

# 18<sup>th</sup> Licensing Round



Delta-landscape from Mid Jurassic times

## Norwegian Continental Shelf

### Conditions relating to environmental concerns and fishery interests

#### Conditions relating to environmental concerns and fishery interests

Conditions for the award (cf. item 4a in the announcement)

When planning drilling activities, particular care must be taken with respect to fishery activities and marine organisms. Prior to exploration drilling, measures to inform the parties concerned must be taken.

When planning seismic surveys, the licensees must take particular care with respect to fishery activities and marine organisms at critical stages in their life cycles.

Licensees are required to undertake necessary mappings of possible coral reefs in the awarded blocks, and ensure that possible coral reefs are not damaged by the petroleum activity.

In due time and prior to the commencement of drilling, the operator shall, on behalf of the licensees, consult the Norwegian Pollution Control Authority (Statens Forurensningstilsyn) to clarify the need for a discharge permit.

When specific plans for drilling activities are available, requirements relating to contingency plans in the event of an accidental oil spill will be stipulated according to the Pollution Control Act (Forurensningsloven) and the Regulations relating to this act. Approval for drilling is, among other factors, related to the contingency plans. In determining the extent of these requirements distance to the shoreline, distance to environmentally sensitive areas, and effects on other commercial interests will, among other aspects, be taken into consideration. In the areas nearest to the coast, e.g. block 6204/8 and 10 and 11/5 and 6, special requirements relating to contingency plans could be made.

The operator shall, by means of risk analysis, cf. Regulations relating to management in the petroleum activities of 3 September 2001, identify the environmental considerations which the licensees deem to be critical to their preparation of an oil spill contingency plan, cf. Regulations relating to execution of activities in the petroleum activities of 3 September 2001, and for planning the measures employed in order to reduce the risk of such pollution. The analysis of environmental risks shall also include an evaluation of the effects of operational discharges during exploration drilling.

In accordance with the Report to the Storting no. 25 (2002-2003) there shall as a main rule be zero discharge of environmentally harmful components to the sea. Furthermore, it is a goal that the risk of environmental damage caused by other chemical components is minimized. The target of zero discharge applies to all offshore operations, both drilling and well operations, as well as production and discharges from pipelines. For each single field an overall evaluation of relevant issues, including environmental consequences, safety related matters, reservoir related issues and issues relating to costs shall be undertaken in order to choose the most suited measures to achieve the zero discharge target. This evaluation will be undertaken in connection with the impact assessment study that, according to the Petroleum Act, must be undertaken as a part of the Plan for Development and Operation (PDO).

Parts of the acreage included in the round are situated in areas with specific challenges relating to the environment and the fisheries. This applies to the blocks: 11/5 and 6, 35/2, 6203/9 and 11, 6204/8 and 10, 6306/2, 3 and 5, 6608/1, 2, 3, 6 and 9, 6609/4 and 7, and 6610/3 and 6. In the overall evaluation that will take place in order to find the most suited measures to achieve the zero discharge target in the event of possible future production in these blocks, particular importance will be attached to the issue of avoiding potential damage to the environment. In case of future discoveries, special conditions regarding the marine environment can be introduced in connection with a Plan for Development and Operation.

The blocks 6204/8, and 6306/2, 3 and 5 are located in important spawning grounds for herring and other species of fish. In the case of future deve-

lopment of petroleum resources in this area, development solutions should be chosen that in the least possible way alter the seabed conditions in the spawning grounds. In connection with the approval process for Plans for Development and Operation in this area the authorities will attach special importance to proper fulfilment of this condition.

In parts of the area included in the round there is, in certain periods of the year, extensive fishing for sandeels. This applies to the blocks: 8/6, 9/4, 5 and 6, and 10/7, 8 and 9. A maximum of two exploration wells will be permitted to be drilled simultaneously in production licences awarded in these blocks, and in blocks in other areas in which the Authorities have pointed out that there is an extensive fishing for sandeels. At the time of awarding production licences in this area additional drilling restrictions for certain periods of the year could be introduced.

In case of future developments of resources in this area, the licensees shall use development solutions that minimise the negative effects for the fishing of sandeels and that alter the seabed of the sandeels-fields to the least extent possible. In connection with the approval process for Plans for Development and Operation in this area the authorities will attach special importance to proper fulfilment of this condition.

