



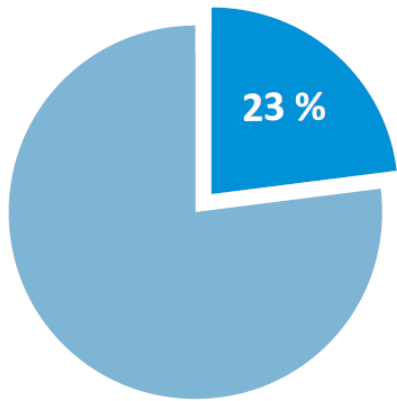
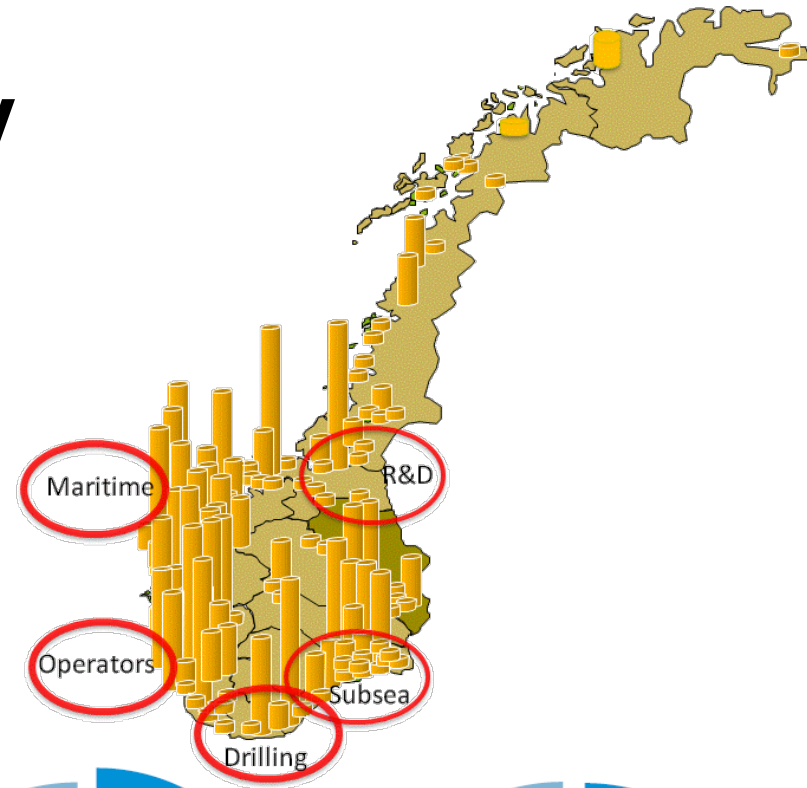
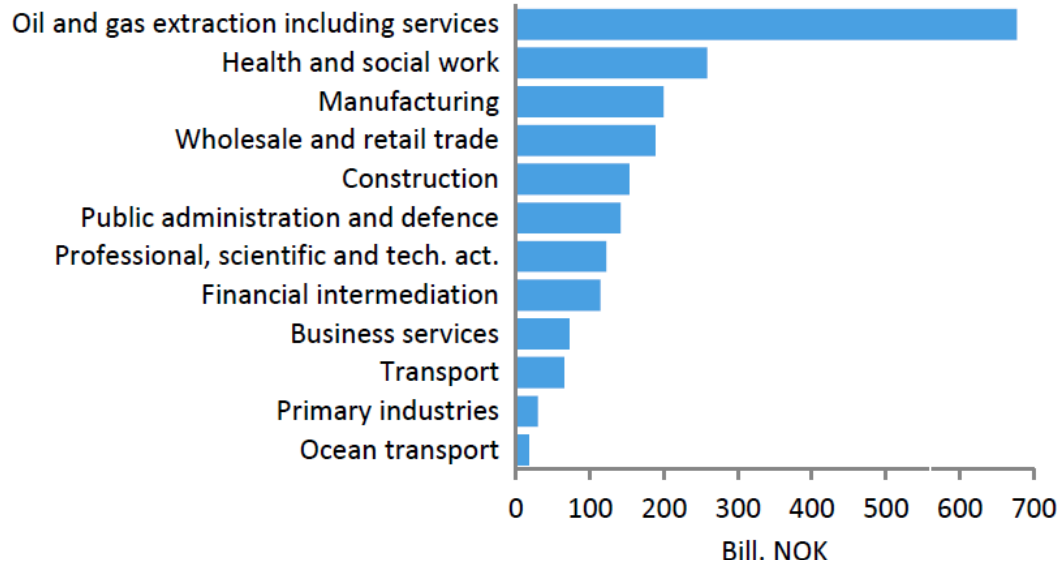
OLJE- OG ENERGIDEPARTEMENTET

