

Oil producers in Norway's Arctic seek new options for gas export



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A group of oil companies led by Equinor ASA is taking a new look at options for exporting natural gas from the isolated Barents Sea in Norway's Arctic.

The nine companies in the group have asked Gassco AS, operator of Norway's gas-export infrastructure, to assess options, including increasing existing capacity for liquefying gas and building a new pipeline, spokeswoman Lisbet Kallevik said by email. The study will include cost estimates for different capacity levels, she said.

Finding solutions to export gas from the Barents has engaged the industry for years. The region is considered Norway's most prospective with potentially more than half of the nation's undiscovered oil and gas resources, but a lack of transport infrastructure poses challenges. It isn't connected to the rest of Norway's pipeline network, and the only existing gas

project liquefies the fuel from the giant Snohvit field, which is then exported by ships.

A 2014 study by an industry group, published by Gassco, concluded that known gas resources in the Barents Sea weren't sufficient to justify investments in new transport infrastructure. No significant discoveries have been made since then. But oil fields like Eni SpA's Goliath has started, Equinor's Johan Castberg will do so by 2022 and Lundin Petroleum AB's Alta is nearing development. These also have gas resources, but no infrastructure to export it. Besides Equinor, the other companies in the group are Total SA, Aker BP ASA, Deutsche Erdoel AG, Eni, Lundin, Neptune Energy Group Holdings Ltd, OMV AG and the Norwegian government's wholly owned Petoro AS, Kallevik said. She was confirming an earlier report by weekly newspaper Upstream.

Equinor declined to comment on the study.

The group's initiative comes after Equinor, the dominant company in Norway's oil industry, said it's exploration efforts would specifically start targeting new gas deposits. European demand for the cleaner-burning fuel has grown in the past years, and Norway's exports, which cover about a quarter of the continent's needs, hit a record in 2017.