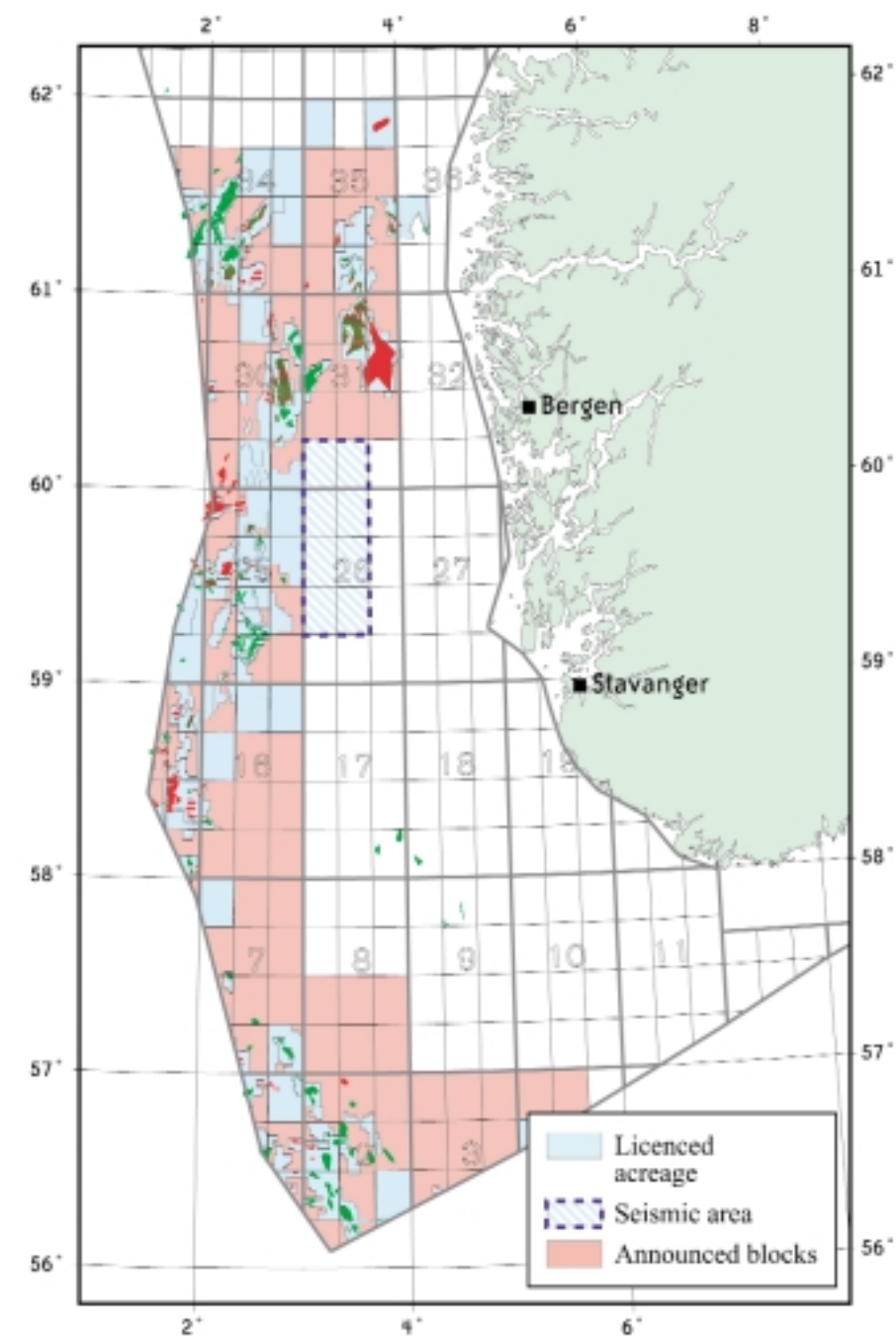


North Sea Awards 2002



Announced blocks



Conditions relating to environmental concerns and fishery interests

Conditions for the award (cf. item 4.1 in the announcement)

In planning drilling activities, particular care must be taken in respect to fishery activities and living marine resources. Prior to exploration drilling, measures to inform the concerned parties must be taken.