The Norwegian Model: Evolution, performance and benefits

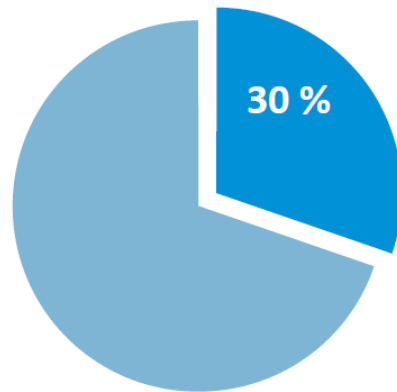
Ola Borten Moe

Minister of Petroleum and Energy

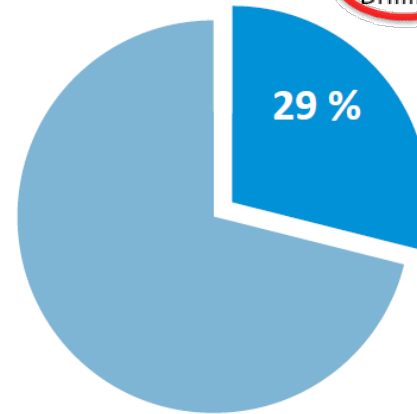
Our largest industry



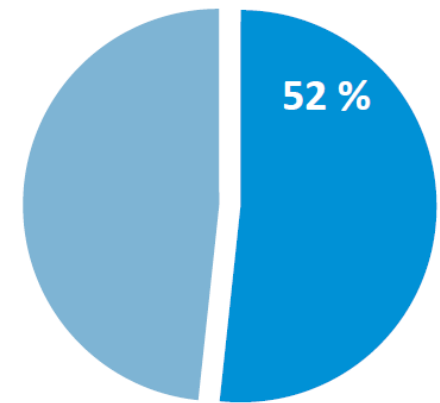
The petroleum sector's share of GDP



The petroleum sector's share of state revenues



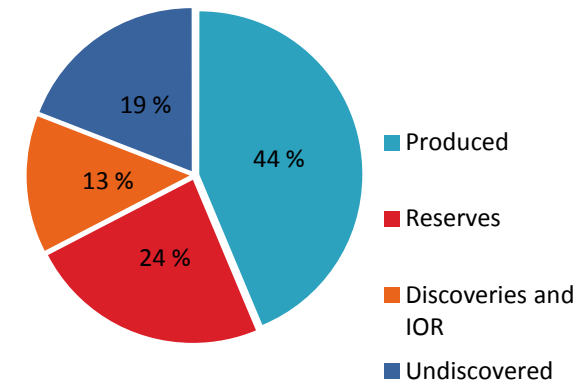
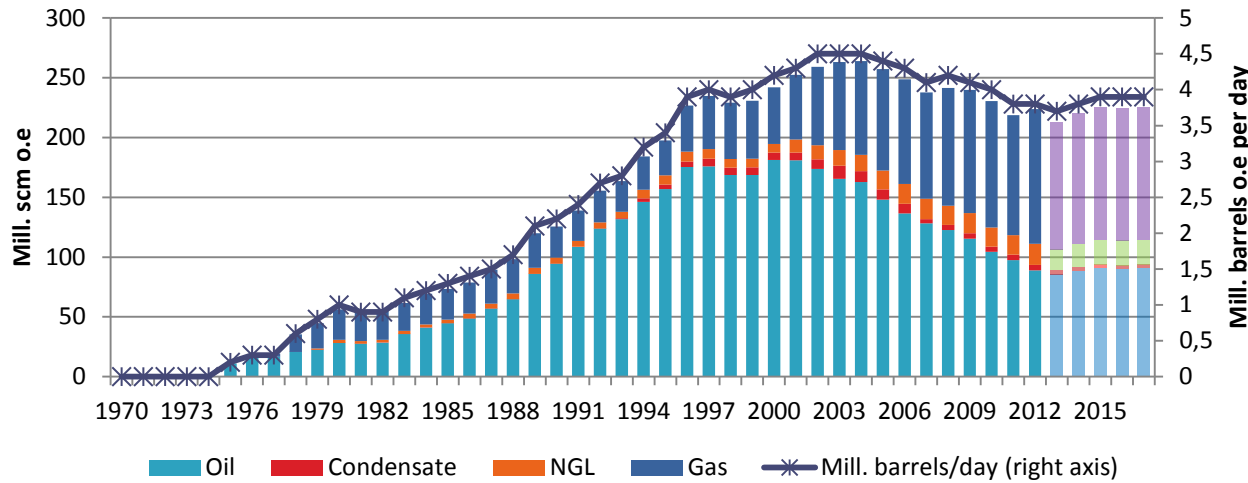
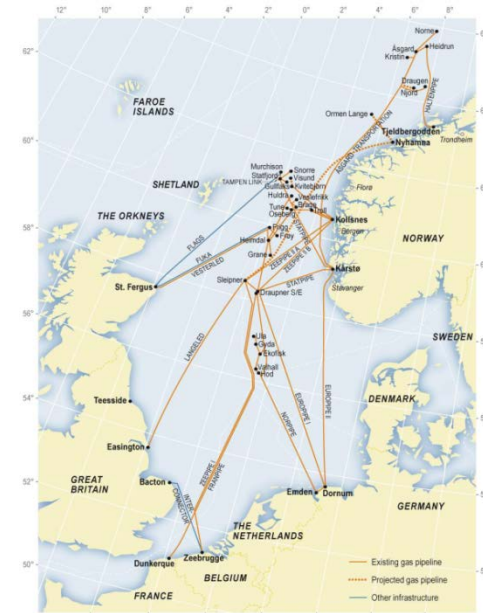
The petroleum sector's share of total investment



The petroleum sector's share of total exports

Norwegian Oil and Gas

- Activities since 1965
- 77 fields in production
- Liquids production in 2012: 1,9 million bpd
- Gas sales 2012: 114,8 MSm³ o.e. gas
- 8000 km of offshore gas pipelines
- Landing points in four countries in Europe
- 54 companies is currently licensees on the NCS
- High exploration level: 42 wells in 2012
- Investment level 2012: 172,5 Bn NOK (30 bn USD)

