

*Unofficial translation. In case of discrepancy, the original Danish text shall prevail.*

## **The Ministry of Transport and Energy 6th Licensing Round - Denmark**

### **Invitation to apply for licences for the exploration for and production of hydrocarbons in an area of the North Sea**

Pursuant to paragraph (a) of section 12(1) of Consolidated Act No. 526 of 11 June 2002 on the Use of the Danish Subsoil (the Subsoil Act), as amended by Act No. 1230 of 27 December 2003 and Act No. 442 of 9 June 2004, the Minister for Transport and Energy hereby invites applications for licences for the exploration for and production of hydrocarbons under sections 5 and 13 of that Act. Applications will be received during the period ending at noon on Tuesday, 1 November 2005. Applications are to be submitted to the Danish Energy Authority, Amaliegade 44, DK-1256 Copenhagen K.; see section 11 below.

#### *1. Areas*

The licences offered for the exploration for and production of hydrocarbons relate to unlicensed parts of an area in and around the Central Graben in the North Sea, as shown on the attached map, available from the Danish Energy Authority or at its website [www.ens.dk](http://www.ens.dk). Towards the north, west and south, the area is delimited by the continental shelf boundaries with Norway, Great Britain and Germany, and towards the east by 6° 15' eastern longitude.

Moreover, applications may be submitted for licences for the exploration for and production of hydrocarbons in deeper-lying layers under the accumulations mentioned below, delineated in terms of depth as follows:

- a) The Lulita accumulation comprised by licence 7/86, delineated at a depth of 3,750 metres;
- b) the Lulita accumulation comprised by licence 1/90, delineated at a depth of 3,750 metres;
- c) the Amalie accumulation comprised by licence 7/86, delineated at a depth of 5,500 metres; and
- d) the South Arne accumulation comprised by licence 7/89, delineated at a depth of 5,100 metres as regards the western part of the accumulation and at a depth of 3,200 metres as regards the eastern part of the accumulation.

Generally, a licence will comprise an area corresponding to the size of 1-2 blocks, but may in exceptional cases comprise a larger contiguous area, e.g. where seismic data coverage is scarce. If an application is submitted for an area that is larger than 1-2 blocks, the reason should be stated in the application.

## *2. Outline of licence terms*

Generally, licences will be granted for an exploration term of six years, with a right to a 30-year extension for fields where production is initiated; see section 13 of the Subsoil Act.

The main principles of the licence terms are unchanged in relation to the 5th Licensing Round.

- The state or a company owned by the state will hold a 20 % share of all licences, without any carried interest.
- A 5 % profit element in the pipeline tariff will be charged, or a 5 % fee will be payable in case of exemption from the obligation to connect production facilities to Dansk Olierør A/S' pipeline. This tariff/fee has been abolished and will no longer be payable as from 8 July 2012.
- The licensee will also be subject to corporate income tax and hydrocarbon tax.

The fees payable for the licences are set out in section 7 below.

The detailed licence terms (the Model Licence) are available from the Danish Energy Authority or at its website [www.ens.dk](http://www.ens.dk).

Reference is also made to section 3 regarding the payment of a cash bid sum in special cases.

## *3. Selection criteria*

When licences for exploration and production are granted, the applicants will be assessed and selected on the basis of the below-mentioned, previously used criteria, which appear from section 12a(1), see section 5(3) of the Subsoil Act:

- a) that the applicant has the requisite expertise and capital base;
- b) that the quality and scope of the proposed work programme and the attendant documentation demonstrate the applicant's willingness and ability to thoroughly explore for hydrocarbons in the area comprised by the application. The applicants must describe what they consider a complete work programme for the area, and on this basis, they must expressly indicate whether they are offering to perform the complete work programme or which parts of it they intend to carry out; see also section 6e.

In addition, importance may be attached to any lack of efficiency on the part of the applicant or the applicant's non-performance of obligations under licences previously granted.

If two or more applicants/groups of applicants for the same area are considered to be equally qualified on the basis of the above-mentioned selection criteria, the final choice among these applicants will pivot on any supplementary offer for payment of a cash bid sum; see section 12a(3) of the Subsoil Act. The relevant applicants will in that case be asked to submit such an offer within a specified time limit; see section 12a(3) of the Subsoil Act.

#### *4. Operatorship*

It must appear from applications from groups of companies which company is to undertake the operatorship. Likewise, individual companies submitting applications should indicate whether they wish to act as operator. If the companies granted a licence disagree about the appointment of operator, the Danish Energy Authority reserves the right to appoint the operator on the basis of the potential candidates' qualifications; see section 12a(6) of the Subsoil Act.

