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FAROE **Business** Report

THE INTERNATIONAL REVIEW OF FAROE ISLANDS INDUSTRY AND TRADE



2010

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WELCOME TO THE
2010 EDITION OF THE
FAROE BUSINESS REPORT

IT'S A GREAT PLEASURE to present to you the fifth volume
in this series—the 2010 edition of the Faroe Business Report. For
certain reasons there was no 2009 edition; we did promise, however,
that the Report would be back this year and that we would bring
further improvements to the unique service that it already represents.
Frankly, I do believe this one is the best edition to date and I hope
you'll share my enthusiasm once you've had a moment to check it.

In tough times, some tend to be reluctant to engage in any communication
that goes beyond what is considered an absolute minimum required for normal
functioning. Few will dispute, however, that managing stakeholder relations is
becoming increasingly crucial to survival in today's rapidly changing business
world. Conveying appropriate messages to key constituencies on a need-to-
do basis practically means such communication should happen at reasonable
frequencies. Otherwise, in today's maelstrom of messages, it's too easy to be
rendered irrelevant.

This is where Faroe Business Report comes in as a tool for those businesses
and organizations that want to reach out to their most important readers, and
make those points that need to be made.

Meanwhile we're proud to announce that two Faroese government
departments—the Ministry of Foreign Affairs and the Ministry of Trade
and Industry, respectively—are contributing to this year's edition as Special
Sponsors. The Ministry of Fisheries has also played an important part again
this time, as have all the other participants and advertisers.

Above all, the insights shared by those featured with our readers mean
everything to the quality and popularity of the Report.

And to all of you who have been missing us, it's good to be back!

I hope you enjoy the 2010 Faroe Business Report and get lots of valuable
information from it.

Búi Tyril
Publisher and Editor in Chief



The Anne-Marie exploration well generates excitement in the Faroese sector as the most promising prospect to date, with more relevant oil and gas discoveries and new development projects on the UK side.

CLOSING IN FROM ALL DIRECTIONS

By JEREMY CRESSWELL

ASTONISHINGLY, more than 15 years have flown since the author of this review first researched and wrote about the potential for hydrocarbons in Faroese territorial waters. It has been a slog, a lot of money has been spent on the quest for oil & gas, there have been fewer wells drilled than hoped for, and all have disappointed though at least one tantalized and may yet lead to a commercial result.

It has been necessary for the two petroleum companies rooted in the islands—Atlantic Petroleum (Atlants Kolvetni) and Faroe Petroleum (Føroya Kolvetni)—to dilute their Atlantic Frontier emphasis and secure opportunities elsewhere on the North West Europe Continental Shelf to ensure that they had a future.

However, a lot has been learned along the way, not least being how to drill thick basalts successfully and, to some extent, image below those basalts using novel seismic techniques like long-offset survey.

Government has learned too from the three licensing rounds to date including the need to be flexible, hence the recent decision to make ‘out of round’ license awards.

While some big names have walked away from the table, others remain committed and there are currently three exploration wells slated for drilling.

The results of the third round are especially interesting as they are held entirely by Nordic companies with zero participation by international oil players.

Partnered by DONG (30 percent), Faroe Petroleum and Atlantic Petroleum (10 percent each), Statoil (50 percent) secured license 016, which encompasses 33 blocks (5,312 square kilometers).

Geysir Petroleum gained license 015 comprising block 6103/9, measuring 61 sq.km, while Føroya Kolvetni was awarded license 017 covering nine whole and part blocks (1,132 sq.km). Both licenses are held solus.

Some would interpret the lack of interest among IOCs or indeed independents like Anadarko which walked away, as a blow; but the presence of Statoil probably more than makes up for that as the Norwegian group has a track record of honoring its commitments ... and being successful.

Of course, throughout the years there has been both frustration and encouragement from just over the horizon on the UK sector of the Atlantic Frontier, with a number of clearly commercial discoveries made, plus the laying down



of early infrastructure that will hopefully eventually prove of immense strategic value to Faroe.

The reasoning is simple: Future potential pipeline access can make the difference between discoveries being viable rather than a commercial flop. The recently initiated Laggan-Tormore project could be especially important in this regard as provision is being made at the outset for third-party business opportunities.

ALL EYES ON ANNE-MARIE: Without a doubt, the high point of 2010 will be the drilling of Anne-Marie—a prospect that some believe offers the best chance of a result. License operator Eni has hired the Seadrill unit West Phoenix to drill the prospect, which is located in the south-east corner of license 005. On-location water depth is 1,250 meters.

