



The Faroe Islands: your next discovery?

ACE 2019
San Antonio 19-22 Mai
AAPG

Óluva R. Eidesgaard

Outline

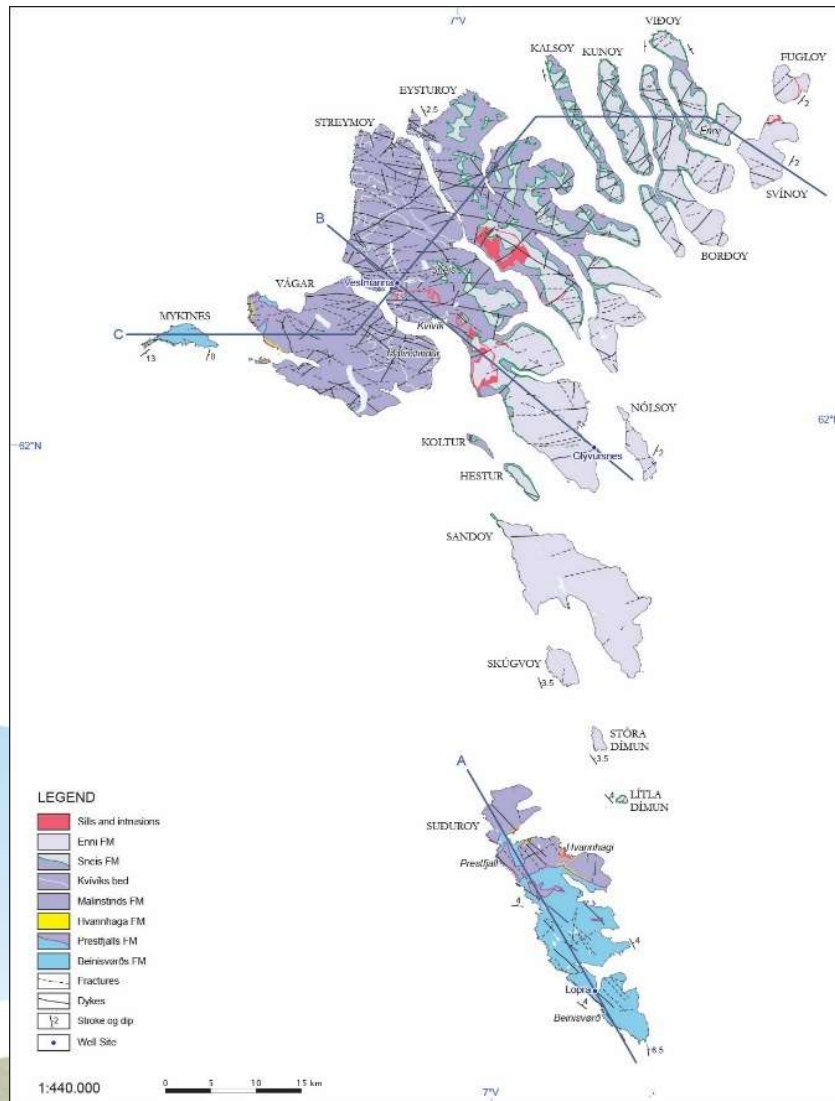
- Setting the scene
- Licensing history
- 2019 the legislation was updated
 - Terms and Conditions
 - Data package
- Regional work (seismic interpretation/well analyses)
 - Volcanic/non-volcanic interaction
 - HC system
- Prospectivity
 - Post-, intra- and sub-volcanic