#### *5. Licensing procedure*

Applications submitted by groups of companies as well as individual companies will be considered. Moreover, applications may be submitted for licence shares of less than 80 % (100 % when including state participation). If applications for shares in licences add up to more than 80 %, it will be assessed, based on the applicants' qualifications and the work programmes offered, whether the shares applied for can be adjusted, so that all applicants obtain a licence share. Likewise, should applications be submitted for shares that add up to less than 80 % of a given block, it will be investigated whether the applicants are prepared to increase their shares, so that all the shares of a licence may be allocated in full.

#### *6. Contents of the application*

The application must contain the information set out below and must be divided into sections as listed in items a) - i):

- a) For each applicant/participant in a group, the following must be stated: company name and address, name of contact person, as well as each individual participant's percentage share of the licences applied for.
- b) For each applicant/participant in a group not already holding a licence in Danish territory:
  - I The legal form and place in which the applicant is incorporated (a transcript from the register of companies and a certified translation into Danish or English to be attached), the location of its headquarters, composition of the supervisory board and executive board, capital base, including size of share capital, the names and addresses of any shareholders holding at least 10 % of the share capital and the size of their holdings, etc.
  - II The company's organization, group structure, relations to associated companies, hydrocarbon reserves and production, as well as refining and marketing activities.
  - III Financial data about the participant and its parent company, if any, and about the group of which the participant or its parent company forms part. Moreover, annual reports with financial statements for the three previous financial years are to be enclosed for each participant, including for any parent company and/or the group. If the following information does not appear from the financial statements,

it should be disclosed separately: annual revenue, annual investments and annual net income after tax, broken down by:

- (i) hydrocarbon activities
- (ii) other activities.

IV The participants' previous experience in exploring for and producing hydrocarbons.

For applicants/participants already holding a licence in Danish territory, any new financial data not previously submitted to the Danish Energy Authority must be forwarded.

- c) In the event that the operator does not already hold an operatorship in Danish territory, documentation must be produced attesting to the qualifications of the party in question, as set out in section 4 above, e.g. manuals or procedures for carrying on operations (quality control and assurance, environmental protection, emergency procedures, etc.). For other participants, it should be stated how previous experience from other areas may contribute to the work of the consortium.

Further, an outline should be given of the organization and staff available to the operator in Denmark and outside Denmark for the purpose of carrying on the activities that result from holding a licence for exploration and production in Danish territory.

- d) A drawing and/or map indicating which block(s)/part block(s) the application concerns, accompanied by a list of coordinates.
- e) For each block/part block, a description must be given of the exploration that is considered necessary to fully determine the hydrocarbon potential of the block or combination of blocks applied for, and which works the applicant undertakes to carry out on this basis. The work programme must indicate the proposed exploration activities and the attendant time schedule; see Annex 2 to the Model Licence. For each work programme, a detailed account must be given of the prospects in the block, including a description of the play concept(s) and an assessment of the likelihood of making discoveries, with an indication of the values for the individual risk parameters. Geological and geophysical maps as well as interpreted seismic lines must be attached.
- f) The geological basis for selecting the block or blocks applied for, including an outline of the applicant's data bank.
- g) For each prospect, an evaluation must be given of the hydrocarbons in place as well as recoverable reserves, with a production profile attached. Further, for each prospect, an account must be given of the proposed development concept and phasing-in schedule as well as the financial assessments on which the application is based, including an indication of the Net Present Value (NPV), Internal Rate of Return (IRR) and Expected Monetary Value (EMV) as well as the assumptions regarding field economy. In this connection, any relevant sensitivity analyses must also be prepared.

- h) If there are any conditions in a block applied for that may give rise to safety hazards (poisonous gases, abnormal pressure conditions, etc.), this must be disclosed. In addition, the applicant must state how such hazards will be handled.
- i) Applicants not already holding a licence in Danish territory must submit documentation for their objectives and organization for environmental protection purposes, as well as their contingency plan for environmental emergencies and their previous experience in handling emergencies.

### *7. Fees*

The following fees will be charged in connection with processing and issuing the licence for exploration and production:

- a) A fee of DKK 25,000 is to be paid on submission of the application, at the latest. Payment must be made free of charge to Jyske Bank, Vesterport Branch, Vesterbrogade 9, DK-1780 Copenhagen V, sort code 8109, account no. 1005462, SWIFT: JYBADKKKK, IBAN: DK2481090001005462. It should be stated in the "Narration for payee" field that the payment concerns the *6th Licensing Round*.

The fee is non-refundable. A copy of the receipt for the fee paid is to be submitted with the application.

- b) Upon the issuance of the licence, an additional fee of DKK 100,000 is to be paid for the consortium as a whole; see section 7 in the licence.

### *8. Furnishing of security*

Within 30 days of the granting of the licence, each individual participant is to furnish security for the fulfilment of its obligations under licences issued in the licensing round. The amount and nature of such security must be acceptable to the Danish Energy Authority. For a licensee that is a subsidiary or a branch of a subsidiary, a guarantee is generally required from the ultimate parent company.

### *9. Interrelationship with environmental, preservation, raw material and fishing interests*

The oil and gas activities must be adapted to other interests. Thus, Danish legislation imposes a number of limitations based on environmental, conservation and fishing interests as well as considerations relating to the exploitation of other raw materials. As regards fishing and shipping interests, a number of agreements concerning oil and gas activities have been concluded with the associations and authorities affected.

In considering the applications submitted, the interrelationship of these interests will be clarified.

In addition, an agreement has been concluded between the fisheries' associations and the North

Sea Operators Committee - Denmark (N.S.O.C.-D.) on the payment of compensation to Danish fishermen who suffer any damage to or loss of fishing gear and fishing vessels, etc. as a result of offshore oil and gas activities in Danish territory, where the concrete tortfeasor cannot be identified. Licensees must anticipate having to contribute to the financing of this scheme.

Finally, prior to granting licences for oil and gas production projects that are assumed to materially affect the environment, an assessment will be made in accordance with the provisions of section 28a of the Subsoil Act regarding environmental impact assessments (EIA).

#### *10. Supplementary material*

The following material is obtainable from the Danish Energy Authority for use in preparing an application:

- a) Model Licence
- b) Unofficial translation into English of legislation, etc. concerning the exploration for and production of hydrocarbons in the Danish subsoil.
- c) Map showing the areas offered.
- d) A list of coordinates for licences shown on the above map.
- e) Proposed draft for a joint operating agreement.
- f) Proposed draft for a parent company guarantee.
- g) Statement regarding the 6th Licensing Round from the Minister for Transport and Energy to the Energy Policy Committee of the Danish Parliament of 10 March 2005.
- h) Report from the Energy Policy Committee of the Danish Parliament.

Moreover, the material can be found at the Danish Energy Authority's website, [www.ens.dk](http://www.ens.dk).

#### *11. General*

Applications are to be submitted in four (4) copies to the Danish Energy Authority, Amaliegade 44, DK-1256 Copenhagen K. The application must be written in Danish or English. The application may be submitted by fax or e-mail, but must also be submitted in four (4) copies by courier. Information regarding the applicant's business affairs will be treated confidentially by the authorities. However, the Danish Energy Authority is entitled to pass on such information, subject to the same duty of non-disclosure, to other public authorities and the Danish Energy Authority's consultants, as well as to communicate information of a general nature about the licensing round, e.g. in connection with official statements.

Licences will be considered and granted on the basis of the information contained in the applications. The Danish Energy Authority reserves the right to request supplementary information for use in considering the applications. No applicant is entitled to receive information about other applications submitted or their contents.

After considering the applications received and prior to granting the licence, the Danish Energy Authority will submit the result of its deliberations to the Energy Policy Committee of the Danish Parliament pursuant to section 6(1) of the Subsoil Act.

Pursuant to section 12(3) of the Subsoil Act, the Minister for Transport and Energy may decide not to grant a licence for the exploration for and production of hydrocarbons on the basis of the applications received. Moreover, the Danish Energy Authority may decide at its discretion how many licences for exploration and production should be granted on the basis of the applications received.

Licences are expected to be issued about three to five months after the deadline for applications.

More detailed information is obtainable from:

The Danish Energy Authority, Amaliegade 44, DK-1256 Copenhagen K.