In planning seismic surveys, the licensees must take particular care with respect to fishery activities and marine organisms at critical stages in their life cycles. Licensees are required to undertake mapping of possible coral reefs in the awarded blocks, in order to ensure that possible coral reefs will not be damaged by the petroleum activity.

Pursuant to the Report to the Storting no. 58 (1996 – 1997), the Report to the Storting no. 12 (2001 – 2002) and the Report to the Storting no. 58 (2002 – 2003), there shall be zero discharge of environmentally harmful components to sea during exploration and production. For new installations the target of zero discharge of environmentally harmful components to sea will apply immediately. For existing installations, and for resources that are tied in to these, action must be taken to achieve this target by 2005.

In due time, prior to the commencement of drilling, the operator shall, on behalf of the licensees, consult the Norwegian Pollution Control Authority (Statens Forurensningsstilsyn) to clarify the need for a discharge permit.

When specific plans for drilling activities are available, requirements relating to contingency plans in the event of an accidental oil spill will be stipulated according to the Pollution Control Act (Forurensningsloven) and the Regulations relating to this act. Approval for drilling is, among other factors, related to the contingency plans. In determining the extent of these requirements distance to the shoreline, distance to environmentally sensitive areas, and effects on other commercial interests will, among other aspects, be taken into consideration.

The operator shall, by means of risk analysis, cf. Regulations relating to management in the petroleum activities 3 September 2001, identify the environmental considerations which the licensees deem to be critical to their preparation of an oil spill contingency plan, cf. Regulations relating to conduct of activities in the petroleum activities 3 September 2001, and identify the measures employed in order to reduce the risk of such pollution. The analysis of environmental risks shall also include an evaluation of the effects of operational discharges during exploration drilling.

In parts of the acreage included in the announcement of the North Sea Awards 2002, there is, in certain periods of the year, an extensive fishing for sandeels. This applies to the blocks: 2/3 and 6, 3/1, 2, 4 and 5, 3/3, 4/1 and 2, 7/2, 3, 6 and 9, 8/7, 8 and 9, and 16/12. In these blocks a maximum of two exploration wells will be permitted to be drilled simultaneously. At the time of awarding production licences in this area additional drilling restrictions for certain periods of the year could be introduced. In case of future developments of the resources in this area, the licensees shall consider development solutions that are minimising the negative effects for the fishing of sandeels.



