

English version



Levert

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Methodic limitations

As in previous years, we had to limit our survey to independent companies or corporate branch offices domiciled in **Northern Norway** that deliver equipment or services to the petroleum sector. This does not include sole proprietors or suppliers of equipment/services that are not related specifically to **the sector**, such as foods and furniture etc. This list includes suppliers from all stages of the supply chain as long as their services or products are specific to the sector.

Additional specification:

- Companies that are part of a corporation/group are included, but only the part of their activities based in Northern Norway. This is true even if the company has its main office in Northern Norway.
- State institutions and publically-owned companies are not included.
- Sales offices or agents who sell products on behalf of national or international companies without direct industrial activity in the north are not included.
- For shipping companies, vessels operating outside the region are not included, as long as a vessel does not have its home port in the region.
- Contractors and companies within the building and construction sector whose deliveries are not specific to the sector (such as ordinary construction) are not included.
- The operating companies' own activities are not included in the report.

This year's Levert

Turnover on the whole for the supplier industry related to deliveries to the petroleum sector in Northern Norway has never been higher. Anticipated growth for 2013 was not met, but optimism is high for better figures for 2014. Market opportunities are looking great for the supplier industry in Northern Norway.

Our series of reports is entitled Levert (delivered). The reports intend to document this development and provide you with a easy to understand and timely overview of the supplier industry in Northern Norway concerning its deliveries to the petroleum sector. A new addition to this year's report is that ENI Norge and the Ministry of Petroleum and Energy are helping to finance the report, along with Statoil and the county municipalities of Nordland, Troms and Finnmark. This year's survey looks at 2013 deliveries. It is our fifth survey so far.

The survey shows that the deliveries increased from 2012 to 2013. We leave it to the reader to decide whether these figures seem high or low. Our most important task is to obtain accurate figures and document developments over time.

The results from this year's report however are very encouraging. The results is telling us that suppliers now understand the petroleum industry better. These companies have elevated their positions in the petroleum industry's value chain. An obvious trend is for more companies to report direct deliveries to the oil companies and the main contractors. The suppliers based in Northern Norway have positioned themselves well. They are prepared for new contracts at existing fields and from recent discoveries. The supplier industry is calling for further exploration in new areas and more exploration in existing areas, in hopes of getting new production fields going in the region. The supplier industry in Northern Norway is ready to take on more work!

In addition to the deliveries that were documented in this report, business and industry are also delivering goods and services that is not dedicated specifically to the value chain in the petroleum sector, but it does add to local value creation on many levels here in the north. These goods and services relate to the hotel trade, transport and communications, foods and consumables, as well as IT, office buildings and other office supplies. Office-related goods and services directed at oilcompanies also have a significant ripple effects in Northern Norway, but they are not included here because this report is dedicated to the supplier industry and its deliveries. The socio-economic effects the sector has are therefore much greater than the facts stated in our report, but we do illustrate some of these effects in case descriptions of the individual counties.

The supplier industry in Northern Norway has a lot to look forward to in years to come! The Barents Sea is being explored and promising discoveries are being made there. New installations will begin operations soon (Goliat and Aasta Hansteen). Full production has been reached at the existing installations; Hammerfest LNG, Skarv and Norne.

Increased activity and better knowledge about the industry will open doors to more deliveries on a local, national and international level, and we hope the supplier industry in Northern Norway will prove itself ready to deliver within the restraints set by the industry as a whole.

We hope you find this year's version of Levert interesting. Enjoy reading!

Carl Erik Nyvold and Tom Steffensen
Kunnskapsparken Bodø AS

The Levert team

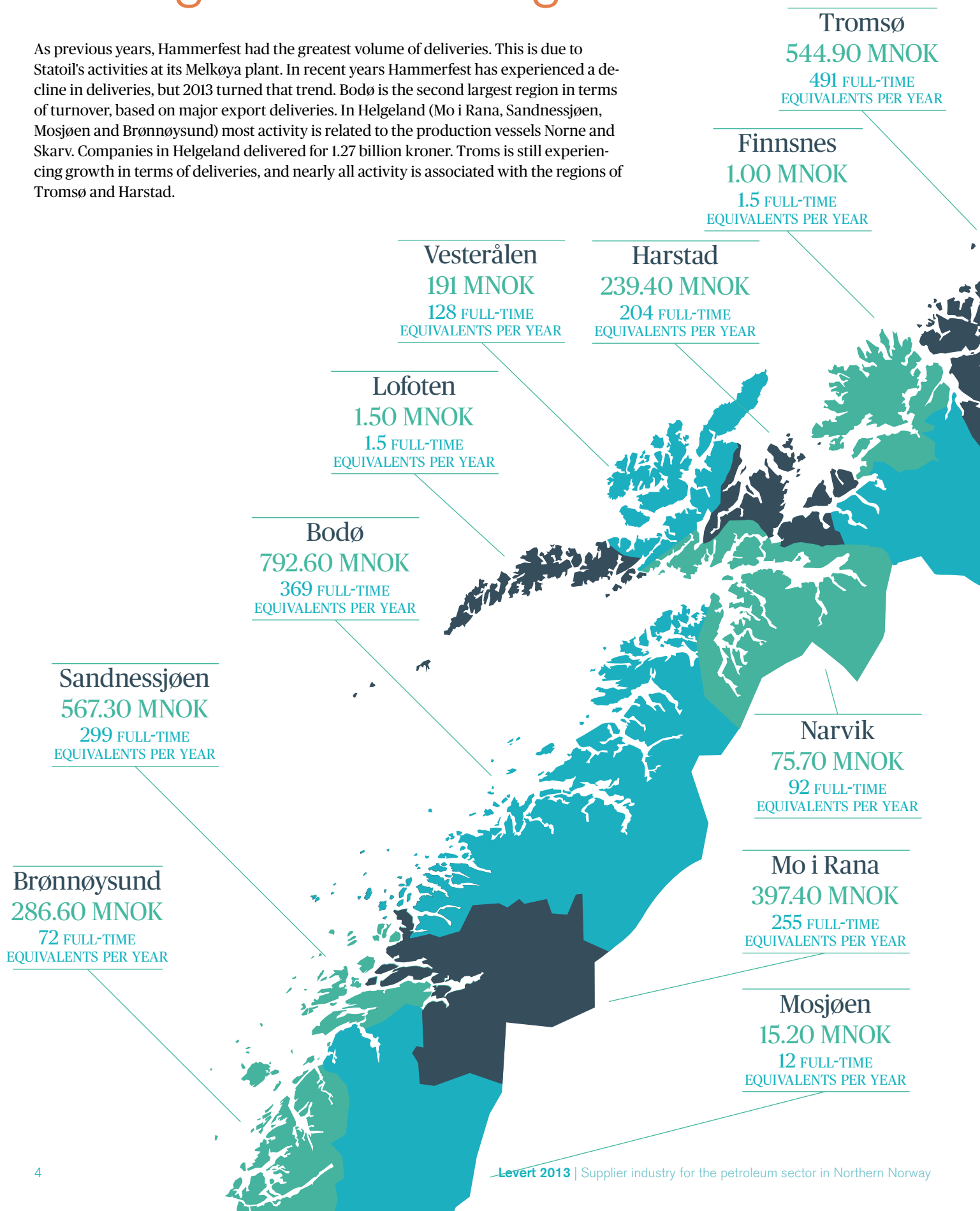
The Bodø Science Park (Kunnskapsparken Bodø) was in charge of the project and took responsibility for gathering data from Nordland, as well as writing the report. Kunnskapsparken Nord (Harstad) and Pro Barents (Hammerfest) collaborated in this process and took responsibility for gathering data and quality control in Troms and Finnmark, respectively. All the organizations that helped finance this year's report, as well as Petro Arctic, proved to be valuable and useful supporters. The study was carried out with telephone interviews giving an accurate picture of the extent of deliveries - and employment associated with the deliveries. The data was collected in the period June - August 2014.

