

Mining Climate & Actors in the Dutch E&P

Legislation

The new Mining Act (2003) replaced all previous acts and mining legislation. The Mining Act was amended on 1 January 2010 with respect to several topics that can be considered part of the 'mining climate'.

Gas Act

An amendment to the Gas Act has been proposed (and approved) by the Dutch Second Chamber of Parliament. Gas Transport Services (GTS) is responsible for keeping the national gas transport system in balance. One of the most important changes in the Act is the introduction of a market-oriented balancing regime in the national gas-transport system, whereby all parties involved (in other words, both those supplying gas to the system and those withdrawing it) are granted straightforward access to the (virtual) trade point.

A market-oriented balancing regime means that all market parties are responsible for balancing supply and withdrawal. In the event of an imbalance in the system, GTS can introduce a bid-price ladder, which means that it can access the resources of the market parties involved at a certain price. GTS will pass on the costs of this to the party that caused the imbalance. This new system is expected to create a market in which parties will trade temporary shortages and surpluses.

Fallow acreage

To increase accessibility to Dutch acreage for the E&P industry, the Ministry of Economic Affairs (MEA) now has the power to reduce licence areas in which operators have been inactive for an extended period of time. This should reduce the acreage closed to exploration and production efforts and enable other parties to apply for these areas.

State participation in exploration and production.

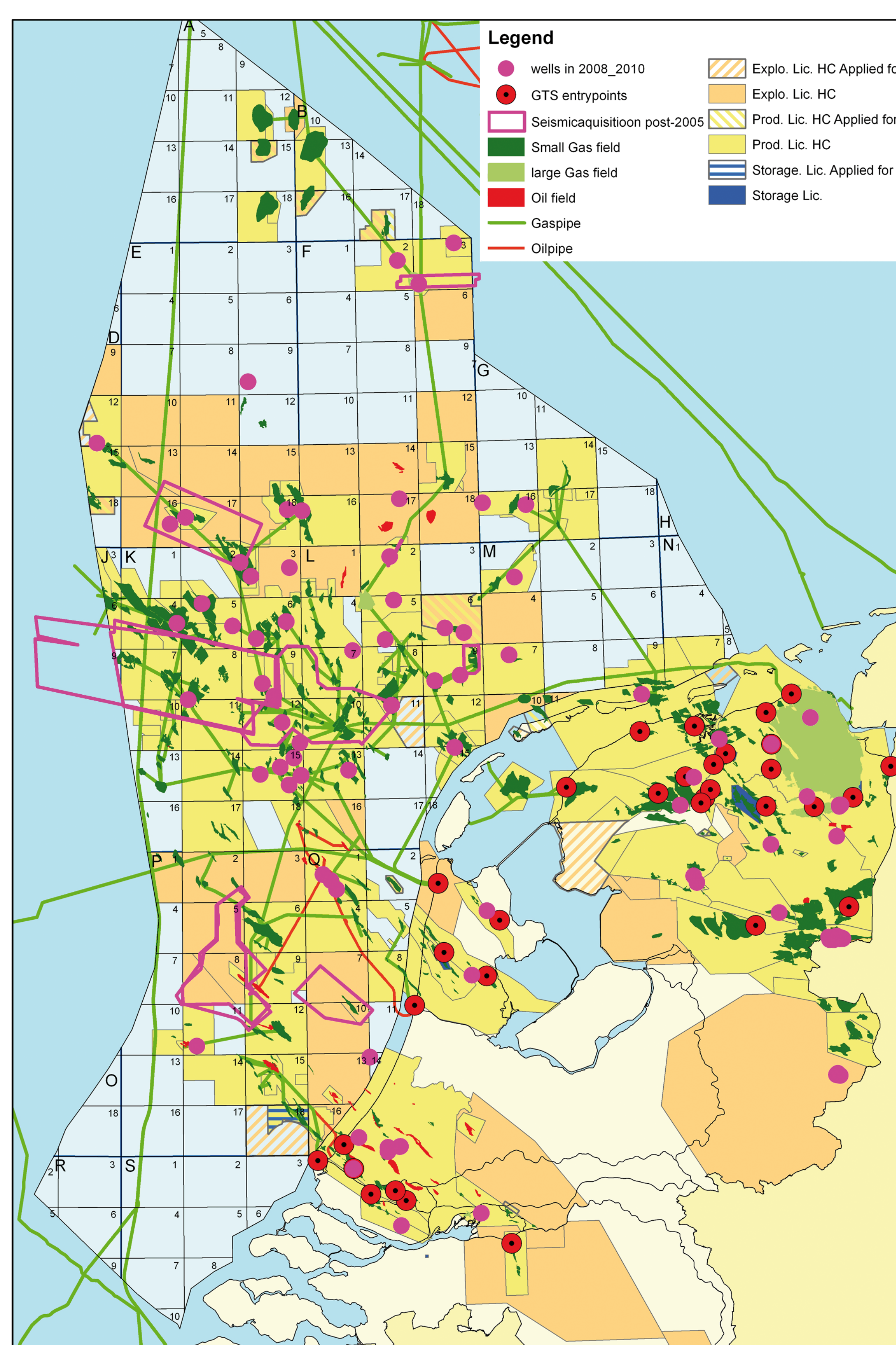
EBN participates with a 40% share as a non-operator in the exploration for gas in the Netherlands thus participating in the costs and risks common to the oil and gas exploration. Furthermore once a new field is discovered and deemed economic EBN will participate in the development with a fixed 40% share.

