

Best practice work processes in Joint Ventures on NCS

Content

- 1. Introduction..... 4
- 2. Definitions and abbreviations 4
- 3. Information processes..... 5
 - 3.1 Publishing information 5
 - 3.2 Notification of incidents 6
 - 3.2.1 HSE incidents 6
 - 3.2.2 Production incidents 6
- 4. Cooperation processes 6
 - 4.1 Meeting process 6
 - 4.1.1 Manning of committees and work groups 7
 - 4.1.2 Planning of MC meetings..... 7
 - 4.1.3 Meeting execution..... 7
 - 4.1.4 Post meeting work..... 7
 - 4.2 General approval process..... 8
 - 4.2.1 Publish request for approval 8
 - 4.2.2 Evaluate and respond..... 8
 - 4.2.3 Ask for clarification..... 8
 - 4.2.4 Clarify..... 8
 - 4.2.5 Approve or reject..... 8
 - 4.2.6 Conclude and implement 8
 - 4.3 Cooperation with third parties 8
- 5. Other processes and routines 9
 - 5.1 Procurement process 9
 - 5.2 Budget process 10
 - 5.3 Release of information to conferences, journals, etc. 10
 - 5.4 Communication process 10
 - 5.4.1 Written communication 10
 - 5.5 Negotiations and signing of agreements..... 10
 - 5.5.1 Negotiations 10
 - 5.5.2 Signing of agreements 11
 - 5.6 Data room..... 11
 - 5.7 New Pending partner 11
 - 5.8 Change of operator 11
 - 5.9 Project routines 11
 - 5.10 Notification of new information in L2S 12

- 5.11 Voting rules and unanimity 12
- 5.12 Confidential information 12
- 5.13 Long Range Plan 12
- 5.14 3rd party geophysical data acquisition 12
- 5.15 Major Accident Risk Workshops (MARW)..... 13
- 5.14 Partners’see-to duty..... 13
- 6. Communication with and involving the authorities..... 13
 - 6.1 Authorities as observers in JV’s..... 13
 - 6.2 Authorities as governmental bodies 13
 - 6.2.1 General principles..... 13
 - 6.2.2 ED and SODIR..... 14
 - 6.2.3 HAVTIL 14

1. Introduction

The purpose of this document is to recommend best practices in and between Joint Ventures on the NCS. These best practices will improve alignment, collaboration and standardization of routines which will benefit operators, partners and authorities in the Joint Ventures. The recommended best practices are to be used for improved Joint Venture management and are not legally binding. Adhering to the described best practices will aid in reducing misunderstandings and misinterpretations and will help strengthen business focus and results.

The [Joint Operating Agreement](#) (JOA) is the legal framework between oil and gas companies that engage in joint petroleum activities and regulates the cooperation between the license parties on a general level. <https://lovdata.no/dokument/SF/forskrift/2005-12-20-1625>

On a daily level, practical routines and solutions are agreed, but may differ between Joint Ventures. A partner who is owner in several Joint Ventures, may therefore have to comply with different practices.

The [Konkraft report](#) (2018) recommends standardization and simplification in the industry. These best practices describe how Konkraft recommendations can be implemented in the NCS Joint Ventures.

Best practices for communication and involvement with the authorities are described in Chapter 6.

2. Definitions and abbreviations

Term used in this document	English	Norwegian
AA	Accounting Agreement	Regnskapsavtalen (Ref Avtaler om Petroleumsvirksomhet)
AMI	Area of Mutual Interest	
Authorities	AID, ME, SODIR, HAVTIL	AID, ED, SODIR, HAVTIL
AID	Ministry of Labour and Social Inclusion	Arbeids- og inkluderingsdepartementet
Collabor8 L2S	L2S – See explanation below.	
HSE	Health, Security, Environment	Helse, Miljø, Sikkerhet
JOA	Joint Operating Agreement	Samarbeidsavtalen (Ref Avtaler om Petroleumsvirksomhet)
JV	Joint Venture (See list of JV types below)	Interessentskap
KPI	Key Performance Indicators	
MC	Management Committee	Styringskomite
ED	Ministry of Energy	Energidepartementet (ED)
NCS	Norwegian Continental Shelf	Norsk kontinentalsokkel
SODIR	Norwegian Offshore Directorate	Sokkeldirektoratet
Partner/partners	Owner of a Joint Venture except operator	Lisenshavere som ikke er operatør
HAVTIL	Norwegian Ocean Industry Authority	Havindustritilsynet

Collabor8 L2S including “Authority Communication”, is the official communication and archiving tool for administrative interaction between operators, partners and authorities for all JVs on the NCS. It is designed to meet the requirements for handling of information as stated in the JOAs and Unit Agreements. Authorities in this context include ED, SODIR and HAVTIL. All information in L2S is JV property.

