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OLJE- OG ENERGIDEPARTEMENTET	
08 / 03391 - 3	
DATO 08 JAN. 2009	
AN	EKSP.

From: Hess Norge AS

To: Olje-og energidepartementet
Postboks 8148 Dep
0033 Oslo

Your ref: 08/03391-1

Date: 6th January 2009

Subject: Høring – ordningen med tildeling i forhåndsdefinerte områder (TFO)

Reference is made to the letter dated 17th November 2008 from Olje-og energidepartementet in which consultation comments concerning the APA (TFO) system are requested. Hess Norge AS wish to use this opportunity to express our viewpoints about the APA (TFO) system and its applicability in the NCS.

Hess Norge AS strongly support the continuation of the APA (TFO) system in its current format. The annual awards of acreage in mature exploration areas, typically nearby existing production infrastructure, have created a predictable system for the industry to getting access to 'new' acreage. It is however to be stressed that the APA (TFO) system does neither replace nor reduce the importance of the bi-annual numbered rounds in offering attractive exploration acreage for the industry.

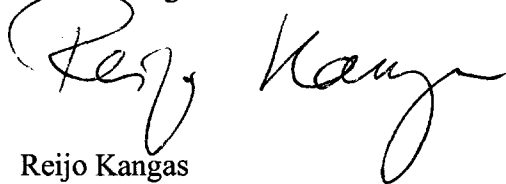
The APA (TFO) system has contributed in maintaining activity in the NCS at such a level that at least minimum availability of human resources, rig capacity and seismic / site survey vessel capacity has been secured. Also, keeping a steady high level of E&P activity will ensure the continued focus on HSE aspects of the business in safeguarding the personnel and protecting environment. In order to maintain the attractiveness of the APA (TFO) system to the industry, it is important that the APA (TFO) area is constantly reviewed and expanded with new matured acreage.

The importance and implications of the APA (TFO) system in the licensing policy in the NCS can be summarised as follows,

- 1) Well established and well working licensing system in Norway since 2003 (preceded by the North Sea Awards)
- 2) Important to maintain high level of exploration activity to counteract the falling petroleum production since 2004 in the NCS

- 3) Annual licensing rounds in pre-defined areas enhance predictability in getting access to exploration acreage and improve efficiency in planning and execution of exploration activities in the companies
- 4) Time critical to find and exploit petroleum resources adjacent to existing production infrastructure and hence 1) lengthen the lifetime of the fields in production, and 2) exploit and get revenue from resources which would otherwise be left on the ground, being too small to be commercialised as stand-alone developments
- 5) Has contributed positively in diversifying the petroleum industry by attracting new players in the NCS
- 6) Operating companies in the NCS put a lot of effort in ever more reducing discharges and environmental risk in all stages of E&P business.
Hess has achieved excellent results in HSE globally during the last 10 years in reducing the amount of significant spills and the amount of injuries to personnel (LTIR & TRIR) - in spite of the fact that majority of Hess's global drilling operations have been in technically challenging areas in deep to ultra-deep waters.
- 7) Contribute in Norway's responsibility to climate preservation goals by exporting oil and gas to Europe to replace coal as the source of energy

Med vennlig hilsen



Reijo Kangas
Exploration Manager
Hess Norge AS