



OLJE- OG ENERGI-DEPARTEMENTET

# Management of petroleum resources on the Norwegian Continental Shelf

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# History in brief

- 1963 - Norwegian sovereignty over the Norwegian Continental Shelf (NCS) proclaimed
- 1963 - A new act determined that the state owns any natural resources on the continental shelf
- 1965 – First licensing round
- Key goals: National management and control
- North sea oil production from 1971

# Norway – an important energy producer

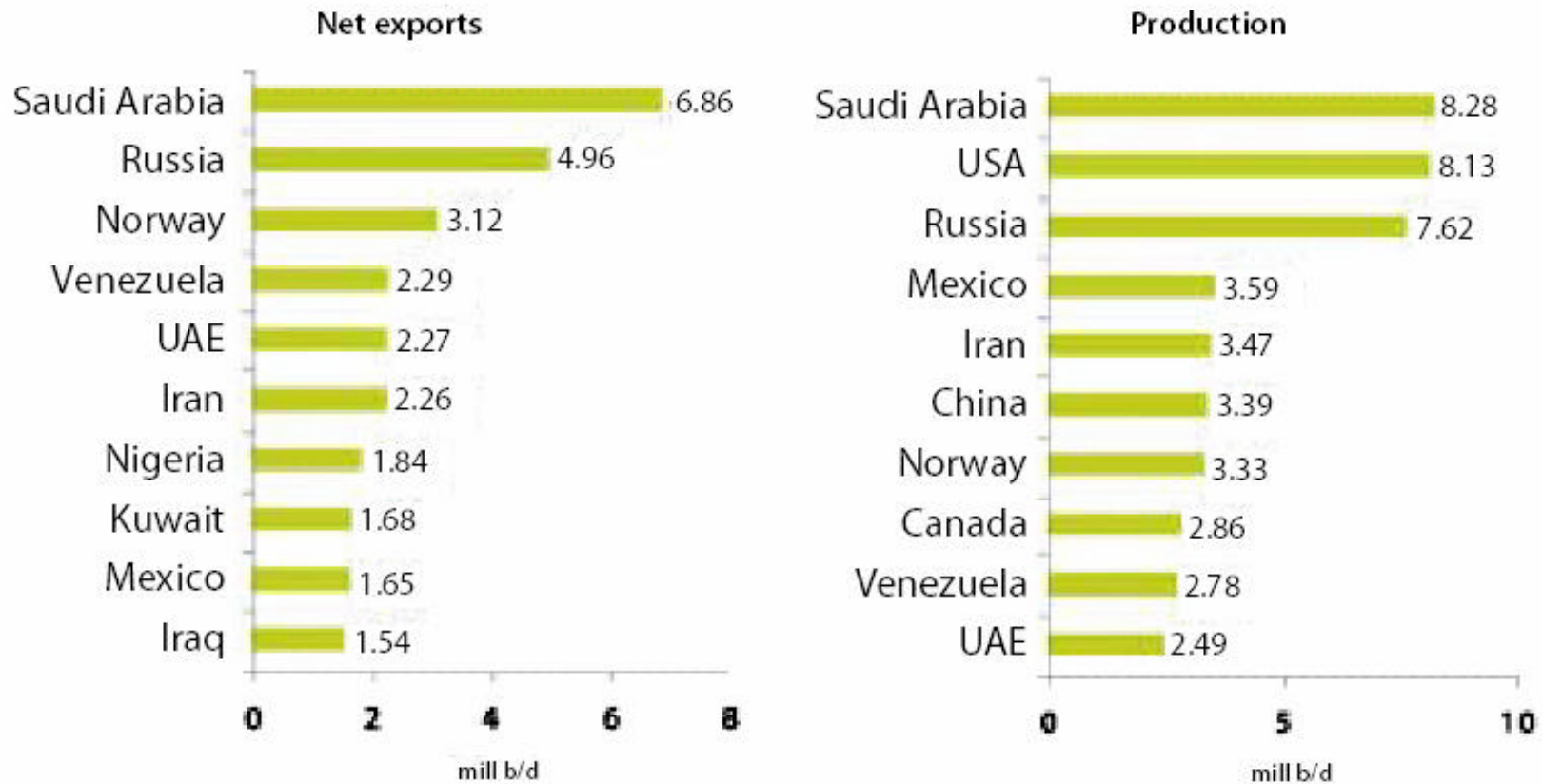
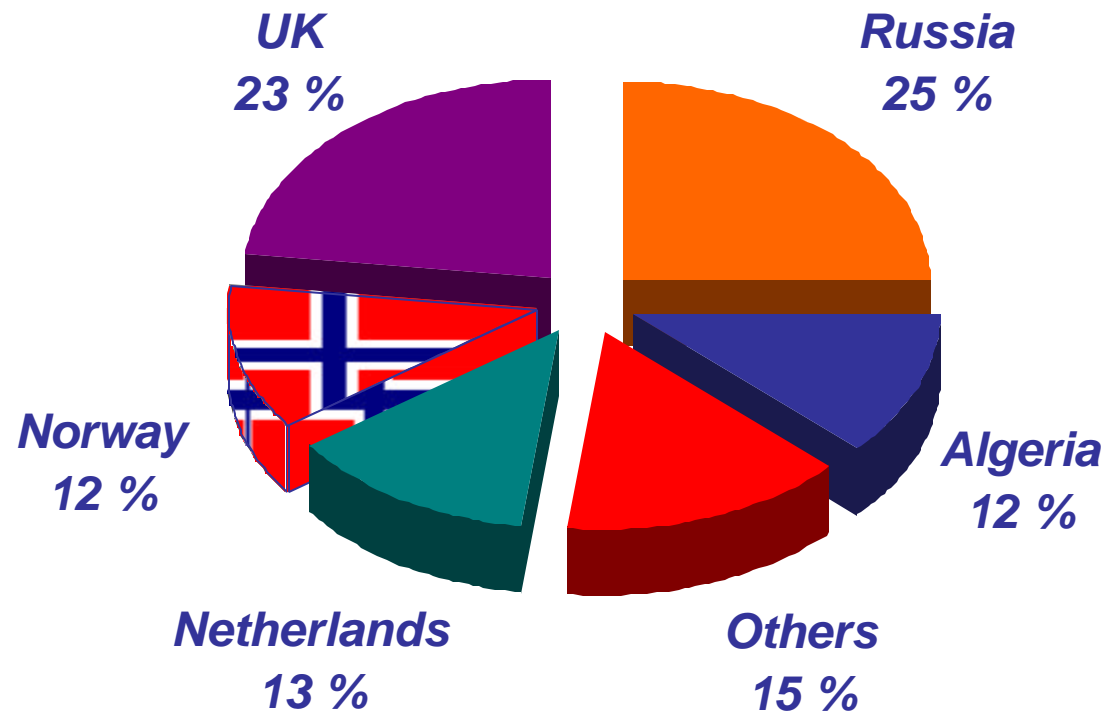


Figure 7.3 Production and net export of crude oil, incl NGL/condensate 2001.  
(Source: Petroleum Economics Limited)

# Natural gas to Europe



# Petroleum operations in the Norwegian economy

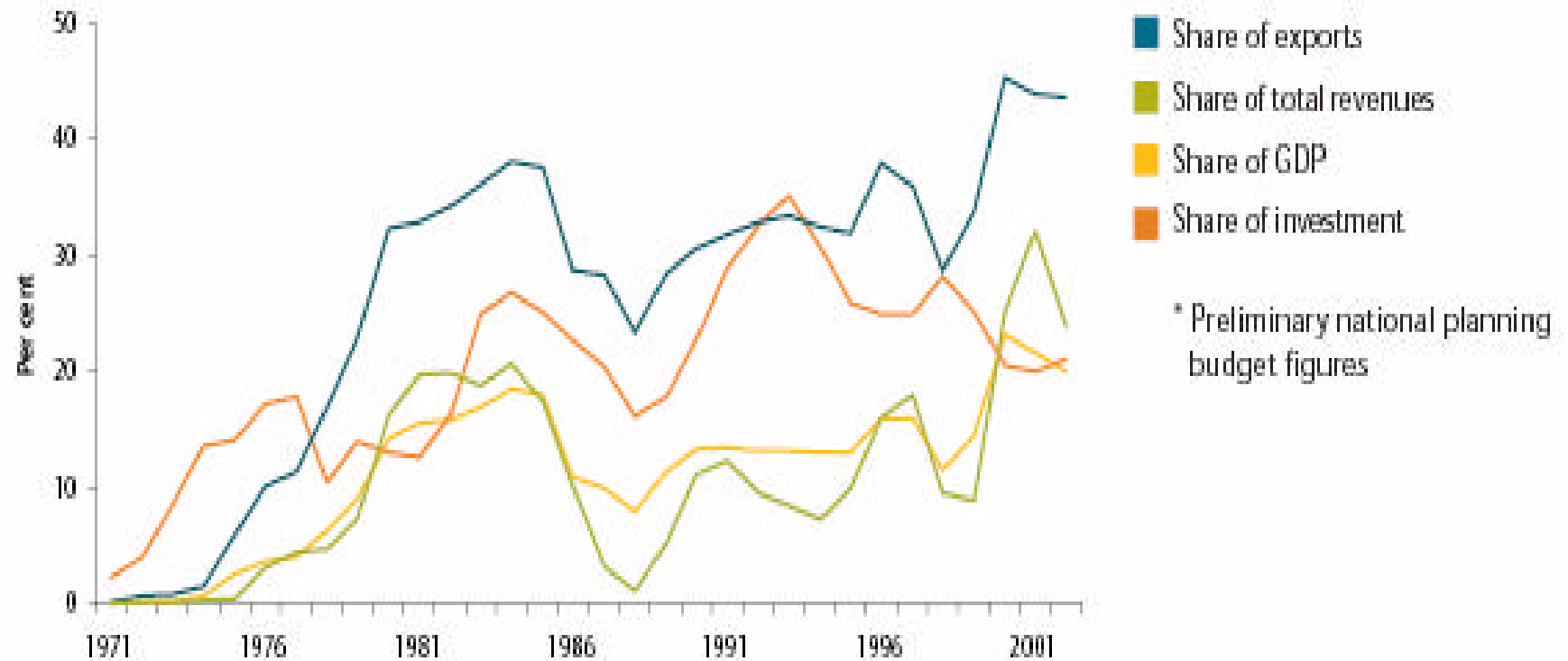


Figure 4.1 Macroeconomic indicators for the petroleum sector. (Source: Statistics Norway)

# State revenues

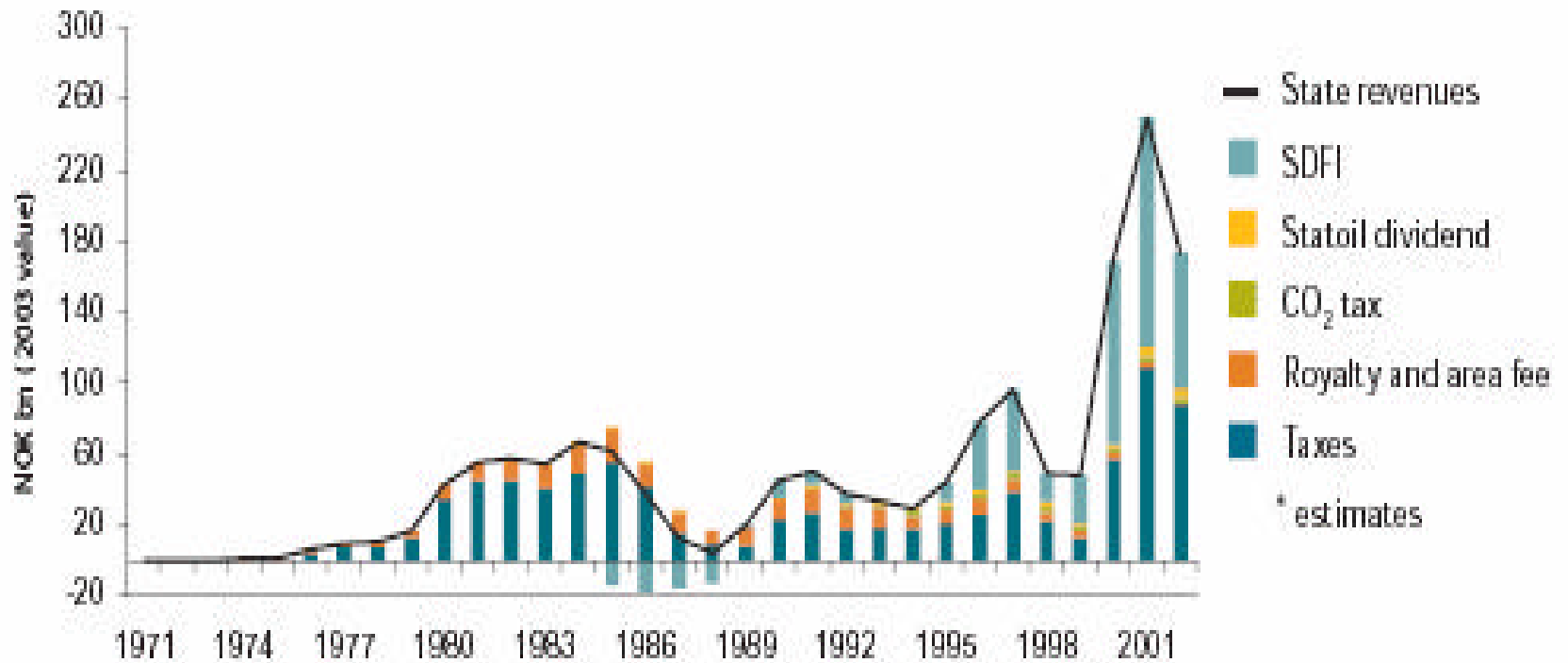


Figure 4.2 Net cash flow to the state from petroleum operations. (Source: National accounts and state budget)

# Objectives for the Norwegian State

## The petroleum act:

“Resource management of petroleum resources shall be carried out in a long-term perspective for the benefit of the Norwegian society as a whole. In this regard the resource management shall provide revenues to the country and shall contribute to ensuring welfare, employment and an improved environment, as well as to the strengthening of Norwegian trade and industry and industrial development, and at the same time take due regard to regional and local policy considerations and other activities.”





## The government's principal objectives

- Ensure that the petroleum sector remains **a significant contributor** to financing the welfare state and to nationwide industrial development in future.
- Lay the basis for continued development of the petroleum sector by ensuring that the NCS remains **an attractive area for investment, value creation and industrial development in Norway.**

## The government's principal objectives (2)

- **pursue ambitious environmental and resource management policies based on the goals of a sustainable petroleum business and coexistence between the petroleum sector, other industries and environmental considerations.**
- **Be a leading-edge industry with a strong focus on health, safety and the environment at all levels of the industry, and to base its operations on a goal of continuous improvement.**
- **Contribute to the internationalisation of the Norwegian oil and gas industry.**

