

# **Act of 21 June 1963 No. 12 relating to scientific research and exploration for and exploitation of subsea natural resources other than petroleum resources. Last amended by Act of 29 November 1996 no 72.**

## **Section 1**

This Act applies to scientific research of the seabed and its substrata and exploration for and exploitation of subsea natural resources other than petroleum resources in Norwegian internal waters, in Norwegian territorial sea and on the continental shelf. By continental shelf shall be understood the sea bed and subsoil of the submarine areas that extend beyond the Norwegian territorial sea throughout the natural prolongation of its land territory to the outer edge of the continental margin, but no less than 200 nautical miles from the base lines from which the territorial sea has been measured, nevertheless not beyond the median line in relation to other states.

This Act shall similarly apply to activities as mentioned in the preceding paragraph in areas outside the Norwegian part of the continental shelf if this follows from separate agreement with a foreign state or from international law in general.

## **Section 2**

The right to submarine natural resources is vested in the State.

The King may grant Norwegian or foreign persons, including trusts, companies and other associations a permit to explore or exploit the natural resources. Specific conditions for such permissions may be stipulated.

The King may by regulations give permission to exploration and exploitation of seaweed resources in designated areas without there having been granted such permit as mentioned in the second paragraph.

For exploration or exploitation of shellsand, sand and gravel, the King may instruct the county municipality to exercise authority according to the second paragraph.

## **Section 3**

The King may issue rules about such activities as mentioned in Section 1.

## **Section 4**

Anyone who wilfully or by negligence violates provisions stipulated in or by virtue of this Act shall be punished by fines or prison up to 3 months. Attempt and complicity shall be punishable in the same way.

## **Section 5**

(Repealed)

## **Section 6**

This Act enters into force at once.

Act 29 November 1996 No. 72 relating to petroleum activities. Last amended by Act 14 December 2001 No 98, 28 June 2002 No 61, 20 December 2002 No 88 and 27 June 2003 No 68.

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## **CHAPTER 1 INTRODUCTORY PROVISIONS**

### **Section 1-1**

#### **The right to subsea petroleum deposits and resource management**

The Norwegian State has the proprietary right to subsea petroleum deposits and the exclusive right to resource management.

### **Section 1-2**

#### **Resource management**

Resource management is executed by the King in accordance with the provisions of this Act and decisions made by the Storting (Parliament).

Resource management of petroleum resources shall be carried out in a long-term perspective for the benefit of the Norwegian society as a whole. In this regard the resource management shall provide revenues to the country and shall contribute to ensuring welfare, employment and an improved environment, as well as to the strengthening of Norwegian trade and industry and industrial development, and at the same time take due regard to regional and local policy considerations and other activities.

### **Section 1-3**

#### **Requirements relating to licence etc.**

None other than the State may conduct petroleum activities without the licences, approvals and consents required pursuant to this Act. Provisions otherwise in the Act and regulations issued pursuant to the Act shall apply to such activities insofar as they are appropriate.

### **Section 1-4**

#### **Scope of application**

This Act applies to petroleum activities in connection with subsea petroleum deposits under Norwegian jurisdiction. The Act also applies to petroleum activities inside and outside the realm and the Norwegian continental shelf to the extent such application follows from international law or from agreement with a foreign state.

The Act shall apply to utilisation of produced petroleum that takes place on Norwegian land territory or seabed subject to private property rights only when such utilisation is necessary to or constitutes an integrated part of production or transportation of petroleum.

When a pipeline located in Norwegian internal waters, in Norwegian territorial sea or on the continental shelf starts outside Norwegian jurisdiction, the King may, to the extent this follows from international law, decide which provisions of this Act shall apply to such pipeline with associated equipment.

As regards liability for pollution damage according to Chapter 7 and damage arisen as a result of pollution and waste according to Chapter 8, the special provisions laid down in those chapters shall apply.

The Act does not apply to Svalbard, including its internal waters and territorial sea.

The King may issue regulations to supplement or delimit the provisions of this Section, i.a. with regard to what utilisation is considered necessary to or constitutes an integrated part of production or transportation of petroleum as mentioned in the second paragraph. In case of doubt, the King may decide whether a facility or an activity shall be comprised by the Act or not.

### **Section 1-5**

#### **Other Norwegian law**

Norwegian law other than this Act, including provisions relating to licences, consents or

approvals required according to the legislation, shall also be applicable to petroleum activities. This applies unless otherwise warranted by an Act, a decision by the King, international law or agreement with a foreign state.

Notwithstanding the above, other Norwegian law shall not apply to mobile facilities under foreign flag other than those that are permanently placed, unless otherwise stipulated by an Act or by a decision made by the King in Council.

## **Section 1-6 Definitions**

In this Act the following definitions shall apply:

- a) petroleum, all liquid and gaseous hydrocarbons existing in their natural state in the subsoil, as well as other substances produced in association with such hydrocarbons.
- b) petroleum deposit, an accumulation of petroleum in a geological unit, limited by rock characteristics by structural or stratigraphic boundaries, contact surface between petroleum and water in the formation, or a combination of these, so that all the petroleum comprised everywhere is in pressure communication through liquid or gas. In cases of doubt, the Ministry will determine what shall be regarded as a petroleum deposit.
- c) petroleum activity, all activities associated with subsea petroleum deposits, including exploration, exploration drilling, production, transportation, utilisation and decommissioning, including planning of such activities, but not including, however, transport of petroleum in bulk by ship.
- d) facility, installation, plant and other equipment for petroleum activities, however not supply and support vessels or ships that transport petroleum in bulk. Facility also comprises pipeline and cable unless otherwise provided,
- e) exploration, geological, petrophysical, geophysical, geochemical and geotechnical activities, including shallow drilling, as well as operation and use of a facility to the extent it is used for the purpose of exploration.
- f) exploration drilling, drilling of wildcat and appraisal wells, as well as operation and use of a facility to the extent it is used for the purpose of exploration drilling.
- g) production, production of petroleum, including drilling of production wells, injection, improved recovery, treatment and storage of petroleum for transport, and shipment of petroleum for transport by ship, as well as the construction, placing, operation and use of a facility for the purpose of production.
- h) transportation, shipment of petroleum by pipeline as well as the construction, placing, operation and use of a facility for the purpose of transportation.
- i) utilisation, cooling in order to liquefy gas, refining and petrochemical activity, production and transmission of electric power and other use of produced petroleum, storage of petroleum as well as the construction, placing, operation and use of a facility for the purpose of utilisation.
- j) licensee, physical person or body corporate, or several such persons or bodies corporate, holding a licence according to this Act or previous legislation to carry out exploration, production, transportation or utilisation activities. If a licence has been granted to several such persons jointly, the term licensee may comprise the licences collectively as well as the individual licensee.
- k) operator, anyone executing on behalf of the licensee the day to day management of the petroleum activities.
- l) continental shelf, the seabed and subsoil of the submarine areas that extend beyond the Norwegian territorial sea, throughout the natural prolongation of the Norwegian land territory to the outer edge of the continental margin, but no less than 200 nautical miles from the base lines from which the breadth of the territorial sea is measured, however not beyond the median line in relation to another state.

- m) Upstream pipeline network, any pipeline or network of pipelines operated or constructed as part of an oil or gas production project, or used to convey natural gas from one or more production facilities of this type to a processing plant, a terminal or a final landing terminal. Those parts of such networks and facilities that are used for local production activities of a deposit where the natural gas is produced are not regarded as upstream pipeline networks.
- n) Natural gas undertaking, any natural or legal person carrying out at least one of the following functions: production, transmission, distribution, supply, purchase or storage of natural gas, including liquefied natural gas (LNG), and which is responsible for the commercial and technical tasks or maintenance related to these functions, but shall not include final customers.
- o) Eligible customers, gas-fired power generators, irrespective of their annual consumption level, as well as other final customers consuming more than 25 million cubic metres of gas per year and per consumption site and having access to the system in the EEA State in which the party in question is domiciled.

## **CHAPTER 2 EXPLORATION LICENCE**

### **Section 2-1**

#### **Granting of exploration licence etc.**

The Ministry may grant to a body corporate a licence to explore for petroleum within limited areas of the seabed or its subsoil. Exploration licence may also be granted to a physical person domiciled in an EEA state.

The exploration licence gives the right to explore for petroleum. It does not give exclusive right to exploration in those areas that are mentioned in the licence, nor any preferential right when production licences are granted. Production licence may be granted to others, or licence may be granted according to Section 4-3 in areas covered by exploration licences, without giving rise to any liability or any obligation to refund fees that have been paid.

Exploration licence is granted for a period of 3 calendar years unless another period of time is stipulated.

The Ministry may authorise a licensee holding an exploration licence to undertake other exploration activities.

The King may issue regulations relating to the contents of an application for exploration licence, the scope of such licence, the further conditions of the licence and the fee to be paid.

### **Section 2-2**

#### **The area covered by the exploration licence**

The exploration licence shall state the area covered by the licence. The exploration licence does not give any right to exploration in areas covered by production licences, unless otherwise decided by the Ministry in accordance with Section 3-11.

## **CHAPTER 3 PRODUCTION LICENCE ETC.**

### **Section 3-1**

#### **Opening of new areas**

Prior to the opening of new areas with a view to granting production licences, an evaluation shall

be undertaken of the various interests involved in the relevant area. In this evaluation, an assessment shall be made of the impact of the petroleum activities on trade, industry and the environment, and of possible risks of pollution, as well as the economic and social effects that may be a result of the petroleum activities.

The opening of new areas is a matter which shall be put before local public authorities, central trade and industry associations and other organisations which may be presumed to have a particular interest in the matter.

Furthermore it shall be made known through public announcement which areas are planned to be opened for petroleum activities, and the nature and extent of the activities in question. Interested parties shall be given a period of time of no less than 3 months to present their views.

The Ministry decides on the administrative procedure to be followed in each individual case.

### **Section 3-2**

#### **Division of the continental shelf**

Offshore areas inside the outer boundary of the continental shelf are divided into blocks of 15 latitude minutes and 20 longitude minutes in size, unless adjacent land areas, common boundaries with the continental shelf of other states, or other circumstances warrant otherwise.

### **Section 3-3**

#### **Production licence**

The King in Council may, on conditions to be further stipulated, grant production licence. A production licence may cover one or several blocks or parts of blocks.

Production licence may be granted to a body corporate established in conformity with Norwegian legislation and registered in the Norwegian Register of Business Enterprises, insofar as other requirements are not applicable pursuant to international agreements. Production licence may also be granted to a physical person domiciled in a state of the European Economic Area (EEA).

A production licence entails an exclusive right to exploration, exploration drilling and production of petroleum deposits in areas covered by the licence. The licensee becomes the owner of the petroleum which is produced.

The King may stipulate as a condition for granting a production licence that the licensees shall enter into agreements with specified contents with one another.

### **Section 3-4**

#### **Agreements with a view to applying for a production licence**

Co-operation agreements entered into with a view to applying for a production licence shall be submitted to the Ministry. The Ministry may require alterations to be made in such agreements.

### **Section 3-5**

#### **Announcement and granting of a licence**

Prior to the granting of a production licence, the Ministry shall, as a rule, announce the area for which applications for production licences may be submitted.

The announcement shall be published through notification in The Norwegian Gazette (Norsk Lysingsblad) and the Official Journal of the European Communities. The notification shall stipulate a time limit for the filing of applications of not less than 90 days, and it shall contain such information as decided by the Ministry.

The granting of a production licence shall be done on the basis of factual and objective criteria, and the requirements and conditions stated in the notification. The King is not obliged to grant any production licence on the basis of the applications received.

The King may grant production licences without announcement. Prior to such granting of a production licence, the licensees of production licences in all adjacent areas shall be given the opportunity to apply for a production licence for the area in question. Notification shall be published in The Norwegian Gazette (Norsk Lysingsblad) and the Official Journal of the European Communities indicating the blocks which are affected.

Further regulations about the content of an application for production licence, and about the payment of application fees, are issued by the King.

### **Section 3-6**

#### **State participation**

The King may decide that the Norwegian State shall participate in petroleum activities according to this Act.

### **Section 3-7**

#### **Operator**

When granting a production licence, the Ministry shall appoint or approve an operator .

Change of operator must be approved by the Ministry. When warranted for particular reasons, the Ministry may undertake the change of operator.

If the Ministry appoints or approves an operator who is not a licensee according to the production licence, the provisions concerning the obligations of the licensee established in or pursuant to this Act shall apply correspondingly to the operator unless otherwise specifically provided. Notwithstanding the above, an operator who is not a licensee according to the production licence shall not be responsible under Section 5-4 second paragraph.

This provision shall apply correspondingly to specific licence to install and to operate facilities according to Section 4-3.

### **Section 3-8**

#### **Work obligation**

The King may impose on the licensee a specific work obligation for the area covered by the production licence.

### **Section 3-9**

#### **The duration of a production licence etc.**

The production licence shall be granted for up to 10 years. If the production licence is granted for a shorter period of time, the Ministry may subsequently extend the licence period within the 10 years limit.

A licensee who has fulfilled the work commitment according to Section 3-8 and the conditions otherwise applicable to the individual production licence, may demand that the licence shall be extended after the expiry of the period stipulated pursuant to the first paragraph. The extension period shall be stipulated in the individual production licence, and shall as a general rule be up to 30 years, but may in specific cases be up to 50 years.

When granting a licence, the King shall stipulate what part of the area covered by the production licence the licensee may demand an extension for pursuant to the second paragraph. The size of the area stipulated according to the first sentence shall as a rule constitute 50 percent of the area covered by the production licence, notwithstanding that the licensee shall be entitled to keep at least 100 square kilometres. The Ministry may on application consent to the licensee keeping more than the area stipulated when the licence is granted according to this provision.

The King may issue regulations relating to delimitation of the areas to be relinquished according to the third paragraph.

The Ministry may, on application from the licensee and when particular reasons so warrant,

extend the production licence in excess of the extension according to the second paragraph. Application for extension must have been submitted no later than 5 years prior to the expiry of the production licence, unless otherwise approved or decided by the Ministry. The Ministry stipulates the conditions for such particular extension.

### **Section 3-10**

#### **Dividing the area of a production licence**

The Ministry may on application from a licensee approve that part of the area covered by the production licence is partitioned off and issue a separate production licence for the area partitioned off.

The King may issue regulations relating to delimitation of the area partitioned off.

### **Section 3-11**

#### **Right for others to exploration**

The Ministry may, in specific cases, grant to someone other than the licensee the right to carry out exploration in an area covered by a production licence. The Ministry shall determine the kind of exploration that may be carried out and the duration of the activities.

### **Section 3-12**

#### **Right for others to place facilities etc.**

A licensee cannot oppose the laying of pipelines, cables or wires of various kinds, or the placing of other facilities on, in or above the area covered by the production licence. Such facilities must not cause unreasonable inconvenience to the licensee.

The provision of the first paragraph applies correspondingly to necessary route and soil surveys prior to such placement.

### **Section 3-13**

#### **Natural resources other than petroleum resources etc.**

A production licence does not preclude the granting to others than the licensee of rights to undertake exploration for and production of natural resources other than petroleum resources, provided it does not cause unreasonable inconvenience to the petroleum activities conducted by a licensee pursuant to the production licence. The same applies to scientific research.

If there has been any discovery of natural resources other than petroleum resources in an area covered by a production licence, and if continued activities cannot take place without causing unreasonable inconvenience to the petroleum activities conducted by the licensee pursuant to the production licence, the King shall decide which of the activities shall be postponed, and, if applicable, to what extent. In so deciding, account shall be taken of the nature of the discovery made, investments undertaken, the stage the activities have reached, the duration and extent of the activities and their economic and social impact etc., seen in relation to the activities conducted pursuant to the production licence.

Anyone subject to postponement of his activities may require extension of the licence for a period of time corresponding to the postponement. If the postponement only applies to a limited part of the activities which may be conducted pursuant to the licence, the Ministry may stipulate a shorter period for the extension, decide that extension shall not be granted or that extension shall only be granted for part of the area to which the licence applies.

If the postponement has the effect that the work obligation imposed according to Section 3-8 cannot be accomplished within the stipulated time limit, the time limit shall be extended to the extent necessary.

If the petroleum activities are postponed, the area fee for the extension period shall be waived or reduced according to the discretionary judgement of the Ministry. Fees which have been paid

in advance shall not be refunded.

If the postponement according to the second paragraph must be assumed to be of particularly long duration, the relevant licence may instead be revoked.

The King may decide that the party authorised to maintain his activities shall wholly or partly refund to the party that has to postpone or curtail his activities the costs incurred and, to a reasonable extent, cover other losses.

