

BRIEF REVIEW OF GAS INDUSTRY DEVELOPMENTS - NORWAY

Gas sales

In 2004 exports of natural gas from the Norwegian Continental Shelf amounted to about 76 BCM. Production is expected to rise in the short to medium term as new fields come on stream, and a sales level of 120 BCM a year is a possible scenario within this decade. This will contribute to meeting the expected growth in the European gas demand.

Norwegian gas is currently exported to Germany, France, Belgium, the Netherlands, the UK, Austria, the Czech Republic, Poland, Spain, Italy and Denmark. LNG from the Snøhvit-field will be exported to the USA as well as Europe.

Over the past few years Norway has consolidated its role as a major supplier of gas to Europe, covering approximately 14 % of the European gas consumption. The importance of Norwegian gas is however much greater in some countries. In Germany and France Norwegian gas covers around 30 % of the gas consumption.

Domestic Consumption

Domestic consumption of natural gas is less than 1 BCM/year.

Transportation

There are approximately 50 fields producing gas on the Norwegian Continental Shelf – most are producing associated gas and some are pure gas fields. With over 6 600 kilometres of pipelines, we have the world's most extensive offshore gas transportation system. Today there are 5 pipelines from the Norwegian continental shelf to the European continent and one to the UK. To ensure efficient use of the transportation infrastructure, a new management system was introduced in 2002: The independent operating company Gassco was established, operating most of the

upstream pipeline network. Furthermore, Gassled was established as a unified ownership of the pipelines, and finally, a new regulated access regime was introduced. All the producers sell their gas on an individual basis.

Resource situation

Total natural gas resources on the Norwegian Continental Shelf are estimated to be approximately 5100 BCM (at end 2003), 2460 BCM of these are reserves (decided upon).¹

We usually divide the Norwegian Continental Shelf into three areas, with different degrees of maturity. The southernmost area, the North Sea, is the most resource-rich and developed area. This is now a mature area with less potential for large new discoveries. In the Norwegian Sea and the Barents Sea further north only 1 per cent of the expected resources are produced. These areas have the largest potential for new discoveries. Most of our producing fields are situated in the North Sea, while the two largest on-going developments are situated further north. These are Ormen Lange in the Norwegian Sea and Snøhvit in the Barents Sea.

¹ Source: Norwegian Petroleum Directorate