

STRATEGIC PLAN FOR THE NORWEGIAN PETROLEUM DIRECTORATE 2010–2014

Knowledge-based, long-term and predictable management of the Norwegian people's oil and gas resources

Hard work

There are no shortcuts on the shelf. We don't always win. Hard work is needed to achieve what "everyone" expects.

Over the course of 40 years, the Norwegian petroleum activities have created values worth more than NOK 7000 billion, adjusted for inflation. Natural resources have been the foundation. Active technology development and the will to invest, together with prudent resource management, have provided these good results. The NPD has been a part of this history, a history we are proud of and which we are obligated to continue.

To become even more effective and goal-oriented in our work, a new strategic plan has been developed. The plan describes our most important strategies for the next five years, and shows how the way we carry out our role will contribute to implementing strategies and achieving goals.

If we are to prevent a potential rapid decline in production and value creation on the Norwegian shelf, more oil and gas must be found, developed and extracted. Field recovery rates must be increased. Mature areas must be explored to ensure the utilisation of existing infrastructure.

Assessing **time-critical** resources and projects, and determining if **coordinating** activities results in added values, is important for future development. Large new discoveries are more likely in less explored areas and areas not yet opened for petroleum activities. The NPD must communicate more clearly that two-thirds of the undiscovered resources are expected to be found in areas not yet opened.

It is Norwegian policy that the country shall combine its role as a petroleum producer with its ambition of being a leader in environmental and climate policies. This is challenging, but crucial to gaining acceptance for further exploration, both further north and closer to land. There are also challenges connected to **coexisting** with other industries.

The **players** are the most important tools for creating value on the Norwegian shelf. The NPD must be a driving force to help them achieve this.

The NPD's assessments are founded on facts and knowledge. The NPD does not take shortcuts. Our assessments shall contribute to a knowledge-based and **long-term** management of the petroleum resources on the Norwegian shelf.

In 2011, we will move to a new building. We will continue to develop and improve our organisation and our work processes to ensure that we reach our goals.

Knowledge-based, long-term and predictable

At the beginning of the 21st century, the world is at an energy crossroads. The energy sources which provided growth and development through the 19th and 20th centuries are still the most important, but they are becoming more expensive and require more energy to develop.

If the wealthy part of the world is to maintain its standard of living, and the poor of the world are to gain opportunities to improve their living conditions, we have no alternatives to oil and other hydrocarbons for the first decades. Change takes time. The world cannot just stop using oil, gas and coal overnight.

The global energy picture affects the demand for and price of Norwegian oil and gas. Norway's revenues from oil and gas activities are determined by volumes, prices, costs and the tax level. There will be many opportunities on the Norwegian shelf for decades to come. The production level will depend on factors such as how much we extract from existing fields and discoveries, and the volume of recoverable resources we find in the years ahead.

Work is constantly underway on increasing recovery from existing fields. The reservoirs are mapped to find new drilling targets, water and gas is injected and new technology is developed, tested and utilised.

Production is also influenced by guidelines laid down in statutes and regulations adopted by the Norwegian Parliament.

We must safeguard and further develop the competence built up over 40 years if Norway is to be seen as a provident resource manager also into the future.

A central principle of Norwegian licensing policy has been to open up area by area and gradually uncover resources based on accrued knowledge. New areas have not been opened since 1994, when, for example, the deep water area in the Norwegian Sea was opened.

If the industry's focus and competence shifts to other international petroleum provinces, this will have a negative impact on future production on the Norwegian shelf.

Through extensive cooperation with the industry and institutions, both nationally and internationally, the NPD will ensure further knowledge development, and also assist others by sharing the experience gained from the Norwegian shelf.

Statutory basis

The Petroleum Act establishes that the Norwegian government has ownership rights over underwater petroleum deposits and the exclusive right to manage these resources. The statute confirms that the petroleum resources shall be managed in a long-term perspective and be used to benefit the whole of Norwegian society.

The NPD is the management authority in connection with exploration for and development of petroleum deposits, and shall ensure compliance with the Petroleum Act and its appurtenant regulations.

The NPD's resource management responsibility has been part of the predictable framework conditions that have been so important to the players in the first 40 years. Oil production from Troll, the results from Ekofisk water injection and the Oseberg/TOGI project are three of many examples illustrating that the NPD takes its responsibility seriously.

The authorities have continuously facilitated the development of the petroleum activities within a given and predictable framework.

Making a difference

The NPD's **paramount objective**:

The NPD shall contribute to creating the greatest possible values for society from the oil and gas activities by means of prudent resource management based on safety, emergency preparedness and safeguarding the external environment.

The optimal solution for the oil companies is not always the right socio-economic solution. The NPD's job is to ensure that the oil companies follow Norwegian law so Norway's oil and gas resources can create the greatest possible values for society.

