



OLJE- OG ENERGIDEPARTEMENTET

*Ministry of Petroleum and Energy*

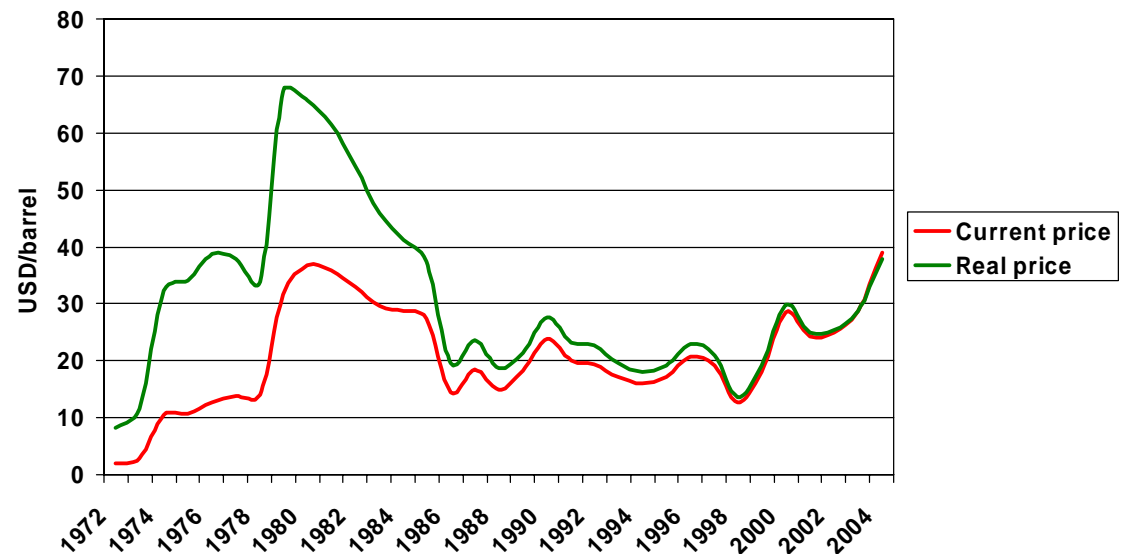
# Norwegian Petroleum Politics on the stepping stone to the future

NCSQ Executive Round-table, 18 November 2004

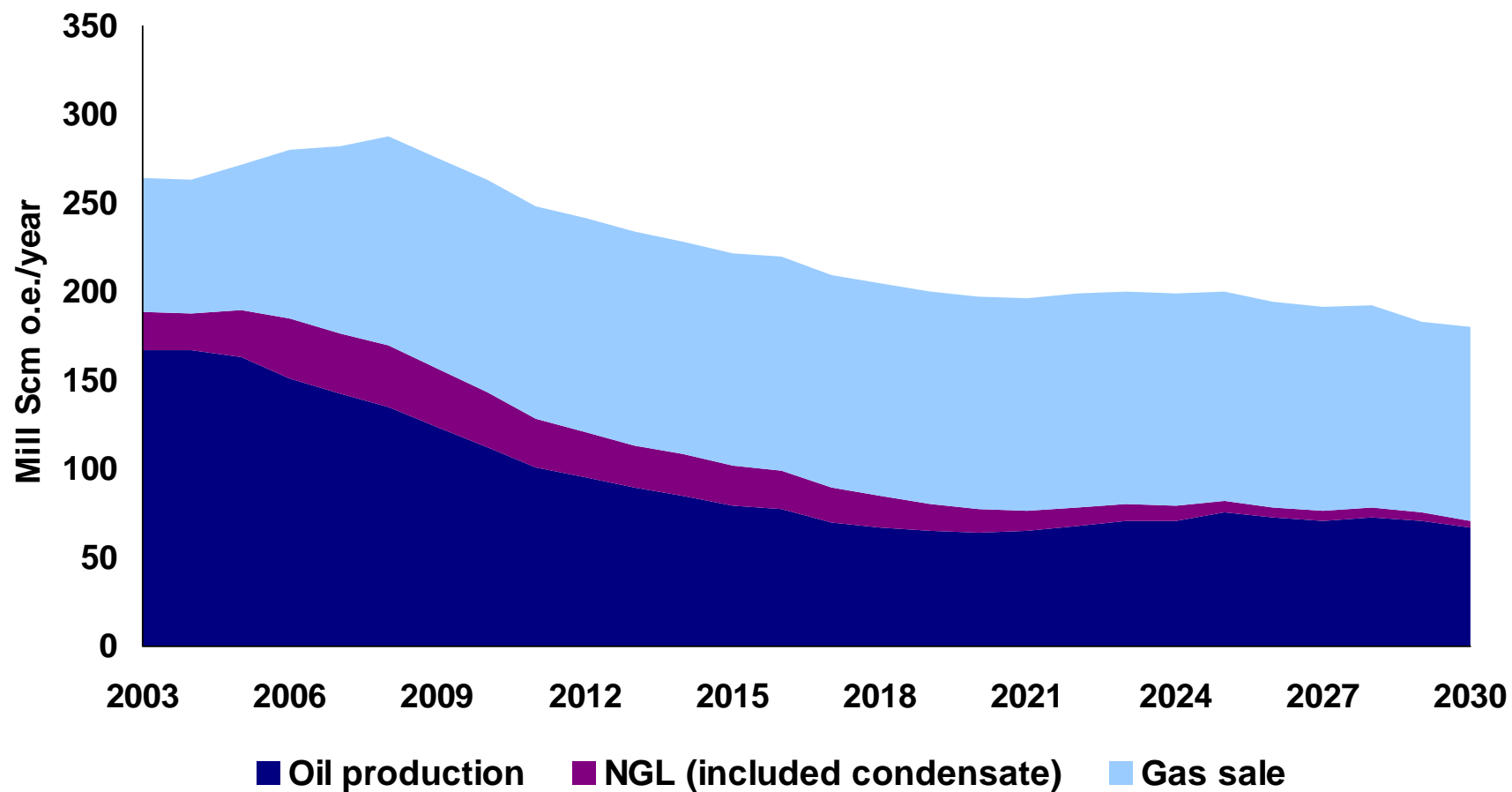
State Secretary Oluf Ulseth  
Ministry of Petroleum and Energy

# A particular time for the petroleum sector..

- Record price levels in nominal terms
- Very high cash flow in the oil industry
- Continued strong demand
- Energy policy on everybody's agenda



## .. focusing on long term goals



Source: MPE/NPD RNB 04

# Developing mature areas ..

## Challenges

- Insufficient exploration
- Large time critical resources

## Actions

- Exploration acreage available in yearly rounds
- Work program; rapid and efficient exploration

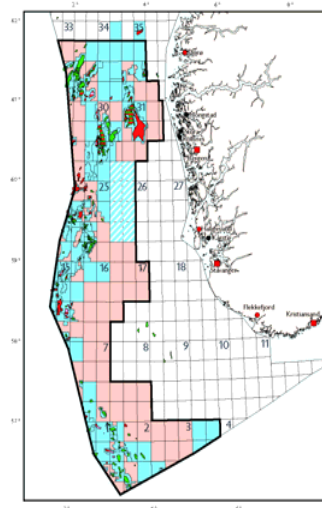
=> Industry challenge

## Awards in Predefined areas

# 2004

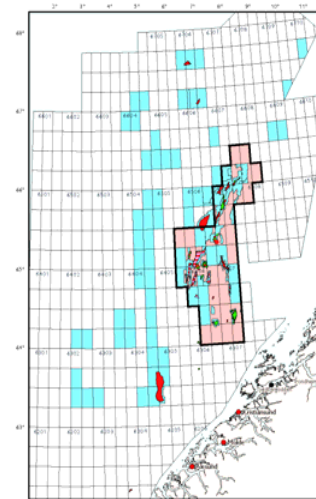


North Sea



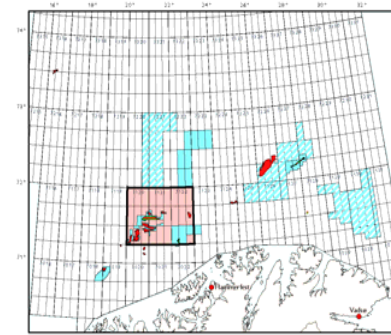
RG

Norwegian Sea



26.01.04

Barents Sea



- Licensed acreage
- Announced blocks
- Seismic area
- Predefined area

The maps show licensed acreage and announced blocks as of the 29th of January. These areas can change through the application period. The NPD's interactive Factmaps (NPD's homepage) contain daily updated information showing the current area available for application.

OD 0401018

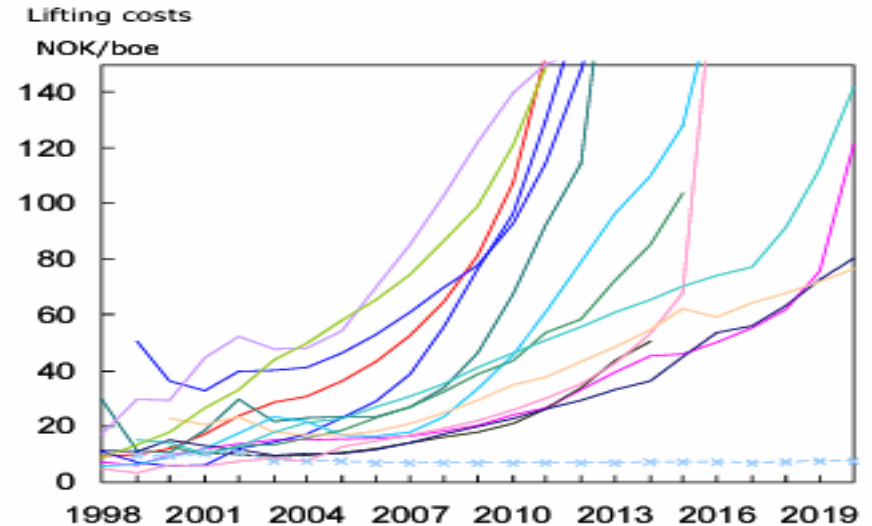
# .. with “elephants” growing larger

## Challenges

- Declining Production
- Increasing Unit Cost
- Economic Cut Off
- Investment Needed

## Actions

- Increase Production
  - Maximise Recovery
  - Satellite Developments
- Reduce Cost
  - Brown Field Investment
  - Organizational Structure
  - Technology



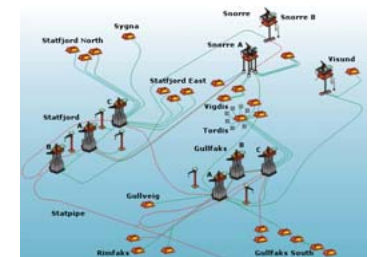
Oseberg 2015



Ekofisk 2010



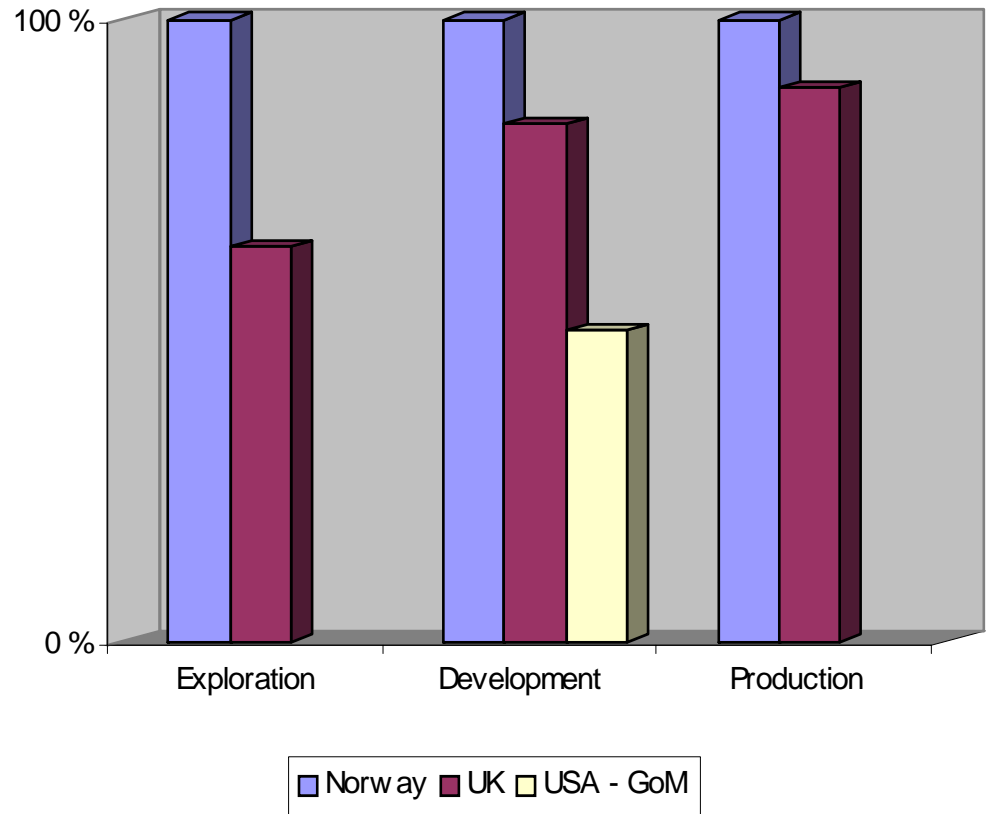
Valhall



Tampen 2020

# Cost levels drive competitiveness..

- Review all regulations of the petroleum industry
- Maintain high focus on the cost issue
- Create a competitive and efficient environment on the NCS





## .. and new entrants challenge old ways

- Since the system of pre-qualification was introduced in 2000, 21 new companies have been pre-qualified/established on the NCS as operator or non-operator licensee
- 7 companies are currently in the pre-qualification process

### Pre-qualified/ new companies since 2000

Sumitomo	OER	BG
Paladin	Talisman	Maersk
Aker Energy *	Ruhrgas	Anadarko
Dong	Kerr McGee	Lundin
Pelican *	Pertra	Lasmo*
GdF	Revus	Petoro
DNO	Oranje-Nassau	Endeavour

