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Licence Relinquishment Report PL 488

Reference is made to the letter sent to MPE dated 29.10.2012 (our ref. AU-EXP NOR ELN-00035) regarding relinquishment of production licence 488 (PL 488).

1 INTRODUCTION

The PL 488 (Fig. 1) was awarded to StatoilHydro ASA on the 29th February 2008 (APA 2007) together with the Snøhvit Unit licence partners.

The licence partners today are as listed;

- Statoil Petroleum AS (36.79 %)
- Total E&P Norge AS (18.40 %)
- GDF SUEZ Norge AS (12.00 %)
- RWE Dea Norge AS (2.81 %)
- Petoro AS (30.00 %)

The initial period for PL 488 expires on 1st March 2014. Work obligations were to acquire 600 km² 3D seismic data and to drill an exploration well 100 meters into Klappmyss Formation within four years and a corresponding BoV extension within four years from the award date. The BoV decision has been extended to 19th November 2012 (ref MPE's letter, dated 05.03.2012 ref.12/70-).

2 BACKGROUND AND LICENCE HISTORY

PL 488 is located in the southwestern corner of the Hammerfest basin in blocks 7017/2-3, 7119/11-12, 7120/10 (Fig. 1). The total licence area is 650.635 km².

Two drilling targets were originally identified in the licence. The Jurassic Lunde prospect and the Triassic Krykkje prospect. The Lunde prospect was considered the most favourable drilling candidate (Fig 3).

The licence applied and received an adjustment to the drilling target to involve targeting Jurassic with a TD in Snadd Fm. The well commitment adjustment was approved in the exploration management committee 16th December 2009. Well 7119/12-4 on the Lunde prospect was drilled dry in February 2011.

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3 TECHNICAL WORK AND MEETINGS

Seismic acquisition was initiated in 2007 with survey ST0714 and ST0706 and fulfilled in 2008 with survey ST0825. The seismic acquisition was a cooperation between PL448, PL488, Joint venture and Snøhvit Unit. A processing and reprocessing of the data was initiated in 2010. This concluded in the merged 3D seismic survey, ST09M03, that forms the basis for the technical evaluation of PL488 (Fig. 2).

The following Management and Exploration committee meetings have been held in the license:

- EC/MC meeting - 09.04.08
- EC/MC meeting - 12.11.08
- EC/MC meeting - 01.12.09
- EC/MC meeting - 12.11.10
- EC/MC meeting – 02.11.11

All meetings were held as combined Snøhvit Area EC/MC meeting for the licenses PL110B/C, PL488 and PL448.

In addition the following work meetings have been arranged in the license:

- EC work meeting - 08.02.08
- EC work meeting - 30.05.08
- EC work meeting - 03.09.08
- EC work meeting - 02.04.09
- EC work meeting - 02/03.09.09
- EC work meeting - 03.03.09
- EC work meeting - 15.09.10
- EC work meeting - 08.03.10
- EC/MC meeting - 09.06.11

4 PROSPECT EVALUATION

Remaining prospectivity in PL488 is found in the Triassic, Jurassic and Early Cretaceous (Fig. 3). All three play models have high risk associated with them. Seal risk is especially high as all the Jurassic structures drilled in the licence have leaked. Signs of leakage can be seen in the seismic above all main faults in the licence.

The most promising prospect in the PL488 is the Triassic Krykkje prospect (Fig 4). The prospect has reservoir potential in Snadd and Kobbe Formations. The Jurassic section in Krykkje was drilled in 1981. The well proved to be dry due to leakage. Therefore, the main risk in Krykkje is associated to seal capacity. Reservoir is also regarded a critical factor. The Snadd Fm. reservoir distribution is unknown and probably channelized. The channels are normally identified on seismic but the data is too poor in this structure despite many attempts to reprocess the data.

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5 RESOURCES

A summary of the estimated resources and risk in PL488 is shown in figure 5.

6 TECHNICAL / ECONOMICAL EVALUATIONS

A subsea development with tie back to Snøhvit field centre via the Askeladd has been considered for the Krykkje gas case (Pg = 14%). This includes 7 gas producers.

The expected prospect economics (ENPV) were negative due to high prospect risk.

