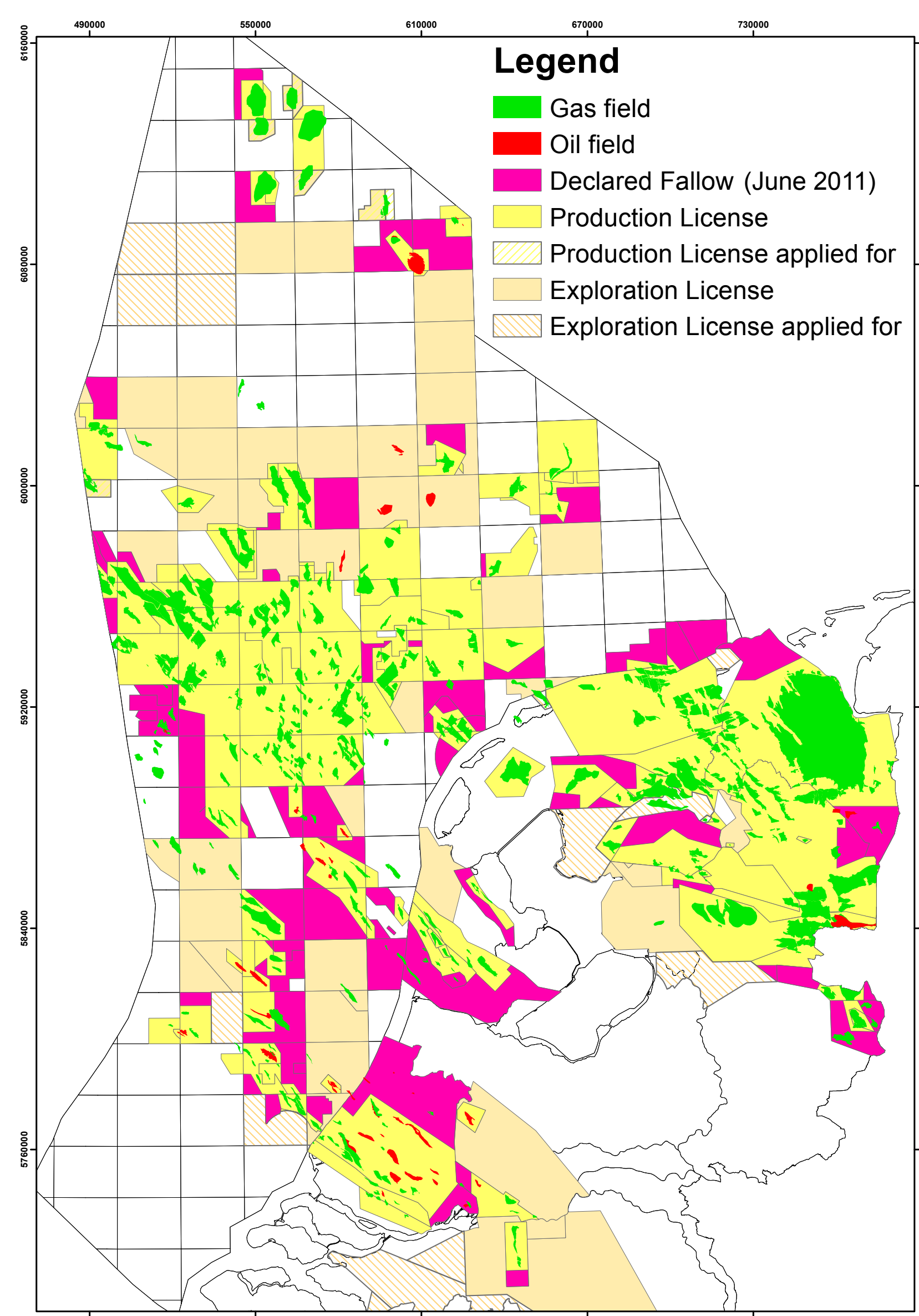


Incentives for Fallow Acreage and Marginal Fields in the Netherlands