Anne-Marie, one of several structural prospects on that acreage, is described as a four-way dip closure on a large pre-Tertiary high. According to an-

alysts IHS-Cera, this has the potential for stacked reservoirs, with two primary targets in the Eocene T50 and Paleocene T36 and four secondary targets.

Mean oil in-place estimates for the two primary targets are in excess of 600 million barrels, and for the secondary targets between 500 million and 2 billion.

Prediction is that the first well will be drilled to a total depth of around 3,900 m, with operations expected to start in May (2010) as the original schedule has slipped.

License 005 is on a prominent structural trend offsetting the highly prospective Corona Ridge, which contains both the Rosebank/Lochnagar and Cambo/Lindisfarne discoveries. The first of these is thought to be of a considerable size and its proximity/geology augur well for Anne-Marie.

Faroe Petroleum is a partner in the project. CEO Graham Stewart is very optimistic and reckons it is possibly the most closely studied of all the targets ex-

amined to date in Faroese waters. Faroe has been a patient stakeholder for 10 years so far.

“Anne-Marie is a very large prospect [485 sq.km] and we believe it is an analogue to discoveries like Rosebank/Lochnagar, which is an intra-basalt play ... basalt, then sediments, then more volcanic activity,” says Mr. Stewart, adding that Anne-Marie is only about 30 km away from the Chevron success story..

“Anne Marie has very little basalt. It is argued that this is the best prospect in the Faroes. If there are hydrocarbons present, it will be very big. Risking (statistically) is moderate, now that we’re beginning to understand the geology of this area quite well.”

Mr. Stewart adds that Anne Marie is very different to William. That was drilled by BP at the back end of 2007 start of 2008 and the drillers had to contend with a massive amount of basalt before they reached the sediments beneath ... and disappointment.

Current Anne-Marie partners comprise: Eni (75 percent, operator), Faroe Petroleum (12.5 percent) and Cieco Exploration & Production (12.5 percent). Dana Petroleum of Aberdeen has a farm-in option to earn a 25-percent interest by paying certain of Eni’s costs in the Anne-Marie well.

By the time this review appears in print, the well should be drilling. But as to how long it might be before a result is declared is anyone’s guess, though in-



stinctively very secretive Eni will doubtless be under pressure to declare sooner than later, given the Faroese national interest.

RESULTS THAT COUNT: Faroe Petroleum is on a roll; 2009 was a good year for the company, pretty much everywhere and especially on its UK Atlantic Frontier acreage. Not only that, through selling its stake in the Breagh Southern North Sea gas project, the company was able to pocket a tidy sum for use elsewhere, notably further Atlantic Frontier work on both sides of the Faroe-UK aquatory boundary.

2009 was generally a good year on the UK Atlantic Frontier with eight exploration and appraisal wells drilled. 2010 promises to be even better, so adding encouragement to the still limited effort in Faroese waters.

Last year, it was Chevron that largely underpinned the exploration/appraisal effort by continuing its extensive appraisal of the large Rosebank-Lochnagar asset and surrounding acreage. However, others like DONG, Hurricane,

Seadrill's rig the West Phoenix will drill the Anne-Marie well (left); scene from Eni's Barbara production field in the Adriatic Sea (right); support vessel berthed at Runavík (top left); Solstad Offshore's Normand Mjolne engaged in 2007 exploration activities (above).

OMV and Chrysaor collectively added measurably to the UK's Atlantic Frontier reserves base, while Shell drew a blank with its South Uist probe.

Faroe Petroleum came through in excellent shape as a result of its involvement in the DONG-operated Glenlivet and OMV-led Tornado discoveries.

Mr. Stewart sees them as significantly de-risking Anne-Marie and the UK-side Cardhu and Lagavulin prospects. Not only that, but Glenlivet is seen as being hugely valuable to the 2.5 billion GBP Total-operated Laggan-Tormore development for which third party business is part and parcel of what is the first UK West of Shetland gas development.

Despite all the science and engineering, instinct still plays a part in the hunt.

Mr. Stewart: “Glenlivet was drilled on a seismic anomaly that we had a very good feeling about and which turned out to be justified. We have what we consider to be a commercial find ... very high quality gas.

