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Brugdan 2 drilling important for other oil companies

(This article was written before it was decided to suspend the well temporarily) The pending result from the current well drilling in Faroe waters, is not just important for the three involved oil companies, but could also be very important for other oil companies holding Faroe exploration licenses and which in the quite near future must decide to drill or abandon the Faroes area. Five months Now Statoil, ExxonMobil and Atlantic Petroleum this Saturday will have drilled the Brugdan 2 prospect for exactly five months, it is not just Faroese who are excited. Many international oil companies are monitoring this drilling, in particular oil companies holding an exploration license in the vicinity. One of these is the UK Valiant Petroleum, which is the operating company in two exploration licenses. Atlantic Petroleum is a partner to one of these licenses, while Valiant Petroleum holds the other license 100%. These are licenses 013; held 100% by Valiant Petroleum and the other is 014, where Valiant Petroleum holds 60% and Atlantic Petroleum the remaining 40%. Seismic obligation It is understood the companies have honoured their obligations towards the Faroe authorities and have shot seismic and interpreted this. The final touches are just being applied to the last seismic data. This covers 2500 kilometres of 2D seismic. The companies have also acquired large amounts of seismic data from several previous bouts. All data and results will be compiled into an overall assessment of the license. The license expires in January of 2013 and the companies must decide prior to that if they are to drill on the license or not a classic drill or drop situation. Mr Terje Hagevang, an old acquaintance from oil exploration in the Faroes area in the 90-ies told oljan.fo that if the license estimates are positive and if Valiant believes it is worth drilling a well, then Valiant will continue its presence in the Faroes. Brugdan 2 important Upon

the question what importance the result of the Brugdan 2 drilling has for the future plans of Valiant Petroleum in the Faroes, Mr Hagevang says Brugdan 2 is important as it is the only well, which could provide new tangible information before the Valiant licenses expire in two months time - -We hope the drilling goes well and that hydrocarbons are discovered. Mr Hagevang has monitored events in the Faroes for almost 15 years and he is still optimistic that hydrocarbons will be found in the Faroes. Exploration on the other side of the border -We are also monitoring events on the UK side of the border very closely, in the Faroes/Shetland trough, which is very similar to the Faroes in many respects, but the fact is that the further west we progress, the thicker the basalt, which in turn poses its own problems or challenges in relation to seismic, drilling and determining basic prospectivity. Mr Hagevang adds that activity in the UK sector will in the long term have a large impact as results there will be projected on to the Faroes area, as the oil companies draft their estimations. The Norwegian geologist, who has trod many a step on Faroe soil, believes the Faroe authorities have done and are continuing to do a very good job and he is looking forward to a continuing good working relationship. Seven companies Currently seven oil companies hold exploration- and preliminary survey licenses in Faroes waters. They are; Statoil, ExxonMobil, Dong, OMV, Valiant Petroleum, Atlantic Petroleum and Faroe Petroleum. Apart from the current well being drilled, there is one other commitment well remaining to be drilled. This well is in license no. 008 and lies close to the border up against the large Rosebank discovery. Statoil is the operator and this well will be drilled in 2014. The other oil companies associated with this well are Dong and OMV. One reason for the interest in the Brugdan 2 well drilling is of course that the well could provide very important information on the geology in the neighbourhood. In return this means that a positive or good result could have a positive impact upon exploration in other licenses or vice-versa a poor result could result in companies in the vicinity refraining from drilling a well. On the other hand there is nothing unusual in companies applying for a license extension, without committing to a well drilling, but this is something Jarðfeingi will decide, if the issue arises. Summing up, this means that the Brugdan 2 well drilling is not just important for the involved oil companies, but could also become very important for other parts of the Faroes area, one could say for exploration in the Faroes in general. On the other hand the fact is that some oil companies are committed to drilling a well in approximately two years time.