#### **Section 3-14**

##### **Relinquishment of areas**

The licensee may during the period mentioned in Section 3-9, first paragraph, with 3 months notice, relinquish parts of the area covered by the production licence. Thereafter, relinquishment of parts of the area may take place at the end of each calendar year, provided notice of such relinquishment has been given at least 3 months in advance. The Ministry may require the obligations stipulated according to the production licence and the conditions on which it has been granted to be fulfilled prior to relinquishment.

The King may issue regulations relating to delimitation of relinquished areas.

#### **Section 3-15**

##### **Surrender of a production licence**

The licensee may during the period mentioned in Section 3-9, first paragraph, with 3 months notice, surrender a production licence in its entirety. Thereafter, surrender may take place at the end of each calendar year, provided notice of such surrender has been given at least 3 months in advance. The Ministry may require the obligations stipulated according to the production licence and the conditions on which it has been granted to be fulfilled prior to surrender.

### **CHAPTER 4**

## **PRODUCTION ETC. OF PETROLEUM**

#### **Section 4-1**

##### **Prudent production**

Production of petroleum shall take place in such a manner that as much as possible of the petroleum in place in each individual petroleum deposit, or in several deposits in combination, will be produced. The production shall take place in accordance with prudent technical and sound economic principles and in such a manner that waste of petroleum or reservoir energy is avoided. The licensee shall carry out continuous evaluation of production strategy and technical solutions and shall take the necessary measures in order to achieve this.

#### **Section 4-2**

##### **Plan for development and operation of petroleum deposits**

If a licensee decides to develop a petroleum deposit, the licensee shall submit to the Ministry for approval a plan for development and operation of the petroleum deposit.

The plan shall contain an account of economic aspects, resource aspects, technical, safety related, commercial and environmental aspects, as well as information as to how a facility may be decommissioned and disposed of when the petroleum activities have ceased. The plan shall also comprise information on facilities for transportation or utilisation comprised by Section 4-3. In the event that a facility is to be placed on the territory, the plan shall in addition provide information about what applications for licences etc. have been submitted according to other applicable legislation.

The Ministry may, when particular reasons so warrant, require the licensee to produce a detailed account of the impact on the environment, possible risks of pollution and the impact on

other affected activities, in respect of a larger defined area.

If the development is planned in two or more stages, the plan shall, to the extent possible, comprise the total development. The Ministry may limit the approval to apply to individual stages.

Substantial contractual obligations must not be undertaken, nor construction work be started, until the plan for development and operation has been approved, unless by consent from the Ministry.

The Ministry may on application from a licensee waive the requirement to submit a plan for development and operation.

The Ministry shall be notified of and shall approve any significant deviation or alteration of the terms and preconditions on which a plan has been submitted or approved and any significant alteration of facilities. The Ministry may require a new or amended plan to be submitted for approval.

### **Section 4-3**

#### **Specific licence to install and to operate facilities for transport and utilisation of petroleum**

The Ministry may on specified conditions grant a specific licence to install and to operate facilities when right to install and to operate facilities does not follow from an approved plan for development and operation pursuant to Section 4-2.

Application shall be submitted containing plan for the construction, placing, operation and use of facilities as mentioned in the first paragraph, including shipment facilities, pipelines, liquefaction facilities, facilities for generation and transmission of electric power and other facilities for transportation or utilisation of petroleum.

Licence may be granted for a fixed period of time, and may on application from the licensee be extended by the Ministry.

The provisions of Section 4-2, with the exception of the first and fifth paragraphs, shall apply correspondingly unless otherwise decided by the Ministry.

### **Section 4-4**

#### **Stipulation of production schedule etc.**

The Ministry shall, prior to or concurrently with approval pursuant to Section 4-2 or a licence being granted pursuant to Section 4-3, approve the production schedule. A production schedule other than that which follows from Section 4-1 may be stipulated if warranted by resource management considerations or other significant social considerations.

Burning of petroleum in excess of the quantities needed for normal operational safety shall not be allowed unless approved by the Ministry.

Upon application from the licensee, the Ministry shall stipulate, for fixed periods of time, the quantity which may be produced, injected or cold vented at all times. An application shall be submitted at such times and shall have such contents as decided by the Ministry. The Ministry shall base this stipulation on the production schedule on which the development plan is based, unless new information on the deposit or other circumstances warrant otherwise.

When necessary for weighty social reasons, the King in Council may, for an individual petroleum deposit or several petroleum deposits, stipulate other production schedules than those stipulated or approved pursuant to the first and third paragraph, and may in this connection order improved recovery. If the decision according to this paragraph is to the effect that production shall be reduced in relation to the production schedule stipulated or approved, the Ministry shall endeavour to apportion to a reasonable extent the reduction proportionately between the relevant petroleum deposits. In the event of such apportionment, special considerations shall be given to long-term agreements for the supply of gas and to petroleum deposits which in part are situated on the continental shelf of another state.

Upon application from the licensee, the Ministry may approve test production of a petroleum

deposit. Duration, quantity and other conditions for such test production shall be decided by the Ministry.

The Ministry may require the licensee to produce a report on field related matters, including alternative schemes for production and, if applicable, injection, and the total recovery factor for various production schedules.

#### **Section 4-5**

##### **Postponement of exploration drilling and development**

The Ministry may decide that exploration drilling or development of a deposit shall be postponed.

The provisions relating to extension of the licence, extension of the time limit set for implementing the work obligation and payment of area fee during the extension period in Section 3-13 third, fourth and fifth paragraphs shall apply accordingly.

#### **Section 4-6**

##### **Preparation, commencement and continuation of production**

The Ministry may make a decision to require preparation, commencement or continuation of production, and hereunder, that on-going production shall be continued or increased, when this is economically beneficial to society, when necessary to develop an efficient transportation system or to ensure efficient utilisation of facilities comprised by Sections 4-2 and 4-3. Such decision may also be made if it is efficient for reservoir engineering reasons, or when it is desirable that two or more petroleum deposits are produced in conjunction with each other, or when warranted by other significant social reasons.

If the decision according to the first paragraph is to the effect that production shall be prepared or commenced, the licensee shall be given a period of two years to present a plan according to Section 4-2 and a progress schedule. If the decision is to the effect that production shall be continued, the licensee shall be given a period of no less than 6 months to present a plan for implementation.

If the plan according to the second paragraph is not submitted prior to expiry of the time limit, or if the licensee informs the Ministry that he will not prepare, commence or continue production of the deposit, or if the licensee without plausible reason and in spite of order to such effect fails to take the necessary steps to implement the plan, the Ministry may initiate measures to commence or continue production, and in this connection revoke the production licence or parts of the area of the production licence to the extent this is considered necessary to achieve efficient production. The same shall apply if the licensee presents a plan which the Ministry does not consider to be satisfactory, provided that the licensee shall nevertheless be given a period of at least 6 months to present an amended plan.

If the production licence is revoked pursuant to the third paragraph, the licensee's costs for exploration and exploration drilling in connection with the deposit in question shall be reimbursed by the State.

#### **Section 4-7**

##### **Joint petroleum activities**

If a petroleum deposit extends over more than one block with different licensees, or onto the continental shelf of another state, efforts shall be made to reach agreement on the most efficient co-ordination of petroleum activities in connection with the petroleum deposit as well as on the apportionment of the petroleum deposit. This shall apply similarly when, in the case of several petroleum deposits, joint petroleum activities would obviously be more efficient.

Agreements on joint exploration drilling shall be submitted to the Ministry. Agreements on joint production, transportation, utilisation and cessation of petroleum activities shall be submitted to the Ministry for approval. If consensus on such agreements is not reached within reasonable time, the Ministry may determine how such joint petroleum activities shall be

conducted, including the apportionment of the deposit.

#### **Section 4-8**

##### **Use of facilities by others**

The Ministry may decide that facilities comprised by Sections 4-2 and 4-3, and which are owned by a licensee, may be used by others, if so warranted by considerations for efficient operation or for the benefit of society, and the Ministry deems that such use would not constitute any unreasonable detriment of the licensee's own requirements or those of someone who has already been assured the right of use. Nevertheless, natural gas undertakings and eligible customers domiciled in an EEA State shall have a right of access to upstream pipeline networks, including facilities supplying technical services incidental to such access. The Ministry stipulates further rules in the form of regulations and may impose conditions and issue orders relating to such access in the individual case.

Any agreement on the use of facilities comprised by Sections 4-2 and 4-3 shall be submitted to the Ministry for approval unless otherwise decided by the Ministry. The Ministry may on approving an agreement according to the first sentence, or in the event that no such agreement is reached within a reasonable period of time, as well as in the case of an order according to the first paragraph, stipulate tariffs and other conditions or subsequently alter the conditions that have been approved or stipulated, in order to ensure that implementation of projects is carried out with due regard to considerations relating to resource management and to providing the owner of the facility with a reasonable profit taking into account, among other things, investments and risks.

#### **Section 4-9**

##### **Extended operator responsibility for the overall operation of upstream pipeline network etc.**

The Ministry may appoint someone to assume extended operator responsibility for the overall operation of upstream pipeline network and associated facilities, including undertake change of operator when warranted for particular reasons.

The overall operation of upstream pipeline network and associated facilities shall be carried out in accordance with prudent technical and sound economic principles. Whoever has the extended operator responsibility as mentioned in the first paragraph, shall act in a neutral and non-discriminatory manner.

The King may issue further rules relating to the responsibility as mentioned in the first and second paragraphs, including deciding that whoever has been assigned to assume this responsibility, shall also make decisions in respect of access to upstream pipeline network, and may order owners and users of upstream pipeline network and associated facilities and licensees of production licences where petroleum is produced, to adapt their activities. Such order might be given to ensure prudent resource management and efficient operation of the of upstream pipeline network in question.

The King may decide that Act of 10 February 1967 relating to procedures in cases concerning public administration and Act of 19 June 1970 No. 69 relating to public information shall not be applicable to the party assigned a particular operator responsibility according to the first paragraph.

#### **Section 4-10**

##### **Area fee, production fee etc.**

The licensee shall pay a fee for a production licence, after expiry of the period stipulated pursuant to Section 3-9 first paragraph first sentence, calculated per square kilometre (area fee).

The licensee shall furthermore pay a fee calculated on the basis of the quantity and value of petroleum produced at the shipment point of the production area (production fee). With regard to

petroleum which is injected, exchanged or stored prior to being delivered to be taken ashore or used for consumption, the production fee shall be calculated on the basis of the quantity and value of the petroleum at the shipment point for the original production area at the time when the petroleum according to contract is delivered to be taken ashore or used for consumption. Nevertheless, production fee shall not be paid for petroleum produced from deposits where the development plan is approved or where the requirement to submit a plan for development and operation is waived after 1 January 1986.

When granting a production licence, a non-recurring fee (cash bonus) may be levied and there may be stipulated a fee which shall be calculated on the basis of production volume (production bonus).

The Ministry may with 6 months' notice decide that the production fee shall be paid wholly or partly in the form of produced petroleum. The Ministry may in such cases require the licensee to make sure that such petroleum is transported, processed, stored and made available at prices, priority and other conditions which are no less favourable than the terms applicable to the licensee's own petroleum from the relevant production area. The Ministry may, with 6 months' notice, decide that the fee shall again be paid in cash.

Petroleum which the State is entitled to receive as production fee, and the State's right to transportation, processing and storage of such petroleum may be transferred to others. Such transfer shall relieve the State of future obligations.

The King may issue regulations relating to the size of the fees and bonuses mentioned in first, second and third paragraphs and on the method of calculation, including provisions on stipulation of the value which shall form the basis for the calculation, on metering of the petroleum e.g. for fiscal purposes, and on information which the licensee shall provide about the production. The King may determine that the fees mentioned in the first and second paragraphs shall not be paid wholly or partly, or that the duty to pay such fees shall be postponed.

Claims for fees with accrued interest and charges are grounds for enforcement of distraint.

#### **Section 4-11**

##### **Landing of petroleum**

The King decides where and in which way landing of petroleum shall take place.

#### **Section 4-12**

##### **Supplies to cover national requirements**

The King may decide that the licensee shall make deliveries from his production to cover national requirements, and provide transportation to Norway. The King may further decide to whom such petroleum shall be delivered.

A price shall be paid for the petroleum delivered, which shall be determined in the same way as the price which forms the basis for calculation of the production fee, with the addition of transportation costs. For the transportation, Section 4-9, fourth paragraph, shall apply correspondingly. If agreement is not reached on the further terms of delivery, they shall be determined by the Ministry.

#### **Section 4-13**

##### **Supplies in the event of war, threat of war etc.**

In the event of war, threat of war or other extraordinary crisis, the King may decide that a licensee shall place petroleum at the disposal of Norwegian authorities.

The provisions of Section 4-11, second paragraph, shall apply correspondingly unless the particular situation warrants otherwise. In such a situation, the King shall with binding effect determine the price.

## **CHAPTER 5 CESSATION OF PETROLEUM ACTIVITIES**

### **Section 5-1 Decommissioning plan**

The licensee shall submit a decommissioning plan to the Ministry before a licence according to Section 3-3 or Section 4-3 expires or is surrendered, or the use of a facility is terminated permanently. The plan shall contain proposals for continued production or shutdown of production and disposal of facilities. Such disposal may inter alia constitute further use in the petroleum activities, other uses, complete or part removal or abandonment. The plan shall contain the information and evaluations deemed necessary in order to make a decision according to Section 5-3. The Ministry may require further information and evaluations, alternatively require a new or amended plan.

Unless the Ministry consents to or decides otherwise, the decommissioning plan shall be submitted at the earliest five years, but at the latest two years prior to the time when the use of a facility is expected to be terminated permanently. A corresponding time limit shall apply when a licence granted pursuant to Sections 3-3 and 4-3 expires, provided the licence expires before the use of the facility is expected to be terminated permanently.

The Ministry may waive the requirement to submit a decommissioning plan.

In the event of revocation of a licence, the provisions of this Section shall apply correspondingly to the extent they are suitable.

### **Section 5-2 Notification of termination of use**

The licensee shall notify the Ministry of the time of termination if the use of the facility is expected to terminate permanently before the expiry of the licence.

### **Section 5-3 Decision relating to disposal**

The Ministry shall make a decision relating to disposal and shall stipulate a time limit for implementation of the decision. In the evaluation on which the decision is based, emphasis shall, inter alia, be attached to technical, safety, environmental and economic aspects as well as to consideration for other users of the sea. The Ministry may stipulate specific conditions in connection with the decision.

The licensee and the owner are under obligation to make sure that a decision relating to disposal is carried out, unless otherwise decided by the Ministry. The obligation to carry out the decision relating to disposal is applicable even if this decision is made or is to be implemented after the expiry of the licence.

If the ownership of a facility has been transferred pursuant to Section 10-12, the licensee and the owner are jointly under obligation to make sure that a decision relating to disposal is carried out, unless otherwise decided by the Ministry.

If the decision is to the effect that the facility shall continue to be used in the petroleum activities or for other purposes, the licensee, owner and user are jointly obliged to make sure that future decisions on disposal are carried out, unless otherwise decided by the Ministry.

If a decision relating to disposal is not carried out within the stipulated time limit, the Ministry may take necessary measures on behalf of the licensee or other responsible party, and for their account and risk. Costs of such measures are grounds for enforcement of distraint.

Use of a facility for purposes other than petroleum activities, complete or part removal or abandonment cannot be decided under this Act for a facility onshore or on seabed subject to

private property rights.

#### **Section 5-4 Liability**

Whoever is under obligation to implement a decision relating to disposal according to Section 5-3 is liable for damage or inconvenience caused wilfully or negligently in connection with disposal of the facility or other implementation of the decision.

If the decision is abandonment, the licensee or owner shall be liable for damage or inconvenience caused wilfully or inadvertently in connection with the abandoned facility, unless otherwise decided by the Ministry.

If there are more than one party liable according to the first or second paragraph, they shall be jointly and severally liable for financial obligations, unless otherwise decided by the Ministry.

In the event of decisions for abandonment, it may be agreed between the licensees and the owners on one side and the State on the other side that future maintenance, responsibility and liability shall be taken over by the State based on an agreed financial compensation.

#### **Section 5-5 Encumbrances**

In the event that the State requires removal of a facility, any liens, charges and encumbrances thereon shall lapse. The same applies if the State takes over the facility according to Section 5-6, however, in such cases the rights of use established with the Ministry's consent shall remain in force.

#### **Section 5-6 Takeover by the State**

The State has a right to take over the licensee's fixed facility when a licence expires, is surrendered or revoked, or when the use of such facility has been terminated permanently.

