

Foreword



Even after 30 years of offshore operations, large oil and gas resources remain to be discovered and produced on Norway's continental shelf. These resources

belong to the whole Norwegian community and must be managed to the maximum benefit of present and future generations. This means that one of the overriding aims of government oil and gas policy is to ensure that the largest possible proportion of value creation by the petroleum industry accrues to the community.

Adapting to changes in market and competitive conditions for the industry is necessary to achieve this goal and continue to safeguard employment, high value creation and a strong Norwegian oil and gas sector. It is important that this sector both accomplishes its tasks on the NCS and is able to assert itself internationally.

Against that background, the government presented proposals in December 2000 on a better organisation of state ownership in oil and gas operations. These were contained in its Proposition no 36 (2000-2001) to the Storting (parliament).

The proposals include opening Statoil to wider ownership by listing the company on the stock market. The idea is that this will provide Statoil with new expertise, partners and capital. In future, it will be able to conclude strategic equity-based alliances with other companies. However, the state will continue to own at least two-thirds of the shares.

Another government proposal is that part of the state's direct financial interest (SDFI) should form part of the restructuring. A number of considerations must be taken into account when assessing the future management of the SDFI, including government financial requirements, industrial perspectives and the efficiency and competitiveness of the NCS.

Norwegian gas operations have a long-term perspective. We have gas for 80-100 years to come.

The natural gas transport system is important for realising the value of these resources, and adjustments are now required to the organisation of this network.

The government has accordingly proposed the creation of an independent transport company to operate the pipelines and transport-related components of land-based plants. These facilities are intended to serve all gas producers and to help secure efficient overall utilisation of resources on the NCS. This makes it necessary to ensure that the company responsible for operating the transport system remains neutral in relation to all its users. The state will own the company.

Structural changes currently under way in the European gas market will be very important for Norway as a major supplier of this commodity. To adapt to the altered conditions, we are seeking new ways of managing national gas resources.

Conditions in the oil market have changed a great deal since the period of low prices in 1998 and early 1999. Oil prices were very high at times in 2000 and averaged USD 28.50 per barrel over the year. These high prices have contributed to increased international focus on oil markets. Opec's expressed aim is to stabilise prices in a range of USD 22-28 per barrel. Helping to make the market predictable and stable is important for Norway. This prompted us to halve the reduction in Norwegian oil production to 100 000 barrels per day on 1 April 2000, and to end it on 31 June. Norwegian production averaged about 3.1 million barrels of crude per day during 2000. We expect this level of output to remain more or less constant until 2004, and then decline gradually.

The 2000 North Sea offshore licensing round, with awards due to be made in the first quarter of 2001, covers 40 full or part blocks. We are also planning a 17th licensing round on the NCS, due to be announced in the fourth quarter of 2001 with awards likely in the second quarter of 2002. This round will cover acreage in the Norwegian Sea.



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