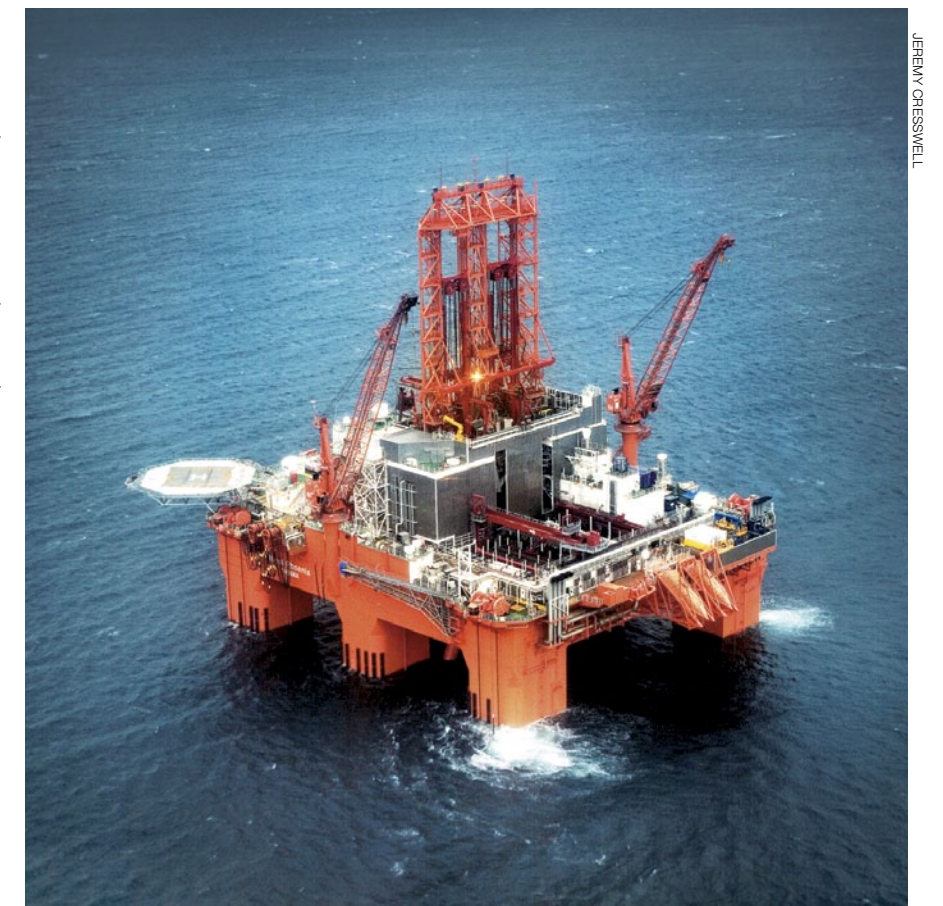
“DONG has 80 percent of Glenlivet and 20 percent of Laggan-Tormore. So they’re strongly incentivized to bring their gas on sooner rather than later and Glenlivet is proportionately more important than Laggan-Tormore.”

Glenlivet hydrocarbon quality is very high ... almost all methane and no liquids.

This compares with Tormore, which has a very high condensate (volatile hydrocarbon liquids) content and Laggan where the condensate content is significantly less.

“We’ve appraised it [Glenlivet], it’s ready to go. We have a water sample and a lot of chemistry. That’s why we drilled the down-dip well [in 2009]. Therefore we know exactly what we’ve got. The fresh data is easily mapped, modeled and slotted into a development plan. Glenlivet’s a very homogeneous, high quality reservoir.”

Mr. Stewart’s view is that having Glenlivet as a tie-in can help Laggan-Tormore become a more successful project.





Laggan-Tormore is an excellent example of where patience spanning decades is finally paying off. It was in 1986 that Shell with Britoil drilled a well 200 km northwest of the Shetland Islands in 600 m of water. They expected oil but got gas and 206/1-2 was parked. Indeed it became one of a number of gas/liquids finds made on the UK side about which little has since been done.

The license on which 206/1-2 was drilled was ultimately relinquished back to the British government, which then

Transocean's Sovereign Explorer drilled the first well in the Faroes, the Marjun prospect in 2001 (above); ASB team loading casing on board an offshore supply vessel at Runavik during 2006 exploration operations (left).

re-offered it in the 16th UK Oil & Gas Round of 1995 in which Total was awarded the acreage. Total went on to drill three further Laggan wells: 206/1-3 in 1996 to get a better initial feel; then 206/1a-4a and the 206/1a-4aZ side-track of 2004, which was suspended as a possible future producer, albeit against ongoing worries about commercial viability. The 206/4AZ well tested at 37.8 million cubic feet per day of gas. Work continued on a potentially stand-alone development if the economics could be made to work.