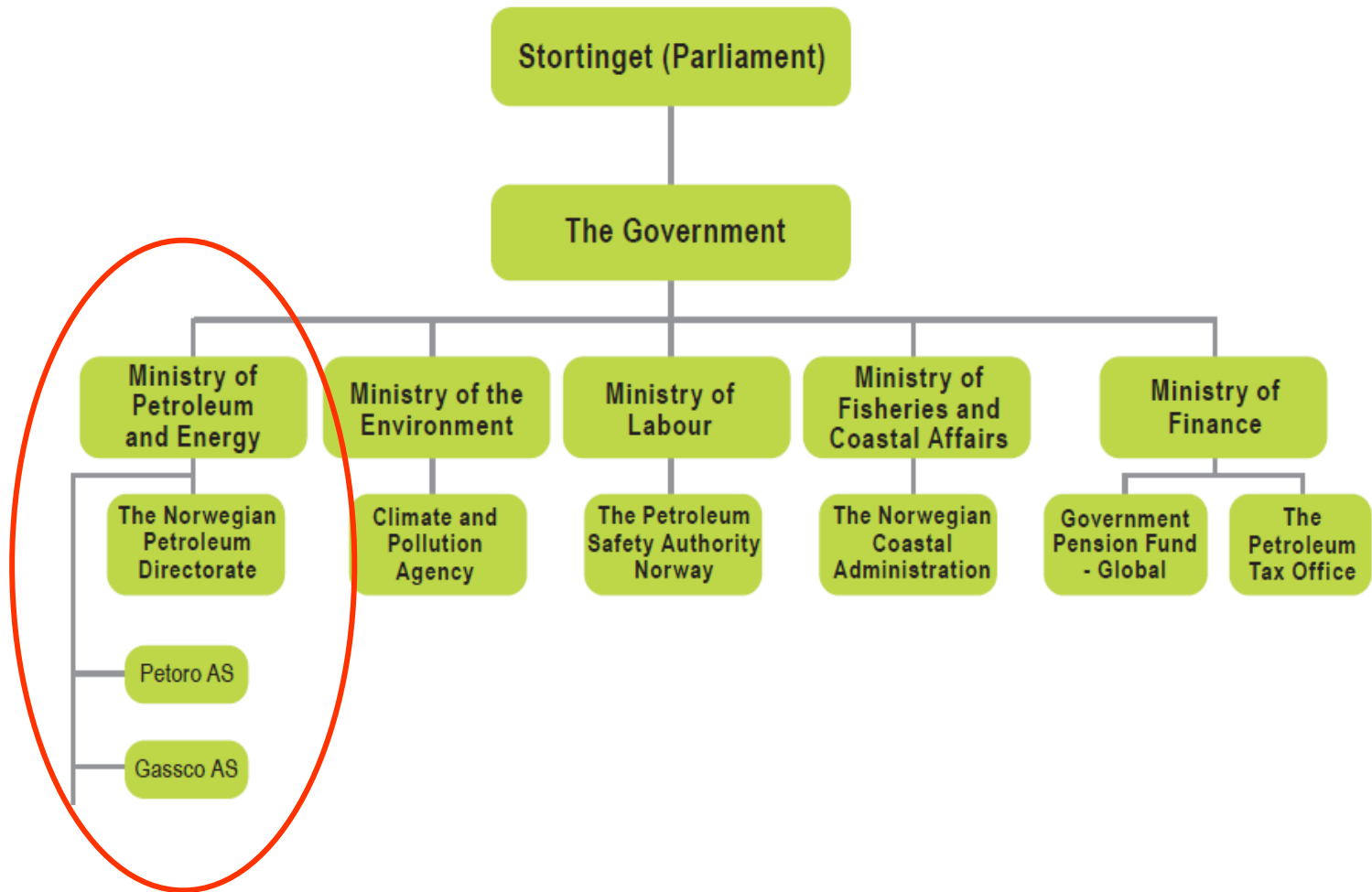


Renewable energy in Norway

- The world's 6th largest hydro-power producer
- Nearly all electricity production from renewable energy sources
- 67,5 % renewable energy share by 2020



State organisation of the Norwegian petroleum sector



Petroleum policy

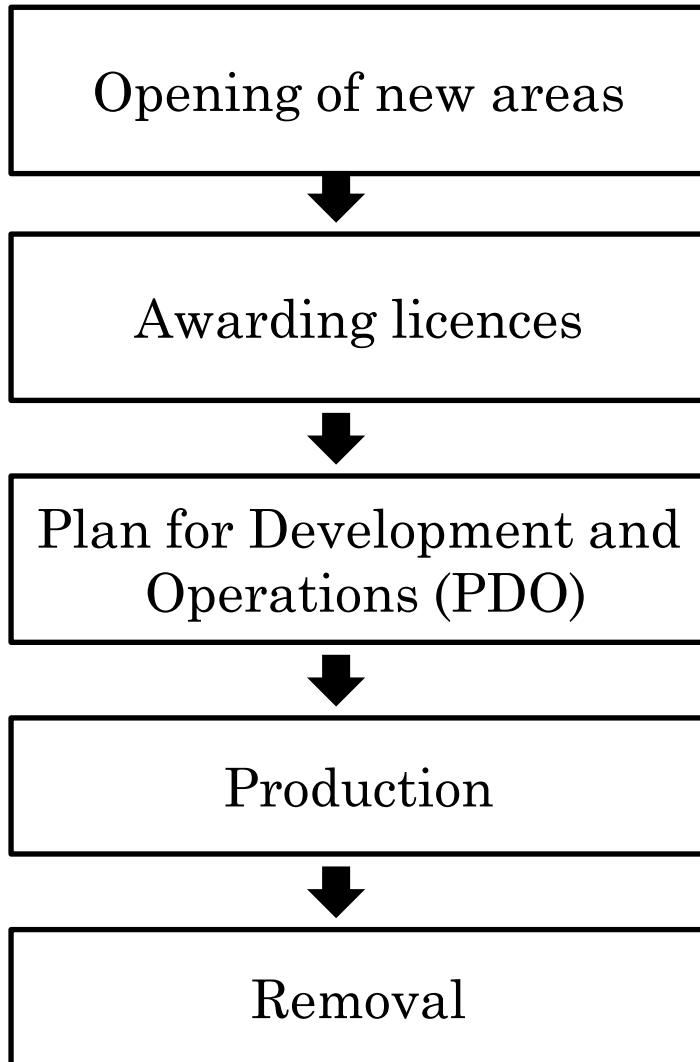
- The petroleum resources shall be managed for the benefit of the Norwegian society as a whole
- The right to sub sea petroleum deposits is vested in the Stat
- Goal:
Maximize value creation through:
 - legal / licensing system
 - resource management
 - R&D and industrial development
- High focus and continuous attention to the environment and HSE!