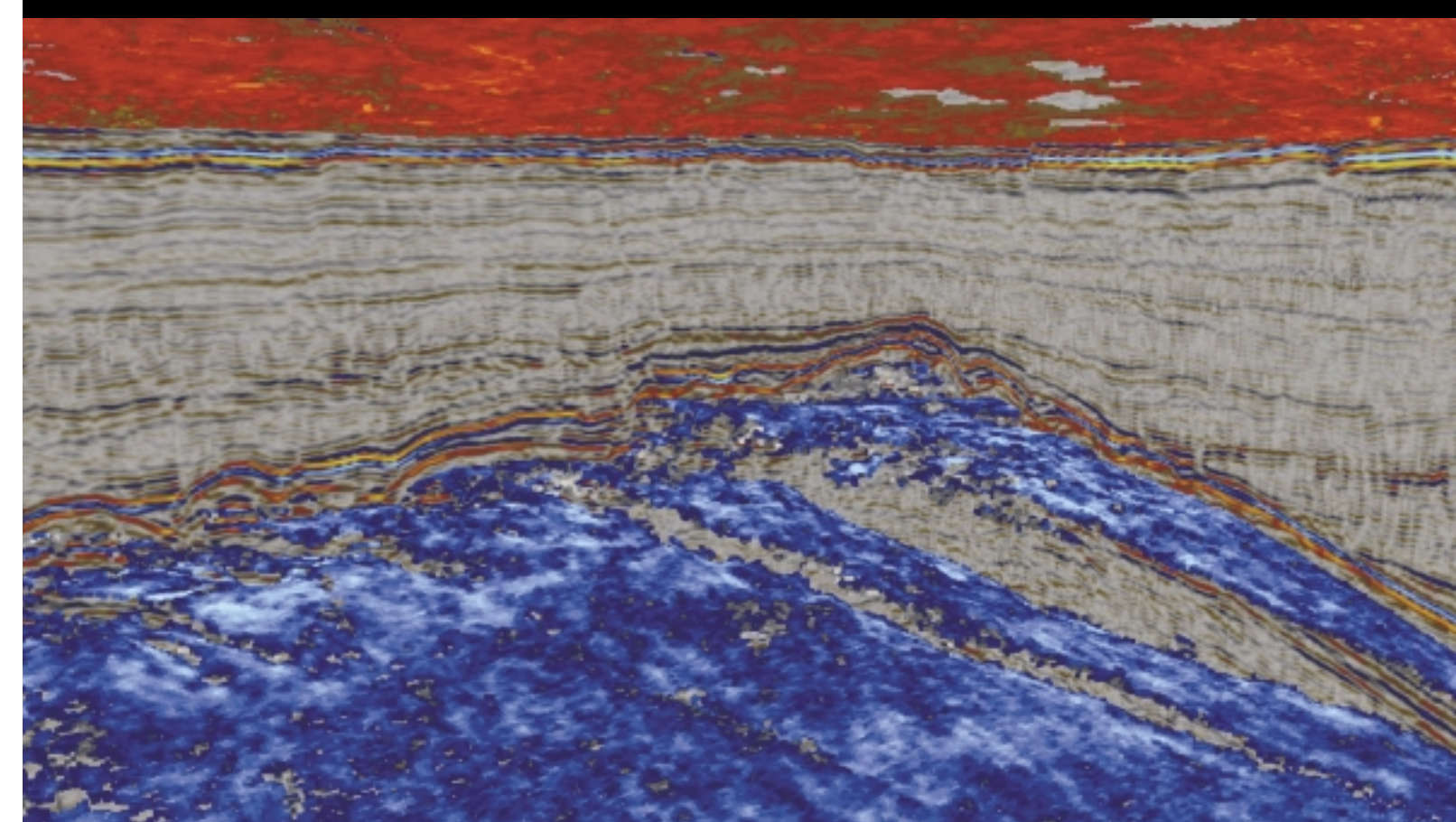
OLJE- OG ENERGIDEPARTEMENTET

Ministry of Petroleum and Energy

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North Sea Awards

2002



Norwegian Continental Shelf



- There is considerable value in small and medium sized fields, located in mature parts of the continental shelf. Development of these resources is important in order to achieve the Government's long-term scenario for petroleum production on the Norwegian Continental Shelf. A prerequisite for the realisation of these values is efficient exploration in mature areas. The North Sea Awards 2002 is an important step in reaching this goal.

Einar Steensnæs

Einar Steensnæs
Minister of Petroleum and Energy

In the North Sea, exploration activities have been going on for many years. The activities started in 1965 and since then 797 exploration wells have been drilled in the area. The geology in large parts of the North Sea is therefore well known and the largest fields have probably already been discovered and put in production. There is however still a potential to discover new profitable resources in the North Sea.

There is considerable value in small and medium sized fields in mature parts of the continental shelf. Development of these resources are important in order to achieve the Government's long-term scenario for petroleum production on the Norwegian Continental Shelf. To achieve this goal the North Sea Awards 2002 is an important contributing factor.

The production of smaller fields which can be tied in to larger producing fields can contribute to strengthening the profitability of the main field due to better utilisation of spare capacity in pipelines and installations. Spare capacity is expected in existing infrastructure in the years to come. It is important that new resources are discovered and produced before these installations are shut down.

The Government has therefore included a relatively large number of blocks in the North Sea Awards 2002. Most of these blocks are in areas close to existing infrastructure where spare capacity is expected in the future. To ensure efficient exploration of the North Sea as a whole, the Government has decided also to include some blocks that are not in the immediate vicinity of existing installations.

The acreage announced totals 109 blocks or parts of blocks.

The deadline for submission of applications is 28 January 2003. The awards are planned to take place at the beginning of the 2nd quarter 2003.

Invitation to apply for petroleum production licence

(Unofficial translation)

1 The Royal Ministry of Petroleum and Energy (the Ministry) hereby announces an invitation to apply for petroleum production licences on the Norwegian Continental Shelf, in accordance with the Act of 29 November 1996 No.72 pertaining to Petroleum Activities (the Petroleum Act) and the Petroleum Regulations laid down by Royal Decree of 27 June 1997 (the petroleum Regulations).