Fallow acreage declaration and resources



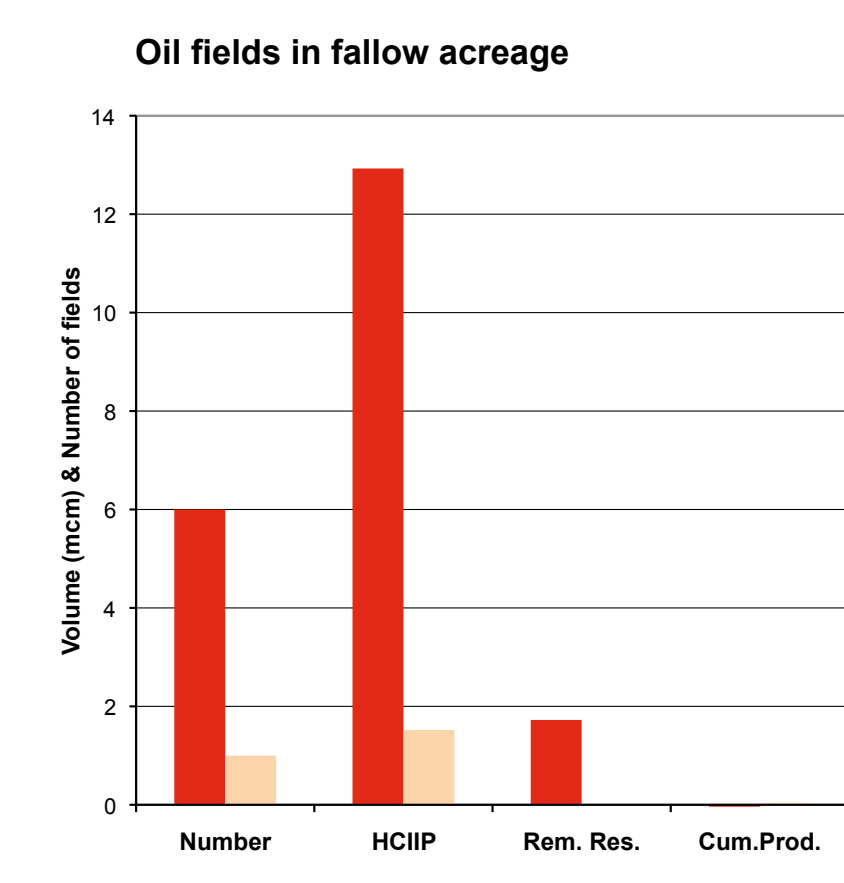