\* Companies that no longer exists as individual companies

### Under assessment:

Noble Energy

Centrica

Marubeni

Altinex

Vienco

Wintershall

PA resources

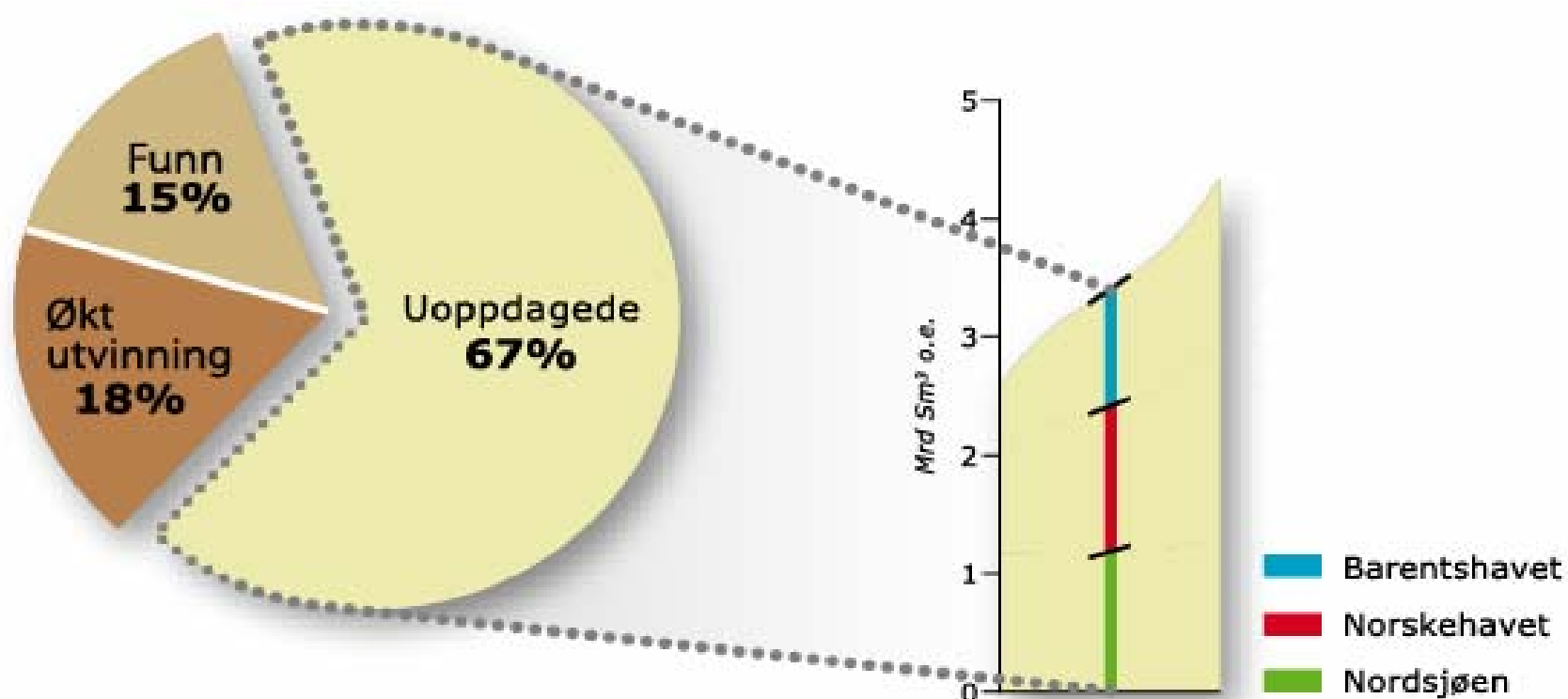
Premier Oil



# Large untapped potential..

Vast resources yet to be discovered...

.. in all parts of the NCS



Kilde: OD





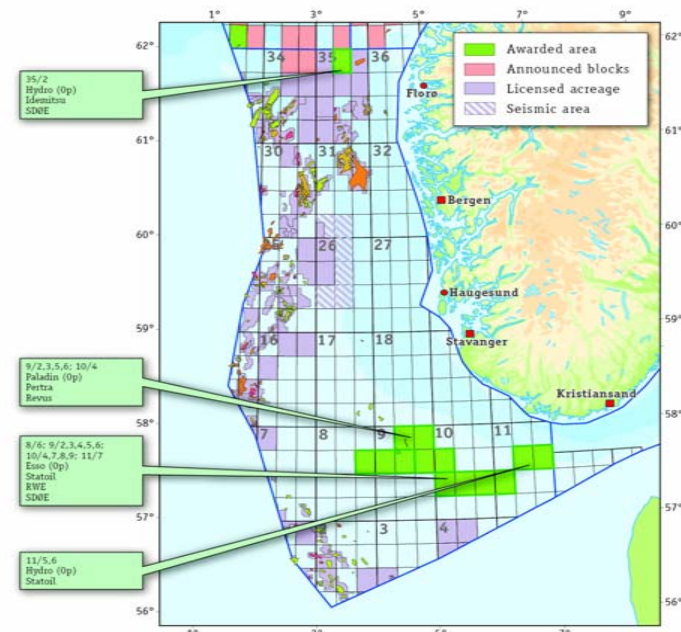
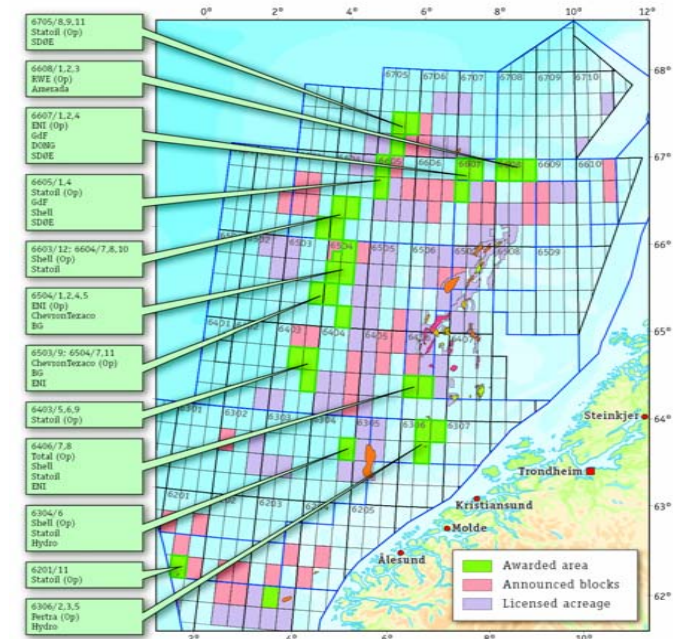
# .. in frontier areas ..