This means that, over the next five years, the NPD will make a difference through the **following strategies**:

- Assess whether profitable resources could be lost due to **time criticality**
- Encourage **cooperation** between production licences, projects etc. where profitable
- Counteract short-term solutions through focus on a **long-term perspective**
- Inform where **information** is deficient or not sufficiently balanced
- Ensure that players on the Norwegian shelf fulfil their requirements
- Contribute to constructive **coexistence** between the petroleum activities and other industries and interests

The Petroleum Act, [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.

The NPD's roles

The NPD has defined four roles that help us make a difference in the most efficient and goal-oriented manner possible.

The advisor role

Through interdisciplinary professional integrity, the NPD shall advise the Ministry of Petroleum and Energy (MPE). The advice shall be fact-based, clear and consistent.

The record-keeper role

The NPD has a national responsibility for data from the Norwegian continental shelf. The NPD's data, overviews and analyses constitute a crucial factual basis on which the activities are founded. The NPD shall secure swift access to data and perform relevant analyses as a basis for decisions. Furthermore,

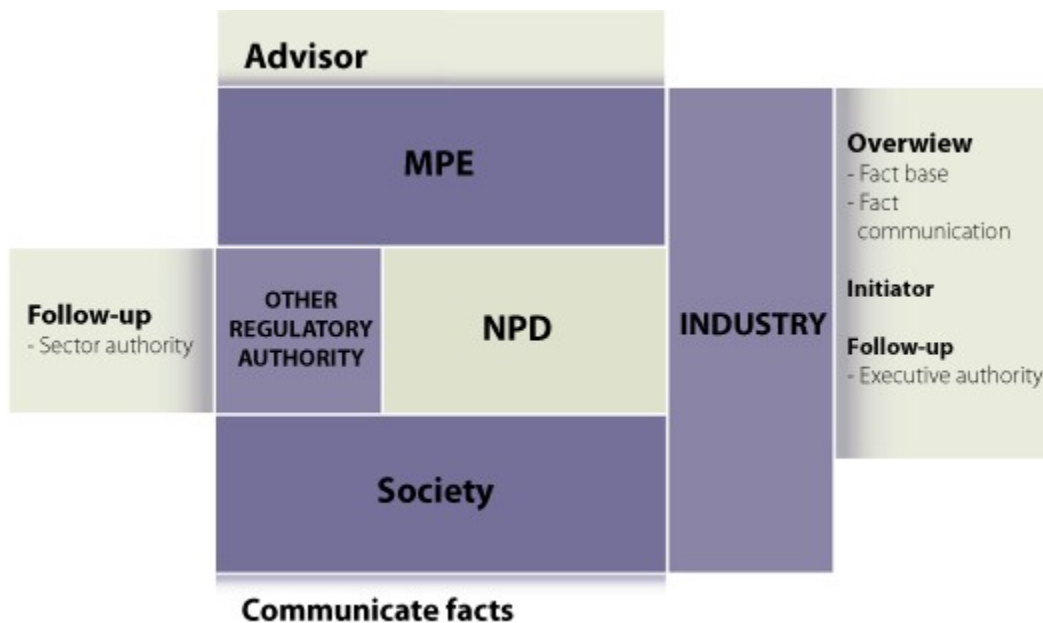
relevant data will be made available to interested parties. This helps increase the value of the Norwegian oil and gas resources.

The initiator role

The NPD shall be an enthusiastic challenger and initiator toward realising the resource potential by focusing on long-term solutions, upside opportunities, advantages of cooperation and large-scale operations and ensuring that time-critical resources are not lost. The NPD shall take the initiative toward creating joint solutions where independent solutions are not good enough, and be the driving force to ensure that the industry explores all relevant alternatives.

The follow-up role

The NPD shall also ensure that the companies adhere to Norwegian law, which requires that resources are developed optimally and ensures equal treatment of the companies.



The NPD’s result goals

The NPD shall, through its activity and its roles, follow up and contribute to realising the government’s main ambitions for the petroleum activities. Based on prudent resource management, the NPD shall work toward reaching the following result goals:

Explore and discover more

The NPD shall contribute to new resources being proven in a timely manner.

Produce more

The NPD shall contribute to timely, cost-effective extraction of petroleum, utilisation of infrastructure and cooperation between licences.

Long-term value creation within a sound climate and environmental framework

The NPD shall contribute to exploration for and production of oil and gas in the most energy-efficient and environmentally friendly manner possible.

Secure a good fact and knowledge base

The NPD shall ensure a good fact and knowledge base by having the best overview of all petroleum-related data on the Norwegian shelf.

We accomplish this by being:

A competent, provident, efficient and flexible organisation, which makes a difference both for society and for the individual employee.

During the plan period, we will maintain a clear course through:

- Retaining and developing the employees
- Purchasing services/hiring competence and capacity
- Budget strategy and financial management
- Milieu analyses and scenarios
- Evaluations and efficiency improvements
- Flat organisation structure with few managers and efficient management of resources
- Flexibility within a management framework
- Improve cooperation and work processes in the new building