

Foreword

Even after 30 years of petroleum production from the Norwegian continental shelf (NCS), we estimate that only about 24 per cent of these resources have been produced. Remaining recoverable resources are put at 10.6 bn scm of oil equivalent, and could provide the basis for another 50 years of oil production and a century of gas output. The petroleum sector will thereby remain a major source of value creation for the Norwegian community.

The average estimated recovery factor for Norwegian oil fields rose by almost 10 per cent from 1990 to 1997, but has flattened out in recent years at roughly 44 per cent. Considerable value can be created through further improvements in recovery. The government's aim is to achieve an average recovery factor of 50 per cent for oil and 75 per cent for gas. These are very high proportions in an international context.

Gas market developments are important for the future level of activity and value potential on the NCS. A number of blocks in the current 17th offshore licensing round could yield large new gas discoveries. Opportunities for finding gas in the Norwegian Sea coincide well with the growth in European demand for this fuel.

The transition to a new gas regime was one of last year's challenges. Norway's Gas Negotiating Committee (GFU) system was discontinued with effect from 1 January 2002. A new system for gas administration, adapted to the new conditions, has accordingly been sought.

I believe the Gassco company has every prospect of becoming a first-class operator, and will contribute to good utilisation and further development of the transport system to the benefit of offshore value creation.

We also face changes in pipeline ownership. The Storting (parliament) has requested that a unified solution be sought for owning Norway's offshore transport system. This work is well in hand, and I look forward to early results.

The NCS is becoming more diversified in

terms of both maturity and challenges between its various areas. A broad spread of companies will help to meet the multiplicity of challenges facing us. While the oil majors are relatively well represented today, small and medium-sized players have a weaker involvement. The prequalification system is a new and important measure, which will make it easier for new players to become established on the NCS.

Norway wants a stable oil market with prices at a reasonable level. The market weakened considerably during 2001, with pressure on prices expected to persist without action to cut the supply of crude. On that basis, it was decided to reduce Norwegian crude production by an average of 150 000 barrels per day from 1 January to 30 June 2002.

The petroleum business is moving steadily further north and closer to land. For this reason, the government wants to undertake an impact assessment of year-round offshore operations northwards from the Lofoten Islands. A unified management plan for the Barents Sea is also to be drawn up. This will help to secure the stability and predictability which the petroleum industry needs.



A handwritten signature in blue ink, which appears to read "Einar Steensnæs".

Einar Steensnæs

Minister of Petroleum and Energy