## Challenges

- Reduction in exploration activity
- No recent large discoveries

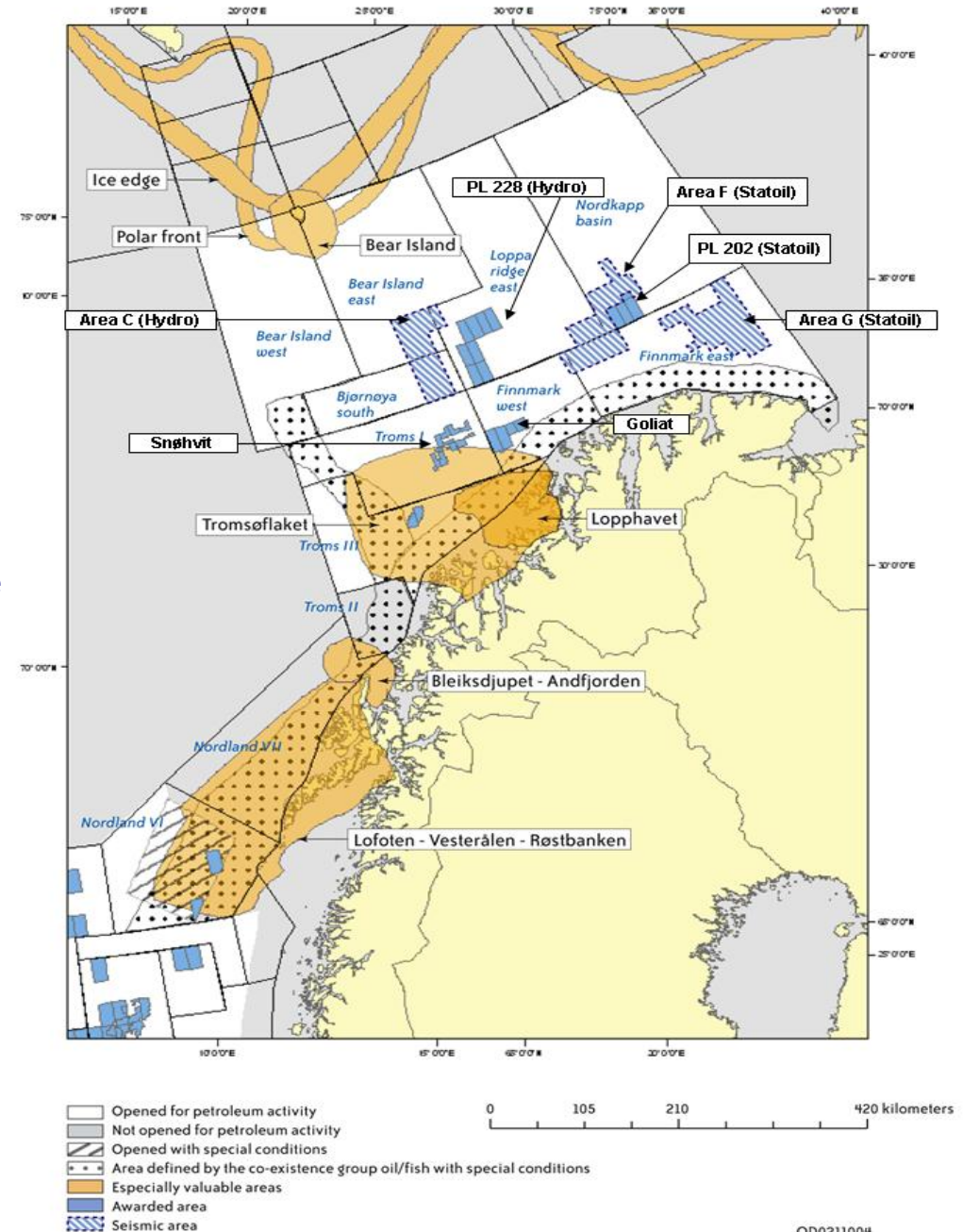
## Actions

- Large announcement
- Extensive awards
- Work commitments; promote rapid and efficient exploration



## .. like the Barents Sea

- “...allow for further petroleum activity in already opened areas in the Barents Sea south”
- the Barents Sea south will be included in the 19th licensing round
- plan comprehensive 19th round announcement
- announcement before summer of 2005



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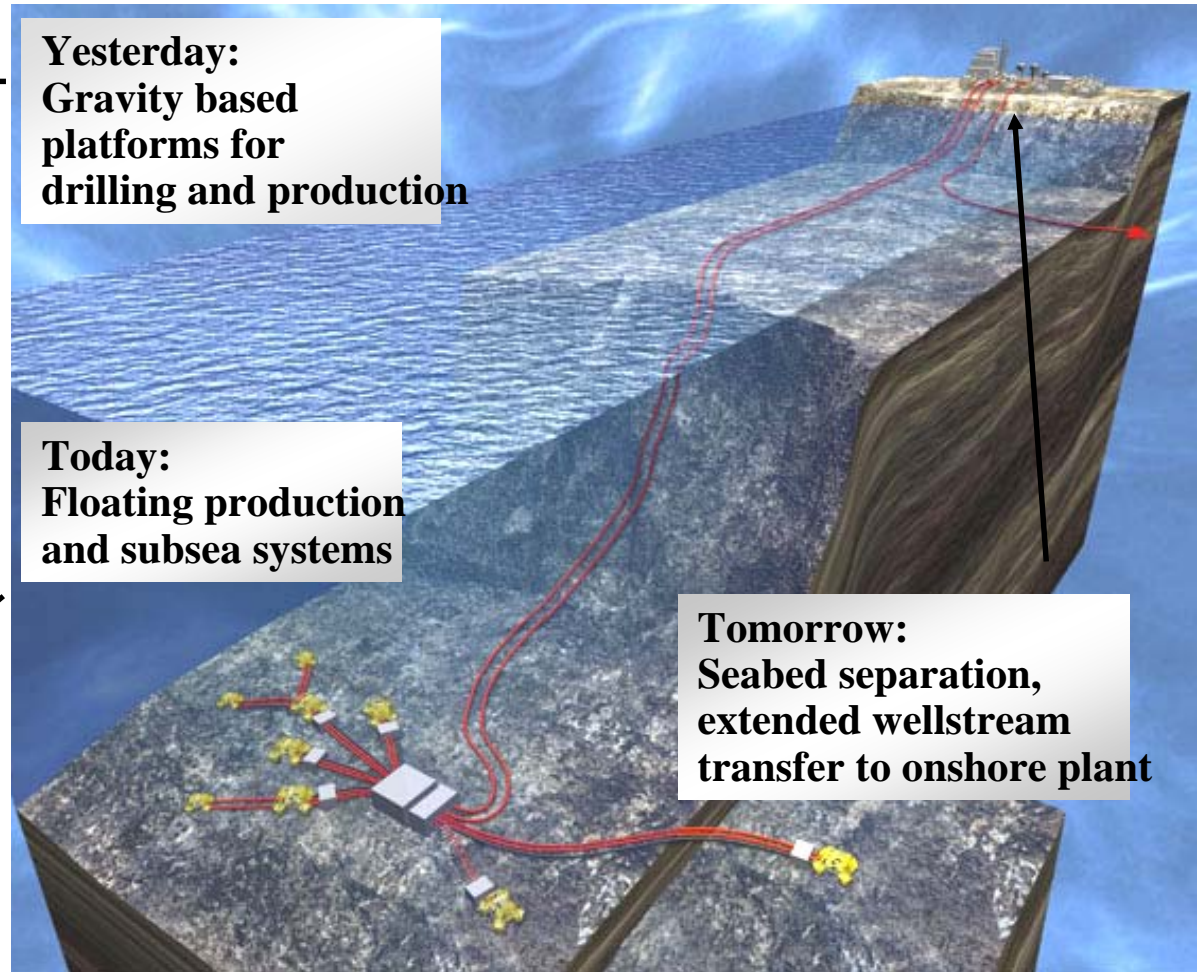
# A long tradition of innovation and new technology..



