



NORWEGIAN PETROLEUM
DIRECTORATE

Guidelines for production permit applications

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1 Introduction

In accordance with [section 4-1 of the Petroleum Act \(PA\)](#), as much as possible of the petroleum in place in each individual petroleum deposit, or in several deposits in combination, shall be produced.

The operator of fields and facilities shall, on behalf of the licensees, apply for production permits, as well as flaring and cold-venting permits, cf. [section 4-4 of the PA](#) and [section 23 of the Petroleum Regulations \(PR\)](#). The application shall be submitted to the Ministry of Petroleum and Energy (MPE) with a copy to the Norwegian Petroleum Directorate (NPD) within the deadlines that apply at any given time. Following the application from the licensee, the MPE will stipulate, in accordance with advice and recommendations from the NPD, the volumes that can be produced and injected at any given time, as well as the volumes that can be flared and cold-vented for specific periods.

The petroleum volumes in the application to produce/inject shall correspond to the equivalent expected values for upcoming years, as reported for the revised national budget (RNB). The volume of produced petroleum, i.e. liquids (oil, NGL, condensate) and gas, will be stipulated based on the values for saleable volumes of petroleum reported for the RNB, cf. Tables 1 and 3. This in accordance with current practice.

These guidelines distinguish between production permits for starting up new fields, fields in operation and fields with a special need for a separate permit for gas production. See matrix in Appendix 3 for an overview of the different application processes.

Production permits for transboundary fields and test production are not addressed in these guidelines. Applications for such permits shall be clarified with the MPE and NPD.

2 General factors

No production permit will be issued before a plan for development and operation (PDO) is approved or an exemption from such a plan is given, cf. section 4-4 (1) and (3) of the PA.

As a rule, the field operator shall apply for a production and injection permit, as well as a flaring and cold-venting permit, for each upcoming calendar year. Use of gas for heating or power generation does not require a permit pursuant to the Petroleum Act.

Fields which share process facilities with other fields can apply for a shared production permit. This option primarily applies for fields with the same ownership interests. The need for a joint production permit shall be clarified with the MPE prior to application.

Flaring and cold-venting of petroleum beyond what is considered necessary for safety reasons for normal operations is not permitted without approval from the MPE, cf. section 4-4 (2) of the PA. Flaring and cold-venting permits are issued for a period of one calendar year at a time and the volumes are maximum quotas per quarter. These volumes cannot be exceeded, transferred or distributed within the calendar year. Land facilities and non-field installations which needs flaring and or cold-venting shall also apply for a permit. This only applies for volumes not already included in a field-application.

Please provide contact information (phone number and e-mail address) in the application.

3 Production permit for start-up

When starting up new fields, licensees must apply for a production and injection permit, as well as a flaring and cold-venting permit. The application shall be submitted no later than six weeks prior to the earliest scheduled start of production. If the scheduled production start-up does not coincide with the start-up of flaring and cold-venting, two separate applications can be submitted; one for production and injection, and one for flaring and cold-venting, respectively.

The production permit applies from production start-up through the current calendar year. If start-up is scheduled toward the end of the calendar year the licenses shall submit an application for the remainder of the current year in addition to an application for the upcoming calendar year.

Land facilities and non-field installations which needs flaring and or cold-venting shall also apply for a permit.

3.1 Production and injection

The authorities' assessment of the application will be based on the PDO or exemption from PDO in force, the status report before production start-up, cf. [section 32 of the Resource Management Regulations \(RMR\)](#), as well as information from the authorities' continuous follow-up of the production licenses.

Please refer to these separate guidelines for status reports before production start-up: [Guidelines for status reports before production start-up](#).

Table 1 shall be completed with annual data and enclosed with the application. Any discrepancies between the volume reported for the RNB and the application volume shall be explained in the application.

Table 1 – Application volumes

	Water injection	Water production	Gross gas production	Gas injection in own field, excl. gas lift	Annual sale of oil Expected value	Sale of gas per calendar year 40 MJ/Sm ³	Annual sale of NGL	Annual sale of condensate
	million m ³	million m ³	billion Sm ³	billion Sm ³	million Sm ³	billion Sm ³	million tonnes	million Sm ³
RNB								
RNB discrepancy								
Application volume								

The figures listed in Table 1 apply from the planned start-up date (which shall be stated). Figures in the application shall be stated with three decimals.