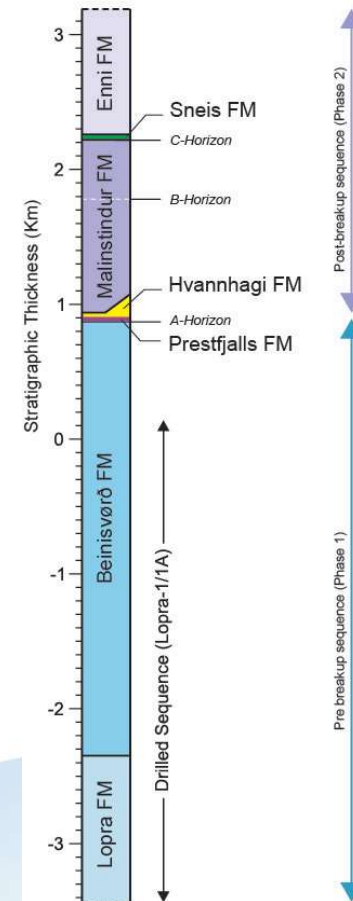
The Faroe Islands



Geological background



Stratigraphy



Exploration history

1993 Administration established
 1998 General act on hydrocarbons
 1999 Act on hydrocarbon tax
 1999 Maritime boundary UK/FAE established

2001	<i>1st licensing round</i>	<i>7 licenses granted</i>
2001	3 wells (Longan, Svínoy, Marjun)	-> Statoil, Amerada Hess, BP
2003	1 well (Marimas)	-> ENI
2004/5	<i>2nd licensing round</i>	<i>7 licenses granted</i>
2006	1 well (Brugdan I)	-> Statoil
2007/08	1 well (William)	-> BP
2008	<i>3rd licensing round</i>	<i>3 licenses granted</i>
2010	1 well (Anne-Marie)	-> ENI
2012	1 well (Brugdan II, suspended)	-> Statoil
2014	2 wells (Brugdan II, Súlan/Stelkur)	-> Statoil
2013	<i>Open Door</i>	<i>2 licenses granted</i>
2017	<i>4th licensing round</i>	<i>0 licenses granted</i>
2019	<i>5th licensing round will open</i>	

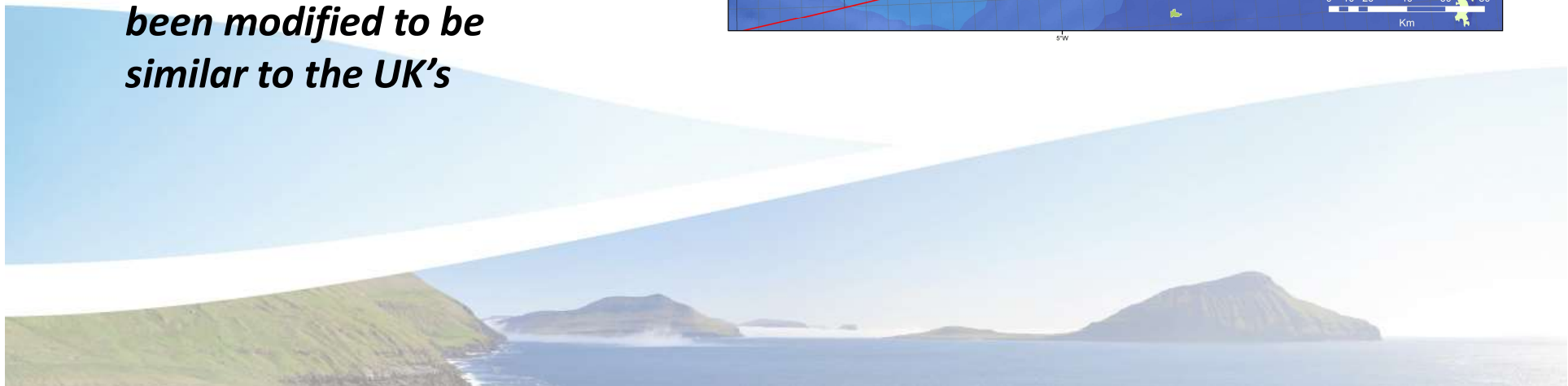
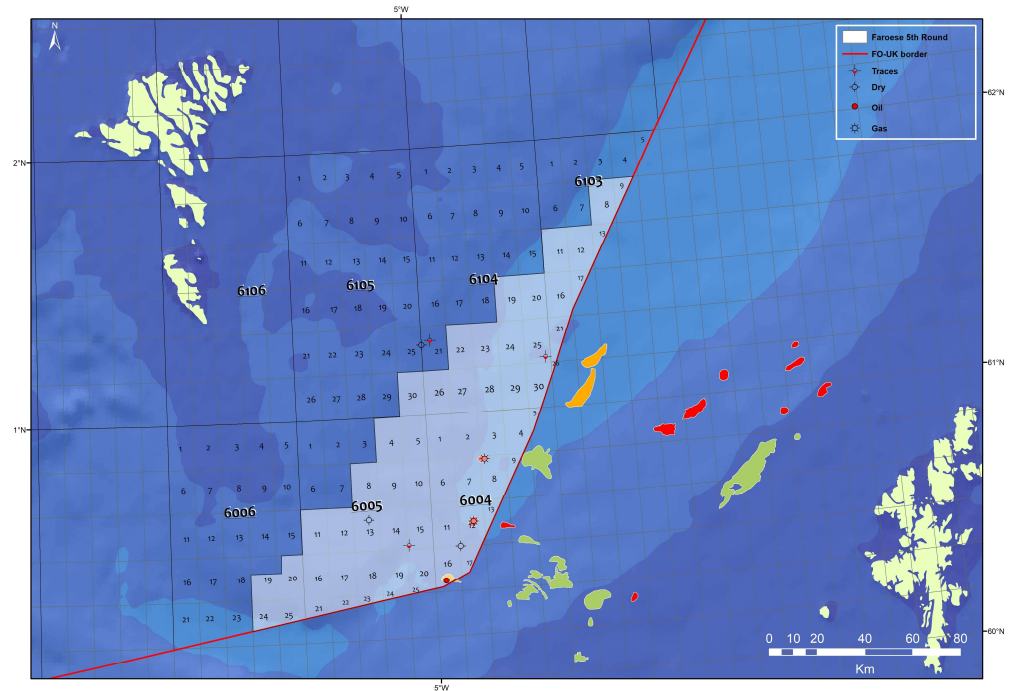