**Yesterday:  
Gravity based  
platforms for  
drilling and production**



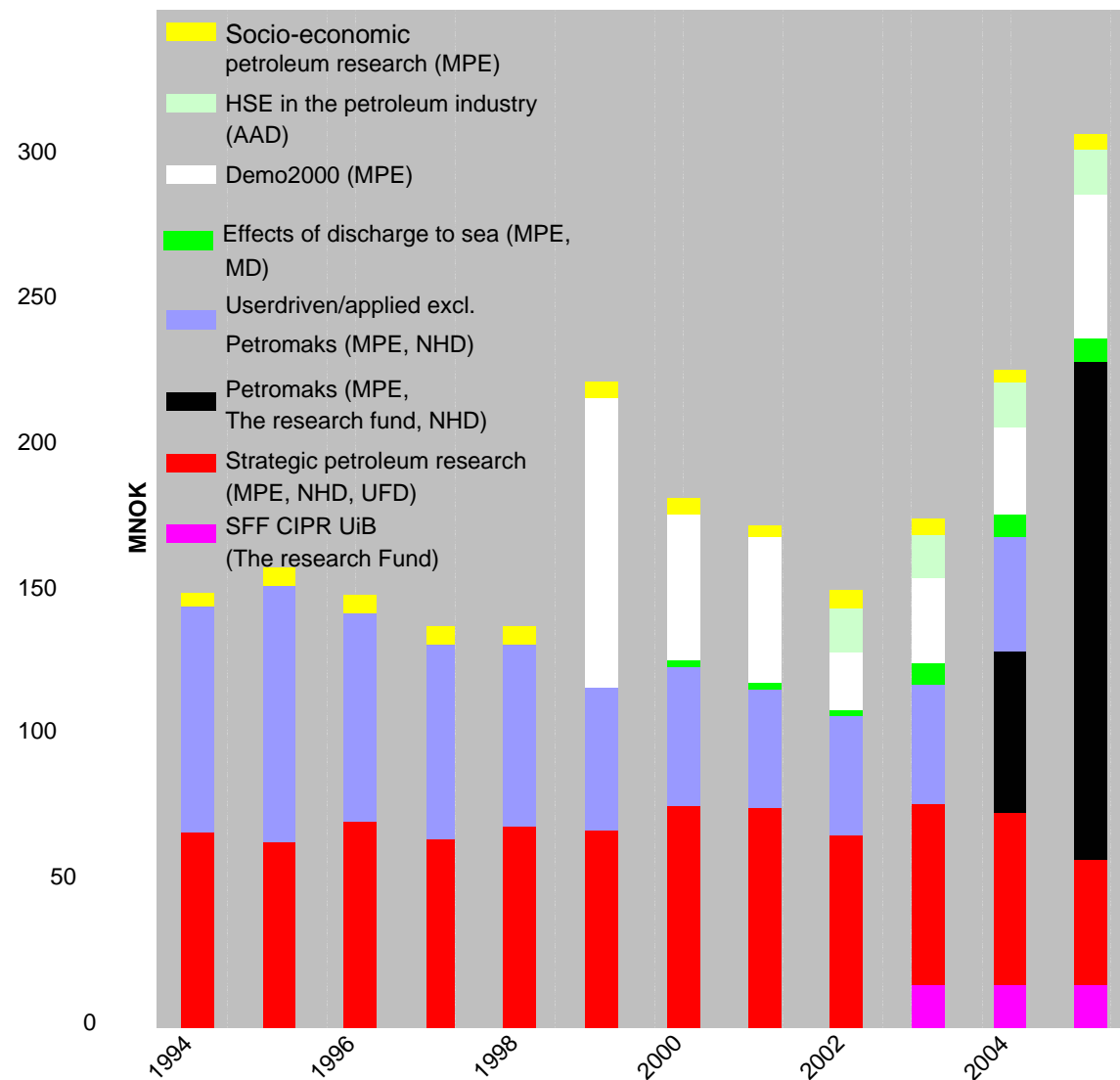
**Today:  
Floating production  
and subsea systems**



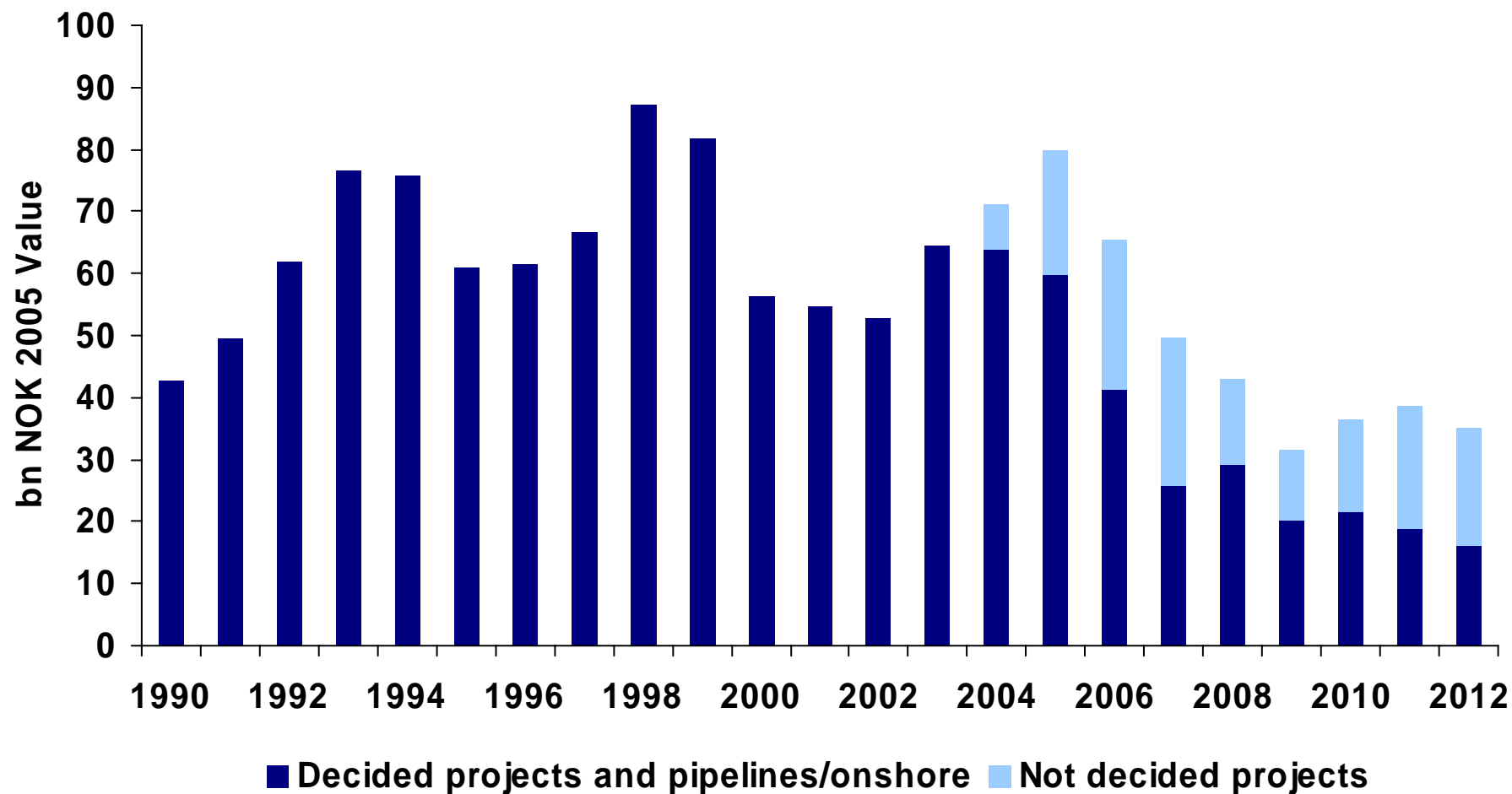
**Tomorrow:  
Seabed separation,  
extended wellstream  
transfer to onshore plant**

## .. where increased R&D spending is key

- Government increase in R&D spending by 3,2 bn NOK
- The public sector's share is in line with other OECD-countries
- White Paper on R&D spring 05
- Increased spending on R&D in the petroleum sector
  - MPE spending increased by >60%