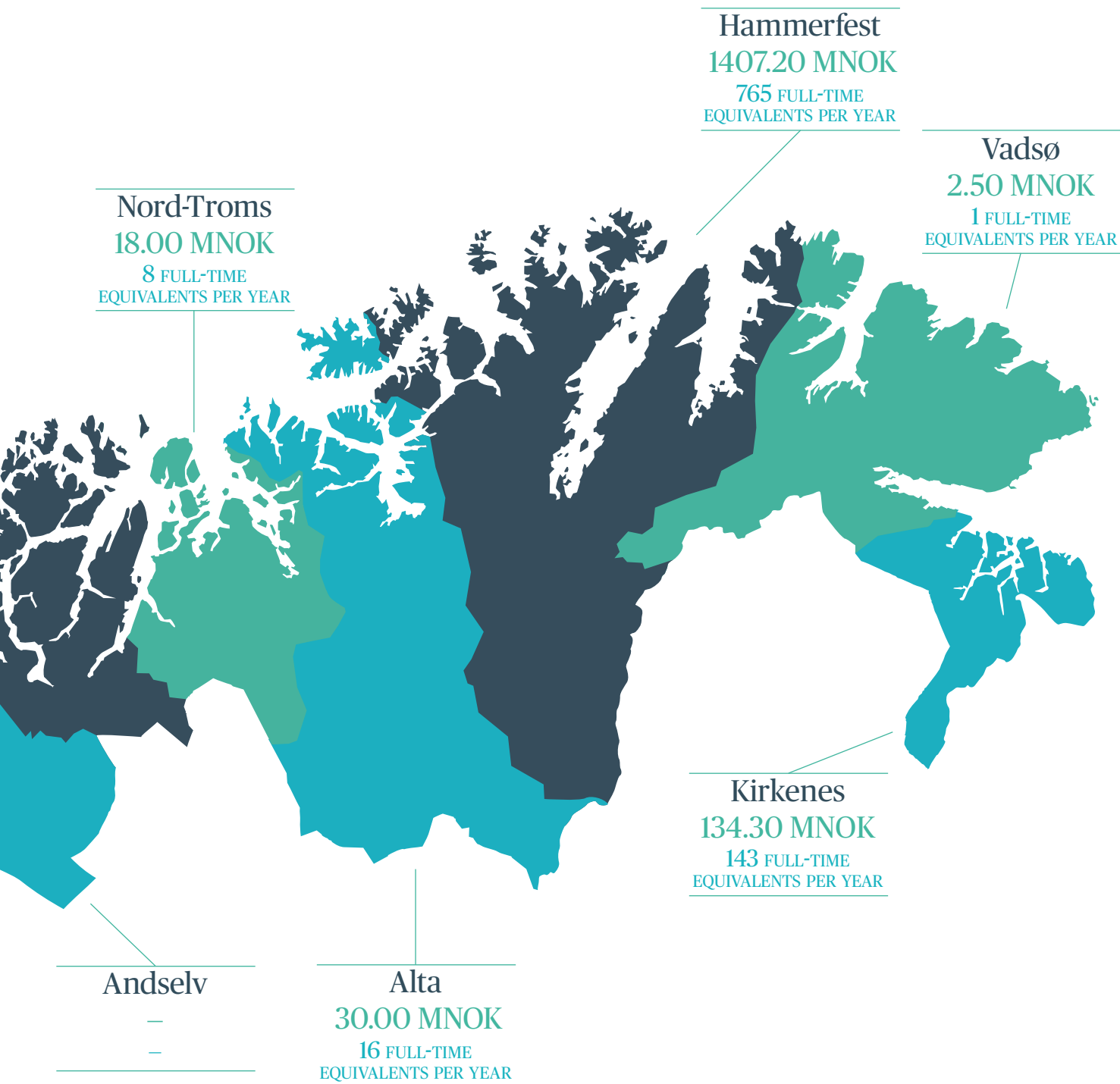
This year's data is based on interviews with:

254 companies, of which; 205 had deliveries that were relevant to our report.

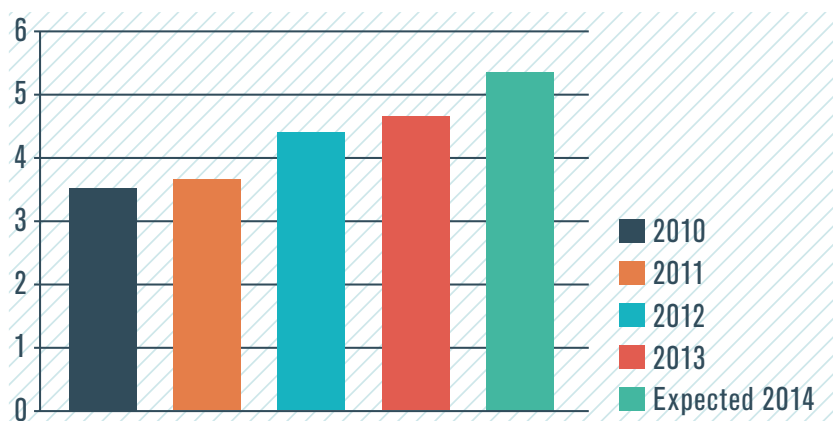
Deliveries distributed among economic regions:

As previous years, Hammerfest had the greatest volume of deliveries. This is due to Statoil's activities at its Melkøya plant. In recent years Hammerfest has experienced a decline in deliveries, but 2013 turned that trend. Bodø is the second largest region in terms of turnover, based on major export deliveries. In Helgeland (Mo i Rana, Sandnessjøen, Mosjøen and Brønnøysund) most activity is related to the production vessels Norne and Skarv. Companies in Helgeland delivered for 1.27 billion kroner. Troms is still experiencing growth in terms of deliveries, and nearly all activity is associated with the regions of Tromsø and Harstad.





Total for all deliveries from Northern Norway (in billions of NOK):



Record turnovers in Northern Norway

The supplier industry for the petroleum sector in the region had deliveries valued at 4.7 billion kroner in 2013. Turnover related to deliveries to the petroleum sector increased by 6.3 percent from 2012 to 2013. There were 2858 jobs associated with these deliveries (full-time equivalents per year).

Total for all deliveries from Northern Norway (in billions of NOK)				
2010	2011	2012	2013	Anticipated for 2014
3,54	3,66	4,43	4,70	5,30

Deliveries to the petroleum sector account for 29.1 percent of all turnover for these companies in 2013. Despite growth in overall deliveries, the actual number of suppliers to the petroleum sector fell (212 in 2012 to 205 in 2013). Of these companies, 108 (105 in 2012) were registered in Nordland, 34 (39) in Troms and 63 (68) in Finnmark.

Nordland clearly the biggest

49.5 percent of all deliveries (in terms of turnover) came from companies based in Nordland, while Finnmark and Troms account for 33.5 and 17 percent, respectively. Comparative figures for all regions changed somewhat from last year due to stable deliveries from Nordland, while Finnmark and Troms experienced growth (15.8 and 8.8 percent). Finnmark was able to turn the negative trend from last year, while Troms continues to grow, albeit at a slower rate.

Development varies among the counties

The development was generally stable in Nordland in terms of turnover and the number of active companies. The biggest companies, with a few exceptions, told us about lower turnover for deliveries to the petroleum sector in 2013 compared with 2012. That means more small suppliers strengthened their positions in the industry, mostly as subcontractors. Acquiring competence as a subcontractor on large and small projects helps operators face the future and work their way up the supplier hierarchy.

Troms had a decline in supplier companies in 2013, just like in 2012. Still, the county is experiencing growth in deliveries, especially in Tromsø where Aker Solutions is setting up office. Aker Solutions established an engineering office there in a very short time, that will expand in the near future (see the CASE on page 20). Growth in Finnmark is driven by accelerated activities at the biggest supplier companies. This is due to activities at Melkøya and continuing exploration of the Barents Sea.

27 companies had deliveries valued at more than 50 million

kroner in 2013 (23 in 2012). The number of companies with deliveries valued at 100 million kroner or more fell from 12 to 11. There were 35 companies with deliveries valued at less than 1 million kroner (37 in 2012 and 59 in 2011).

Goods in Nordland / Services in Troms & Finnmark

A little more than two-thirds of the 2013 deliveries were service deliveries; the rest were goods. Nordland was the only county to deliver more goods than services in 2013. Goods deliveries amounted to 1.18 billion kroner. In comparison, Troms and Finnmark delivered goods for 325 million kroner. Goods from Nordland come mainly from the big industrial operators in Bodø and Helgeland, as well as oil spill prevention companies in Vesterålen. The big service suppliers in Troms and Finnmark are associated with maintenance and modification contracts for oil and gas installations in Northern Norway.

Type of delivery	Goods	Services
Nordland	51 %	49 %
Troms	19 %	81 %
Finnmark	11 %	89 %
Northern Norway	32 %	68 %

1 out of every 4 jobs is done by someone living outside the region

Employees of supplier companies equals 8826 full-time equivalents per year¹. Of these jobs, 2858 worked² specifically with deliveries to the petroleum sector. 1229 jobs are at companies in Nordland, 704 in Troms and 926 in Finnmark. Employment figures for all three counties were nearly the same for 2012 and 2013. Most jobs were based in Hammerfest (765), followed by Tromsø (491), Bodø (369), Sandnessjøen (299) and Mo i Rana (255). Of the 2858 jobs based in Northern Norway dedicated to



More and more jobs in the petroleum sector

Shift work in the petroleum sector makes it possible for people to live where they want, and work near home or commute to another region. According to Statistics Norway (SSB), 1364 persons were domiciled in Northern Norway and working with the extraction of crude oil and natural gas. This number increased in 2013 by 89 jobs.

Employment by place of residence – Extraction of crude oil and natural gas

	2011	2012	2013
Living in Nordland	382	411	442
Living in Troms	353	406	449
Living in Finnmark	444	458	473
Northern Norway	1179	1275	1364

There were a total of 796 jobs in Northern Norway related to the extraction of crude oil and natural gas in 2013. This is an increase of 48 compared to 2012. Only 1 job was based in Nordland, and most of the new jobs were created in Troms (332 jobs in 2013). The remaining 463 jobs were located in Finnmark, and most of these were in Hammerfest. Despite the number of oil companies represented in the region, Statoil is without a doubt the largest employer among them.

Photo: Harald Pettersen, Statoil ASA

the petroleum sector, nearly 25 percent (715) of those workers live outside the region. In Finnmark, 51 percent of the jobs are held by people living outside the region (13 percent in Nordland and 12 percent in Troms).

Supplier companies were asked whether their figures for employment had changed in 2013 where the petroleum sector was concerned. 60.7 percent said their figures were unchanged. 25.9 percent said their was an increase, while the remaining 13.4 percent saw a reduction.

Levels of education

The level of education in the supplier industry in Northern Norway as a whole has not changed since our previous survey. In Nordland and Finnmark the majority of employment is skilled workers in the traditional industry, and at the Melkøya processing plant. Most of the employees in Troms have a higher education. The trend toward fewer unskilled employees working for the petroleum sector in Northern Norway continued in 2013.