Faroese 5th round (June-Nov. 2019)

Opens: June 2019
 Closes: November 2019
 In conjunction with the 32nd
 UK round

Licensing area:
 9.418 km²

*Terms and conditions for this
 upcoming 5th round have
 been modified to be
 similar to the UK's*



Types of licenses available in the 5th round

INITIAL TERM <i>(max. 9 years)</i>			SECOND TERM <i>(up to 16 years, including the Initial Term)</i>	THIRD TERM <i>(max. 30 years)</i>
Phase A	Phase B	Phase C	Second Term is for appraisal and leading to approval of a Field Development Plan (FDP)	Third term is for Development and Production
Carrying out geotechnical studies and geophysical data reprocessing	Undertaking seismic surveys and acquiring other geophysical data	Drilling exploration-wells		



Fee's

Application fee:

20.000 DKK

Area fee:

Initial Term:

Phase A: 150 DKK/km²

Phase B: 300 DKK/km²

Phase C: 1.500 DKK/km²

Second Term and third term:

1-7 years 1.500-30.000 DKK/km² (after Phase, A, B and/or C)

8-12 years 39.000-75.000 DKK/km² (the last amount continues as long as the license is held)

Royalty (was 2% is proposed to be **cancelled** for the 5th round)

The Applicants

- To be awarded a license in the Faroe Islands the company has to register a branch/company in the Faroe Islands no later than 3 months after a license is granted and shall have a representative with residence in the Faroe Islands.
 1. Company
 2. Limited liability company
 3. Entrepreneur company

Work programmes

- The work program is negotiable.