In the blocks 11/5 and 6, 34/2, 6201/11 and 12, 6203/9 and 6204/10 there is extensive fishing activity. In case of future developments of petroleum resources in this area emphasis should be put on using development solutions which minimise the negative operational effects for the fisheries.

In the blocks 34/2, and 6201/11 and 12 there is extensive industrial trawling in certain periods of the year. In this area exploration drilling will not be allowed between 1 October and 31 March.

The blocks 6203/9, 6204/8 and 10, and 6306/2, 3 and 5 are situated in important spawning grounds for herring and other species of fish. There is also an extensive fishing activity in the area in certain periods of the year. In this area neither seismic surveys nor exploration drilling in oil-bearing formations are permitted between 15 October and 15 June. Outside this period, prior to commencement of drilling in oil-bearing formations, contact with the Directorate of Fisheries (Fiskeridirktoratet) should be established.

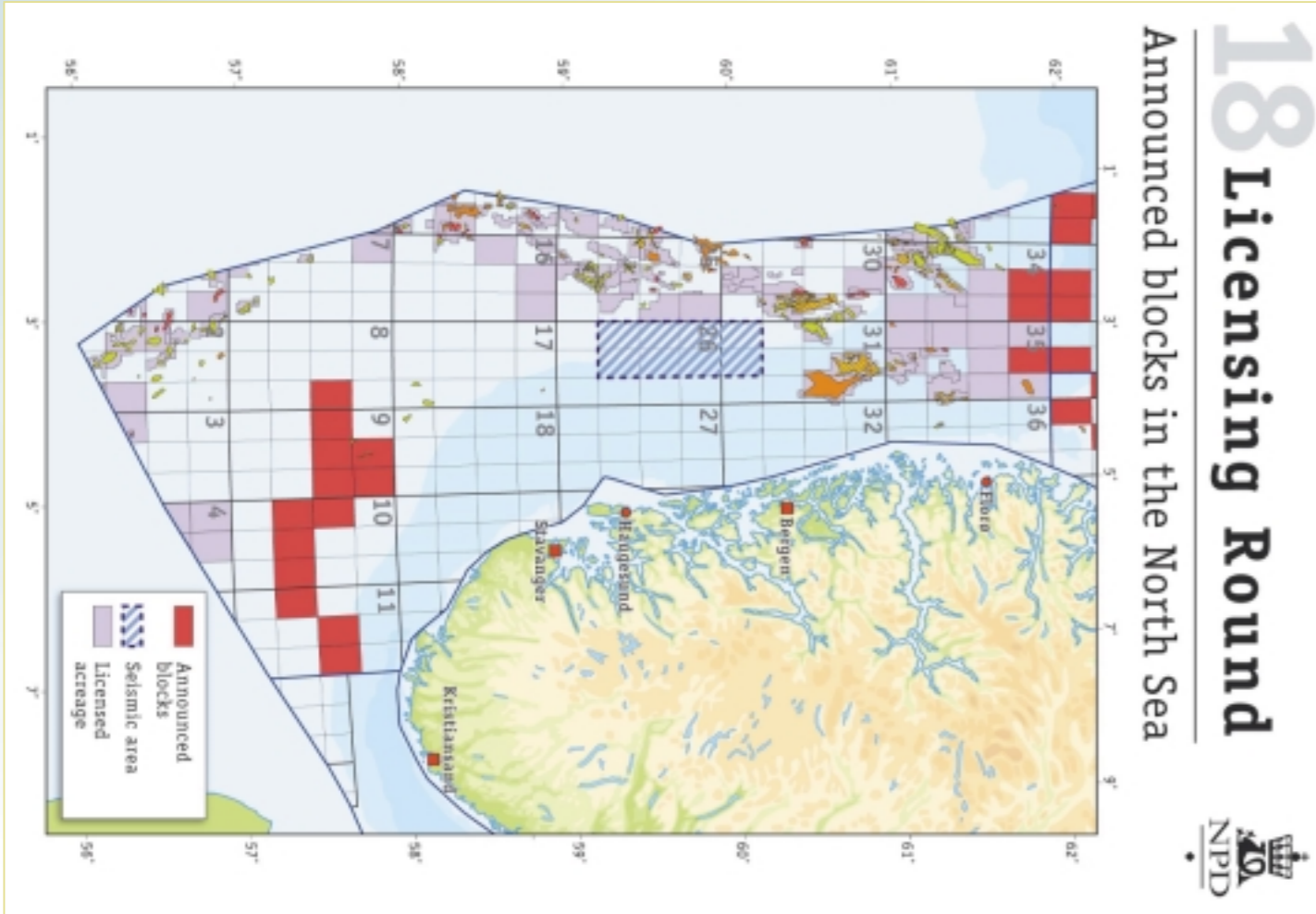
The blocks 6608/1, 2, 3, 6 and 9, 6609/4 and 7, and 6610/3 and 6 represent special challenges with regard to proximity to spawning grounds, the fisheries in the Vestfjord and Lofoten and the winter migration of the herring. In this area seismic surveys are not permitted between 1 September and 1 April.

