PL 766 Relinquishment Report

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1. Summary and Conclusion

The evaluation of PL 766 resulted in a prospect portfolio consisting of the Fantorangen prospect and the Splint lead. The calculated volumes for the prospect are too small to justify drilling and hence the decision to relinquish the license was made by the partnership on the 6th December 2016.

2. Introduction

PL 766 comprises 334 km^2 of blocks 7119/12, 7119/9, 7120/10 and 7120/7 in the southwestern Barents Sea about 85 km northwest of the Norwegian coastline, about 60 km southwest of the Snøhvit field and about 85 km west of the Goliat field.

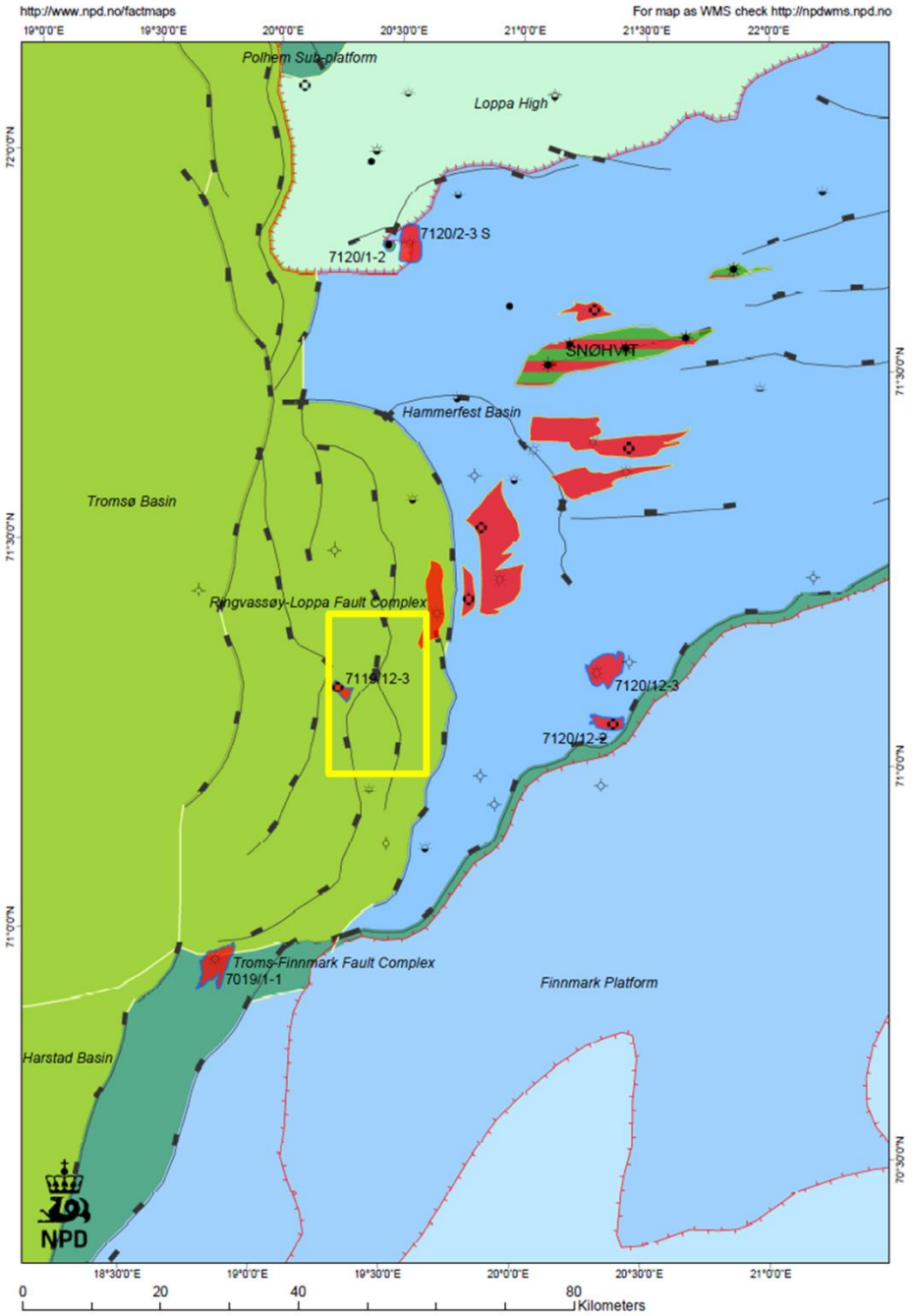

Figure 1: Location of PL 766 with structural elements.

