



# Norway to relinquish Icelandic exploration licenses in two years' time?

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It could be perceived as dual standards being partner to Icelandic exploration licenses, while objecting to exploration in Norwegian waters in the Jan Mayen area, says the Norwegian Left Party, after the Norwegian Conservative parties are in agreement, not to permit exploration in the Norwegian sector of the Jan Mayen area. The Left intends, through cooperation with the FRF party, to stop all drilling off Jan Mayen on both sides of the border, e.g. also in Icelandic waters.

According to an agreement dating from 1981, Norway holds rights to a 25% share of all

profits from oil exploration in Icelandic waters around Jan Mayen and this also applies vice-versa. The energy spokesperson from KRF told the Norwegian newspaper Aftenbladet, that the party was opposed to the proposal raised earlier this year, that Norway ought to utilise its rights regarding its rights in Icelandic waters, something the then sitting government was in favour of.

-“In the event KRF was in power at the time, this permission would never have been granted”, said the party spokesperson.

Although KRF is not represented in the coming government, they have managed to ensure together with support from the Left party, that there will be no exploration off Jan Mayen for the next four year period.

In January the Norwegian Energy Minister, together with representatives for the national oil company Petoro, visited Iceland to sign the agreement regarding Norwegian participation in two licenses in Icelandic waters.

This represented such an important occasion, that several high-ranking Icelandic politicians were present at the signing ceremony. It was regarded as the starting shot for a future Icelandic oil adventure. The noises emanating from Norway were also, that Norway had opened the door for oil exploration around Jan Mayen, at the same time as the areas in the southern and eastern part of the Barents Sea were opened.

Both countries have since been cooperating to accumulate joint seismic data.

It has now become quite evident that Iceland stands to lose a cooperation partner, as Norway intends to stop all plans to open up the Jan Mayen area and the country subsequently stands to lose a potential billion dollar income from oil drilling in the Norwegian sector of the Jan Mayen area. According to the newspaper, the Norwegian national oil company Petoro, a partner in two Icelandic exploration licenses, could relinquish their shares in these licenses within a two-year period.

The agreement stipulates that Petoro binds itself to assist in the accumulation and shoot seismic. The whole process however, must go before the Norwegian Parliament before any decision to drill is taken: -“We have no comments to make regarding what the new Norwegian Government will do, but we will continue to work on both our Icelandic licenses, which we are a partner to. The decision not to permit exploration in the Norwegian area, will not affect our work at the moment”, says Mr Sveinung Sletten the Petoro PR officer.

-“This is a signed agreement, where we in the first instance are interpreting old seismic data. It is difficult to say anything about a future drilling in the area”.

Representatives for environmental associations and the conservative parties are very pleased with the decision not to permit exploration in the Jan Mayen area. They point out that Jan Mayen should be regarded as a natural nature reserve, where no oil related activities ought to occur. The oil industry in general, has neither shown a great deal of interest for exploring this area. Exploration is more or less the wish of the current Left orientated government and informed sources say it will be the Norwegian Parliament, which will decide if there will be any such activity from a Norwegian perspective.

Mr Terje Hagevang, a Norwegian geologist and Board member with the Icelandic oil company Eykon Energy, says there are no outstanding environmental issues/problems in the Iceland cooperation area