The best practices apply to the following JV types:

- Production License (PL)
- Business Arrangement Area (BAA)
- Transportation and Utilization Facility (TUF)
- Area of Mutual Interest (AMI)
- PartnerForum (PF)
- Exploitation License (EL)
- Exploration License for exploitation (EXL)

including combinations of these (more PLs, BAA and PLs combined).

Note distinction between L2S as a JV communication and archiving system within JVs, and L2S Authority communication, which is for formal communication between companies and authorities. See more on this in Chapter 6.

3. Information processes

The operator is responsible for informing partners of events and circumstances which may be of importance to the license (JOA Art.3.3). The operator evaluates continuously what information is to be shared with the partners.

3.1 Publishing information

The JOA addresses the operator’s obligation to keep the partners informed:

- Reports and other information concerning the JV activities shall be prepared and submitted to the Management committee as soon as such information is available (JOA Art. 3.4)
- The Management committee shall deal with and decide matters pertaining to co-operation with licensees of other license areas (JOA Art. 1.4 (C)).

Written information in this respect is to be shared via L2S. Information published in L2S cannot be deleted.

not all authority matters are subject to license approval, for example:

- Annual production permits
- Flaring applications
- Applications for consent
- Applications for life-time extensions
- Applications for exemption of area fee
- Impact assessments

Best practice work processes in Joint Ventures on NCS

- Discharge applications
- Revised National Budget
- Annual status report to SODIR

Copies of reports are to be submitted to the Norwegian authorities by the Operator, and copies of minutes and correspondence between the Operator and the Norwegian authorities regarding the activities under this Agreement; (JOA Art. 3.4) . See also [Guidelines - The Norwegian Offshore Directorate \(sodir.no\)](#)

Daily drilling reports and daily production reports should be published at a fixed time, preferably as early as possible each day in Collabor8 Subsurface. Reports from Saturdays, Sundays and public holidays are to be published the next working day.

3.2 Notification of incidents

Information of HSE incidents and unexpected production incidents are shared according to the following rules, ref. [Petroleumsforskriften §79a](#).

3.2.1 HSE incidents

- Operator informs MC members or their line management of serious incidents promptly
- Partners have emergency response system in place and keep it current
- Incident reports sent to the authorities are shared with the partners in L2S
- Operator's investigation reports should be shared with the partners
- Serious incidents are followed up with experience transfer and learning sessions in the Joint Venture, e.g. in JV meetings, and it is encouraged to share across JVs (ref Offshore Norge "[141 Recommended guidelines for managing major accident risk in Joint Ventures](#)", Art 2.2.4)

3.2.2 Production incidents

- Partners are informed via daily production reports in Collabor8 Subsurface
- Additional information is given in L2S or in JV meetings as required
- With regards to gas production incidents in Gassco operated systems, shippers will be informed by Gassco via notifications and updated availability messages as soon as possible.

On reporting to SODIR, see [Notification and reporting in accordance with Section 79a of the Petroleum Regulations - The Norwegian Offshore Directorate \(sodir.no\)](#)

4. Cooperation processes

The operator and partners cooperate according to the regulations in the JOA and Unit Agreements. There is extensive contact across Joint Ventures as well as external parties.

4.1 Meeting process

The JOA Art. 2 describes the formal routines and requirements for MC meetings.

MC may choose to establish one or more sub-committees to deal with special matters. The sub-committees have no decision authority. They prepare matters and give advice to the MC. The sub-committees run scheduled meetings as well as ad hoc meetings on specific topics.

The general meeting process is further described in the subsections below.

4.1.1 Manning of committees and work groups

Each partner in the JV is responsible for registering and updating access for their representatives in committees and workgroups in L2S. The same principle applies to authority observers. However, some restricted workgroups may be created and administered by the operator, ref 5.12 Confidential information.

