Enclosure 2

GEOLOGICAL EVALUATION

1. Evaluation

In this enclosure the applicant shall provide a detailed geological evaluation of the areas applied for.

The enclosure shall include the following information:

a) A review of the geological and geophysical data and database used in the application.

b) A petroleum geological analysis of the areas applied for. The analysis shall include information concerning source rock potential, maturation and migration history, reservoir, the formation of traps, seal and retention of hydrocarbons. The analysis should emphasise those factors critical for the evaluation of identified prospects and leads.

c) Interpreted geophysical, geological and geochemical data and maps that support the petroleum geological evaluation.

d) An evaluation of each of the identified prospects applied for. The prospect evaluation shall include e.g. the following:

- Time and depth maps with method of depth determination, together with a prognosed geological column, in meters and twt.

- Anticipated hydrocarbon type, gas/oil ratio, formation volume factor, recovery factor, rock volume, and rock-dependent reservoir parameters, etc.

- Estimated recoverable hydrocarbon volumes in metric units. Ranges of uncertainty should be specified for all resource estimates (P90, P50, P10).

- Probability of discovery (risk) together with an explanation of how this factor is determined.

For leads the evaluation shall include similar information to the extent possible.

e) A detailed description of exploration strategy and work programme. If the application for any given area is based only on the identification and mapping of leads, the applicant shall give a detailed description of the data acquisition and investigation necessary to ascertain whether the lead may later be classified as a prospect.

2. Definitions

a) An *application area* may consist of prospects or leads. It is defined geographically by contiguous blocks or parts of blocks and their corresponding coordinates in whole minutes of latitude and longitude.

b) A *prospect* is a possible hydrocarbon trap with a clearly defined and mappable rock volume.

c) A *lead* is a possible hydrocarbon trap for which available data coverage and quality is not sufficient to permit the clear definition and mapping of the trap volume.

3. Data formats and scales, etc.

a) General:
- Formats and scales, mentioned below, shall be considered as minimum requirements. In addition, the applicant may submit different products and/or use different formats and scales in order to illustrate specific points of relevance for the application.
- All digital data shall be supplied on clearly labelled RO CDs and in clearly labelled CD-cases. The CDs shall be easily readable in ordinary CD-drives.
- All maps must be presented with clear coordinates and/or block outline.
- All navigation and map projection shall be in ETRS89 (WGS84), UTM zone 30.
- All written documents shall be included in a format easily readable by Microsoft Office.
- The applicant shall name a contact individual that can aid with possible problems in reading the supplied electronic media and assist in solving any questions that the Faroese Petroleum Administration may have regarding the application, etc.

b) Maps:
Hardcopy:
- Minimum one prospect or lead map shall be included in scale 1:75,000.
- Minimum one regional map shall be included in scale 1:500,000.

Digital:
- Maps shall be included as TIF, JPG or CGM files.

c) Seismic data:
- Minimum one time line through each prospect or lead shall be included in scale: 10 cm/sec, 1:25,000

d) Expected drilled geological columns shall be included at 1:10,000 vertical scale.