



NORWEGIAN PETROLEUM
DIRECTORATE



APA 2016

Awards in Predefined Areas

Guidelines for production licence applications

GENERAL APPLICATION INFORMATION

Submission of application

One copy of the application must be submitted to the Ministry of Petroleum and Energy (MPE) in electronic format on memory stick and two identical copies of the application must be sent/delivered to the Norwegian Petroleum Directorate (NPD), by Tuesday, 06 September 2016 at 1200 hours.

Application format

The application(s) submitted to MPE must be delivered on a memory stick.

The application to NPD must be delivered in an electronic format on memory stick and as a paper version in a binder. The electronic version of the application will be archived by the authorities. The paper copy must be identical to the electronic application.

The tables requested for the applications can be found in the Excel workbooks:

1. ApplicationData
 - a. Table 1: Application Summary
 - b. Table 2: Resource Potential
 - c. Table 3: Coordinates
 - d. Table 4: Work program and duration
2. ProspectData
 - a. Table 5: Prospect data
3. CompanyInformation
 - a. Table 6: Application list from company
 - b. Table 7: Size and experience
 - c. Table 8: Financial status

The forms must be delivered together in the above-mentioned Excel workbooks. Legal intervals have been defined for values that must be filled in for parts of the information requested. An error message will show if filled in incorrectly. The accepted interval is specified in the headings of each column. The Excel workbooks are electronically uploaded to the NPD's database for APA rounds. Formatting of the Excel forms beyond entering new rows at the bottom is therefore not permitted. Files delivered in an incorrect format will be returned to the companies. The forms are only available in English, but can be completed in both Norwegian and English where a selection does not have to be made from a drop-down list.

Shape files for the applied for area must be named AppliedArea_”applicationname_company” and contain a polygon showing the area applied for. The shape file must also contain information on company name, information regarding whether or not the application is stratigraphically split, and whether this is an application for additional acreage. The format in which we want this information delivered is described in example file AppliedArea.

Shape files for prospects/prospect leads must be named Prospect_Lead_” applicationname_company” and must contain at least one polygon (Psans/Mean) for each reported prospect, i.e. “Table 5: Prospect Data”. The names of these prospects/leads must be spelled the same in all tables/files.

Note: All prospects/leads discussed in an application must be delivered in the same shape file. The format in which we want this information delivered is described in example file ProspectLead.

The following must be delivered for each application:

- Binder: two identical copies to the NPD which must contain:
 - Paper copy of application (only one application in each binder)
 - Memory stick enclosed in each binder. Memory stick must be labelled with the company name and be securely fastened to the binder.

- Electronic appendices:
 1. The application
 2. Application summary
 3. ApplicationData
 4. ProspectData
 5. Map of area applied for
 6. Shapefile with the area applied for
 7. Shapefile with prospects

- Files on memory stick must be structured and named as indicated below:

Name of file	Format	Description
Application_"block number"	PDF	Electronic copy of application
Application summary_"block number"	PDF	Electronic copy of application summary
"block number"_ApplicationData	XLS	Completed Excel workbook «ApplicationData» One Excel workbook per application
"block number"_"prospect name"_ProspectData	XLS	Completed Excel workbook «ProspectData» One Excel workbook per prospect
"block number"_"company name"	JPG	Map of area applied for with prospects, max. 200 kb
AppliedArea_"applicationname_company"	shp	Shapefile with outline of area applied for. Name must contain max 40 characters
Prospect_Lead_"applicationname_company"	shp	Shapefile with prospect outline and lead, attributes in the shapefile must describe resource class . Name must contain max 40 characters

Maximum limits have been indicated for the number of pages for the various parts of the application. If total number of pages exceeds the number of pages under each item, without a clear explanation of why this is considered necessary, it will have a negative impact on the application evaluation. Use a font size corresponding to Times New Roman 12 and single/standard spacing. Maps and illustrations should not be larger than A4. All information in figures and maps must be legible, also in the paper version. All maps must contain coordinates, as well as a scale.