Special tax

Based on Rate-of-Return (ROR)

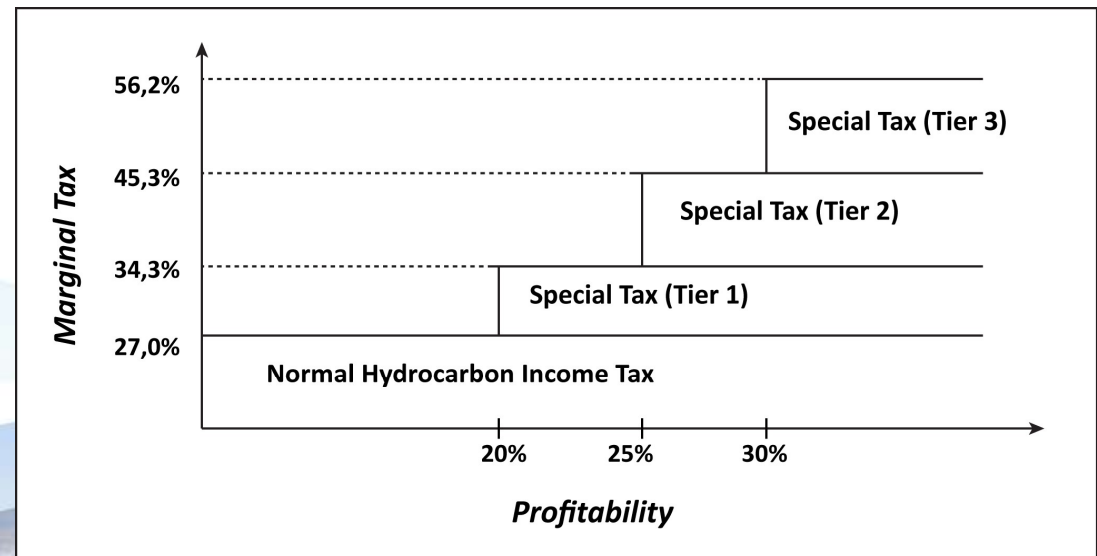
Higher return, higher special tax

Special Tax:

- ROR < 20% 0% Special Tax
- ROR >= 20 and <25% 10% Special Tax
- ROR >= 25 and <30% 25% Special Tax
- ROR > 30% 40% Special Tax