The King decides with binding effect if and to what extent compensation shall be paid for the takeover.

In the event of takeover of a facility onshore or on seabed subject to private property rights, compensation shall be paid to the extent this follows from otherwise applicable rules.

If the State has confirmed that it wishes to exercise its right to take over fixed facilities, the takeover shall take effect 6 months after the time when the licence has expired, has lapsed for other reasons, or the use of the facility has been terminated permanently, unless otherwise agreed or decided by the Ministry.

At the State takeover, the facility with appurtenances shall be in such condition as adequate maintenance to ensure functional capability for operation would require. Any dispute regarding this, and, if applicable, regarding the compensation to be paid to the State for lack of maintenance, shall be determined by appraisalment.

## **CHAPTER 6 REGISTRATION AND MORTGAGING**

#### **Section 6-1 Registration of licences**

The Ministry shall keep a register of all production licences, called the Petroleum Register. The Ministry may by regulations decide that the register shall also comprise licences as mentioned in Section 4-3.

Each licence shall be given a separate sheet in the register. The Ministry shall keep a journal of documents to be registered. The Ministry may issue further regulations on how the journal and

the register shall be arranged and kept, on obligation of notification for the licensee in the event of transfer and other alterations in connection with the licence, and other aspects of the procedure for registration. This also includes provisions regarding fees that may be levied.

The rules contained in Act of 7 June 1935 No. 1 relating to Public Registration, Chapters 2 and 3, shall apply correspondingly to the extent that they are suitable and unless otherwise provided by this Act or regulations issued pursuant to the Act.

### **Section 6-2**

#### **Mortgaging of licences**

The Ministry may consent to the mortgaging by the licensee of an entire licence, or that the individual licensee mortgages his share of the licence as part of the financing of the activities associated with the licence. In special cases, the Ministry may allow the financing to include activities pursuant to a licence other than the one which is mortgaged.

When consent is granted to mortgaging according to the first paragraph the Ministry may consent to allow forced sale and forced usage according to Act of 26 June 1992 No. 86 relating to enforcement of claims to take place without any change in the terms of the licence.

Mortgaging according to this section will gain legal protection by registration in the Petroleum Register.

### **Section 6-3**

#### **Scope of the mortgage**

Mortgaging of the entire licence according to Section 6-2 comprises those rights which at any time follow from the licence as well as the mortgagor's other rights in connection with activities carried out in accordance with the licence.

The mortgage does not comprise rights in relation to facilities registered in another register of mortgages or rights in relation to facilities onshore or on seabed subject to private property rights.

In addition the mortgage does not comprise rights in relation to mobile construction machinery which may be mortgaged according to Section 3-8 of the Mortgage Act or rights in relation to other chattels which may be registered in another register of mortgages. The rules of Section 3-4 and Section 3-7 of the Mortgage Act shall apply correspondingly to the extent they are suitable.

In the event of mortgaging of a participating interest in a licence according to Section 6-2, the mortgage comprises the mortgagor's pro rata share of the total assets at any time linked with the licence as well as the mortgagor's other rights in connection with activities carried out in accordance with the licence.

### **Section 6-4**

#### **The rights of the mortgagee etc.**

The Ministry shall give the mortgagee notice in writing of revocation or surrender of a licence or of a participating interest in a licence together with the information that the mortgage will lapse if forced sale is not requested without undue delay. If forced sale is requested in time, a new licence may not be granted to the detriment of the mortgagee's rights.

Mortgage rights as mentioned in the first paragraph may not be transferred or mortgaged without the Ministry's consent. Similarly it cannot without such consent be made subject of distraint, arrest, debt settlement proceedings or be included in the mortgagee's estate in bankruptcy.

## **CHAPTER 7**

### **LIABILITY FOR POLLUTION DAMAGE**

#### **Section 7-1**

### **Definition**

Pollution damage means damage or loss caused by pollution as a consequence of effluence or discharge of petroleum from a facility, including a well, and costs of reasonable measures to avert or limit such damage or such loss, as well as damage or loss as a consequence of such measures. Damage or loss incurred by fishermen as a consequence of reduced possibilities for fishing is also included in pollution damage.

Ships used for stationary drilling are regarded as a facility. Ships used for storage of petroleum in conjunction with production facilities are regarded as part of the facility. The same applies to ships for transport of petroleum during the time when loading from the facility takes place.

### **Section 7-2**

#### **Scope and applicable law**

The provisions of this chapter are applicable to liability for pollution damage from a facility when such damage occurs in Norway or inside the outer limits of the Norwegian continental shelf or affects a Norwegian vessel, Norwegian hunting or catching equipment or Norwegian facility in adjacent sea areas. With regard to measures to avert or limit pollution damage it is sufficient that damage may occur in such area.

The provisions of this chapter are also applicable to pollution damage from facilities used in petroleum activities according to this Act, when the damage occurs in onshore or offshore territory belonging to a state which has acceded to the Nordic Convention on Environment Protection of 19 February 1974.

The King may, irrespective of the provisions contained in this Act, by agreement with a foreign state issue rules relating to liability for pollution damage caused by petroleum activities pursuant to this Act. Such rules shall, however, not restrict the right to compensation according to this Act in respect of any injured party under Norwegian jurisdiction.

### **Section 7-3**

#### **The liable party and the extent of liability**

The licensee is liable for pollution damage without regard to fault. The provisions relating to the liability of licensees apply correspondingly to an operator who is not a licensee when the Ministry has so decided in connection with the approval of operator status.

If there are several licensees under the licence and one of them is the operator, or if the Ministry has made a decision according to the first paragraph, claims for compensation shall initially be directed to the operator. If any part of the compensation is left unpaid on the due date by the operator, this part shall be covered by the licensees in accordance with their participating interest in the licence. If someone fails to cover his share, this shall be allocated proportionately between the others.

If it is demonstrated that an inevitable event of nature, act of war, exercise of public authority or a similar force majeure event has contributed to a considerable degree to the damage or its extent under circumstances which are beyond the control of the liable party, the liability may be reduced to the extent it is reasonable, with particular consideration to the scope of the activity, the situation of the party that has sustained damage and the opportunity for taking out insurance on both sides.

In the event of pollution damage from a facility located in an area outside the Norwegian continental shelf, the party who has approval from the competent authority to conduct the activities to which the facility is connected, is regarded to be a licensee.

### **Section 7-4**

#### **Channelling of liability**

The liability of a licensee for pollution damage may only be claimed pursuant to the rules of this Act.

Liability for pollution damage cannot be claimed against:

- a) anyone who by agreement with a licensee or his contractors has performed tasks or work in connection with the petroleum activities.
- b) anyone who has manufactured or delivered equipment to be used in the petroleum activities.
- c) anyone who undertakes measures to avert or limit pollution damage, or to save life or rescue values which have been endangered in connection with the petroleum activities, unless the measures are performed in conflict with prohibitions imposed by public authorities or are performed by someone other than public authorities in spite of express prohibition by the operator or the owner of the values threatened.
- d) anyone employed by a licensee or by someone mentioned under literas a, b or c.

If the licensee has been ordered to pay compensation for pollution damage, but fails to pay within the time limit stipulated by the judgement, the party that has sustained damage may bring action against the party that has caused the damage to the same extent as the licensee may bring action for recourse against the party causing the damage, cf. Section 7-5.

The licensee may claim compensation from the party causing pollution damage to him to the same extent as the licensee may bring action for recourse against the party causing the damage, cf. Section 7-5.

### **Section 7-5 Recourse**

The licensee cannot claim recourse for pollution damage against someone exempted from liability pursuant to the rules of Section 7-4, unless the person in question or someone in his service has acted wilfully or by gross negligence.

Recourse liability may be mitigated to the extent that this is considered reasonable in view of manifested conduct, economic ability and the circumstances in general.

The provisions contained in the Maritime Act of 24 June 1994 No. 39 relating to limitation of liability shall be applicable to the extent recourse is claimed against someone entitled to limitation of liability pursuant to the rules of the Maritime Act.

Any agreement on further recourse in respect of those against whom liability cannot be claimed pursuant to Section 7-4, second paragraph, shall be invalid.

### **Section 7-6 Petroleum activities without a licence**

If pollution damage occurs in a petroleum activity and the activity has been conducted without a licence, the party that has conducted the petroleum activity shall be liable for the damage regardless of fault. The same liability rests on others who have taken part in the petroleum activity and who knew, or should have known, that the activity was conducted without a licence

### **Section 7-7 Public announcement. Preclusive notice**

Unless the Ministry considers it obviously unnecessary, the operator shall without undue delay, by public announcement, provide information regarding the party to whom claims for compensation for pollution damage shall be directed and of the period of limitation.

Announcement shall take place by advertising twice with no less than 1 week's interval in The Norwegian Gazette (Norsk Lysingsblad) and in newspapers and other publications which are generally read in those places where damage is caused, or is presumed to occur.

With the Ministry's consent, possible claimants may be summoned by preclusive notice with the effect that claims which have not been presented within the expiry of the time limit set forth in the preclusive notice will lapse. The Ministry shall in such event, give further rules regarding the notice and the length of the period for the preclusive notice, and may issue rules about the method of settlement.

## **Section 7-8**

### **Legal venue**

Legal action for compensation for pollution damage shall be brought before the courts in the court district where the effluence or discharge of petroleum has taken place or where damage has been caused.

The Ministry decides where the action shall be brought if:

- a) the effluence or discharge has taken place or the damage has been caused outside the area of any court district.
- b) it cannot be demonstrated within which court district the effluence or discharge has taken place or damage has been caused.
- c) the effluence or discharge has taken place in one court district and the damage is caused in another court district.
- d) damage has been caused in more than one court district.

## **CHAPTER 8**

### **SPECIAL RULES RELATING TO COMPENSATION TO NORWEGIAN FISHERMEN**

#### **Section 8-1**

##### **Scope of application and definitions**

This chapter applies to compensation for financial losses incurred by Norwegian fishermen as a result of the petroleum activities occupying fishing fields or resulting in pollution and waste, or as a result of damage caused by a facility or actions in connection with the placing of a facility.

This chapter does not apply to pollution damage as mentioned in Section 7-1.

The terms pollution and waste in this chapter are defined as pollution and waste as mentioned in Act of 13 March 1981 No. 6 relating to protection against pollution and relating to waste, Section 6, first paragraph subsections 1 and 2, and Section 27, first paragraph, respectively.

Norwegian fishermen are in this chapter defined as persons registered in the registration list of fishermen and owners of vessels listed in the registry of Norwegian fishing vessels subject to registration licences.

The provisions in the remaining chapters of the Act are also applicable to this chapter to the extent they are suitable and are not in conflict with the provisions of this chapter.

#### **Section 8-2**

##### **Occupation of a fishing area**

In the event of petroleum activities within an area entirely or partly occupying a fishing field, the State is obliged, to the extent that fishing becomes impossible or is substantially impeded, to award compensation in respect of any resulting financial loss.

Compensation may be set entirely or partly as a lump sum or as fixed annual payments. Compensation may normally not be claimed for losses that have occurred more than seven years after the occupation took place.

The State may claim recovery from the licensee if the licensee ought to have averted the loss.

#### **Section 8-3**

##### **Pollution and waste**

The licensee is liable, regardless of fault, in respect of financial losses incurred as a result of pollution and waste from the petroleum activities, and the cost of reasonable measures to avert or limit such damage or such loss, including damage or loss as a result of such measures.

The liability of the licensee pursuant to the first paragraph also includes damage and inconvenience due to pollution and waste as a result of supply vessel and support vessel traffic, as well as during relocation of the facility to or from the field concerned. The licensee has the right of recourse against the perpetrator actually causing the loss or the shipowner, providing the other prevailing conditions of liability have been fulfilled.

In order to claim compensation for lost fishing time in connection with locating, marking, retrieval or bringing ashore objects, the objects must be properly marked or brought ashore and presented to the police or port authority or other equivalent public authority, unless absolute obstacles exist. Their location must in any case be reported to the police or port authority.

What is mentioned in the third paragraph also applies to compensation for other losses insofar as such marking, indication of location or bringing ashore can reasonably be required.

Liability for damages also comprises other vessels assisting a fishing vessel in bringing objects ashore.

#### **Section 8-4**

##### **Joint and several liability**

If damage has been caused as described in Section 8-3 and it is not possible to identify who caused the damage, the licensees shall be jointly and severally liable insofar as the damage may be believed to have been caused by petroleum activities in connection with the licence in question.

#### **Section 8-5**

##### **Facility etc. causing damage**

If a facility or an action in connection with the placing of such facility causes damage, and the injured party does not have a right to compensation pursuant to the provisions of Section 8-2, the licensee shall, regardless of fault, be liable for damages in respect of the financial losses suffered by fishermen as a result of the damage.

#### **Section 8-6**

##### **Commissions etc.**

Claims made pursuant to this chapter, shall be dealt with by a commission. The King shall issue regulations relating to the composition of the commission and its procedures, as well as provisions regarding the handling of administrative appeal.

Decisions made by the administrative appeal body may be brought straight before the district court, within two months of the party in question having been notified of the decision by summons.

Claims upheld by the commission or the administrative appeal body are grounds for enforcement of distraint after the expiry of the time limit for lodging a complaint or the time limit given in the second paragraph.

The administrative appeal body may grant reinstatement where the deadline in the second paragraph is exceeded, pursuant to the provisions of Section 31 of the Public Administration Act. Decisions made by the administrative appeal body regarding the question of reinstatement may be appealed to the district court.

### **CHAPTER 9**

## **SPECIAL REQUIREMENTS TO SAFETY**

#### **Section 9-1**

##### **Safety**

The petroleum activities shall be conducted in such manner as to enable a high level of safety to

be maintained and further developed in accordance with the technological development.

### **Section 9-2**

#### **Emergency preparedness**

The licensee and other participants in the petroleum activities shall at all times maintain efficient emergency preparedness with a view to dealing with accidents and emergencies which may lead to loss of lives or personal injuries, pollution or major damage to property. The licensee shall see to it that necessary measures are taken to prevent or reduce harmful effects, including the measures required in order, to the extent possible, to return the environment to the condition it had before the accident occurred. The Ministry may issue rules about such emergency preparedness and such measures, and may in this connection order co-operation between several licensees in matters of emergency preparedness.

In the event of accidents and emergencies as mentioned in first paragraph, the Ministry may decide that other parties shall make available necessary contingency resources for the account of a licensee. The Ministry may also for the account of the licensee take measures to obtain the necessary additional resources in other ways.

The rules of Act of 15 December 1950 No. 7 relating to special measures in time of war, threat of war and similar circumstances, Chapter V, relating to compulsory surrender to the public authorities, shall apply correspondingly to the extent they are suitable.

### **Section 9-3**

#### **Emergency preparedness against deliberate attacks**

The licensee shall initiate and maintain security measures to contribute to avoiding deliberate attacks against facilities and shall at all times have contingency plans to deal with such attacks.

The licensee shall place facilities at the disposal of public authorities for drills and shall participate in such drills to the extent this is necessary.

The Ministry may order implementation of such measures as referred to in the first and second paragraphs.

### **Section 9-4**

#### **Safety zones etc.**

Around and above facilities there shall be a safety zone unless otherwise decided by the Ministry. In the event of accidents and emergencies the Ministry may establish or extend safety zones. The extent of zones referred to in the first and second sentences shall be determined by the King. This provision is not applicable to pipelines and cables.

The King may decide that a safety zone shall extend across the border line onto the continental shelf of another state. Furthermore, the King may decide that there shall be a safety zone on the Norwegian continental shelf even if the facility in question is located outside the Norwegian continental shelf.

The Ministry may decide that a zone corresponding to the safety zone shall be established in reasonable time prior to the placing of facilities as mentioned in first paragraph.

The Ministry may decide that there shall be a safety zone around and above abandoned or dumped facilities, or parts of such facilities.

Unauthorised vessels, hovercrafts, aircrafts, fishing gear or other objects must not be present in zones as mentioned in the first, second, third and fourth paragraphs. If fishing can take place in the zone or in parts of the zone without threatening safety or interfering with the exercise of the petroleum activities, the Ministry may nevertheless decide that such fishing can take place.

The Ministry may issue such regulations as are considered necessary to secure access for facilities as mentioned in the first paragraph to zones as mentioned in the third paragraph.

This section is not applicable to facilities onshore or on seabed subject to private property rights.

### **Section 9-5**

#### **Suspension of the petroleum activities etc.**

In the event of accidents and emergencies as mentioned in Section 9-2, the licensee or anyone else responsible for the operation and use of the facility shall, to the extent necessary, suspend the petroleum activities for as long as the requirement to prudent operations warrants such suspension.