# State organisation of petroleum operations

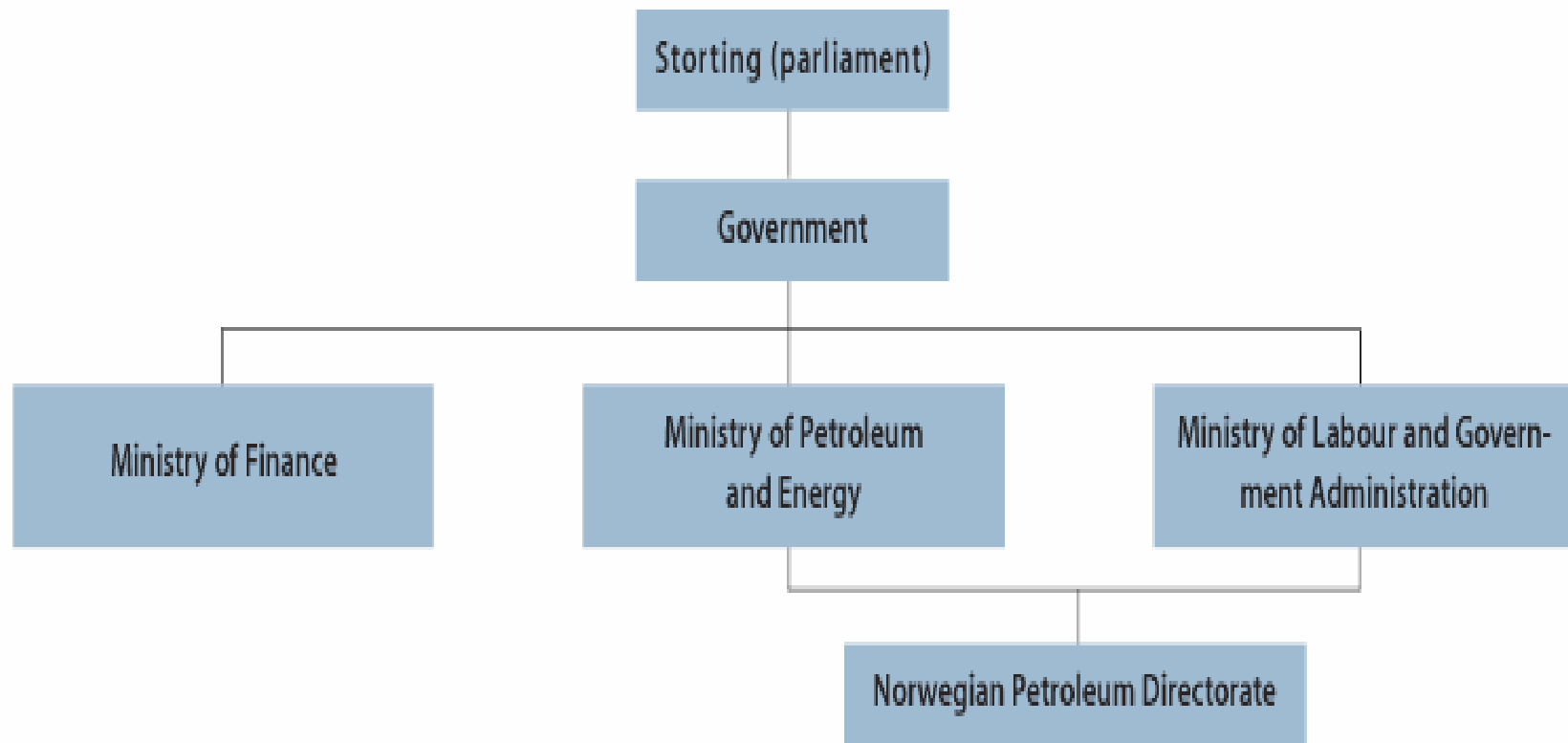


Figure 2.1 The state organisation of petroleum operations.

# The state's direct financial interest (SDFI)

- State participation in petroleum operations was reorganised on 1 January 1985. Statoil's interest in many licences was split into two components, one linked to the company's commercial participation and the other becoming part of the state's direct financial interest (SDFI) in petroleum operations.
- This arrangement means that the state itself funds the exploration expenses, investment and operating costs falling to the SDFI, and receives the share of production and revenues which corresponds to its interest in each production licence.