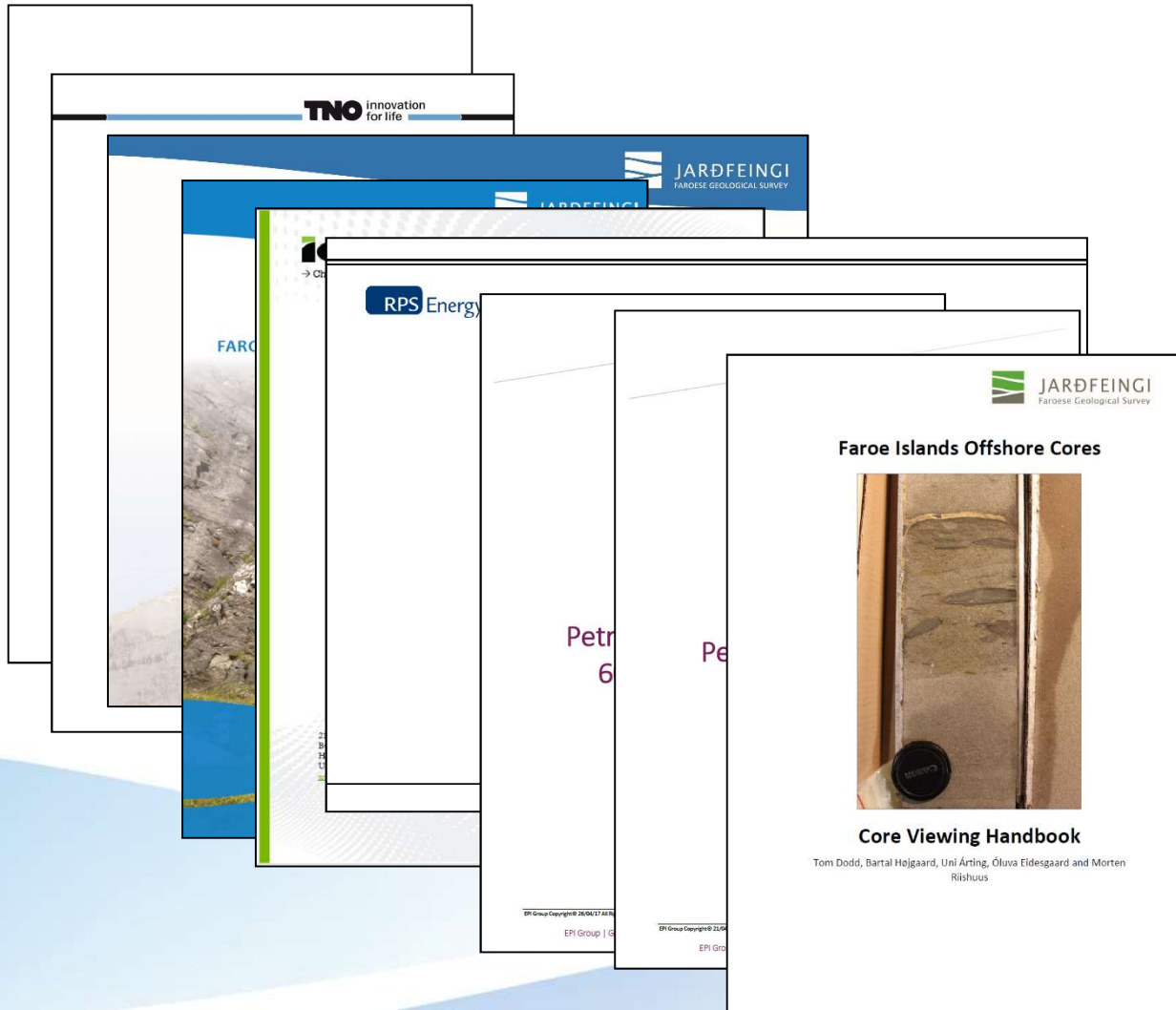
Deductible:

- Cost and investments
 - Company Income Tax
 - Not interest
- Ring-fence (field basis)*



NEW REGIONAL UNDERSTANDING





Short summary of the new knowledge:

- There is an active hydrocarbon system on the FoCS

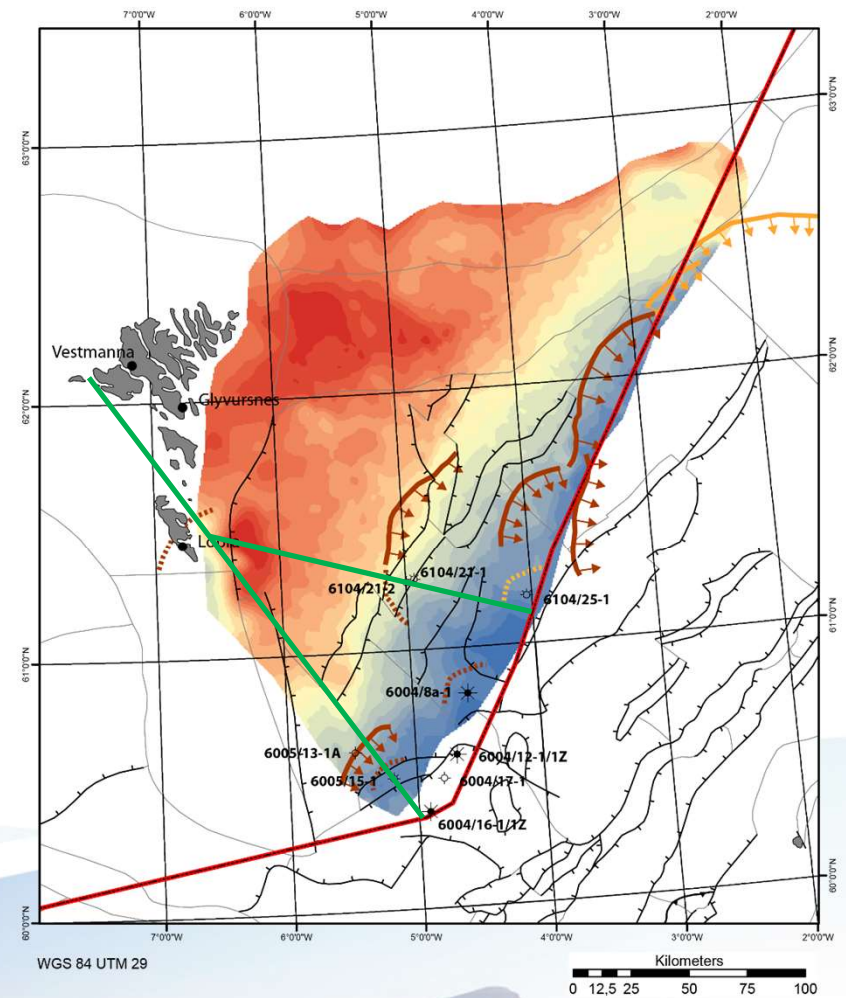
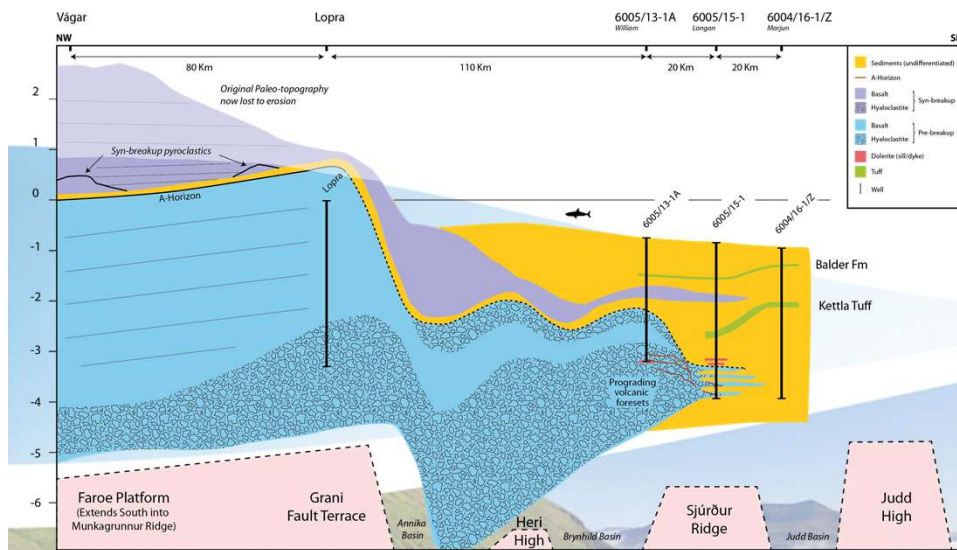
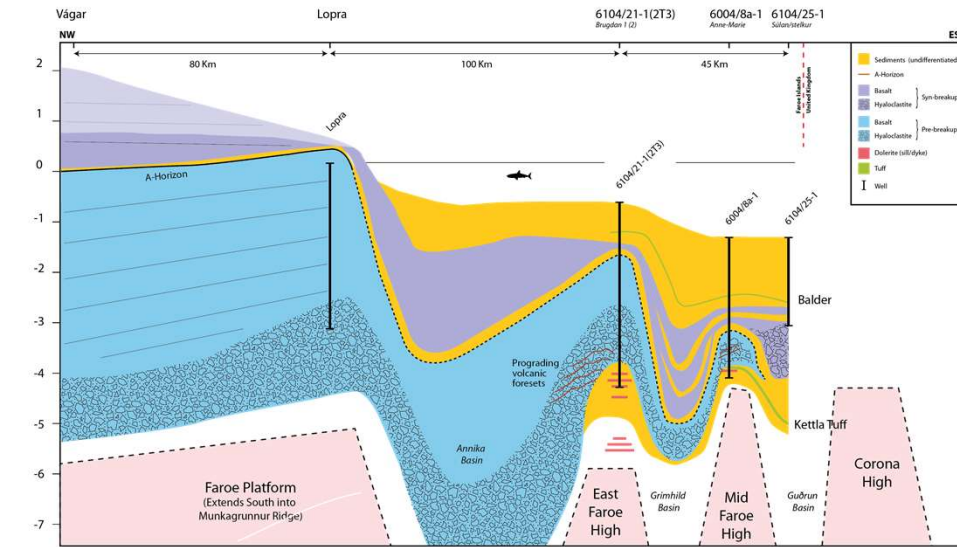