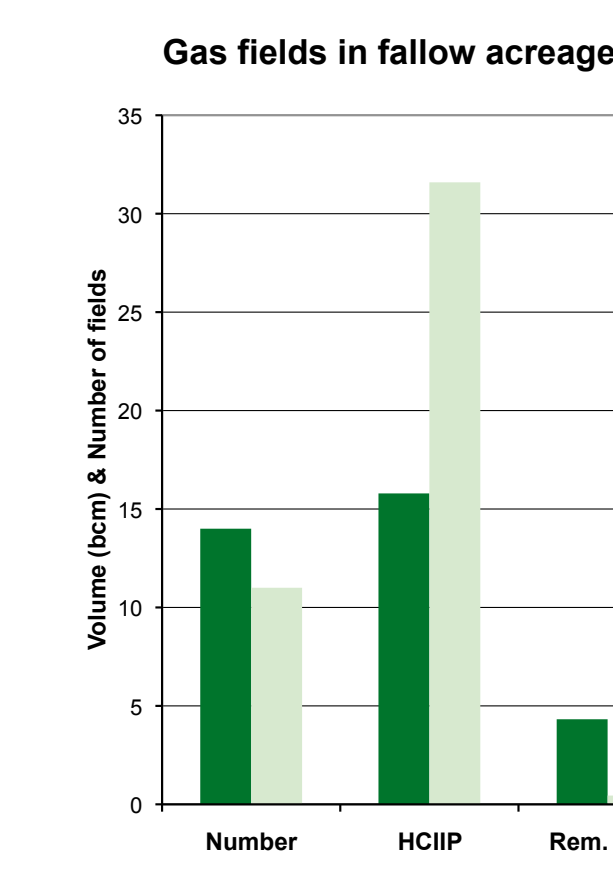
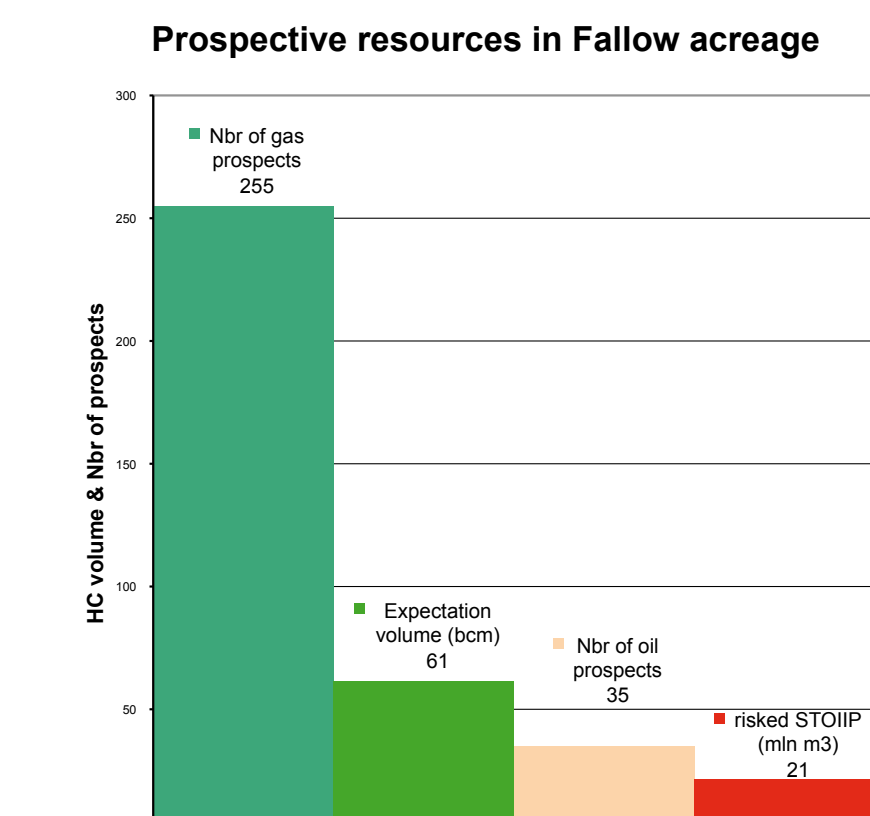
Location of fallow acreage