When special reasons exist, the Ministry may order the petroleum activities to be suspended to the extent necessary, or impose particular conditions to allow continuation of the activities.

When a decision as mentioned in the second paragraph is based on circumstances not caused by the licensee, the Ministry may, upon application, extend the period of time for which the licence applies and, to a reasonable extent, mitigate the obligations resting on the licensee.

### **Section 9-6**

#### **Requirements to safety documentation**

If the licensee decides to prepare plans with a view to approval or licence according to Sections 4-2 or 4-3, such plans and the licensee's documentation for implementation of this work shall be submitted to the Ministry as a part of the regulatory safety supervision.

### **Section 9-7**

#### **Qualifications**

The licensee and other persons engaged in petroleum activities shall possess the necessary qualifications to perform the work in a prudent manner. Training shall be given to the extent necessary.

In addition the licensee shall see to it that anyone carrying out work for him complies with the provisions contained in the first paragraph.

## **CHAPTER 10 GENERAL PROVISIONS**

### **Section 10-1**

#### **Requirements to prudent petroleum activities**

Petroleum activities according to this Act shall be conducted in a prudent manner and in accordance with applicable legislation for such petroleum activities. The petroleum activities shall take due account of the safety of personnel, the environment and of the financial values which the facilities and vessels represent, including also operational availability.

The petroleum activities must not unnecessarily or to an unreasonable extent impede or obstruct shipping, fishing, aviation or other activities, or cause damage or threat of damage to pipelines, cables or other subsea facilities. All reasonable precautions shall be taken to prevent damage to animal life and vegetation in the sea, relics of the past on the sea bed and to prevent pollution and littering of the seabed, its subsoil, the sea, the atmosphere or onshore.

### **Section 10-2**

#### **Management of the petroleum activities, bases etc.**

The licensee shall, unless otherwise decided by the Ministry, have an organisation which is capable of managing independently the petroleum activities from Norway. To achieve this, the Ministry may stipulate specific requirements in respect of the organisation and the capital of the company.

The licensee shall see to it that the circumstances permit trade union activities to take place among his own employees and the personnel of contractors and sub-contractors in accordance

with Norwegian practice.

The petroleum activities shall be conducted from a base in Norway. The licensee may be ordered to use bases designated by the Ministry.

### **Section 10-3**

#### **Regulatory supervision of the petroleum activities**

The Ministry carries out regulatory supervision to see that the provisions laid down in or pursuant to this Act are complied with by all who carry out petroleum activities comprised by the Act. The Ministry may issue such orders as are necessary for the implementation of the provisions laid down in or pursuant to this Act.

The Ministry may, when it is considered necessary, order a vessel or a mobile facility or part of a facility to be brought to a Norwegian port or to another place.

Expenses related to the regulatory supervision may be required to be covered by the licensee or by the party which the supervision in each case is directed at or where it takes place.

### **Section 10-4**

#### **Material and information concerning the petroleum activities**

Material and information which the licensee, operator, contractor etc. possesses or prepares in connection with planning and implementation of petroleum activities pursuant to this Act shall be available in Norway and may be required to be submitted free of charge to the Ministry or to anyone designated by the Ministry. Such material and information shall be submitted in a format decided by the Ministry to the extent this is deemed reasonable. In this connection, the Ministry may also require analyses and studies to be carried out. When a production licence is surrendered, the operator takes over the responsibility for material and information relating to the surrendered production licence according to this provision.

The King shall issue more specific rules relating to what material shall be available to the authorities and what material may be required to be submitted, as well as what information shall be given to public authorities prior to the commencement of the petroleum activities and after they have been started.

Information which has been provided to the authorities may, in accordance with further provisions issued by the Ministry, be used for the preparation of overview maps and for statistical purposes, among others by the Central Bureau of Statistics of Norway.

### **Section 10-5**

#### **Agreements between affiliated companies**

The Ministry may, when particular reasons so warrant, consent to the licensee entering into an agreement, which authorises a parent company or a company with which the licensee is affiliated in a similar manner, to undertake the activities on behalf of the licensee.

It shall be set as a condition for the abovementioned consent that the arrangement will not result in less tax revenues to Norway.

### **Section 10-6**

#### **Obligation to comply with the Act and to see to it that provisions are complied with**

The licensee and other persons engaged in petroleum activities comprised by this Act are obliged to comply with the Act, regulations and individual administrative decisions issued by virtue of the Act through the implementation of necessary systematic measures.

In addition the licensee shall see to it that anyone performing work for him, either personally, through employees or through contractors or subcontractors, shall comply with the provisions laid down in or pursuant to the Act.

### **Section 10-7**

#### **Security**

Upon granting a licence and subsequently, the Ministry may decide that the licensee shall provide such security as approved by the Ministry for fulfillment of the obligations, which the licensee has undertaken, as well as for possible liability in connection with the petroleum activities.

This shall apply correspondingly to any other responsible party according to Chapter 5.

### **Section 10-8**

#### **Responsibility for commitments**

Licensees who jointly hold a licence are jointly and severally responsible to the state for financial obligations arising out of petroleum activities pursuant to the licence.

### **Section 10-9**

#### **Liability for damage caused**

If liability in respect of a third party is incurred by anyone undertaking tasks for a licensee, the licensee shall be liable for damages to the same extent as, and jointly and severally with, the perpetrator and, if applicable, his employer.

Liability for pollution damage is governed by the rules of Chapter 7.

### **Section 10-10**

#### **Commission of inquiry**

If a serious accident has occurred in connection with petroleum activities comprised by this Act, the Ministry may appoint a special commission of inquiry. The same applies to incidents in the activities which have led to serious danger of loss of life or major damage to property or pollution of the marine environment. The members of the commission shall represent sufficient legal, nautical and technical expertise. The chairman shall satisfy the criteria for being a judge of the supreme court.

The commission of inquiry may require the licensee and other parties involved in the accident or incident to provide the commission with information which may be relevant to the investigation, and that they shall make available documents, facilities and other objects at a place where it is suitable for the investigation to take place.

The licensee may be required to cover the costs in connection with the work of the commission of inquiry.

The rules of the Maritime Act relating to maritime declaration and regulations issued pursuant to Section 485 of the Maritime Act apply correspondingly to the extent they are suitable.

### **Section 10-11**

#### **Training**

The King may issue rules relating to the licensees' obligation to undertake training of civil servants.

### **Section 10-12**

#### **Transfer etc.**

Transfer of a licence or participating interest in a licence for petroleum activities may not take place without the approval of the Ministry. The same applies to other direct or indirect transfer of interest or participation in the licence, including, inter alia, assignment of shareholdings and other ownership shares which may provide decisive control of a licensee possessing a participating interest in a licence.

Transfer of a group of licensees' right of ownership to fixed facilities may not take place without the approval of the Ministry. The same applies to establishing a mortgage in a facility which in accordance with a licence under this Act has been placed onshore or on seabed subject

to private property rights.

The Ministry may in special cases decide that a fee shall be paid for the transfer.

### **Section 10-13**

#### **Revocation**

In the event of serious or repeated violations of this Act, regulations issued pursuant hereto, stipulated conditions or orders issued, the King may revoke a licence granted pursuant to this Act.

If an application for a licence contains incorrect information, or if information of significance has been withheld, and it must be assumed that the licence would not have been granted had correct or complete information been available, the licence may be revoked in relation to the licensee concerned.

A licence may be revoked if the security which the licensee is obliged to provide pursuant to Section 10-7 has become significantly weakened, or if the company or other association holding the licence is dissolved or enters into debt settlement proceedings or bankruptcy proceedings.

### **Section 10-14**

#### **Consequences of revocation, surrender of rights or lapse for other reasons**

Revocation of a licence, surrender of rights or lapse of rights for other reasons do not entail release from the financial obligations which follow from this Act, regulations issued pursuant hereto or specific conditions. If a work obligation or other obligation has not been fulfilled, the Ministry may demand payment, in full or in part, of the amount which fulfillment of the obligation would have cost. The amount shall be stipulated by the Ministry with binding effect.

### **Section 10-15**

#### **Immunity etc. for civil servants of other states**

The King may, notwithstanding of Norwegian law, grant to civil servants of other states immunity and special privileges in connection with measures to prevent and take action against illegal acts representing a safety threat to the petroleum activities.

### **Section 10-16**

#### **Enforcement measures**

With regard to orders issued in or pursuant to this Act, the authority which has issued the order may stipulate a current fine for each day that passes after expiry of the time limit set for implementation of the order, until it has been complied with. Notice of a fine shall be given by registered letter or by another equally reliable method. An order to pay a fine is regarded as grounds for enforcement of distraint.

The King may waive an imposed fine when this is considered reasonable.

In the event of serious or repeated violations of acts and regulations, stipulated conditions or orders issued, the Ministry may impose a temporary suspension of the activities.

The Ministry may initiate necessary measures for the account and risk of the licensee if orders are not complied with. The costs of such measures are grounds for enforcement of distraint.

A vessel or aircraft which violates provisions or orders issued in or pursuant to this Act may be instructed, expelled or seized and brought to a Norwegian port.

### **Section 10-17**

#### **Penal provisions**

Wilful or negligent violation of provisions or decisions issued in or pursuant to this Act shall be punishable by fines or imprisonment for up to 3 months. In particularly aggravating circumstances, imprisonment for up to 2 years may be imposed. Complicity is punishable in the same way. These provisions shall not apply if the violation is subject to a more severe penalty

under any other statutory provision.

### **Section 10-18**

#### **Authority to issue regulations and stipulate conditions**

The King may issue regulations to supplement and implement this Act, including, inter alia, provisions relating to working conditions, confidentiality and relating to the licensee's obligation to make information on the activities pursuant to the Act available to the public. The King may also issue regulations relating to duty to provide information for the fulfillment of Norway's obligations pursuant to the EEA agreement.

In connection with individual administrative decisions, other conditions than those mentioned in this Act may be stipulated, when they are naturally linked with the measures or the activities to which the individual administrative decision relates.

## **CHAPTER 11**

### **MANAGEMENT OF THE STATE DIRECT FINANCIAL INTEREST**

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

#### **Section 11-1**

##### **The State's participation in petroleum activities**

The State participates in petroleum activities under this Act in that the State reserves a specified share of a licence granted pursuant to this Act and in the joint venture established by a joint operating agreement in accordance with the licence.

The King may decide that the State shall participate in activities under this Act otherwise than mentioned in the first paragraph, and that the State shall participate in other activities connected with activities under this Act. In such case the provisions contained in this chapter shall apply accordingly to the extent they are suitable, unless otherwise specifically decided by the King.

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

#### **Section 11-2**

##### **Management company**

The commercial aspects in relation to the participating interests which the State owns or reserves for itself, shall be managed by a limited company owned by the State as sole owner.

The company shall be a licensee in respect of the participating interests it manages on behalf of the State. In the individual joint venture the company shall have rights and duties as a participant in accordance with the joint operating agreement and shall otherwise have rights and duties as a licensee according to rules stipulated in or pursuant to this Act with appurtenant regulations.

The revenues resulting from the management of the participating interests shall belong to the State. The operating expenses, investments and other expenditure incurred to or relating to the management of the participating interests, shall be covered by appropriation from the State. The company shall keep separate accounts in respect of revenues and expenses relating to the participating interests.

Funds for the operation of the company shall be provided by the State.

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

#### **Section 11-3**

##### **The State's responsibility for the company**

The State is directly liable for any obligations incurred by the company by contract or otherwise.

Claims against the State shall be made to the company.

Bankruptcy and debt settlement proceedings according to Act of 8 June 1984 No.58 relating to debt settlement proceedings and bankruptcy (The Bankruptcy Act) cannot be instituted against the company.

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

#### **Section 11-4**

##### **Raising of loans etc.**

The company cannot raise loans or provide security without the consent of the Storting (Parliament).

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

#### **Section 11-5**

##### **The relationship to company law**

The company is subject to the Act of 13 June 1997 No. 44 relating to limited companies (the Companies Act), including the provisions on State limited companies, unless otherwise ensues from this Act.

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

#### **Section 11-6**

##### **Duties of the Board of Directors**

The Board of Directors shall see to it that the participating interests are subject to sound management in accordance with commercially sound principles and allocated funds and authorisations issued to the company and the activities it manages. The Board of Directors shall also consider the composition of the portfolio of participating interests and shall, as appropriate, put forward a proposal of possible changes to the General Assembly.

The Board of Directors may engage managers to execute management tasks of the individual joint venture. The Board of Directors may also engage particular managers for limited business areas. The Board of Directors shall see to it that the execution of the tasks assigned to managers, is supervised in a satisfactory manner.

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

#### **Section 11-7**

##### **Duty of submission of the Board of Directors**

The Board of Directors shall submit the following matters to the General Assembly:

- a) plans for the coming year, as well as outlook for the intermediate term and significant changes in any of these;
- b) plans regarding projects of major significance to the State's participation in activities according to this Act;
- c) main features of the budget for the coming year;
- d) principles relating to engagement of managers;
- e) annual report and annual accounts in respect of the participating interests of the State as mentioned in Section 11-8.

The Board of Directors shall in addition submit to the General Assembly all matters that must be assumed to comprise principal or political aspects of significance or that may entail significant socio-economic or social effects.

If the management committee of a joint venture is to make a decision in a matter governed by

special voting rules with the right for the company to cast its vote based on a decision by the General Assembly, the Board of Directors shall submit the matter to the General Assembly before the company casts its vote in the matter. If the management committee has made a decision that will constitute a violation of conditions and requirements specified in the licence as regards the State's production policy or the State's financial interests, the Board of Directors shall submit the matter to the General Assembly.

The Board of Directors shall inform the Ministry of matters which are to be submitted to the General Assembly according to first to third paragraph, and shall demand that this Assembly be called. The General Assembly shall decide whether the submission of the Board of Directors according to this Section shall be duly noted, approved or amended.

The Board of Directors may make a decision in matters comprised by this Section if it has not been possible to submit the matter to the General Assembly in advance. The General Assembly shall be notified of such decision immediately.

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

### **Section 11-8**

#### **Annual report and annual accounts**

The Board of Directors shall render accounts for revenues and expenditure in respect of the State's participating interests. The Board of Directors shall also submit an annual report containing an overview of the participating interests managed by the company, including a resource account.

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

### **Section 11-9**

#### **The relationship to provisions of the Public Administration Act etc.**

The Act of 10 February 1967 relating to procedures in cases concerning public administration (the Public Administration Act) and the Act of 19 June 1970 No. 69 relating to public information (the Public Information Act) do not apply to the company.

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

### **Section 11-10**

#### **Instructions. Supplementary provisions**

The Ministry may issue instructions in respect of the company's execution of its management task under to this Act, including the stipulation of rules relating to the duty of secrecy of elected representatives and employees.

The King may by individual administrative decisions or regulations stipulate provisions relating to implementation of, or as supplement to or delimitation of, the provisions of this chapter.

Addendum by Act of 18 May 2001 No. 23 (entry into force 17 June 2001 according to resolution 15 June 2001 No. 636)

## **CHAPTER 12**

### **ENTRY INTO FORCE AND AMENDMENT OF LAWS**

#### **Section 12-1**

##### **Entry into force etc.**

This Act enters into force as from the time decided by the King. The King may decide that individual provisions contained in the Act shall enter into force at different times.

Section 3-9, first, second and third paragraphs do not apply to production licences granted pursuant to Royal Decree of 9 April 1965 relating to exploration for and exploitation of submarine petroleum resources (the 1965 Decree). Such production licences are valid for up to 46 years from the time when the licence was granted.

Section 4-5 does not apply to production licences granted prior to 1 July 1985.

The Ministry may exempt from the provisions of Section 4-9, second paragraph, relating to the shipment point of the production area in respect of production licences issued pursuant to Royal Decree of 9 April 1965 relating to exploration for and exploitation of submarine petroleum resources (the 1965 Decree).

Regulations issued pursuant to previous Act of 21 June 1963 No.12 relating to scientific research and exploration for and exploitation of subsea natural resources other than petroleum resources, or Act of 22 March 1985 No. 11 relating to petroleum activities, or by virtue of regulations issued pursuant to the said Acts, shall apply insofar as no other provision has been or will be made applicable.

## **Section 12-2**

### **Repeal and amendment of acts**

Act of 22 March 1985 No. 11 relating to petroleum activities shall be repealed as from the time of entry into force of this Act.