Exploration

In view of the desired increase in onshore exploration activities, EBN is now permitted to take part in exploration drilling on land. Operators seem to appreciate this increase in scope for EBN, and the majority of operators active in the onshore territory have invited EBN to participate in exploration projects.

Small fields policy

Guaranteed off-take and transport of gas produced from the Dutch subsurface by GasTerra and GasTransport Services. All present and future fields are considered small except the Groningen field.



Fiscal measure marginal gasfields and prospects

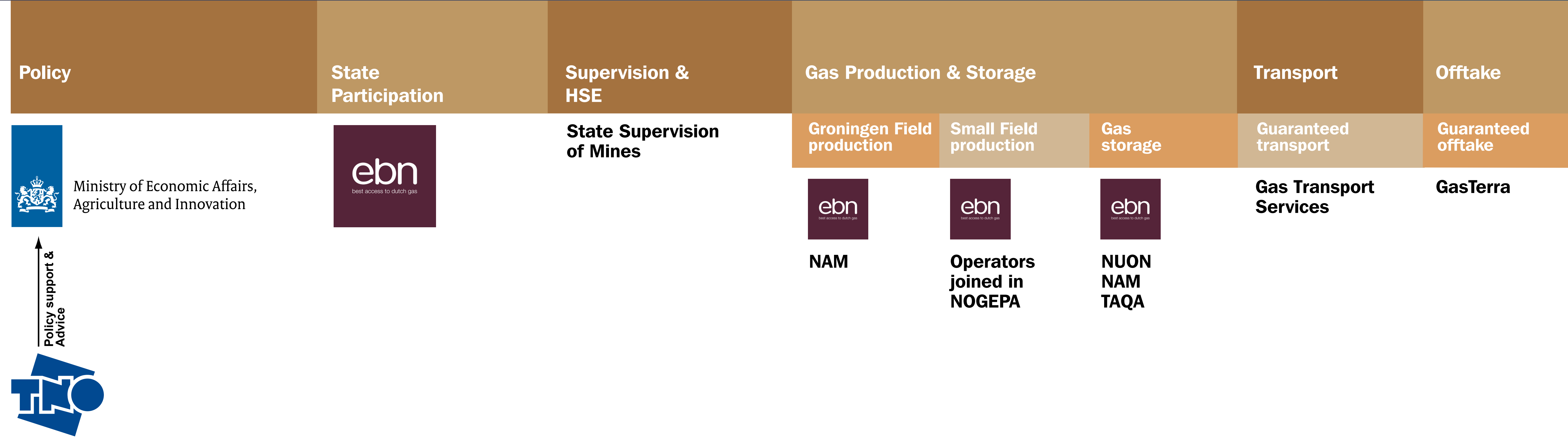
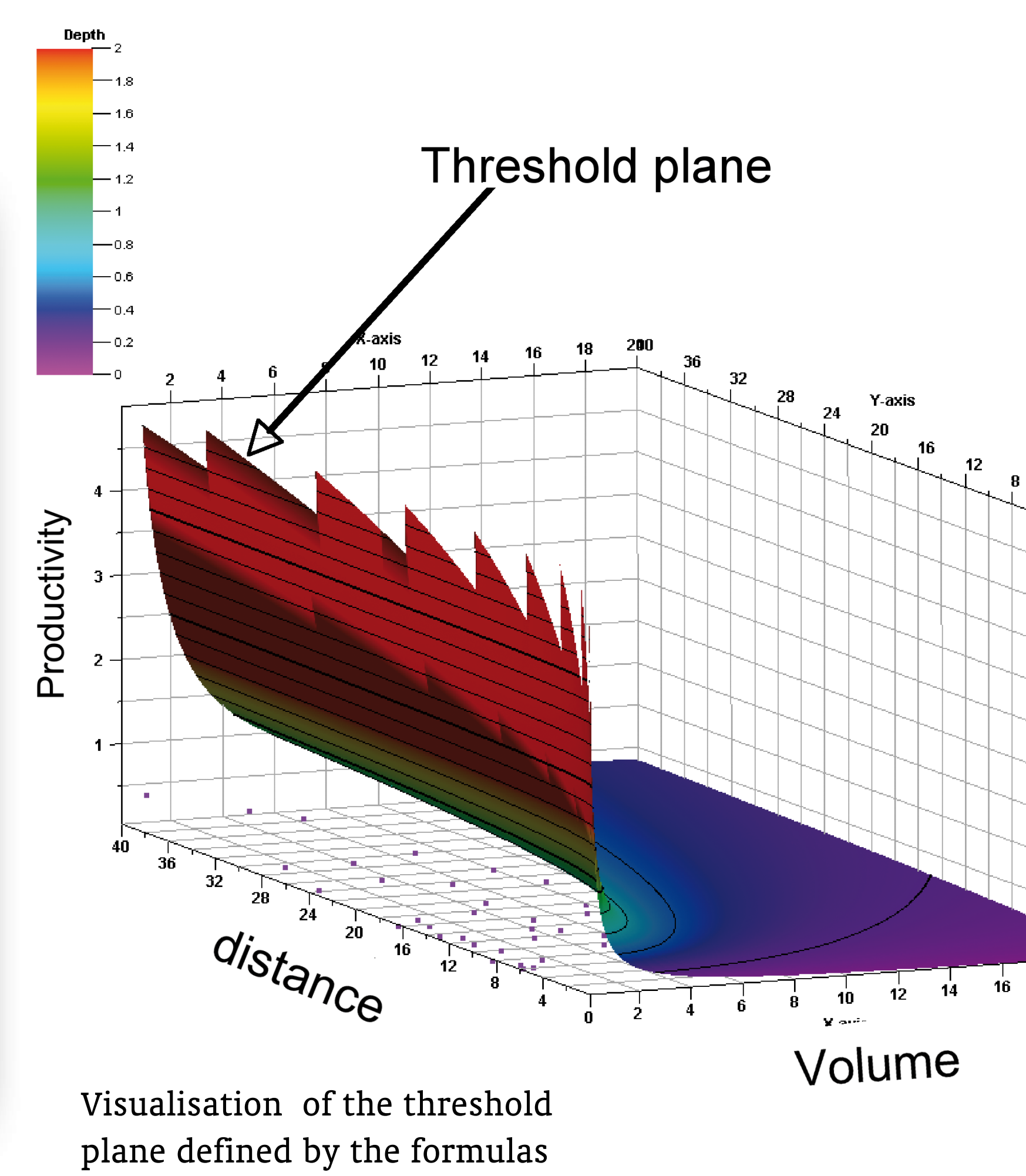
A marginal gasfield or prospect is defined as a (potential) gasbearing structure in the subsurface for which the combination of three essential parameters: Volume, Productivity and distance results in a above or below a threshold value. Because of the three parameters the threshold value can be visualised as a plane in three-dimensional space (figure on the right). Fields and prospects plotting below this plane qualify for this measure.

Definition of threshold plane

Q threshold = 1.2 . Volume -0.66 . Distance 0,15

Parameter definitions

Volume: Technically recoverable volume according to envisaged development plan (relates to GIIP connected to wells).
Initial productivity of a vertical unstimulated well against envisaged pipeline pressure.
Distance: Closest point to which can be hooked on with respect to ullage, capacity, gas composition.



For information on Exploration and Production issues and E&P data see the Netherlands Oil and Gas Portal www.nlog.nl & www.ebn.nl

References:

