



The Norwegian Gas Sector

Geneva

24-25 January 2006

The Norwegian Gas Sector

- Around 50 fields producing gas
- Two of Europe's largest gas processing plants
- More than 6 000 km of offshore pipelines
- Sales of 82,5 BCM in 2005 (2,87 TCF)
- Norway supplies about 15 % of European gas consumption



Increasing Gas Exports from Norway

BCM

Gas exports from Norway

140

120

100

80

60

40

20

0

1974

1977

1980

1983

1986

1989

1992

1995

1998

2001

2004

2007

2010

2013

2016

2019

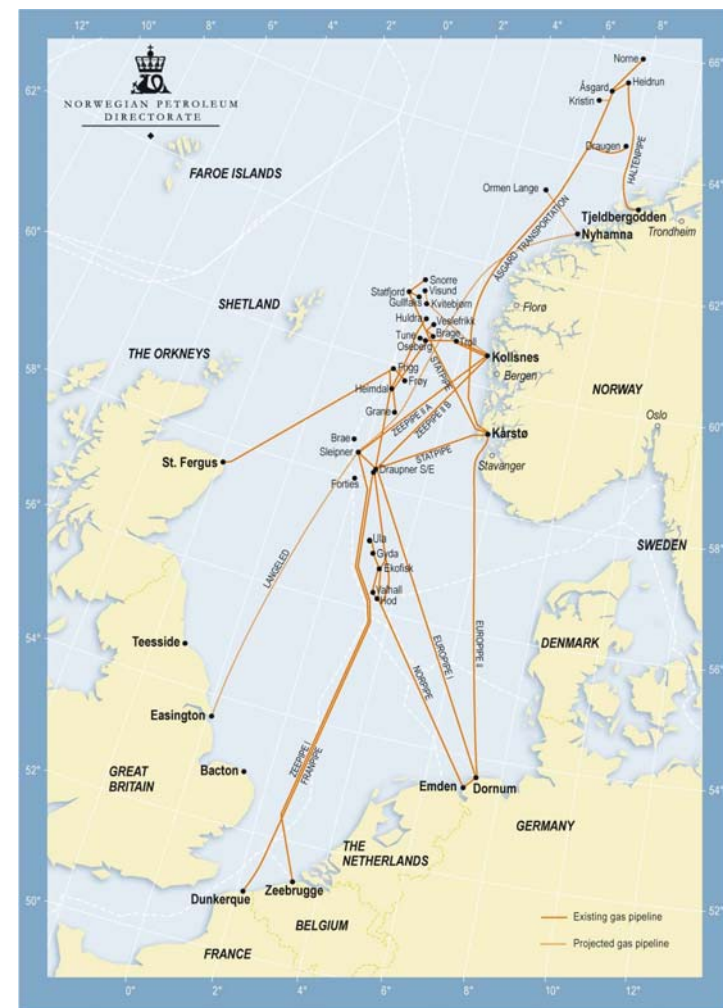
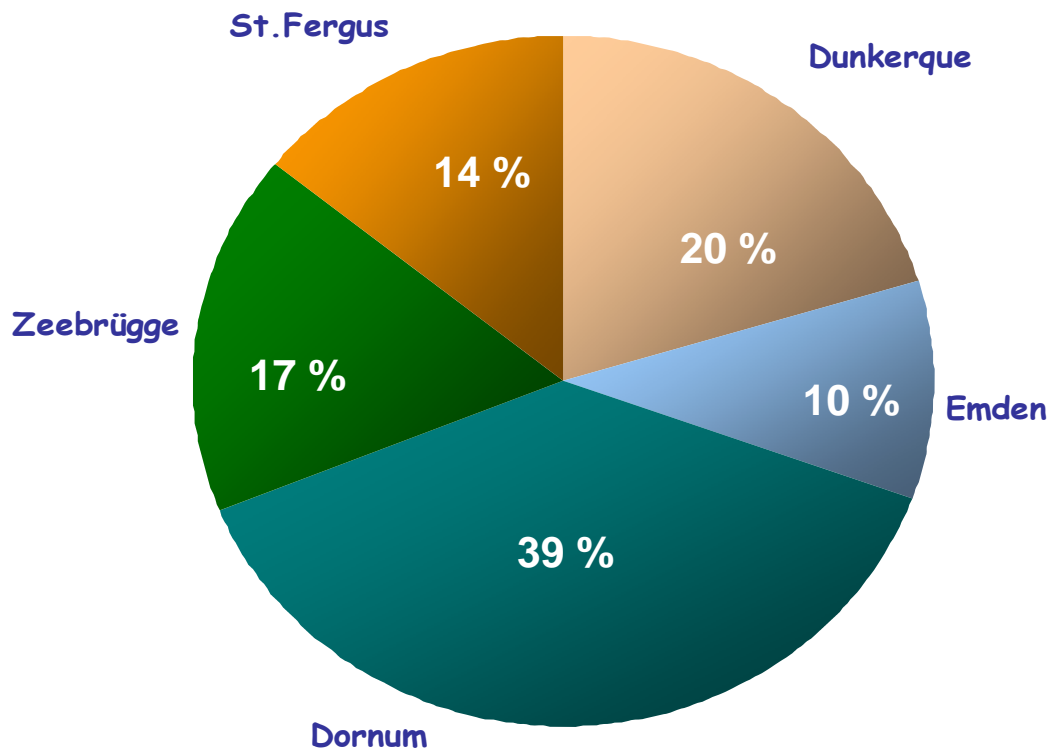
2022

2025



Gas exports

82,5 BCM in 2005



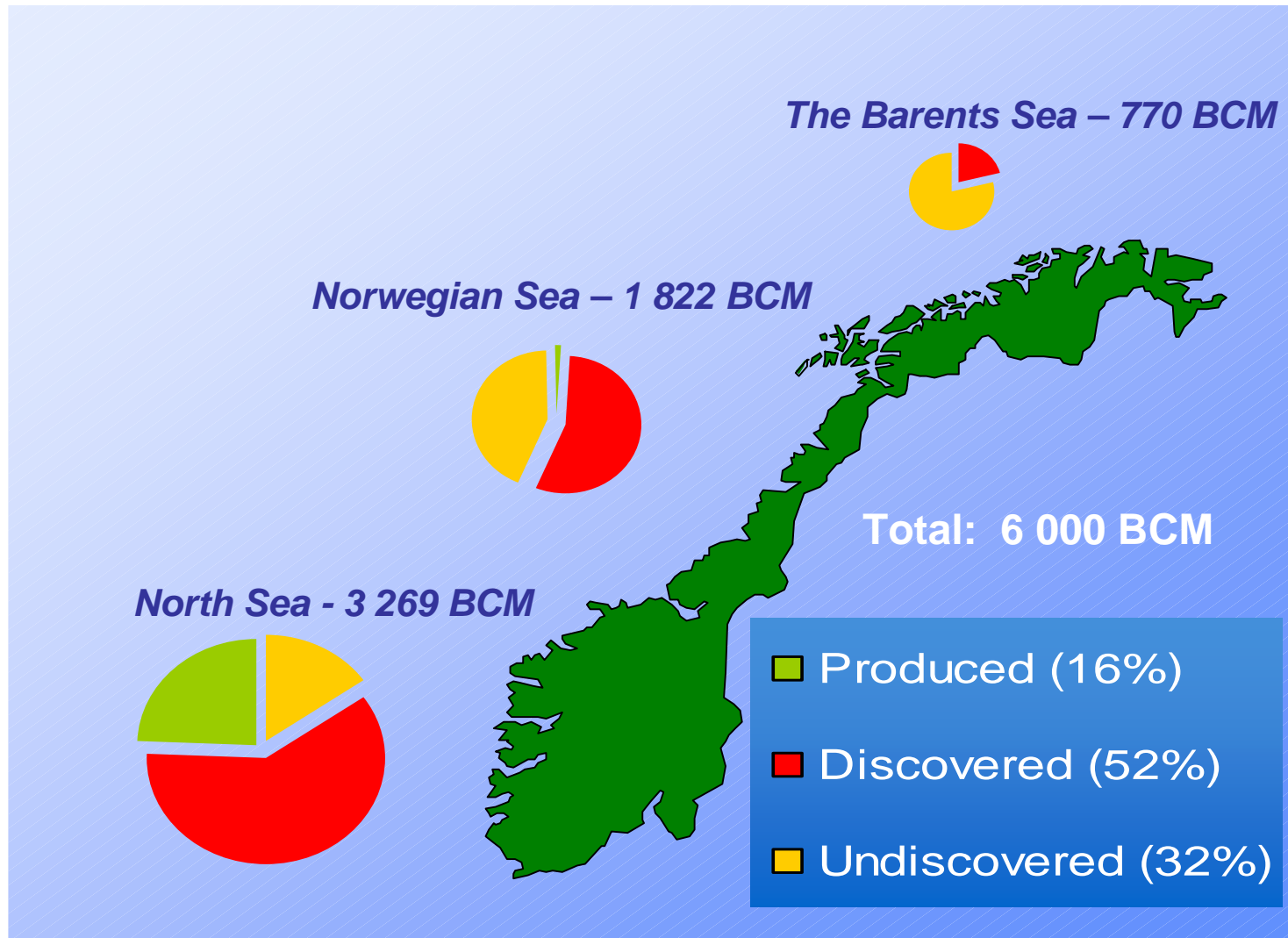
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Organization of the gas sector