In the blocks 6607/6, 8 and 9, 6608/1, 2, 3, 6 and 9, 6609/4 and 7, and 6610/3 and 10 there is a high concentration of fish eggs and fish larvae at vulnerable stages in certain periods of the year. In this area exploration drilling in oil-bearing formations is not permitted between 15 February and 15 June.

The blocks 6607/2 and 4, and 6606/6 and 8 are important nursing areas for Norway haddock. In this area neither seismic surveys nor exploration drilling are allowed in the periods 1 March to 15 May and 15 September to 30 October.

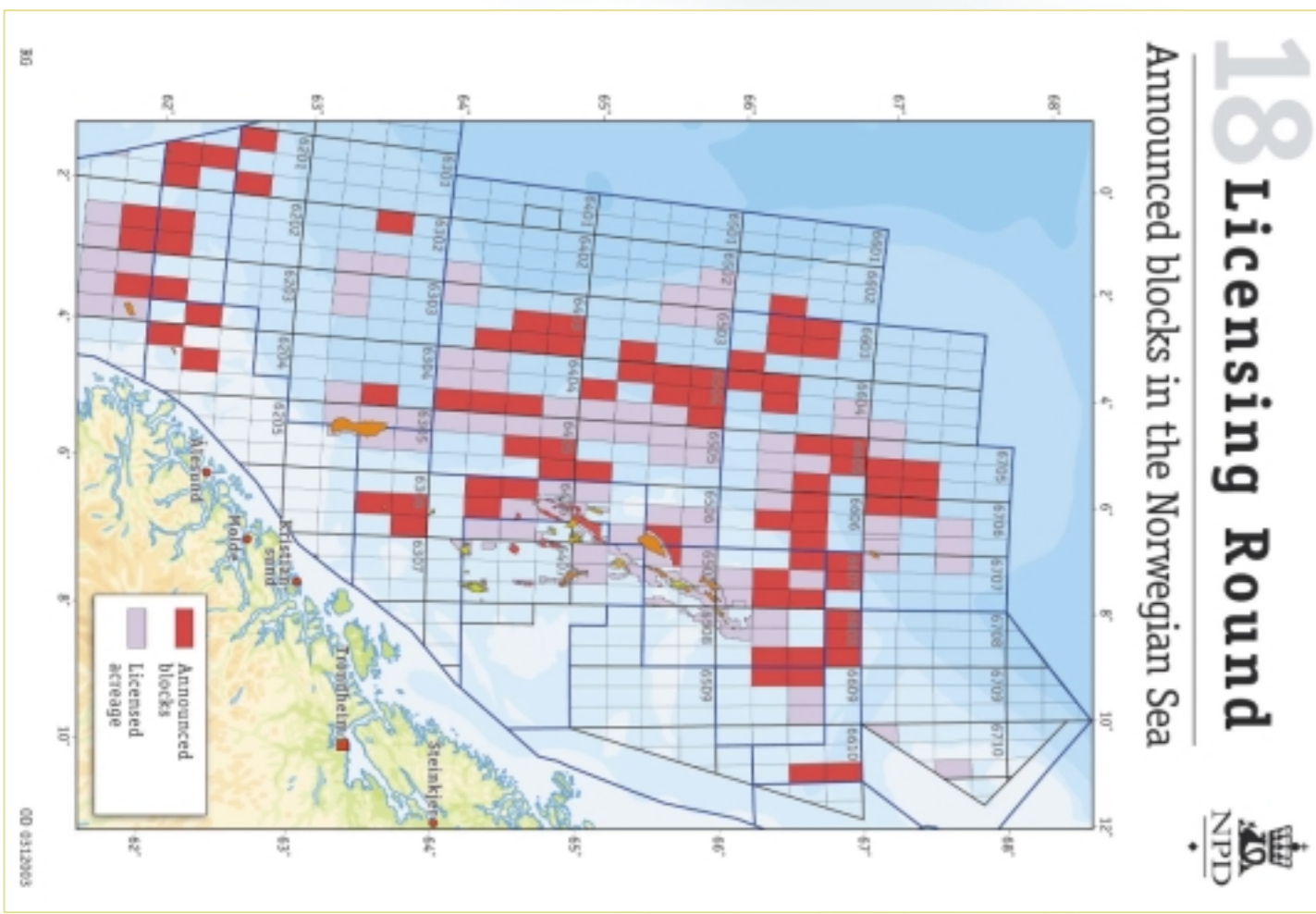
Pursuant to the Report to the Storting no. 38 (2001-2002) it is expected that the industry will still contribute to the biological monitoring of living marine resources in order to survey possible effects of the petroleum activity.