Short summary of the new knowledge:

- There is an active hydrocarbon system on the FoCS
- Thermal and maturity basin analyses indicate that source rocks in areas on the FoSC are still in the oil window today
- Due to better seismic in combination with data from previous exploration we are starting to understand and resolve the interactions between the volcanics from the west and the siliciclastics from the east



Regional overview

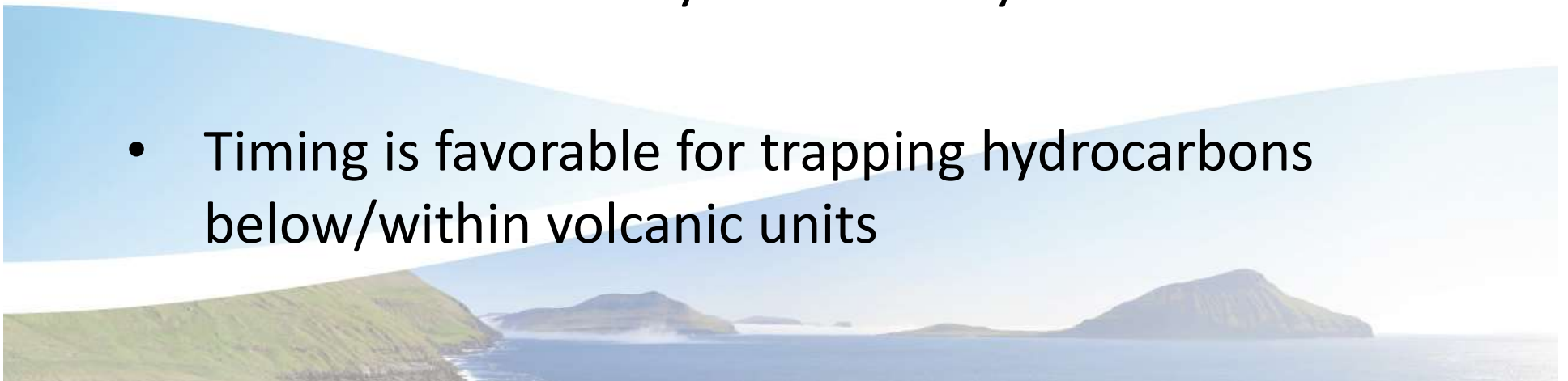


PROSPECTIVITY



What we know:

- Non-volcanic units pinch out within the volcanic section.
- The non-volcanic units pinch out updip
- There is an active hydrocarbon system in the basin
- Timing is favorable for trapping hydrocarbons below/within volcanic units



What we don't know

Available data do not permit:

- Structural mapping below syn-breakup volcanic section
- mapping of the individual reservoir units

Primary challenge is data!



In summary:

- The Faroese 5th licensing round will open this summer in conjunction with the UK 32nd round
- A free data package is available
- The royalty has been cancelled
- Licence and acreage fees are similar to the UK
- New regional geological evaluation is available
- Acreage on bid likely to contain post/intra and subvolcanic possibilities
- Data is the primary challenge





Thank you for your attention

For more information please visit us at booth 212

www.jf.fo