As from the same time, the belowmentioned Acts shall be amended as follows:

1. Act of 21 June 1985 No. 83 relating to general partnerships etc. (the Companies Act), Section 1-1 (4) second sentence, shall read as follows:

Similarly it shall not be applicable to co-operation agreements in connection with licence granted pursuant to Act of 29 November 1996 No. 72 relating to petroleum activities, Section 4-3, and co-operation agreements by virtue of Section 3-3 fourth paragraph and Section 4-7, cf. Section 4-3 of the Act, and corresponding agreements entered into prior to the entry into force of the Petroleum Act.

2. Act of 21 June 1963 No.12 relating to scientific research and exploration for and exploitation of subsea natural resources other than petroleum resources, Section 1 first paragraph, shall read as follows:

This Act applies to scientific research of the seabed and its substrata and exploration for and exploitation of subsea natural resources other than petroleum resources in Norwegian internal waters, in Norwegian territorial sea and on the continental shelf. By continental shelf shall be understood the sea bed and subsoil of the submarine areas that extend beyond the Norwegian territorial sea throughout the natural prolongation of its land territory to the outer edge of the continental margin, but no less than 200 nautical miles from the base lines from which the territorial sea has been measured, nevertheless not beyond the median line in relation to other states.

**Act 21 December 1990 no 72 relating to tax on discharge of CO<sub>2</sub> in the petroleum activities on the continental shelf. Last amended by Act 20 December 1996 no 100.**

**Section 1**

Provided that the Storting resolves that a CO<sub>2</sub> tax shall be paid to the Treasury on the burning of petroleum and discharge of natural gas in connection with petroleum activities on the continental shelf, the provisions of this Act shall apply unless otherwise specifically stipulated by the Storting in the resolution on the tax.

**Section 2**

CO<sub>2</sub> tax is to be charged on petroleum which is burnt and natural gas which is discharged to air and also on CO<sub>2</sub> separated from petroleum and discharged to air, on installations used in connection with production or transportation of petroleum

- a) in Norwegian internal waters, Norwegian sea territory and on the continental shelf, (cf the petroleum Act, section 1-6, litera l),
- b) in adjacent sea areas off the continental shelf, to the extent production of petroleum is reserved for Norway by agreement with a foreign state,
- c) in sea areas off the continental shelf restricted to Norwegian facilities for transportation of petroleum.

When production of petroleum takes place from deposits which stretches beyond the median line towards a foreign state, (cf the petroleum Act, section 4, litera b), the CO<sub>2</sub> tax is merely calculated on the quantities which correspond to the Norwegian licensee's ownership of the relevant installations.

**Section 3**

The CO<sub>2</sub> tax is not deductible from calculation of the production fee according to the petroleum Act, section 4-9.

**Section 4**

The duty to pay CO<sub>2</sub> tax rests jointly with the licensee according to the production licence or the consent to development and operation of installations for transportation and utilization of petroleum, applicable for the installation where petroleum is burnt or natural gas is discharged. The direct responsibility for calculation, reporting and payment of the total tax amount to the Norwegian Petroleum Directorate rests with the operator on behalf of all licensees.

The tax for the period, 1 January to 30 June, shall be paid before 1 July and for the period, 1 July to 31 December, before 1 April the following year. Documentation for metering of petroleum and calculation of the tax is to be forwarded to the Norwegian Petroleum Directorate at the latest within a month after the expiry of each term. If the tax is not paid within expiry, interest on the tax amount shall be calculated in accordance with Act No. 100 of 17 December 1976 relating to overdue payment etc. Claims for fees are basis for enforcement of distraint.

**Section 5**

The Ministry may issue further provisions concerning the basis for the tax, together with requirements regarding equipment for metering, metering methods and the documentation to be forwarded.

If doubt about the extent of the tax liability arises, the question is to be settled by the Ministry.

### **Section 6**

The King may make decisions regarding the further implementation of the payment of the tax, including interest on too little or too much paid tax.

### **Section 7**

Wilful or negligent submittance of incorrect or incomplete documentation or other breach of provisions or decisions contained in or issued by virtue of this Act is liable to a fine or up to three months imprisonment. Complicity shall be subject to the same penalty.

### **Section 8**

This Act enters into force at once.

**REGULATIONS RELATING TO RESOURCE MANAGEMENT IN  
THE PETROLEUM ACTIVITIES  
(RESOURCE MANAGEMENT REGULATIONS)**

**18 June 2001**

**The Norwegian Petroleum Directorate (NPD)**

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## PREFACE

These regulations provide supplementary provisions within the areas under the [Petroleum Act](#) and the [Petroleum Regulations](#) which have been delegated to the Norwegian Petroleum Directorate, except provisions relating to fiscal measurement issues, which are dealt with in separate regulations. The Ministry of Petroleum and Energy is the appeal body for decisions made pursuant to the regulations. Appeals relating to decisions shall be forwarded through the Norwegian Petroleum Directorate, cf. [the Public Administration Act](#), Chapter VI.

The purpose of these regulations is to promote an effective dialogue and co-operation between the parties responsible according to these regulations and the authorities, and in this connection also provide for cost/benefit evaluations. The regulations are intended to ensure satisfactory data acquisition and reporting etc. and are also intended to ensure that the interests of the fishing industry are taken duly into account in connection with seismic data acquisition.

The regulations are phase oriented according to the same structure as superior petroleum legislation. The first chapter deals with introductory provisions, including definitions. Chapters 2 and 3 deal with special requirements applicable to the period prior to and during exploration activities and drilling and well activities, respectively. Chapter 4 contains rules relating to naming and classification of deposits, discoveries etc. and Chapter 5 deals with material and information to be submitted or which shall be made directly available to the Norwegian Petroleum Directorate when the activities have been carried out. Chapter 6 contains general provisions.

The regulations provide for information to be communicated via electronic media, but it will continue to be possible to use more traditional means. When information is submitted on paper, the Norwegian Petroleum Directorate should always receive two copies.

The term “submit” means physical, including electronic, transmission to the Norwegian Petroleum Directorate or to someone designated as recipient by the Norwegian Petroleum Directorate. The term “make directly available” means that the supervisory authorities get access to the information via electronic information systems and may retrieve the information themselves as needed.

Comments have been prepared to these regulations, which provide supplementary explanation and guidance in respect of the provisions.

*It is the intention to prepare thematic guidelines to these regulations in respect of specific areas. The thematic guidelines will be made available from the Internet site of the Norwegian Petroleum Directorate.*

[Comments](#)

**REGULATIONS RELATING TO RESOURCE MANAGEMENT IN THE PETROLEUM  
ACTIVITIES  
(RESOURCE MANAGEMENT REGULATIONS)**

**Regulations relating to resource management in the petroleum activities (resource management regulations). issued by the Norwegian petroleum directorate 18 June 2001 pursuant to act 29 November 1996 no. 72 relating to petroleum activities, section 10-18, cf regulations laid down by royal decree 27 June 1997 no. 653 to act relating to petroleum activities, sections 46, 47, 48, 53, 79 and 86, cf delegation of authority by the ministry of oil and energy 4 October 1991. Last amended 5 December 2003.**

**CHAPTER 1  
INTRODUCTORY PROVISIONS**

**Section 1  
Scope**

These regulations are applicable to resource management in the petroleum activities in areas comprised by [Section 1-4 of the Petroleum Act](#).

*[Interpretations](#)*

**Section 2  
Definitions, abbreviations etc.**

The definitions of the [Petroleum Act](#) and the [Petroleum Regulations](#) are applicable to these regulations.

## DEFINITIONS

For the purpose of these regulations, the following definitions shall apply:

*Appraisal well:*

Exploration well drilled to establish the extent and the size of a petroleum deposit that has already been discovered by a wildcat well.

*Biostratigraphical range charts:*

Table showing the occurrence of fossils in relation to sample depth

*Drilling activity:*

Preparation for and implementation of drilling operations

*Cuttings:*

Reservoir rock fragments from the drilling process.

*Drilling programme:*

Description containing specific well/well path information on planned drilling and well activities.

*Well:*

A well is a borehole which is drilled in order to discover or delimit a petroleum deposit and/or to produce petroleum or water for injection purposes, to inject gas, water or other medium, or to map or monitor well parameters. There are several categories of wells. A well may consist of one or several well paths and may have one or several termination points.

*Well activity:*

Preparation for and implementation of operations in connection with completion, data acquisition, monitoring, control, workover, modification and plugging of existing wells.

*Well path (well bore):*

Designates the location of the well from one termination point to the wellhead. A well path may consist of one or more well tracks.

*Well target:*

*Geological well target:* that or those geological unit(s) into which the well is to be drilled,

*Drilling operational well target:* The termination point of the well path (includes geographical co-ordinates and depths in meters).

*Well track:*

That part of a well path which extends from a point of drilling out on the existing well path to a new termination point for the well.

*Field:*

One or more discoveries, which together are comprised by an approved plan for development and operation (PDO) or for which exemption from the PDO requirement has been granted.

*Multilateral well:*

Well drilled to produce and/or inject from several well paths simultaneously.

*Pre-drilling phase:*

The period of drilling activity between the time of approval of PDO, or the granting of exemption from the requirement re. PDO, and the time of production start-up of the field.

*Technical sidetracking:*

Necessary drilling sideways (new well track) in order to bypass unforeseen obstacles in the well and where the geological and drilling operational well target remains unaltered.

*Formation testing:*

Testing of the production or injection properties of one single well for a maximum of 10 flow days. (Cf. [Section 48 of the Petroleum Regulations](#) and comments to same).

*Formation test logging:*

Repeated pressure/test measuring in a well (RFT)

*Discovery:*

One petroleum deposit, or several petroleum deposits collectively, which have been discovered in the same well, in which through testing, sampling or logging there has been established a probability of the existence of mobile petroleum (includes both commercial and technical discovery).

*Shallow boreholes:*

Holes drilled in order to acquire information on the rock characteristics and/or carry out geotechnical examinations for the location of installations and which are not drilled to discover or delimit a petroleum deposit or to produce or inject petroleum, water or other medium.

*Subsea completed well:*

Development well completed with the wellhead either on the seabed or on a template, and connected to a production or injection facility.

*Overall plan:*

Programme containing all overall and general information relevant to drilling and well activities of development wells in new fields.

*Injection well:*

A development well or test development well used for injection of gas, water or other medium.

*Completion activity:*

Any installation of production tubing, packers and other equipment, as well as perforation of, stimulation, clean-out and killing of development wells. Shutdowns of reservoir zones or previously perforated intervals, as well as additional perforations, are similarly regarded as completion activity.

*Exploration well:*

A well drilled in order to establish the existence of a possible petroleum deposit or to acquire information in order to delimit an established deposit. Exploration well is a generic term for wildcat and appraisal wells.

*Play model:*

A geographically and stratigraphically delimited area where a specific set of geological factors exists in order that petroleum may be provable in commercial quantities. Such geological factors

are reservoir rock, trap, mature source rock and migration paths, and the trap must have been formed before termination of the migration of petroleum. All discoveries and prospects within the same play model are characterised by the specific set of geological factors of the play model.

*Log data:*

Data acquired from all types of measurements carried out down hole.

*Observation well:*

A development well or test development well used to measure specific well parameters.

*Oil-based drilling fluid:*

Drilling fluid containing mineral oil and/or synthetic oil.

*Junked well:*

A well, which during the drilling phase has been permanently plugged for technical reasons.

*Originally recoverable petroleum resources:*

Total, marketable volumes of petroleum, from production start until production has ceased, based on the applicable estimate of volumes in place and recovery factor.

*The Petroleum Regulations:*

[Regulations 27 June 1997 No. 653 to Act 29 November 1996 No 72 relating to petroleum activities](#), laid down by Royal Decree.

*Production well:*

A development well used for production of petroleum or of water for injection purposes.

*Prospect:*

A possible petroleum trap with a mappable, delimited reservoir rock volume.

*Potential prospect:*

A possible petroleum trap where the extent and quality of available data is insufficient for mapping or delimitation of the reservoir rock volume.

*Test development well:*

A well used for used for test development.

*Reserves:*

Comprise the remaining, recoverable, marketable petroleum resources from a petroleum deposit, which the licensees have decided to develop and for which the authorities have approved a PDO or have granted exemption for the requirement relating to a PDO. Reserves also comprise petroleum resources which the licensees have decided to develop but for which the authorities have not yet approved a PDO or granted exemption from.

*Resources:*

All estimated volumes of petroleum.

*Resources originally in place:*

Volumes of petroleum, which have been mapped according to geological methods, and which according to geological and reservoir engineering methods have been estimated to be present in a deposit. The estimate shall indicate volumes at market conditions.

*Rig set:*

10-20 g of all samples of cuttings from a well/well path. The samples have been washed and dried on the rig.

*Side tracking:*

Drilling of a well out from an existing well path towards a new well target. The original, lowest well section is plugged and permanently abandoned.

*Inclined drilling:*

Drilling of an exploration well the well path of which is planned to be non-vertical.

*Wildcat well:*

Exploration well drilled to establish (prove) whether petroleum exists in a potential petroleum deposit.

*Development well:*

A generic term for wells used for production of petroleum, production wells, injection wells and observation wells, and possible combinations thereof.

*Recovery factor:*

The ratio between the recoverable volume of petroleum from a petroleum deposit and the volume of petroleum originally in place in the deposit.

## **ABBREVIATIONS**

*CPI:* Computer process interpretation log

*CDRS:* The Norwegian Petroleum Directorate's data base of drilling data (previously DDRS)

*LAT:* Lowest astronomical tide

*MD:* Measured depth

*MSL:* Mean sea level

*MWD/LWD:* Measuring and logging while drilling

*POSC:* Petrotechnical Open Software Corporation

*RFT:* Repeated formation test

*RKB:* Rotary kelly bushing

*SI system:* International system of metric measuring units

*TD:* Total depth

*TVD:* True vertical depth

UTM: Universal transversal mercator

VSP: Vertical seismic profile

*Interpretations*

### **Section 3**

#### **Responsibility according to these regulations**

The licensee and other parties participating in petroleum activities comprised by these regulations are obliged to comply with the regulations and individual administrative decisions issued by virtue of the regulations through the implementation of necessary systematic measures.

In addition the licensee shall see to it that anyone performing work for him, either personally, through employees or through contractors or subcontractors, complies with the provisions contained in or issued pursuant to the present regulations.

*Comments      Interpretations*

## **CHAPTER 2**

### **EXPLORATION ACTIVITIES**

#### **Section 4**

##### **Particular information in connection with exploration activities**

The following information shall be submitted to the Norwegian Petroleum Directorate, the Directorate of Fisheries and the Ministry of Defence in connection with exploration activities:

1. *No later than five weeks prior to commencement of the exploration activities:*
  - a) purpose, type and designation of the exploration activity (if applicable name of survey),
  - b) name of the holder of the exploration license,
  - c) name of the party carrying out the exploration activity,
  - d) planned time of start-up and termination,
  - e) planned extent of the exploration activity, boat - kilometers as well as CDP kilometers,
  - f) the exploration area (block, co-ordinates etc. if applicable, including corner coordinates Northeast – Southwest,
  - g) number of air guns and total chamber volume, possible other signal sources,
  - h) number of streamers and the length of the tow,
  - i) name of the vessel,
  - j) call signal and nationality of the vessel,
  - k) calls, if any, into internal Norwegian waters,
  - l) name of the fishery expert if already known,
  - m) format of collected data,
  - n) whether the data shall be commercially available or not,
  - o) evaluation of whether the exploration activities may harm particularly vulnerable environmental resources.
  
2. *On a weekly basis during implementation of the exploration activities:*
  - a) purpose, type and designation of the exploration activity,
  - b) name of the holder of the exploration license,
  - c) date of start-up of the exploration activity. The date of termination shall be included on the last weekly report,
  - d) status of the activity, e.g. number of kilometers shot in total and during the last week, boat - kilometers as well as CDP kilometers,

- e) name of the vessel, call signal and name of the fishery expert,
- f) calls, if any, into internal Norwegian waters.

*Comments*      *Interpretations*

### **Section 5**

#### **Vessels carrying out seismic surveys on the Norwegian continental shelf**

Vessels carrying out seismic surveys shall keep a safe distance to vessels carrying out fishing activities and to fixed and floating fishing gear. Particular attention must be demonstrated when an accumulation of fishing vessels is observed.

Vessels carrying out seismic surveys shall have a fishery expert on board when required on account of the fishing activities in the area. In cases of doubt the Norwegian Petroleum Directorate has the final authority.

The nomination of the fishery expert for the individual survey shall be cleared with the regional office of the Directorate of Fisheries in:

- Region Rogaland with regard to seismic activity in the area south of 62° N,
- Region Møre- og Romsdal with regard to seismic activity in the area between 62° N and 67° N,
- Region Troms with regard to seismic activity in the area north of 67° N.

