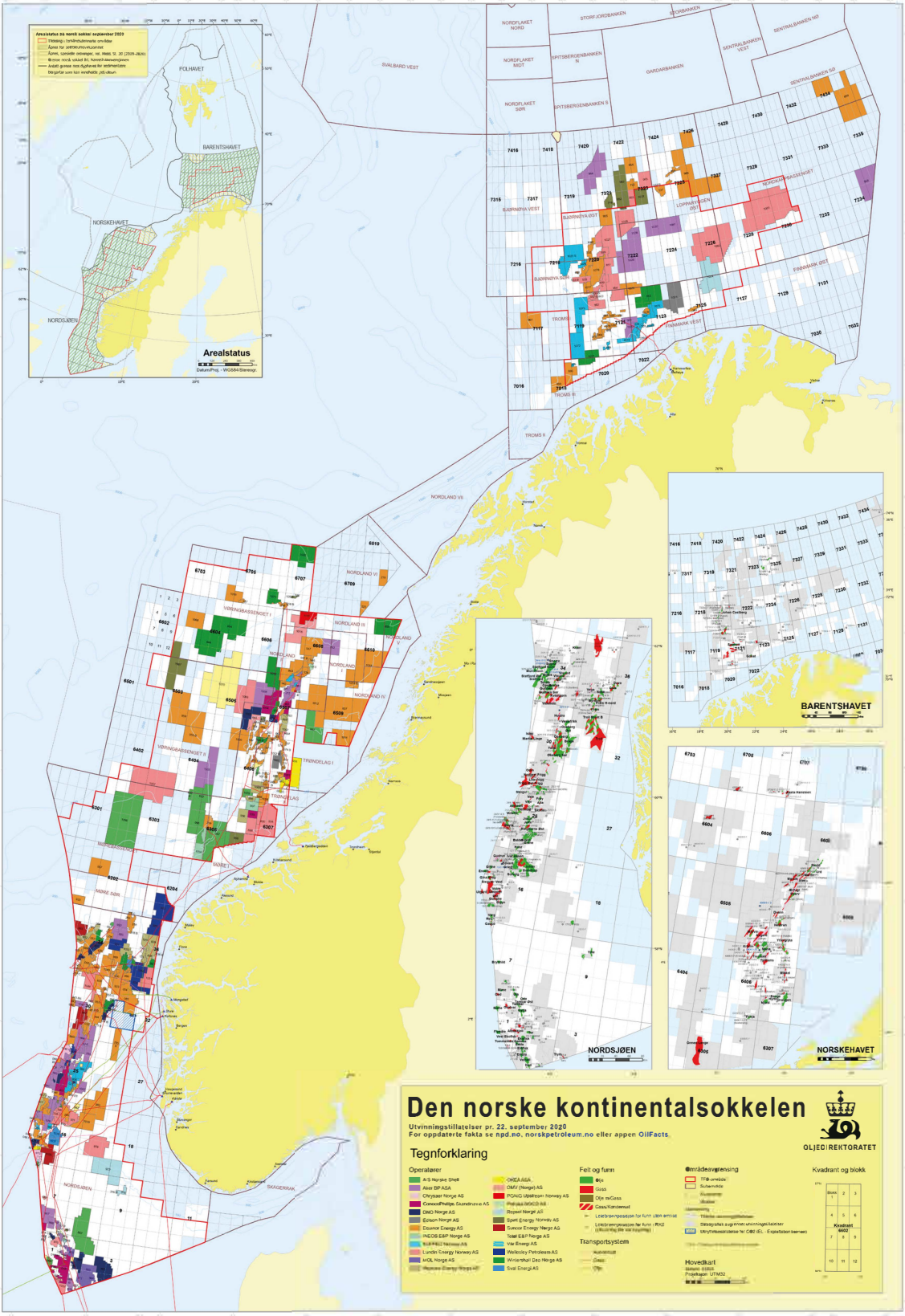
YNGVE BUSTNESLI | OLAV BOYE SIVERTSEN
HANS PETTER NORDBY | TORE ULLEBERG (EDITORS)

