

PL645 Relinquishment Report

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1 Key Licence History

Licence details

PL645 is located in block 6507/10 on the Halten Terrace approximately 14 km south of the Heidrun Field (Fig. 1.1). The licence was awarded to Faroe Petroleum Norge AS, Centrica Resources (Norge) AS and Skagen44 AS in 2012 as part of the APA 2011 round.

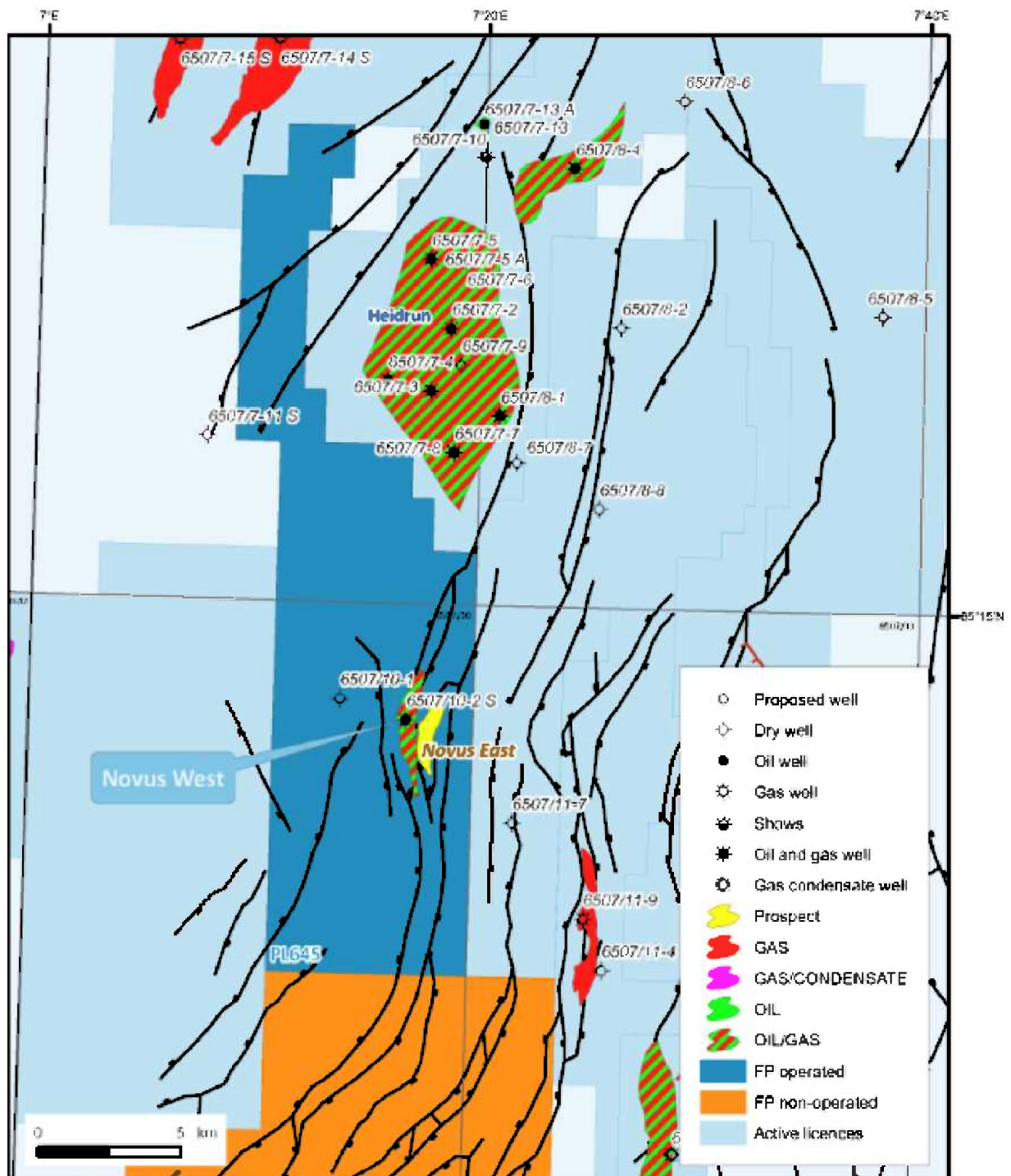


Fig. 1.1 Location map.

In 2013 Concedo ASA acquired 5% equity in the licence from Skagen 44, Spike Exploration Holding AS acquired 15% equity from Faroe Petroleum Norge AS and Concedo ASA acquired 5% equity from Faroe Petroleum Norge AS, leaving license equity at the termination of the licence as follows:

Faroe Petroleum Norge AS (Operator) - 30%

Centrica Resources (Norge) AS - 40%

Spike Exploration Holding AS - 15%

Concedo ASA - 10%

Skagen 44 AS - 5%

Work program

The licence work performed included seismic reprocessing, geological and geophysical studies before making a drill decision. This work commitment was fulfilled with the drilling of the discovery well 6507/10-2S drilled in 2013. The well results have been evaluated together with the impact of the remaining prospects in the licence towards the BoK licence decision.

The work programme for the licence has been fulfilled.

Relinquishment

Following completion of all technical work, the partnership agreed to fully relinquish the licence and the notice of relinquishment letter was sent to the Ministry of Petroleum and Energy 3 August 2015.

2 Database

Seismic database

The initial seismic database in PL645 consisted of the ST9905, CE0801, MGW98-R11, MGW98, CN-86, ST9102 and BPN0002. During the licence work programme, the merged reprocessed survey FP13M1 (MGW98, CN-86, ST9102 and BPN0002) and FP11M1R14 (reprocessing of MGW98) were added to the seismic database. The primary seismic dataset used in the interpretation of this area is the FP13001M1.

FP13001M1 is a merge of the ST0614MR10, MGW98 and the ST97M1. The dataset is amplitude, phase and time matched and post-stack reprocessed, across the licence area with the Heidrun Field to the north. The dataset has also been further reprocessed by SIP (Seismic Image Processing) sub creating derived products like angle stacks and seismic inversion for fluid and lithology prediction. The outline of the *FP13001M1* dataset in relation to the discovery can be seen in Fig. 2.1.

