



How to start, and how to build, business on the NCS

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Oluf Ulseth

Deputy Minister

Ministry of Petroleum and Energy

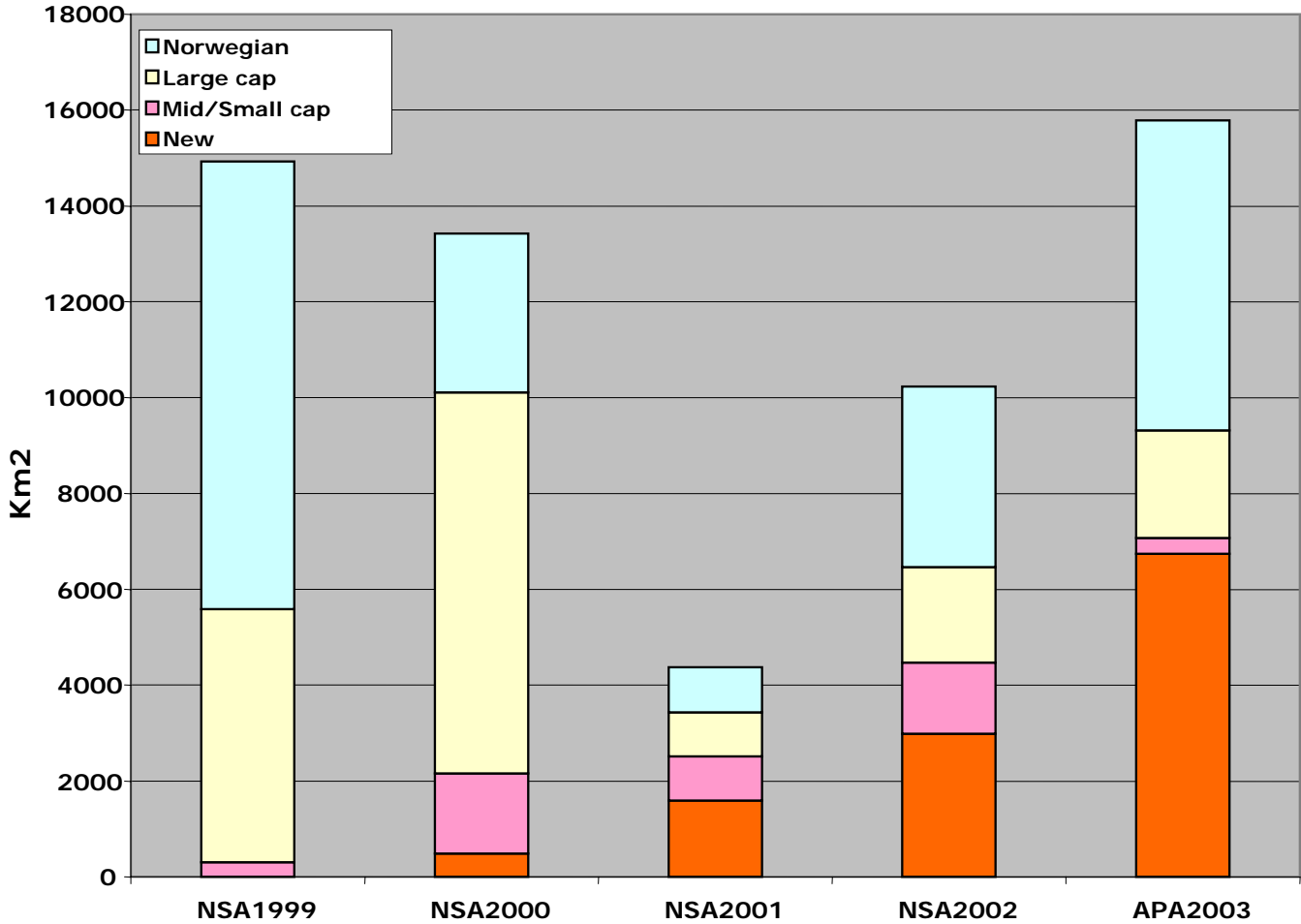
The situation on the NCS today

- The Petroleum sector counts for 18, 6 % of the Norwegian GDP
- In excess of 21 billion barrels o.e. yet to be discovered
- An all time high annual production (ca. 1,7 billion barrels o.e in 2004)
- During 2004/2005 the MPE expects to receive PDOs for 7 new developments totalling close to 1,6 billion barrels of oil and more than 1,4 TCF gas