OIL AND GAS ACTIVITIES IN NORWAY



REGULATORY AND CONTRACTUAL FRAMEWORK

GYLDENDAL


Arealstatus
BARENTSHAVET
NORSKEHAVET
NORDSJØEN
NORDLAND VII
NORDLAND VI
NORDLAND V
NORDLAND IV
NORDLAND III
VØRINGBASSENGET I
VØRINGBASSENGET II
TRØNDELAG I
TRØNDELAG
MØRE
MØRE SØR
TROMS II
TROMS III
FINNMARK VEST
FINNMARK ØST
BJØRNØYA VEST
BJØRNØYA ØST
BJØRNØYA SØR
LOPPARYGGEN ØST
NORDKAPP BASSENGET
SVALBARD VEST
NORDFLAKET NORD
NORDFLAKET MIDT
NORDFLAKET SØR
SPITSBERGENBANKEN N
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STORFJORDBANKEN
GARDARBANKEN
SENTRALBANKEN VEST
SENTRALBANKEN NØ
SENTRALBANKEN SØ
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OLJEDIREKTORATET
Tegnforklaring
Operatører
Felt og funn
Områdeavgrensing
Kvadrant og blokk
Transportsystem
Hovedkart

YNGVE BUSTNESLI, OLAV BOYE SIVERTSEN,
HANS PETTER NORDBY AND TORE ULLEBERG (EDITORS)

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Foreword

A new chapter in Norway's modern history started in 1969 with the discovery of the Ekofisk field. Since then, more than 100 fields on the Norwegian continental shelf have been developed, and approximately 40 exploration and production companies are active on the shelf. Throughout these 50 years a new industry cluster has been developed based on a stable regulatory regime emerging. This book is dedicated to all legal professionals who have contributed to the evolution, and is the first publication providing a comprehensive overview of the Norwegian regulatory regime and model contracts used in the petroleum industry. This unique publication provides insightful guidance to key topics within the various phases of petroleum activities.

In addition to the editors (and co-authors) Yngve Bustnesli, Hans Petter Nordby, Olav Boye Sivertsen and Tore Ulleberg, more than 30 subject matter experts have given invaluable contributions. The author to each chapter is listed, and the editors would like to express our appreciation to the contributors. Without their dedicated work, this book project would never have been realised. We also express our sincere gratitude to Umar Ajaz for his extensive review of numerous references and electronic links, accompanied by constructive suggestions, and to Linda Veronica Jensen who has kept track of the various chapters and the correspondence between the editors and the authors.

Our hope is that this book, published by Gyldendal Akademisk and the digital publishing through Gyldendal Rettsdata, will be a helpful tool within government agencies, industry, law firms, academic institutions and among students – in Norway and abroad. Its aim is to give a comprehensive overview of the regulatory regime for the petroleum sector, while at the same time balancing the depth of details.

Authors often have different linguistic preferences. Through frequent dialogues with several of the authors throughout the process, we have endeavoured to ensure that a common terminology has been used, and not least that all key topics have been covered.

When the project started in early 2017 it was the editors' clear objective to enter the digital era by facilitating – for the benefit of the reader – the use of electronic links with direct access to relevant web references. This objective proved to be challenging as publishers on the internet often make changes, resulting in links not functioning. To make linkage more robust over time, the editors have in some cases elected to refer to a web site on a 'higher level' rather than referring to an exact web page which is more likely to change.

Some web sites are published in Norwegian only. We have elected also to include these for completeness' sake. It should be observed that all translations from Norwegian are unofficial.

We believe that the book is now up to date, that is, when we as editors now close the last chapter and hand over the manuscript to Gyldendal.

Dear reader – we do hope this book will prove to be a valuable tool in your regulatory and contractual 'toolbox' for many years to come.