If there were lingering doubts, they were removed by the 205/5a-1 success when Tormore ... Laggan's neighbour ... was found in 2007. Total had a project. And Glenlivet is exactly the kind of third party business that Total and partner DONG are hoping will sustain the new system for several decades following production start-up in 2014.

In time, this could include gas harvested in the Faroese sector, assuming commercial discoveries are in fact made, not least by DONG itself, given its license commitments.

CRUCIAL CASH FLOW: Back to Faroe Petroleum. The other big news from 2009 was the success of the Tornado well,

even if the result wasn't what was expected.

Says Mr. Stewart: "We expected it [Tornado] to be a no-brainer oilfield. It turned out to be oil and gas. We don't know how much oil we have—that will require a lot more analysis.

"We've drilled a well that not only encountered both gas and oil but also established oil-water contact. We found a better, thicker reservoir than anticipated, which should mean more hydrocarbons. But finding the relative split will be the challenge.

"We're pretty confident either way that Tornado could be commercial. But is it a gasfield with an oil rim or an oil-field with a gas cap?"

Faroe has a 7.5-percent working interest in the discovery which, according to Stewart, bears some resemblance to the Suilven find of the 1990s and which has so far failed to make the commerciality grade.

Tornado, well 204/13-1, is located about 10 km northwest of the languishing Suilven discovery of 1996; also some 30 km northwest of the Schiehallion, Foinaven and Loyal producing fields.

Such close proximity means that the reserves threshold at which this latest find is potentially commercial should

be fairly modest, especially if it is paired up with Suilven, the reserves of which are thought to be about 180 billion cu.ft of gas and 25 million barrels of oil.

According to Mr. Stewart, it should not be necessary to check out Tornado any further through the drill-bit.

"It is fair to say that we have now appraised Tornado ... it won't require further appraisal drilling; it's now a matter of analysis. We have container loads of data and cores.

"We even ran a mini drill-stem test. This all needs mapping in so we can figure out the way forward."

By contrast, 2009 was a rather torrid year for Atlantic as it set about tackling its considerable short-term debt burden through a measure of restructuring/refinancing, but against a background of

a plummeting share price. At the company's annual general meeting staged on 20 March 2010, chairman Birgir Durhuus said in his presentation to shareholders: "The improvements in the balance sheet combined with the positive outlook for oil prices has significantly brightened the near term-future for Atlantic Petroleum."

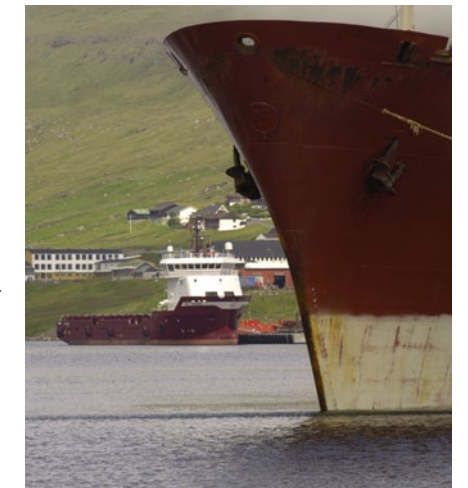
Fortunately, like Faroe, Atlantic has cash flow, in this case derived from its interests in the Chestnut (2008) and Ettrick (2009) fields in the UK North Sea. Further UK production from the Blackbird and Perth fields is anticipated in 2011 and 2012 respectively.

Proven reserves stand at 3.4 million barrels oil equivalent, the contingent figure is 5.3 million and prospective is

Vessels moored at the Port of Runavik

400,000 barrels. And for both companies there is the comfort of healthy oil prices in the foreseeable future.

This is clearly of some comfort for Mr. Durhuus, who remains optimistic about prospects for finding hydrocarbons in the Faroese sector and that Atlantic will play its role in getting there.



Standing at a new frontier



A LOGICAL EXTENSION TO WEST OF SHETLAND



FOIB chairman Nils Sørensen;
map of Faroe exploration licenses (below).

cesses of late, the most obvious and yet also most tantalizing being Rosebank-Lochnagar—an apparently large oil and gas accumulation that operator Chevron continues to appraise and which is just a few kilometers from the Faroe portion of the Atlantic Margin. He perceives that, gradually, the UK drilling effort is moving westward and closer to the Faroe-UK boundary line.

LEGISLATIVE CHANGE: “This means that Faroe is increasingly a logical extension of what lies on the UK side,” Mr. Sørensen says.

“Look at Anne Marie: which is operated by Eni and in which Faroe Petroleum has a 12.5-percent interest. This is very close to the Cambo well drilled by Hess as operator in 2001 and which encountered oil.”