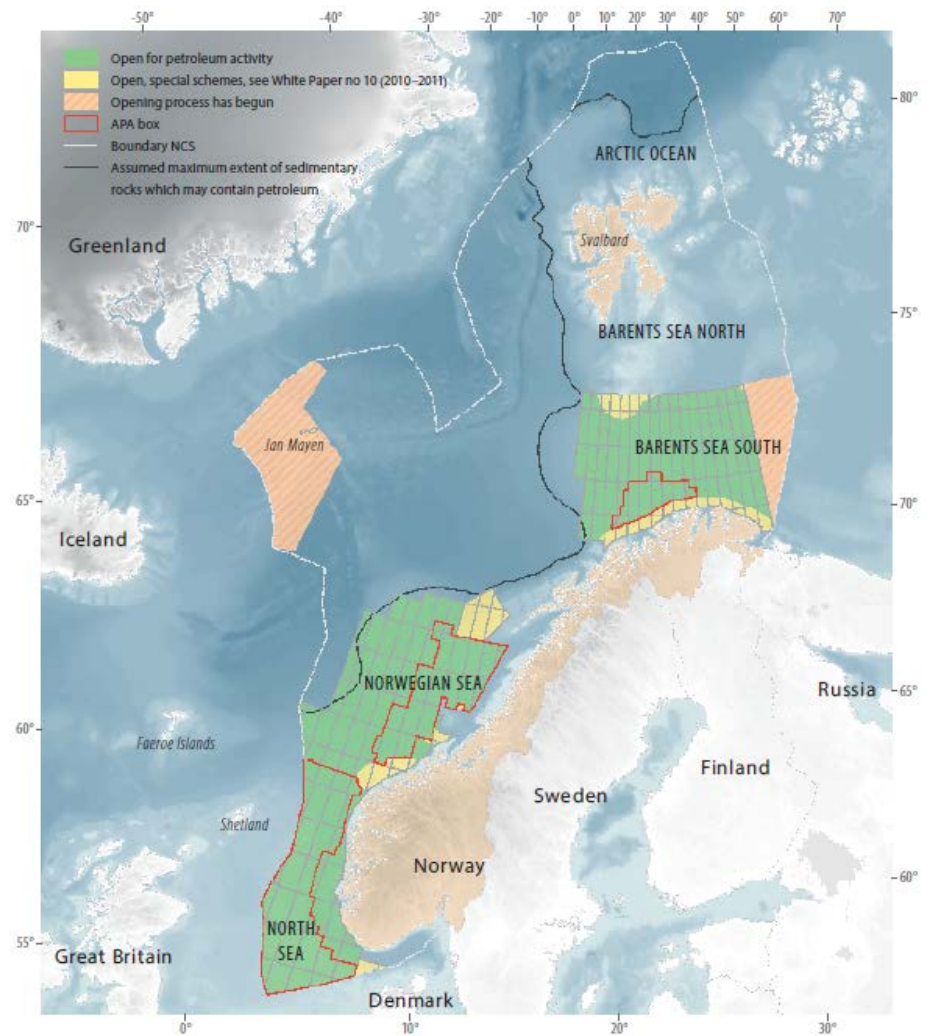
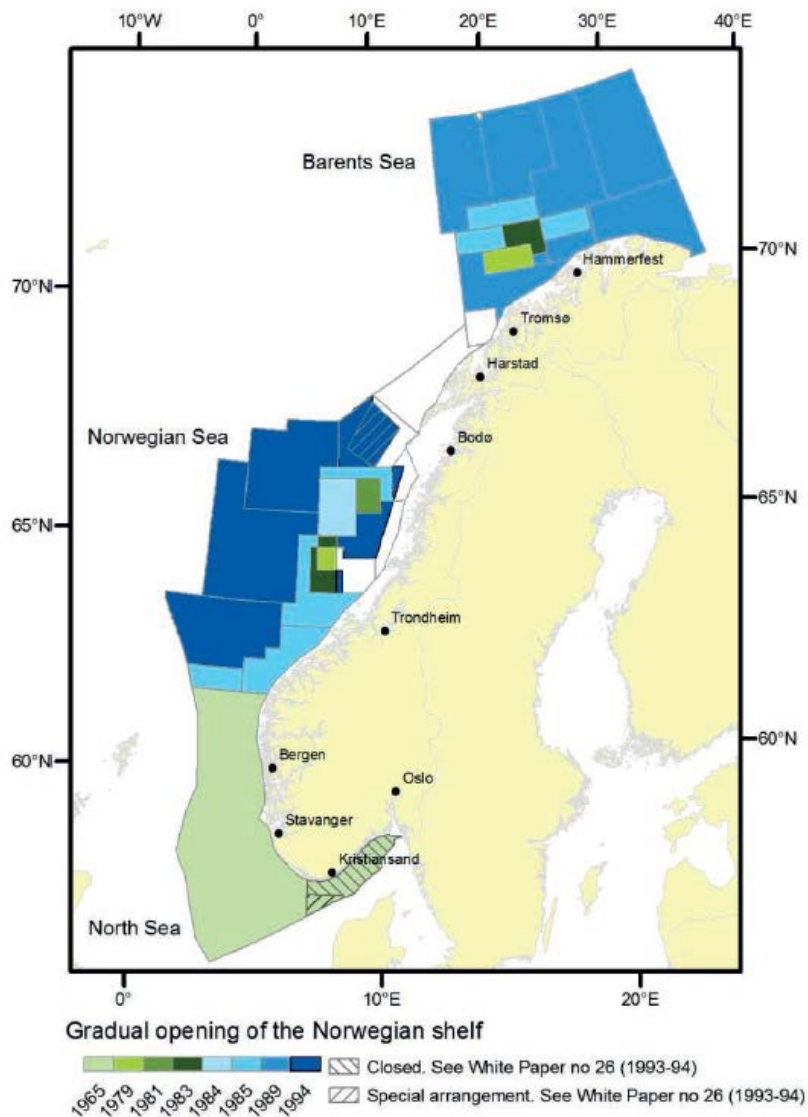
Key principles of the Norwegian resource management system

- **Predictability, transparency and stability**
- **Clarity of the state's different roles**
- **Striking the right balance between attracting international E&P companies and building domestic industry**
- **International participation**
- **National control**