If seismic activities are to take place within more than one of the above said areas, the fishery expert shall be cleared with the regional office of the area in which the main part of the activities will take place.

Application for clearance of the fishery expert, together with the name of the vessel, the time span and work area, shall be submitted to the applicable regional office no later than five days prior to the planned commencement of the seismic survey.

Fishery experts shall act in an advisory capacity within their area of expertise.

The licensee and/or whoever is responsible for the operation of the vessels shall make the relevant provisions and data available to the fishery expert.

*Comments*      *Interpretations*

### **Section 6**

#### **Fishery expert on board vessels carrying out seismic surveys**

The fishery expert shall as a general rule be professionally active in fishing and/or shall possess the necessary knowledge with regard to

- the waters in which the seismic vessel is to operate,
- the fishing activities taking place in the waters in question,
- navigation,
- seismic data acquisition,
- the Norwegian and the English languages.

The fishery expert has a duty to familiarise himself with the contents of the license and other relevant provisions.

*Comments*      *Interpretations*

### **Section 7**

#### **Track surveys and other sub-surface surveys**

Prior to track surveys a map shall be submitted to the Norwegian Petroleum Directorate, showing the planned track and possible prospective areas. The scale and UTM co-ordinates shall be stated.

*Comments*      *Interpretations*

## **CHAPTER 3 DRILLING AND WELL ACTIVITIES**

## **Section 8**

### **Information and registration prior to drilling and well activities**

#### *Overall plan*

An overall plan for drilling and well activities shall be prepared prior to such activities. The plan shall be submitted to the authorities together with the Plan for Development and Operation (PDO) or with an application for exemption from the requirement regarding such plan.

#### *Drilling programme*

The drilling programme shall provide relevant information about geological and reservoir technical matters. The drilling programme shall be made directly available no later than the application for registration of wells and well paths is submitted. Reference is furthermore made to what is required in the regulations for health, environment and safety in the petroleum activities, with regard to availability and deadlines for drilling programme.

#### *Registration of wells and well paths*

The licensee shall obtain registration number and well/well path designation from the Norwegian Petroleum Directorate in respect of each separate well or well path prior to commencement of drilling activities. New well path designation shall be obtained in the case of side tracking to a new well target. [Application for registration shall be submitted on a specified form](#) no later than two weeks prior to the estimated commencement of the drilling activities. The application shall, together with the drilling programme, provide satisfactory information on the well, planned data acquisition etc.

#### *Registration of shallow boreholes*

The licensee shall obtain registration number for shallow boreholes, which are planned to be drilled to a depth exceeding 25 meters. This applies to all shallow boreholes regardless of whether they are based on an exploration license, a production license or a license to install and to operate facilities for transport and utilisation of petroleum.

#### *Classification and reclassification of wells.*

The Norwegian Petroleum Directorate determines well classification. In the event of a need for reclassification, the licensee shall well in advance of change of use submit an application to the Norwegian Petroleum Directorate, which will determine new classification.

#### *Information on formation test in respect of exploration wells and development wells prior to commencement of production on the field*

Information on formation test shall be submitted to the Norwegian Petroleum Directorate ample time in advance, and no later than three days (72 hours) prior to commencement of the test activities.

#### *Information on permanent plugging*

Information on permanent plugging shall be submitted and the necessary logs shall be made directly available to the Norwegian Petroleum Directorate as soon as possible and no later than 24 hours prior to commencement of the activities.

#### *General*

The Norwegian Petroleum Directorate shall be informed of any substantial alterations in relation to the plans on which the Norwegian Petroleum Directorate based its original decision.

[Comments](#)      [Interpretations](#)

## Section 9

### Geological and reservoir technical data acquisition in connection with drilling and well activities

The licensee shall ensure that necessary samples such as cuttings, conventional cores, sidewall cores, liquid and gas samples, logs and test data are collected. The Norwegian Petroleum Directorate may stipulate requirements to data acquisition, processing and analyses in each individual case.

If not otherwise stated, the Norwegian Petroleum Directorate's minimum requirements are:

#### *Cuttings:*

- a) in exploration wells samples of cuttings shall be taken of all rock types from all geological formations drilled and the sampling shall commence as soon as return of drilling fluid has been established,
- b) in a representative selection of development wells samples of cuttings shall be taken of all rock types from all geological formations in the reservoir,
- c) the interval between the samples should not exceed 10 meters,
- d) the interval between the samples in potential petroleum bearing layers of exploration wells should not exceed 3 meters if conventional cores are not taken.

#### *Cores:*

- a) in wildcat wells at least one conventional core shall be taken from all zones containing petroleum. Furthermore necessary cores should be taken of potential source rock types and reservoir rock types,
- b) from selected appraisal wells conventional cores should be taken from the entire reservoir section,
- c) from selected development wells conventional cores should be taken from the entire reservoir section,
- d) sidewall cores are to be taken to the extent this is necessary.

#### *Fluids:*

Fluid samples shall be taken in connection with formation testing, and formation test logging.

#### *Logs:*

- a) Well logs shall be run in all wells/well paths. The well logs shall be possible to correlate and shall at least enable an interpretation of lithology and estimation of porosity and water saturation,
- b) formation test logging should be carried out in exploration wells to establish pressure gradient and type of fluids in a formation as well as its producing capability.

*Comments      Interpretations*

## CHAPTER 4 DESIGNATION, NAME AND CLASSIFICATION

### Section 10

#### Well and well path designation etc.

The Norwegian Petroleum Directorate determines well and well path designation and classification of wells. Designation and classification takes place the first time at the registration of a well or a well path, and as required in respect of subsequent application for reclassification.

*Comments      Interpretations*

## **Section 11**

### **Designation of shallow boreholes**

Identification of shallow boreholes shall follow the same system as that which applies to wells/well paths.

## **Section 12**

### **Designation in respect of facilities**

Facilities that are permanently placed shall be designated by quadrant/block number and letters from A to P in respect of each field or block.

*Comments*      *Interpretations*

## **Section 13**

### **Classification of petroleum resources on the Norwegian continental shelf**

The petroleum resources shall be classified in accordance with the resource classification system of the Norwegian Petroleum Directorate. The originally recoverable petroleum resources shall be classified according to their position in the development chain from a discovery is made, or a new effort to increase the recoverable resources of a field is identified, and up to the point when the resources have been produced. A discovery or a field may have resources of several classes. All petroleum resources shall to the extent possible be designated by P10 - P expected - P90.

*Comments*      *Interpretations*

## **Section 14**

### **Designation in respect of petroleum deposits**

A petroleum deposit shall be designated by means of the Norwegian Petroleum Directorate's well identification in respect of the discovery well, followed by a hyphen and the word "deposit". If there is more than one petroleum deposit in the same well, the geological unit shall be stated as additional information.

*Comments*      *Interpretations*

## **Section 15**

### **Designation in respect of discoveries**

A petroleum discovery shall be designated by means of the Norwegian Petroleum Directorate's well identification in respect of the discovery well of the petroleum deposit or the discovery well in respect of one of the petroleum deposits followed by a hyphen and the word "discovery".

*Comments*      *Interpretations*

## **Section 16**

### **Naming of discoveries**

A petroleum discovery or a collection of discoveries may on application be named. The naming shall be done according to the rules applicable to the naming of fields. The well identification of the discovery well of the petroleum deposit or of one of several petroleum deposits, which make up the discovery, shall be kept before the name.

The Norwegian Petroleum Directorate may if necessary require a discovery to be named.

*Comments*      *Interpretations*

## **Section 17**

### **Naming of fields**

The licensee shall, no later than the time of submission of the Plan for Development and Operation (PDO) or an application for exemption in respect of such plan, forward to the Norwegian Petroleum Directorate an application for consent to naming of the field. The field name shall be applicable as from the time when the Plan for Development and Operation has

been approved or when the Ministry has decided not to require such plan to be submitted for approval.

If consent for use of a proper name has been granted in respect of a discovery or a collection of discoveries together, this may on application be carried on as a field name. If several named discoveries are comprised in a planned total development and operation, application for a new common name shall be submitted.

If a discovery located in the near vicinity of an existing field is decided to be developed in connection with the existing field, the discovery shall preferably be included in the existing field and the existing field's name shall be used.

Final decision on naming is made by the Norwegian Petroleum Directorate.

*Comments      Interpretations*

## **CHAPTER 5 MATERIAL AND INFORMATION AFTER THE ACTIVITIES HAVE BEEN CARRIED OUT**

### **Section 18**

#### **Format and marking etc.**

Material and information which is submitted to, or which otherwise is made available to the Norwegian Petroleum Directorate, shall have unambiguous identification and shall be accompanied by necessary technical information with regard to quality and properties. The Norwegian Petroleum Directorate may stipulate requirements in respect of format of material and information.

### **Section 19**

#### **Units of measure**

Metric units of measure in accordance with the SI system shall as a rule be used in all documentation.

### **Section 20**

#### **Submission of material and information from exploration activities**

The licensee shall as soon as possible, and no later than three months after the completion of the individual activity, submit the following material and information from the activities to the Norwegian Petroleum Directorate or to whoever is appointed by the Directorate to be in charge of data:

- a) processed seismic data, velocity data and navigation data,
- b) processed gravimetric and magnetic data in digital form,
- c) maps as transparency copies and/or in digital format such as:
  - Bouguer anomalies,
  - free air anomalies,
  - total magnetic intensity,
- d) processed seismic refraction measurements,
- e) shallow seismic profiles,
- f) analysis results, maps and profiles showing the results from other geophysical or geological surveys such as heat flow measurements, radiometric measurements, samplings etc.

In addition to the data mentioned above, the Norwegian Petroleum Directorate may require other significant data and results to be submitted in the format decided by the Norwegian Petroleum Directorate.

*Comments      Interpretations*

## **Section 21**

### **Fishery expert log**

The fishery expert shall keep a log (diary) covering the time he is present on board the seismic vessel. The log shall, after the mission is finished, be kept on file by the licensee for two years. The log shall be available to the Norwegian Petroleum Directorate, and one copy shall be forwarded to the Directorate of Fisheries and to the regional office of the Directorate of Fisheries for the area in question, respectively.

*Comments      Interpretations*

## **Section 22**

### **Reporting during drilling and well activities**

*Daily reports from drilling and well activities*

The licensee shall submit daily reports from drilling and well activities.

Ongoing activities shall be reported to the Norwegian Petroleum Directorate's drilling database, CDRS. Reporting shall take place in accordance with the format prepared in the operational [guidelines for the CDRS](#) and in such was as described therein. New activities shall be reported during the entire life span of the well.

*Special reporting in respect of development wells*

Reporting in respect of geological/reservoir technical matters in connection with unforeseen events, which have occurred outside ordinary working hours, shall take place as soon as possible on the following ordinary working day.

*Comments      Interpretations*

## **Section 23**

### **Submission of samples and preparations from wells**

The licensee shall submit samples and preparations etc. from the individual well/well path to the Norwegian Petroleum Directorate. The material collected shall be submitted to the Norwegian Petroleum Directorate as soon as possible and no later than six months after completion of the drilling of the well.

Unless otherwise stated, the minimum requirement of the Norwegian Petroleum Directorate shall be the following:

*Cuttings:*

- a) from exploration wells and development wells samples from all rock types in all geological formations where samples have been collected shall be submitted,
- b) from unwashed cuttings at least 1 kg dried material shall be submitted from each sampling interval. Unwashed cuttings shall be dried at 40° C or lower. If the quantity of cuttings is limited, e.g. as a result of slim hole drilling, at least half the collected cuttings shall be forwarded, limited upwards to 1 kg,
- c) from washed cuttings one rig set shall be submitted.

*Cores:*

- a) where conventional cores are taken, a complete longitudinal section shall be submitted to the Norwegian Petroleum Directorate. It shall comprise at least one quarter of the core from exploration wells and one half of the core from development wells. If the core diameter is less than 7.6 cm (3 inches) the Norwegian Petroleum Directorate shall receive at least one half of the core also from exploration wells,
- b) if full diameter cores have been used for the purpose of special core analyses, the licensee may make an application for individual core intervals to be kept temporarily as full diameter cores and be treated for use in special core analyses. When such analyses have been carried

out, the Norwegian Petroleum Directorate shall receive a complete longitudinal section of the core whenever possible. Where this is not possible, the remaining material shall be forwarded to the Norwegian Petroleum Directorate on completion of the analyses,

- c) colour photographs of the cores shall be submitted together with conventional cores. The photographs are to be taken immediately after cutting, and shall show well path designation, core number, depth, orientation and scale.

*Fluid samples from formation testing and formation test logging:*

2 x 1/2 liters of each individual fluid (oil/condensate/formation fluid) from each interval/set of intervals tested. If a test yields less than 2 x 1/2 liter smaller quantities may be submitted. For all test types the fluid shall be sampled at ordinary ambient service conditions at the surface, i.e. ca. 101,3 kPa (1 Atm) and 20° C. This means that the lightest components evaporate, but otherwise the sampling shall be carried out in a way that ensures that the sample is as representative as possible of the formation fluid. Standard sample bottles are to be used and shall be filled to a maximum of ca. 85 percent of the total bottle volume.

*Palynological preparations:*

- a) duplicate of palynological preparations from cuttings, side wall cores and conventional cores where taken shall be submitted,
- b) the contents of preparations must be representative of the sample,
- c) preparations are made with a permanent mounting substance, preferably Elvacite or similar plastic polymer.

*Format, packaging and marking of submitted samples:*

- a) all samples shall be clearly and water resistant marked with licensee (operator), date of sampling, name of the person carrying out the sampling, the well designation and the depth, or depth interval, from which the samples have been collected,
- b) samples from formation testing and formation test logging shall in addition be marked with test number, test type (DST, RFT, MDT etc.), flow period (in respect of DST) and type of fluid (oil/condensate/formation fluid),
- c) fluid samples shall be placed in 0.6-0.7 liter aluminium containers with a screw cap and seal of a type giving the lowest possible loss of hydrocarbons (standard sample bottle),
- d) samples of cuttings shall be delivered in solid, rigid boxes, in leak proof and well-marked bags of good quality. The overall exterior dimensions of the boxes shall be as follows:
  - height 14 cm
  - width 27 cm
  - length 90 - 110 cm
- e) conventional cores shall be delivered in solid, rigid boxes with the following exterior dimensions:
  - height 10 cm
  - width 40 cm
  - length 90 - 110 cm.

*Comments      Interpretations*

## **Section 24**

### **Final reporting of geological and reservoir technical well data**

The licensee shall submit a final geological and reservoir technical report in respect of each well / well path to the Norwegian Petroleum Directorate no later than six months after the individual drilling and well activity has been completed.

In addition to well data in digital format the report shall contain an overview of all collected data and analyses as well as factors, which may affect the measurement results. In respect of

wildcat wells the Norwegian Petroleum Directorate requires both the prognosis and the result to be submitted [by completing a particular form](#) in digital format, which is to be enclosed with the Final Report. In the case of discoveries also the discovery evaluation report shall be submitted.

All depths shall be related to the drill floor/rotary table (RKB), and the logs shall indicate measured depth (MD) and true vertical depth (TVD). Information enabling the conversion of measured depth into vertical depth, as well as the well path geometry, shall also be included.

*Comments*      *Interpretations*

## **Section 25**

### **Descriptions, analyses and interpretations of well data**

All descriptions and analyses of well data shall on a continuous basis be made available to the Norwegian Petroleum Directorate. This applies also when interpretation or other updating is carried out.

## **Section 26**

### **Status report at start-up of production**

A status report describing alterations after approval of the plan for development and operation or the granting of exemption from the requirement for such plan with regard to measures to be taken, basic data, interpretations etc. and which are of importance to the development of the field, shall be submitted to the Norwegian Petroleum Directorate no later than six weeks prior to planned production start-up at the field.

*Comments*      *Interpretations*

## **Section 27**

### **Daily reports during the production phase**

Information on the most important production parameters such as gross/net production, shall be made directly available to the Norwegian Petroleum Directorate on a daily basis.

*Comments*      *Interpretations*

## **Section 28**

### **Monthly reporting of production data**

The following volume data shall be reported on a monthly basis:

#### *Production*

- per well/well path and facility,
- allocated marketable products per facility/field (value adjusted),
- import/export per facility/structure,
- consumption (flare, fuel, diesel etc.) per facility/structure.

#### *Injection*

- per well/well path and facility

#### *Stock*

- quantities at end of month

#### *Sales*

- gas per owner and buyer,
- oil, NGL and condensate per vessel

*Comments*      *Interpretations*

## **Section 29**

### **Contents of annual status report for fields in production**

The report shall provide information to the authorities on matters relating to production on the field, including measures taken during the preceding period, and measures planned to be carried out in the coming year. The report shall also contain necessary explanations in respect of prognoses and resource estimates given in national budgeting reports, including basic assumptions, and of amendments in relation to the previous year's report.