# Continued high investment levels



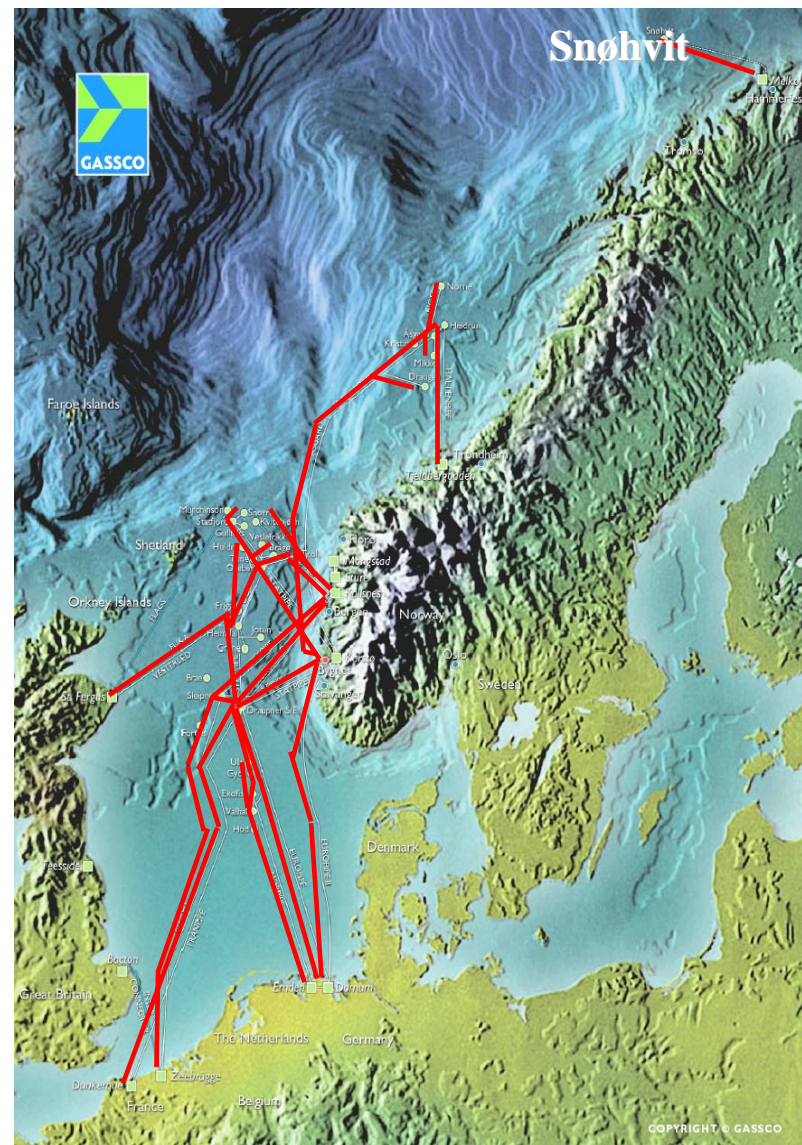
\*Investments in exploration not included

Source: MPE/NPD NB 2005

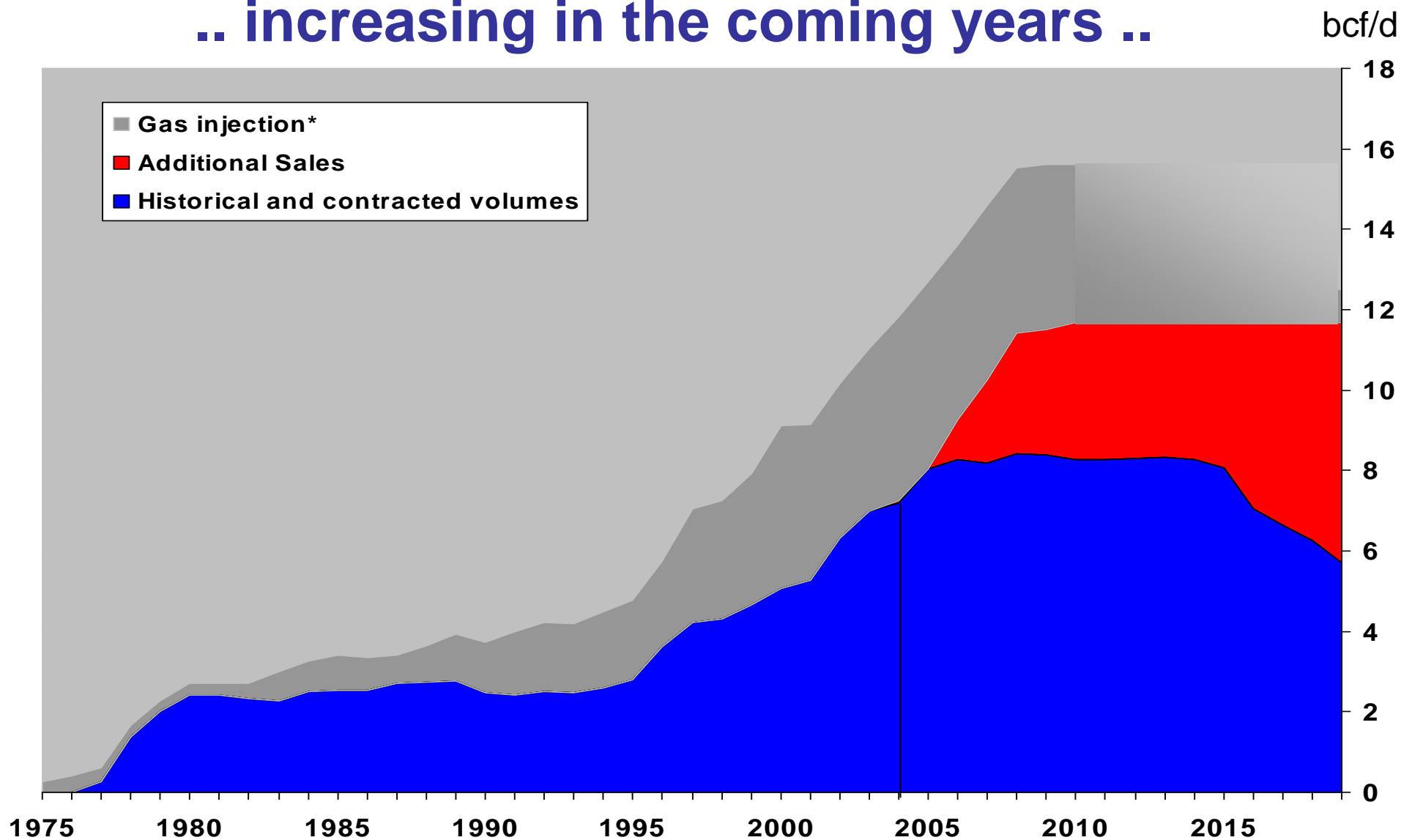


# A solid foundation in gas production..

- 50 fields producing gas
- More than 6000 km of large offshore pipelines
- Two of the larger gas processing plants in the world
- Snøhvit and Ormen Lange are landmark projects both in size and complexity

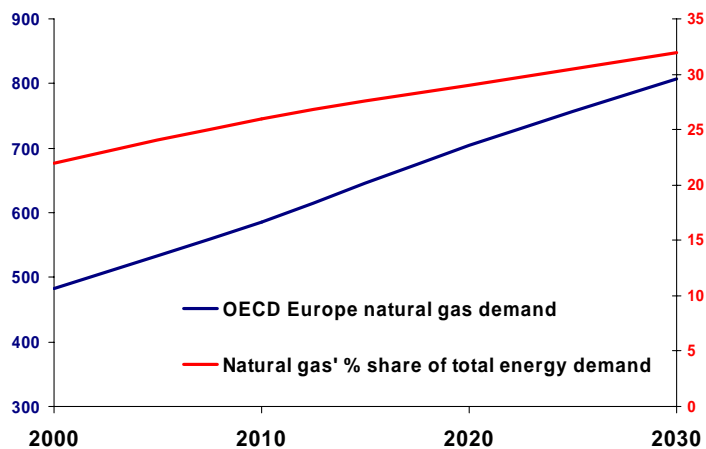


.. increasing in the coming years ..