- Companies individually produce, transport and market their gas
- Producers own pipelines (Gassled JV)
- Independent pipeline operator - Gassco
- Regulated access regime for gas transportation



Norwegian Gas Resources



Source: Norwegian Petroleum Directorate



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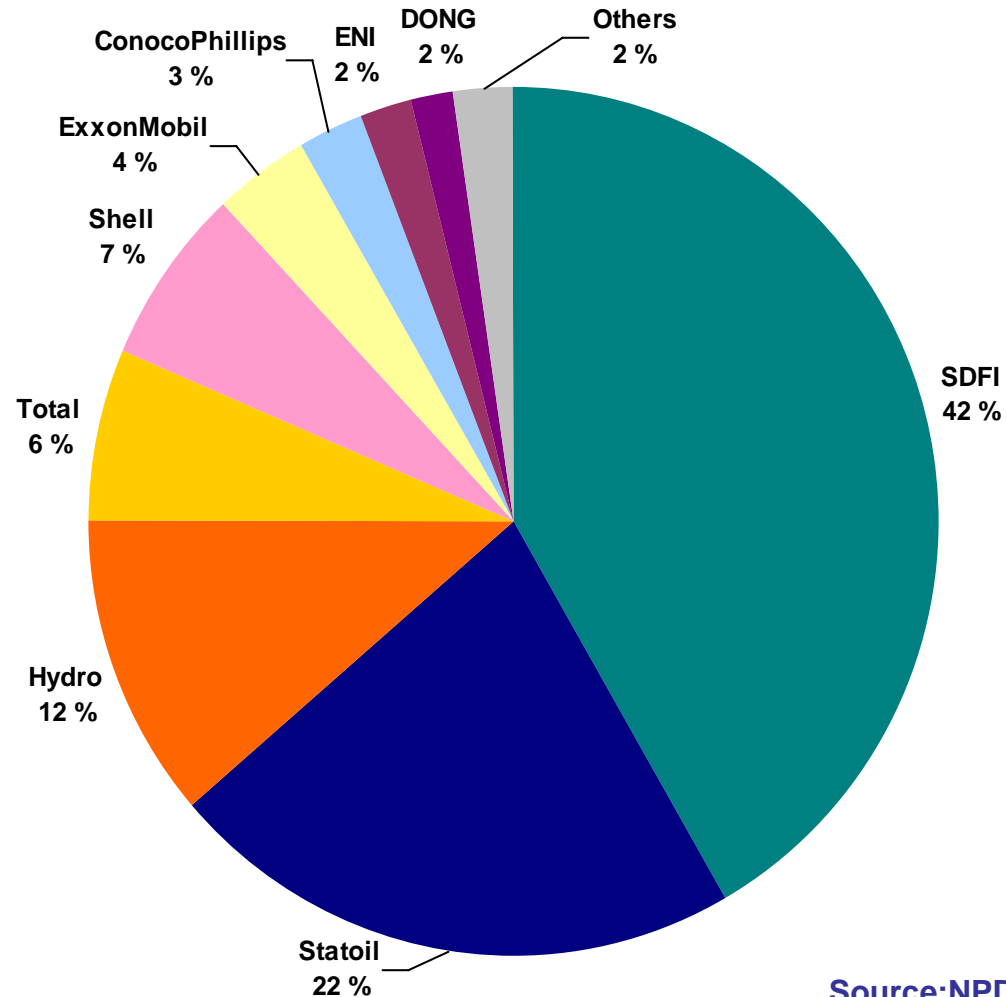
24-25 January 2006



BACK-UP

Share of Remaining Gas Reserves on the NCS

(based on NPDs official estimates as of 31.12.2004)



Source: NPD fact pages, jan 2006.

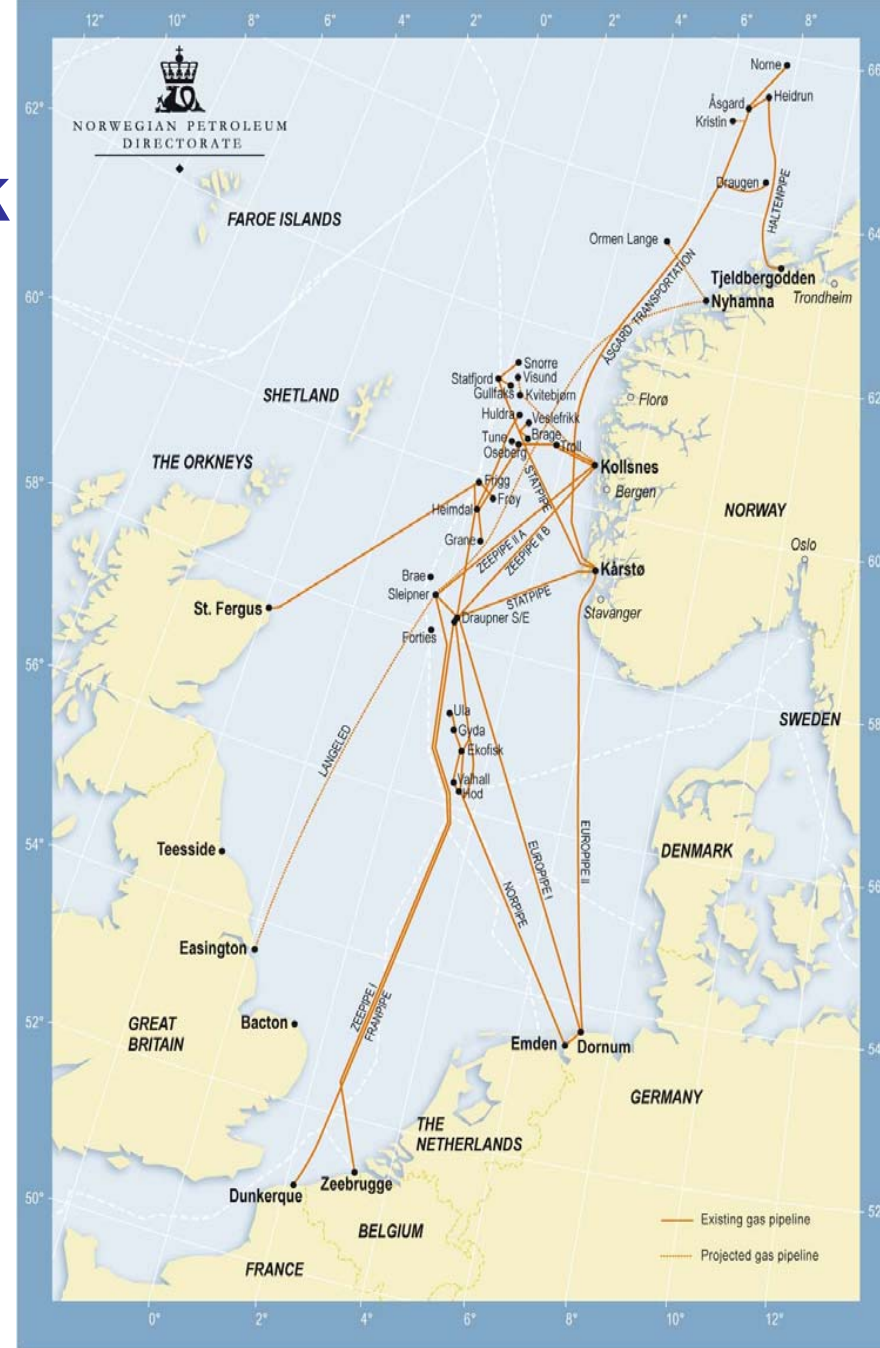
Gassco

- Independent operator of the gas transportation system
- Gassco has no ownership in
 - gas resources
 - infrastructure
- Gassco administers the regulated access regime
- Architect – coordinating further development of the gas transportation system
- 100 % state ownership



Open access to upstream pipeline network

- All spare capacity in upstream pipelines is open for third parties
 - Non-discriminatory access
 - Limited priority for investors
- **Negotiated** tariffs for gathering lines (terms subject to MPE approval)
- **Regulated** tariffs for most of upstream pipeline system
 - Tariffs stipulated by MPE in separate regulation



New Capacity from the NCS to the UK

- Significant capacity increases from the NCS in 2006 and 2007
 - Langedled
 - Tampen Link
- Ormen Lange on stream in 2007
 - will supply the UK market with 20 BCM/y



Gas Negotiations Committee (GFU)

- Up to 2001, gas sales were centrally controlled by the state
 - The Gas Negotiations Committee (GFU) marketed all Norwegian gas
 - The Supply Committee (FU) assisted the Government in allocation of sales contracts to individual fields
- The GFU setup facilitated a coordinated development of the Norwegian gas sector (fields and pipelines)

Abolishment of the GFU in June 2001

- The GFU system abolished in June 2001
Company based sales more appropriate
 - Well developed upstream gas pipeline network
 - Market opening downstream:
Possible for Norwegian producers to take positions downstream
 - More short-term sales in a more developed European gas market
- Sound resource management is ensured by the Government through
 - awards of production licences
 - approvals of development plans for fields and pipelines
 - production permits
 - regulated gas transportation