“I think too that the fact that Statoil has committed to two wells within the next three years is also very encouraging,” he adds, referring to the Norwegian company’s decision to extend its commitment to licenses 006, 009 and 011.

“Remember, every well drilled on either side of the border increases knowledge. Statoil’s commitment especially means a lot.

“An important point is that it is technologically no longer a problem to drill through thick basalt layers ... the William and Brugdan well particularly showed that. However, it is still a problem to ‘see’ through thick basalt layers with seismic.”

FOIB remains the voice of the oil and gas industry in Faroe and has stood the test of time and uncertainty quite robustly. Of course the membership has changed along the way with Anadarko, BP and Chevron no longer involved.

However, the current membership is strong, appropriate and, to an extent, reflects the level of confidence that now exists regarding the potential on both sides of the Faroe-UK boundary.

“We are now looking to promote Faroe as a place for further exploration,” Mr. Sørensen says. This, he argues, is helped by the legislative changes now underway to make exploration easier.

“The introduction of what we call the ‘open door policy’ means licenses can be obtained outside of licensing round procedures. This is similar to the

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Chairman: Nils Sørensen,
Executive Director, Faroe Petroleum

FOIB acts as the joint association of the oil companies holding licences to explore for hydrocarbons in the Faroese area either as license holders or partners.

Current members: Atlantic Petroleum (Atlants Kolvetni), DONG Energy, Eni, Faroe Petroleum (Føroya Kolvetni), OMV, Shell, Sagex, Statoil.

UK where out-of-round licenses have been awarded on a discretionary basis for several years, and to other countries where the same approach has been used to promote the oil and gas sector.

“The changes mean that licenses are to be obtained from Jarðfeingi, the Faroese Earth and Energy Directorate—rather than having to go the political level for acceptance through legislation.”

As the risks associated with exploration in Faroese territory decrease, the Faroes Oil Industry Group (FOIB) could take on a more active role in helping promote the Faroe Islands as a place for oil and gas investment.

THE LAST TIME a well was drilled offshore the Faroe Islands in 2008, there was a palpable sense of disappointment when the William probe operated by BP turned out not to be the find that many had expected and hoped for.

However, with clear and growing evidence of greater success just a few tens of kilometers away on the UK sector of the Atlantic Margin and with the Faroes sector Anne Marie well scheduled for 2010, there is absolutely an air of optimism among the membership of FOIB, the Faroes Oil Industry Group.

FOIB chairman Nils Sørensen, Managing Director of Faroe Petroleum

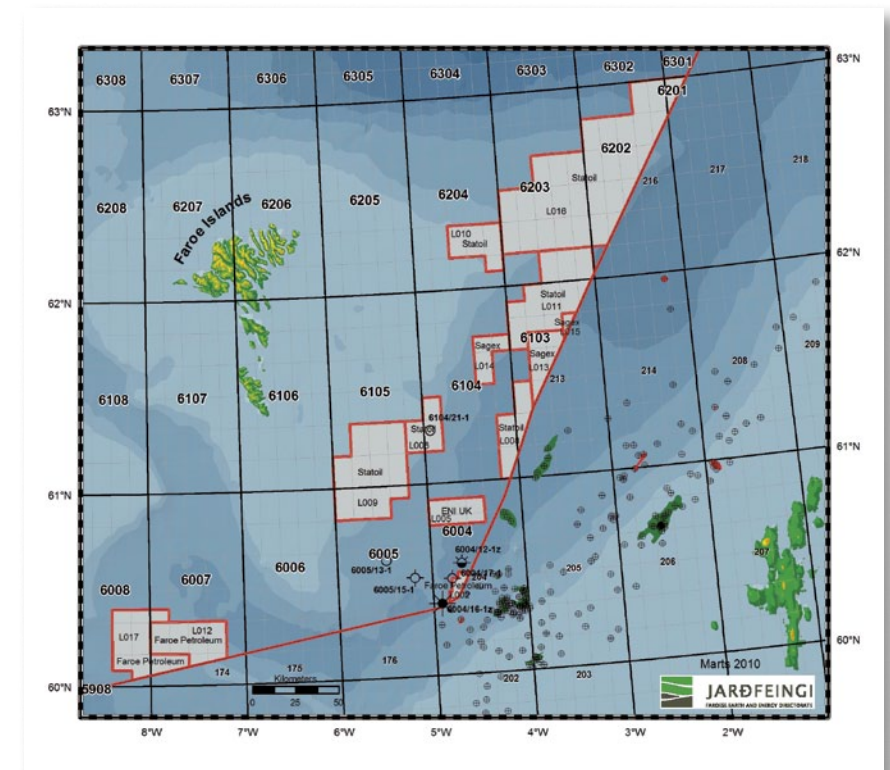
Faroes, believes there is much to be positive about, especially in the light of the successful Glenlivet and Tornado wells drilled in UK territory during the 2009 West of Shetland season, both of which have Faroe Petroleum as a strategic stakeholder, and the decision by Total to push ahead with the 2.4 billion GBP (2.6 bn EUR) Laggan-Tormore gas/condensate development.

