

# 8 Licensing rounds and awards

1st-4th licensing rounds

5th-10th licensing rounds

11th-17th licensing rounds

18th licensing rounds

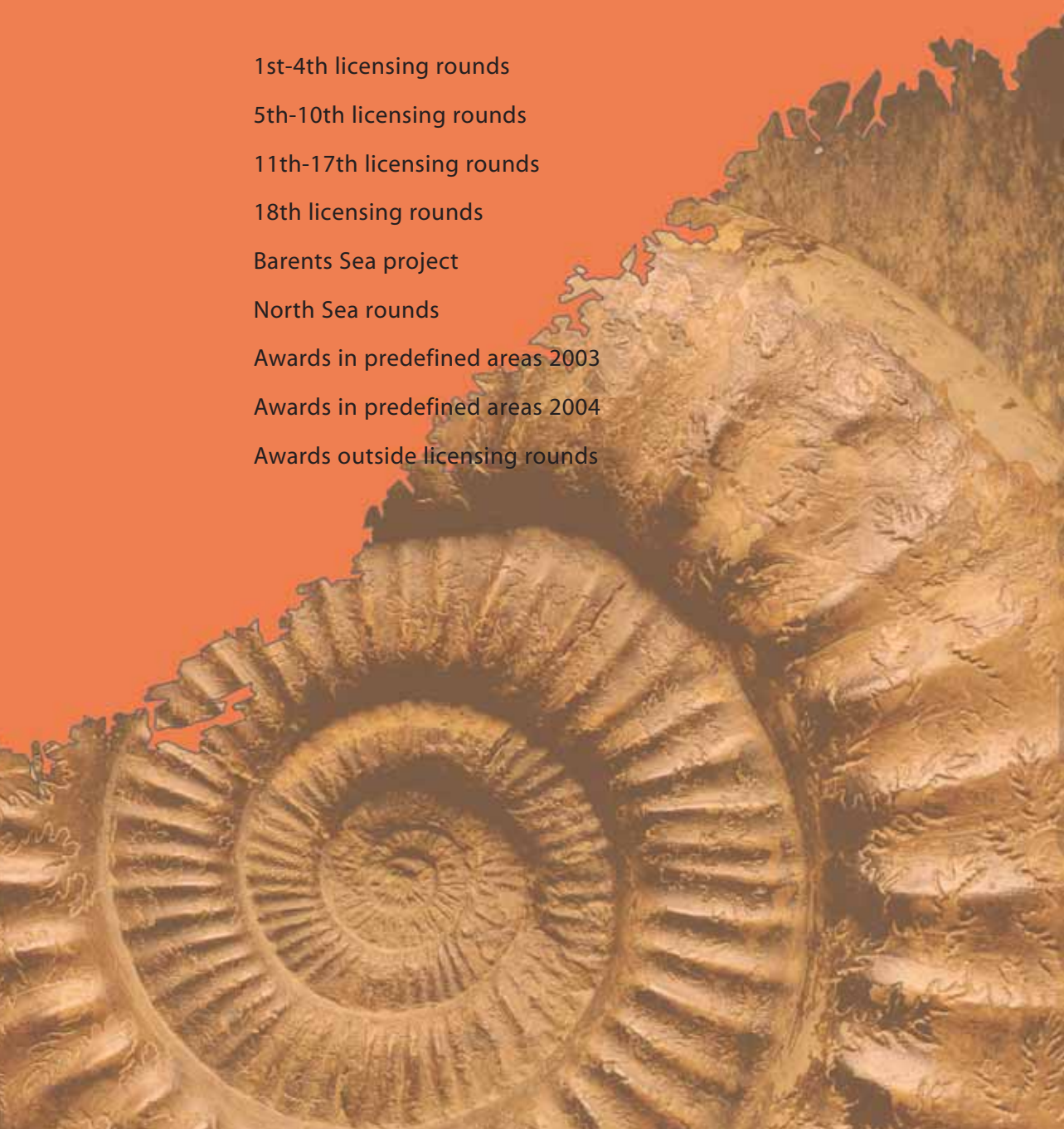
Barents Sea project

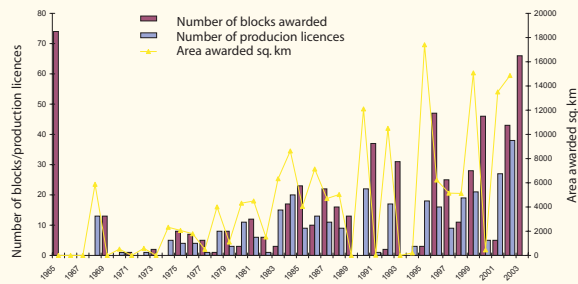
North Sea rounds

Awards in predefined areas 2003

Awards in predefined areas 2004

Awards outside licensing rounds





**Figure 8.1** Awards per year  
(Source: NPD)

The authorities can influence the pattern of players on the NCS through policies on awarding new production licences and by giving or withholding consent to transfers. The overall policy objective is to help secure a pattern which promotes the best possible resource management and which thereby lays a basis for creating the highest possible value and government revenues.