# Petoro AS

Petoro AS manages the SDFI on behalf of the state (which remains the owner of the SDFI portfolio)

Petoro AS has three duties:

1. managing the state's interests in partnerships where such interests are held at any given time
2. monitoring Statoil's sale of petroleum produced from the SDFI, in line with the sales instruction issued to Statoil
3. financial management of the SDFI, including the keeping of accounts

Statoil will continue to be responsible for marketing the state's directly-owned oil and gas.

# Gassco AS

- a separate company for transport of natural gas
- operator of all the leading pipelines for landing gas and the most important land-based facilities
- pipelines and facilities have been organised as a unified transport system under the Gassled name, with Gassco as the operator

# Resources on the NCS

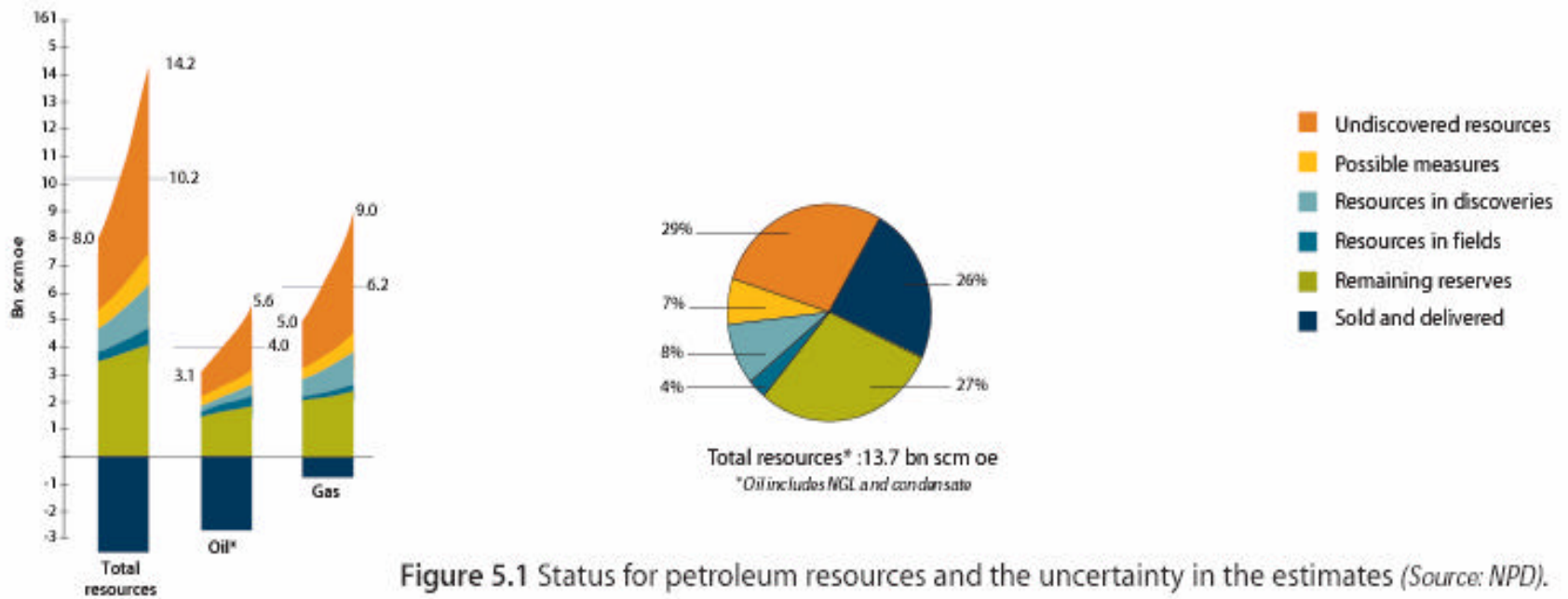


Figure 5.1 Status for petroleum resources and the uncertainty in the estimates (Source: NPD).

# Scenarios

