

Enclosure 4**FAROESE PARTICIPATION IN THE HYDROCARBON ACTIVITIES**

In this document reference is made to provisions in the model license. Clauses 11 through 15 contain provisions regarding Faroese participation in the hydrocarbon activities on the Faroese continental shelf.

1. Genuine Opportunities to provide Services, cf. clause 11

Pursuant to section 11 Faroese undertakings shall be provided with genuine opportunities, in competition with other companies, i.a. to provide goods and services connected with the performance of the activities under the licenses.

The Minister of Petroleum will specify procedures on the performance of this obligation and on the obligations of the licensee to submit information in this regard. Reference is made to part 4.4.2 of the explanatory notes to the Act on the First Licensing Round.

2. Building up of competence and technological know-how, cf. section 12

Licensees will be obligated to promote and instigate the entering into contracts between Faroese and foreign undertakings on the building up of competence and technological know-how within Faroese undertakings.

The application shall contain a plan on how the applicant will organise the building up of competence within Faroese undertakings. The applicant shall also give an indication of when the first agreements can be expected to come into force.

The applicant shall explain how he intends to oversee that the agreements lead to a continuous development of the participating Faroese undertakings.

Applicants working with specific plans of this kind can describe these plans in the application.

The Minister of Petroleum will lay down rules regarding the obligation of licensees to submit reports on activities carried on by virtue of such agreements, cf. clause 12, second sentence.

3. Education and training, cf. clause 13(2)

When granting a license an agreement shall be made up between the Minister of Petroleum and the licensee on the licensee's obligations to conduct and bear the cost of educational and training activities in the exploration period, cf. clause 13(2). The education and training activities shall be targeted towards the oil and gas industry.

The applicant shall describe in which areas and to what extent the applicant is willing to conduct advanced theoretical and practical education of personnel employed by Faroese authorities and public institutions.

The applicant shall furthermore describe in which areas and to what extent the applicant is willing to conduct and bear the costs of advanced theoretical and practical education of

personnel employed by Faroese undertakings, i.a. personnel employed with Faroese undertakings participating in activities carried on by virtue of agreements pursuant to clause 12.

Applicants that already support or have supported educational activities in the Faroe Islands can give a description of this support in the application.

A new agreement shall be entered into if the license is extended with a view to production, cf. section 13(3).

4. Research and development, cf. clause 13(1)

Licensees shall endeavour to give Faroese educational and research institutions and Faroese industry the opportunity to participate in research and development projects.

If the applicant is considering undertaking specific research and development projects in connection with activities on the Faroese Continental Shelf the application shall contain a description of such projects.

The applicant shall also describe in which way the applicant will organise the cooperation with Faroese educational and research institutions and Faroese industry regarding such activities.

Applicants that already support or have supported research- and development activities in the Faroe Islands can give a description of this in the application and indicate whether and to what extent they are willing to continue supporting such activities.

5. Other issues relating to Faroese participation

Within a period of 3 months after the granting of a license the licensee shall submit a plan, subject to the approval of the Minister of Petroleum, concerning the organisation and location of its business onshore during the exploration period, cf. section 15(2). In these plans the licensee shall describe its intentions regarding the organisation of the onshore activities in the Faroe Islands, i.a. in order to ensure that as much as possible of the transport will be conducted via the Faroe Islands.