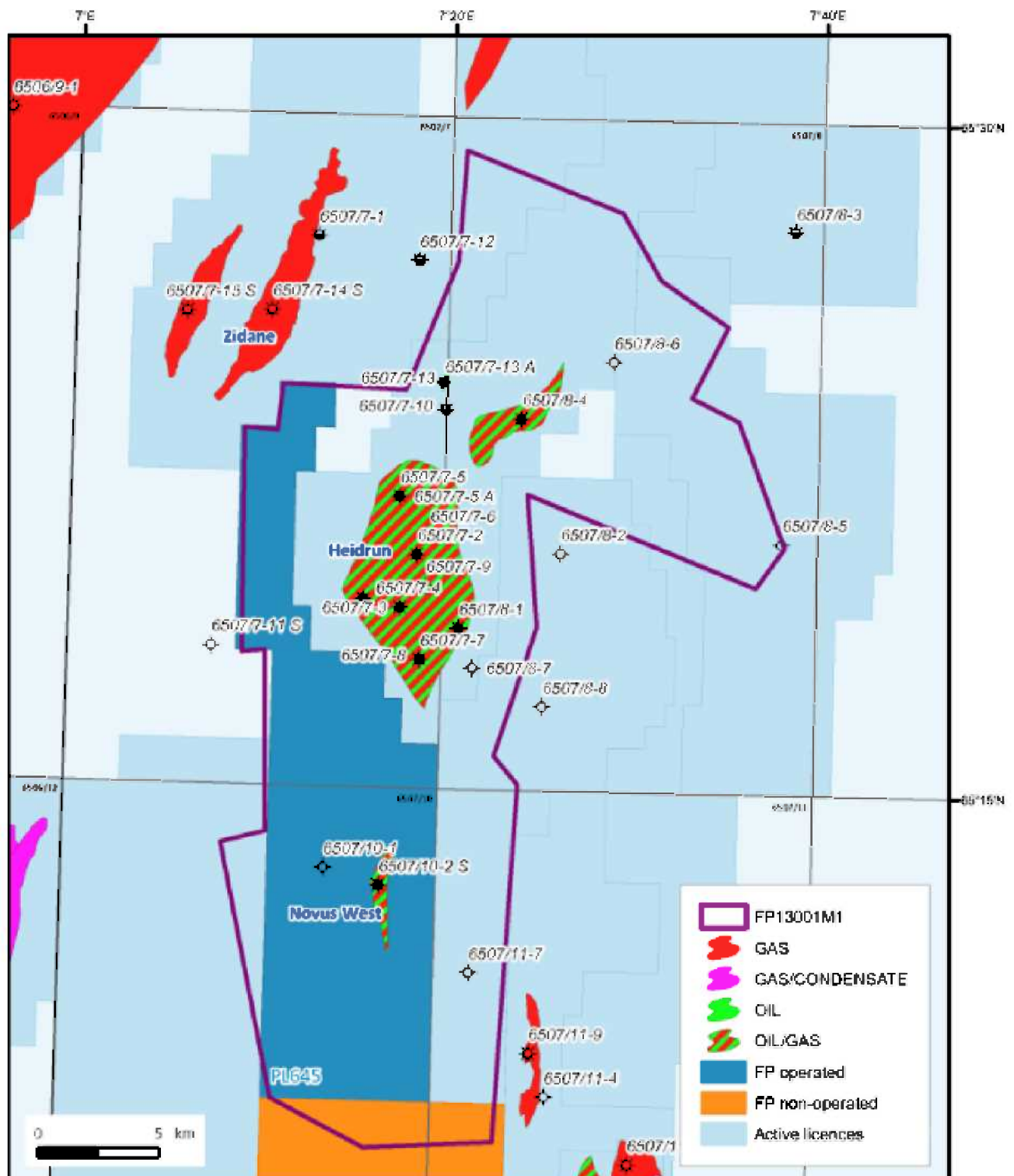


Fig. 2.1 Map with outline FP13M1 and wells in the common database.

Well database

The well database can be seen in Fig. 2.1 and Table 2.1 and consist of all released exploration wells in the area and released production wells on Heidrun, Smørbukk and Smørbukk Sør.

