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Faroes partner to a billion dollar project

The Faroes are involved in a huge agreement made between the Norwegian Statoil and the Austrian energy company OMV, regarding the area; the UK, Norway and the Faroes. Apart from direct sale, the agreement also encompasses greater cooperation between the two companies and this closer cooperation is also expected to extend to the Faroes. Both Statoil and OMV are involved with the drillings set to take place in the Faroes next year. Most oil reporting websites have noticed this agreement and OMV has seriously begun to become involved with the North Atlantic margin area. 16 billion kroner Statoil has reached an agreement with OMV, whereby it will sell part of its assets in Norwegian territory and west of Shetland to OMV. The deal is estimated to have a value of 15,7 billion D.kr. The assets in question are parts in the Gullfaks and Gudrun oilfields in Norwegian waters, where Statoil as the operating company will reduce its holdings from 71% to 51% and from 75% to 51% respectively. Statoil will also reduce its share in the UK based oilfields Scheihallion and Rosebank. Statoil held a 30% share in Rosebank and a 5,88% share in Scheihallion. The reason why Statoil is selling is that the company is gathering money to reinvest in the development of the large oil discoveries Johan Sverdrup and Mariner. The agreement also encompasses cooperation with OMV regarding exploration and the developments of technical capabilities, which are targeting a higher oil production in the UK, Norway and the Faroes. According to the agreement, OMV will have the option to cooperate with Statoil in 11 of its exploration licenses in the Faroes, west of Shetland and in Norway. At the moment the companies are just cooperating in the Faroes in license 008, where and a well is set to be drilled next year. Strengthening cooperation with OMV Statoil is looking forward to strengthening its cooperation with OMV in Norway, where

OMV already is a highly respected partner in the oilfields Edvard Grieg and Aasta Hansteen. This agreement provides us with the opportunity to develop the cooperation between our companies, said Mr Helge Lund, the Statoil president. This is a win-win situation for both Statoil and OMV. Apart from the acquisition of asset shares, I am very proud to begin a partnership with one of the worlds leading energy companies, both within offshore technology and the increases in production, said Gerhard Roiss, the OMV president. The deal, which has been agreed, is a continuation of a sales strategy, which Statoil begun some years ago. Last spring the company signed an agreement with the oil company Centrica, whereby it sold assets for a total of 9 billion D.kr. Statoil also sold exploration assets to the German Wintershall in the Brage, Gjøa, Vega and Edvard Grieg licenses for D.kr. 8,2 billion. Over the past few months Statoil has sold assets for over D.kr 33 billion. Statoil has over the past few years been one of the most successful exploration companies in the world and has made several large oil and gas discoveries in both Norwegian territory and elsewhere, says Mr Lund adding that the sale of these assets has placed the company in a position to invest in very profitable future production assets, such as Johan Sverdrup. Mr Lund continued and said that this is a sensible development for Statoil, which has managed to generate large profits from their initial investments, e.g. in the North Sea and now in large new discoveries, where the company has managed to amass capital to develop these. Statoil has previously also invested much energy in its core interest areas of achieving its target strategy of hi-risk - hi-reward, by selling their tank stations and gas pipelines, which the company estimated to be of lesser strategic importance: -We have to estimate if it is right to either release capital or hold on to it. Capital provides us with the resource to invest and in this instance we estimated it was the correct decision to sell, says Mr Lund. The Statoil sales over the last three years amount to a staggering D.kr 90 billion.