Our main activities

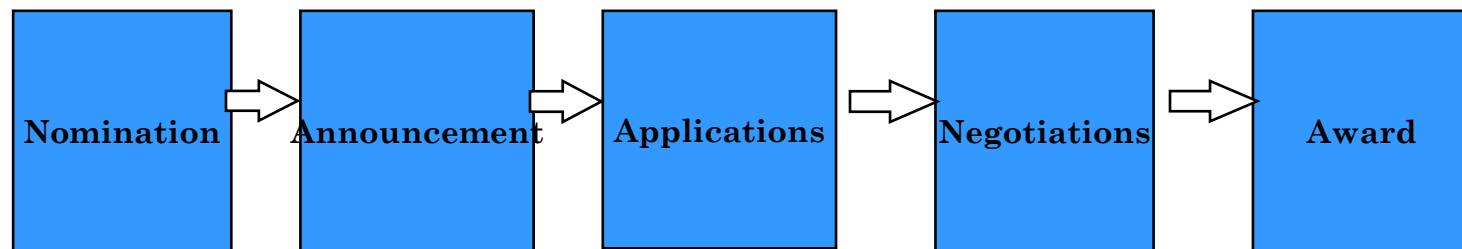


Stepwise opening of new areas



The Norwegian licensing system

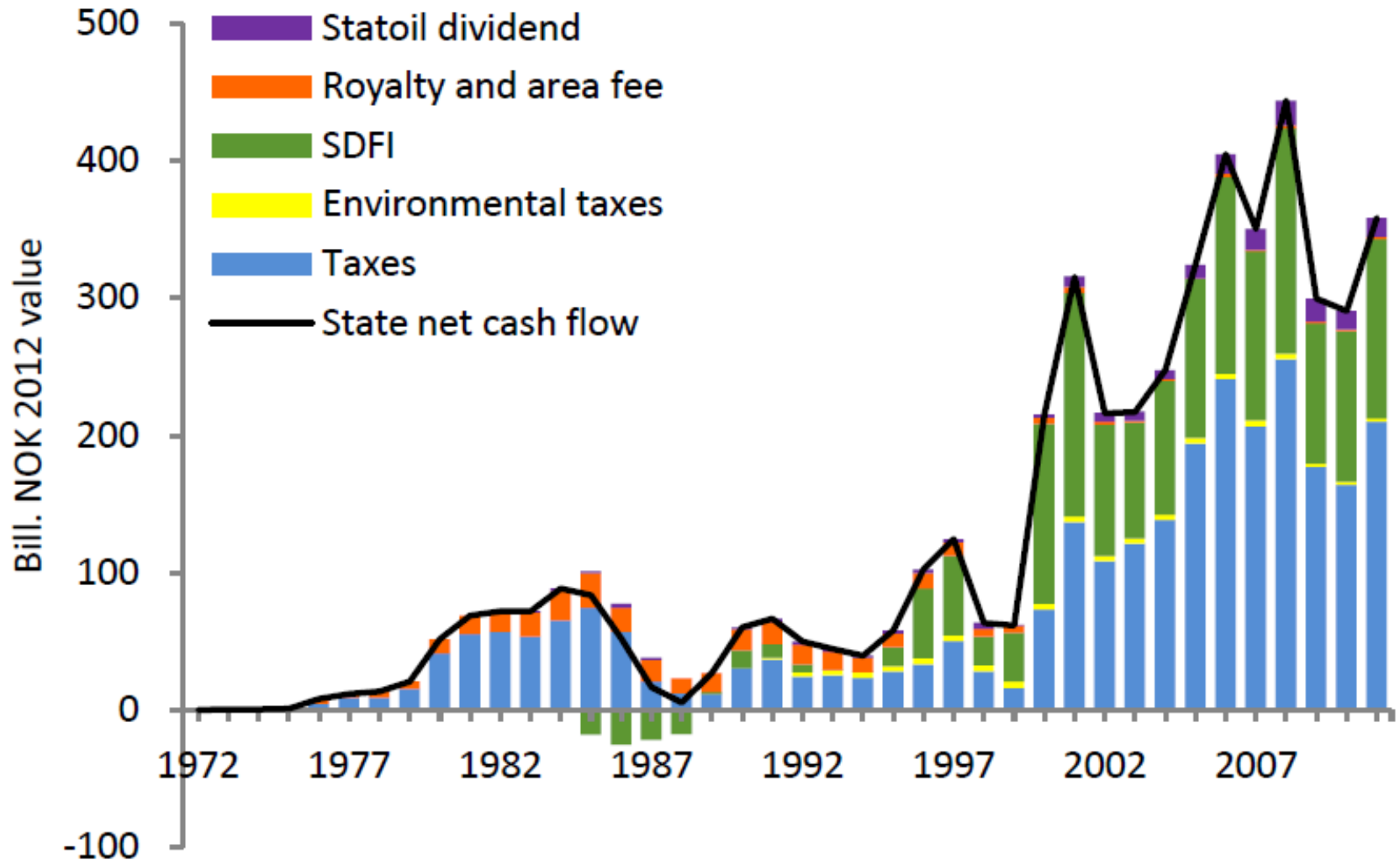
- **Discretionary system using the companies as agents to create maximum values**
- **Stepwise exploration**



Licencing policy – Compete & Cooperate

- Award of production licences based on
 - geological understanding
 - technical expertise
 - financial strength
 - experience with the oil company
- Oil companies compete to be awarded licence
- Awards are on non-discriminatory basis
- Plurality of ideas and internal checks and balances in a production licence
- Cooperate in the joint venture to maximize the value in the production licence
- State participation through SDFI

Government cash flow from the petroleum industry



Norwegian Petroleum Tax System

Effects of the system:

- A neutral tax system - performs well regarding net present value per dollar invested and break-even prices
- Low risk (sleeping partner) and few distortions to pre-tax economics
- Company based tax system, not project/field based (ring fence)

Operating income (norm price)

- Operating expenses
- Linear depreciation for investments (6 years)
- Exploration expenses, R&D and decommissioning
- CO₂-tax, No_x-tax and area fee
- Net financial costs