7 SUMMARY AND CONCLUSIONS

The work programme for the initial period of PL488 has been fulfilled. The seismic data acquisition was acquired within the specified time and an exploration well has been drilled.

The technical evaluation of the remaining prospectivity in PL488 concluded that small gas volumes in combination with high risk does not justify for further exploration in the license. The license is therefore fully relinquished.

8 Figures

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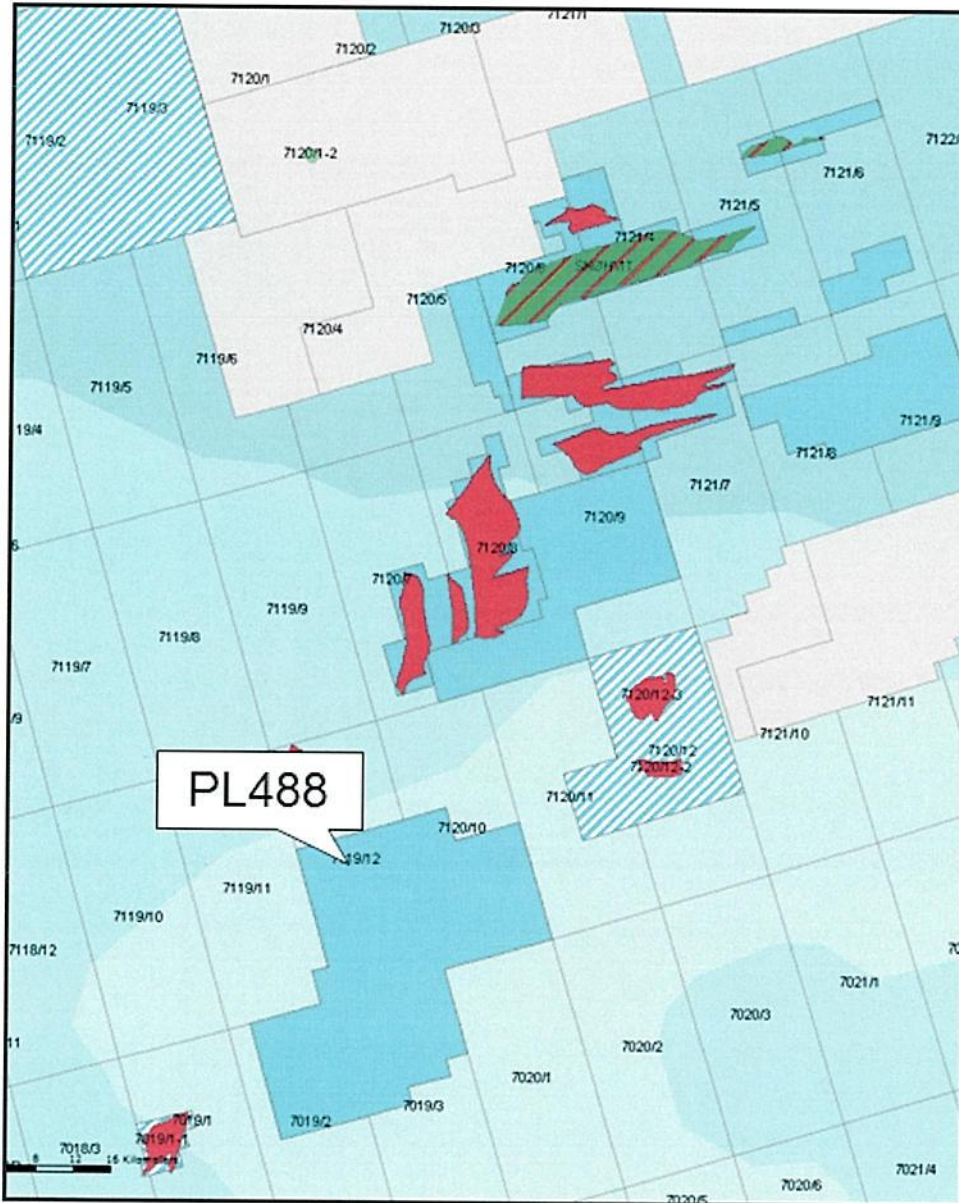


Figure 1. Map showing the location of PL488.