3. License award

PL 766 was awarded as part of TFO 2013 on 7th February 2014, with an eight years initial license period to Lundin Norway AS (40% and operator), Bayerngas Norge AS (20%) and Maersk Oil Norway AS (40%).

Figure 1 shows the location of PL766 in the Ringvassøy-Loppa Fault Complex. The 2013 APA application identified a main prospect, Fantorangen (Figure 2) and a shallower Tertiary Splint lead in the license area.

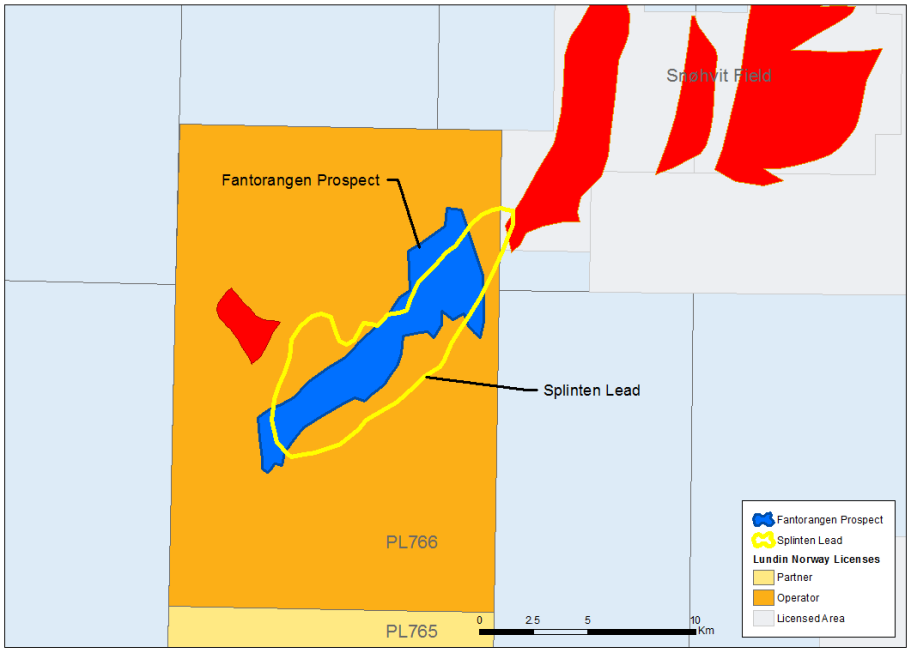

Figure 2: Prospectivity portfolio at TFO 2013.

4. Completed work program and special studies

The work program was to acquire 3D seismic and decide to Drill or Drop within 7th February 2017. The partners agreed to purchase and reprocess parts of ST09M03 and FP13 in a joint project between PL764, PL765 and PL766. The outline of the new merged seismic survey, LN14M02, is shown in Figure 3. Only the northern part of the merged survey is owned by PL766.

