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Hearing – Awards in Pre-defined Areas

Idemitsu Petroleum Norge AS welcomes the opportunity given by the Ministry of Petroleum and Energy Reference (ref. letter dated 17 November 2008) to comment on the perceived effectiveness of the Awards in Pre-defined Areas (APA) scheme in fulfilling good licensing policy, while giving due consideration for other interests, including the environment.

Idemitsu Petroleum Norge refers to and fully supports the consultation memo provided by the Norwegian Oil Industry Association (OLF). We also believe the OLF hearing comments outline well how the APA scheme has contributed to improved resource management and increased interest for the Norwegian Continental Shelf, without compromising the environment. Moreover, we consider that the introduction of greater predictability and license turnaround in mature areas has unleashed creativity leading to exploration success, with greater prosperity for the Norwegian society as the ultimate result.

It is our opinion that the Norwegian authorities through the APA scheme seem to have struck the right balance between effective exploration with ambitious milestones and appropriate flexibility in enforcing these license exploration programmes in the licenses awarded.

We would like to comment on an observation that some critics of the APA scheme have argued that identical restrictions/license conditions apply in all APA rounds. Examples provided in the section “Ivaretagelse av miljøsinn og sameksistens” in the OLF consultation memo and also comments from Sør-Norges Trålerlag (SNT) in the present hearing seem to point in the opposite direction: the authorities have in fact sharpened their environmental focus and laid down stricter block-/area-specific license conditions when deemed necessary and warranted in recent years, as the practicing of the APA scheme has evolved. The view that environmental restrictions applied in the APA awards are not tailored to block- and area-specific requirements therefore seems somewhat inaccurate.

Idemitsu Petroleum Norge AS concurs with the view offered by OLF that the APA scheme is a well-functioning system for license awards in mature areas on the shelf, that should be maintained and developed further.

Best regards,

Kohsuke Tsuji
Managing Director

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