### 1st–4th licensing rounds

The first blocks on the NCS were announced in 1965. This round comprised all blocks in Norway's North Sea sector (south of 62°N), with the exception of those closest to the boundary with the Swedish and Danish continental shelves. The Ministry received 11 applications covering 208 of the 278 blocks announced.

A total of 22 licences were awarded for 78 blocks, making this the most comprehensive licensing round off Norway. At the time, little was known about geological conditions on the continental shelf and opportunities for selecting promising blocks were fairly limited.

Small areas were announced in the second licensing round in 1969, which aimed to allocate some additional acreage to existing production licences. Block 25/1, which proved in 1972 to contain the Frigg field, was awarded in this round.

The third round comprised 32 blocks, with 20 of these awarded in 1974, 1976 and 1977. This round was the first in which Statoil received a 50 per cent interest in each licence. Statoil, Saga

Petroleum and Norsk Hydro were also awarded operatorships for the first time.

Fifteen blocks were announced in 1978 for the fourth licensing round, with eight awarded. This round included the award of block 31/2 – part of Troll – with Shell as operator.

### 5th–10th licensing rounds

The fifth licensing round in 1979 was the first to include acreage north of 62°N, on the Halten Bank in the Norwegian Sea and the Tromsø Patch in the Barents Sea. Divided into three parts, the round embraced the award of 12 production licences, covering an equal number of blocks, between 1980 and 1982.

Nine blocks were awarded in the sixth licensing round in 1981, involving relinquished acreage in the southern part of Norway's North Sea sector. In the same year, five blocks were awarded in the seventh round on the Træna Bank, a new area of the Norwegian Sea. All this acreage has since been relinquished.

The eighth round in 1984 was the first to offer blocks in all parts of Norway's continental shelf – the North, Norwegian and Barents Seas. Block 34/7 – containing part of Snorre – proved the most desirable acreage in this round, and Saga was appointed operator.

Acreage from the whole NCS was also included in the ninth round the following year, when 11 production licences covering 13 blocks were awarded.

The 10th round was divided into two parts. Part A in 1985 was restricted to North Sea acreage,

while Part B the following year covered production licences in the newly-opened Nordland II area of the Norwegian Sea. A total of 17 blocks were awarded in this round.

### 11th–17th licensing rounds

The 11th licensing round in 1987, also divided into Parts A and B, awarded a total of 13 production licences covering 22 full or part blocks. One of these was in the North Sea, one in the Møre South area of the Norwegian Sea, four on the Halten Bank and seven in the Barents Sea. Four of the Barents Sea licences involved key blocks.

Part A of the 12th licensing round in 1988 awarded 11 production licences covering 16 full or part blocks in the North Sea. The following year, Part B awarded 13 blocks in nine production licences - three (six blocks) in the Barents Sea, one on Nordland II, three on the Halten Bank and two (three blocks) on Møre I.

The 13th licensing round in 1991 awarded 36 blocks in 22 production licences, including 12 in the North Sea, three in the Norwegian Sea and seven in the Barents Sea.

Awards in the 14th licensing round in 1993 covered 31 blocks in 17 production licences, of which 11 were in the North Sea, four in the Norwegian Sea and two in the Barents Sea.

The 15th licensing round in 1996 awarded 46 blocks in 18 production licences, which included four in the North Sea and 14 in the Norwegian Sea. This was the first round completed within the framework of the European Union's licensing directive (see chapter 3), and to include the award

of deep-water production licences in the Norwegian Sea.

Fourteen production licences covering 34 full or part blocks were awarded in the 16th licensing round in 2000, while the 17th round awards in 2002 embraced six production licences covering 18 full or part blocks. All the production licences included in these rounds are in the Norwegian Sea.

### 18th licensing round

The 18th licensing round was announced in December 2003, and represents a sizeable increase in available acreage. Ninety-five full or part blocks were put on offer, making this the largest numbered round since the first in 1965. The deadline for applications was 15 March 2004, with awards planned for the second quarter of 2004.

### Barents Sea project

In May 1997, production licences were awarded for seven areas of the Barents Sea, including four as seismic areas. The Barents Sea project was initiated because of the special challenges faced in these waters – both as a result of reduced oil company interest and with regard to fishery and environmental aspects.