Levels of Education

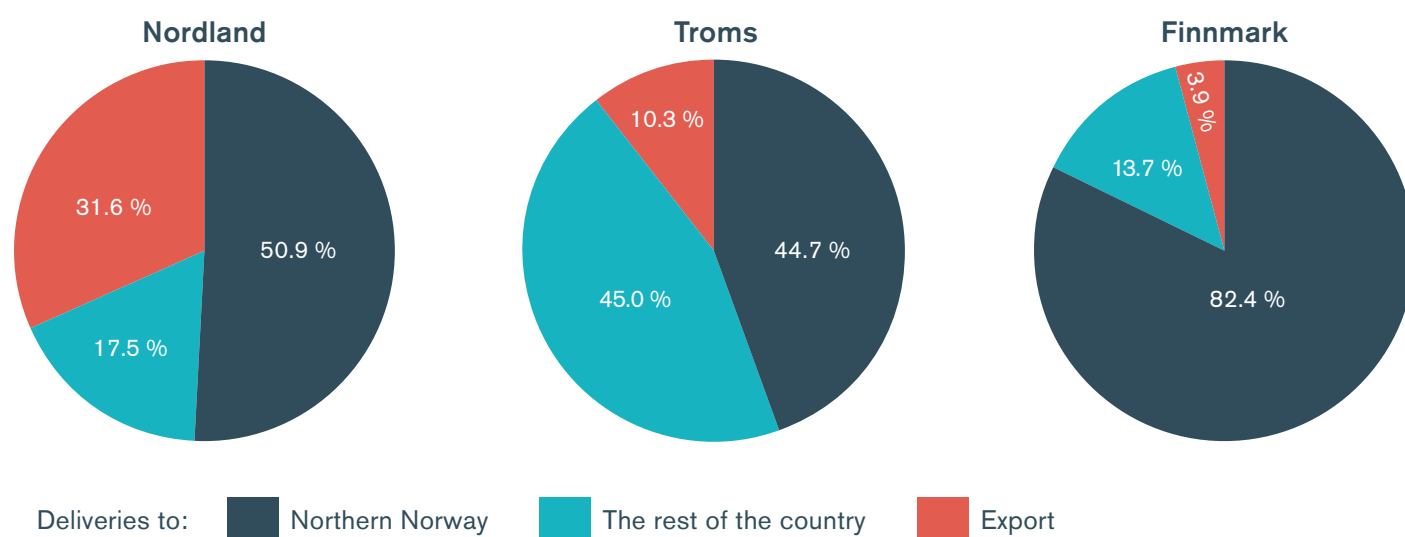
	Unskilled	high school/ upper secondary	college/ university.
Nordland	5.9 %	60.3 %	33.8 %
Troms	3.3 %	34.2 %	62.5 %
Finnmark	11.3 %	62.6 %	26.1 %
Northern Norway	7.0 %	54.6 %	38.4 %

Footnote 1: To provide a more precise picture of the supplier industry, only jobs related to petroleum at Torghatten were included (of the total 3168 jobs).

Footnote 2: In previous years we only made adjustments for workers at the largest companies who lived outside the region. This year we asked all companies to tell us what percentage of their workers live outside the region. We intend to repeat this question in subsequent reports. Exact comparative figures for employment in 2013 and for previous years are therefore difficult to acquire.

Characteristics of deliveries

60.4 percent of all the deliveries we mapped in this survey were directed at customers in Northern Norway. Deliveries to Norway, not counting Northern Norway, amounted to 20.9 percent - while 18.7 percent were exported.



Compared with the 2012 survey, the Northern Norwegian supplier industry delivered more to its own region in 2013, and less to the country as a whole or as exports.

Changes in Nordland and Troms

Deliveries to Northern Norway from Nordland increased by just over 10 percentage points compared with 2012. The share of exports was stable, while national deliveries decreased outside Northern Norway. This change is partly due to preparation of the Aasta Hansteen field off the coast of Nordland. Many companies from Nordland are involved in this work. In addition, we see that Troms increased its share of deliveries to the country as a whole by nearly 15 percentage points, with a similar reduction in local and export deliveries. The largest suppliers in Troms were responsible for most of the deliveries to outside the region. In Finnmark we saw how supplier companies increased their share of deliveries outside the region and for export, but the local deliveries continue to dominate.

Stronger market position?

When the companies were asked who they were delivering to in 2013, all figures indicate companies in Northern Norway strengthened their positions in relation to petroleum companies and the main contractors in that market. That is because the companies have built up expertise over the years meeting a demand higher up on the value chain. This trend is true for all counties, but it most pronounced in Troms and Finnmark. It is important to emphasize the fact that a number of supplier companies reported deliveries at various levels and these figures are not reflected in the value of the deliveries.

Supplier Levels

	Main		
	Oil companies	Contractors	Subcontract
Nordland	32.2 %	37.3 %	30.5 %
Troms	43.3 %	30.0 %	26.7 %
Finnmark	34.2 %	34.2 %	31.6 %
Northern Norway	34.7 %	35.0 %	30.3 %

The deliveries

Long, stable and predictable contracts are what the companies in the supplier industry want. 43.6 percent of supplier companies reported deliveries on long-term contracts of one year or more. This figure is a higher than what we reported in the past and must be good news for the companies. Individual deliveries amounted to 42.6 percent, while contracts lasting less than one year amounted to 13.8 percent. More companies reported a combination of individual deliveries and more long-term contracts.

Compared with previous years, companies in Northern Norway were delivering mostly to the same phase of petroleum projects. 47.7 percent of these companies reported deliveries to the operational phase, 30.6 percent to developmental phase and 21.7 to the exploration and study phases. Many of the companies also reported deliveries to various phases, and there is not a lot of variation as to which phases the companies in different counties deliver to. Yet in Finnmark and Troms the majority of deliveries are for the exploration and study phase, mostly due to activities in the Barents Sea. In Nordland most deliveries are related to the operational phase, which has to do with the offshore installations off the coast of Nordland, Norne and Skarv.

5 billion in 2014?

The Northern Norwegian supplier industry expects to make deliveries for 5.29 billion kroner in 2014. That amounts to 589 million kroner or 12.5 percent more than actual deliveries for 2013.

47.8 percent of supplier companies anticipate increased delivery levels in 2014 compared with 2013. 27.8 percent expect unchanged delivery levels, while 25.4 percent expect a decrease. The greatest growth measured in NOK is expected in Mo i Rana, Bodø, Narvik and Tromsø. As a whole, these four regions anticipate growth of 602 million kroner. Only two counties in the region anticipate decreases in deliveries. These are Sandnessjøen and Kirkenes, which anticipate decreases of 121 and 13.3 million kroner respectively. The other counties expect slight growth or stable deliveries when comparing 2013 figures with the anticipated figures for 2014.

Greatest optimism in Nordland

The biggest deliveries anticipated in 2014 will be made in Nordland. Nordland has the greatest expectations for growth in terms of turnover (448 million kroner) and percent (19.3). This will mostly come from Wasco Coatings Norway's, start up in Mo i Rana and their subcontracts. However, not everyone in the county is so optimistic. Sandnessjøen anticipates a 21.3 percent decrease in deliveries due to less exploration in the northern part of the Norwegian Sea in 2014. This has a negative effect on mainland industry. Troms anticipates growth of 108 million kroner (13.5 percent). Growth is mostly expected in Tromsø within the city's growing engineering environment. Finnmark anticipates growth of 32 million kroner (2.1 percent). Despite the major revision stop at Melkøya in 2014 the biggest companies anticipate minor decreases compared with 2013. Growth is mainly due to more activity among supplier companies whose turnover from the petroleum sector is between 10 and 50 million kroner.

In 2013, 50 of the 205 supplier companies in the region delivered exclusively to customers in the petroleum sector. This is an increase of 7 companies from 2012. 44.4 percent of the companies that had combined deliveries to the petroleum sector and other sectors in 2013, said that deliveries to the petroleum sector would amount to a greater percentage of overall activity compared to deliveries to other sectors in 2014. 20.3 percent said they expect a lower percentage, while the remaining 35.3 percent anticipate no change.

It is worth considering that the largest percentage of companies that anticipate decrease in activity can be found in Nordland, and especially in the Sandnessjøen region. Companies in Finnmark anticipate a higher percentage share of deli-

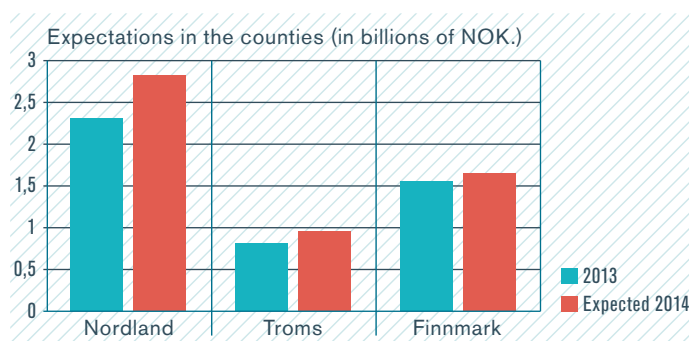
veries to the petroleum sector in 2014 compared with 2013. 60 percent anticipate no change in activity levels in Troms for the petroleum sector compared with the other sectors the supplier industry delivers to.

Supplier companies want more

When asked what challenges they see for new or increased activity in the petroleum sector, the general impression in all three counties is that they are depending on more activity off the coast. This would involve opening new areas for exploration and the start-up and operation of new fields. Many supplier companies also told us that postponed projects, less investment and cost-savings efforts took away maintenance and modification work for oil companies, which had an effect on activity levels. It is important to emphasize how the petroleum industry in the north is part of an international market. The manner in which the major corporations deal with expenses and postpone or cancel projects will also have an influence on the supplier industry in Northern Norway in 2014. We already see big supplier companies laying people off or downsizing at offices in the north.

