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## Deadline day - Faroe Petroleum focus on Iceland

As the deadline has now passed regarding applications for the exploration for oil and gas in Iceland, it has been revealed that three companies have submitted applications one of them is Faroese. Faroe Petroleum has decided to try their luck in Iceland. They have previously looked further northwards and submitted an unsuccessful bid for Greenland acreage. The fiscal demands after the Gulf of Mexico disaster were so stringent that none of the middle sized oil companies were capable of meeting them. Faroe Petroleum has now decided to retreat further eastward and has applied for an Icelandic exploration license. The company is also active further eastwards in the Barents Sea. The other two oil companies, which have applied for an Icelandic exploration license are; the UK company Valiant Petroleum and the Icelandic Eykon Energy. The three licenses emanate from the Icelandic company Kolvetni, which cooperates with Valiant Petroleum, Íslenskt Kolvetni, which cooperates with Faroe Petroleum and finally from Eykon Energy, which is a pure Icelandic company, but with foreign interests also. Mr Guðni A. Johannesson, the CEO for the Icelandic Energy Institution says according to the newspaper Visir, that they are very satisfied with the outcome of the bidding round. The people behind Kolvetni are; Mr Jón Helgi Guðmundsson, who owns the company Byko and his business partner, Mr Gunnlaugur Jónsson. They combined hold a 50% share. Then there is the engineering company Mannvit with a 25% share and finally the Norwegian businessman Mr Terje Hagevang holding the remaining 25%. Mr Hagevang is also the current CEO for Valiant Petroleum and has formerly been the CEO for first Saga Petroleum and later on Sagex, which applied for a license in the first ever 2009 Icelandic bidding round. Both Mr Guðmundsson and Mr Jónsson, hold shares in Valiant Petroleum. The Icelandic Fiscal and Energy

minister, Mrs Oddný Harðadóttir was present when the applications were opened. She said the most optimistic views predicted that oil exploration could supply an income to the Iceland society in app. ten years time or so. The intention is that the Icelandic Energy Institution will award licences in November at the very latest. Iceland held its first bidding round in 2009, but this was a failed attempt due to the very unclear tax system. The rules and regulations have now been altered and become more simplistic. Licenses will be issued for a twelve-year period. Iceland and Norway signed an agreement in 1981, regarding the area between Iceland and Jan Mayen. According to this agreement, Norway retains the right to a 25% participation right in any exploration license in this area, which also encompasses the Dreka prospect area, which is the area where the three companies have submitted their license applications. When a license application has been submitted, Norway receives a copy of the application and must notify Iceland within a 30 day period, if they wish to invoke their participation right.