The Government also sees a need to improve the knowledge of occurrence of seabirds in areas that can be affected by discharges from petroleum activities. The Ministry of Petroleum and Energy will ask the licensees to present a monitoring program for seabirds in the Norwegian Sea in connection with the environmental impact assessment following possible plans for development and operation (PDO) for new stand alone developments in this area.



### 18 Licensing Round

Announced blocks in the North Sea



### 18 Licensing Round

Announced blocks in the Norwegian Sea




**OLJE- OG ENERGIDEPARTEMENTET**  
 Ministry of Petroleum and Energy

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"The Government has in this Licensing Round chosen to announce a significantly larger number of blocks than what has been the case in the previous numbered licensing rounds. The round is balanced and it contains areas with a variety of challenges in both the North Sea and the Norwegian Sea. The announcement of the 18th Licensing Round shall contribute to revitalising the exploration activity on the Norwegian Continental Shelf, and to secure rapid and efficient exploration of the frontier areas. In the announcement of the 18th Licensing Round great emphasis has been put into balancing the interests of the environment, fisheries, aquaculture and petroleum activity."

  
Einar Steensnæs  
Minister of Petroleum and Energy

Frontier areas of the Norwegian Shelf still have the potential of containing large petroleum resources, and there are also possibilities to make new, large discoveries. Rapid and efficient exploration of the frontier areas plays an important role in achieving the Government's goal of long term development of the petroleum activity on the Norwegian Continental Shelf. The 18th Round is an important step in achieving this goal.

The Government has in the 18th Licensing Round chosen to announce a significantly larger number of blocks than what has been the case in the previous numbered licensing rounds. Blocks both in the Norwegian Sea and the North Sea are included in the announcement. The round is balanced and it contains areas with a diversity of challenges. This should make the round interesting for both established companies and newer entrants to the Shelf. The announcement shall contribute to revitalising the exploration activity on the Norwegian Shelf.

The large number of blocks announced underlines the need for the awarded areas to be explored, and possible resources developed, in a rapid and efficient manner.

At the same time as the Government is concerned with increasing the activity level on the Norwegian Shelf, it is also very concerned with the relationship between the petroleum activity and other important public interests. In this announcement great emphasis is put on balancing the commercial interests relating to fisheries, aquaculture and the petroleum activity within the framework of sustainable development.

For many of the blocks stringent conditions relating to the environment and the fisheries have been included. In this round, these conditions are more extensive than they have been in earlier rounds.

In total the announced acreage contains 95 blocks, or parts of blocks.

The deadline for submission of applications in the 18th Licensing Round is 12.00 a.m. on the 15th of March 2004. The award of production licences in the 18th Licensing Round is planned to take place in the second quarter of 2004.

*(The picture on the front page shows a paleoenvironment in a imagined Mid Jurassic delta on what to day is the Norwegian Continental Shelf)*

# Invitation to apply for petroleum production licence

(Unofficial translation)

**1** The Royal Ministry of Petroleum and Energy (the Ministry) hereby announces an invitation to apply for petroleum production licences on the Norwegian Continental Shelf, in accordance with the Act of 29th of November 1996 No.72 pertaining to Petroleum Activities (the Petroleum Act) and the Petroleum Regulations laid down by Royal Decree of 27th of June 1997 (the petroleum Regulations).

**2** Production licences will only be awarded to joint stock companies registered in Norway or in another state party to the Agreement on the European Economic Area (the EEA-Agreement), or to natural persons domiciled in a state party to the EEA-Agreement. The Joint Stock Company shall have a minimum equity share capital of NOK 1 million or an amount equivalent to this in the currency of the country of registration.