As in the past fewer companies tend to report problems or challenges related to the deliveries themselves. They now understand the market and are able to deliver more on demand. They think the challenges lie in the lack of demand, and that they are not talking to the right people, the decision makers. Competition with major national suppliers that have established long-term relationships to customers are also a challenge.

A number of companies in Finnmark mentioned challenges related to the airport in Hammerfest that only has departures to Troms or towns around Finnmark.



NORDLAND

Helgelandsbase is building a subsea base

Helgelandsbase won the subsea base competition and is now building a subsea workshop and warehouses at Horvnes near Sandnessjøen. BP and Statoil are the clients.

Biggest assignment yet

The base will be finished in the autumn of 2015. The building plot is on 24 000 m² of land and the buildings have more than 7000 m² of floor space. The general contractor for the project is Torstein Botn AS, in collaboration with various local subcontractors that will provide many services during construction. Investments amount to approx. 150 million kroner. This is the contractor's biggest project ever.

For the present and future

The lease agreement for the base will last 20 years to service BP's subsea installations at Skarv and Statoil's Urd and Skuld fields, as well as Statoil's construction at Aasta Hansteen. It will serve as a natural base station for future activities in the Norwegian Sea in areas close to the other fields. The two companies anticipate a staff of 5 workers at the base when the operational phase starts, but activity levels will be adjusted according to activities at sea. At best, the base will need a staff of 20 when the system suppliers are present.

Long-term commitment

The long-term nature of activities in the area means the supply base can look forward to many years of activity. Helgelandsbase has no plans to slow development or construction despite an investment of 900 million kroner in the plants at Horvnes, if one counts the new subsea base. The company is convinced a long-term investment at Horvnes will allow more activity at the base in the future for new customers that are not at the base at present.



Nordland

This map shows the companies from the different regions in Nordland that delivered goods and services worth 0.5 million kroner or more to the petroleum sector in 2013.

Vesterålen
Chrishop
Delitek
LoVe Petro
Norlense
SMV Hydraulic

Lofoten
Lofoten Industri
Salt Lofoten

Sandnessjøen
Aker Solutions MMO
Aqua Rock Company
Arne Bjørnvold
ASCO
Bring Cargo Avd Helgeland
CAN Alsten
Certex Offshore Services
Coastbase Nordland
Erling Haug
Euro Offshore
Eurotech
Helgeland Brannsikring
Helgeland V&M
Helgelandsbase
IKM Minic
Nothuset
Ramco Norway
Sandnessjøen Gjenvinning
SAR
Score Group
Seløy Undervannsservice
Sinus
Slipen Mekaniske
SveTek
Swire Oilfield Services
Tess avd Sandnessjøen
Tonnes Skipsekspedisjon
Tools Løvd

Brønnøysund
Bernard Martinsen Elektro
Bristow Norway
CHC Helikopterservice
North Sea Safety
Sør-Helgeland Vaktsselskap
Torghatten



Narvik
2K Tools Narvik
Aker Well Service
Arctic Spill Control
Forskningsparken Narvik
Habu Technology
Heatwork
Heinzmann Data Process
Namek
Norconsult Narvik

Bodø
Bodø Industri
Bomek Consulting
Drag Industrier
ESS Partner
Galvano TIA
Industrivisualisering
Kunnskapsparken Bodø
Løvd
Maskinering
News on Request
Nexans Norway
Nor Lines
Nor Supply Offshore
Nordkontakt
Rapp Bomek
Rapp Hydema
Restech Norway
Semek
Unifab

Mo i Rana
AEO Nordland
DNV Mo i Rana
Front Subsea
Helgeland Offshore
Hemnes Mek Verksted
Ingeniørgruppen
Inkubator Helgeland
Kunnskapsparken Helgeland
Mads Hansen
Meyership
Miljøteknikk Terrateam
Miras Grotnes
Miras Hydraulikk
Miras Industripartner
Mo Shipping Agency
Molab
Momek Civil
Momek Fabrication
Momek Services
MoTest
Nomaco Services
Rana Mek
Solidimo
Strand Shipping
Wasco Coatings Norway
Weldservices
Westcon Helgeland

Mosjøen
Bilfinger Industrial Services
Helgeland Industrier
Mosjøen Kulde og Klimservice
Nordic Crane Mosjøen

Economic regions: The division of economic regions in this report is based on Statistics Norway's regional divisions. The economic regions in Nordland consist of the following municipalities: **Vesterålen:** Andøy, Bø, Hadsel, Sortland and Øksnes. **Lofoten:** Flakstad, Moskenes, Røst, Vestvågøy, Værøy and Vågan. **Narvik:** Ballangen, Evenes, Lødingen, Narvik, Tjeldsund and Tysfjord. **Bodø:** Beiarn, Bodø, Fauske, Gildeskål, Hamarøy, Meløy, Rødøy, Saltdal, Steigen and Sørfold. **Mo i Rana:** Hemnes, Nesna and Rana. **Mosjøen:** Grane, Hattfjelldal and Vefsn. **Sandnessjøen:** Alstahaug, Dønna, Herøy, Leirfjord, Lurøy and Træna. **Brønnøysund:** Bindal, Brønnøy, Sømna, Vega and Vevelstad.

Classification

This table shows the value chain of the division of companies with deliveries valued at 0.5 million kroner or more for the petroleum sector. The companies are distributed in 7 different categories that reflect their place in the value chain of petroleum companies.

EXPLORATION AND MAPPING	Nexans Norway	Rana Mek Rapp Bomek Rapp Hydema Score Group Semek Sinus Slipen Mekaniske SMV Hydraulic Solidimo SveTek Westcon Helgeland	Environment, waste Arctic Spill Control Delitek Helgeland Industrier Miljøteknikk Terrateam Sandnessjøen Gjenvinning SAR
WELL SYSTEMS AND DRILLING	2K Tools Narvik Aker Well Service Helgeland Offshore Nexans Norway		
SUBSEA TECHNOLOGY	Front Subsea Habu Technology Nexans Norway Solidimo		Staffing Bernard Martinsen Elektro CAN Alsten Helgeland V&M Momek Services Unifab
ENGINEERING	Aker Solutions MMO Aker Well Service Bomek Consulting Industrivisualisering Ingeniørgruppen Norconsult Narvik Weldservices	SAFETY AND EMERGENCY PREP. Bodø Industri Norlense Restech Norway	Consultancy Forskningsparken, Narvik Front Subsea Inkubator Helgeland Kunnskapsparken Bodø Kunnskapsparken Helgeland LoVe Petro News on Request Salt Lofoten
CONSTRUCTION, FABRICATION, MAINTENANCE AND MODIFICATIONS	Aqua Rock Company Bilfinger Industrial Services Drag Industrier ESS Partner Galvano TIA Heatwork Heinzmann Data Process Namek Helgeland Offshore Helgeland V&M Hemnes Mek Verksted Lofoten Industri Maskinering Miras Grotnes Miras Hydraulikk Miras Industripartner Momek Civil Momek Fabrication Momek Services Mosjøen Kulde og Klimservice Namek Nomaco Services Nordkontakt	SUPPORT AND SERVICES Testing and Inspection Certex Offshore Services DNV Mo i Rana Eurotech Helgeland Brannsikring IKM Minic Molab MoTest Ramco Norway Base, Logistics and Transport ASCO Bring Cargo Avd Helgeland Bristow Norway CHC Helikopterservice Chrishop Coastbase Nordland Helgelandsbase Meyership Mo Shipping Agency Nor Lines Nor Supply Offshore North Sea Safety Seløy Undervannsservice Strand Shipping Sør-Helgeland Vaktselskap Tonnes Skipsekspedisjon Torghatten	Equipment AEO Nordland Arne Bjørnvold Erling Haug Euro Offshore Løvold Mads Hansen Nordic Crane Mosjøen Nothuset Swire Oilfield Services Tess avd Sandnessjøen Tools Løvold

Suppliers in Nordland are distinct from those in Troms and Finnmark because their deliveries encompass all 7 categories. Support and Services is still the biggest category in terms of turnover and number of companies. The Helgeland companies dominate this category, delivering to the production vessel at Norne and Skarv off the coast. Nordland also has significant deliveries in the category of Construction, Fabrication, Maintenance and Modification.

Stability in Nordland

The supplier industry in Nordland had deliveries worth 2.33 billion kroner in 2013, among 108 companies. Deliveries from Nordland were unchanged since 2012. 1229 full-time positions were related to these deliveries, of which 159 commuted from outside the region. Deliveries for 2014 are expected to reach a value of 2.78 billion kroner.

138 companies in Nordland were interviewed. Total turnover for the 108 companies with deliveries to the petroleum sector amounted to 10.5 billion kroner. Of this amount, 22.2 percent of the turnover was related to deliveries to customers in the petroleum sector. Compared with the other counties in Northern Norway, the supplier industry in Nordland still had the highest turnover on its deliveries.

Growth in Bodø

For the fourth year in a row, the biggest deliveries in Nordland were from the Bodø region. That makes it the second largest petroleum region in terms of deliveries from the supplier industry. The companies here made deliveries for 792.6 million kroner; this is an increase of 13 percent compared with 2012. Bodø deliveries are different from many other regions since more than 60 percent of the deliveries are to export. The biggest suppliers in the region are still Nexans Norway in Rognan and Rapp Bomek in Bodø. Respectively they deliver ROV- and umbilical cables, as well as fire and explosion resistant doors and hatches. Growth from previous years is expected to continue in 2014; deliveries are expected to reach 932.70 million kroner.