Table 2.1 Well database

| Well | Purpose | Year | Result | TD (m RKB) | TD Formation | Primary target | Secondary target | Comment |
|-------------|-----------|------|-----------|------------|--------------|----------------|------------------|------------------------------|
| 6406/3-3 | Appraisal | 1986 | Oil shows | 4416 | Åre Fm. | Fangst Gp. | | |
| 6406/3-5 | Wildcat | 1988 | Oil shows | 4281 | Tilje Fm. | Fangst Gp. | | |
| 6406/3-8 | Wildcat | 2010 | Oil | 4138 | Tilje Fm. | Fangst Gp. | | Maria Discovery |
| 6407/1-3 | Wildcat | 1984 | Oil/Gas | 4467 | Grey Beds | Fangst Gp. | | Tyrihans Nord discovery |
| 6407/1-4 | Appraisal | 1996 | Oil/Gas | 3805 | Not Fm. | Fangst Gp. | Nise Fm. | Tyrihans Nord Appraisal |
| 6407/1-5 S | Appraisal | 2012 | Oil/Gas | 4164 | Tilje Fm. | Fangst Gp. | | Maria Appraisal |
| 6407/2-1 | Wildcat | 1982 | Oil shows | 3869 | Red Beds | Fangst Gp. | | |
| 6407/2-2 | Appraisal | 1985 | Gas/Cond | 3351 | Grey Beds | Fangst Gp. | | |
| 6407/2-4 | Wildcat | 2009 | Dry | 3000 | Ile Fm. | Fangst Gp. | | |
| 6506/12-5 | Appraisal | 1986 | Oil | 4587 | Åre Fm. | Fangst Gp. | Lysing Fm. | |
| 6506/12-8 | Appraisal | 1988 | Oil/Gas | 4334 | Tilje Fm. | Fangst Gp. | | |
| 6507/10-1 | Wildcat | 1982 | Dry | 3687 | Åre Fm. | Fangst Gp. | | |
| 6507/11-1 | Wildcat | 1981 | Gas/Cond | 3138 | Grey Beds | Fangst Gp. | | |
| 6507/11-10 | Wildcat | 2010 | Dry | 2319 | Tilje Fm. | Båt Gp. | Fangst Gp. | |
| 6507/11-2 | Wildcat | 1982 | Dry | 2905 | Grey Beds | Fangst Gp. | | |
| 6507/11-3 | Appraisal | 1985 | Oil/Gas | 3250 | Grey Beds | Fangst Gp. | Båt Gp. | |
| 6507/11-4 | Wildcat | 1987 | Dry | 3043 | Tilje Fm. | Fangst Gp. | | |
| 6507/11-5 S | Appraisal | 1997 | Oil/Gas | 2599 | Ror Fm. | Fangst Gp. | | Reclassified to producer |
| 6507/11-6 | Wildcat | 2001 | Gas/Cond | 3439 | Åre Fm. | Fangst Gp. | Lysing Fm. | Sigrid discovery |
| 6507/11-8 | Wildcat | 2007 | Gas | 2772 | Åre Fm. | Fangst Gp. | Båt Gp. | Yttergryta discovery |
| 6507-11-9 | Wildcat | 2008 | Gas | 3058 | Båt Gp. | Fangst Gp. | | Natalia discovery |
| 6507/7-1 | Wildcat | 1984 | Gas shows | 4818 | Tilje Fm. | Fangst Gp. | Båt Gp. | |
| 6507/7-10 | Wildcat | 1993 | Oil shows | 3306 | Grey Beds | Fangst Gp. | Båt Gp. | |
| 6507/7-11 S | Wildcat | 1997 | Dry | 3744 | Åre Fm. | Fangst Gp. | Båt Gp. | |
| 6507/7-12 | Wildcat | 1999 | Oil shows | 3974 | Spekk Fm. | Fangst Gp. | Lysing Fm. | |
| 6507/7-13 | Wildcat | 2001 | Oil | 2623 | Åre Fm. | Båt Gp. | | Horst on the side of Heidrun |
| 6507/7-13 A | Appraisal | 2001 | Oil | 2519 | Åre Fm. | Båt Gp. | | |
| 6507/7-14 S | Wildcat | 2010 | Gas | 4477 | Tilje Fm. | Fangst Gp. | Lange fm. | Zidane discovery |
| 6507/7-15 S | Wildcat | 2012 | Gas | 4552 | Tilje Fm. | Fangst Gp. | Lange fm. | Zidane West discovery |
| 6507/7-2 | Wildcat | 1985 | Oil/Gas | 3260 | Åre Fm. | Båt Gp. | | Heidrun discovery |
| 6507/7-3 | Appraisal | 1985 | Oil/Gas | 2850 | Åre Fm. | Fangst Gp. | | Heidrun appraisal |
| 6507/7-4 | Appraisal | 1986 | Oil/Gas | 2850 | Tilje Fm. | Fangst Gp. | | Heidrun appraisal |
| 6507/7-5 | Appraisal | 1986 | Oil/Gas | 2659 | Tilje Fm. | Fangst Gp. | Båt Gp. | Heidrun appraisal |
| 6507/7-5 A | Appraisal | 1986 | Oil/Gas | 2525 | Tilje Fm. | Fangst Gp. | Båt Gp. | Heidrun appraisal |
| 6507/7-6 | Appraisal | 1986 | Oil/Gas | 2470 | Åre Fm. | Fangst Gp. | Båt Gp. | Heidrun appraisal |
| 6507/7-8 | Appraisal | 1987 | Oil/Gas | 2855 | Åre Fm. | Fangst Gp. | Båt Gp. | Heidrun appraisal |
| 6507/8-1 | Appraisal | 1986 | Oil/Gas | 2600 | Åre Fm. | Fangst Gp. | Båt Gp. | Heidrun appraisal |
| 6507/8-2 | Wildcat | 1987 | Dry | 2690 | Åre Fm. | Fangst Gp. | | |
| 6507/8-3 | Wildcat | 1988 | Gas shows | 2075 | Åre Fm. | Fangst Gp. | | |
| 6507/8-4 | Wildcat | 1990 | Oil/Gas | 2559 | Grey Beds | Båt Gp. | | Heidrun Nord discovery |
| 6507/8-5 | Wildcat | 1991 | Dry | 2000 | Tilje Fm. | Fangst Gp. | | |
| 6507/8-6 | Wildcat | 1993 | Dry | 2850 | Red Beds | Fangst Gp. | Båt Gp. | |
| 6507/8-7 | Wildcat | 2004 | Dry | 2975 | Tilje Fm. | Fangst Gp. | Lysing Fm. | |
| 6507/8-8 | Wildcat | 2011 | Dry | 2554 | Åre Fm. | Båt Gp. | | |

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3 Review of Geological Framework

The licence is located on the Halten Terrace south of the Heidrun Field. Prospectivity has been identified using seismic anomalies and sits mainly in tilted fault blocks with reservoir in the Jurassic section, ranging from the Garn Formation through to the Åre Formation.

Reprocessing

Geotrace performed a reprocessing of the BPN0002, ST9102, CN86 and MGW98. Figure Fig. 3.1 show that the FP13M1 gave a general uplift in the seismic data, improved well ties and imaging compared to the 2011 reprocessing. In addition, a Bandwidth Extension (BE) was performed to the reprocessed seismic which gave crisper faults, better resolution of the Fangst Group and good seismic character was maintained over the faults, the results are shown in Fig. 3.2.

Well results

The well 6507/10-2 S was drilled as an exploration well targeting the Garn, Ile and Tilje formations and was spudded on 10 November 2013. The objective was to find commercial volumes of hydrocarbons similar in composition to the nearby Heidrun Field. The well was TD'ed at 2678 m MD, 50 m into the Åre Formation (work commitment) and permanently plugged and abandoned as a small gas and oil discovery.

The well showed around 12 bar higher pressure than prognosed within the Garn and Ile formations, most likely due to compartmentalisation. Reservoir pressures acquired within the Tilje formation were lower than hydrostatic and interpreted to be depleted by Heidrun production.

