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GULF OIL SPILL –
EUROPEAN REACTIONS AND
CONSEQUENCES FOR THE HIGH NORTH
EU Commission’s proposal

- Licensing practice defined at EU level requiring operators to provide:
  - full ‘safety case’ documentation
  - demonstration of technical capacity
  - guarantee for the financial capability to handle the consequences of unforeseen events

- Strengthen environmental legislation:
  - pollution control, inspection, accident prevention, and management of individual installations

- Liability regimes

- Industry oversight by public authorities
Norwegian reactions

- Deepwater Horizon (DwH) – high presence in Norwegian media and public debate
- Used in ongoing political debate on opening up for oil activity in Lofoten and Vesterålen. The process was stopped, or at least postponed
- Worst case risk calculations regarding Norwegian Arctic drilling remains unchanged at: 4,500 Sm$^3$ for 50 days, compared to DwH: 9,200 Sm$^3$ for 87 days
Why this lack of impact of DwH?

- **Geological differences:**
  - Gulf: 70 discoveries at the same depth as Macondo (1,520 meters), only three at the Norwegian Shelf (NS), most Barents Sea areas are less than 300 meters
  - Gulf: depth combined with high pressure, such combination unlikely at NS

- **Health and Safety:**
  - Most recommendations of the US presidential commission already in place in UK and Norway due to the Piper Alpha and Alexander Kielland accidents in the 1980s

- Why then stop the development of Lofoten and Vesterålen?
Saved by the Russians!

- The delimitation between Norway and Russia in the Barents Sea was agreed in September 2010 and entered into force five days ago. The treaty covers discoveries crossing the new border.
- From the 1980s onward Norway and Russia agreed not to engage in exploration in the then disputed area.
- The disputed area is regarded as very interesting for new oil and gas discoveries.
- Norwegian exploration is assumed to start as soon as possible.
- Industry pressure for opening of other areas reduced.
## Resource potential in the Barents Sea

<table>
<thead>
<tr>
<th>AREA</th>
<th>PROVEN (bill boe)</th>
<th>POSSIBLE (bill boe)</th>
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</thead>
<tbody>
<tr>
<td>Norwegian side</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Russian side</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Disputed Area</td>
<td></td>
<td>10-50</td>
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Russian exploration – Barents Sea and Kara Sea

- Research started in the 1960s
- Systematic offshore exploration since 1979
- First drilling in 1982, Shtokman discovered in 1988
- Seismic data collection;
  - > 250,000 km
  - > 30 structures identified
- More than 25 wells have been drilled

Source: Terje Hagevang, Sagex
Russian offshore resources
Norwegian exploration – Barents Sea

- Norwegian side: Some 80+ wells
- Most wells in the Hammerfest Basin
- Status 2011:
  - 23 structures identified
  - 7 confirmed by drilling
  - 3 *proven commercial*!
- 2012 forward:
  - 10-15 wells under planning
  - Finding cost about five times higher compared to NCS average
  - Still in line with global average!
Various Norwegian governance areas