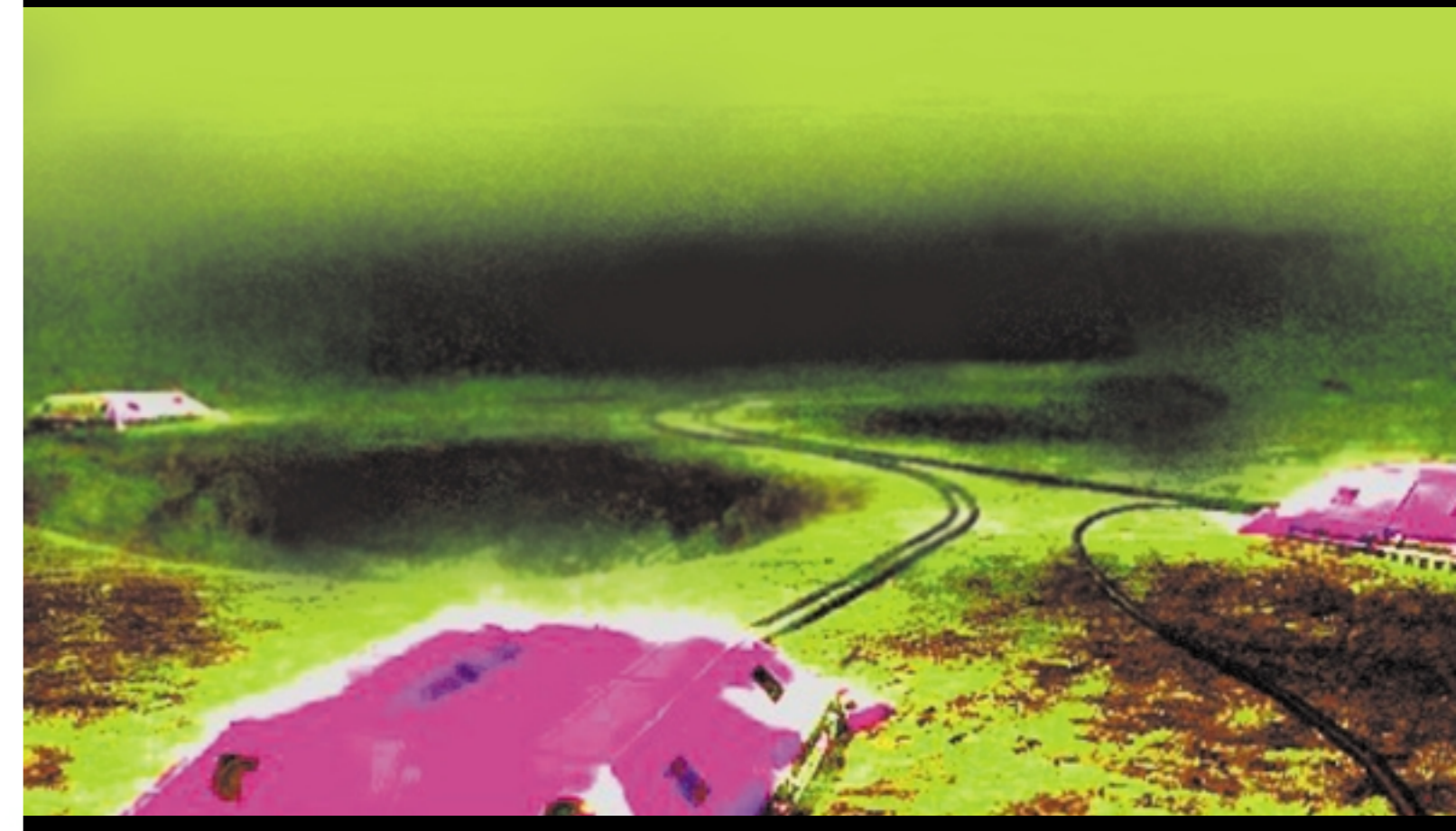


# Awards in predefined areas



# Norwegian Continental Shelf 2003

## Conditions relating to environmental concerns and fishery interests

### Conditions for the award (cf. item 4a in the announcement)

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

In planning seismic surveys, the licensees must take particular care in 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, and ensure that possible coral reefs will not be damaged by the petroleum activity.

Pursuant to the Report to the Storting no. 25 (2002 – 2003) there shall as a main rule be zero discharge of environmentally harmful components to the sea. It is further a goal to minimize the risk of environmental damage caused by discharge of other chemical components. For new installations the target of zero discharge of environmentally harmful components to the sea will apply immediately. For existing installations and all offshore operations, action must be taken to achieve this target by 2005.