The situation on the NCS today

- About 11 billion USD invested on the NCS in 2004 and an expected increase for 2005
- Not since the first licensing round in 1965 have more exploration acreage been available for the industry
- Estimates show sharp increase in the exploration activity in 2005
- Increased interests from new companies for the NCS. Since 1999 26 new companies has been prequalified

New companies on the NCS



Norwegian: Statoil, Hydro, Petoro
Large cap: Esso, BP, Shell, Total, Chevron, Eni, Conoco
Mid/Small cap: KerrMcGee, RWE, DNO, SPAB
New: Marathon, Talisman, BG, Paladin, Revus, DONG, Maersk, OER (Aker)



Prequalification

- System of prequalification introduced in 1999
- Since the introduction of the system 26 companies has received prequalification
- The prequalification assessment covers the following areas: G&G, Reservoir technology, Technology, HSE and other relevant experience

Pre-qualified/ new entrants since 2000:

Sumitomo	OER	Petoro
Paladin	Talisman	Mærsk
Aker Energy *	Ruhrgas	Anadarko
Dong	Kerr McGee	CNR
Pelican *	Pertra	Lasmo*
GdF	Oranje Nassau	Revus
Lundin	Endeavour	Centrica
DNO	BG Norge	Wintershall
	Altinex	Noble Energy

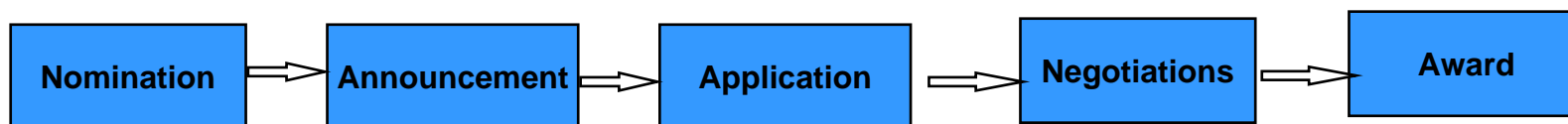
* Companies that no longer exists as individual companies

Under assesment:

Marubeni
Discover Petroleum
Vienco
PA resources
Premier
Revus (op)
Idemitsu (op)

Predictable licensing system without sign-on fees

- Frontier areas:
 - Awards every second year



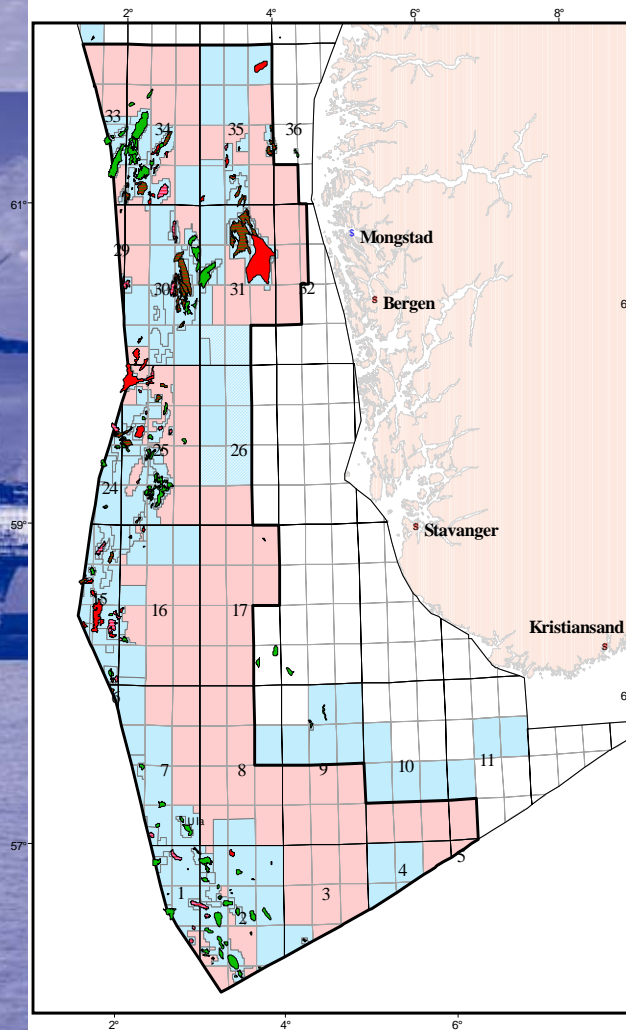
- Mature areas:
 - Annual awards in permanent pre-defined exploration areas covering all mature acreage on the NCS
 - Announcement of acreage: January
 - Deadline for applications: 1st October
 - Awards of Production Licences: December

