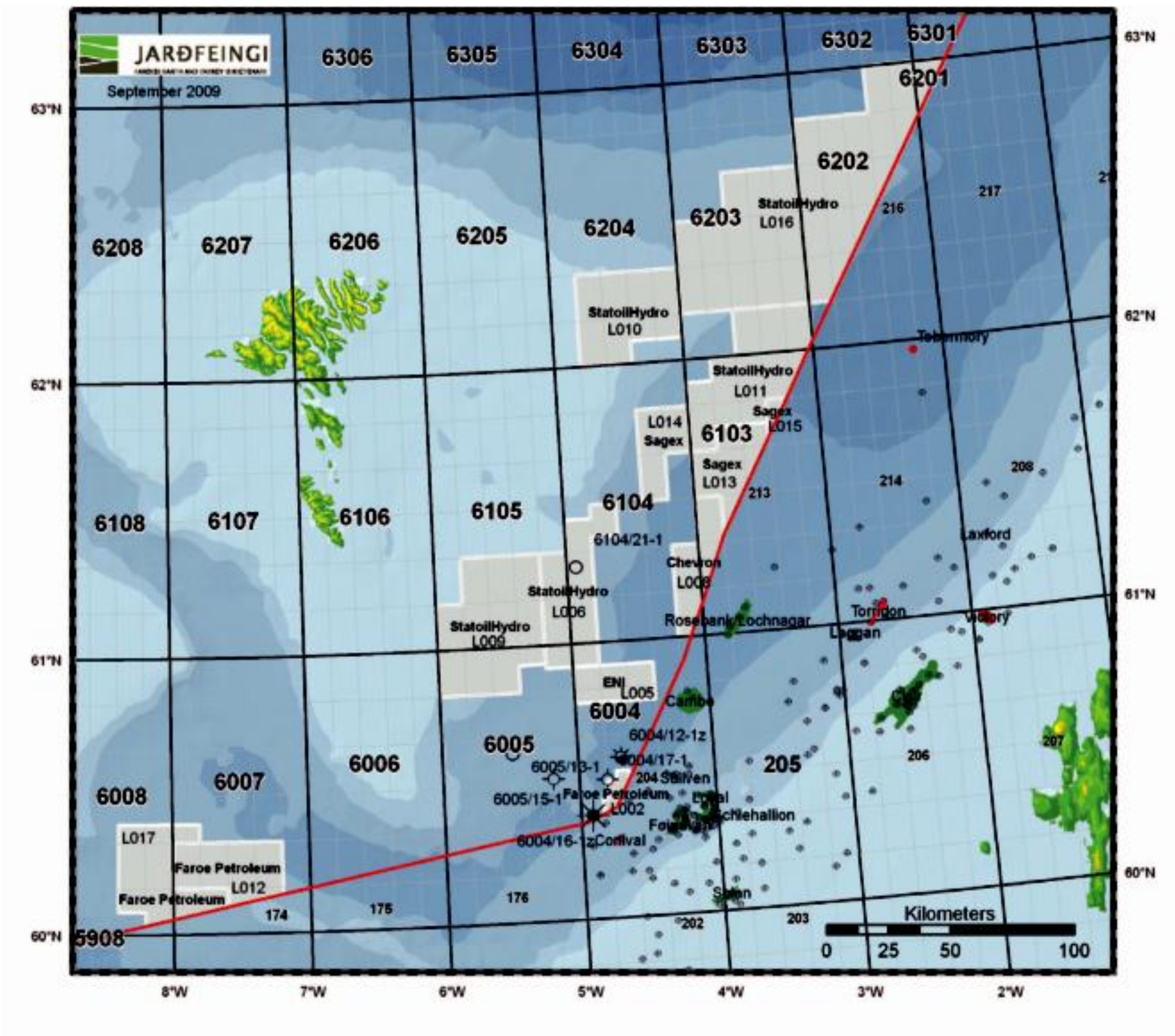

Johan Dahl
Minister of Trade and Industry

Faroese Continental Shelf – Exciting future

Again this year Faroese industry has taken the opportunity to be represented at the Offshore Europe exhibition in Aberdeen. However, the representation is on a smaller scale than before. There might be several reasons for the smaller participation. The financial crisis might be one reason. Shift in focus might be another.

The local industry has for a decade focused on entering into the offshore industry – both offshore activity on the Faroese Continental Shelf as well as in the neighbouring countries, Norway, UK and Denmark. Some have succeeded, while the outcome for others has been somewhat limited. The experience proves that it takes much effort to become a part of the offshore industry, but once successful, the offshore industry can be very valuable for Faroese companies, which otherwise must rely on the limited, fluctuating local market. Therefore, it is my sincere hope that the effort of the local industry witnessed in the past will continue.

The Faroese oil exploration policy is also aimed at promoting local industry in offering goods and services to the offshore sector. This is reflected in the legislation by stipulations, such as, the requirement that local Faroese industry shall have a genuine opportunity to obtain subcontracts in competition with foreign companies. Administrating this stipulation of course must be balanced with the overall goal which is to carry out efficient exploration for oil and gas in a safe manner.

I shall take this opportunity to wish the local companies the best of luck with their further effort to obtain subcontracts within the offshore industry – both locally and internationally.

The exploration activity on the Faroese continental shelf is ongoing. The next exploration well will be spudded in 2010 by the Licence 005 holders ENI (operator), CIECO and Faroe Petroleum. This well is 5-7 kilometres away from the Cambo discovery on the UK side of the boundary.

Statoil has publically announced that they intend to drill a well not later than 2011, but has not yet specified the licence to drill.

Based on our knowledge of the prospectivity of the Faroese subsoil we feel that the Faroese Continental Shelf could fit especially well with strategies focusing mainly on “high-risk-high-reward”. There are still interesting structures to be tested and the timing to make investments could prove to be right. We shall be happy to welcome companies that may be interested in farming into existing licenses.

We believe in a prosperous future for the Faroe-Shetland area, which can be seen as one continuous province. The prospectivity is present, the infrastructure is continuously being developed, the political regimes are stable and the fiscal regimes competitive.

All in all – we look optimistically forward to seeing what the future might bring.

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