Well 6507/10-2 S targeting the Novus West horst block encountered a 12.1 m net gas and a 10.5 m net oil column in the Garn Formation, which had a higher reservoir quality and thickness than expected. The Ile and Tilje formations were encountered in line with expectations, but were found to be water wet. MDT pressure points were taken in the Garn, Ile and Tilje formations, giving strong indications of fluid columns and contact. The Gas-Oil Contact (GOC) is located at 2605.4 m TVD SS, the Oil-Water Contact (OWC) is at 2618.0 m TVD SS. The bottom section (2 meters) of the Garn Formation is water bearing. Formation fluids (gas, oil, and water) were sampled with MPSR and SPMC MDT bottles, with a high quality level, allowing to perform further PVT analysis.

The post-drill recoverable volumes are estimated to be P90: 0.8 million Sm³ o.e. (5.1 MMboe), P50: 1.18 million Sm³ o.e. (7.4 MMboe) and P10: 1.7 million o.e. Sm³ (10.8 mmboe). Current volumes are classified sub-commercial.

Further details can be found in the '6507/10-2 S Novus Discovery Evaluation Report'.

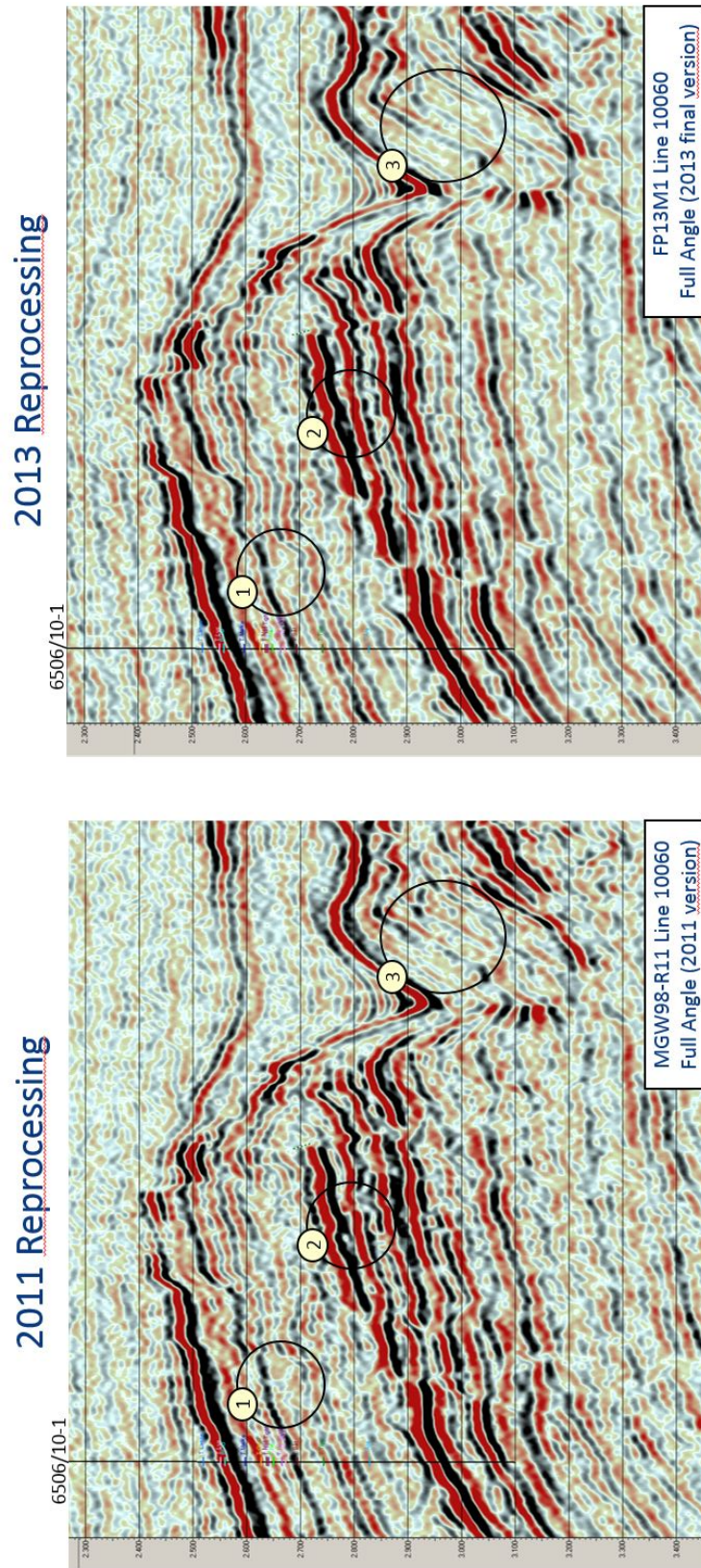


Fig. 3.1 Comparison between the 2011 and 2013 reprocessing

1. *Slight improvement of imaging of the Båt interval*
2. *Better Åre continuity*
3. *Better imaging of steeply dipping reflectors*

