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Jan Müller

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Statoil expending much energy on uncertain exploration of the Faroes

-We are not certain that we will find hydrocarbons in commercial quantities, but if we do, we believe the quantities will be so large they will be able to repay our investments several times over, says Mr Rúni M. Hansen the Statoil manager in the Faroes in an interview with the Norwegian newspaper Bergens Tidende. These comments come as Statoil is preparing to drill two wells in the Faroes area next year. One as we already know is a resumption of the Brugdan 2 well, which was abandoned last year. The second is a completely new prospect drilling on the very edge of the Faroe border with the UK. The Norwegian paper writes that the news on these wells was published on the FOIB webpage in connection with the visit of two high standing ExxonMobil people to the Faroes. The Norwegian newspaper also quotes the total investment for these two wells as being in the region of 1, 2 billion D.kr. Mr Hansen says in the interview that Statoil does not expend money on exploration, without the belief that they will discover oil. Statoil is in the Faroes to make money. This is a pure business venture: -We also know however, that we do not always find what we had hoped to find. The paper writes that there will be much activity in the Faroes this coming summer, in connection with the two well drillings. App. 300 people will be involved with the project for Statoil in Tórshavn, at the oil supply base at Rúnavík and on the drilling platform. Mr Rúni M. Hansen: -Ties between Norway and the Faroe are very close. Our objective is to be part of the exploration effort from day one and command an important role. The paper points out that drilling in the Faroes poses several challenges, as a large part of the subsoil is covered by basalt. This also makes it extremely difficult to see through the various geographical layering, using conventional seismic techniques. Drilling though very hard basalt poses its own particular problems. Mr Hansen told

the paper that Statoil was the first oil company to drill through basalt in the Faroes and he pointed out that Statoil had undertaken several investigations/surveys and had researched the basalt problem thoroughly, which in turn enabled them to fulfil their task. A large oil discovery could transform the Faroes in to a new Kuwait, writes Bergens Tidende. Mr Hansen says in this connection that the app. 50.000 inhabitants of the islands hold a realistic picture of the oil industry: -Faroese do not want oil to totally replace the fishing industry, which today represents almost 100% of their exports, but rather the oil should be a supplement to their existing business ventures/industries. In connection with the problem facing many of the smaller communities worldwide, namely that many Faroese, not to all, travel abroad for higher education and subsequently many of them do not to return home again, the Statoil manager says he hopes an oil industry could create the right conditions for them to return home to good jobs in the future and thereby assist in the rectification of a very serious problem facing most small fringe communities in the world. Photo: Mr Rúni M. Hansen the Statoil Exploration manager for Europe and the Arctic together with Statoil CEO, Helge Lund.