

Faroe Cabinet Minister for Hydrocarbons Affairs unequivocal answer in London:

The Atlantic Margin area is of great interest to Great Britain

The UK government together with the UK oil industry confirmed the area west of Shetland as being a highly rated future oil- and gas province. They are also closely monitoring events in Faroe territory. Although two separate countries, the whole area between Shetland and the Faroes is regarded as one cohesive area, where cooperation between the countries could become an important part of the development of the whole area. This was the clear message conveyed to Mr Johan Dahl, the Faroe Government Cabinet Minister for Hydrocarbon Affairs, when he visited London recently

ATLANTIC MARGIN

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- We intend to focus all our efforts towards developing the oil province west of Shetland, but we also wish to cooperate with the Faroes on future oil- and gas discoveries. This was the message delivered to the Faroe Minister for Hydrocarbon affairs Mr Johan Dahl, when he together with the CEO for the Petroleum Administration, Mr Petur Joensen visited London recently to acquaint themselves with future plans, the expectations and hopes for an oil industry development west of Shetland.

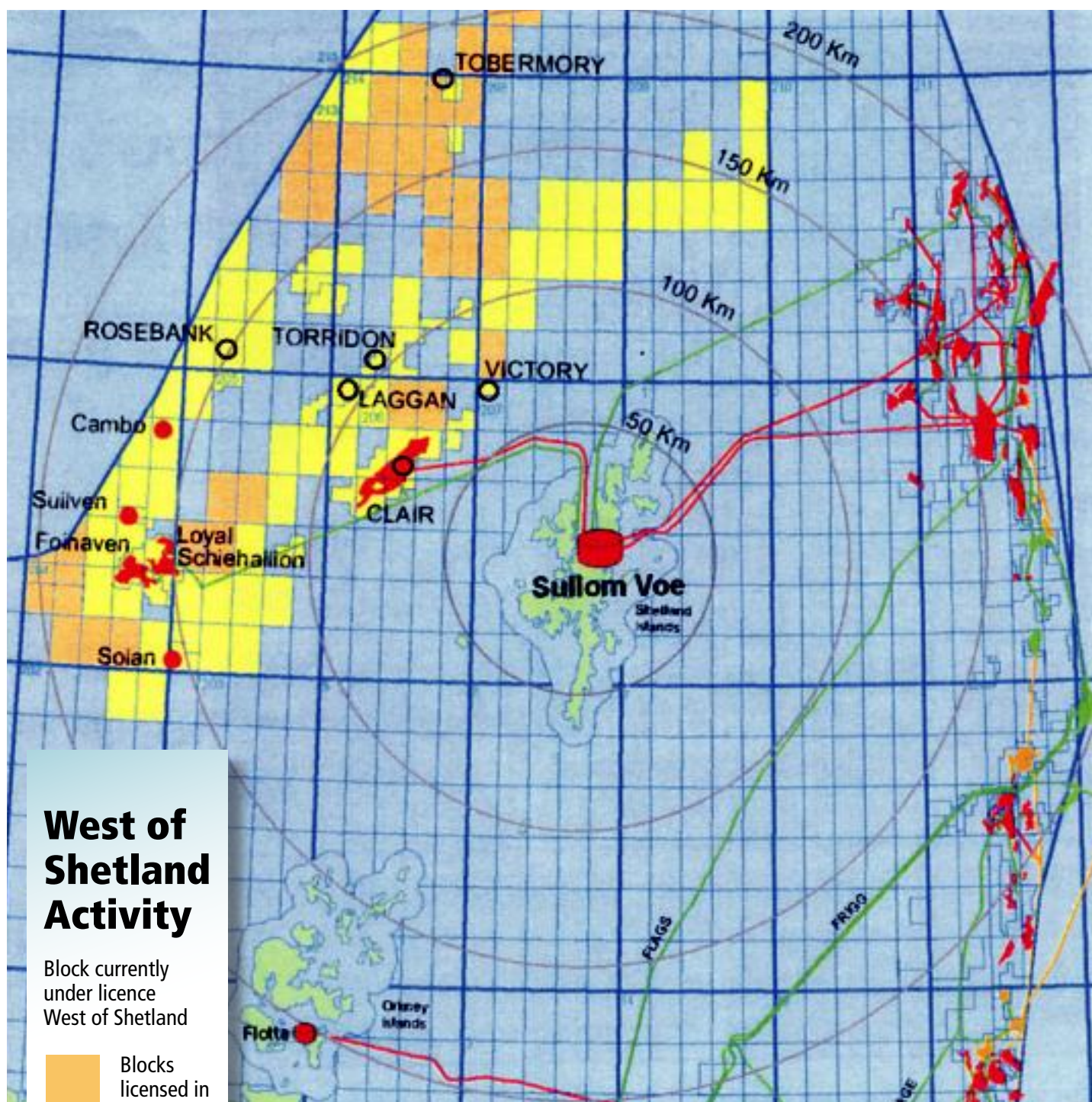
There was an opportunity to visit both representatives for the UK Petroleum authorities, foreign oil companies and meet UK members of Parliament. A common theme in all these meetings was the future for the oil area west of Shetland and east of the Faroes.

At the meeting with representatives for the UK Petroleum authorities, the Faroe Government Minister was informed about the various development scenarios' on the table particularly intended to develop the gas areas west of Shetland.

The authorities and oil companies have formed a group, which they call the "West of Shetland Task Force". This group is tasked with finding how the authorities together with the oil industry best can forge a way forward both technically and economically, to develop an infrastructure, which covers both a production, storage equipment and a pipeline to transport gas ashore. In the group are the oil companies Chevron, Total, Dong Energy, ExxonMobil and BP. StatoilHydro has also been a member of this group.

Several smaller gasfields have been discovered in this area, but due to the lack of an infrastructure to transport gas ashore, it is not economically feasible to undertake a production. New calculations however, now show it would be feasible to construct an infrastructure designed to cover a larger area, enabling a collection of gas for the further transportation to Shetland and then on to Scotland.

There still exists disagreement within the group on how best to do this and the



West of Shetland Activity

Block currently under licence
West of Shetland

- Blocks licensed in the 24th Round
- Blocks licensed in the previous Rounds

Area of high exploration activity potential

30+ companies with UKCS interest in WOS

Ca. 60 licences UKCS

Possible Outcome

- 15+ years gas production
- 6% UK annual gas demand
- Development of 17% of UK's remaining oil and gas resource base
- Investment of £4+ billion
- 30+ new production wells
- ca. 800 kms of new pipeline

