

**1) What attracts investment to Greenland from foreign companies in the oil & gas sector?
2) - and what can EU do to help develop understanding of the hydrocarbon potential?**

The answer to the first question is very simple:

“It is the possibility to find and produce commercial quantities of oil & gas that may attract Oil companies”

But the Oil Companies will only invest if they are convinced that:

1. There are deep sedimentary rift systems and basins
2. The area contain large potential hydrocarbon traps
3. Oil and gas has been found in or nearby the area of interest
4. Initial exploration can be based on cheap existing data
5. License Round procedures and all standard regulations are present

It may look like an easy cook book, but Greenland is a large nation with very few people, and also limited financial resources. The only reason that Greenland successfully has attracted supplementary investment from Oil companies is due to long term strong cooperation between Bureau of Minerals and Petroleum, Nunaoil, The Geological Survey of Denmark and Greenland and TGS Geophysical Company:

- Bureau of Minerals and Petroleum have created the legal and environmental foundation, and have launched Licensing Rounds with regular intervals, and with increasing success.
- Nunaoil have actively supported BMP, and through own specialize projects shown that it logistical is possible to explore in the offshore Greenland. Nunaoil further participate as partner in all Expl. & prod. Licenses
- The Geological Survey of Denmark and Greenland have continued research, and scientific results and information from field work has provided critical and positive information about oil and sediments
- TGS have during the last 10 years invested in acquisition of data that have attracted the oil companies in local areas. Nunaoil and BMP have invested small percentages in the TGS data acquisition, and that has been important especially in high risk areas. Most of the investments have been over areas with limited water depth and some historical and positive knowledge. Future areas may be more complicated to finance.

The result from the first 10 years work is positive:

- Exxon, Chevron, DONG, Husky, Cairn, Encana, Petronas and PA Resources has licensed 132,000 km² of Exploration & Production Licenses offshore West Greenland, and has already invested as much money as TGS and others have invested during 10 years of activity. And when drilling start, initial investments suddenly seem very small.
- The coming License Round in the Baffin has already attracted 13 companies as operators and several other non-operating companies. Their future investments will be considerable larger than all initial TGS investments

But

- Only limited activity is seen outside the northern areas where there are 1) good knowledge about the subsurface geology and 2) limited water depth

This leads us to the next question: ***What can EU do to help develop understanding of the hydrocarbon potential?***

- Greenland don't need help to answer the questions in the northern areas as this has been undertaken by the United States Geological Survey (USGS)
- Greenland do need help to answer the questions in the southern areas, but there is still not enough data to answer the question.
- The southern area does look interesting even based on the limited data points, but the Oil Industry don't like deep water with limited knowledge as a consequence of limited databases. The seismic industry is just as conservative, and the Greenland authorities do not have the kind of money it will take to make the area attractive

But EU have could launch a research program that will

- Help the EU service Industry to build knowledge about the subsurface and logistics and thus secure long term commercial contracts coming out of this potential huge hydrocarbon province.
- EU network could include EU Oil Companies to participate in rewarding Exploration & Production Licenses thus securing a European Energy supply from Greenlandic waters in the future