3.2 Flaring and cold-venting

Adequate documentation shall be available as a basis for assessing applications for flaring and cold-venting. Applicants who choose not to submit a status report before production start-up shall enclose additional information equivalent to that in a status report. The authorities will also base their assessment on the operator's strategy for flaring and cold-venting for the specific facility. Please enclose the strategy with the application.

The priority and sequence of activities in connection with production start and early production shall be planned with an aim to prevent flaring and cold-venting beyond what is necessary for safety reasons under normal operations, cf. section 4-4 of the PA.

Licensees are requested to complete Table 2 and enclose this with the application. The sources of cold-venting should correspond to sources listed in the EEH (Fugitive Emission and Venting). Application volumes shall be stated as mill. Sm³ per quarter.

Table 2 – Application volumes

	Period	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Annual total
Flaring	million. Sm ³					
Cold-venting (all sources of natural gas emissions)	million. Sm ³					

The expected start-up date for flaring and cold-venting shall be stated in the application. If the application covers multiple facilities, the licensees are requested to provide information per facility, equivalent to the procedure for annual applications for flaring and cold-venting. This is for information purposes for the MPE and NPD.

4 Annual production permits

Fields in production shall apply for a production and injection permit, as well as a flaring and cold-venting permit. The application deadline is 1st November of the current year. The production permit will apply for the upcoming calendar year.

4.1 Production and injection

The authorities' assessment of the application will be based on the PDO or exemption from PDO in force, the annual status report for fields in production¹, reporting for the RNB², and information about actual production, injection, etc. Please refer to the separate guidelines for [annual status report](#) chapter 4. Furthermore, the assessment of the application will be based on information from the authorities' continuous contact with the licensees in the production licenses.

Licensees are requested to fill out annual data in Table 3 and enclose this with the application. Any discrepancies between the volume reported for the RNB and the application volume shall be accounted for in the application. Land facilities and non-field installations which needs flaring and or cold-venting shall also apply for a permit.

¹ cf. section 47 of the PR and Section 35 of the RMR

² cf. section 52a of the PR

Table 3 – Application volumes

	Water injection	Water production	Gross gas production	Gas injection in own field, excl. gas lift	Annual sale of oil Expected value	Sale of gas per calendar year 40 MJ/Sm ³	Annual sale of NGL	Annual sale of condensate
	million m ³	million m ³	billion Sm ³	billion Sm ³	million Sm ³	billion Sm ³	million tonnes	million Sm ³
RNB								
RNB discrepancy								
Application volume								

Volumes indicated in Table 3 only apply to the volumes stated in the annual production permits for liquids and gas (the ordinary permits per calendar year). Figures in the application shall be stated with three decimals.

Fields applying for a special production permit for gas, cf. section 5, shall also by November 1st apply for a permit for any other production and injection (Table 3), as well as flaring and cold-venting. The volumes covered by/applied for in a separated special production permit for gas shall not be stated in this table.

4.2 Flaring and cold-venting

Sufficient documentation shall be available as a basis for assessing the application, cf. Appendix 1 – basis for application for flaring and cold-venting. The authorities will also base their assessment on the operator's strategy for flaring and cold-venting for each facility. The operator is requested to enclose the strategy with the application.

Applicants shall base their application volume in Table 4 on the data listed in [Appendix 1 – basis for application for quotas for flaring and cold-venting](#). Here the applicant provides projections for: a) normal operations, b) planned maintenance, and c) shut down/start-up of the process plant in connection with unforeseen incidents. The anticipated number of unforeseen incidents during the period shall be based on experience.

If the licensee is applying for a volume which exceeds the volume permitted in the previous yearly permit, the reason for this increase shall be stated in the application letter. Examples of reasons for increased volumes may be planned shutdowns, connecting new facilities/fields, and replacing equipment. Any discrepancies between the volume reported for the RNB and the application volume shall be accounted for in the application.

In connection with the application for flaring and cold-venting, we ask the licensees to check the applied quotas against the emission permit granted by the Norwegian Environment Agency.

The table below from Appendix 1 - *Basis for applications for quotas for flaring and cold-venting* shall be copied and added to the application.