 - Production Licenses on the NCS is awarded based on announced and non-discriminating criteria.

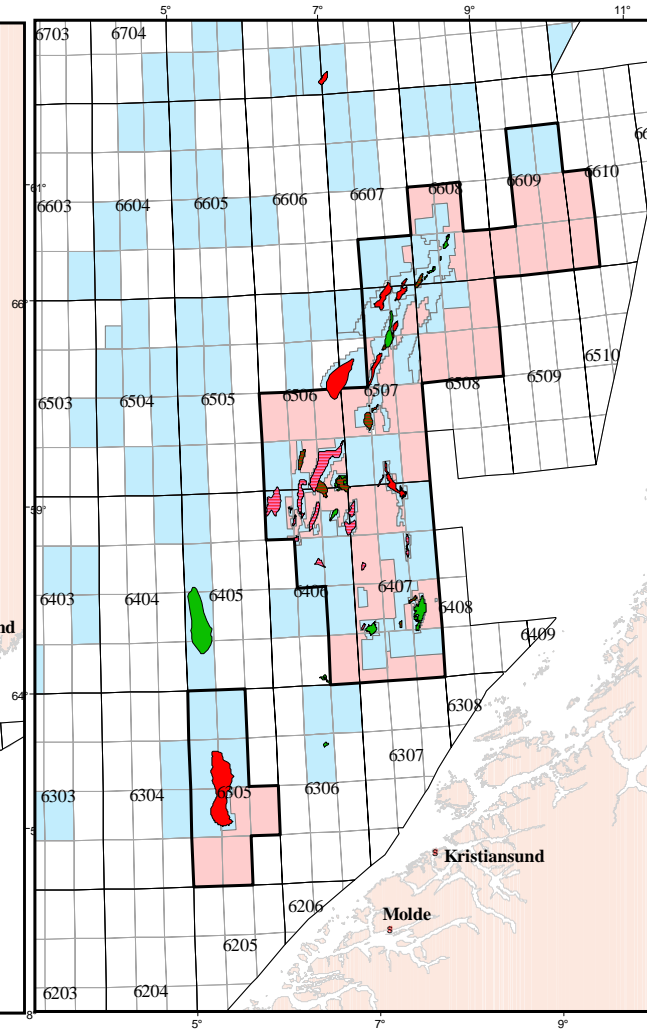
Awards in Predefined Areas

2005

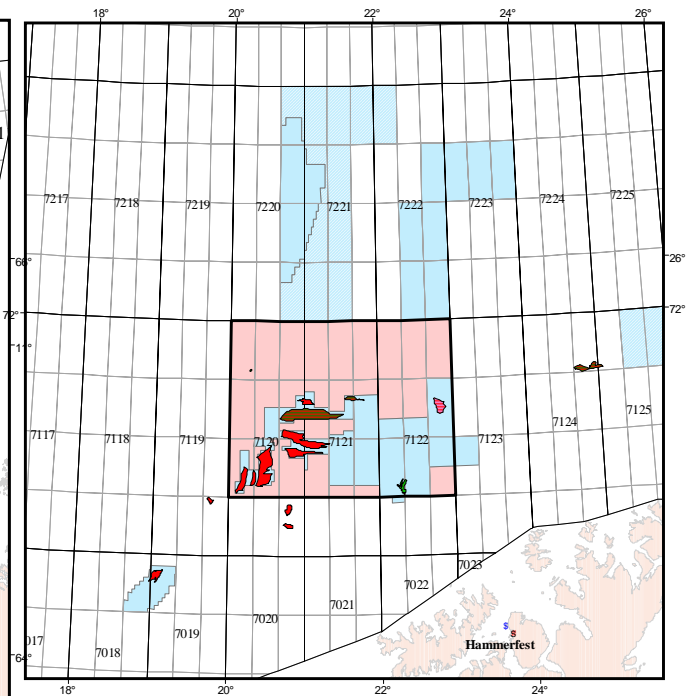
North Sea







Norwegian Sea



Barents Sea



-  Predefined area
-  Announced blocks
-  Licenced acreage
-  Seismic area

The maps show licenced acreage and announced blocks as of the 31st of January 2005. 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.

The license group

- Exclusive right to explore for and produce petroleum in a defined area for a defined time period
- Joint venture between companies
- Risk, cost and profit shared between the licensees (including the State) in accordance with their participating interest in the joint venture