Sandnessjøen on the rise, but expecting a fall

Deliveries from Sandnessjøen amounted to 567.3 million kroner in 2013. This is an increase of 24.4 percent compared with 2012 - somewhat higher than what the companies had anticipated. This growth is related to the supplier NordMiljø moving to Sandnessjøen from Mo i Rana after its merger with SAR. It appears that activities will decrease in 2014 to 446.3 million kroner. This is lower than deliveries in 2012 and 2013. Of the 28 supplier companies in Sandnessjøen, 17 anticipate less activity in 2014, while 5 expect an increase. The remaining companies expect no change in activity levels.

The decrease in deliveries for this year is mostly due to less exploration in the northern part of the Norwegian Sea. Only three companies are exploring and/or drilling at fields in 2014,

while activity in the areas is expected to rise in 2015. That is when Statoil starts production drilling and installation of sub-sea equipment for Aasta Hansteen. Statoil and other operator companies also anticipate more exploration in the near future.

More transport from Brønnøysund

The Brønnøysund region had deliveries valued at 286.6 million kroner in 2013. This is an increase of 14.5 percent compared with 2012³. Sea and helicopter transport still dominate deliveries from the region. Deliveries for 2014 are expected to reach 308.1 million kroner.

Polarled behind optimism in Mo

The supplier industry in the Mo i Rana region had deliveries worth 397.4 million kroner in 2013. That was a decrease of 18.2 percent. The decrease seems to be related to the aforementioned merger of SAR and NordMiljø. The number of supplier companies increased, from 25 to 29, while most of the biggest suppliers saw an increase or stable figures for deliveries to the sector. Deliveries for 2014 are expected to reach 653 million kroner; this is an increase of 64.3 percent. Positive developments in the region's supplier industry are mostly associated with Wasco Coatings Norway starting up production.

Significant decrease in Vesterålen

Deliveries from Vesterålen decreased from 278.3 million kroner in 2012 to 191 million kroner in 2013. The previous survey anticipated deliveries worth 326.5 million kroner in 2013. Expectations for 2014 show deliveries worth 231.3 million kroner. The supplier industry in Vesterålen consists mostly of Norlense (oil spill equipment) and its subcontractors, and Chriship (offshore shipping).

Decrease in Narvik

Narvik expected little change in deliveries from 2012 to 2013, but ended up with a 41.5 percent decrease. This change was related to NCC Construction terminating a major contract on

Coating the Polarled pipes

Wasco Coatings Norway won a contract to coat the 482 kilometers of the Polarled Pipe that runs from Aasta Hansteen to Nyhamna. Wasco will deliver 40 000 individual pipes to Polarled. Each pipe will be coated with a protective layer consisting of rebar and concrete before the pipes are laid on the sea floor.

The Polarled contract allowed Wasco to set up a production plant at Mo i Rana. The plant covers 120 000 m² of ground at the Rana Industrial Terminal. The contracts for the 13 000 m² large factory went to various local suppliers; Momek, Miras and Mo Shipping. The Polarled contract also led to major staffing increases for Wasco last year, which now employs about 170 full-time positions a year.

Wasco's location in Mo will be the Malaysian company's greatest investment in Europe so far. They intend to use this as a base to deliver pipes to future developments in the North Sea, the Norwegian Sea and the Barents Sea.



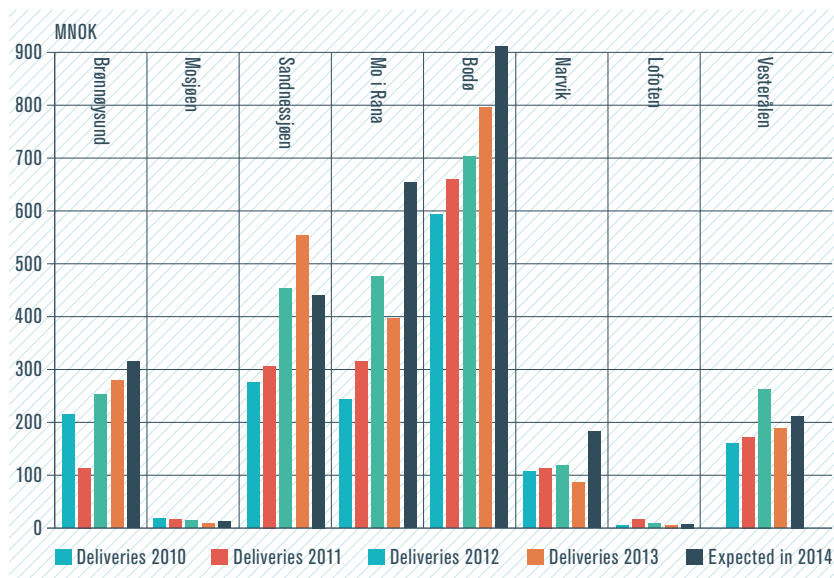
Photo: Harald Pettersen, Statoil ASA

Melkøya in 2012, and anticipated growth of other companies did not happen. Companies in Narvik expect growth in 2014, about 184 million kroner's worth. Norcem in Kjølsvik has signed a contract to deliver cement to Wasco Coatings Norway in Mo i Rana.

Mosjøen and Lofoten stay small

The supplier industry in Mosjøen and Lofoten is not very active where oil and gas are concerned. Both regions had a decrease in delivery activities from 2012 to 2013. This happened despite growth anticipated by both regions (30 percent or more) at the time data was gathered for last year's report. Mosjøen has four companies that deliver to the sector, while Lofoten has three. Mosjøen's deliveries fell from 24.9 million kroner in 2012 to 15.2 million kroner in 2013 - Lofoten fell from 3.6 million kroner to 1.5 million. Data shows how potential supplier companies in these regions concentrate mostly on traditional customers: The Alcoa Aluminum Works in Mosjøen and the shipping and fishing industries in Lofoten.

Footnote 3: Corrections were made on figures for deliveries for previous years from Brønnøysund in this year's report. This is because some turnover figures were related to ownership in other companies.



TROMS

A Landmark in Harstad

A new Statoil building valued at 300 million kroner will be constructed in downtown Harstad.

Statoil has had a branch office in Harstad since 1976. Its 330 employees makes it one of the largest companies in Harstad. In 2012, Helge Lund announced that Statoil would continue to invest in Harstad and selected the city as its center of operations in Northern Norway.

600 jobs

The company presented the plans for its new office building in April of 2014. The building will have about 10 800 m² floor space for 600 employees. The price tag for the project will be 300 million kroner. The turnkey contractor has not been selected yet. Kaarbø Eiendom is the developer, while Statoil will be the tenant for this project.

Experienced architects

The building was drawn by SJ Arkitekter, in collaboration with A3 Arkitekter. SJ designed the KLP building in the Oslo Opera district and the Borgarting Court of Appeal building in Oslo. The Statoil building in Harstad will be one of their first projects outside Southern Norway. A3 Arkitekter is better known in the region. Their architects have designed buildings and projects in the three northernmost counties - along with airports, hospitals, hotels and cultural centers and the office building currently used by Statoil in Harstad.

Of great significance to Harstad

The mayor of Harstad, Marianne Bremnes, feels that Statoil's commitment means a lot to Harstad.

"Their commitment to the region signifies security for our citizens, which a mayor finds important. It will mean a lot for business and industry, because many companies in the area look to Statoil and pay attention to how they do things."

Statoil is certain its efforts will pay off for society and create positive ripple effects in the municipality.

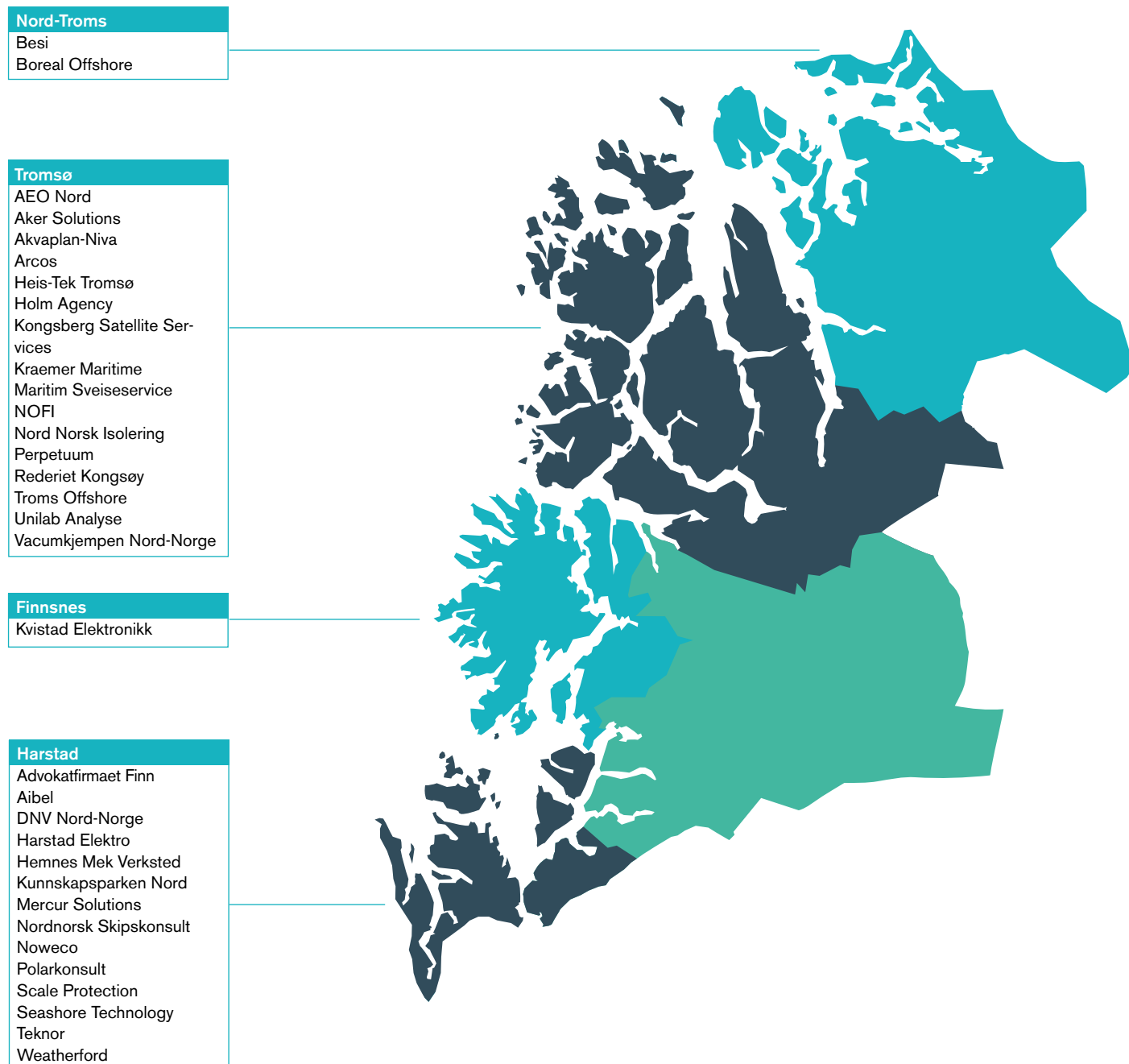
"The city will feel Statoil's presence through construction of more housing and local trade. This is especially true for downtown Harstad, which will experience an upswing and stimulate dynamic change in city life", said Vidar Haukebø at Statoil.