= Corporation tax base (tax rate 28 %)

- Uplift (5,5 % of investment for 4 years)

= Special tax base (tax rate: 50 %)

The State's Direct Financial Interest (SDFI)

- **The Government holds shares directly in oil and gas fields, pipelines and land-based plants**
- **Takes share in a production licence when awarded. Receives revenues and pays cost as any other company in the licence.**
- **Net cash flow from the SDFI portfolio is transferred to the Government Pension Fund – Global**

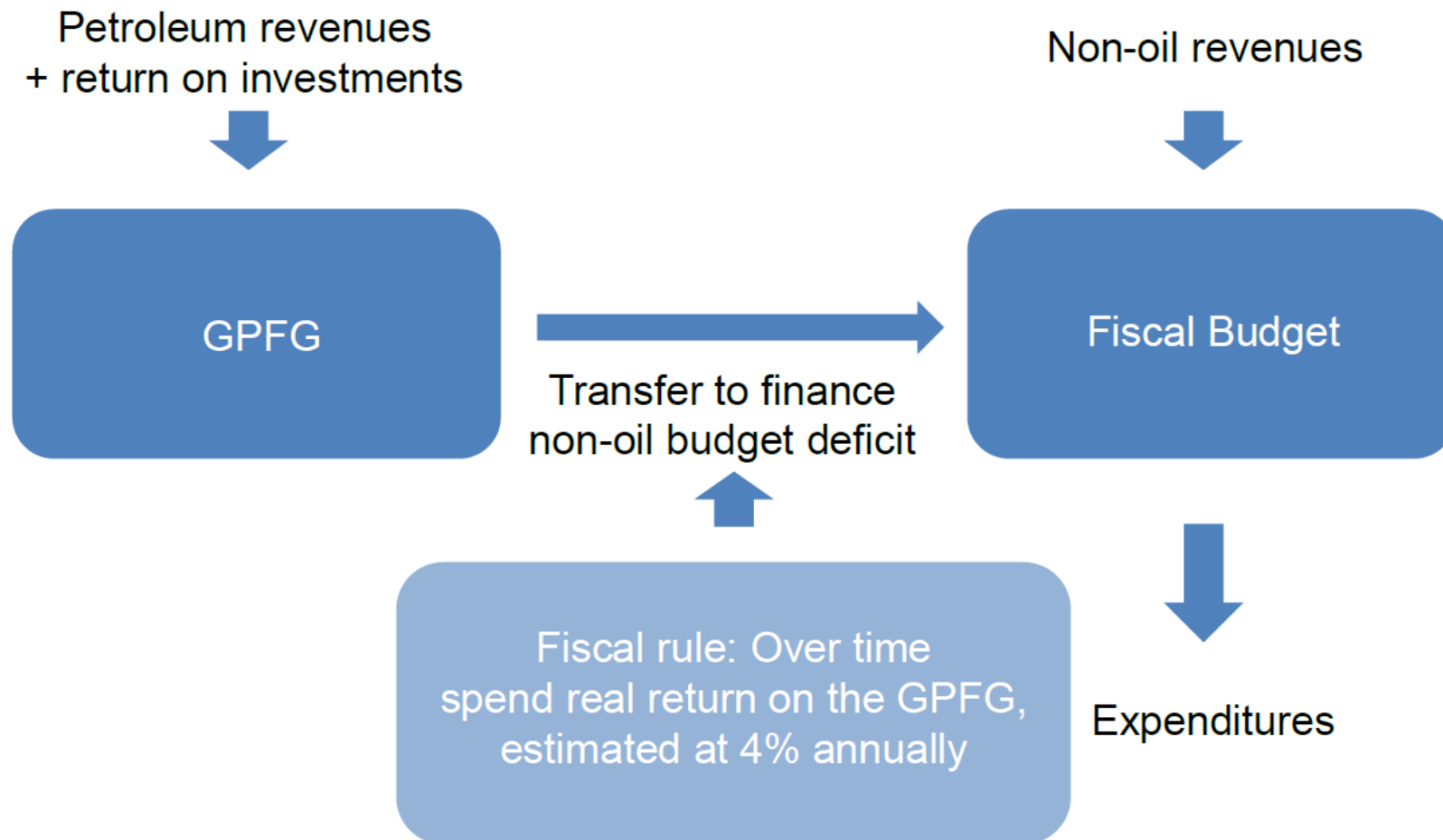
Petoro AS

- **A 100 % government owned limited company**
- **Business manager of the SDFI portfolio**
- **Relatively small – around 70 employees**
- **No dividends, no tax liability**