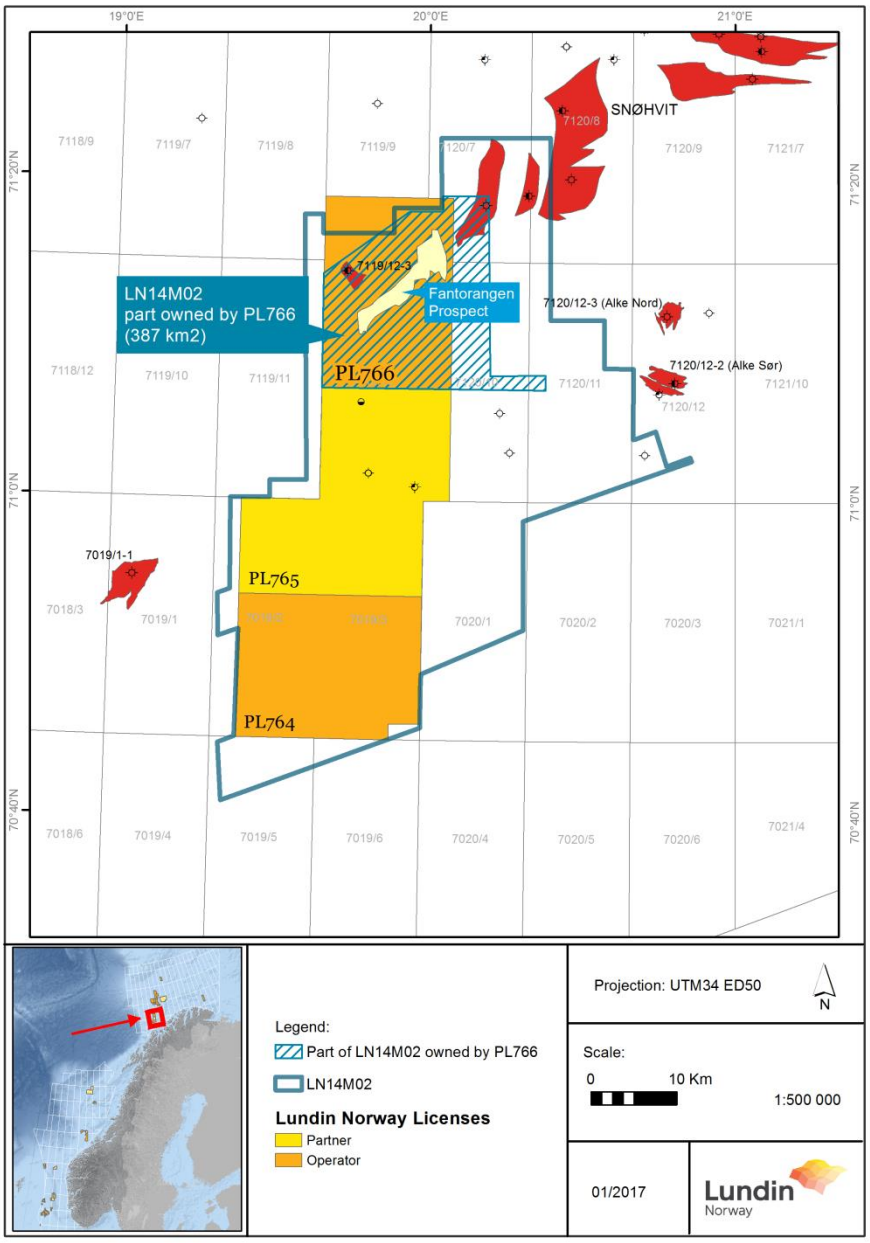

Figure 3: PL766 seismic data base.

5. Prospectivity evaluation

The Fantorangen prospect is a NE-SW fault dependent structural closure defined as a hanging wall trap in the Ringvassøy Fault Complex on the same structural trend and in a similar setting as the Johan Castberg discovery. Figure 4 shows top Fuglen depth map in the lisence and Figure 5 shows an east-west line through the Fantorangen prospect and the shallower Splint lead. The Fantorangen prospect may be charged from Upper Jurassic Hekkingen Fm and/or Lower Cretaceous Kolje Fm. The reservoir is believed to be Early/Middle Jurassic sandstones of the Realgrunnen Subgroup. Chance of success is 22%.

The prospect is mapped on the 3D seismic dataset LN14M02 generally of fair to good quality. The critical factor for the prospect is regarded as reservoir quality.

The calculated volumes for the Fantorangen prospect are shown in Table 1.

		Oil case [MSm³]							Gas case [GSm³]						
		Deterministic calulation			Stochastic calculation				Deterministic calulation			Stochastic calculation			
Prospect	Formation	Low	Mid	High	P90	P50	P10	Mean	Low	Mid	High	P90	P50	P10	Mean
Fantorangen	Stø	0,5	6,0	82,0	2,0	5,0	27,0	10,0	0,7	5,7	58,6	1,6	4,9	25,7	9,7
Fantorangen	Nordmela, Tubåen, Fruholmen	0,0	0,3	13,5	0,1	1,1	4,4	1,7	0,0	0,3	9,6	0,1	1,1	4,1	1,6

Table 1: Recoverable volumes for the Fantorangen prospect.