Troms

This map shows the companies from the different regions in Troms that delivered goods and services worth 0.5 million kroner or more to the petroleum sector in 2013.



Economic regions: The division of economic regions in this report is based on Statistics Norway's regional divisions. The economic regions in Troms consist of the following municipalities: **Nord-Troms:** Gáivuotna-Kåfjord, Kvænangen, Nordreisa and Skjervøy. **Finnsnes:** Berg, Dyrøy, Lenvik, Sørreisa, Torsken and Tranøy. **Andselv:** Bardu, Gratangen, Lavangen, Målselv and Salangen. **Tromsø:** Balsfjord, Karlsøy, Lyngen, Storfjord and Tromsø. **Harstad:** Bjarkøy, Harstad, Ibestad, Kvæfjord and Skånland.

Classification

This table shows the value chain of the division of companies with deliveries valued at 0.5 million kroner or more for the petroleum sector. The companies are distributed in 7 different categories that reflect their place in the value chain of petroleum companies.

EXPLORATION AND MAPPING	SUPPORT AND SERVICES
Kongsberg Satellite Services	
WELL SYSTEMS AND DRILLING	Testing and Inspection
Scale Protection	DNV Nord-Norge
Seashore Technology	Heis-Tek Tromsø
Weatherford	Kvistad Elektronikk
	Unilab Analyse
ENGINEERING	Base, Logistics and Transport
Aibel	Holm Agency
Aker Solutions	Kraemer Maritime
Nordnorsk Skipskonsult	Rederiet Kongsøy
Polarkonsult	Troms Offshore
CONSTRUCTION, FABRICATION, MAINTENANCE AND MODIFICATIONS	Environment, waste
Boreal Offshore	Perpetuum
Harstad Elektro	
Hemnes Mek Verksted	Staffing
Maritim Sveiseservice	Besi
Mercur Solutions	
Nord Norsk Isolering	Consultancy
Teknor	Advokatfirmaet Finn
	Akvaplan-Niva
	Arcos
	Kunnskapsparken Nord
	Noweco
	Weatherford
SAFETY AND EMERGENCY PREP.	Equipment
Akvaplan-Niva	AEO Nord
Arcos	Heis-Tek Tromsø
DNV Nord-Norge	Holm Agency
Kongsberg Satellite Services	Teknor
Mercur Solutions	
NOFI	
Seashore Technology	
Vacumkjempen Nord-Norge	

Suppliers in Troms fall into 6 of the 7 categories. The biggest deliveries are made in the Support and Services category, where the sub-category Base, Logistics and Transport had the greatest turnover. Troms also has significant deliveries related to engineering, which is dominated by the Northern Norwegian branch offices of national operators (Aibel in Harstad and Aker Solutions in Tromsø).

Troms Continues to grow

The supplier industry in Troms had deliveries to the petroleum sector valued at 803.2 million kroner in 2013; a growth of 8.8 percent compared with 2012. There were 704 full-time jobs related to these deliveries, of which 84 are done by workers living outside the region. The supplier industry anticipates deliveries valued at 911.5 million kroner in 2014.

This year's survey carried out interviews with 46 companies in Troms. 34 of these companies said they had deliveries in 2013 (39 in 2012). The Harstad region saw a decrease in the number of supplier companies. The 34 companies with deliveries dedicated to the oil and gas sector had a turnover of 2.73 billion kroner in 2013. The comparative figures for oil and gas deliveries and deliveries to other sectors remained unchanged from 2012. Compared with the other counties in Northern Norway, Troms still had the lowest turnover on deliveries, but the county has seen positive developments in recent years.

Tromsø is growing fastest in Troms

The supplier industry in Tromsø anticipated deliveries valued at 602.3 million kroner in 2013, but the real figures were 544.9, which is an increase of 13.5 percent compared with 2012. The number of supplier companies in Tromsø increased by 1 company (now 16). Expectations for 2014 amount to 643.2 million kroner.

The biggest supplier in Troms is still Troms Offshore. In addition to operating own ships, they also manage ships for others. Aker Solutions currently has about 100 employees at its branch office in Tromsø and has major plans for the region. In addition to that, Subsea 7 established an office in Tromsø in 2014 and has ambitions to create a local team of 30 - 50 persons. Aker Solutions has not grown as quickly as expected. One reason for this is delays in the Barents Sea and changing market factors. Tromsø also has a number of supplier companies that work with safety and emergency preparedness. These include NOFI (oil spill containment), the Akvaplan-niva consultancy group, and Kongsberg Satellite Services.

Fewer suppliers, more deliveries

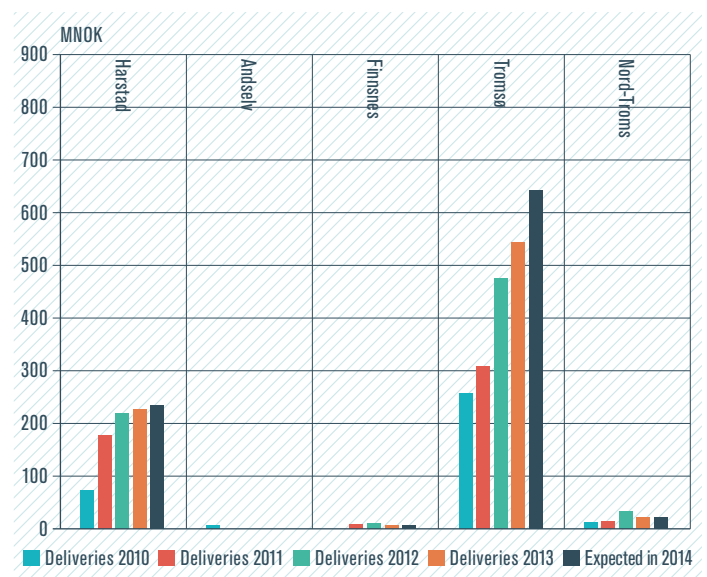
The Harstad region experienced a growth of 7.8 percent in deliveries for 2013, compared with the anticipated growth of 27 percent. Turnover on deliveries as a whole for the sector amounted to 239.4 million kroner, compared with 222 million kroner in 2012. The number of supplier companies is decreasing despite growth in terms of turnover (from 27 in 2011 to 20 in 2012, and 15 in 2013). There are a number of reasons for this. Some companies have abandoned the sector, while others have put things on hold until the industry has made more gains in the region. Others are investing in ways to position

themselves for future deliveries. Expectations for 2014 deliveries show an increase of 3.3 percent. The biggest supplier in the region is Aibel, which has a contract with Statoil for maintenance and modifications to the Norne field and modifications for Shell on the Draugen platform in the Norwegian Sea. At the beginning of 2014 Aibel announced that they had to eliminate 20 jobs in Harstad (230 jobs all across Norway), due to the limited number of assignments they had on order. Another 45 employees lost their jobs recently. The company now has about 40 full-time positions.

The petroleum industry's conquest of the north, beyond the supplier industry, is obvious in Harstad. Among others, Statoil has set up its center of northern operations in Harstad, along with Det Norske Oljeselskap, Lundin, Total, and the Norwegian Petroleum Directorate.

Reductions in Nord-Troms and Finnsnes

Nord-Troms and Finnsnes expected to double their deliveries from 2012 to 2013. That was not how things turned out. Both regions lost almost half of all deliveries. Things are not expected to change much from 2013 to 2014. As with the last years, no deliveries have been reported from the Andselv region.