Table 4 – Application volumes

Formål	Brenning og kaldvent	Enhet	Sum	1. Q	2. Q	3. Q	4. Q
Grunnlag til søknad	Kvoter for brenning til søknad	Mill. Sm ³	0,000	0,000	0,000	0,000	0,000
Grunnlag til søknad	Kvoter for kaldvent til søknad	Mill. Sm ³	0,000	0,000	0,000	0,000	0,000
RNB -data *	Brenning naturgass	Mill. Sm ³					
Differanse	Brenning naturgass	Mill. Sm ³	0,000				
Differanse %	Brenning naturgass	% Diff	#DIV/0!				

5 Special production permits for gas

As a general rule, the licensee shall apply for a joint production permit for liquids (oil, NGL and condensate) and gas for the upcoming calendar year by November 1st, cf. chapter 4 above.

If adequate, the licensee can apply for a separate production permit for gas. This only applies for gas volumes to be exported from the field covered by the production permit. This is for instances where the volume and long-term predictability of gas deliveries is important. Fields that want to apply for a special production permit for gas are requested to contact the MPE well in advance of the application deadline to clarify the need for such a permit.

5.1 Application deadline

The application deadline for new fields is no later than six weeks before production starts.

The application deadline for fields in operation is February 1st, and a permit will be issued for the upcoming gas year (1 October through 30 September). Permits may also be issued for a period of more than one gas year (long-term permits).

Please note that fields with a special production permit for gas shall also apply for a permit for any other production and injection, as well as flaring and cold-venting, for the coming calendar year by November 1st, cf. Table 3 and Table 4.

5.2 Regarding the application

The volume in the application shall define maximum gas deliveries per gas year. The production application shall define profiles for physical volumes and volumes converted to 40 MJ/Sm³-equivalent gas per gas year. The volume stated in the production permit is the total permitted quantity of 40 MJ/Sm³-equivalent gas from the field/fields covered by the production permit.

The application shall state the extent to which the maximum deliveries potentially deviate from volumes reported for the RNB. It shall also provide an account of the consequences the maximum deliveries could have for resource utilisation, including particularly liquids production, compared with the assumptions in the RNB and annual status report.

Fields having accumulated volumes from previous gas year (Carry forward volumes) must state the balance for such volumes, how these were obtained and planned withdrawals for the next gas year.

5.3 Transferring volumes to subsequent gas years (Carry forward volume)

In special production permits for gas the MPE will normally allow withdrawal of gas volume equivalent to the difference between permitted and actual production in subsequent years if production is lower than the maximum permitted volume. This accumulated volume will come in addition to the volumes approved in the given production permit. The system of using accumulated volumes (Carry forward) does not replace a production permit. The application for production permit for the following gas year must contain an overview of the origin of the accumulated volumes, the balance and the expected extraction of such volume for the current gas year.

However, the opportunity to use accumulated volumes do not apply if the MPE finds that such withdrawal is not in line with good resource management. Furthermore, such withdrawal must not be in conflict with the recovery strategy described in the current PDO and Annual status report.

See also section 6 regarding discrepancies and changes in current permits.

6 Discrepancies and changes in existing permits

6.1 Production permits per calendar year

In accordance with current practice, a revised and substantiated application shall be submitted as soon as possible to the MPE, with a copy to the NPD, if it is presumed that the production of liquids (oil, NGL and condensate) or gas will exceed the level in the existing production permit by 10 per cent or more. This flexibility does not apply for permitted injection volumes or flaring and cold-venting, see section 6.3 and 6.4.

If the production development through the period shows that the production of liquids or gas is reduced by 10 per cent or more compared to the existing production permit, this shall be reported to the MPE, with a copy to the NPD, as soon as possible. The reason for the reduction shall be stated.

As a basis for revised production permits, the licensees are requested to state the volumes approved in the existing production permit, as well as actually produced and expected production for the calendar year.

6.2 Special permits for gas

There is no flexibility for special permits for gas (reduction or increasing by 10 per cent as there is for permits per calendar year), see section 6.1. The volumes granted in a special gas permit are maximum volumes. Licensees can apply for a revised production permit if the production will exceed the granted volumes. For withdrawal of accumulated gas volumes see section 5.3.

If the volumes for the upcoming gas year deviates from a long term permit, we kindly ask the licensees to apply for a revised permit by February 1st.