“Generally, I’d say there has been ongoing, moderate progress in the Faroes to the extent that it is no longer completely frontier territory,” says Mr. Sørensen. “With the recent run of successes on the UK side of the Atlantic

Margin the risk factor for drilling in Faroese waters has been substantially reduced compared to prior years.

“The Total development of Laggan-Tormore means there could be, for the first time, gas pipeline infrastructure designed with additional capacity to accept production from smaller UK stranded discoveries and smaller prospect that will probably now become sufficiently interesting for companies to consider drilling. And of course last year’s Glenlivet gas discovery success is an obvious potential tie-in.”

Mr. Sørensen points out that this is not the limit of the UK sector suc-



ATLANTIC PETROLEUM MOVES TO BOOST PRODUCTION

Announcing a bold growth plan that opens up the possibility of acquisitions and mergers, Atlantic Petroleum is set to turn a profit for the first time—with two fields in production and a new capital structure in place.

FOLLOWING A YEAR of uncertainties over financial turbulence, Faroese oil and gas independent Atlantic Petroleum has unveiled a new business strategy as part of the successful rearrangement of its finances.

Under the new plan, which highlights the possibility of acquisitions and mergers within the next couple of years, the company will use key revenue streams from the Chestnut and Ettrick fields to grow its license portfolio in an effort to become a larger player and to offset future decline related to the deple-

tion of the company's available hydrocarbon resources.

The difficult financial situation in 2009 led the company's main providers of financing to demand infusion of new share capital and changes to the board of non-executive directors. As a result three new board members were elected in July 2009, one of which is Birgir Durhuus, now chairman of Atlantic Petroleum's board.

A fully subscribed 188 million DKK (25.3m EUR) rights issue was completed during second half of 2009, and has largely been used to reduce debt, according to the company's Annual Report.

In November 2009, the former chief executive officer Wilhelm Petersen left the company and Technical Manager Sigurð í Jákupsstovu was constituted as CEO. Mr. í Jákupsstovu has previously held the position of Director at Jarðfeingi (Faroese Earth and Energy Directorate). As this publication went to press, Mr. Durhuus said that a permanent CEO was to be named in April.

One critical point in the new business strategy laid out for Atlantic Petroleum deals with the issue of size or financial muscle—oil and gas is a capital intensive industry and many small com-

panies are seen struggling in the current economic climate.

"Exploration companies with considerable liabilities yet without current income are among those hardest hit as banks tighten their credit policies," Mr. Durhuus told the Faroe Business Report.

"Many such companies are open for mergers and acquisitions but we are rather looking for companies that also have ongoing or near-term production that can complement ours. We need to look beyond the next few years to ensure that current levels of production can be increased and sustained, which will involve acquiring additional acreage either through farm-ins or by other means.

DAVID BERING



Chairman Birgir Durhuus; Atlantic Petroleum's headquarters in Tórshavn (bottom left).

"It's crucial for Atlantic Petroleum to take necessary steps to strengthen the production profile and become a larger company in terms of acreage and revenues at this point, while our production assets are still valuable; but at the same time we have to be prudent about debt, liabilities, and obligations."

10-YEAR ANNIVERSARY: As to the growth plan agreed by Atlantic Petroleum's board and management, one of its major strategic challenges is concerned with how to virtually double daily production, in no less time than two to four years, from the current average of approximately 2,500 barrels to

4,000 to 5,000 barrels per day. "To accomplish this," Mr. Durhuus stated in the company's Annual Report for the financial year ending December 2009, "Atlantic Petroleum will seek to add new reserves close to existing production and also to pursue opportunities to farm-in to licenses where production is estimated to begin in 2012—2014."

He added: "In order to achieve the growth targets, Atlantic Petroleum does not rule out the possibilities of acquisitions and even a merger if this is of value for the Company."

With Atlantic Petroleum holding a 15-percent stake in the P.354 license, the Chestnut field in the United King-

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Sigurð í Jákupsstovu

Founded in 1998; the Faroes' first independent upstream oil and gas company.

