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## **Faroe Petroleum receives Norway acknowledgement**

Faroe Petroleum was recently awarded an acknowledgement in Norway for the best commercial development project in Norway last year. It is an acknowledgement of the company's strategy in Norway. The company is also active in the UK and the Faroes. Recently the Faroe owned company reached an agreement with the public Norwegian oil company Petoro, regarding the switching of licences - an agreement which created quite a stir within the oil industry. This public Norwegian oil company has never previously, in its twelve-year long history, reached such an agreement with a private oil company. This agreement, which provided Faroe Petroleum with a daily production of almost 10.000 barrels of oil and released the company from the very expensive drilling commitment on the Marie license, is once again making headlines in the oil industry. The Faroe Petroleum marketing division, together with Petoro, have won the annual prize for the best commercial and also one of the most remarkable deals in Norway last year. The deal materialised after Faroe Petroleum made a significant oil discovery on the Marie prospect, close to where Petoro was active. A license switch with Faroe Petroleum was very much in line with the Norwegian company's strategy. The Marie license was handed Petoro and in return Faroe Petroleum was given the ownership of three producing oilfields in the North Sea. In addition the Faroe company was spared the energy and money required for a very expensive drilling project. This cooperation between the two companies has now been extended to the Barents Sea, where the two companies hold an exploration license. If the fact that these two companies are neighbours in Stavanger has got anything to do with this, is pure speculation, but personal ties may also play a role within the oil industry. The prize named as the Business developer Prize in Norway for exploration and

production was handed to Ida Veland from Faroe Petroleum and Tor Skjærpe from Petoro. Ida Veland is the Business Development Manager at Faroe Petroleum in Norway. Among the many companies vying for this prize, were so important and large companies as Statoil and Centrica. This prize may be said to confirm the importance this Faroe oil company holds in the exploration context in Norway. The company has, after just a short time interval, become established as an expansion minded and active oil company in Norway. A company, which trod its fledgling shoes in the Faroes over ten years ago and which steadily developed and expanded into the UK sector of the North Sea and thereafter also to Norway. Observers, which oljan.fo has spoken to, say the agreement reached by Faroe Petroleum with Petoro is estimated as one of the very best within the Norwegian oil history in recent years. This is also the very first Swap deal Petoro has ever completed in their twelve-year long history. Other oil companies have tried to deal with Petoro for many years, but all in vain. Petoro cannot be regarded as a small oil company, having a production of 1,2 million barrels of oil daily. Targeted strategy Mr Nils Sørensen, the Faroe Petroleum CEO, was one of those who in 2006 laid the foundations for the company's activities in Norway. Participation in exploration and production in Norway imposes large-scale demands upon a company. Mr Sørensen told oljan.fo that the company has always tried to develop by having several legs to base their activity on. First it was the Faroes, then the UK and the third leg became Norway. It is important to spread the risk involved. Should one area fare badly this could be offset by another area faring better. It is important to diversify activities both strategically and geographically. The detailed preliminary work done by the company gave dividends and Faroe Petroleum prequalified to participate in the Norwegian bidding round and in this context established an office in Stavanger. This occurred around the time when the Talisman oil company acquired Paladin Resources, but several of the top people and experts there, did not wish to work for Talisman and Faroe Petroleum took the opportunity to hire these people, who became the core of the company's activities in Norway. This step has paid off, says Mr Sørensen. The company was recently certified as an operating company and this represents a huge step forward, he says. The company was awarded no fewer than seven exploration licenses in the last Norwegian bidding round. Mr Sørensen also points out the advantages of working in Norway, as 78% of all the exploration expenditures are reimbursed. However a 78% tax is imposed in the event of a discovery and a production gets underway. Pictures Ida Veland from Faroe Petroleum with the Prize Helge Hammer, MD of Faroe Petroleum in Norway Graham Steward and Nils Sørensen, MD's of Faroe Petroleum in UK and Faroes