Companies that are not licensees on the Norwegian Continental Shelf may apply for licences if they have been prequalified as licensees before the closing date for applications.

Individual applicants and companies applying as part of a group will be treated on equal terms by the Ministry. Applicants submitting an individual application, or applicants being part of a group submitting a joint application, will be considered as an applicant for a production licence. The Ministry may, on the basis of applications submitted by groups or individual applicants, put together licence groups of applicants and appoint the operator for such groups.

**3** The award of production licences will be carried out in accordance with the previously established practice for awards on the Norwegian Continental Shelf. This implies that the acreage, location, licence period, work obligation, and other block specific conditions will be stipulated at the time of the award.

Applications for participation interest in production licences may be submitted for the following blocks or part of blocks:

- 8/6
- 9/2, 3, 4, 5, 6
- 10/4, 7, 8, 9
- 11/5, 6, 7
- 34/2, 3
- 35/2
- 6201/4, 6, 8, 11, 12
- 6202/11, 12
- 6203/9, 11
- 6204/8, 10
- 6302/4
- 6304/6
- 6306/2, 3, 5
- 6403/2, 3, 5, 6, 9
- 6404/6, 9, 12
- 6405/2, 3, 5
- 6406/4, 7, 8
- 6503/9
- 6504/1, 2, 3, 4, 5, 7, 11
- 6505/12
- 6506/6
- 6507/4
- 6602/9
- 6603/4, 5, 7, 8, 12

- 6604/7, 8, 10
- 6605/1, 2, 4, 6
- 6606/4, 5, 6, 8
- 6607/1, 2, 4, 6, 8, 9
- 6608/1, 2, 3, 6, 9
- 6609/4, 7
- 6610/3, 6
- 6705/8, 9, 11, 12
- 6706/7, 10

A production licence may comprise one or more block(s) or part of block(s).

**4** Conditions for the award

a) The conditions relating to environmental concerns and fisheries interests are stated in detail at the back of this pamphlet. More specific conditions will be attached to certain blocks.

b) The Ministry may designate specific bases to be used by the licensee.

c) As a condition for the award of a participating interest in a production licence, the licensees will be required to enter into a Joint Operating Agreement and an Accounting Agreement for Petroleum Activities with the other participants.

Upon signing the Agreements the licensees will form a joint venture in which the size of their participating interest will at all times be identical to their participating interest in the production licence.

The licence documents will mainly be based on relevant documents for the Award in Predefined Areas 2003. The aim is to make the main elements of any adjustments to the framework available to the industry prior to the time of application.

**5** Negotiation issues

The Ministry reserves the right to negotiate terms with the applicant on the following issues:

a) The extent and content of the work obligation.

b) The duration of the initial period of the production licence, and the duration of the licence period after expiry of the initial period.

c) The extent of and time schedule for relinquishment of acreage.

In accordance with the Petroleum Act, a production licence is as a general rule awarded for an initial period of 6 years, with an extension period of 30 years with 50% of the acreage being relinquished upon expiry of the initial period. Applicants recommending an exception to this rule shall state the specific reasons for doing so.

**6** Award criteria

Within the framework of good resource management which favours rapid and efficient exploration for and production of petroleum on the Norwegian Continental Shelf, including the composition of licence groups to ensure this, the following criteria shall apply to the award of participation interests in production licences and to the appointment of operator:

a) The relevant technical expertise of the applicant, including that related to development work, research, safety and the environment, and how this expertise may actively contribute to rapid and cost effective exploration and, as appropriate, the production of petroleum from the geographical area in question.

b) That the applicant has satisfactory financial capacity to carry out exploration for and, as appropriate, production of petroleum in the geographical area in question.

c) The applicant's geological understanding of the geographical area in question, and how he proposes to perform efficient exploration for petroleum.

d) The applicant's experience on the Norwegian Continental Shelf or equivalent relevant experience from other areas.

e) Experience regarding the applicant's activities.

f) Where applicants apply as part of a group, the composition of the group, the operator recommended and the collective competence of the group will be taken into account.

**7** At the time of the award, state participation may be stipulated in each production licence. Petoro AS is the licensee on behalf of the State's participating interest (the State's Direct Financial Interest - SDFI).

**8** The application shall, regardless of whether the application is submitted by an individual applicant or by applicants applying as part of a group, include the following information, and in the following order:

a) Name, address and nationality of the applicant(s), including the name of the person who will serve as liaison in Norway to the Norwegian authorities.

b) The block(s) applied for. The application shall refer to block numbers as specified in the announcement.