Participates in oil and gas exploration and production in the North Sea (UK) and the Celtic Sea (Ireland) and exploration on the Faroese Continental Shelf.

Nine UK production and exploration licenses inc. Chestnut, Ettrick & Blackbird, Perth, Marten, West Lennox & Crosby, Dee.

Two Ireland field development licenses.

Four Faroes exploration licenses.

dom sector of the North Sea came on stream in 2008. The Ettrick field in UK licenses P.272 & P.317, in which Atlantic Petroleum has an 8.27 percent share, commenced production in August 2009.

Revenues coming from Chestnut and Ettrick production mean that Atlantic Petroleum is expected to hit profit in 2010, on the 10-year anniversary of its first license.

"This year it is exactly 10 years since Atlantic Petroleum was awarded its first exploration license in the Faroe Islands," Mr. Durhuus noted.

"During this period the company has experienced highs and lows culminating with first oil in 2008 and financial difficulties in 2009.

"It is my firm belief that the experiences in the past two years eventually will prove valuable for the future development of Atlantic Petroleum, as we seek to add momentum in positioning the company for future growth."



Expanding its premises to serve forthcoming exploration drillings offshore the Faroe Islands, Atlantic Supply Base is likewise looking to extend its services to West of Shetland and Atlantic Margin operations.

ATLANTIC SUPPLY BASE in Runavík, the only supply base in the Faroe Islands, has been awarded the contract to serve as supply base for forthcoming drilling operations on the Faroese Continental Shelf, the first of which is the seventh drilling to date—the Anne-Marie well—due to start in the summer of 2010.

The company's performance in connection with past drillings has been praised by operators, one of whom stated in a survey: "ASB performance on the William Well was exemplary in terms of HSE [health, safety, environment] and Operational performance. Zero incidents or rig down time experienced. The entire Faroes Team embraced the... Safety culture with enthusiasm and energy always looking to go, and going the extra mile to satisfy the offshore customer."

Following transport and logistics provider Faroe Ship's closure of its Runavík warehouse and offices, Atlantic Supply Base has purchased a large hall at the cargo terminal there to accommodate indoors warehousing as well as office and conference facilities for oil companies, logistics, and rig operators.

A new terminal was built there in 2001, when oil and gas exploration commenced in the Faroes, to accommodate offshore activities with an outdoor storage area and a bulk and mud plant.



MARIA OLSEN

Atlantic Supply Base managing director Eli Lassen; taking care of business at Runavík (below).

ATLANTIC SUPPLY BASE REACHES BEYOND FAROE

Having increased its capacity considerably—as a maritime agent for major rig owners, and with solid experience in supporting offshore oil and gas operations in the Faroe Islands—Atlantic Supply Base is today in a position to offer its services to areas beyond the territorial borders of the Faroes, says managing director Eli Lassen.

"We were certified according to the ISO 9001:2000 quality standard two years ago and we have built a reputation for providing an excellent service to the offshore industry. At the same time, we're now better equipped than ever in terms of warehousing and office and conference facilities."

Yet overcapacity has been an issue. In response to this challenge, Atlantic Supply Base is looking to extend its

services beyond Faroese territory to the surrounding Atlantic Margin areas.

"Activities in the Faroese Continental Shelf are still very limited," Mr. Lassen says. "What we should consider, however, is that the Faroes are located strategically in relation to oil and gas fields in the UK Continental Shelf as far as concerns operations West of Shetland and elsewhere in the northern North Atlantic including northeast Iceland."

'SEVERAL ADVANTAGES': Would Atlantic Supply Base be able to handle a serious increase in activities?

"We believe we would," says Mr. Lassen. "We are now looking to expand our activities into the UK area and with the short sailing distance between our base and West of Shetland, operators can

tools from the exploration area. Maritime agency."

Main activities comprise quayside handling, storage, agency services, human resources, and handling of chemicals through subcontractors. The bulk capacity is 510 cubic meters for barite, 320m³ for cement, and 130m³ for bentonite and mud; the brine capacity is 5,000 barrels, and there is a 200-barrel mixing tank.

"We cooperate with other internationally recognized supply bases and service providers and comply with the international standards used in the oil and gas industry. The Port of Runavík is committed to provide the best possible framework for our operations, and part of their commitment is to continuously expand the harbor area as activities on the base increase."

The Port of Runavík completed the first phase of an expansion program in 2002, when 4,000 square meters of har-

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Managing Director: Eli Lassen

Atlantic Supply Base is the only operational offshore supply base in the Faroe Island. ASB is located centrally in the only all-weather harbour in the Faroes — Runavík, situated in the Skálafjørður (the longest fjord in Faroes) on the island of Eysturoy.