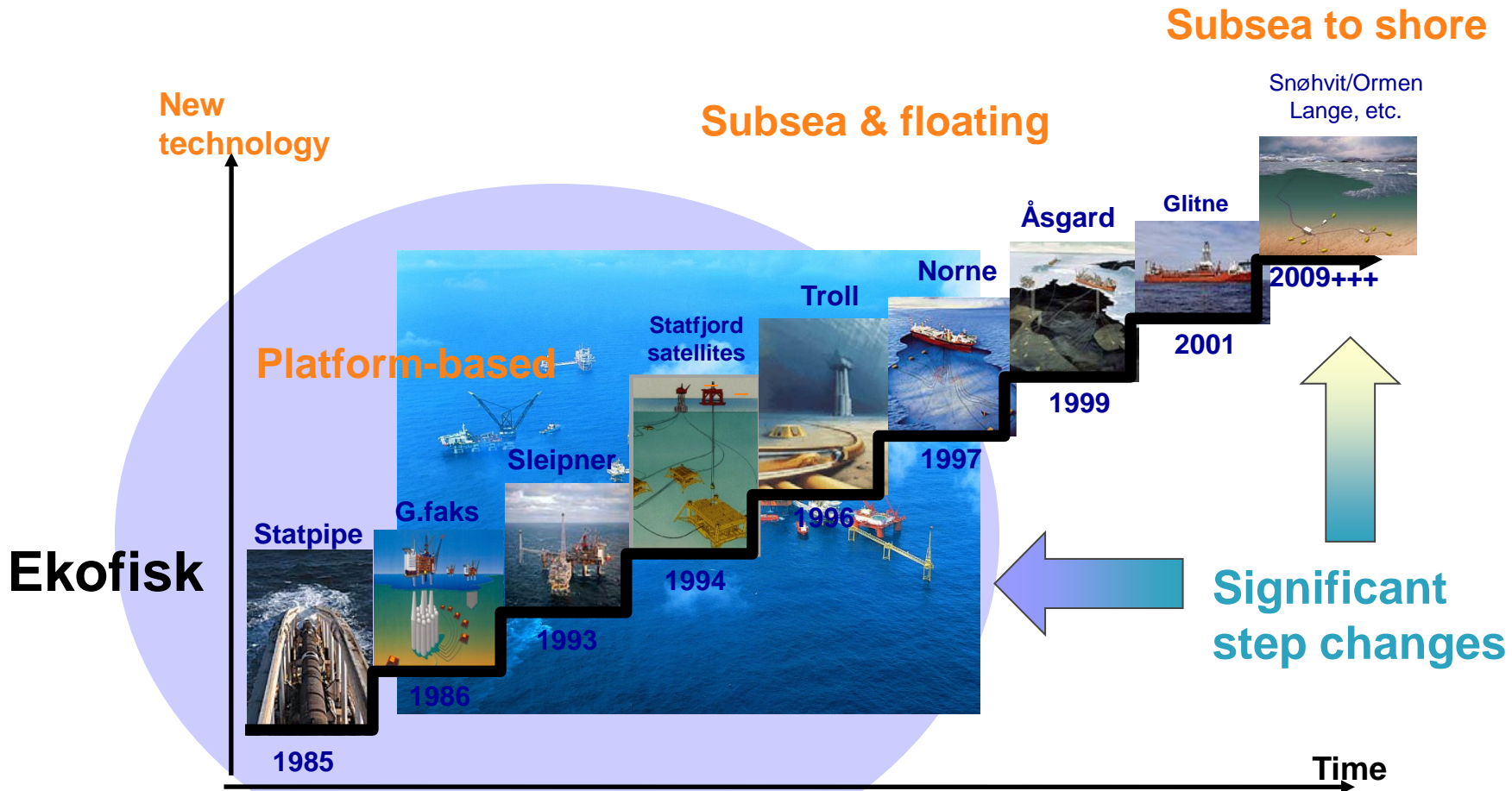


Statoil

The Government Pension Fund Global and the fiscal rule

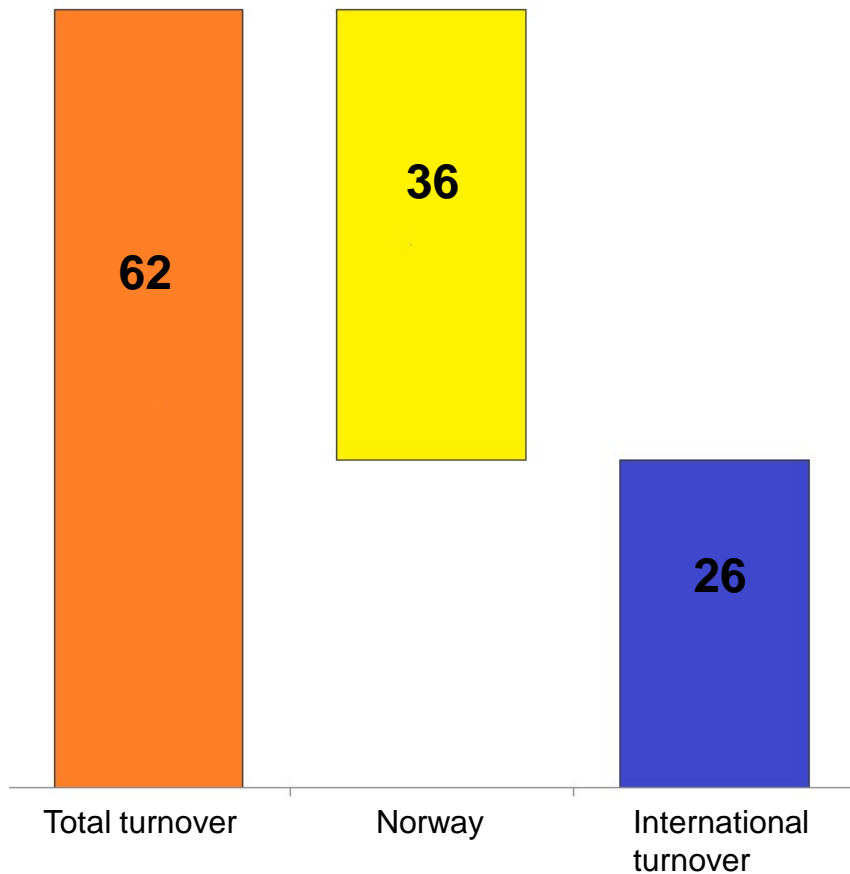


Pioneering achievements

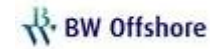


Source: Statoil

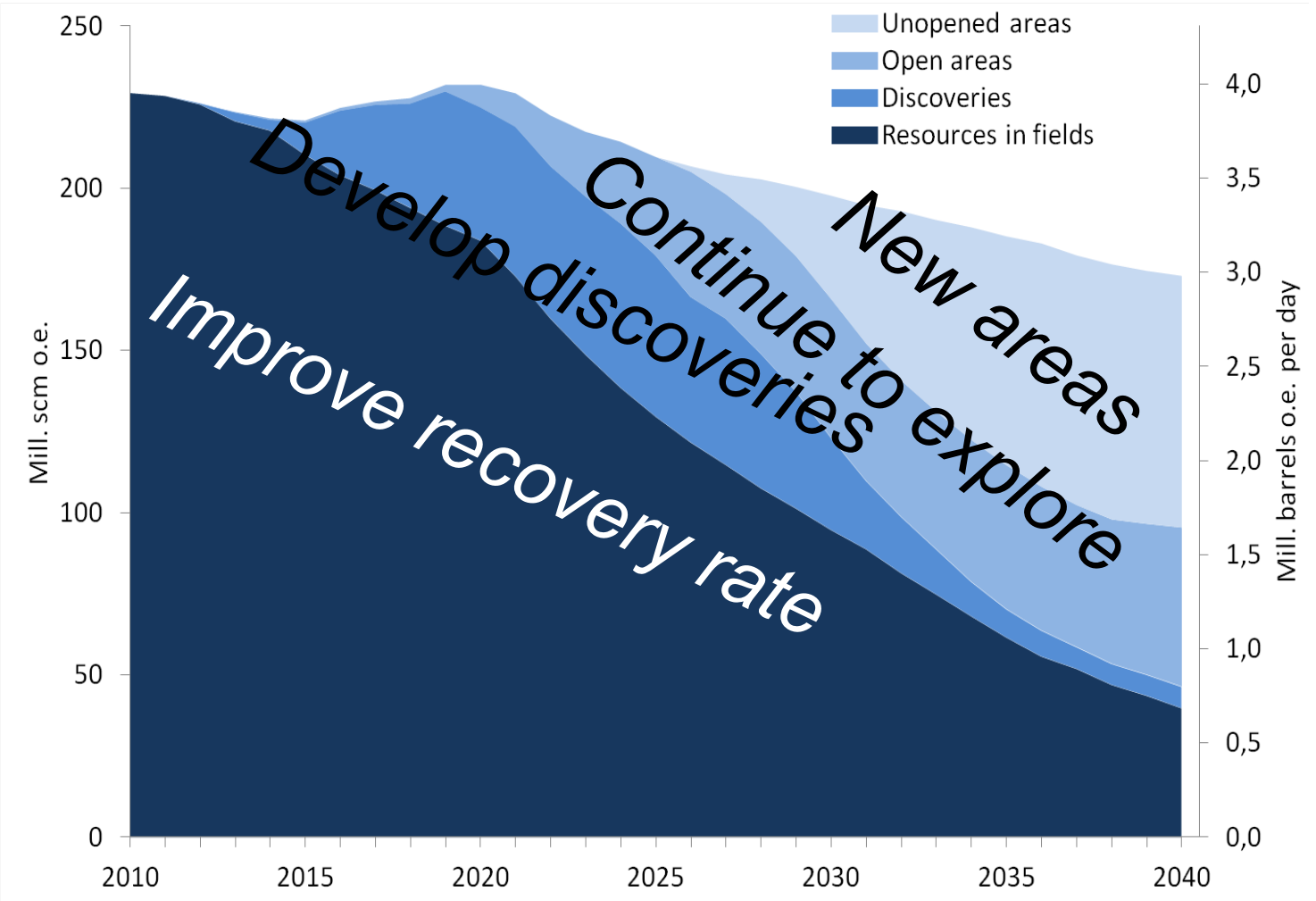
The Norwegian supply and service industry today



Total turnover, Norwegian supply industry 2011 (bill. USD)