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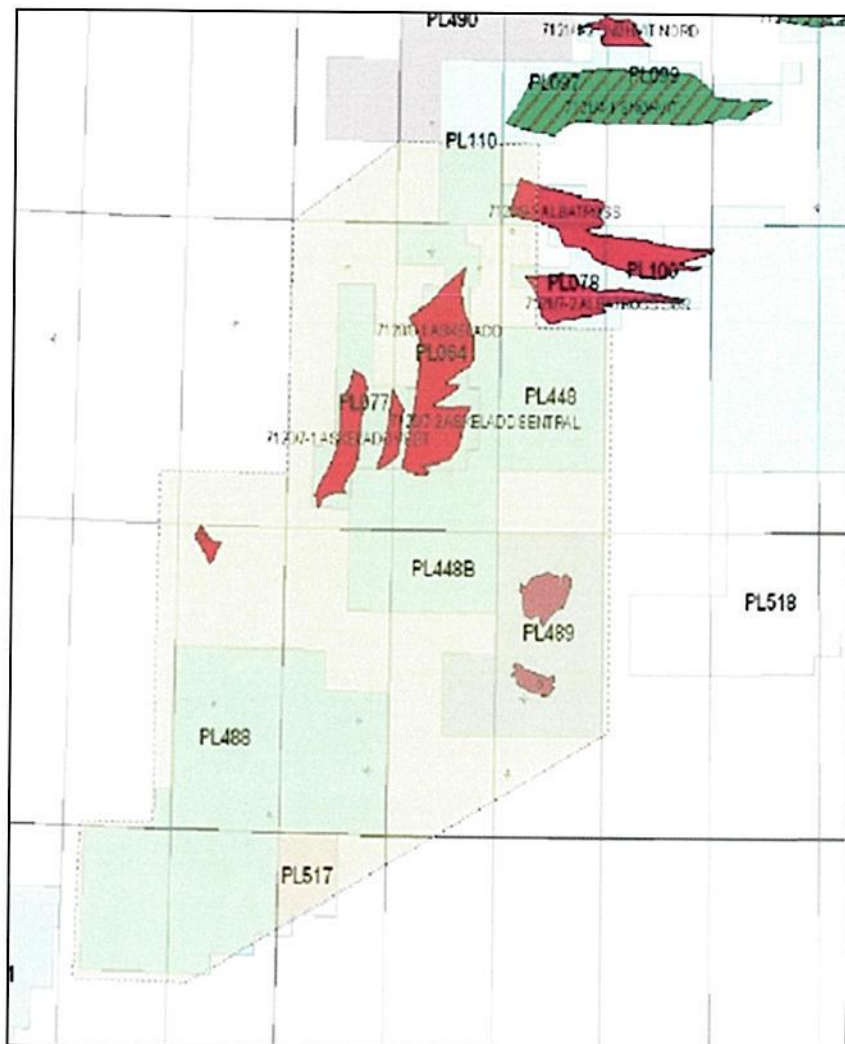


Figure 2. Outline of the final merged 3D survey area (ST09M03).

