



Procedures in connection with Faroese Participation

Pursuant to clause 11 of the licenses for exploration for and production of hydrocarbons, licensees shall give Faroese companies genuine opportunities, in competition with other companies, to obtain general contracts and subcontracts, and to provide goods and services, connected with the performance of the activities under the licenses.

Clause 11 furthermore stipulates that the licensee shall comply with such procedures as are specified by the Minister of Petroleum concerning information on planned activities under the license, invitation of tenders, and reporting on contractual relationships.

The individual licensee is responsible for compliance with the terms of clause 11 and for the compliance with the procedures by anyone employed in its undertaking as well as by contractors, subcontractors, and any other party engaged by the licensee for the performance of any activities in connection with the license.

The procedures hereby specified have 3 main purposes.

Firstly the aim of the procedures is to facilitate the task of the oil companies in finding Faroese suppliers. This will enhance the possibilities for the correct compliance with the requirements to give Faroese companies genuine opportunities to participate in the activities.

The aim of the procedures is also to make it easier for Faroese companies to obtain information about the hydrocarbon activities on the Faroese continental shelf.

Lastly the Ministry of Petroleum will use the procedures in evaluating the performance of the individual licensee in connection with Faroese participation in the hydrocarbon activities.

Scope of the procedures

The requirement in the licenses to give Faroese companies genuine opportunities to participate in the activities covers any and all activities performed in connection with the licenses for exploration for and production of hydrocarbons.

The procedures cover the same area as clause 11 of the licenses. Like the stipulations in the licenses, the procedures cover the activities of both the licensees and of any persons or companies performing work for the licensees in connection with the licenses.

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Contracts to be tendered

Information shall be posted on FOIR in cases where the expected contract sum is at least DKK 100.000.

Obligation to use the Register of FOIR

When purchasing goods and services covered by clause 11 of the licenses, it shall be investigated whether any suitable Faroese companies are registered in FOIR.

How many Companies have been asked to submit Tenders

Information shall be posted in FOIR regarding the number of companies asked to tender for any specific work and how many of these companies are Faroese companies.

Reporting on Contractual Relationships

A report shall be posted in FOIR when a contract covered by clause 11 of the licenses has been awarded.

The report shall be posted on FOIR as soon as possible and not later than one month after the award of the contract.

In the report, information shall inter alia be provided on the following:

1. Information on the contract.
2. Which company was awarded the contract.
3. Address, telephone number and fax of the company to which the contract was awarded.

Other Provisions

Faroese Law

Faroese law shall govern contracts covered by section 11 of the licensees.

The venue shall be Tórshavn.

Reports to Faroese Companies

Faroese companies that have not been awarded a contract shall upon request be provided with an assessment from the company requesting the relevant goods or service.

Among other things it shall be explained why the Faroese company in question was not awarded the contract.

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Reports to the Ministry of Petroleum

Licensees shall provide the Ministry of Petroleum with an annual report regarding Faroese participation.

In the report, information shall *inter alia* be provided on the number of contract opportunities offered in the Faroe Islands. Furthermore information shall be provided on the number of contracts awarded to Faroese companies.

The total contract value of the contracts awarded to Faroese companies shall be stated in the report.

An annual meeting between the licensees and the Ministry of Petroleum shall be held on the basis of the report.