Atlantic Supply Base successfully supported the drilling of the first 6 Faroese exploration wells from 2001-2008.

The company has likewise been chosen as supply base for next exploration well on the Faroese Continental Shelf, the Anne-Marie prospect, drilled by Eni in the spring of 2010.

Freight and stevedoring, forwarding services, customs clearance, material management and inventory control systems are also provided.

We are able to handle all normal offshore cargo.

ASB was ISO 9001:2000 certified in 2008 by DNV

bor area and 100m of quayside with a minimum depth of 12m alongside were added to existing facilities.

"Runavík has several advantages," Mr. Lassen says. "We're located centrally in Faroe, it's an unmatched natural harbor, and we're well sheltered in all weather."



MARIA OLSEN

SUPPLY SERVICE BETS ON HIGH-END STRATEGY

Offshore vessel owner and operator Supply Service places emphasis on building a track record of top performance in health, safety, environment, and quality (HSEQ) management—and could soon see its fleet grow.

CONTRACTED TO WORK for the likes of Wintershall and Det Norske Oljeselskap, Leirvík-based offshore service company Supply Service is determined to build a strong track record in the upper end of the North Sea oil and gas market with an eye on fleet additions.

Based on top quality performance and a green profile, the company is on track to place orders for new high-end support vessels in the near future, said managing director Jens Meinhard Rasmussen.

Supply Service received its first vessel in 2009—the Eldborg, a top-of-the-line newbuilding that became operational in the summer, as the company had already secured a charter contract for more than three years of service to the Songa Delta rig in the Norwegian sector of the North Sea.

Originally, three new vessels had been ordered from Norway, however as the global economic crisis took its toll on the offshore industry including the shipyards, complications set in.

“In the end we cancelled two of the vessels that we had ordered,” Mr. Rasmussen said.

Yet while market conditions have deteriorated, Supply Service has been able to operate the Eldborg with success. The company is part of the Sjøborg group and its maritime knowledge has deep roots, with decades of experience in operating fishing vessels under the management of Osmundur Justinussen and his son Tummas, and industry heavyweights Per Sævik and Tage Bundgaard on the non-executive board.



*Supply Service managing director
Jens Meinhard Rasmussen.*

‘WE’RE A STAYER’: Mr. Rasmussen himself is trained as a sea captain in addition to holding a Masters degree in law.

Placing heavy emphasis on health, safety, environment, and quality (HSEQ), Supply Service follows a strict compliance policy, he said—with reference to the International Safety Management (ISM) Code, International Ship and Port Facility Security (ISPS) Code, Occupational Health and Safety Standard (OHSAS), as well as the ISO 9001 and ISO 14001 quality and environmental standards.

“We are concentrating on building a track record in the offshore business. The aim is to be the preferred partner for North Sea oil and gas companies based on top performance. We therefore operate accord-

MARIA OLSEN

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Executive Directors:

Jens Meinhard Rasmussen

Tummas Justinussen

Non-Executive Directors:

Tage Bundgaard

Osmundur Justinussen

Magnus Petersen

Per Sævik

Offshore supply and support services for the North Sea oil and gas industry.

Management for several companies within the Sjøborg group.

In addition to the offshore vessels there are 4 ships belonging to the group today, working as fishing vessels and also a 20-tonne trawler which is mostly used for tourism.

Platform Supply Vessel Eldborg:

Design: Havyard 832CD

Yard: Fjellstrand, Norway

Length over all: 78,60 mtr

Length betw. perp: 69,00 mtr

Beam: 17,60 mtr

Depth to main deck: 7,70 mtr

Speed at WL 5,00 mtr 14,5 kn

Class: DNV +1A1, SF, E0, HL(2,8), DK+, Dynpos-AUTR, CLEAN DESIGN, FIFI-1, LFL*, COMF-V(3), NAUT OSV, ORO, NOFO 2005

ing to best practices and manage all of our work in accordance with the recognized HSEQ system for ships—the ISM Code, the ISPS Code, the OHSAS 18001 and the ISO 9001 and 14001 standards.”

Mr. Rasmussen underscored that Supply Service is in the business as an offshore vessel operator, rather than an asset manager.

“We’re in it on a long-term basis, and part of our strategy is to demonstrate that we’re a stayer, not an asset player,” he said. “In the light of this, we are looking at ways to expand our fleet in the best and most responsible way.”



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