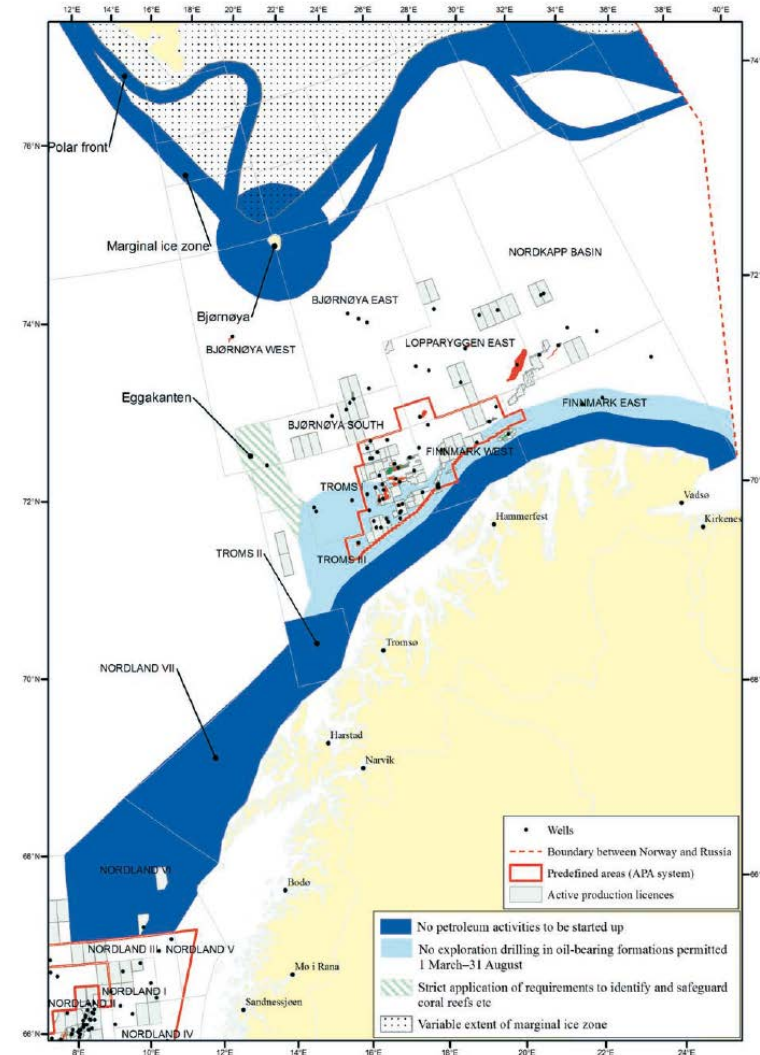


A Parallel and Active Commitment



Integrated Management Plans

- Integrated management plans for all the Norwegian seas.
- Updated ever 4. years
- Based upon facts
- Provides a basis for coexistence between industries, environment and management of natural resources
- Provides a stabile framework for the petroleum industry





Thank you for your attention!