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**GULF OIL SPILL –
EUROPEAN REACTIONS AND
CONSEQUENCES FOR THE HIGH NORTH**

EU Commission's proposal

- ⦿ Licensing practice defined at EU level requiring operators to provide:
 - full 'safety case' documentation
 - demonstration of technical capacity
 - guarantee for the financial capability to handle the consequences of unforeseen events
- ⦿ Strengthen environmental legislation:
 - pollution control, Inspection, accident prevention, and management of individual installations
- ⦿ Liability regimes
- ⦿ Industry oversight by public authorities

Norwegian reactions

- Deepwater Horizon (DwH) –high presence in Norwegian media and public debate
- Used in ongoing political debate on opening up for oil activity in Lofoten and Vesterålen. The process was stopped, or at least postponed
- Worst case risk calculations regarding Norwegian Arctic drilling **remains unchanged** at: 4,500 Sm³ for 50 days, compared to DwH: 9,200 Sm³ for 87 days

Why this lack of impact of DwH?

⦿ Geological differences:

- Gulf: 70 discoveries at the same depth as Macondo (1,520 meters), only three at the Norwegian Shelf (NS), most Barents Sea areas are less than 300 meters
- Gulf: depth combined with high pressure, such combination unlikely at NS

⦿ Health and Safety:

- Most recommendations of the US presidential commission already in place in UK and Norway due to the Piper Alpha and Alexander Kielland accidents in the 1980s

⦿ Why then stop the development of Lofoten and Vesterålen?

Saved by the Russians!

- ⦿ The delimitation between Norway and Russia in the Barents Sea was agreed in September 2010 and entered into force five days ago. The treaty covers discoveries crossing the new border
- ⦿ From the 1980s onward Norway and Russia agreed not to engage in exploration in the then disputed area
- ⦿ The disputed area is regarded as very interesting for new oil and gas discoveries
- ⦿ Norwegian exploration is assumed to start as soon as possible
- ⦿ Industry pressure for opening of other areas reduced

Barents Sea



Resource potential in the Barents Sea

AREA	PROVEN (bill boe)	POSSIBLE (bill boe)
Norwegian side	2	10
Russian side	15	30
Disputed Area		10-50

Russian exploration – Barents Sea and Kara Sea

- ⊙ Research started in the 1960s
- ⊙ Systematic offshore exploration since 1979
- ⊙ First drilling in 1982, Shtokman discovered in 1988
- ⊙ Seismic data collection;
 - > 250.000 km
 - > 30 structures identified
- ⊙ More than 25 wells have been drilled

Source: Terje Hagevang, Sagex

Norwegian exploration – Barents Sea

- ◎ Norwegian side: Some 80+ wells
- ◎ Most wells in the Hammerfest Basin
- ◎ Status 2011:
 - 23 structures identified
 - 7 confirmed by drilling
 - **3 proven commercial !**
- ◎ 2012 forward:
 - 10-15 wells under planning
 - Finding cost about five times higher compared to NCS average
 - Still in line with global average !

Various Norwegian governance areas