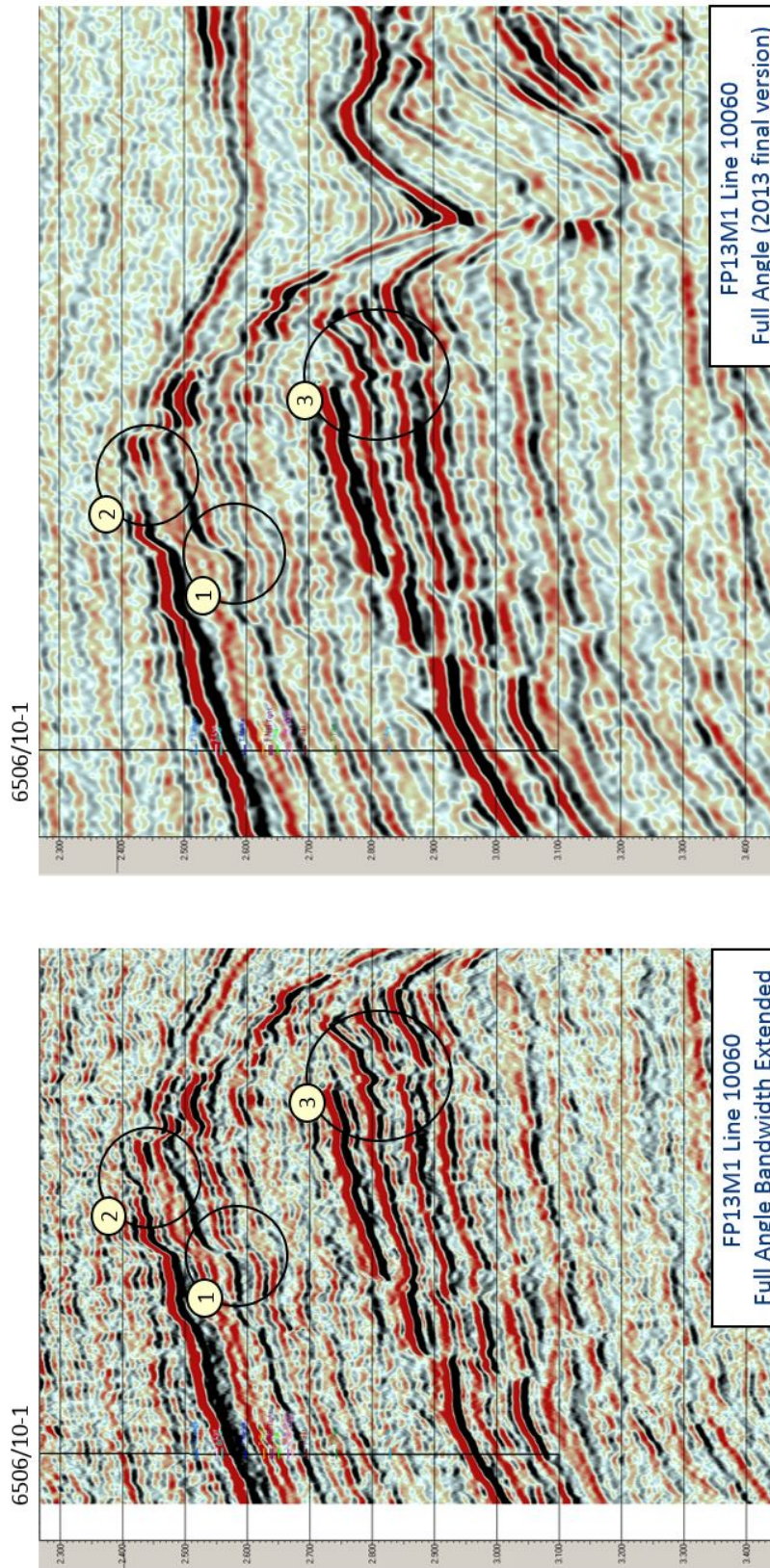


Fig. 3.2 Effect of bandwidth extension (BE) in FP13M1

1. Crisper faults
2. Better resolution of the Fangst Group
3. Good seismic character maintained over the faults

Fault Seal Study

A fault seal study was initiated with RDR and the findings show that low throw displacement faults can be sealing. Well results show there is a pressure difference between Garn Formation in 6507/10-1 and 6507/10-2 S (Novus). There are no large throw faults between the two wells and hence it is believed the well proved the study to be right for this area.

Biostratigraphic study

Ichron, on behalf of the partnership, carried out a biostratigraphic review of the Jurassic strata from Blocks 6506/12, 6507/7 and 6507/10. This provided a unified terminology and framework for further evaluation, biostratigraphic control and increased stratigraphic understanding of the PL645 licence area. The findings were minor changes to the NPD tops in some wells.

Petroleum system

The gas cap and oil leg in 6507/10-2 S Novus is most likely originated by spill from the Smørbukk Sør Field (Jurassic), 6406/3-8 Maria and local charge from the primary drainage area of Novus (Fig. 3.3). Spill from Maria is not sufficient to explain the two-phase setting in Novus due to the low GOR in the hydrocarbons. The fact that there is an oil leg in Novus suggests that the available gas volumes are somewhat restricted compared to the oil volumes. This is also supported by relatively low gas contents in the accumulations that have spilled surplus charge to this migration route.

Rock physics and AVO modelling

A number of direct hydrocarbon indicator methods have been used in the evaluation of the discovery and other prospects/leads in the area. The area is fortunate in being located adjacent to the Heidrun Field where methods can be developed and calibrated. When applied correctly, direct hydrocarbon indication methods can significantly impact the prospect risk, sometimes positively, where good indications of a hydrocarbon response is detected. Traditional amplitude maps, based on full offset data, can sometimes give risk reductions, particularly where the amplitudes conform to the structural closure. However post-stack full offset amplitudes can be problematic, and this requires that the data is analysed pre-stack. This data, combined with Rock Physics modelling, makes a more robust prospect definition and hence risk reduction.

A comprehensive Rock Physics study has been carried out as part of the licence work programme. This included a number of key wells in the Jurassic section, including those from Heidrun, Smørbukk, Smørbukk Sør and the Maria Discovery. The findings from the study, together with the well results show that it is difficult to differentiate between gas and oil.