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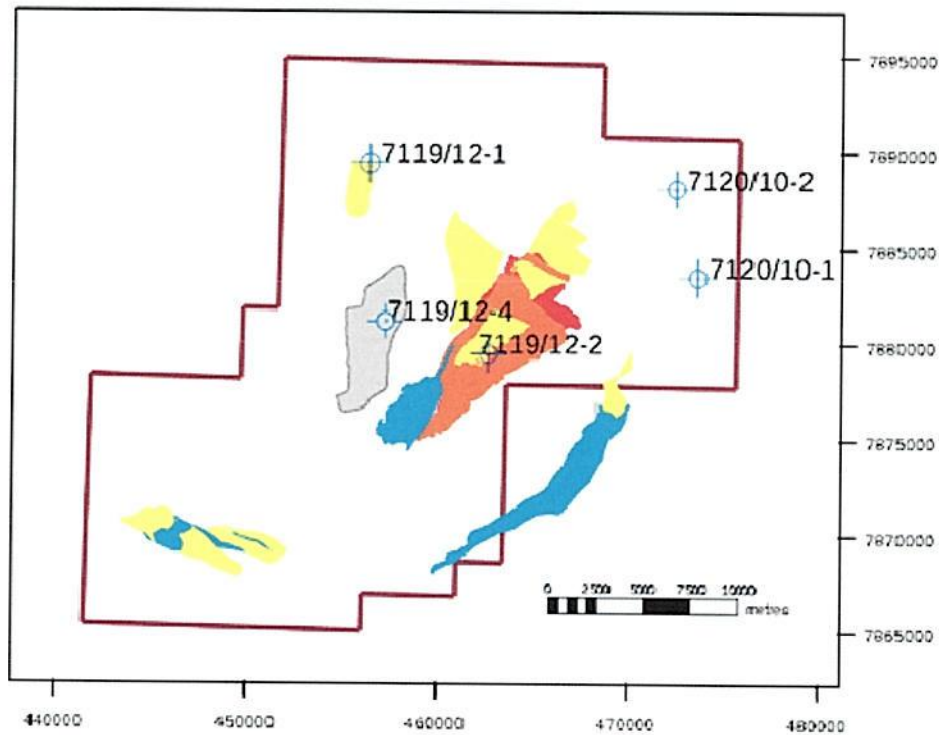
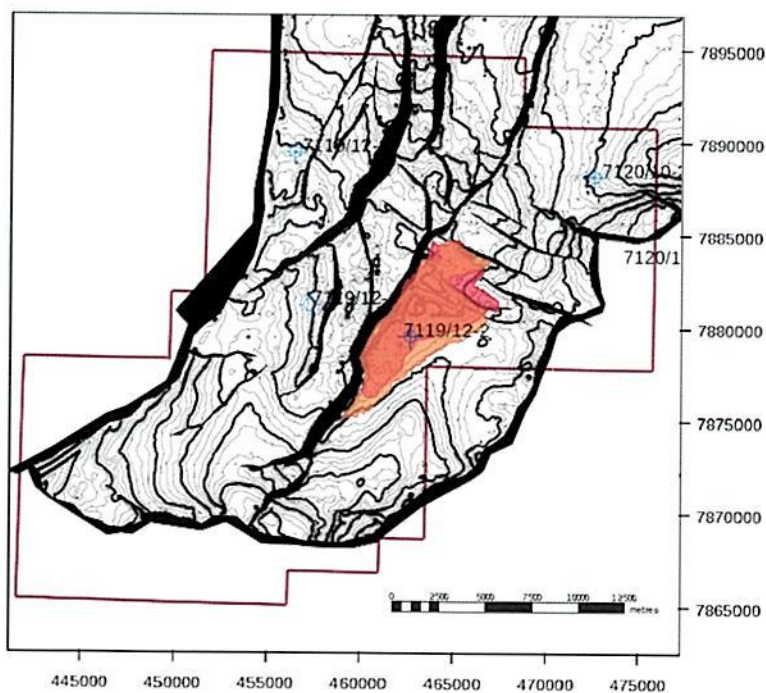


Figure 3. Identified prospectivity in PL488. The mapped prospectivity is in Kobbe Fm. (red), Snadd Fm. (orange), Stø/Nordmela Fm. (yellow) and Knurr Fm. (blue). The grey polygon shows the outline of the dry Lunde structure (7119/12-4).



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Figure 4. Outline of the Triassic Krykkje prospect. Jurassic section of this structure was drilled dry in 1981 (well 7119/12-2).

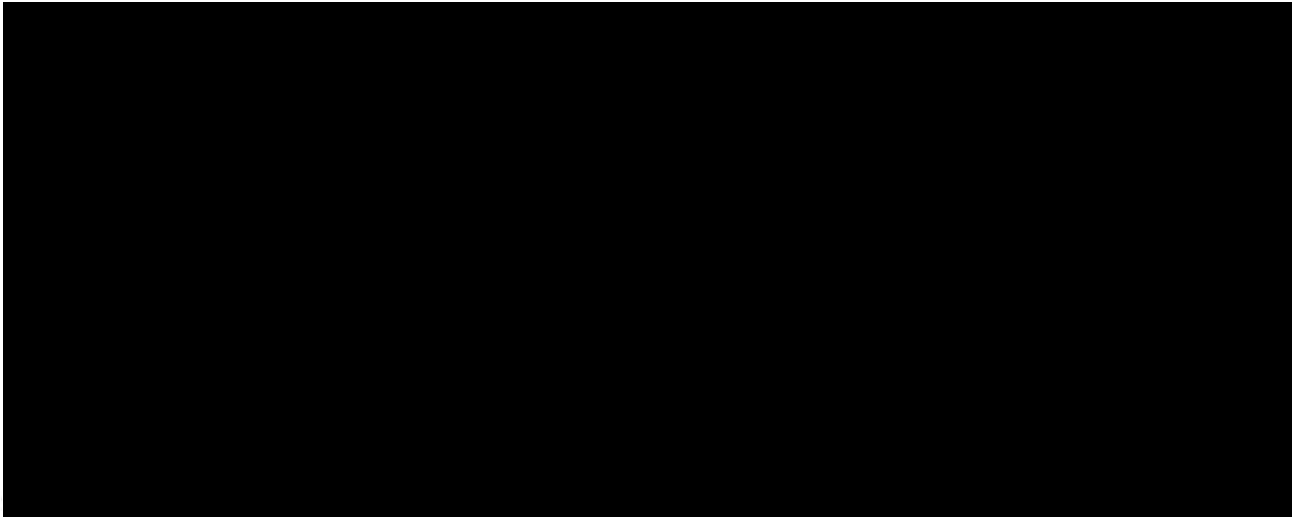


Figure 5. Estimated resources and risk for the identified prospect in PL488.

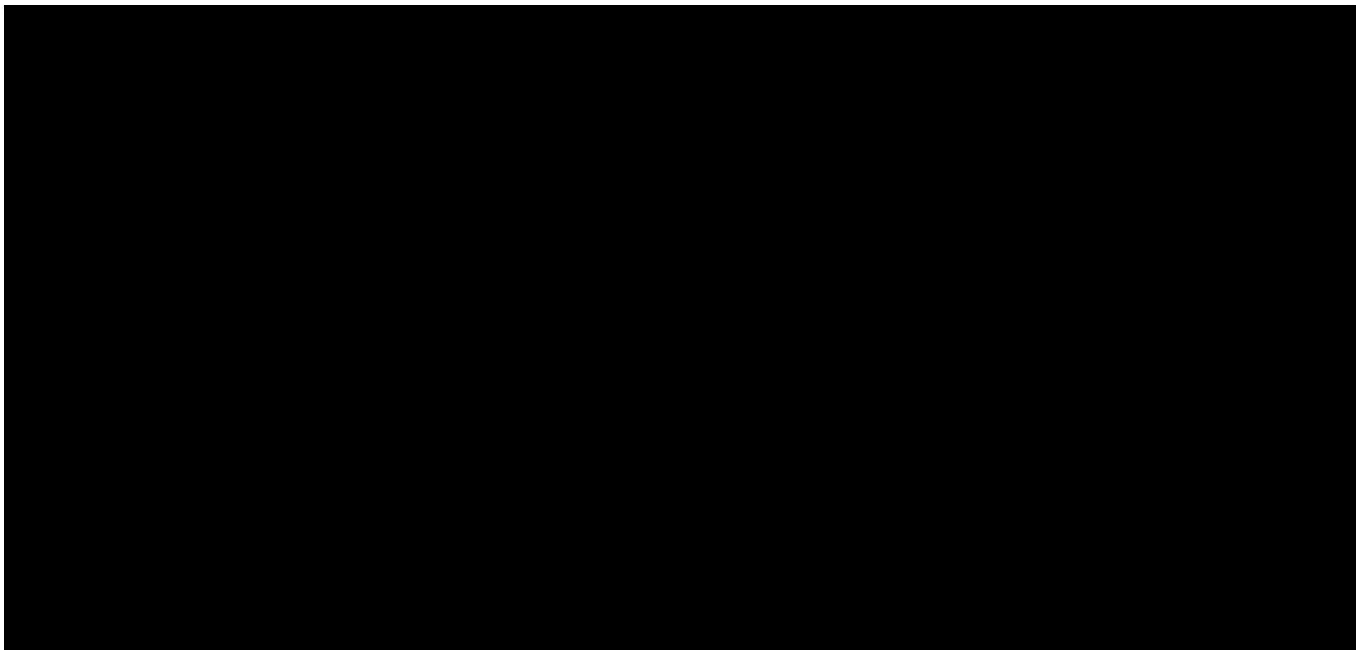


Figure 6. Prognosed resources and risk for the Krykkje prospect.