2 Production licences will only be awarded to joint stock companies registered in Norway or in another state party to the Agreement on the European Economic Area (the EEA-Agreement), or to natural persons domiciled in a state party to the EEA-Agreement. The Joint Stock Company shall have a minimum equity share capital of NOK 1 million or an amount equivalent to this in the currency of the country of registration.

Companies which are not licensees on the Norwegian Continental Shelf may apply for licences if they are prequalified as licensees before the closing date for applications.

Individual applicants and companies applying as part of a group will be treated on equal terms by the Ministry. Applicants submitting an individual application, or applicants being part of a group submitting a joint application, will be considered as an applicant for a production licence. The Ministry may, on the basis of applications submitted by groups or individual applicants, determine the composition of the licence groups and appoint the operator for such groups.

3 The award of production licences will be carried out in accordance with the previously established practice for awards on the Norwegian Continental Shelf. This implies that the acreage, location, licence period, work obligation, and other block specific conditions will be stipulated at the time of the award.

Applications for participating interests in production licences may be submitted for the following blocks or part of blocks:

- 1/2, 5, 6, 9
- 2/1, 2, 3, 4, 5, 6, 7, 8, 10, 11
- 3/1, 2, 3, 4, 5, 6, 7, 8, 9
- 4/1, 2
- 6/3
- 7/2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
- 8/7, 8, 9, 10, 11, 12
- 15/2, 3, 5, 6, 8, 11, 12
- 16/1, 5, 6, 7, 8, 9, 10, 11, 12
- 25/1, 2, 4, 6, 7, 8, 9, 10, 11, 12
- 29/3, 6, 9
- 30/1, 3, 4, 5, 6, 7, 8, 9, 10, 12
- 31/1, 2, 3, 4, 5, 6, 7, 8, 9
- 33/5, 6, 9, 12
- 34/4, 7, 8, 10, 11, 12
- 35/4, 5, 6, 7, 8, 9, 10, 12

A production licence may comprise one or more block(s) or part of block(s).

4 Conditions for the award

a) The conditions relating to environmental concerns and fishery interests are stated in detail at the back of this pamphlet. Specific conditions are attached to certain blocks.

b) The Ministry may designate specific bases to be used by the licensee.

c) As a condition for the award of a participating interest in a production licence, the licensees will be required to enter into a Joint Operating Agreement and an Accounting Agreement for Petroleum Activities with the other licensees.

Upon signing the agreements the licensees will form a joint venture in which the size of their participating interest at all times will be identical to their participating interest in the production licence.

The licence documents will mainly be based on relevant documents in the 17th Licensing Round. The aim is to make the main elements of any adjustments to the framework available to the industry prior to the time of application.

5 Negotiation issues

The Ministry reserves the right to negotiate terms with the applicant on the following issues:

a) The content, extent and time schedule for the work obligation(s);

b) The duration of the initial period of the production licence, and the duration of the licence period after expiry of the initial period;

c) The extent of, and time schedule for relinquishment of acreage.

The decision on the length of the initial period, cf. the Petroleum Act Section 3-9, will in the North Sea Awards 2002 be made on the basis of block specific circumstances. Where appropriate, the Government will award licences with so called "drill or drop" obligations. Under these obligations the licensees are required, within a given time frame, to decide whether they want to comply with the drilling obligations or relinquish the entire production licence. Upon expiry of the initial period, 50 % of the acreage must normally be relinquished. Applications recommending exceptions to this rule shall state their specific reasons for doing so.

6 Award criteria

Within the framework of good resource management which favours efficient exploration and production of petroleum on the Norwegian Continental Shelf, including the composition of licence groups to ensure this, the following criteria will apply to the award of participating interests in production licences and to the appointment of operator:

a) The relevant technical expertise of the applicant, including expertise related to development work, research, safety and the environment, and how this expertise may actively contribute to cost effective exploration and, as appropriate, the production of petroleum from the geographical area in question;

b) That the applicant has the satisfactory financial capacity to carry out exploration for and, as appropriate, production of petroleum in the geographical area in question;

c) The applicant's geological understanding of the geographical area in question, and how the licensees propose to perform efficient exploration for petroleum;

d) The applicant's experience on the Norwegian Continental Shelf or equivalent relevant experience from other areas;

e) Experience regarding the applicant's activities;

f) Where applicants apply as part of a group, the composition of the group, the operator recommended and the collective competence of the group will be taken into account.