### North Sea rounds

Special awards have been made in the North Sea since the 15th round. Fourteen production licen-

ces were awarded in this sector during June 1999. Eleven of these were in new areas, while the remaining three represented supplementary acreage to existing discoveries or fields – PLs 050C, 055B and 249, supplementing 34/10-23 Gamma (Gullfaks), Brage and 25/4-6 S Vale respectively. These awards totalled 22 full or part blocks.

Six production licences were awarded during April 2001 in the 2000 North Sea round. Two of these awards took the form of seismic areas. The production licences cover seven full or part blocks, while the seismic acreage embraces eight blocks.

The 2001 North Sea round resulted in the award of 10 production licences covering 10 full or part blocks in February 2002.

Eleven production licences covering 15 full or part blocks were awarded in March 2003 under the 2002 North Sea round. One award involved supplementary acreage to an existing field.

### **Awards in predefined areas 2003**

In 2003, the government introduced a system of annual awards in predefined areas (APA). This system ensures that large areas close to existing and planned infrastructure will be available to the industry in coming years. The predefined areas will be enlarged as more parts of the NCS mature, but their size will not be reduced. Nineteen production licences were awarded in December 2003, 16 in the North Sea and three in the Norwegian Sea.

### **Awards in predefined areas 2004**

The government announced awards in predefined areas for the year on 29 January 2004. This announcement covered blocks in the North, Norwegian and Barents Seas.

### **Awards outside licensing rounds**

The Statoil/Mobil group was awarded a production licence in 1973 for blocks 33/9 and 33/12, which proved to contain the Statfjord field. Mobil was appointed operator. Statoil took over the operatorship on 1 January 1987.

Block 34/10 (Gullfaks) was awarded in 1978 to Norwegian licensees alone.

Part of Oseberg lies in block 30/9, and this acreage was awarded in 1982 to Statoil, Norsk Hydro and Saga Petroleum with Hydro as operator.

Proven in block 31/2, Troll extends into blocks 31/3, 31/5 and 31/6. This acreage was the subject of a supplementary award in 1982, with Statoil, Hydro and Saga as operator for the respective blocks.

In 1985, production licence 112 was awarded as supplementary acreage to the East Frigg licensees. The relinquished part of block 25/1 was re-awarded in 1986 with Hydro as the operator.

Production licence 185 went as supplementary acreage to the Brage licensees in 1991.

Production licence 085B was awarded to the Troll licensees in 1992, with production licence 018B going to the Ekofisk licensees in 1995. In the latter year, production licences 050B and 114B

were also awarded to the licensees on Gullfaks and Yme respectively.

Eight production licences were awarded in 1998. These included five carve-outs, where part of the acreage in existing licences was partitioned off and made the subject of separate production licences - in this case 019C, 037B, 053B, 102B and 103B.

The other licences awarded were 114C, 128B and 237 as supplementary acreage for the Yme, Norne and Åsgard fields respectively.

Six production licences were awarded outside licensing rounds in 1999. One of these, production licence 250, added supplementary acreage to the Ormen Lange discovery made by well 6305/8-1. The three others were carve-outs. These cases covered production licences 001B, 027B and 028B. In addition, production licences 050C and 055B were awarded as supplementary acreage to Gullfaks and Brage respectively.

There were eight carve-outs from existing production licences in 2000 - 006B (Valhall), 006C (remaining acreage in former production licence 006 after Valhall and Tor were carved out), 027C (supplement to Ringhorne), 028C (carve-out from Balder), 037C (supplement to Murchison), 134B

(supplement to Kristin), 169B1 and 169B2 (supplement to Grane) and 171B (supplement to Oseberg South).

Five carve-outs from existing production licences were implemented in 2001 - 029B (supplement to Glitne), 033B (supplement to Valhall), 048B (carve-out from Glitne), 052 B (supplement to Huldra) and 072B (carve-out from Sigyn).

Four production licences were awarded as supplementary acreage in 2002 - PLs 085C (supplement to Troll), 094B (supplement to Åsgard), 122B (supplement to discovery 6507/2-2) and 212B (supplement to Skarv and Alve). One carve-out from an existing production licence - 018C - was made during the year.

There were four carve-outs from existing production licences in 2003: 036 C (Heimdal/Vale), 038 B (Varg), 055 C (Brage) and 167 B (13th licensing round).

In addition, five stratigraphic carve-outs were made in 2003. The right to explore for and develop resources in these licences is limited to defined depths/geological levels. They were: 036 BS (Heimdal), 088 BS (Peik), 143 BS and 143 CS (12th licensing round) and 261 BS (Norwegian Sea).