4.1.1.1 Annual planning of meetings

- Before year-end, the operator presents a meeting schedule for the following calendar year. The schedule includes meetings for all committees as far as possible, both formal meetings, work meetings and other planned activities like offshore visits, site visits, risk workshops, strategy workshops, budget meetings, etc.
- Once the schedule is settled, the operator creates calendar entries in L2S. Preliminary data may be entered for start/end of meeting, location, meeting organizer, etc.
- Meeting notifications are sent to partners and authorities as observers.

4.1.2 Planning of MC meetings

- Calls for MC meetings shall be submitted at least ten working days in advance of the meeting date and shall at least state time, venue, agenda, and matters for decision with appropriate background documentation.
- Any other matters to be added to the proposed agenda should be requested via L2S five working days before the meeting. Matters not included on the agenda may only be addressed in the meeting if all members agree.
- Pre-read documents for formal MC meetings shall be published five working days before the meetings and the title of each document should reflect the agenda item it relates to.
- If meeting details are changed, partners and observers should be notified.
- If a meeting is cancelled this should be highlighted in the calendar entry and partners informed accordingly.

4.1.2.1 Planning of other meetings

For sub-committee meetings and work meetings, best practice is to publish proposed agenda and pre-read documents one week before the meeting.

4.1.3 Meeting execution

- Meeting participants should come to the meeting prepared, including being updated with relevant information shared in other committees
- Participants agree in the meeting to action points noted in the meeting
- Participants indicate potential agenda items for the next meeting

4.1.4 Post meeting work

- The operator shares the same version of meeting documents as presented in the meeting
- Minutes of formal MC meetings are submitted as stipulated in the JOA (Article 2.3). The minutes should as a minimum reflect decisions and action points. The meeting documents are regarded as part of the minutes but are not subject to approval
- Agreed action points should be closed as quickly as possible
- Minutes of sub-committee meetings are not required. Action lists are used as and when applicable

4.2 General approval process

A meeting is a forum for exchange of information, strategy, discussions, aligning on way forward and, for MC meetings, decision making. Approvals are also made on a day-to-day basis in L2S. For such decisions each party should always confirm its opinion/remarks on L2S.

Decision making in L2S starts with a request for approval and ends with a conclusion and is further described in the subsections below:

4.2.1 Publish request for approval

- Make sure the document is as informative as possible
- Make sure the document refers to previous communication of the matter and budget item, if applicable
- Since MC is the supreme body of the license and the only committee with decision authority, the document must be forwarded to MC
- Specify deadline
 - o Minimum 10 working days
 - o 5 working days for procurement matters (ref Chapter 5.1)
- In case immediate response is required the partners should be notified by a telephone call
- Partners who know that an upcoming decision will take time to process internally should inform operator and other partners early to agree to a realistic deadline

4.2.2 Evaluate and respond

- Respond with a clear approval/rejection as quickly as possible
- Give immediate feedback if the deadline cannot be met

4.2.3 Ask for clarification

- Request for clarification should be published as quickly as possible in order to have the matter completely processed in the license by the given deadline
- Requests for clarification must be forwarded via L2S and made available to all partners

4.2.4 Clarify

- Requesting company should respond as quickly as possible, not awaiting response from other companies

4.2.5 Approve or reject

- When approving in L2S aim to respond with a clear approval or rejection and avoid additional conditions to the approval if possible

4.2.6 Conclude and implement

- If not specifically agreed in the MC or JOA a no-response cannot be regarded as an approval, even if the deadline is exceeded. All partners should state their view within the deadline
- In case there is a dispute to the conclusion, the requesting company should publish a comment with relevant documentation in L2S

4.3 Cooperation with third parties

The Joint Venture shall regard all other Joint Ventures and external parties as third parties as defined in the JOA and, thus, specific license information must not be disclosed unless unanimous approval to do so in the license.

If a JV receives requests from a third party to use its facilities, it is subject to "[Forskrift om andres bruk av innretninger](#)", commonly referred to as Third Party Access Regulation – TPA Hereunder;

- The license shall respond within 15 days on §5 requests ("Forespørsel om kapasitetsoversikt")
- The license shall respond within 15 days on §6 requests ("Forespørsel om bruk")

Written communication with third parties should take place via L2S.

For negotiations with third parties see chapter 5.5.1.

Authorities must be informed according to section 14 of "[Regulations relating to the use of facilities use by others](#)".

5. Other processes and routines

The procurement process, budget process and the process for releasing information to third parties described below are all approval processes. The principles and best practices of the general approval process described in chapter 4.2 apply.

5.1 Procurement process

The procurement process is regulated in the JOA (Art. 13).

- The operator shall as part of the 1 October budget submission prepare an overall procurement and contract strategy for significant purchases for MC approval and include an overview of the significant purchases planned for the coming year (procurement plan). The procurement plan should be updated as and when required
- Requests for approval of purchase strategies, including bidders list and approval of suppliers shall be submitted to the MC at least 5 working days prior to the approval deadline
- The expected contract value to be approved shall not include the value of options for potential extensions of a contract. Extensions of contracts are to be submitted as separate requests for approval
- For purchases without competitive bidding (single source) the operator must justify why a deviation from the requirements for competitive bidding is considered legitimate
- A press release which is prepared by a vendor after the vendor has been awarded a contract requires no approval by the JV
- Procurement matters and the processes for approval of purchase strategies, including bidders list and approval of suppliers must be handled in the Procurement/Confidential folder on L2S
- When stated in the voting rights given in the Special Provisions of the JOA (i.e. for Joint Ventures awarded after 1 September 1995) that Petoro (the Manager), shall not be party to information nor exercise any voting rights on decisions regarding sources of procurement to the activities, a dedicated area or folder within the Procurement/Confidential area of L2S is established for the approval of suppliers process. Specific distribution lists for the approval of the supplier's folder must be established accordingly. The specific distribution lists are maintained by the operator and each partner must nominate persons that require access to the approval of the supplier's folder within the Procurement Confidential area

5.2 Budget process

Deadlines for submission of preliminary, proposed and final budgets, and deadline for approval are as stipulated in the JOA (Art. 12).

- The budget document should specify clearly which modification projects and other items will be subject to separate license approval, if any
- KPIs should be included in the budget document
- Operators should use budget items consistently (JOA Art. 12.4)
- Questions to the 1 October budget should be raised as early as possible to be able to get approval by 1 December. If requested, a budget meeting should be held for clarification purposes
- According to letter from SODIR as of 5. October 2020, Budgets must be submitted to the SODIR. This practice is, however, suspended awaiting Offshore Norges work on Budgets and Work programmes, and only approved budget shall be submitted to ED and SODIR. In addition, substantial changes in plans and budgets shall be forwarded. Legal reference is "[Regulations to Act relating to petroleum activities](#)", section 50

5.3 Release of information to conferences, journals, etc.

Information shall not be given to third parties unless it has been unanimously approved by all licensees (JOA Art. 27.2). This applies to conference papers, external presentations, posters, news articles, papers to journals etc.

- Information has to be approved even if it has been anonymized with respect to field, installation, well, etc
- Brief abstracts to conferences and journals do not need to be sent for approval unless it contains specific license information, but final paper/presentation needs approval
- If the information is known to the public already or has been approved before, no new approval is required

5.4 Communication process

Operators and partners communicate formally via L2S. L2S offers traceability and archiving and shall be used for all communication where traceability and archiving are required.

Partners are encouraged to contact committee members/chairs and their deputies or JV coordinators, not other individuals in the companies, unless otherwise agreed.

5.4.1 Written communication

- A request from a partner outside L2S shall be shared within the JV in L2S, if relevant
- Information which has been shared with one of the committees in the license is regarded as received
- Letters/memos etc. which are shared within a JV need not be signed manually
- Letters/memos etc. which are sent between JVs need not be signed

5.5 Negotiations and signing of agreements

5.5.1 Negotiations

- Mandates for commercial negotiations are approved according to the voting rules of the JV
- L2S should be used for sharing negotiation information. A restricted folder must be created to protect the information sufficiently, ref. chapter 5.12 – Confidential information

5.5.2 Signing of agreements

- Agreements which regulate the relationship between all JV partners, such as the JOA and Unit Agreement and their appendices, shall be signed by all parties. Each party determines if proxy is required for their own signing.

5.6 Data room

A party shall inform other partners of disclosure of license information to third parties regarding possible sale of participating interests in a license (JOA 27.2).

- Approval from the other license partners is not required
- Access to license information must be subject to OFFSHORE NORGE's standard confidentiality agreement ("[01 - Offshore Norge - Anbefalt modellavtale for bruk av konfidensialitetsavtaler i datarom](#)")
- Requesting party decides which information is relevant to include in the data room. A limited set of information may be included as a first step, while more detailed information may be offered as a second step after short-listing of stakeholders

5.7 New Pending partner

Reference is made to JOA Article 23 Assignment of participating interest.

The MC Chairman informs the JV administrator about the new partner. The pending partner shall provide operator with superuser/superuser deputy nominations. When the pending partner has been added to the JV by L2S Support, a confirmation will be sent to JV administrator, pending partner and superuser(s). New partner to update the JV committee members when formal authority approval is obtained.

If the pending partner needs access to the JV before formal authority approval of the new partnership is granted, MC approval is required. Access is then given on the following conditions: Company will be added with the status called "Pending Partner" The Pending Partner will act as an observer with read only access in the entire JV, but without access to the following folders: Limited, Confidential and Deleted documents.

Operator can assign or remove access if needed. Operator will administer access on behalf of new partner. Pending partner will have no superuser/deputy and read only access for a limited number of persons will be granted. When formal authority approval is obtained, the JV administrator contacts L2S Support and they will add the partner as an ordinary partner. Add a comment in order form that the partner is not yet formally approved by the authorities.

5.8 Change of operator

Ref.: JOA Article 4 Change of operator the current operator's JV administrator completes the form "Change of operator" in cooperation with the new operator. Current operator writes in the L2S order form: "This request is made in accordance with MC for specified JV". The withdrawing operator can at any time order a company archive by sending in the "Company archive" order form. Note: If Company Archive is ordered at a later point, only data up to the date the Company left the JV will be in the archive.

5.9 Project routines

Projects that are likely to be subject to approval from the authorities should be handled according to [the management regulation chapter VII](#). See also *Guidelines for plan for development and operation of a petroleum deposit (PDO) and plan for installation and operation of facilities for transport and utilization of petroleum (PIO)* (16) [Guidelines - The Norwegian Offshore Directorate \(sodir.no\)](#)

Concept selection and project sanction are subject to license decision. Operator's work prior to the concept selection phase is not subject to license decision, however, early involvement secures ownership and provides a good basis for further cooperation and project success. See also [Veileder til petroleumregelverket - Collabor8](#)

5.10 Notification of new information in L2S

As a general rule, the target group for information that is being shared via L2S, should always receive a notification when new information is published with the exception of information published at regular intervals.

Notifications should be sent to relevant committee(s) and its subscribers, not to individuals.

Authority observers should receive notifications in line with regular members in committees, unless they relate to restricted information (ref chapter 5.12 – Confidential information).

5.11 Voting rules and unanimity

As a general rule, matters which are regulated in the JOA, Unit Agreement, "Utvinningstillatelse" or their appendices are decided by the voting rules, unless stated otherwise in these documents. Other matters not regulated by these documents require unanimity. Some examples where unanimity is required:

- Change of threshold values for purchases (JOA 13.1)
- Change of number of MC meetings per year (JOA 2.1)
- Disclosure of information to third parties, including press releases (JOA 27.2)
- Partial relinquishments (ref "Utvinningstillatelse")
- Change of voting rules (ref "Utvinningstillatelse")
- Matters not included in the MC agenda may only be acted upon at the meeting provided that all Members agree (JOA 2.1)

5.12 Confidential information

Access restrictions can be applied to specific groups of personnel (e.g. MC members/deputies, procurement personnel, work groups). Such restrictions can be set on individual documents or folders, i.e.:

- procurement information, leasing information, negotiations, rig intake and proposed press releases

5.13 Long Range Plan

The operator shall submit a proposal for a long range plan that shall reflect the goals and strategies that have been decided, adapted to the relevant phase of the activities and challenges the license is facing (JOA 11.3)

- Once established the plan should be operationalized and followed up in MC meetings

The management committee shall each year decide whether an update of the Long Range Plan is needed (JOA 11.3)

SODIR requests the operator to enclose with the Annual status report, the most recent Long Range Plan (LRP), and the technology plan for the field, if any.

5.14 3rd party geophysical data acquisition

When a Survey Company (geophysical contractor or oil company) is planning to acquire geophysical data over licensed acreage, a request for permission shall be submitted to the operator of the

production license (or operator of a Business Arrangement Area (BAA) if applicable). OFFSHORE NORGE guideline 011 ([“Guideline for approval of 3rd party geophysical data acquisition on licensed acreage”](#)) recommends that such requests are handled by the operator (Option 1) on behalf of the license. Best practice is that MC supports this recommendation.

5.15 Major Accident Risk Workshops (MARW)

OFFSHORE NORGE recommends major accidents risk workshops to be arranged regularly for Joint Ventures in operation. OFFSHORE NORGE guideline 141 ([Anbefalte retningslinjer for styring av storulykkerisiko i lisenser](#)) describes how the meetings can be planned, performed and followed up.

5.14 Partners’see-to duty

The operator should provide sufficient data and information for partners to fulfill their see-to duty in accordance with acts and regulations referenced in *Guidelines for plan for development and operation of a petroleum deposit (PDO) and plan for installation and operation of facilities for transport and utilization of petroleum (PIO)* (16) [Guidelines - The Norwegian Offshore Directorate \(sodir.no\)](#) chapter 2.5, 5.5 and 6.3.

6. Communication with and involving the authorities

6.1 Authorities as observers in JV’s.

According to the regulations in [Regulations to Act relating to petroleum activities, section 82](#) and in the [Framework regulations, section 64](#) the authorities have the right to attend license meetings as observers. The regulations refer to co-operative bodies established in accordance with agreements as specified in the regulations, and may be in any JV type, including AMIs. The observer role is, however, not defined in the regulation.

The following best practices apply:

- The authority observers shall be invited to all JV meetings unless agreed otherwise by the parties for specific meetings where internal discussions among the parties are required, and this does not infringe with neither section 82 nor [Framework regulations, section 64](#) above.
- In meetings the authorities observe and listen, ask questions for clarification and guide the parties as required and may give statements when deemed necessary
- Questions/answers/statements from an observer in a MC meeting may be minuted if deemed necessary
- Minutes from MC meetings are subject to approval by the partners, not the authorities. Statements from an observer in the minutes should be verified before the minutes are sent for approval in the license
- The authority observers have access to all information in L2S for all Joint Ventures on the NCS except information in areas with additional restrictions, such as procurement information

6.2 Authorities as governmental bodies

6.2.1 General principles

This chapter applies for organizations listed as Authorities in chapter 2. Definitions and abbreviations

Best practice work processes in Joint Ventures on NCS

For these, the following principles apply for documents, including material and information required by rules and regulations:

The regulations relating to electronic communication with and in the public administration <https://lovdata.no/forskrift/2004-06-25-988> (in Norwegian) accept electronic submission, cf. section 3 which says that any enquiry to a public administration body can be in electronic form when the enquiry is put forward in the manner and to the electronic address specified by the public body for this type of enquiry.

Unless otherwise stated (see notes on each authority below), JV operators and partners should only use "Authority Communication" in Collabor8 L2S. Documents are regarded as officially submitted to the Authorities when they are sent from "Authority Communication" in L2S to the Authorities main address.

If "Authority Communication" for some reason cannot be used, use Authorities official mail boxes: postmottak@ed.dep.no / postboks@sodir.no / postboks@havtil.no
Forwarding from JVs to authority observers or authority observer groups is not regarded as formally received by the authorities.

6.2.2 ED and SODIR

Overview of documentation to be submitted to the ED and SODIR, and how and where to submit, is given here: [Submission of material and information required by the rules and regulations - The Norwegian Offshore Directorate \(sodir.no\)](#) *Note: On sodir.no, L2S Authority Communication is referred to as License2Share (L2S) (Including supporting excel sheet (Column Medium/Kanal L2S)).*

Note that ED has limited use of Authority Communication.

6.2.3 HAVTIL

Overview of documentation to be submitted to HAVTIL is given here: [Submission of information required by the regulations \(havtil.no\)](#)

HAVTIL also refer to [The management regulations chapter VIII and IX](#) and the management regulations [section 24 on organization of material and information with guidelines](#)