The Excel workbooks to be used in the applications can be found on the NPD’s website together with these guidelines at:

<http://www.npd.no/tfo2016>

The Excel form formats must not be changed. Exemptions are adding new rows in Tables 1, 2, 3 and 4.

All sizes (depth, area, volume, etc.) must be provided in metric units.

Application for additional acreage

Companies can apply for additional acreage where discoveries or mapped prospects extend continuously from the applicant's production licence into the area announced in APA 2016. The following criteria must be fulfilled in order to be awarded additional acreage:

1. All licensees in the existing production licence are applicants.

2. The distribution of ownership interests will be identical to the existing production licence.

If the application comprises additional acreage for a new prospect mapped in an existing licence, a work programme must be proposed for the additional acreage which comprises exploration/drilling.

Application for stratigraphic area

In an application for stratigraphic area, the applied for interval must be indicated in the application summary.

APPLICATION CONTENT

1. APPLICATION SUMMARY

The application summary must be placed at the front of the application binder. The application summary should be maximum three pages and must contain:

- A. Overview of applicants and the area applied for, indicating the block number in completed form "Table 1: Application Summary"
(Table 1 must also be in the Excel workbook "ApplicationData" on memory stick)
- B. Area description with completed form "Table 2: Resource potential"
(Table 2 must also be in the Excel workbook "ApplicationData" on memory stick)
- C. Map with geographical coordinates, block number and scale which shows the applied for area with an outline of the prospects and leads that are specified in the form "Table 2: Resource potential", and presented in the application
(the map must also be included as a separate jpg file and the area outline as a shp file on Memory stick)
- D. Form with corner point coordinates for the applied for area in the form "Table 3: Coordinates"
(Table 3 must also be in the Excel workbook "ApplicationData" on Memory stick)
- E. Completed form "Table 4: Work programme and duration"
(Table 4 must also be in the Excel workbook "ApplicationData" on Memory stick)

A. Application summary:

Provide a brief description of applicants and applied for area. For applications for **additional acreage**, provide a brief description for why the application is relevant for the production licence. The form "Table 1: Application summary" is to be completed with the necessary data. An example of a filled out form is shown below.

Table 1: Application Summary

Application for Production License in	Region	If application for additional	Participants (Correct name of company)	O P	Participation share [%] ³			Application delivered	Fee paid by: ⁴
					Preferred	Lower	Upper		
16/7	North Sea		Selskap A	O	60	50	70	x	x
			Vårt selskap AS	P	40	30	40		

¹ Selskap A = Company A
Vårt selskap AS = Our company AS

Additional acreage: where discoveries or mapped prospects extend into announced acreage from an existing production licence with the same licensee(s) and ownership interests, indicate licence number.

² O= operator, P= partner, O/P= no particular preference regarding operator or partner status.

³ The size of the ownership interests primarily preferred, as well as an upper and lower limit which the applicant can accept, in an interval between 0.00001 and 100%. The ownership interests must be in accordance with the interests listed in the application letter from each company. An upper and lower limit are **not** indicated for **additional acreage**.

⁴ Place an X by the company actually delivering the application, individually or on behalf of the group. Place an X by the company that paid the application fee, individually or on the behalf of the group.

B. Resource potential

The prospectively in the applied for area is briefly summarised and shown in a map with an outline of the prospects and leads discussed in the application and listed in the form "Table 2: Resource potential". Please use different colour outlines for different stratigraphic levels. Key data for the prospects and leads discussed in the application are entered in the form "Table 2: Resource potential". An example is shown below:

Table 2: Resource Potential

Discovery/ Prospect/ Lead name ¹	D/ P/ L ²	Case (Oil/ Gas/ Oil&Gas) ³	Unrisked recoverable resources ⁴						Probability of discovery ⁵ (0.00 - 1.00)	Resources in acreage applied for [%] ⁶ (0.0 - 100.0)	Reservoir		Nearest relevant infrastructure ⁸	
			Oil [10 ⁶ Sm ³] (>0.00)			Gas [10 ⁹ Sm ³] (>0.00)					Litho-/ Chrono- stratigraphic level ⁷	Reservoir depth [m MSL] (>0)	Name	Km (>0)
			Low (P90)	Base (Mean)	High (P10)	Low (P90)	Base (Mean)	High (P10)						
16/7 Karlsvogna	P	Oil	6,80	11,70	15,90	0,80	1,80	2,20	0,22	100	Skagerrak Fm/ Upper Triassic	3640	Sleipner Øst	20
		Gas	0,10	0,70	1,80	4,00	13,40	24,20	0,13	100	Skagerrak Fm/ Upper Triassic	3640	Sleipner Øst	20
16/7Storebjørn	L	Oil	1,71	2,78	6,98	0,94	2,61	4,56	0,17	100	Sleipner Fm/ Middle Jurassic	3500	Sleipner Øst	20
16/7 Lillevogna	L									85	Sleipner Fm/ Middle Jurassic	3400		

¹ The name of the prospect or lead is informal and can be chosen freely. Ensure the name is used consistently throughout the application documentation

² D =discovery, P =prospect, L = lead

^{3,4} For different alternatives for the same prospect (case), the prospect must be listed with the associated discovery probability for each phase. The calculation method is explained in Ch. 2.3 of the application. The low and high values are P90 and P10, respectively. Any deviations from this must be clarified.

⁵ The discovery probability must be stated between 0.00-1.00. Calculation of discovery probability is explained in Ch. 2.3 of the application.

⁶ Percentage of the prospect located in applied for area.

⁷ Nomenclature approved by the Norwegian Stratigraphic Committee should be used where available, see lists in form Stratigraphy & Struct. elements in the work book "ProspectData" and <http://www.npd.no/en/Topics/Geology/Lithostratigraphy/>

⁸ The nearest relevant facility with petroleum processing plants.

C. Maps

The applied for area and outline of the prospects and leads mapped are shown in a map containing geographic coordinates, block number and scale. The applied for stratigraphic interval must be indicated for applications for stratigraphic production licences.

D. Form with corner point coordinates

An example of filling in coordinates in the form "Table 3: Coordinates" is shown below:

Table 3: Coordinates

Stratigraphic? (No/Yes)	Polygon (>0)	Polygon part (>0)	Positive or negative (P/N)	Point (>0)	North degrees (56 - 81)	North minutes (0 - 59)	North seconds (0 - 59.9999)	East degrees (-14 - 36)	East minutes (0 - 59)	East seconds (0 - 59.9999)
No	1	1	P	1	60	2	0,0000	11	0	0,0000
				2	60	2	0,0000	11	4	0,0000
				3	60	0	0,0000	11	4	0,0000
				4	60	0	0,0000	11	12	0,0000
				5	60	8	0,0000	11	12	0,0000
				6	60	8	0,0000	11	0	0,0000
		2	N	1	60	3	0,0000	11	9	0,0000
				2	60	3	0,0000	11	11	0,0000
				3	60	7	0,0000	11	11	0,0000
				4	60	7	0,0000	11	9	0,0000
		3	N	1	60	3	0,0000	11	2	0,0000
				2	60	3	0,0000	11	4	0,0000
				3	60	4	0,0000	11	4	0,0000
				4	60	4	0,0000	11	6	0,0000
				5	60	7	0,0000	11	6	0,0000
				6	60	7	0,0000	11	2	0,0000

E. Work programme and duration

The applicant’s proposed work programme and duration of the production must be listed in the form "Table 4: Work programme and duration", shown below. Examples of/suggested work programmes, and decisions that will be used, are provided below the form. Other activities can also be entered. A more detailed description of the work programme should be provided in Chapter 3 of the application. An example of a completed form is shown below:

Table 4: Work programme and duration

Period	Phase (>0)	Duration [year] (>0.0)	Work program	Decision at milestone
Initial period:	1	1	Reprocess 3D seismic, Acquire EM-data	3D seismic acquisition or Drop
	2	2	Acquire 3D seismic	Drill or Drop
	3	2	Drill exploration well	Concretize (BoK) or Drop
	4	2	Conceptual studies	Continuation (BoV) or Drop
	5	1	Prepare development plan	Submit PDO or Drop
	Sum	8	Extension period [years] (>0.0): 20	