The Petroleum Act

The Regulations to the Petroleum Act

Production Licence

Joint Operating Agreement

Accounting Agreement

Offering Letter

Acquisition of participating interests in production licenses

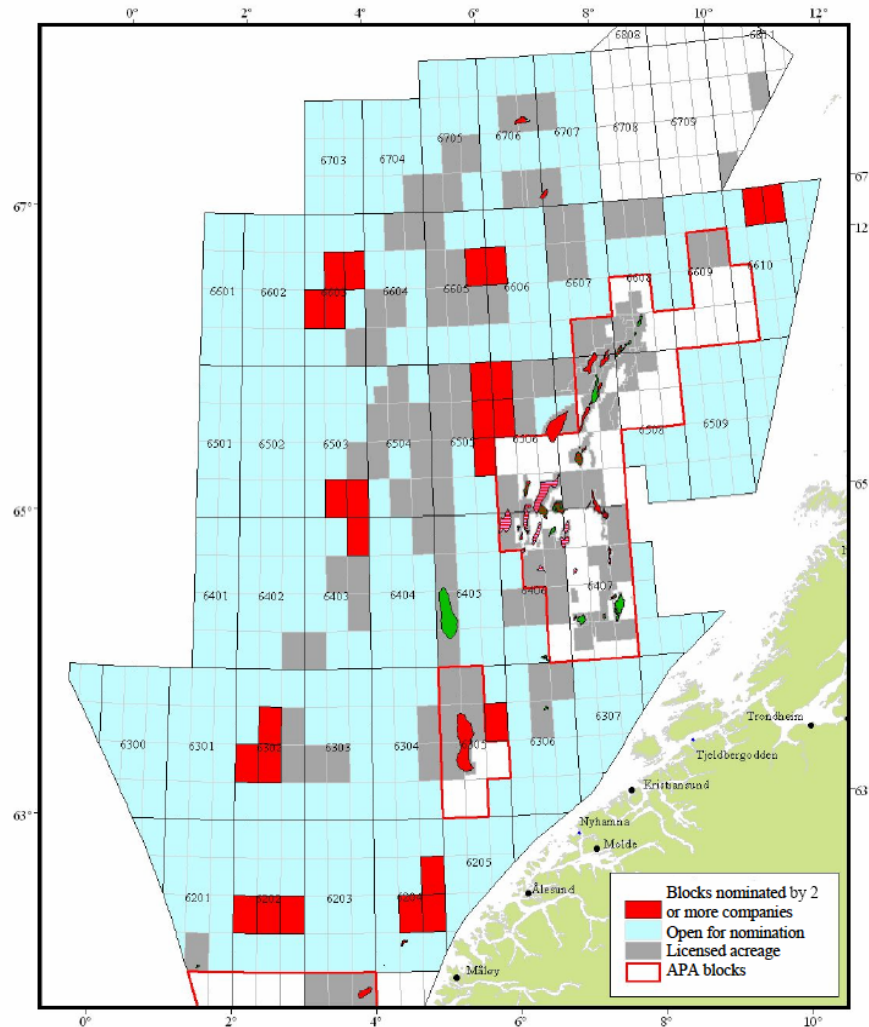
- There are few barriers for transaction of a license or participating interest in a license
- Subject to approval from the Ministry of Petroleum and Energy (MPE)(section 10-12 of the Petroleum Act) and from the Ministry of Finance (section of the Petroleum Tax Act)
- In transactions involving transfer of operatorships the MPE needs to approve the new operator section 3-7 of the Petroleum Act)