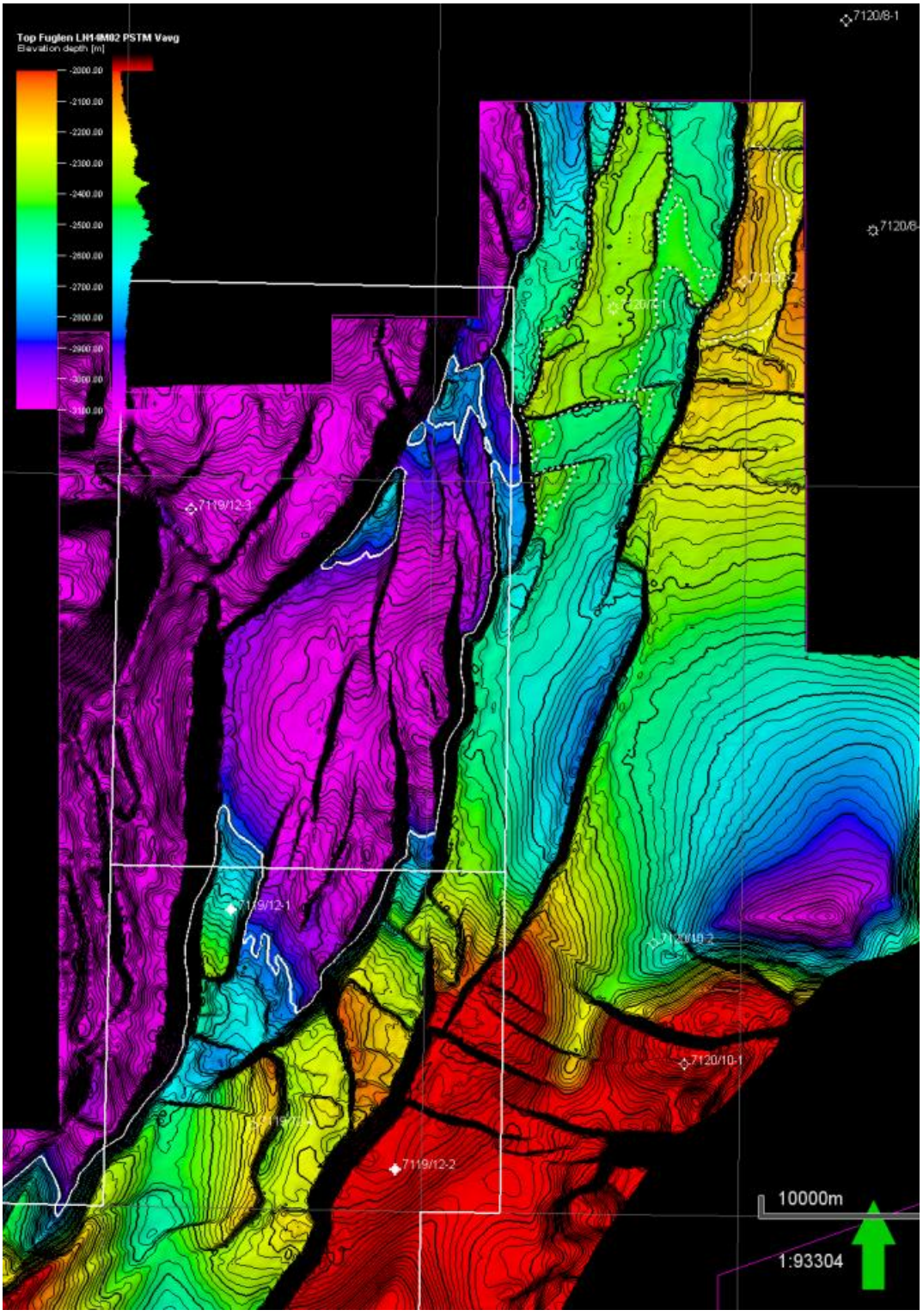

Figure 4: Top Fuglen depth map.