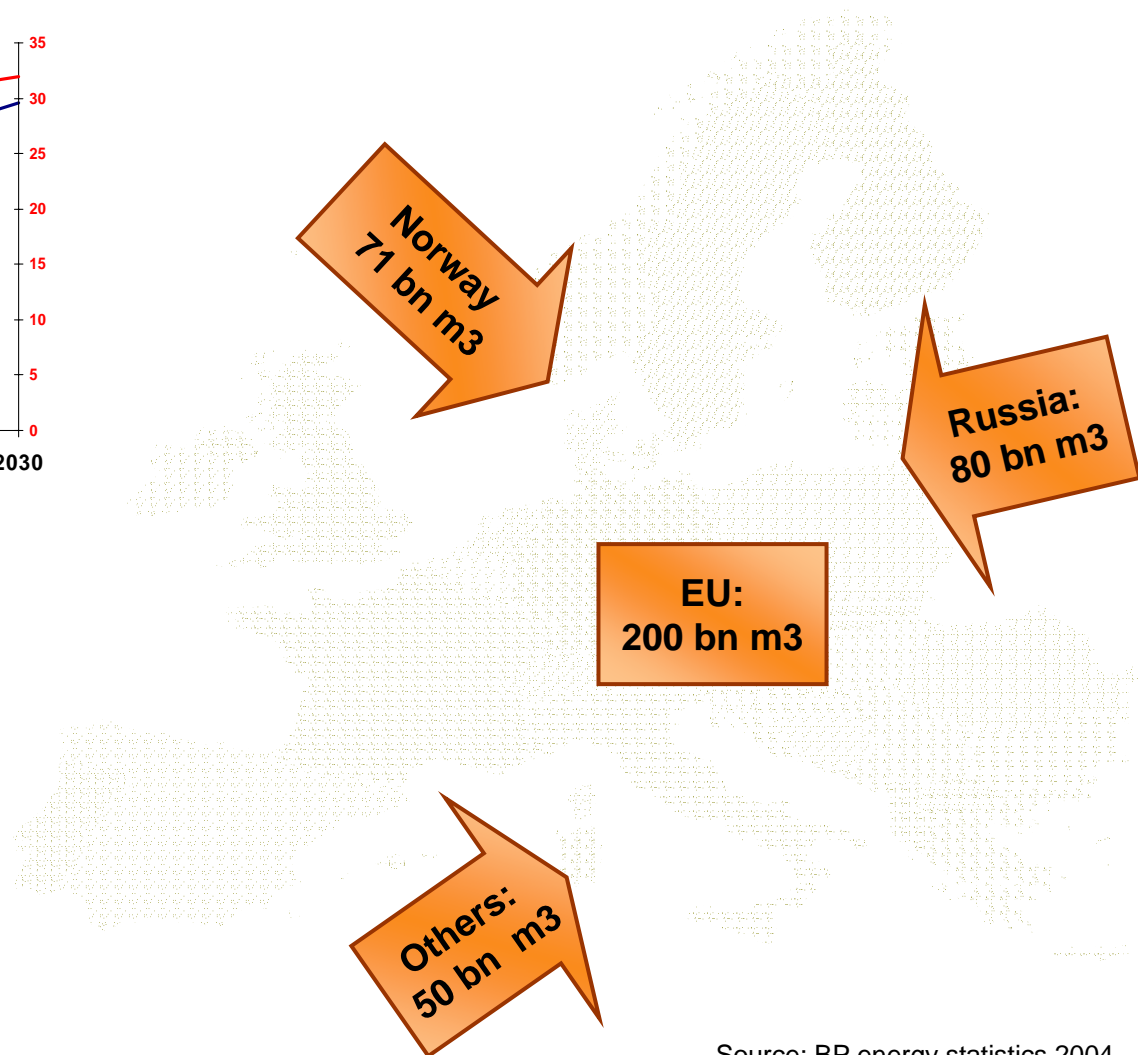
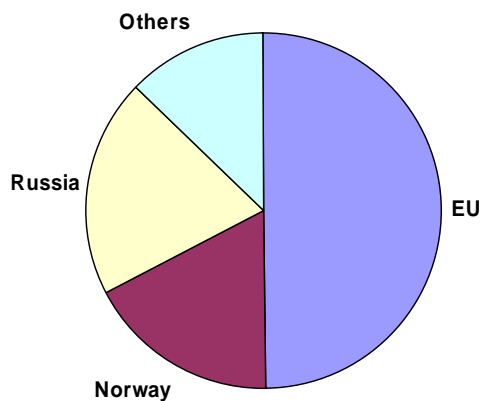




# ... to a growing European market



Source: IEA World Energy Outlook (2004)



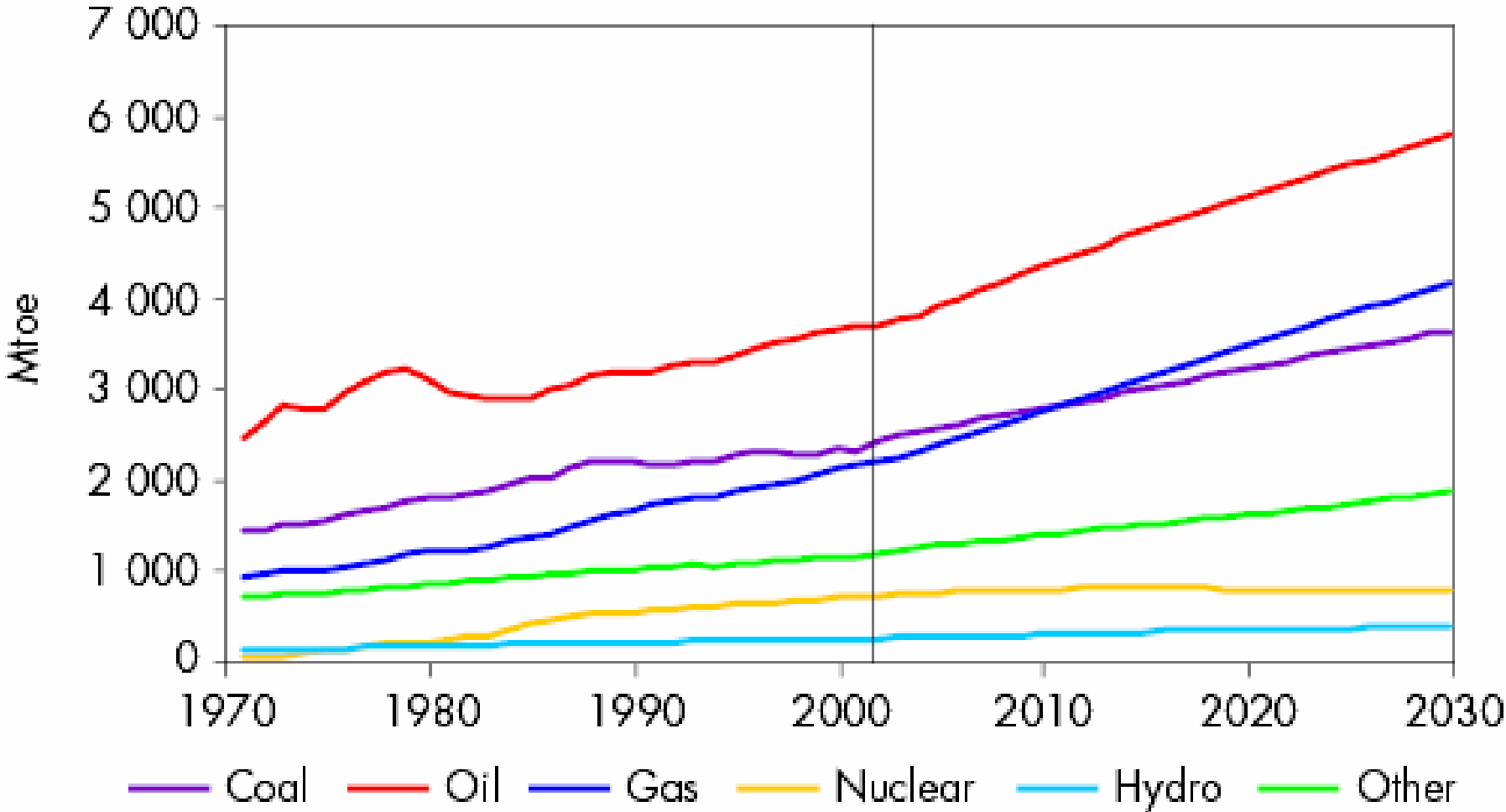
Source: BP energy statistics 2004

# EU in a pivotal role for energy policy

- The EEA-agreement affords Norwegian services and products toll-free access to a market of 450 million inhabitants
- The EEA-agreement encompasses all relevant energy directives relating to the single market or the environment/renewable energy
- The agreement is important with regard to the sales of Norwegian energy products to the EU
- The Lisbon-process emphasises increased integration of the energy markets with a high level of public services