In due time and prior to the commencement of drilling, the operator shall, on behalf of the licensees, consult the Norwegian Pollution Control Authority (Statens Forurensningstilsyn) 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 of 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 of 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 predefined area 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, 3, 4 and 5, 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 resources in this area, the licensees shall consider development solutions that are minimising the negative effects for the fishing of sandeels.

Among the announced blocks in the North Sea there are some blocks that have not earlier been licensed, and which are rich fishery areas. These are blocks 26/10 and 11, and 17/1, 2, 5 and 6. In connection with awards in these blocks separate conditions regarding fisheries can be set.

Pursuant to the Report to the Storting no. 38 (2001-2002) it is expected that the industry still will contribute to the biological monitoring of living marine resources in order to survey possible effects of the petroleum activity.

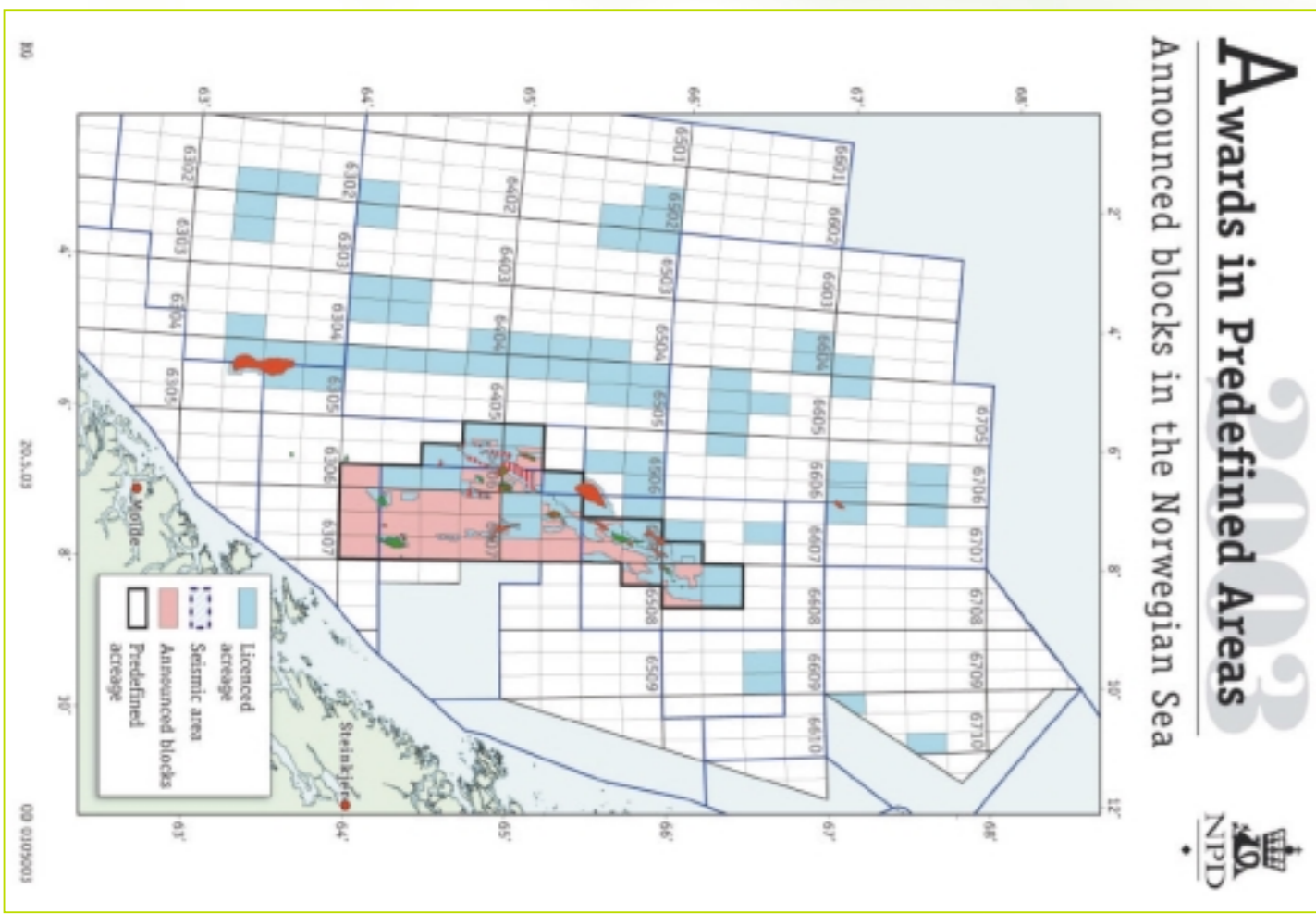
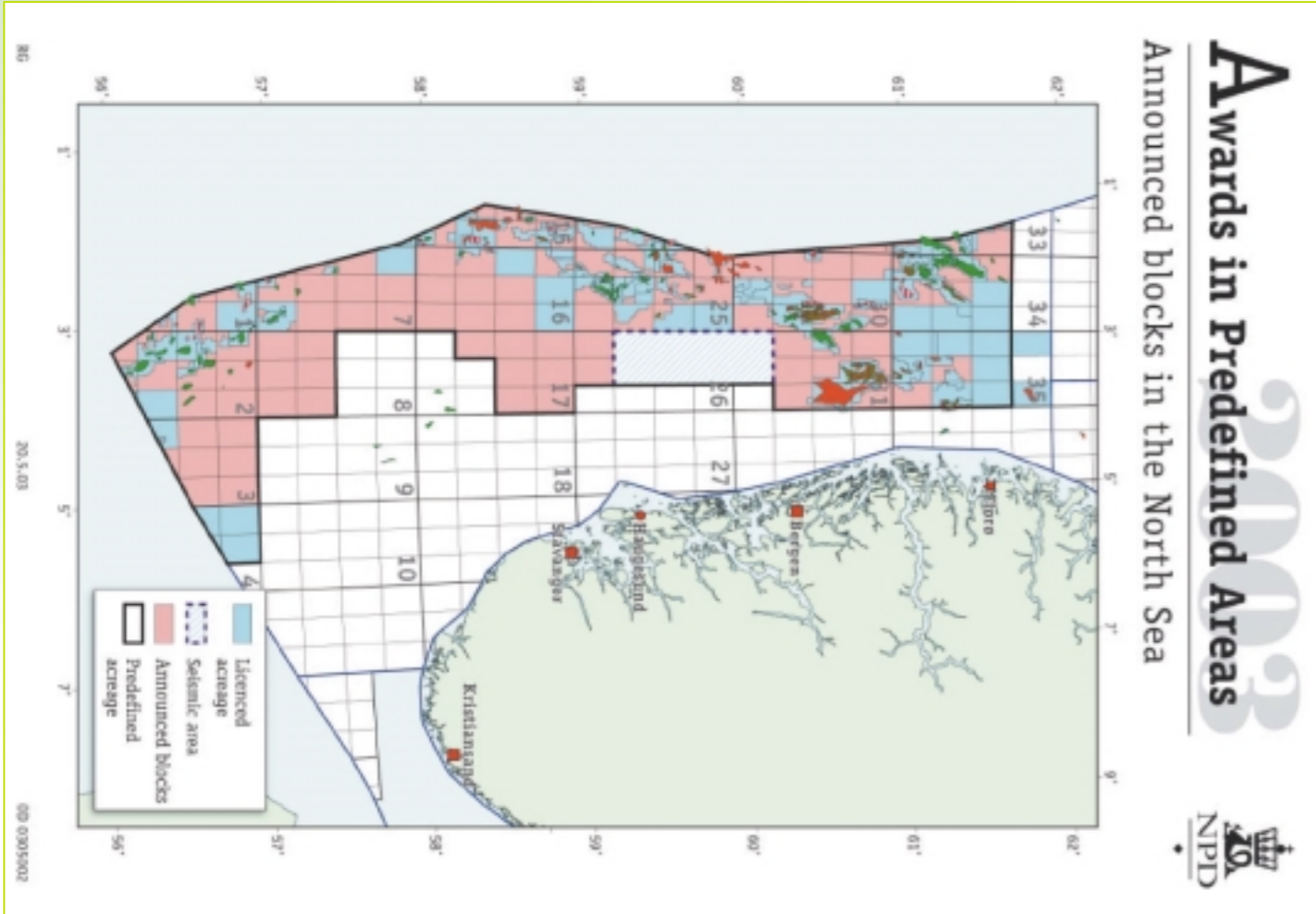
The Government also sees a need to improve the knowledge of occurrence of seabirds in areas that can be affected by discharges from petroleum activities. The Ministry of Petroleum and Energy will ask the licensees to present a monitoring program for seabirds in the Norwegian Sea in connection with the environmental impact assessment following possible plans for development and operation (PDO) for new stand alone developments in this area.