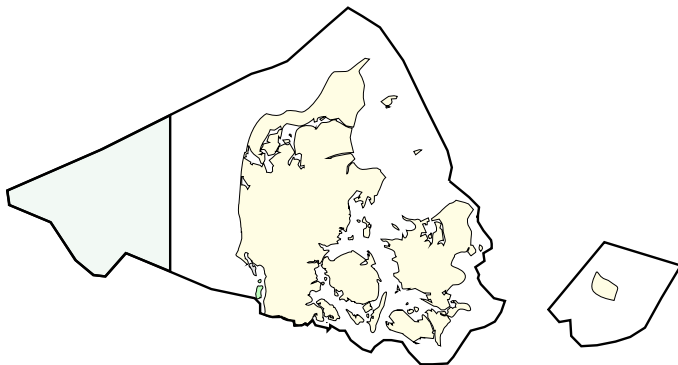
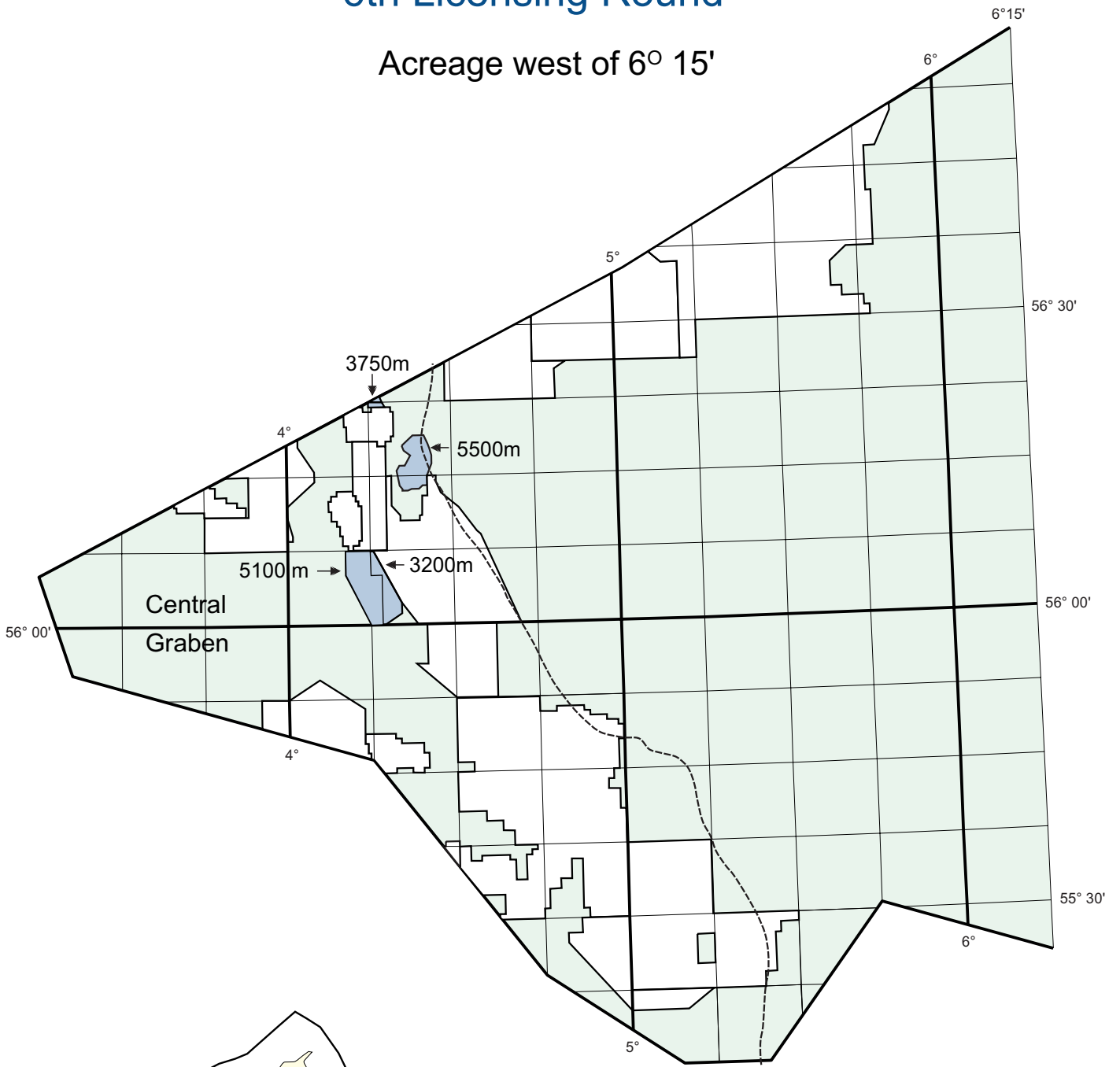
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Copenhagen, May 2005

The Danish Energy Authority

# 6th Licensing Round

Acreage west of 6° 15'



-  Available area
-  Available below the mentioned depths (metres below mean sea level)