7 At the time of the award, state participation may be stipulated in each production licence. Petoro AS is the licensee on behalf of the State's participating interest (the State's Direct Financial Interest - SDFI)

8 The application shall, regardless of whether the application is submitted by an individual applicant or by applicants applying as part of a group, include the following information, and in the following order:

a) Name, address and nationality of the applicant(s), including the name of the person who will serve as liaison in Norway to the Norwegian authorities;

b) The block(s) applied for. The application shall refer to block numbers as specified in the announcement.

If the applicant(s) applies for more than one production licence, a priority shall be assigned. Applicants applying as part of a group may submit their priority list separately. The size of the participating interest applied for in each production licence shall be stated. The applicant(s) shall also

state whether he/the group applies for operatorship in any of the production licences.

c) The applicant(s) shall state the following recommendations:

- the extent, content and time schedule for the work obligation he/the group proposes to undertake to ensure efficient exploration of the acreage covered by a production licence;
- the duration of the initial period of the production licence;
- the duration of the licence period after the expiry of the initial period;
- the extent and time schedule for relinquishment of acreage.

The above mentioned terms shall be adjusted to the specific characteristics of the block with a view to obtaining the highest value added from the relevant geographical area.

d) The applicant(s) shall give a geological evaluation of the block(s) applied for.

e) The applicant(s) shall give a prospect economic evaluation of the block(s) applied for.

f) The applicant(s) shall give a summary of the application.

g) The applicant(s) shall give information on company related matters.

Where the principal place of business of the applicant or his ultimate parent company is outside Norway, the applicant shall state whether a Norwegian company, in principle, is entitled to obtain a similar licence in the country in which the applicant or his ultimate parent company have their principal place of business.

In cases where information which has previously been submitted to the Ministry covers the relevant status concerning company related matters, as laid out in item g), only relevant additional information will be required. In such cases, a reference to the document(s) previously submitted shall be given.

In cases where the applicant applies as part of a group, and for reasons of confidentiality does not wish to submit a joint set of documentation for the items e), and g), such documentation may be submitted individually.

Guidelines for the preparation of an application for a production licence, schemes and block coordinates for the blocks announced may be found at the Norwegian Petroleum Directorate's internet homepage at the following address:

http://www.npd.no/Norsk/Emner/ressursforvaltning/Undersokelse_og_leting/nst2002 (Norwegian version), or

http://www.npd.no/English/Emner/ressursforvaltning/Undersokelse_og_leting/nst2002 (English version).

The Ministry may require additional information.

Business information contained in the application and the enclosures will be kept confidential by the Ministry and the Norwegian Petroleum Directorate, regardless of the time limit stipulated in the Petroleum Regulations, Section 73.

9 For handling of an application for a production licence, a fee is due upon submission of the application. The fee is NOK 60.000, cf. the Petroleum Regulations, Section 9. An application submitted by a group is regarded as one application.

The fee shall be paid to the State, c/o the Norwegian Petroleum Directorate, current account No. 7694.05.00326. Please mark the payment: North Sea Awards 2002. A copy of the receipt for said payment should be attached to the application.

10 The King in Council shall not be obliged to award any production licence on the basis of applications received, cf. the Petroleum Act, Section 3-5, third paragraph.

11 An application for a production licence may be received by

The Royal Ministry of Petroleum and Energy
P.O. Box 8148 Dep.
0033 OSLO
NORWAY

before 12.00, 28 January 2003. All applications submitted before this date and time shall be considered to be received simultaneously.

One copy of the application, including digital forms shall be submitted to the Ministry. Two copies of the application including digital forms shall be submitted to

The Norwegian Petroleum Directorate
P.O. Box 600
4001 STAVANGER
NORWAY

The application, including enclosures, may be written in Norwegian or in English.

12 The award of production licences in the North Sea Awards 2002 on the Norwegian Continental Shelf is planned to take place at the beginning of the 2nd quarter 2003.