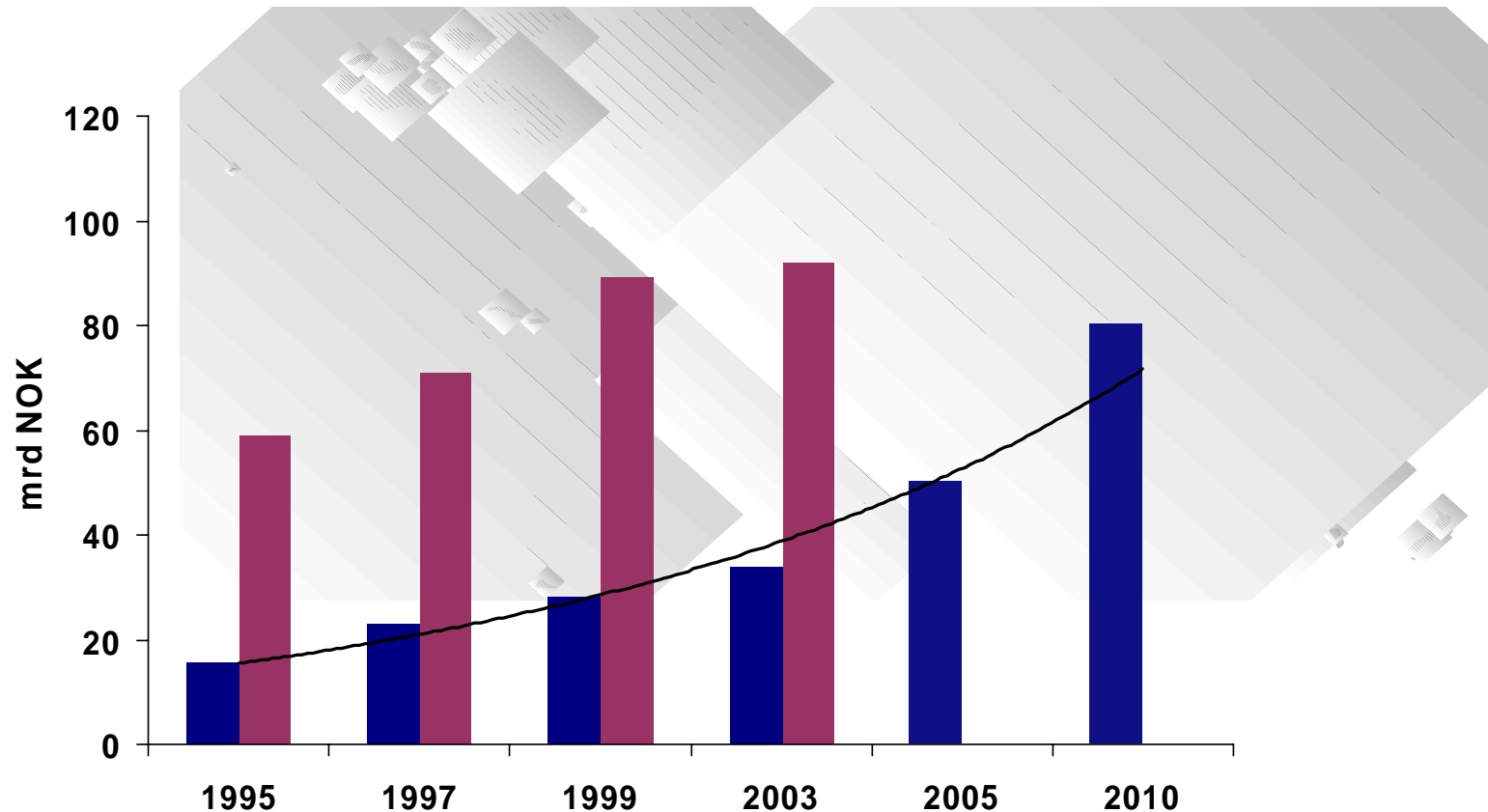


# Growing global energy demand ..



Source: IEA

## .. as a driver for Norwegian industry internationally

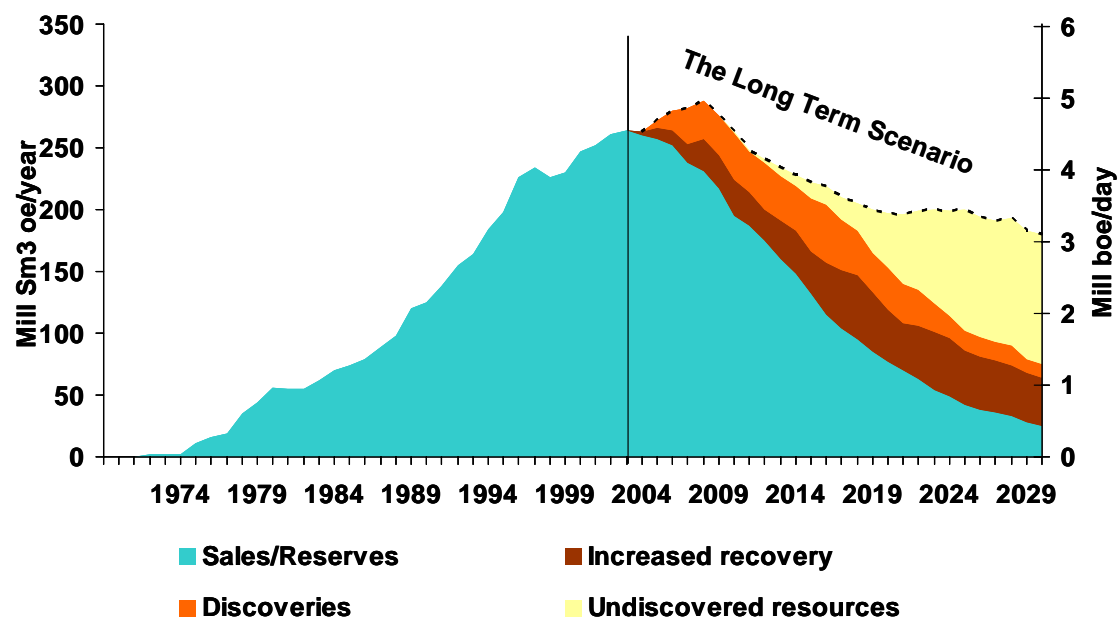


■ The supply industry's international sales and future ambitions (Source: INTSOK/SNF)

■ Total market on the NCS - CAPEX and OPEX (Source: MPE)

# Long term value creation

- Prudent economic policy
- An active exploration policy
- Maximum exploitation of resources, also through new technology
- Increased R&D spending
- Internationalisation



Source: OED/OD NB 05