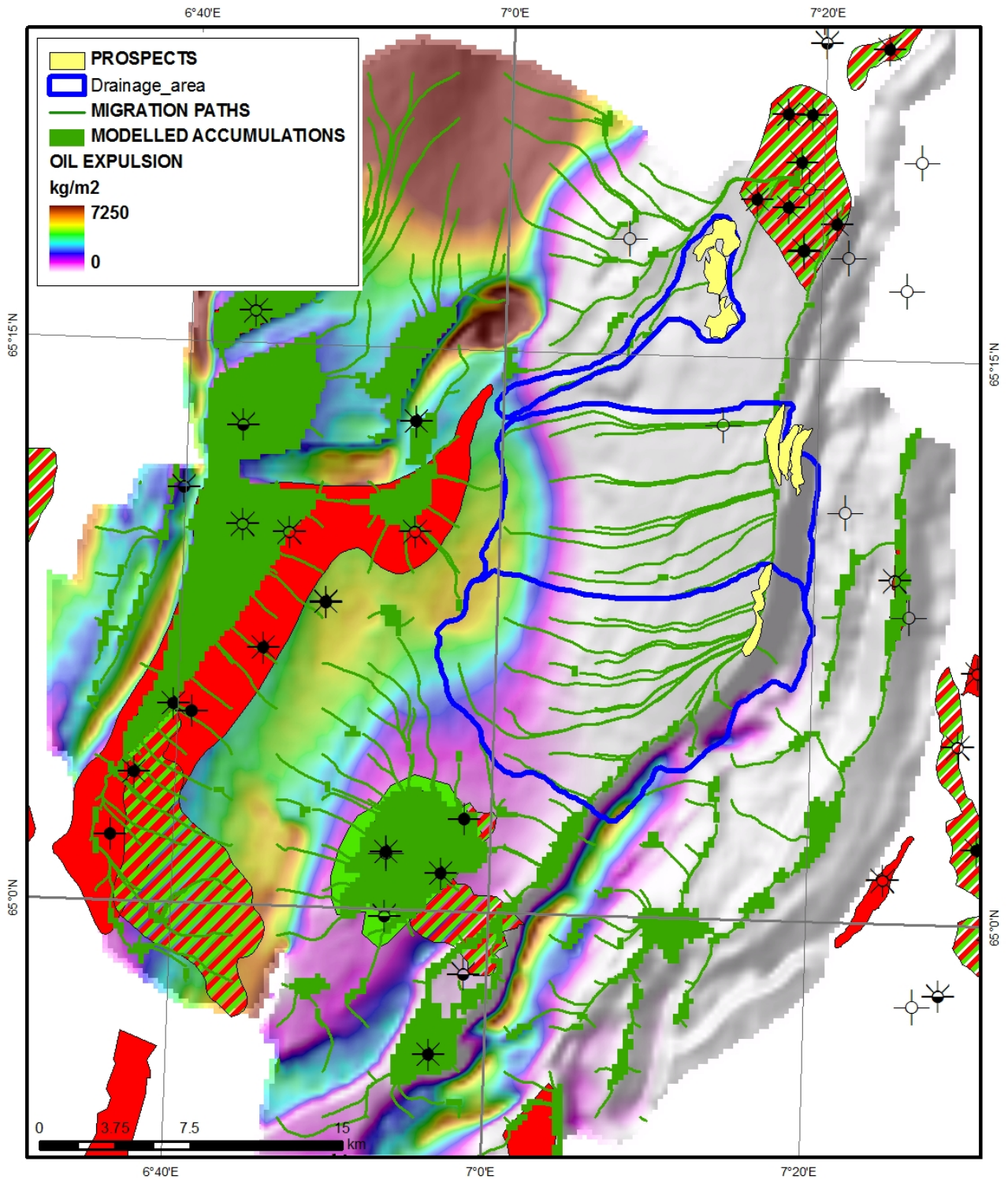


Fig. 3.3 Migration model (Torena)

4 Prospect Update

The main prospect in the licence was the Novus West Prospect which was a small discovery. Considering the results of the Novus well, the remaining prospectivity in the licence has been evaluated and the main prospects are shown in Fig. 4.1. The Novus Discovery and the prospects in the licence are supported by a far offset anomaly also seen over the Heidrun Field Fig. 4.2. We see a high correlation between high amplitudes and thicknesses between 30-40 ms.