The “covenant for the stimulation of exploration and development of hydrocarbon reserves and the storage of substances on the Dutch Continental Shelf” and regulations based on Article 32a.1 of the Dutch mining act for the onshore Netherlands, results in the appointment of *parts of licenses* which are *declared* “inactive”. The criteria for declaration “active” are summarized under the term: “Significant exploration, production or storage activities”.

- These include the following activities performed in a two years period before the provisional publication date:
- License application
 - Production and/or storage of oil and or gas
 - Building, drilling or testing a well site or well
 - Shooting, processing and interpreting new seismic data
 - Reprocessing seismic data
 - 3D reservoir modeling

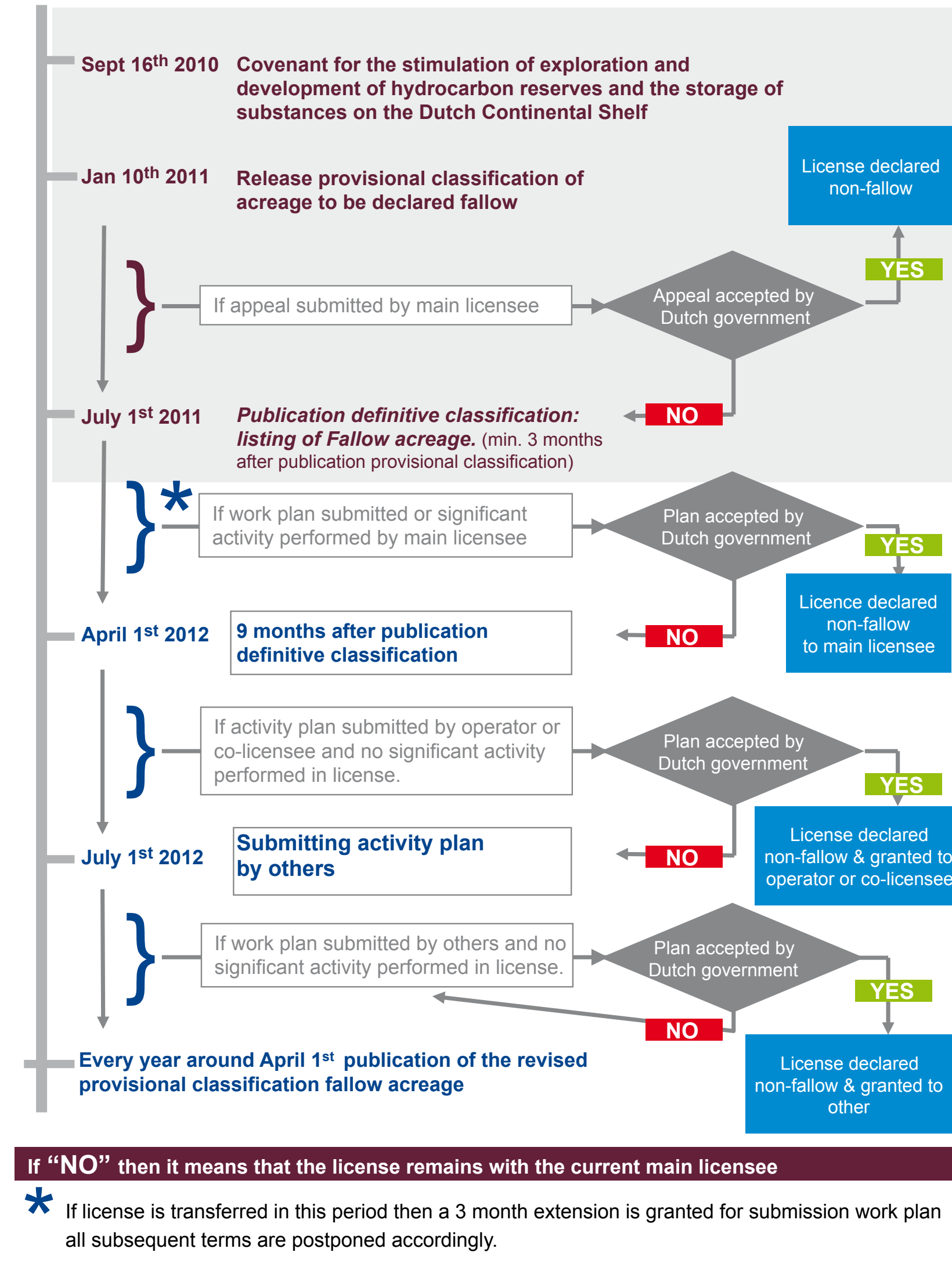
- These activities should lead to:
- Drilling prospects
 - Field development
 - Storage of gas or other substances

The sequence of steps and milestones are visualized in the flow diagram below. If *no acceptable* work plan is submitted to the government for a fallow license (or part of), the license (or part of) remains with the current license holder. It should be noted that the incentive will eventually result in areal and/or vertical license splits.

