



www.oljan.fo

Jan Müller

20 - 02 - 2012

UK round important for the Faroes

The 27th licensing round has been announced in the UK. This latest round comprises a staggering 2800 blocks, including the area west of Shetland. 20 billion barrels The UK Energy minister said, when he announced the round, that good opportunities still exist for making good oil- and gas discoveries in the UK subsoil. He estimated reserves to be in the region of 20 billion barrels and therefore the oil industry in UK waters should have many years left. Both the Faroe oil companies hold licenses in UK waters and it will be quite exciting to monitor who will apply and who will be successful. Most of the oil companies active in the Faroes are also applying for acreage just on the other side of the border and this could be an indicator of their hopes for the area, including the Faroes. For oil exploration in the Faroes, it is also important to note, which oil companies are applying for licenses west of Shetland. Exploration, discoveries and production in our neighbourhood are all important for developments in the Faroes. Heightened activity There is substantial activity west of Shetland this year. Total and Dong are in the process of developing a giant gas project - the first of its kind in this part of the world. BP is continuing to develop the massive Clair oilfield and is also building a new storage and production vessel for the largest and most profitable UK oilfield, Shiehallion, which is located quite close to the Faroe border. On top of this, several new exploration wells are being drilled. Chevron is drilling just south of the Rosebank discovery and BP will drill shortly on the North Uist prospect, which will be the companys first deep water well since the Gulf of Mexico disaster. It will be very interesting to see if Chevron and Amerada Hess will give the green light for the development of the Rosebank and Cambo oilfields, respectively. These are both oilfields adjacent to the Faroe border. Turnaround There was a time when the

interest for the area west of Shetland was diminishing, mainly due to few discoveries and a low oil price. We are now experiencing a complete turnaround. Oil prices have sky-rocketed and many discoveries have been made. Following in the wake of all this is the fact that all eyes, in the not too distant future, will once again focus upon the Faroes, as Statoil, ExxonMobil and Atlantic Petroleum begin to drill a seriously deep deep-water well on the Brugdan prospect area.