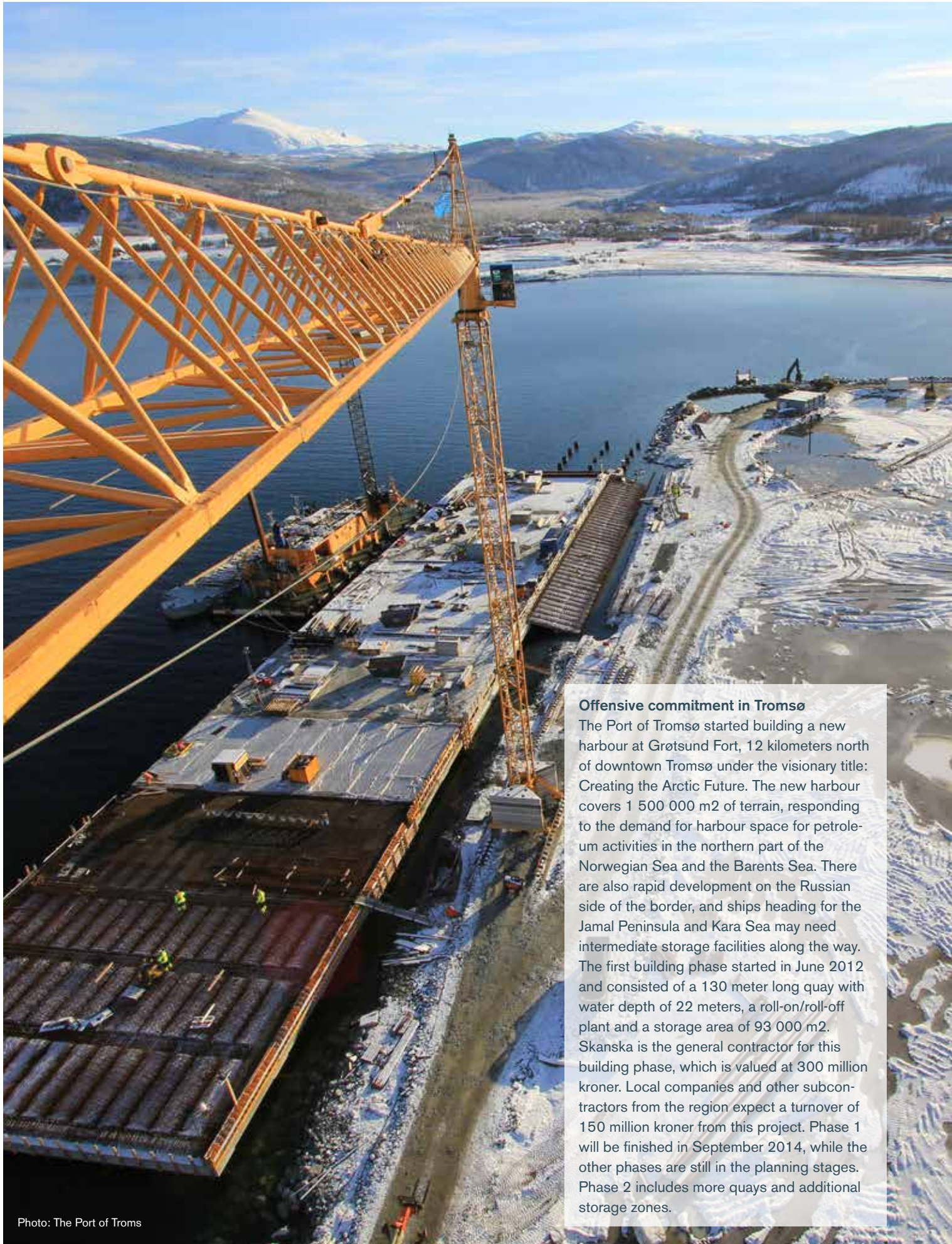


Photo: The Port of Troms

Offensive commitment in Tromsø

The Port of Tromsø started building a new harbour at Grøtsund Fort, 12 kilometers north of downtown Tromsø under the visionary title: Creating the Arctic Future. The new harbour covers 1 500 000 m² of terrain, responding to the demand for harbour space for petroleum activities in the northern part of the Norwegian Sea and the Barents Sea. There are also rapid development on the Russian side of the border, and ships heading for the Jamal Peninsula and Kara Sea may need intermediate storage facilities along the way. The first building phase started in June 2012 and consisted of a 130 meter long quay with water depth of 22 meters, a roll-on/roll-off plant and a storage area of 93 000 m². Skanska is the general contractor for this building phase, which is valued at 300 million kroner. Local companies and other subcontractors from the region expect a turnover of 150 million kroner from this project. Phase 1 will be finished in September 2014, while the other phases are still in the planning stages. Phase 2 includes more quays and additional storage zones.

FINNMARK

The ENI establishment send ripple effects through Finnmark

ENI opened its Hammerfest office in October 2013. The new 4000 m2 building will house the operational organization for Goliat.

The organization will give work to 60 people, but the building is dimensioned to house 120. The company is prepared to grow as it expands into the Barents Sea. The Goliat project as a whole will need approximately 120 employees for the entire operational organization and subcontractors on land, as well as 120 employees offshore, divided into three shifts.

Construction activity and ripple effects

The construction contract for ENI's offices is valued at approx. 165 million kroner. Bjørn Bygg AS in Alta was selected as the turnkey contractor for the project. In addition to ENI's offices, the same contractor has signed a construction contract for Apply Sørco's offices, apartments and a hotel on the property next door to ENI's offices. Nearly 1 billion kroner is being invested in these constructions within a radius of a few hundred meters of downtown Hammerfest. This type of private investment also has an effect on municipal income, which means the Municipality of Hammerfest will be able to invest 1.5 billion kroner in schools, kindergartens and cultural centers.

Population growth

The oil and gas industry has created many new jobs in Hammerfest. Since 2002 when Statoil established its Snøhvit project the population in the area has grown with 14 percent. Since 2008 (when ENI started the Goliat project) the population has grown by 9.35 percent. ENI's supplier contracts state that ENI is interested in local participation. Competence must come from the local community or be moved to the Hammerfest region. This strategy has functioned well, and we see how personnel are moving to town as the supplier contracts are signed. This has had positive effects on local home construction and the demand for housing and more local trade.

Local operators

ENI also requires collaboration with regional operators, which led to Apply Sørco entering into a collaboration with Hammerfest Industriservice and Boreal Offshore from Skjervøy in Nord-Troms, while ESS and Compass Group signed a contract with Hammerfest Upper Secondary School to expand existing educational facilities and open a study programme dedicated to cooking and tablewaiting. In this way a lot of social values are created and remain in the region as the oil companies enter operational phases.

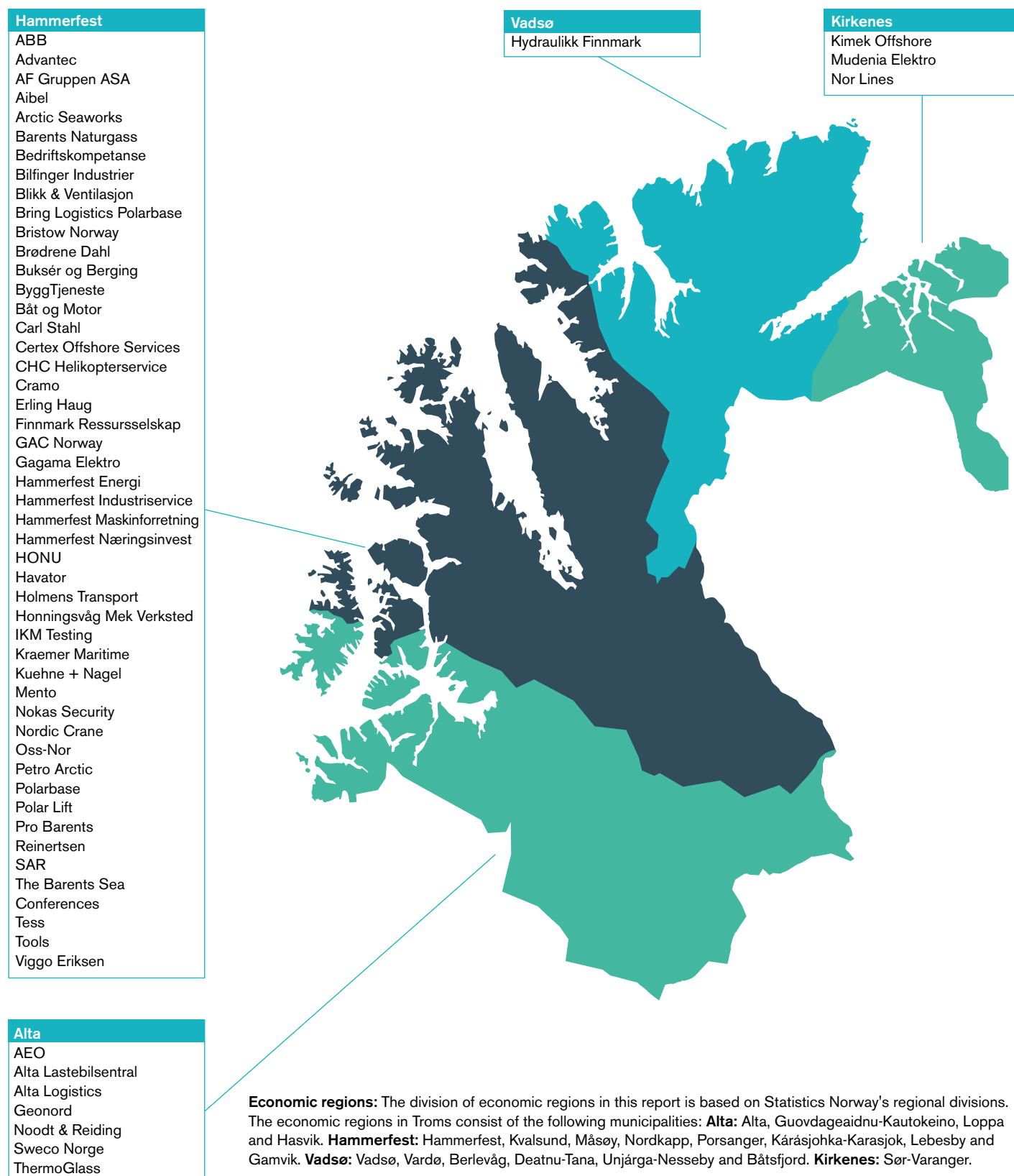
Local design and decoration

ENI purchased art worth 6.5 million kroner from artists based in Troms and Finnmark. The artworks were created especially for the Goliat project. The works are exhibited in the operational offices in Hammerfest and on the Goliat platform itself. Among other artworks we can see a sculpture park entitled «Garden of Stones», created by Knut Fjørtoft, in the reception area of the operations office.