- | | |
|-----------------------------------|--|
| G&G studies | Procurement of 2D/3D seismic or drop |
| Procure 2D seismic | Acquisition of new 2D/3D seismic or drop |
| Reprocess 2D seismic | |
| Acquire new 2D seismic | Drill exploration well or drop |
| Procure 3D seismic | Concretisation (BoK) or drop |
| Reprocess 3D seismic | Continuation (BoV) or drop |
| Acquire new 3D seismic | Submission of PDO or drop |
| Procure and reprocess 3D seismic | |
| Compile 3D seismic | |
| CSEM feasibility study | |
| Procure EM data | |
| Drill (one) firm exploration well | |
| Drill exploration well | |
| Concept studies | |
| Prepare development plan | |
| As for PL XXX | |

2. GEOLOGICAL AND TECHNOLOGICAL ASSESSMENT

2.1 Database and data utilisation

Seismic, wells and other data types such as EM data, used in the evaluation of the area/prospects. How data has been utilised will be emphasised, as well as to what extent new and own interpretations and analyses were performed by the applicant.

Information must be provided on consultant reports, purchased studies and other information that is not publically available that has been used in the application.

Ch.2.1 should not exceed 5 pages including maps and tables.

Seismic database

Seismic used in the evaluation is listed with the survey name and type of seismic, and is shown clearly in a database map of the applied for area.

Well database

Well data that has been used in the evaluation is listed by name and shown clearly in a database map of the applied for area. Key wells are marked and commented/discussed.

Studies

Provide information on internal or purchased relevant technical studies with clear references, e.g. reprocessing/geophysical special studies, geochemistry studies, basin modelling, etc.

2.2 Geological petroleum overview

The application should choose one exploration concept with associated prospect(s)/lead(s) that are given primary focus in the descriptions, while alternative exploration concepts are described more generally. The analysis should focus on the factors that are considered critical for mapped prospectivity in the area and for evaluation of those. If previously documented studies have been used in the assessment, these must be referenced along with a short summary.

The documentation under Item 2.2 should not exceed 5 pages of text in addition to a maximum of 20 figures. In mature areas/areas near existing fields in particular, documentation should be limited.

Seismic mapping

Describe which horizons are interpreted, "well tie" and the depth conversion method.

The following figures must be included as a minimum:

- Synthetic seismogram which documents "well tie"
- Seismic line which shows calibration of seismic interpretation vis-à-vis well(s)

Regional Geology

Briefly describe the primary stratigraphic, sedimentological and structural characteristics of the area.

The following figures must be included as a minimum:

- Chronographic and lithostratigraphic column showing levels for identified prospectivity
- Paleogeographical map which illustrates the extent of the main reservoir for mapped prospectivity

- Map showing structural framework in the area

Basin development Describe source rocks, maturity and migration of hydrocarbons. The following figures must be included as a minimum:

- Basin map showing migration routes towards evaluated prospectivity

Plays Describe the play that represents the application's primary prospectivity. Briefly present other relevant plays in the applied for area, if applicable. The following figures must be included as a minimum:

- Map showing the scope of the primary play in the area

2.3 Prospect evaluation

Mapping and evaluation of prospect/leads in applied for area.

The primary prospect in the application (defined as the prospect with the greatest risk-weighted resource potential) is described in detail, while secondary prospectivity/leads are described in less detail. In areas where several prospects/leads are mapped within the same play/exploration concept and area, an overall description of mapping, resource calculation and uncertainty analysis is provided.

The documentation under Item 2.3 should not exceed 10 pages of text, in addition to a maximum of 10 figures, including:

- a maximum of 5 pages for the defined primary prospect/group of prospects, in addition to relevant figures/maps, and:
- maximum one page of text in addition to figures for each prospect in potential secondary exploration concepts.