If the applicant(s) applies for more than one production licence, a priority shall be assigned. Applicants applying as part of a group may submit their priority list separately. The size of the participation interest applied for in each production licence shall be stated. The applicant(s) shall also state whether he/the group applies for operatorship in any of the production licences.

c) The applicant(s) shall state the following recommendations:

- the extent, content and time schedule for the work obligation he/the group proposes to undertake to ensure rapid and

efficient exploration of the acreage covered by a production licence;

- the duration of the initial period of the production licence;
- the duration of the licence period after the expiry of the initial period;
- the extent and time schedule for relinquishment of acreage.

The above mentioned terms shall be adjusted to the specific characteristics of the block with a view to obtaining the highest value added from the relevant geographical area.

d) The applicant(s) shall give a summary of the application.

e) In Part 1, the applicant(s) shall give a regional geological evaluation of new exploration areas or new play models.

f) In Part 2, the applicant(s) shall give a geological and technical/economical evaluation of the block(s) applied for.

g) In Part 3, the applicant(s) shall give a description of exploration strategy and work obligation.

h) In Part 4, the applicant(s) shall give information on company related matters.

i) In Part 5, the applicant(s) shall give information on its expertise and experience in technology, safety, working environment and broader environmental matters.

Where the principal place of business of the applicant or his ultimate parent company is outside Norway, the applicant shall state whether a Norwegian company, in principle, is entitled to obtain a similar licence in the country in which the applicant or his ultimate parent company have their principal place of business.

In cases where information which has previously been submitted to the Ministry covers the relevant status concerning company related matters, technical expertise and safety and work environment as laid out in items h) and i) for the block(s) applied for, only relevant additional information will be required. In such cases, a reference to the document(s) previously submitted shall be given.

In cases where the applicant applies as part of a group, and for reasons of confidentiality does not wish to submit a joint set of documentation, technical/economical evaluation and information on company related matters, may be submitted individually.

Guidelines for the preparation of an application for a production licence, schemes, and block coordinates for the blocks announced may be found at the Norwegian Petroleum Directorate's internet homepage at the following address:

[http://www.npd.no/Norsk/Emner/Ressursforvaltning/Undersok\\_else\\_og\\_leting/18runde.htm](http://www.npd.no/Norsk/Emner/Ressursforvaltning/Undersok_else_og_leting/18runde.htm) (Norwegian version), or [http://www.npd.no/English/Emner/Ressursforvaltning/Undersokelse\\_og\\_leting/18runde.htm](http://www.npd.no/English/Emner/Ressursforvaltning/Undersokelse_og_leting/18runde.htm) (English version)

The Ministry may require additional information.

Business information contained in the application and the enc-

losures will be kept confidential by the Ministry and the Norwegian Petroleum Directorate, regardless of the time limit stipulated in the Petroleum Regulations, Section 73.

**9** For handling of an application for a production licence, a fee is due upon submission of the application. The fee is NOK 60.000, cf. the Petroleum Regulations, Section 9. The fee is fixed and not dependent on the number of areas or production licences included in the application. In the cases where several companies apply as a group, this counts as one application. If a company hands in one application individually and one as a part of a group, the company in question will have to pay 60.000 NOK for its own application and its share of the 60.000 NOK for the group application.

The fee shall be paid to the State, c/o the Norwegian Petroleum Directorate, current account No.7694.05.00326. The payment should be marked 18th Licensing Round. A copy of the receipt for said payment should be attached to the application.

**10** The King in Council shall not be obliged to award any production licence on the basis of applications received, cf. the Petroleum Act, Section 3-5, third paragraph.

**11** An application for a production licence should be delivered to

*The Royal Ministry of Petroleum and Energy*  
P.O. Box 8148 Dep.  
0033 OSLO  
NORWAY

before 12.00 a.m. on the 15 March 2004. All applications submitted before this date and time shall be considered as received simultaneously.

One copy of the application shall be submitted to the Ministry, and two copies of the application shall be submitted to

*The Norwegian Petroleum Directorate*  
P.O. Box 600  
4001 STAVANGER  
NORWAY

The application, including enclosures, may be written in Norwegian or in English.

**12** The award of production licences in the 18th Licensing Round on the Norwegian Continental Shelf is planned to take place during the second quarter of 2004.