Finnmark

This map shows the companies from the different regions in Finnmark that delivered goods and services worth 0.5 million kroner or more to the petroleum sector in 2013.



Classification

This table shows the value chain of the division of companies with deliveries valued at 0.5 million kroner or more for the petroleum sector. The companies are distributed in 7 different categories that reflect their place in the value chain of petroleum companies.

SUBSEA TECHNOLOGY	
Advantec	Holmens Transport Kraemer Maritime Kuehne + Nagel Nor Lines Nordic Crane Polar Lift Polarbase Viggo Eriksen
ENGINEERING	
ABB Aibel Reinertsen Kimek Offshore	
CONSTRUCTION, FABRICATION, MAINTENANCE AND MODIFICATIONS	
Advantec AF Gruppen ASA Aibel Arctic Seaworks Bilfinger Industrial Services Blikk & Ventilasjon Certex Offshore Services Gagama Elektro Hammerfest Energi Hammerfest Industriservice Honningsvåg Mek Verksted Hydraulikk Finnmark IKM Testing Oss-Nor Reinertsen	Environment, waste Finnmark Ressursselskap SAR Staffing Kimek Offshore Mudenia Elektro Consultancy Bedriftskompetanse ByggTjeneste Hammerfest Næringsinvest HONU Noodt & Reiding Petro Arctic Pro Barents The Barents Sea Conferences Sweco Norge
SAFETY AND EMERGENCY PREP.	
Buksér og Berging Nokas Security	
SUPPORT AND SERVICES	
Testing and Inspection Arctic Seaworks Geonord IKM Testing	Equipment AEO Brødrene Dahl Båt og Motor Carl Stahl Cramo Erling Haug Hammerfest Maskinforretning Mento Tess ThermoGlass Tools
Base, Logistics and Transport Alta Lastebilsentral Alta Logistics Barents Naturgass Bring Logistics Polarbase Bristow Norway Buksér og Berging Certex Offshore Services CHC Helikopterservice GAC Norway Havator	

Suppliers in Finnmark fall into 5 of the 7 categories. The biggest deliveries measured in turnover are for the category Construction, Fabrication, Maintenance and Modifications, where the long-term contracts at Melkøya are essential elements. There are also significant deliveries in the category of Support and Services.

Finnmark: Growth in 2013, stability in 2014

The supplier industry in Finnmark had deliveries worth 1.57 billion kroner in 2013 at its 63 companies. Deliveries from Finnmark increased by 15.8 percent compared with 2012. 926 full-time positions carried out the deliveries, of which 471 jobs were done by workers living outside the region. Growth is expected to reach about 33 million kroner, or 2.1 percent, in deliveries for 2014.

70 companies in Finnmark were interviewed. Overall turnover for the 63 companies that said they made deliveries to the petroleum sector amounted to 2.87 billion kroner. Of this amount, more than half of all turnover (54.8 percent) was related to deliveries to customers in the petroleum sector. Finnmark County had the second best turnover for deliveries.

Hammerfest is the biggest

Hammerfest is still Northern Norway's undeniably biggest region in terms of turnover related to petroleum industry deliveries. Since 2012 the region has seen an increase in deliveries of 16.2 percent. This growth is due in particular to an increase in turnover for the biggest suppliers. Goods and services worth 1.41 billion kroner were delivered in 2013 by the region's supplier companies. Anticipated deliveries for 2013 amounted to 1.61 billion kroner. Despite not reaching the expected figure for that year, the trend of decreasing deliveries in the region turned in 2013 and we have returned to 2010 levels.

The number of supplier companies in Hammerfest fell from 53 in 2012 to 50 in 2013. An increase in turnover for 2014 is expected (2.8 percent). Activity levels are starting to stabilize, but the prognoses for future growth are good especially when one considers that Goliat will soon start operations.

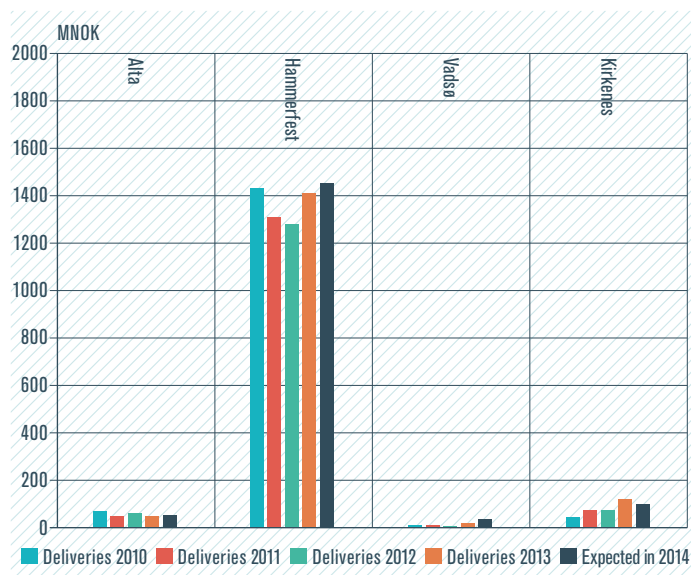
90 percent of the Hammerfest deliveries went to local customers, and mostly to the area of Hammerfest itself. The biggest suppliers are still Aibel and Bilfinger Industrier, which have contracts on maintenance and modification, respectively, and ISO services at the Statoil plant at Melkøya. There are also important deliveries related to the supply base (Polarbase) and helicopter transport (Bristow and CHC Helikopterservice). Associated deliveries in the Hammerfest area employ 765 full-time positions a year. 421.5 jobs in 2013 were held by persons living permanently in the north, while 343.5 jobs were held by people living outside Northern Norway. That makes Hammerfest the region with the greatest number of workers living outside the region (55 percent).

Upswing in Kirkenes, decreases in Alta

Kirkenes continues in a positive direction compared with previous years, delivering for 134.3 million kroner in 2013, an increase of 25.6 percent. Deliveries from Kirkenes are mainly hiring out personnel (Mudenia Elektro and Kimek Offshore); the region only had service deliveries in 2013. Unlike Hammerfest, almost all of Kirkenes' turnover is related to national deliveries outside the region. This is seen in the figures: only 20 of the 143 jobs at suppliers in Kirkenes actually live in Northern Norway. A decrease is expected in turnover for 2014 (10 percent).

Alta experienced a decrease in deliveries, worth 40.3 million kroner in 2012 to 30 million kroner in 2013. These deliveries were mainly related to logistics and equipment. Alta expects a growth of 12 percent this year.

The Vadsø region is also experiencing growth, but the value of these deliveries is quite low.



Johan Castberg

The Johan Castberg Project in the Barents Sea (operated by Statoil) has this far proven reserves in the magnitude of 400 – 600 million barrels of oil. This in itself was not enough oil to convince the partners to invest in infrastructure like pipes and a mainland terminal. The partners spent last year doing extensive explorations to find additional resources that would make the project viable, but they discovered less than they expected. The partners decided to use the time leading to the summer of 2015 to prepare a final design concept for the project and concentrate on three main areas to make the best possible decision:

- Examine construction/development options. – Should they use a FPSO ship or a semisubmersible platform?
- Consider a mainland terminal. – The Johan Castberg license is holding discussions with other oil companies to investigate the opportunities for an area-based solution for an independent oil terminal at Veidnes.
- Update resource calculations and reduce expenses. – Statoil and its partners will assess the potential of the Johan Castberg project in these areas, implement the Drivis discoveries and update resource calculations and documentation to plan the future development of the Castberg field. Work to reduce expenses in the projects will also continue.

Illustration: ENI Norge AS



Goliat

The Goliat field is located about 50 kilometers southeast of Snøhvit and 85 kilometers northwest of Hammerfest. The field was discovered in 2000 and is owned by ENI Norge (65 % and operator) and Statoil (35 %). After exploratory drilling in 2006 it was estimated that about 190 million barrels of oil and 7.3 billion standard cubic meters of gas existed in the reservoir. At first, only the oil will be extracted until a capacity solution is concept is ready to export gas via Snøhvit's infrastructure on the mainland. When the field finally begins operation, the company anticipates approximately 100 000 barrels of oil a day at a cost of about 1.5 billion kroner a year. The field will require a floating production ship (FPSO). The project has experienced delays and cost overruns. The initial price tag was 30 billion kroner, while today the total cost is expected to be about 45 billion kroner. Production was to start-up in 2013, but after a year of delays they decided in May of 2014 to postpone production start-up until the summer of 2015. Goliat's time schedule for the near future involves operational preparations at the shipyard and subsequent transport from the yard in January to March 2015. Transport from the shipyard in South Korea will take 60 days and start up on site will take another 30 days. That puts the anticipated start of operations on 1 July 2015.

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