The form "Table 5: Prospect data" must be filled in with data/parameters used in the evaluation of the mapped primary prospect/group of prospects. For leads, the table is filled in with as much data as possible.

Prospect mapping For the primary prospect or group of prospects within the primary exploration concept, provide a description of how the prospect/prospects are mapped, the type of trap and seal, expected reservoir properties, expected hydrocarbon type and fill percentage.

The evaluation must particularly explain factors considered critical to the prospect.

The following documentation must be included for the primary prospect/group of prospects:

- One overview map with coordinates and outline of the prospect, as well as position of seismic lines and geological profiles
- Two seismic and geological profiles in intersecting directions

- Time map and depth map in equal scale for reservoir horizon(s)
- Seismic attribute map/time slices, if applicable

Other figures can be included if they are relevant to the prospect description.

A shorter description is provided for mapped prospects/leads within potential secondary exploration concepts.

Resource calculation

For the mapped prospects and potential leads, describe the method for calculating the following:

- rock volume with uncertainty range
- resources in place with uncertainty range
- recoverable resources with uncertainty range

The description shall include the method for uncertainty calculation, and explanation for the chosen reservoir and fluid parameters, as well as recovery rate.

A resource estimate with spread must be listed in the form "Table 5: Prospect data" for all prospects. For leads, Table 5 must be completed with as many details as possible.

If only parts of the mapped prospect/lead are located in the applied for area, the form "Table 2: Resource potential" must clearly indicate the percentage this constitutes, as well as the total resource estimate.

Discovery probability

Discovery probabilities and associated sub-probabilities listed in the form "Table 5: Prospect data" are addressed and explained with regard to the critical factors for the prospect. See also definitions enclosed with the form "Table 5: Prospect data".

Technical reservoir conditions

For the mapped main prospectivity or group of prospects, there must be a brief description of the expected production schedule with the planned production strategy, and the most important reservoir uncertainties and challenges that can be expected. Indicate which IOR measures could be relevant in the short and long term.

A simple production profile is included.

A more detailed description must be provided for discoveries.

2.4 Technological assumptions and development plan

For the mapped primary prospect or group of prospects, there must be a description of what is assumed to provide the most optimal and feasible development solution for the area. Relevant alternative solutions can also be discussed. The description must comply with the IOR measures discussed in Item 2.3.

The gas solution should be discussed, and future processing/transport capacity with possible connection to

existing infrastructure is discussed if the applicant has access to such information.

The description is limited to a maximum of three pages including illustrations. A more detailed description must be provided for discoveries.

3. Plan for exploration

Information about the work programme for the applied for area, provided in the form "Table 3: Work programme and duration" in the application summary, must be discussed and explained. The entire work programme for the initial period must be described, with primary emphasis on the initial phase. Reference is made to examples and formulations in the form "Table 3: Work programme and duration".

Discuss briefly:

- the timeframe for the various phases of exploration
- estimated timeframe in relation to the phasing in to existing infrastructure
- possible need for clarification/coordination in relation to adjacent production licences
- proposed duration of the production licence (extension period)

The initial phase can be no longer than 10 years. The duration of the extension period is set at the expected production length, maximum is generally 30 years.

If the application includes leads, describe how they will be matured into drillable prospects.

The possibility of cooperating with other production licences in the area on joint geophysical acquisition should be discussed.

If significant parts of a mapped prospect/lead in the applied for area extend into an already existing production licence, the impact this will have for exploration must be discussed.

The description is limited to a maximum of two pages of text.

With an application for **additional acreage**, include a brief description of performed, ongoing and planned work in the existing production licence, and how the additional acreage will be included in the work ahead.

If the existing production licence does not have remaining work commitments which include a decision to drill the applied for prospect, a work programme must be suggested for the additional acreage.

4. Environmental conditions

Comment on any special environmental provisions associated with the applied for area, and how these will be safeguarded

during the exploration phase and during development and production.

5. References

References to reports, studies, publications used in the evaluation work.