Oslo/Stavanger October 2020,

Yngve Bustnesli
Olav Boye Sivertsen
Hans Petter Nordby
Tore Ulleberg

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CHAPTER 1

The framework

1.1 Introductory remarks

Ole Anders Lindseth

The Norwegian petroleum law system is in many ways unique. From the early days of offshore petroleum activities on the Norwegian continental shelf in the mid-1960s, the legal framework has been developed and refined while still maintaining a high degree of stability. The main purpose of the legal framework is to be a suitable, effective, efficient and practical tool to pursue, realise and safeguard Norwegian petroleum policy. The main objective of this policy is to facilitate profitable oil and gas production in the long run. At the same time, a large part of the value added shall accrue to the Norwegian state, so that society as a whole can benefit from the resources. Therefore, this legal framework shall also provide incentives for exploration and production companies that are consistent with and support the overall Norwegian petroleum policy objectives.

Policies and a legal framework will, however, never be sufficient in themselves. Success will depend on how well the legal framework is managed and applied. This requires a high level of expertise and knowledge in the public administration, the industry and the legal profession. Successful interaction between a public administration capable of developing and applying appropriate legal requirements and an industry in tune with the policy objectives and legal requirements is of paramount importance to the sustainable management of Norway's oil and gas resources.

This book continues a long and strong tradition of contributions from academia and the legal community that shed light on the legal framework. Without these contributions, jurisprudence development would suffer and Norwegian petroleum industry stakeholders would find it more challenging to navigate through the regulatory framework. It is therefore with great pleasure and gratitude towards all the authors and contributors that I welcome you as a reader to immerse yourself in this book.

1.2 A regulatory regime in development

Erling K.Ø. Selvig

1.2.1 The three pillars

The Norwegian regulatory regime for the petroleum sector is based on the premise that all petroleum resources on the continental shelf belong to the State. Accordingly, in order for utilisation of the resources to be consistent with the overall long-term interests of the Norwegian society and economy, broad regulatory powers have been delegated to the King in Council (Government) and the Ministry of Petroleum and Energy (MPE). This regulatory regime aims to ensure that petroleum sector development and petroleum resource utilisation are continuously subject to governmental control and consistent with government resource management policies.[1]

The regulatory regime has its statutory basis in the 1996 Petroleum Act (Petroleum Act).[2] The Act, enacted in 1985 and revised in 1996, is a quite comprehensive piece of legislation. In substance, however, the Act is essentially a structured and modernised codification of the main regulatory approaches and measures adopted by the MPE during and subsequent to the early phases of Norwegian petroleum activities in the 1970s and 80s. After 1996, the Petroleum Act has only been subject to limited amendments, mainly to cater for needed reorganisation of the State's direct participation interests and to accommodate new EU directives (see Chapters 1.2.10–1.2.14).

The primary purpose of the Petroleum Act is to modernise and reaffirm in codified form the legal basis for the broad regulatory powers of the MPE to both issue regulations and adopt specific regulatory measures in individual cases.[3] This approach means that the second major substantive pillar of the regulatory regime now has its legal basis in delegated powers, and consisting of supplements to the Petroleum Act in the form of numerous implementing regulations issued over the years by the MPE.

The regulatory regime also has a third and highly significant pillar, which is the power of the MPE to adopt ad hoc regulatory measures on various matters arising in the course of the actual utilisation of petroleum resources. Numerous provisions set out in both the Petroleum Act and implementing regulations give the MPE broad powers to adopt a range of specific regulatory measures on a case-by-case basis at its discretion, consistent with general principles of administrative law.

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1 Sections 1 to 3 of the Petroleum Act. In this chapter I have to a large extent relied on views expressed in:
– *Hammer, Stang, Bjelland, Bustnesli & Bjøranger Tørum*, Petroleumsloven, 2009 (Kommentar til Petroleumsloven) (Eng.: Commentary on the Petroleum Act)
– *Selvig*, Petroleumsrett til studiebruk, 1988 (Petroleumsrett til studiebruk), in particular Sections 1, 2 and 11 to 19. (Eng.: Petroleum Law for Study Use)

2 https://www.npd.no/en/regulations/acts/act-29-november-1996-no2.-72-relating-to-petroleum-activities/

3 Ot.prp. no. 72 (1982–83), p. 7, and Ot.prp. no. 43 (1995–96), p. 9. (Ot.prp. = legislative proposition to Parliament)