that from 1 January 1965, all oil was to be taxed at the same level, irrespective of its source.\(^5\) At a stroke, it was alleged at the time, onshore oil fields and the Scottish shale industry that had been at best only marginally commercial became unacceptably unprofitable.

Domestic oil producers had enjoyed the incentive of preferential tax treatment since the 1930s. Until the early 1950s it generally amounted to 9d a gallon. Although the levels of both custom duty on imported fuels and excise duty on home-produced oils were altered in subsequent years, the differential was retained.\(^6\) In 1953, it was widened to 1s 3d, when the duty on indigenous product was cut by 6d to 1s 3d, while the import duty was kept at 2s 6d. Three years later both moved up by 1s, and in 1957 both moved down by a similar amount. In 1961 the differential was widened to 1s 4½d, though by 1964 when the concession was ended in one of the last acts of the Conservative administration, it had returned to 1s 3d a gallon. The effect on government revenues of removing the concession was small. It brought in an
additional £7.5 million in a full year. The effect on the ability of home producers to compete was great.

The Guardian commented, 'Up to now the favoured industry treatment afforded by remission on duty on indigenous hydrocarbon production has provided an income which allowed a fair measure of exploration to be carried out. At the end of this year (1964), however, this advantage will no longer exist and it will then be a matter of producing as efficiently as possible those reserves of crude already discovered and proved in competition with low cost crude from overseas.' Petroleum Times, ironically in an article celebrating the 25th anniversary of the pre-war discoveries, said, 'The imminent removal of the drawback on domestic oil comes near to being a fatal blow to further exploration and production in this country.'

The immediate public reaction of British Petroleum, which had by then expended an estimated £19 million looking for oil in the United Kingdom, was terse. Removal of the concession would 'greatly reduce the attraction of our operations in the United Kingdom.' Milton Adcock, field superintendent at Eckring, conceded, 'It's very serious, no doubt about it. It just doesn't make it attractive to look for oil in the United Kingdom.' Just how serious, he was to explain at greater length a few years later when the changes brought about by the government's action had occurred.

According to Adcock's calculations, the first million tons of British oil had not been won until 1957. The second million tons took only ten years. Now he questioned whether a third million would be achieved. 'As has so often been stressed, it was the protection the United Kingdom petroleum industry received from the duty remittance on indigenous oil products used as motor fuels which enabled the industry to grow and prosper during three decades. Since typical English oilfields are small, with poorly permeable reservoirs and low productivity wells, there is an insufficient return on the investment without some incentive to amortize drilling and other capital costs during the producing lifetimes of the oilfields. Were the United Kingdom oil industry to enjoy the same protection as that provided for the United States oil industry English crude oil would be competitive in local markets.'

The effect on production was dramatic. Before the 1s 3d duty a gallon ended, output (still only one-sixtieth of German production for example) had climbed to a new record level, above the war-time peak that had preceded a decade of decline in the late 1940s and early 1950s. This recovery was due largely to the discovery and development of two important fields, not yet described, Kimmeridge in Dorset, and Gainsborough (with its extension, Beckingham), the 'two counties oilfield' straddling Nottinghamshire and Lincolnshire.

Since it spudded-in the first well of the second drilling campaign in 1936, D'Arcy and BP had been pursuing the 'Portsdown dream of finding a Persian-size oilfield in southern England' intermittently. Structures in the Hampshire Basin, such as the Portsdown and Winchester anticlines on land, and the Kimmeridge and Isle of Wight anticlines stretching offshore, were highly rated as crude oil reservoir prospects. Of Portsdown, 'it was hoped that a large oil field might be found, in view of the multiplicity of Mesozoic sediments and the extensiveness of the anticline, comparable in size to a Persian structure.'

Some oil was found in the Kellaways sandstone in Ashdown 1, drilled in 1955, but it was not until 1959 that the first commercial oil in the Jurassic was found at Kimmeridge, fulfilling in part the earlier hope.