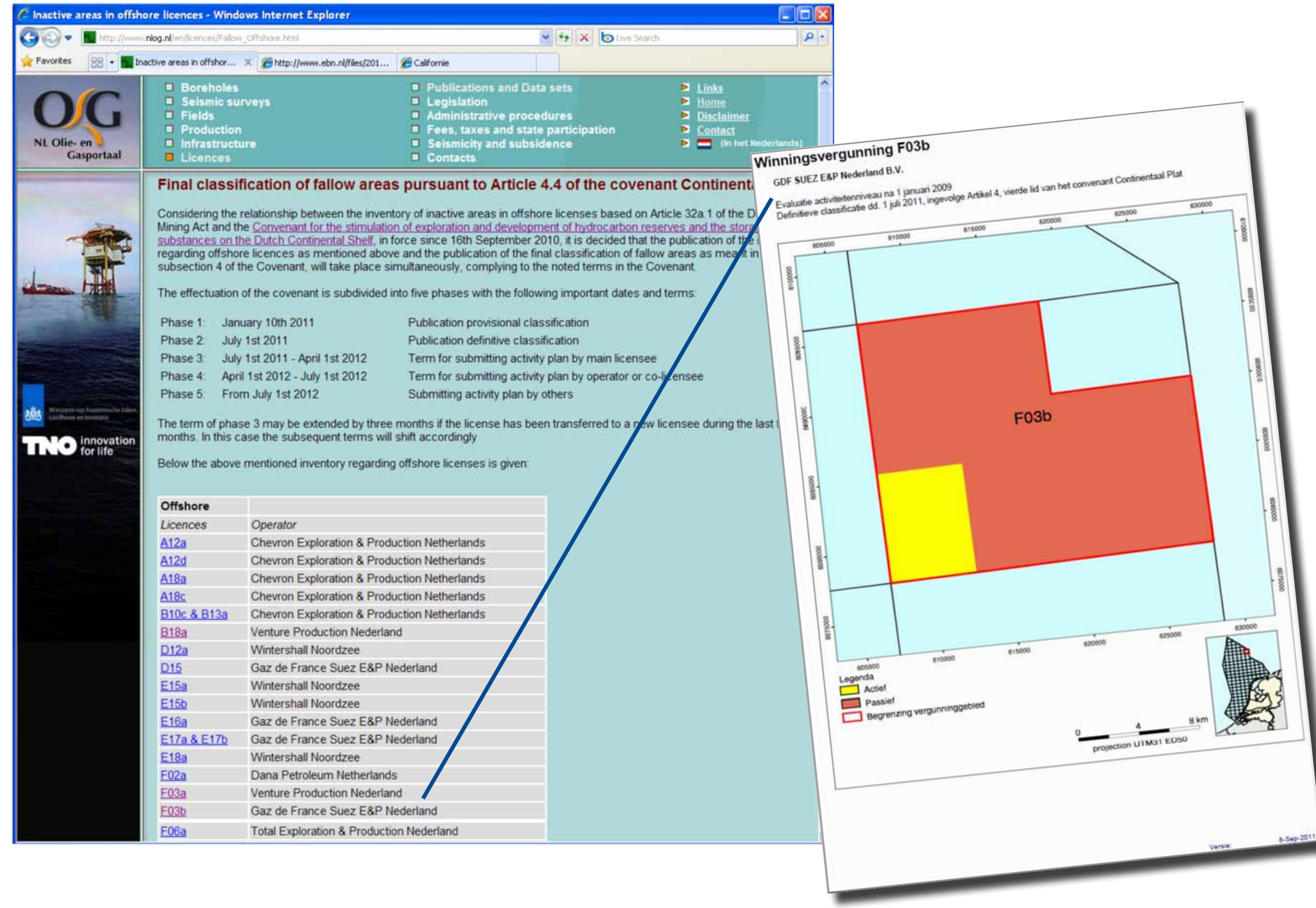


Resources in fallow acreage

How to submit alternative workplan



Message board = www.NLOG.nl



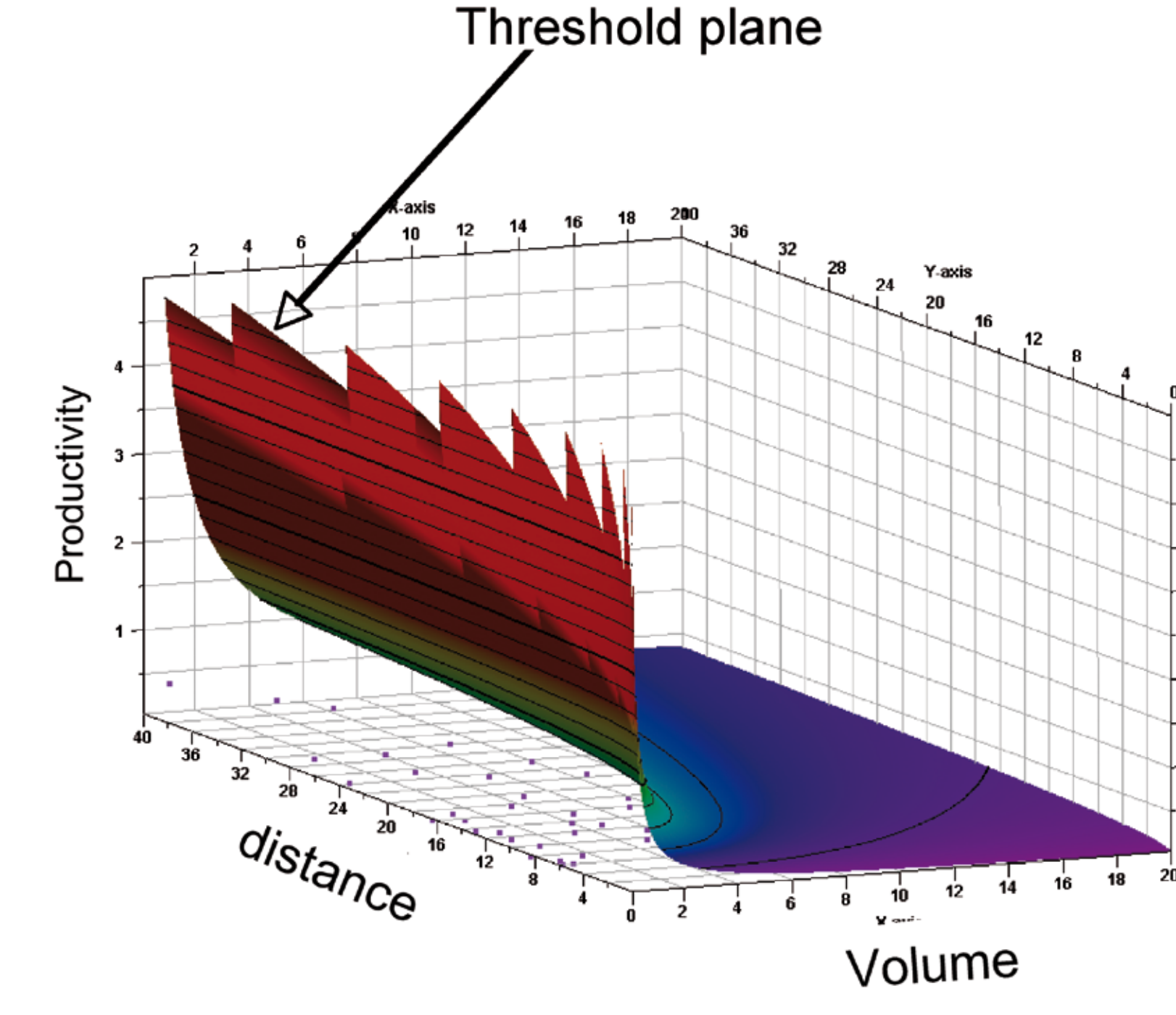
Financial measure marginal gas fields and prospects

A marginal gas field or prospect is defined as a (potentially) gas bearing structure in the subsurface for which a combination of three parameters: Volume, Productivity and distance results in an above or below a threshold value. The threshold value can be visualized as a plane in three-dimensional space (figure on the right). Fields and prospects plotting below this plane qualify for the measure.