The following main issues shall be covered in the report:

- general field status,
- activity report,
- plans for the period ahead.

*Comments      Interpretations*

## **CHAPTER 6 GENERAL PROVISIONS**

### **Section 30**

#### **Supervisory authority**

Supervision of compliance with the provisions of these regulations or decisions made pursuant to the regulations shall be carried out by the Norwegian Petroleum Directorate.

The Norwegian Petroleum Directorate may make such individual administrative decisions as are necessary for the implementation of the provisions contained in these regulations.

### **Section 31**

#### **Exemption**

The Norwegian Petroleum Directorate may in special cases grant exemption from the provisions of these regulations.

### **Section 32**

#### **Entry into force etc**

1. These regulations enter into force 1 July 2001.
- 2: As from the time of entry into force of the present regulations, the following regulations shall be repealed:
  - Regulations 30 October 1991 No. 729, relating to fishery expert on board seismic vessels on the Norwegian continental shelf.

*Comments      Interpretations*

**REGULATIONS RELATING TO MEASUREMENT OF  
PETROLEUM FOR FISCAL PURPOSES AND FOR CALCULATION  
OF CO<sub>2</sub>-TAX  
(THE MEASUREMENT REGULATIONS)**

**1 November 2001**

**The Norwegian Petroleum Directorate (NPD)**

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## PREFACE

The purpose of these regulations is to ensure that accurate measurements form the basis of the calculation of taxes, royalties and fees etc. to the Norwegian state, including the CO<sub>2</sub> tax, and the income of the licensees. The regulations contain supplementary provisions to the requirements of the [Petroleum Act](#) and the [CO<sub>2</sub> Tax Act](#) relating to measurement of petroleum and stipulate framework requirements concerning the organisation, planning and implementation of the activity as referred to in the [Petroleum Act](#) and the [CO<sub>2</sub> Tax Act](#). It defines functional and specific requirements to the design and operation of the metering equipment, elaborates on the responsibility of the individual participant to comply with requirements laid down in or pursuant to applicable law and shall contribute to ensuring that the metering equipment and method at all times comply with the requirements of these regulations relating to accumulated measuring uncertainty. The regulations stipulate requirements with regard to how the quantities of fuel and flare gas are to be reported and documented. Furthermore the regulations provide for suitable supervision of the activities.

These regulations replace the previous Regulations for fiscal measurement of oil and gas etc. and the previous Regulations relating to measurement of fuel and flare gas for calculation of CO<sub>2</sub> tax in the petroleum activities. Particular points relating to CO<sub>2</sub> tax measurement are dealt with in [comments re. Section 14](#). If provisions contained in these regulations apply to either fuel gas or flare gas this will appear from the text.

The regulations provide for a practice whereby not all documentation needs to be submitted to the Norwegian Petroleum Directorate, but may instead be available from the operator and be submitted to the Norwegian Petroleum Directorate on request. Furthermore provision is made for transfer of information electronically.

Comments have been prepared to the individual provisions of these regulations. The comments provide explanation and guidance in relation to the provisions of the regulations. Examples are given to show how the requirements of regulations can be complied with, or reference is made to recognised standards, including industry standards, as one way in which the requirements of the authorities may be complied with. Trading in petroleum takes place across national borders with international actors. Technical standards should therefore be internationally accepted. Reference is further made to [comments re. Section 4](#).

Guidelines to Plan for development and operation of a petroleum deposit, PDO, and Plan for installation and operation of facilities for transport and utilisation of petroleum, PIO, of 18 May 2000 contain details on the information which should be contained in a PDO/PIO with regard to fiscal measurement systems.

**REGULATIONS RELATING TO MEASUREMENT OF PETROLEUM FOR FISCAL  
PURPOSES AND FOR CALCULATION OF CO<sub>2</sub> TAX  
(THE MEASUREMENT REGULATIONS)**

**Regulations relating to measurement of petroleum for fiscal purposes and for calculation of CO<sub>2</sub> tax, issued by the Norwegian Petroleum Directorate 1 November 2001 pursuant to Section 86 of Regulations to Act relating to petroleum activities issued by Royal Decree 27 June 1997 No. 653, cf. Act of 29 November 1996 No. 72 relating to petroleum activities, Section 4-9 and Section 5 of Act of 21 December 1990 No.72 relating to tax on discharge of CO<sub>2</sub> in connection with petroleum activities on the continental shelf, cf. Decision on delegation issued by the Ministry of Petroleum and Energy 28 June 1985 and 27 December 1990. Last amended 5 December 2003.**

**CHAPTER 1  
INTRODUCTORY PROVISIONS**

**Section 1  
Scope**

These regulations are applicable to the petroleum activities in areas comprised by [Section 1-4 of the Act of 29 November 1996 No. 72 relating to petroleum activities](#) and [Section 2 of the Act of 21 December 1990 No. 72 relating to tax on discharge of CO<sub>2</sub> in connection with petroleum activities on the continental shelf](#), specifically:

- a) in planning, design, construction and operation of metering systems for measuring produced, transported and sold quantities of oil and gas (fiscal measurement systems)
- b) in planning, design, construction and operation of metering systems and metering equipment for determination and reporting of quantities used for fuel and flare gas in petroleum activities.

*Comments*

**Section 2  
Definitions**

For the purpose of these regulations, the following definitions shall apply:

*Accreditation:*

An official recognition to the effect that an organisation is operating in accordance with a documented quality assurance system and that it has demonstrated its competency to carry out specified tasks.

*Allocation:*

Apportionment of petroleum between various owner groups and owner companies.

*Recognised standard:*

Standards, guidelines and similar which within a technical sphere are internationally and/or nationally recognised. Acts or regulations which are not directly applicable but which regulate corresponding or neighbouring areas may equally be recognised standard.

*Fuel:*

Natural gas, oil, condensate or diesel used for operation of combustion machinery such as turbines and similar.

*Place of operation:*

Facility or terminal where the metering system is in service.

*Place of manufacture:*

Place where fabrication, assembly and testing of one or more of the metering system's main components takes place.

*Computer part:*

That part of the metering system which consists of computers and receives metering signals from A/D converters or from digital instrument loops.

*Flare gas:*

Natural gas burnt off or vented to the atmosphere.

*Fiscal metering:*

Metering carried out in connection with purchase and sale and the calculation of taxes and royalties.

*Sensing element:*

A device that responds to the condition which is to be measured, so that the device produces a signal proportional to this condition.

*Instrument:*

An assembly consisting of a transducer and one or more sensing elements. The signal from an instrument represents a physical condition.

A technical device used to measure a physical parameter.

*Instrument part:*

Part of the metering system from and including the instrument to the digital input of the computer part.

*Calibration:*

Establishment of relationship between measured value and reference value with known uncertainty.

*Calibration factor, K-factor:*

Relationship between the measured value coming from a meter and the measured value from a reference measurement system.

*Calibration factor for flow meter:*

Designated or non-designated value which indicates the relationship between the recording of the flow meter and actual flow volume. In these regulations this term is intended to cover the international terms 'meter factor' and 'K-factor'.

*Calibration mode:*

Selectable condition of the computer part to carry out verification whilst the associated meter tubes are closed.

*Control:*

Monitoring, supervision, inspection and similar of conditions, processes, products etc. to ensure that they comply with specifications.

*Linearity:*

- 1) Deviation between a calibration curve for a device and a straight line.
- 2) Correlation between variables where a change in one causes a precise and proportional change for the other.

*Mechanical part:*

All mechanical equipment included in an oil or gas metering system.

*Meter tube:*

Straight pipe section where a flow meter is installed.

*Instrument loop:*

Assembly of all equipment and computer links etc. from sensor input to the visual representation in the computer part.

*Metering station:*

Assembly of metering equipment dedicated to the determination of measured quantities.

*Measurement uncertainty:*

An expression of the result of a measured value which characterises the range within which true value is expected to lie.

*Metering system:*

Consists of a mechanical part, an instrument part and a computer part, as well as appurtenant documentation and procedures.

*Resolution:*

Indicates the least variation in signal level which produces a noticeable change in the displayed value.

*Petroleum products:*

Marketable products fractionated from crude oil or natural gas. Examples are: Ethane, propane, petrol, paraffin.

*Prover:*

Device for calibration of dynamic flow meter, based on displacement of a body through a calibrated tube.

*Flow meter:*

Equipment located in or clamped to a pipe with associated signal transformer providing a primary signal proportional to the amount of flow through the pipe.

*Transducer:*

Technical device which changes the nature of the measured signal. Used in these regulations solely in respect of ultrasonic meters.

*Comments*

**Section 3**

**Responsibility according to these regulations**

The licensee and other parties participating in petroleum activities comprised by these regulations are responsible according to the regulations and individual administrative decisions issued by virtue of the regulations.

In addition the licensee has a duty to see to it that anyone carrying out work for him, either personally, by employees, contractors or sub-contractors, complies with these regulations and individual administrative decisions issued by virtue of the regulations.

*Comments*

**Section 4**

**Requirements to the petroleum activities in general**

Activities as mentioned in [Section 1 of the present regulations](#) shall be carried out in accordance with requirements stipulated by or pursuant to these regulations, and in accordance with recognised standards for such activities.

When technology or methods not described in recognised standards are used, criteria for development, testing and operation are required to be produced.

*Comments*

**CHAPTER II**

**REQUIREMENTS RELATING TO MANAGEMENT CONTROL SYSTEM ETC.**

**Section 5**

**Management control system**

The licensee and others participating in the petroleum activities shall establish, follow up and assure the development of a management control system which shall include organisation, processes, procedures and resources necessary to ensure compliance with the requirements of the present regulations.

A management control system for metering shall be prepared and maintained in a systematic and controlled manner. Update and revision shall be announced within the organisation itself, to the Norwegian Petroleum Directorate and other parties concerned. The management control system shall ensure that relevant experience and information is conveyed from one shift of personnel to the next and from the construction phase to the operational phase.

Executive responsibility for, and supervision of, the management control system shall be placed with the unit responsible for the other management control systems of the enterprise.

A quality assurance manual for the operation of metering systems shall be prepared.

*Comments*

**Section 6**

**Organisation and competence**

The functional scope and areas of responsibility of personnel who carry out supervision of or tasks in connection with the metering system shall be documented in the organisation chart of the licensee. The duties, responsibilities and authority of the personnel shall be described.

The licensee shall nominate the person responsible for the metering system. The nominated person shall be responsible to see that procedures relating to operation, maintenance, calibration and control are followed.

All personnel carrying out tasks related to the metering systems shall possess documented qualifications within the relevant technical sphere. A system shall be established to show that updating and skills/competence advancement is ensured.

*Comments*

### **Section 7 Verification**

When planning, designing, purchasing, building and operating fiscal measurement systems as mentioned in these regulations, the licensee shall be able to verify that the provisions of the regulations or individual administrative decisions have been complied with. Independent verification of critical parameters may be required.

The licensee shall see to verification of fiscal figures and calibration reports for equipment comprised by these regulations.

*Comments*

## **CHAPTER III GENERAL REQUIREMENTS RELATING TO MEASURING AND THE MEASUREMENT SYSTEM**

### **Section 8 Allowable measuring uncertainty**

<b>Measurement system</b>	<b>Uncertainty limit at 95 percent (%) confidence level</b> <i>(expanded uncertainty with coverage factor k=2)</i>
Oil metering for sale and allocation purposes	± 0.30 % of standard volume
Gas metering for sale and allocation purposes	± 1.0 % of mass
Fuel gas metering	± 1.8 % of standard volume
Flare gas metering	± 5.0 % of standard volume

It shall be possible to document the total uncertainty of the measurement system. An uncertainty analysis shall be prepared for the measurement system within a 95 percent confidence level. In the present regulations a confidence interval equal to  $\pm 2 \sigma$ , i.e. coverage factor  $k=2$ , is used. This gives a confidence level slightly higher than 95 percent.

In respect of the measurement system's individual components the following maximum limits apply:

<b>Component</b>	<b><i>Circuit uncertainty limits</i></b>	<b><i>Linearity limits (band)</i></b>	<b><i>Uncertainty limits component</i></b>	<b><i>Repeatability limits (band)</i></b>
Meter prover oil	NA	NA	± 0,04 % for all 4 volumes	0,02 % for all 4 volumes
Turbin meter oil	1 puls of 100000, 0,001 %	0,50 % in working range (10:1) 0,30 % in working range (5:1)	± 0,25 % in working range(10:1)	0,04 % in working range (10:1)
Ultrasonic flow meter oil	1 puls of 100000, 0,001 %, at puls transmission of signal	0,30 % in working range (10:1)	± 0,20 % in working range (10:1)	0,07 % in working range (10:1)
Turbine meter gas (sales – allocation)	1 puls of 100 000	1,0 % in working range (10:1)	± 0,70 % in working range (10:1)	0,28 % in working range (10:1)
Ultrasonic flow meter gas (sales – allocation)	1 puls of 100 000, 0,001 %, at puls transmission of signal	1,0 % in working range (20:1). Deviation from reference in calibration shall be less than ± 1,50 % in working range (20:1) before use of calibration factor	± 0,70 % in working range (20:1) after zero point control	0,50 % in working range (20:1) after zero point control
Pressure measuring	± 0,30 % of measured value in working range	NA	± 0,10 % of measured value in working range	NA
Pressure measuring fuel gas, flare gas	± 0,50 % of measured value in working range	NA	± 0,20 % of measured value in working range	NA
Temperature measuring oil, gas	± 0,30°C	NA	± 0,20°C	NA
Temperature measuring fuel gas, flare gas	± 0,50°C	NA	± 0,30°C	NA
Density measuring oil	± 0,50 kg/m <sup>3</sup>	NA	± 0,30 kg/m <sup>3</sup>	NA
Density measuring gas	± 0,25 % of measured value	NA	± 0,20 % of measured value	NA
Differential pressure measuring	± 0,30 % of measured value in working range	NA	± 0,10 % of measured value in working range	NA
Water in oil measuring		NA	± 0,05volum% absolute for 0 to	0,50 % of measured value at

<b>Component</b>	<b><i>Circuit uncertainty limits</i></b>	<b><i>Linearity limits (band)</i></b>	<b><i>Uncertainty limits component</i></b>	<b><i>Repeatability limits (band)</i></b>
			1,0 volum% water content, ± 5,0% of measured value over 1,0 volum% water content	water content over 0,01volum%
Online GC	NA	NA	± 0,15% of calorific value	NA
Calorific value gas	NA	NA	± 0,15% of calorific value	NA
Uncertainty computer part for oil and gas	NA	NA	± 0,001%	NA
Uncertainty computer part for fuel and flare gas	NA	NA	± 0,1%	NA
With regard to fuel gas: cf. <a href="#">comment re. Section 14.</a>				

*Comments*

**Section 9**  
**Units of measurement**

The measuring system shall give readings in SI units. Reporting of fiscal figures to the Norwegian Petroleum Directorate shall be in SI units.

Reporting of fuel and flare gas to the Norwegian Petroleum Directorate shall be in standard cubic meters in respect of natural gas and liters in respect of diesel or other hydrocarbons in liquid phase.

Determination of the critical parameters of the measuring system by measurements shall be in SI units.

*Comments*

**Section 10**  
**Reference conditions**

Standard reference conditions for pressure and temperature shall in measuring oil and gas be 101.325 kPa and 15°C. In the measuring of petroleum products other reference pressure may be used.

*Comments*

**Section 11**  
**Determination of energy content etc.**

Gas composition from continuous flow proportional gas chromatography or from automatic flow proportional sampling shall be used for determination of energy content.

With regard to sales gas metering stations two independent systems shall be installed.

When oil or gas is analysed to determine physical and/or chemical properties and the analysis results are used for sale or allocation purposes, this shall be carried out by a competent laboratory.

*Comments*

**Section 12**  
**Bypassing the metering system**

Bypassing of the metering system is not permitted.

*Comments*

**CHAPTER IV**  
**REQUIREMENTS TO DESIGN OF THE METERING SYSTEM**

**Section 13**  
**Requirements to the metering system in general**

The metering system shall be planned and built according to the requirements of the present regulations and in accordance with recognised standards for metering systems.

The metering system shall be capable of metering the full range of planned hydrocarbon flows without any component involved operating outside its working range.

On sales metering stations the number of parallel meter runs shall be such that the maximum flow of hydrocarbons can be measured with one meter run out of service, whilst the rest of the meter runs operate within their specified operating range.

The metering system shall be suitable for the relevant type of measuring, the given fluid properties and the hydrocarbon volumes to be measured.

If necessary, flow straighteners shall be installed.

In areas where inspection and calibration takes place there shall be adequate protection against the outside climate and vibration.

The metering tube and associated equipment shall be insulated upstream and downstream for a distance sufficient to prevent temperature changes affecting the instruments that provide input signals for the fiscal calculations.

Shutoff valves shall be of the block and bleed type. All valves of significance to the integrity of the metering station shall be accessible for inspection to secure against leakage.

All parts of the metering system shall be easily accessible for maintenance, inspection and calibration.

*Comments*

**Section 14**  
**The mechanical part of the metering system**

The mechanical part of the metering system shall be designed so that representative measurements are achieved as input signals for the fiscal calculations (cf. [Section 8](#)).

Provision shall be made for necessary redundancy and the possibility of verification of the gas and liquid metering devices.

When turbine meters are used for liquid metering, a permanent prover shall be available for calibration of the metering devices.

It shall be possible to calibrate the prover at the place of operation.

If other types of flow meters are used for liquid metering, permanent equipment for calibration of the metering device shall be available.

It shall be documented that surrounding equipment will not affect the measured signals.

*Comments*

### **Section 15**

#### **The instrument part of the metering system**

Pressure, temperature density and composition analysis shall be measured in such way that representative measurements are achieved as input signals for the fiscal calculations (cf. [Section 8](#)).

*Comments*

### **Section 16**

#### **The computer part of the metering system**

The computer part of the metering system shall be designed in such way that the fiscal calculations may be carried out within the stipulated uncertainty range (cf. [Section 8](#)).

The computer part of the metering system shall be equipped with various security functions to ensure that the fiscal values cannot be changed as a result of incidents of a technical nature or as a result of a manual fault.

With regard to reports the computer part shall be capable of documenting the various fiscal parameters and the fiscal volumes calculated.

The computer part shall have uninterruptible power supply. It shall be ensured that faults are detected as an alarm and that a back-up system is activated. A power failure shall not be able to cause measured fiscal data to be deleted from the storing unit of the computer.

*Comments*

### **Section 17**

#### **Requirements relating to sampling**

Sampling shall be carried out in a manner which ensures that representative amounts are sampled.

Sampling shall be automatic and flow proportional. In addition it shall be possible to carry out manual sampling.

With regard to oil and condensate the necessary mixing equipment shall be installed upstream of the sampling probe.

*Comments*

## **CHAPTER V REQUIREMENTS RELATING TO CALIBRATION AND VERIFICATION ETC. PRIOR TO STARTUP OF THE METERING SYSTEM**

### **Section 18 Application for consent**

The licensee shall obtain consent from the Norwegian Petroleum Directorate prior to startup of the metering system.

Consent for carrying out major rebuilding or change in the purpose for use for the metering system shall also be obtained.

If the basis for consents granted in accordance with the first paragraph of this section is significantly changed, the Norwegian Petroleum Directorate may require the licensee to obtain a new consent before the activities are continued.

Prior to startup of the metering system, procedures shall be prepared for operation, maintenance, calibration and verification. The procedures shall ensure that the metering system is maintained to the standard to which it is designed.

Procedures for calibrations and verifications to be carried out in order to prepare the metering station for startup, shall be forwarded to the Norwegian Petroleum Directorate enclosed with the application.

*Comments*

### **Section 19 General**

Calibrations and verifications as described in this Chapter shall be carried out prior to startup of the metering system at the place of operation.

The Norwegian Petroleum Directorate shall have the opportunity of being present when the activities are carried out.

*Comments*

### **Section 20 Calibration of mechanical part**

The prover volume shall be calibrated:

- a) before the metering system is delivered from the place of manufacture
- b) prior to startup at the place of operation.

The mechanical parts critical to measurement uncertainty shall be measured or subjected to flow calibration in order to document calibration curve.

The assembled fluid metering system shall be flow tested at the place of manufacture and flow meter calibration shall be carried out.

Statistical methods to provide documentation for repeatability requirements may be used.

*Comments*

### **Section 21 Calibration of instrument part**

The instrument loops shall be calibrated and the calibration results shall be accessible.

The instrument loops shall be calibrated at a number of values necessary to detect any non linearity errors within its working range. Calibration of the instrument loops shall be carried out using the display reading of the visual signal from the computer part.

*Comments*

### **Section 22 Verification of computer part**

Verification of the computer part shall be carried out for each metering tube to confirm that all functions are operational.

Each independent program routine shall be verified to show that calculations are carried out with requirements equal to or better than those mentioned in [Section 8 of the present regulations](#). Integration shall be verified with at least three values in the flow range.

The calculations for calibrations as mentioned in [Section 20 of these regulations](#) shall be verified. This includes K-factor in respect of the individual calibration and the average value within the predetermined range of variation.

*Comments*

## **CHAPTER VI REQUIREMENTS RELATING TO OPERATION OF THE METERING SYSTEM**

### **Section 23 Maintenance**

The metering system shall be maintained to the standard according to which it is designed.

The equipment which is an integral part of the metering system, and which is of significant importance to the measuring uncertainty, shall be calibrated using traceable equipment before start of operation, and subsequently be maintained to that standard.

Control to ensure that equipment mentioned in the first paragraph of this section is within given limit values shall be carried out regularly by qualified personnel. If during calibration equipment is shown to be outside the given limit values, correction shall be carried out by qualified personnel or by calibration and associated correction in a competent laboratory. Traceable calibration of test instruments shall be carried out regularly by competent laboratories.

*Comments*

**Section 24**

**Operating requirements for the prover**

The meter prover volume shall be calibrated annually  
Calibration shall also be carried out if the volume may have changed as a result of equipment failure.

*Comments*

**Section 25**

**Operating requirements for flow meters**

Turbine meters for oil shall be calibrated against the permanent meter prover with a repeatability such that 5 consecutive single calibrations in sequence fall within a range of 0.05 % of the average calibration factor.

The calibration factor for the flow meters shall be within the control limits according to recognised standard. Flow meters installed after workover, modification or replacement shall immediately be calibrated to verify that they meet the requirements to linearity and repeatability.

After startup of the metering system, calibration of flow meters shall be carried out in order to verify requirements to repeatability and linearity. It shall furthermore be verified to what extent the calibration factor is affected by flow volume, temperature, pressure and crude composition when these vary within their normal operating range.

The calibration of flow meters shall satisfy the following requirements:

- a) If there is a correlation between calibration factor and flow rate, temperature, pressure, density, viscosity or composition, calibration factor limits shall be established.  
A new calibration shall be carried out if the limits are exceeded.
- b) The time interval between calibration of the flow meters shall not exceed four days.  
Calibration factor for flow meters in use shall be established for each tanker loading.

Statistical methods may be used to document requirements to repeatability.

The orifice plates shall be inspected with regard to edge sharpness, surface roughness and flatness. An inspection shall be carried out at startup and then once a month during the first six months. Subsequently the intervals may be extended, however if at a later time damage or wear-and-tear is detected, the interval between inspections of the orifice plates shall be reduced. The orifice plate shall also be inspected after incidents which may have affected the fiscal measuring quality. The orifice plates shall be certified prior to installation in meter tubes and subsequently if visible damage is detected.

In the case of ultrasonic flow measurement of gas the condition parameters shall be verified.

During orifice plate gas measuring or ultrasonic gas measuring the meter tubes shall be checked if there is indication of change in internal surface.

*Comments*

**Section 26**

**Operating requirements for instrument part**

All sensors shall be monitored continually and/or shall be regularly calibrated in accordance with [the requirements of Section 8](#). Calibration shall comprise several values in the sensor's operating range. If the outlet signals from the sensors deviate from the preset limits, necessary maintenance and subsequent new calibration shall be undertaken.

The calibration methods shall be such that systematic measurement errors are avoided or are compensated for.

Gas densitometers shall be verified against calculated density or other relevant method.

When continuous gas chromatography is used, corrective maintenance and new calibration shall be undertaken.

*Comments*

### **Section 27**

#### **Operating requirements for computer part**

Critical data shall be filed regularly. Procedures shall be established for handling of fault messages from the computer part or faults otherwise discovered.

Transmission of signals from sensors to the computer part shall be checked in connection with calibration of the sensors.

In the case of software changes and replacement of computer parts an independent verification shall be carried out of the calculation requirements of the computer part, cf. [Section 22 of the present regulations](#).

*Comments*

## **CHAPTER VII REQUIREMENTS RELATING TO DOCUMENTATION**

### **Section 28**

#### **Documentation prior to start-up of the metering system**

After the Plan for development and operation of petroleum deposits (PDO) and Plan for installation and operation of facilities for transport and utilisation of petroleum (PIO) have been approved and prior to start-up of the metering system, the operator shall have the following documents available,

- a) a) technical description of the metering system;
- b) b) an overview showing the location of the metering system in the process and transportation system;
- c) c) drawings and description of equipment included in the metering system;
- d) d) list of documentation for the metering system;
- e) e) progress plan for the project up to the time of application for consent to use;
- f) f) description of the operator's and the supplier's management control system for follow-up of the metering system;
- g) g) uncertainty analysis.

The Norwegian Petroleum Directorate shall on request receive documentation as mentioned in the first paragraph of this Section.

## *Comments*

### **Section 29**

#### **Documentation relating to the metering system in operation**

An archive shall be established and maintained which shall contain documentation in respect of the metering system. It shall be possible to document that the quality of measurements are as described in the present regulations and that there is accordance between reported and measured quantities.

Fixed parameters shall be easy to verify.

Correction shall be made for documented measurement errors. Correction shall be carried out if the deviation is larger than 0.02 % of the total volume. If measurement errors have a lower percentage value, correction shall nevertheless be carried out when the total value of the error is considered to be significant.

If there is doubt as to the time at which a measurement error arose, correction shall apply for half of the maximum possible time span since it could have occurred.

Reporting of CO<sub>2</sub> tax meterings for payment of the CO<sub>2</sub> tax shall take place every six months as stated in [Section 4 of the CO<sub>2</sub> Tax Act](#) and in accordance with [the form issued by the Norwegian Petroleum Directorate](#).

In the event that measured figures are not available for technical reasons, it must be possible to document the reported figures in a manner which is acceptable from a calculation point of view.

Quantities of diesel delivered to the facility during the tax period in question shall be reported as taxable basis for calculation of CO<sub>2</sub> tax. Deduction in respect of diesel which has not been used as fuel shall be documented and reported to the Norwegian Petroleum Directorate as mentioned in the fourth paragraph of this Section.

All measured data comprised by these regulations shall be reported in the PetroBank system.

## *Comments*

### **Section 30**

#### **Information**

When the PDO has been approved, the licensee shall inform the Norwegian Petroleum Directorate about all significant changes that affect the quality of fiscal measurements or figures reported from them

The Norwegian Petroleum Directorate shall be informed about

- a) annual plan for activities within the technical field in question;
- b) measurement errors;
- c) when fiscal measurement data have been corrected based upon calculations;
- d) change in calibration interval;
- e) change in calculation software;
- f) changes affecting the basis of the consent;
- g) cargo claims procedures applicable for sale of hydrocarbons in liquid phase.

*Comments*

**Section 31**  
**Calibration documents**

Description of procedure during calibration and inspection, as well as an overview of results where measurement deviation before and after calibration is shown, shall be documented. The documentation shall be available for verification at the place of operation.

*Comments*

**CHAPTER VIII**  
**GENERAL PROVISIONS**

**Section 32**

**Supervisory authorities - authority to make individual administrative decisions etc**

The Norwegian Petroleum Directorate shall supervise compliance with provisions laid down in or decisions made pursuant to the present regulations. The Norwegian Petroleum Directorate may make such individual administrative decisions as are necessary to implement provisions contained in the present regulations.

*Comments*

**Section 33**  
**Exemption**

The Norwegian Petroleum Directorate may in particular cases grant exemption from provisions contained in the present regulations.

*Comments*

**Section 34**  
**Penal provision**

Violation of these regulations or of decisions made pursuant to these regulations shall be punishable as stated in the [Petroleum Act Section 10-17](#) and the [CO<sub>2</sub> Tax Act Section 7](#), cf. the [Criminal Code Chapter 3a](#).

*Comments*

**Section 35**  
**Entry into force and transitional provisions.**

1. These regulations enter into force 1 January 2002.
2. As from the same date, the following amendments shall be made:
  - a) Regulation for fiscal measurement of oil and gas etc. issued by the Norwegian Petroleum Directorate 3 July 1991, No. 532, shall be repealed.
  - b) Regulations relating to measurement of fuel and flare gas for calculation of CO<sub>2</sub> tax in the petroleum activities, issued by the Norwegian Petroleum Directorate 12 August 1993, No. 806, shall be repealed.

- 3 Decisions made pursuant to the regulations mentioned in this section item 2 shall remain in force until such time as they may be repealed or altered by the Norwegian Petroleum Directorate.
- 4
  - a) The general requirements of these regulations and requirements relating to testing and operation of measuring equipment ([Chapters I, II, III, V, VI, VII and VIII](#)) are applicable to all metering systems.
  - b) Requirements to design (Chapter IV) apply only to metering systems where the design was commenced after 1 January 2002. The Norwegian Petroleum Directorate may by individual administrative decisions directed at the individual operator make requirements to design fully or partly applicable to measuring equipment or metering systems designed prior to the time mentioned in the preceding sentence, cf. [Section 32 of the present regulations](#).

*Comments*

## LIST OF REFERENCES

- • AGA, American Gas Association
  - ○ AGA Report No 8, Natural Gas density and compressibility factor executable program and Fortran Code
  - ○ AGA Report No 9, Measurement of gas by multipath ultrasonic meters
- • ASTM 1945, Standard test method for analysis of natural gas by gas chromatography (1991)
- • API, MPMS, American Petroleum Institute, Manual of Petroleum Measurement Standards
- • Håndbok for usikkerhetsberegning CMR/NFOGM/OD (1999)
- • ISO/OIML The guide to the expression of uncertainty in measurement (1995)
- • OIML R 117 Measuring systems for liquids other than water, Annex A (1995)
- • ISO 3171 Petroleum liquids - Automatic pipeline sampling (1988)
- • ISO 5024 Petroleum liquids and liquefied petroleum gases. Measurement Standard reference conditions (1976)
- • ISO 5167-1 Measurement of fluid flow by means of orifice plates, nozzles and venturi tubes inserted in circular cross section conduits running full (1998)
- • ISO 6551 Petroleum Liquids and Gases - Fidelity and Security of Dynamic (1982)
- • ISO 6976. Natural gas – Calculations of calorific values, density, relative density and Wobbe index from composition (1995)
- • ISO 7278 Liquid hydrocarbons - Dynamic measurement - Proving system for volumetric meters.
- • ISO 9002 Quality systems, Model for quality assurance in production, installation and servicing (1994)
- • ISO 9951 Measurement of gas flow in closed conduits - Turbine meters (1993)
- • ISO 1000 (1981), SI units and recommendations for the use of their multiples and certain other units
- • ISO/IEC 17025 General requirements for the competence of testing and calibration laboratories
- • ISO/CD 10715 Natural Gas - Sampling Guidelines
- • [NORSOK I-104](#), Fiscal measurement system for hydrocarbon gas (Rev 2, 2. June 1998)
- • [NORSOK I-105](#), Fiscal measurement system for hydrocarbon liquid (Rev 2, 2. June 1998)
- • [NORSOK P-100](#), Process system
- • NS 4900 (1979)
- • NS 1024 (1982)

**FORM 1 - CO<sub>2</sub> TAX  
HALF-YEARLY PAYMENT**

Half-year period:

Company:

Field/installation	Tax amount Gas	Tax amount Oil/cond.	Tax amount Sum
Total this period			
Total corrections			
Total interest			
		Half-yearly payment	

Date/sign:

\_\_\_\_\_

For NPD internal use

Account	Debit	Credit
Total		

**FORM 2 - CO<sub>2</sub> TAX  
TAX ASSESSMENT PER PRODUCT**

Half-year period:

Field/install:

Norwegianshare:

Product:

Month	Fuel (Sm <sup>3</sup> /1)	Flare (Sm <sup>3</sup> /1)	Vent (Sm <sup>3</sup> /1)	Total (Sm <sup>3</sup> /1)	Taxrate	Taxamount (NOK)
1						
2						
3						
4						
5						
6						
Sum						
					Prior payment(s)	
					Difference	
					Interest	
					Total	

Date/sign:

---

Revised FORM 2 to be completed when correcting prior accounts.  
Specification of accrued interest to be enclosed.