Blocks nominated by two or more companies

19 Licensing Round

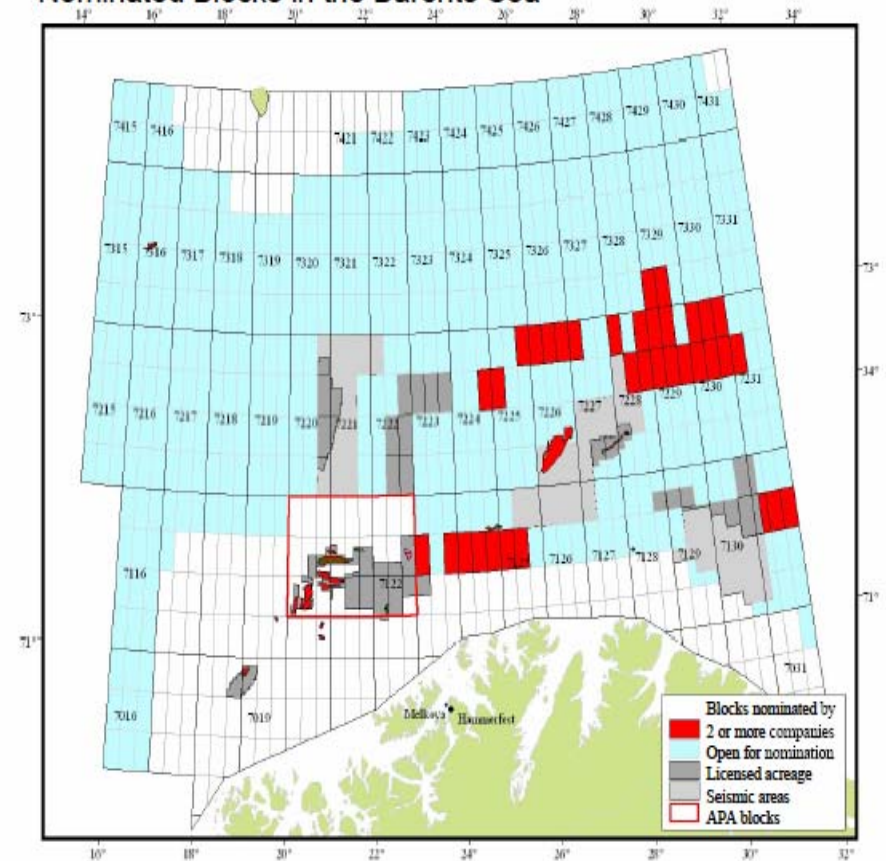


Nominated Blocks in the Norwegian Sea



19 Licensing Round

Nominated Blocks in the Barents Sea



The public administration and the framework

- The framework conditions:
 - Predictable
 - Transparent
 - No hidden costs or sign-on bonuses
- Highly competent and approachable public administration
- A common goal: Maximizing the values of the petroleum resources on the NCS
- Close dialogue between the Authorities and the industry
- Skilled workforce and world class supply industry

Why the NCS?

- Good resource base
- Well developed Infrastructure
- Proximity to gas markets
- Predictable regulatory framework
- Award of Production licenses based on the applicant's qualifications in petroleum related areas