OLJE- OG ENERGIDEPARTEMENTET

Ministry of Petroleum and Energy

Olje- og energidepartementet Telefon: 22 24 90 90  
Einar Gerhardsens plass 1 Telefaks: 22 24 95 65  
Postboks 8148 Dep E-post: postmottak@oed.dep.no  
0033 Oslo Internett: www.oed.dep.no





# Invitation to apply for petroleum production licence

(Unofficial translation)

- The introduction of predefined exploration areas in mature parts of the Norwegian Continental Shelf (NCS) will improve the efficiency of the licensing system. In mature parts of the NCS there is a significant potential to discover new resources, including resources that can be tied into existing infrastructure. Realizing these values is important to maintain Norway's position as an important exporter of oil and gas, says the Minister of Petroleum and Energy Einar Steensnæs.

*Einar Steensnæs*

Einar Steensnæs  
Minister of Petroleum and Energy

In the Report to the Storting no. 38 (2001-2002) the Government introduced the system with awards in predefined areas in mature parts of the Norwegian Continental Shelf (NCS). The system replaces the annual North Sea Awards.

It is important that the licensing system differentiates to a greater extent than before between mature and frontier areas, instead of differentiating between the petroleum provinces: the North Sea, the Norwegian Sea and the Barents Sea. The introduction of the system with awards in predefined areas can give a balanced licensing round where the focus is on mature areas.

The background for the change in award procedures is the aim to ensure that the industry gets access to time critical areas, and to further increase the efficiency in licensing rounds in mature areas. The new system will be more predictable in the way that the industry will know what acreage they may apply for in the years to come. The authorities will promote faster exploration in new production licences in mature areas. The new system will also make it more attractive for new companies, for example for smaller companies, to establish themselves on the NCS.

In mature parts of the NCS there is a significant potential to discover new resources, including resources that can be tied into existing infrastructure. Realizing these values is important to maintain Norway's position as an important exporter of oil and gas. The Government has therefore decided to include a relatively large area in the North Sea, plus an area on Haltenbanken in the Norwegian Sea.

The acreage announced totals 143 blocks or part of blocks.

The deadline for submission of applications is 1 October 2003. The awards are planned to take place in December 2003.

**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, 8, 9
- 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
- 17/1, 2, 3, 4, 5, 6, 7
- 24/3, 9, 11, 12
- 25/1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12
- 26/10, 11
- 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
- 35/8, 9, 12
- 6406/1, 3, 5, 12
- 6407/1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12

- 6506/11, 12
- 6507/3, 5, 6, 7, 8, 9, 11, 12
- 6508/1
- 6607/12
- 6608/10, 11

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 from the North Sea Awards 2002. 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 its 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 Awards in Predefined Areas 2003 be made on the basis of block specific conditions. Where appropriate, the Government will award licences with so called "drill or drop" work obligations. In such cases, the licencegroup is required, within a given time frame, to decide whether it wants to carry out the drilling obligations required or relinquish the entire area of the production licence before the expiry of the initial period. Where appropriate, it could also be relevant to include an additional requirement in the work program. This concerns a progress plan for the licence activities towards the submission of a plan for development and operation (PDO) within the initial period. In such cases

the individual licensee must, after undertaking the required drilling obligations, within a given time frame decide whether he wants to participate in the preparation of a PDO for the production licence, or relinquish his part of the production licence. The part of the licence which is relinquished has to be taken over by the other licensee(s) or by a third party. Otherwise, the entire area of the production licence must be relinquished. The licensees wanting to prepare a PDO will be given an additional time period within the initial period to complete and submit the PDO for approval, or relinquish the entire area of the production licence. Upon expiry of the initial period, 50 % of the acreage must normally be relinquished. Applications recommending exceptions to this rule shall state the specific reasons for doing so.

**6** Award criteria

To promote good resource management and efficient exploration for and production of petroleum on the Norwegian Continental Shelf, including the composition of licence groups to ensure this, the following criteria shall 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 description of the anticipated reservoir and development solutions for 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, forms 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/tfo2003](http://www.npd.no/Norsk/Emner/Ressursforvaltning/Undersokelse_og_leting/tfo2003) (Norwegian version), or

[http://www.npd.no/English/Emner/Ressursforvaltning/Undersokelse\\_og\\_leting/tfo2003](http://www.npd.no/English/Emner/Ressursforvaltning/Undersokelse_og_leting/tfo2003) (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: Awards in Predefined Areas 2003. A copy of the receipt for said payment shall 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 noon, 1 October 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 Awards in Predefined Areas 2003 on the Norwegian Continental Shelf is planned to take place in December 2003.