6.3 Flaring and cold-venting

If it becomes obvious that the permitted quota for flare and cold-venting will not cover the emissions, a reasoned application for a revised permit shall be submitted without any delay to the MPE, with a copy to the NPD. The permits for flaring and cold-venting are issued for periods of one calendar year. The permitted volume is granted per quarter and cannot be exceeded, transferred or distributed within the calendar year.

Applications for an increased quota shall include an account/clarification of the factors listed in Appendix 2.

6.4 Injection of gas

Deviations in permitted volumes for injection must not come into conflict with good resource management and/or recovery strategy as described in the current PDO and in the Annual status report. Deviations from the granted volumes for injection which entails a significant change to the recovery strategy etc. must be approved according to PA. section 4-2, subsection 7.

If the deviation from the approved volumes for injection results in increased export of gas, beyond the granted volumes in a production permit, the licensees must apply for a revised production permit, cf. section 6.1 and 6.2. If the deviation results in increased flaring and or cold-venting the licensees must apply for extended quotas, cf. section 6.3.

7 References to regulations, etc.

Please note that, pursuant to [section 30a of the Petroleum Regulations](#), consent shall be secured before a facility or parts thereof are used for the first time; see separate guidelines for this here: [Guidelines for section30a of the PR.](#)

A status report is required to start up production, cf. [section 32 of the Resource Management Regulations](#) and [guidelines for status reports before starting up new fields.](#)

Reference is otherwise made to [section 35 of the Resource Management Regulations](#), [section 47 of the Petroleum Regulations](#), [guidelines for annual status reports for fields in production](#), and [guidelines for reporting for the RNB.](#)

2 Appendix 1 – Basis for application for quotas for flaring and cold-venting

See separate Excel-file: appendix 1 – *Basis for application for quotas for flaring and cold-venting* under [regulations and guidelines](#) on npd.no/en/. The form shall be completed and attached to the application.

3 Appendix 2 – Increased quota for flaring and cold-venting of gas

Cause of extra flaring/cold-venting:
Presumed duration/schedule for handling the cause of extra flaring/cold-venting:
Original permitted volume of flaring/cold-venting (mill Sm³) and changed volume of flaring/cold-venting (mill Sm³) for the quarter:
Method for determining the amount of flaring/cold ventilation (e.g. direct measurement by flare meter). If the application concerns an increased cold-ventilation quota, and the emission is not directly measured, the method of determining the volume of the increased emissions shall be given in the application:
Assessments of how much production can be reduced while still maintaining a stable process:
Any process-, well- or reservoir-technical consequences for production or reserves in the event of shutdown:
Implemented or planned measures to limit flaring (e.g. reducing production, shutting down or reducing wells with a lot of associated gas (high GOR)):
Where relevant, what specific operational routines/procedures are communicated to the control room operators to manage the flaring/cold venting?
Based on the current CO₂ emission cost (CO₂-tax + CO₂ quota cost), give an estimate of the profitability for the extended quota here applied for.
Will the requested volumes be in conflict with the emission permit granted by the Norwegian Environment Agency?
[Yes/No]- If yes, we kindly ask you to contact the Environment Agency.
The operators contact person (name, phone number and e-mail address) if additional information is needed:
The organisation's/facility's flaring strategy for unforeseen incidents shall be enclosed with the application as a separate document.

4 Appendix 3 - Application matrix

		Application type			
Applicant	When	Production and injection	Flaring and cold-venting	Special application for gas	Application for discrepancies and changes in existing permits
Fields	Before start-up	Shall apply, Item 3.1	Shall apply in the event of flaring and/or cold-venting on the field, Item 3.2	Can apply, Items 5.1 – 5.3	As needed, Items 6.1 - 6.3
	Annual	Shall apply, Item 4.1	Shall apply in the event of flaring and/or cold-venting on the field, Item 4.2	Can apply, Items 5.1 – 5.3	As needed, Items 6.1 - 6.3
Onshore facilities and facilities on the shelf without association with fields	Before start-up	Not relevant	Shall apply in the event of flaring and/or cold-venting at the facility, Item 3.2	Not relevant	Item 6.3
	Annual	Not relevant	Shall apply in the event of flaring and/or cold-venting at the facility, Item 4.2	Not relevant	Item 6.3