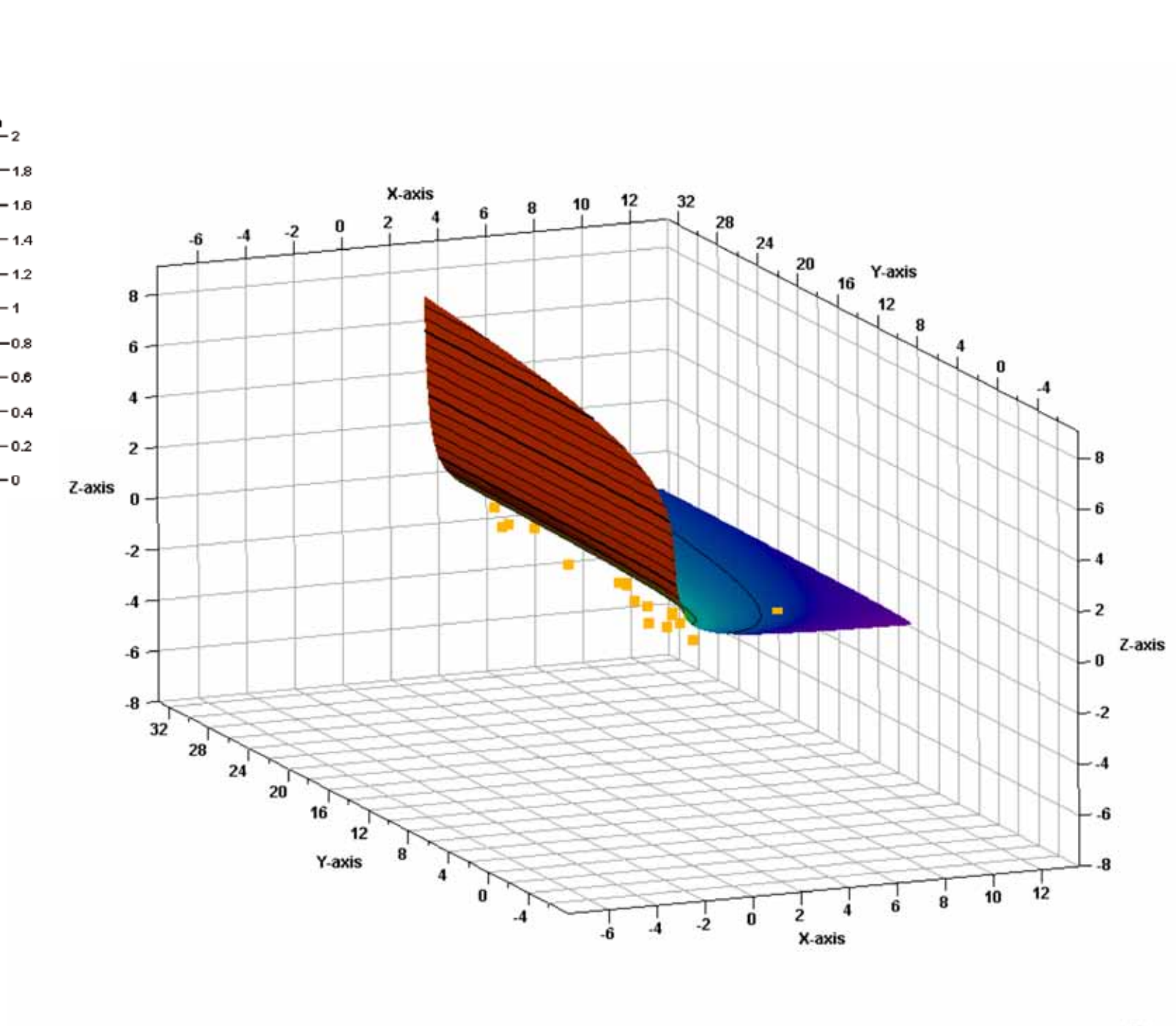
Definition of threshold plane
 $Q_{\text{threshold}} = 1.2 \cdot \text{Volume}^{0.66} \cdot \text{Distance}^{0.15}$

Parameter definitions

- 1 Volume (bcm): Technically recoverable volume according to envisaged development plan (relates to GIP connected to wells).
- 2 Initial productivity (MMm³/day) of a vertical unstimulated well against envisaged pipeline pressure.
- 3 Distance (km): Closest point to which can be hooked on with respect to ullage, capacity, gas composition.



Visualization of the threshold plane defined by the formulas



2011: 15 applications for this fiscal measure

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:

