

Petroleumsvirksomhet i Barentshavet

Peter Arbo, May 2011

1. Project / publication	Barlindhaug (2005): <i>Petroleumsvirksomhet i Barentshavet. Utbyggingsperspektiver og ringvirkninger</i> . [Petroleum activity in the Barents Sea. Development perspectives and spin-off effects]. Tromsø: Barlindhaug, 53 pages. http://www.barlindhaug.no/Data/716/Barentsrapport.pdf
2. Initiator	This is not clearly defined. According to the report, the work is carried out for “central and regional authorities and other organizations”. There are indications that Statoil was the main sponsor.
3. Objective	The objective is to draw up development perspectives for what might become a new basic industry in the north. The report aims to clarify the effects and necessary measures for the development of the oil and gas industry. The report is also underpinning the new Norwegian High North policy. (The final version was published in October 2005, one week before the red-green coalition government was inaugurated. It is dated three days before the Soria Moria Declaration, the political platform, of the new government).
4. Geographical delimitation	The Barents Sea, northern Norway, and north-west Russia.
5. Time horizon	The focus is until 2030, but the report deals primarily with the first 15-20 years.
6. Thematic focus	The report deals with the development of petroleum activity in the Barents Sea. It focuses on the geopolitical context, the market perspectives for gas, Russian strategies, environmental considerations, and possible technological choices. It also looks into possible ripple effects.
7. Images of the future	<p>The report presents one possible long-term development trend for the exploitation of potential commercial discoveries on the northern Norwegian continental shelf. This perspective includes the construction of the Western Arctic Pipeline as an extension of the current pipeline system from the Norwegian Sea to the Barents Sea, together with the following field constructions: Snøhvit LNG phase 2, Goliat, Shtokman LNG 1, Shøhvit LNG phase 3, a gas processing plant in eastern Finnmark, an LNG plant in eastern Finnmark, Shtokman LNG 2, a gas processing plant at Pechenga, a gas processing plant at Troms II, a gas processing plant at Vesterålen, a crude oil terminal in Vesterålen, and a crude oil terminal in eastern Finnmark.</p> <p>Until 2020, the sum of the investment costs on the Norwegian side is 290 billion Norwegian kroner, with an estimated Norwegian share of the deliveries of 60% and a regional share of 8% (22.5 billion NOK). The annual direct and indirect employment effects in the region are estimated to be over 4000 man-labour years.</p>
8. Key driving forces	Oil and gas development constitutes the dominating driving force. For Western Europe and the USA, the Barents Sea is a geopolitical focus area because of the importance of security of supply and a reduced dependency on the Middle East. The USA in particular is a strong promoter of gas development in the Barents Sea. At the same time, it is assumed that Russia will increase its activity and develop its most attractive offshore field on the basis of considerations relating to diversification. This means that Norway is at risk of becoming a “tail-producer”. Thus, Norwegian authorities take active steps to strengthen Norway’s position as a stable and reliable supplier, and to be the technological and environmental premise setter in the north. Spare capacity in the Norwegian gas pipeline system gradually raises the need for an extension of new supplies from the Barents Sea. The development of the Barents Sea as a new petroleum province contributes to

	economic development, employment and settlement in the north.
9. Uncertainties/wildcards	The report assumes that the market perspectives for gas from the Barents Sea are highly favorable. Norway can use two large markets: pipeline-gas to Europe, and LNG to Europe and the USA. It is assumed that the authorities assign exploration areas of high quality, and that the companies have a desire and willingness to explore. From this, it is assumed that necessary commercial discoveries will take place. Increased petroleum activity and transport of Russian crude oil put new demands on technology and preparedness systems. However, these challenges will be solved, with the result that conflicts in relation to fisheries and environmental issues minimize. Operations in ice-covered waters will also be mastered to a large extent. Climate change is mentioned as a source of uncertainty. An agreement with Russia about the maritime border is another issue that can have a major positive effect. When it comes to regional effects, the availability of human resources can be a likely restriction.
10. Accomplishment and collaboration	Barlindhaug prepared the report in partnership with Bedriftskompetanse, Hammerfest. Johan P. Barlindhaug was responsible author. Statoil has been a key contributor.
11. Method	This is first and foremost a qualitative study; however, it uses rough experience-based quantitative calculations for investment, employment and spin-off effects in the construction and operational phase.
12. Sources of information	Empirical data have been used from the Snøhvit and Ormen Lange projects.
13. Strengths	The report's strength is the visualization of future development perspectives for the periods 2006-2012, 2012-2020, and 2020-2030. The extension of the Norwegian pipeline system with branches into the Russian area was a new idea. The same was the prospect of a rapid appraisal and agreement about the border area, which was considered to be likely. The report showed that northern Norway could be facing an almost continuous development and operation period of several decades. This underlined the need for a long-term strategy to achieve the greatest possible effects in the region. It was furthermore emphasized that the operation phase could be more interesting for Norwegian suppliers than the development phase. Finally, the report highlighted a number of other related activities that the petroleum industry could give rise to.
14. Weaknesses	The report assumes that there is a strong international pressure to obtain access to petroleum resources in the Barents Sea. International law matters little when there are great political interests at stake. The main message is that Norway has to stay up front, and has to develop its activities from the southern Barents Sea to the northern Barents Sea, in order to maintain control, and to be preferred as management authority. In retrospect, we see that market assessments were too optimistic and that developments on the Russian side have been much slower than anticipated. A fast start was expected with the development of LNG at Shtokman for the US market. The report is also based on the idea that all developments will consist of subsea solutions, onshore landing and processing, including terminal facilities on land in many places along the coast. The report was perhaps first and foremost an attempt to create a self-fulfilling prophecy.
15. Attention and significance	The report received much attention. It influenced the Stoltenberg government's High North strategy, and it contributed to the "Mission North" campaign of the Confederation of Norwegian Enterprise (NHO). The oil industry and other petroleum-related stakeholders actively used the report to raise expectations about developments in the north. In addition, Barlindhaug's network and his frequent presentations contributed to this. He led the Districts Commission, which submitted its report the year before (NOU 2004: 19).
16. Relevance for the	The report is primarily of interest in a historical perspective as a typical testimony

Fram Centre	of a specific time. The authors are prominent figures in the public sphere in northern Norway.
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