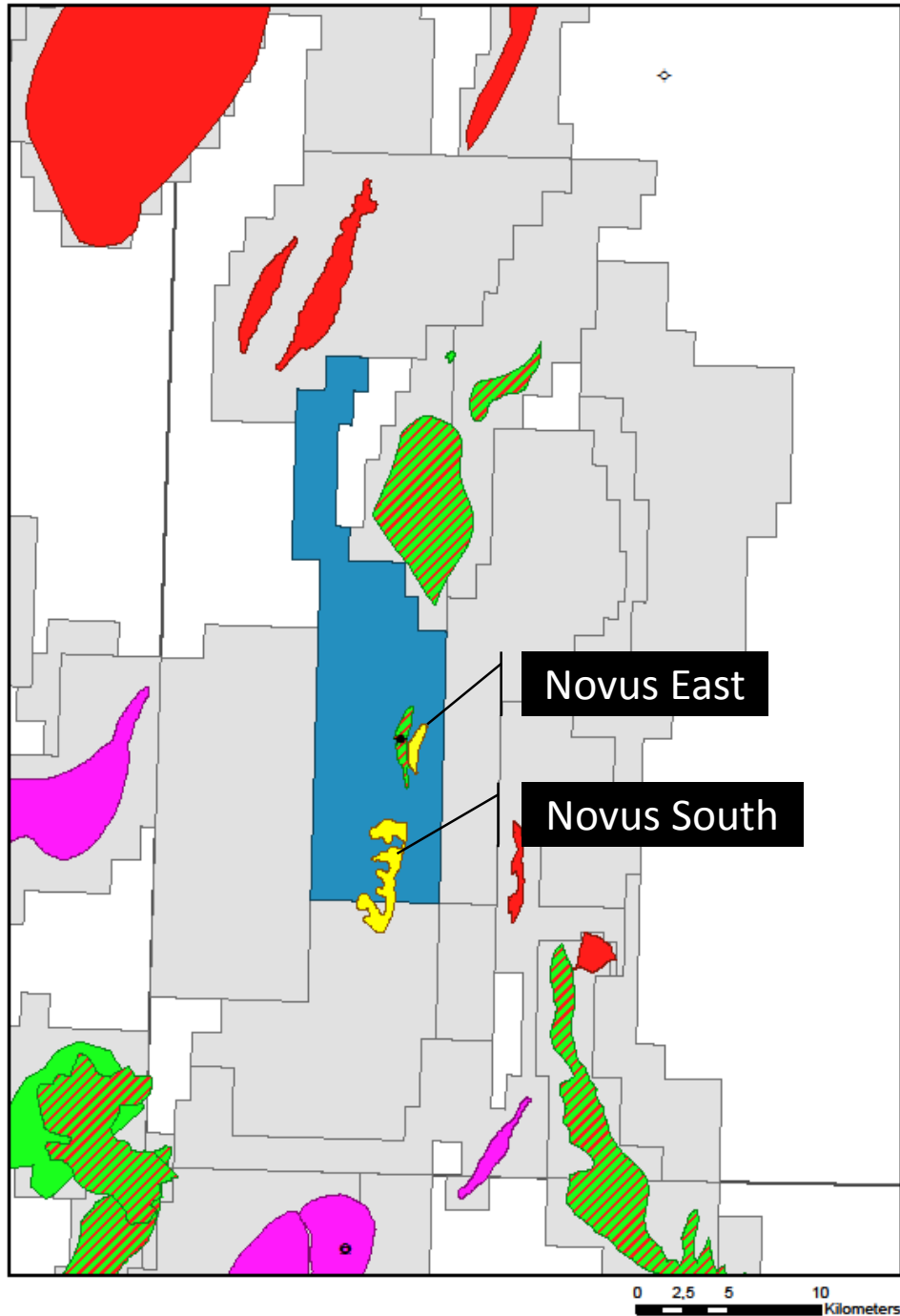


Fig. 4.1 Remaining prospectivity

Novus South Prospect

Trap

The trap on the Novus South Prospect is not well defined and requires a sealing fault not seen on seismic or a stratigraphic component. The trap has been defined based on far angle amplitude anomalies. These anomalies change between different vintages of seismic data and has increased the risk of trap presence (Fig. 4.2).

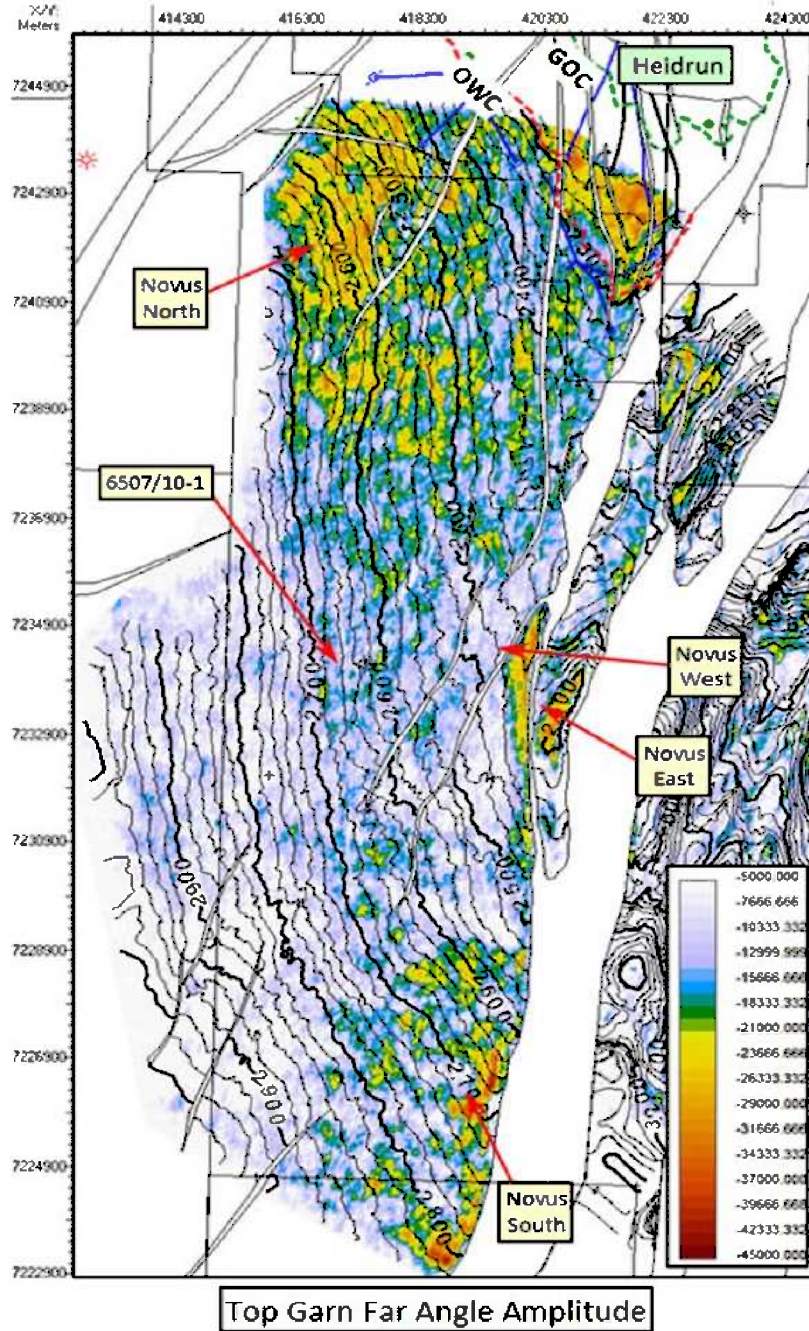


Fig. 4.2 Top Garn Amplitude Map
 Amplitude anomalies can be seen over the Novus West discovery and over the remaining prospects in the licence.

Reservoir

Reservoir for the Novus South Prospect is considered to be stacked Middle Jurassic Garn, Ile and Tilje formations. Reservoir has very good reservoir properties in the Novus West well and is expected to have similar characteristics in Novus South. Deposits are interpreted to be wave dominated clastic shoreline sandstones fed by major distributary systems, and is the classic Garn Formation model.

Charge

Novus South has access to a large catchment area of mature source rock. Several basin models has been developed and the trap is easily filled, so charge is considered a very low risk.

Source

The Spekk formation is a proven source in the area.

Seal

Updip seal towards Novus West has a high risk due to the presence of high permeability sandstones in the well that will also be present along the fault plane. The prospect requires the presence of a sealing, low displacement fault or a stratigraphic pinch out, to be able to trap hydrocarbons. Pressure results from the Novus well makes the presence of a sealing fault possible but now clear faults are seen on the seismic.

Novus East Prospect

Trap

The Novus East Prospect is a down thrown tilted fault block with a robust closure. Upside case for the prospect is as shown in Fig. 4.3 dependent on fault seal between the Garn/Ile reservoir in Novus East and the Tilje formation in Novus West. This has been taken into account in the volume calculation as well as included in the risking.

