

LUKoil Gets Permit for Norwegian Shelf

By [Anatoly Medetsky](#)

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Norway's Petroleum and Energy Ministry posted a notice on its web site last week that it had pre-qualified LUKoil as an "operator on the Norwegian continental shelf" – ending at least eight months of **Maxim Stulov**

LUKoil said Monday that its request to extract oil off Norway's coast stemmed partly from the pact the two countries signed to settle their maritime border in the Barents Sea, where rich reserves could come to light.

In the company's first comments on the proposal, which Norway approved last week, LUKoil said last year's border agreement between Moscow and Oslo is what helped spark its interest in the project.

"It made everyone excited," said Grigory Volchek, a spokesman for LUKoil's foreign business arm, LUKoil Overseas. "If there is a definite borderline, some work can be planned for that area."

By doing away with the long-simmering border problem, Norway is set to invigorate

development of a previously disputed acreage — a welcome sign for its flagging oil production now concentrated in the North Sea.

LUKoil will not seek only Barents Sea fields in Norway, Volchek said. "We will target whatever they put up for tenders," he said by phone.

Norway's Petroleum and Energy Ministry posted a notice on its web site last week that it had pre-qualified LUKoil as an "operator on the Norwegian continental shelf" — ending at least eight months of scrutinizing the company's technical competence, health, safety and environmental standards, and financial capacity.

Norway appears to have received assurances from Prime Minister Vladimir Putin, who took a call from his Norwegian counterpart Jens Stoltenberg on July 20 to discuss what the Russian Cabinet's press service tersely described as economic issues "with an emphasis on energy cooperation."

Norway's approval of LUKoil may have come earlier if it had not been for the deadly bombing and shooting that disrupted the work of the government in Oslo for weeks.

LUKoil will now have to rush to meet the Sept. 14 deadline to apply for the licenses in Norway's latest round of annual bidding. The country's government will decide on Awards in Predefined Areas — which include mature offshore fields in the North Sea, the Norwegian Sea and the Barents Sea — by the end of this year.

Another licensing process in Norway invites companies to identify the less mature blocks they want to vie for.

The next time the government will award licenses on this basis, which happens every other year, will be in 2013, said Petroleum and Energy Ministry spokesman Hakon Smith-Isaksen.

LUKoil can also buy a share in exploration and production assets from other companies, he said.

Norway's state controlled Statoil — a partner of LUKoil's in developing one of the world's biggest oil fields, the West Qurna 2 project in Iraq — could also join forces with the Russians in Norway.

"We are open to discuss potential future opportunities and to work with the company on relevant future projects," said Statoil spokesman Jannik Lindbaek Jr.

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