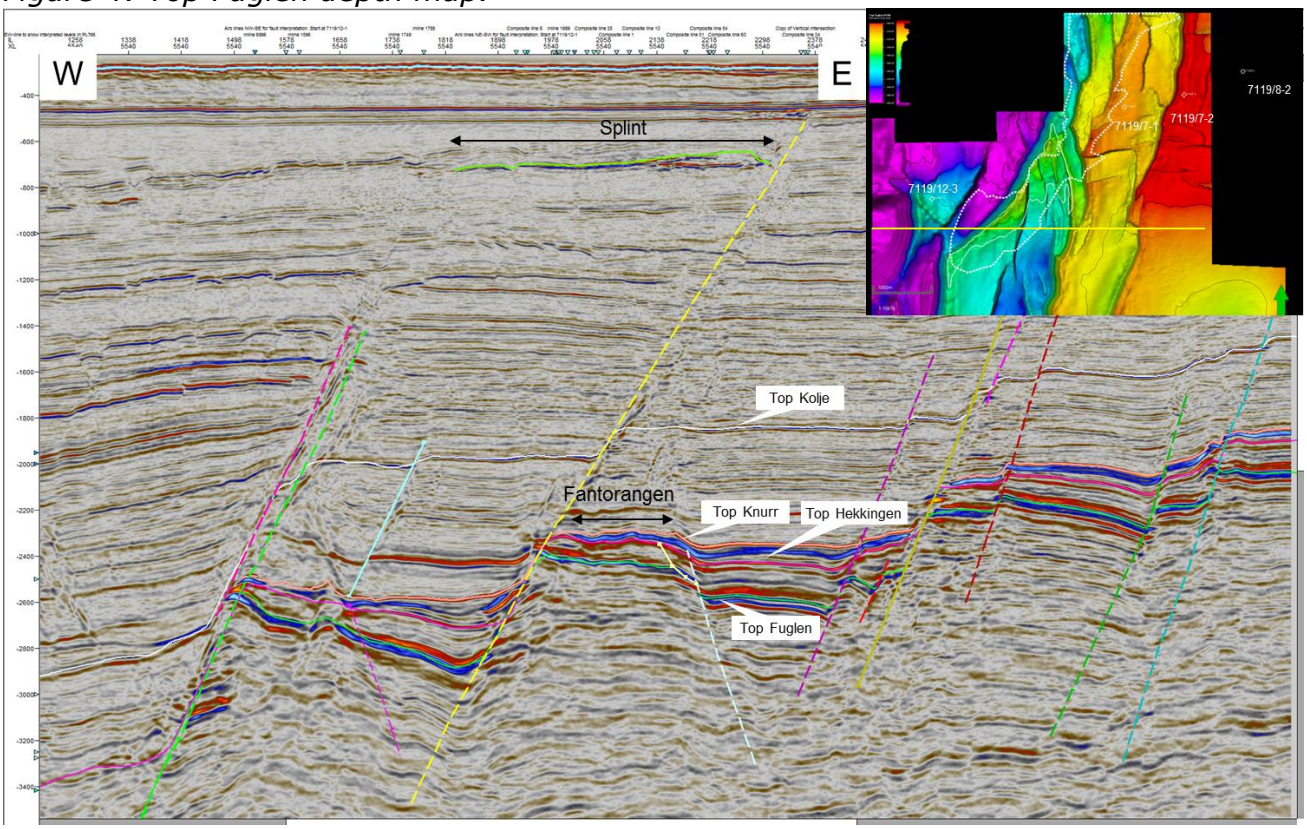

Figure 5: Cross line 5540 from seismic survey LN14M02 (PSDM stretched to time) showing the Fantorangen prospect and the overlying Splint lead.

The Splint lead is a shallow seismic anomaly situated above the Fantorangen prospect and covers an area of 50 km^2. The large anomaly is located in the Intra Torsk Fm, associated with a curved main bounding fault to the southeast.

Due to the small volumes calculated for the Fantorangen prospect, the decision to relinquish the license has been made by the partnership.