Reservoir

Reservoir is expected to be similar to the drilled Novus West structure and Novus south prospect and is not considered to have a very low risk.

Charge

Two possible models for charging the Novus East Prospect have been proposed. One is through direct charge from the Spekk formation in the Grinda Graben. The Spekk formation is juxtaposed with the flank of the prospect. The other migration route is across the eastern bounding fault into the Garn, Ile and Tilje reservoirs. Risk of the Novus East structure not being charged is considered very low.

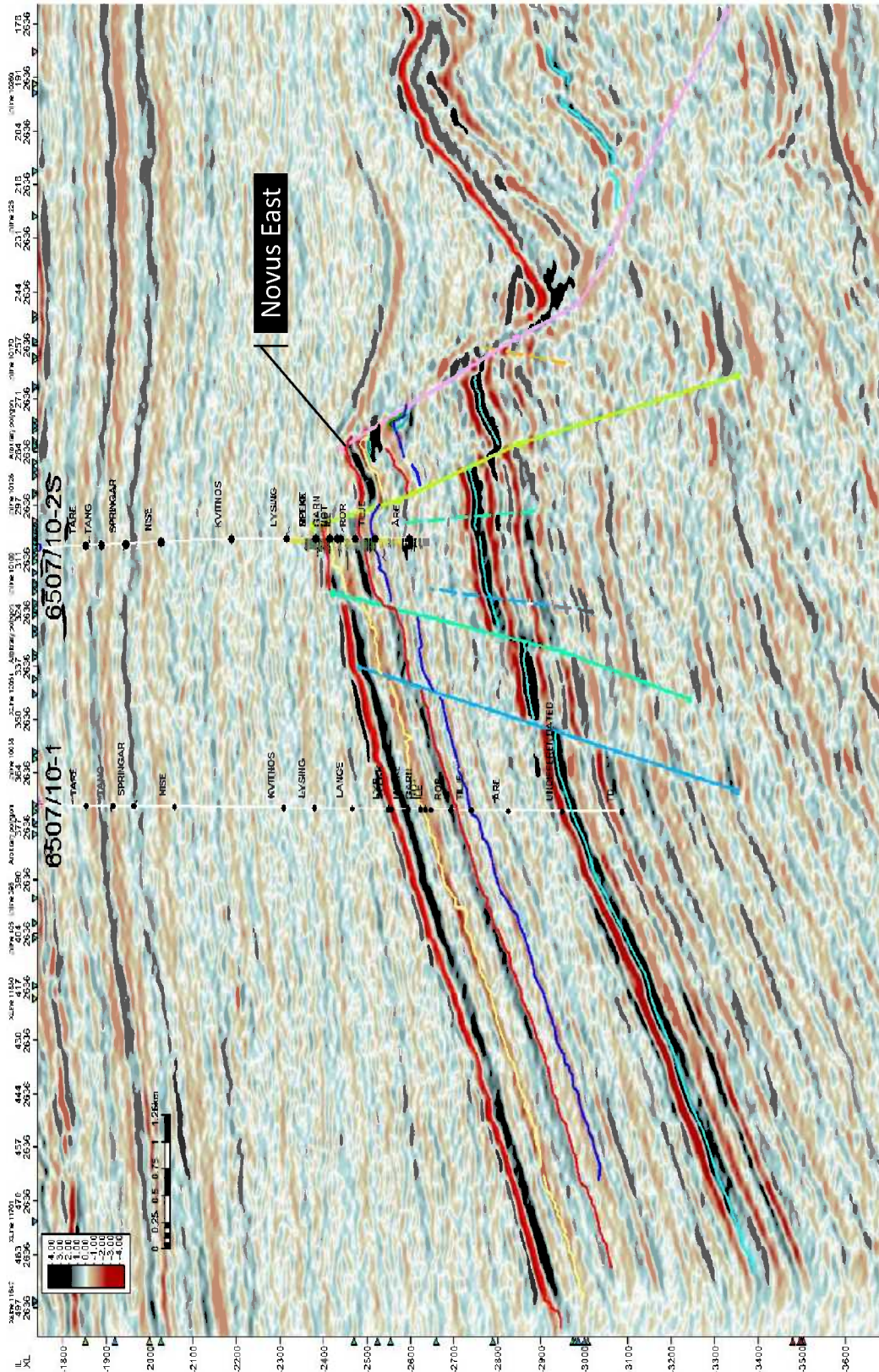


Fig. 4.3 Novus East Structure
Seismic Line through the Novus West Discovery and the Novus East Prospect showing the juxtaposition across the fault.

Source

Same as for the Novus South Prospect.

Seal

Main seal risk is considered to be the presence of a competent fault seal between the Garn/Ile formation in Novus East and the water wet Tilje formation in Novus West. Top seal is not considered a risk for the prospect.

Novus North Prospect

The Novus North Prospect has been downgraded and is not considered a prospect. The prospect was originated from a seismic anomaly and this anomaly has changed shape from vintage to vintage of seismic cubes. It is believed the amplitude effect can be caused by a tuning effect.

Prospectivity conclusion

A summary of the risks and volumes for the remaining prospectivity can be found in .

Table 4.1 Volume and risk

| | Mmboe Recoverable Resources | | | | Risk | |
|-------------|-----------------------------|-------|-------|-------|------|---------------|
| | Mean | P90 | P50 | P10 | POS | Key Risk |
| Novus East | 13,4 | 3,3 | 9,59 | 27,8 | 0,51 | Fault seal |
| Novus South | 35,4 | 14,00 | 33,20 | 60,30 | 0,22 | Seal and Trap |

5 Conclusions

A seismic anomaly was tested by the drilling of the Novus Prospect. Its seismic anomaly proved to be the total accumulation, not only the gas cap as modelled pre-drill. These results have affected the other prospects in the licence in a negative direction when it comes to the volume and economical evaluation. The Novus Discovery itself is too small to be an economical project, but the licence has evaluated if another well could add volumes in the area for a possible development. All licensees conclude that the volumes are too small and a unanimous decision to relinquish the licence on the BOK or drop decision was made.

6 References

6507/10-2 S Novus Discovery Evaluation Report