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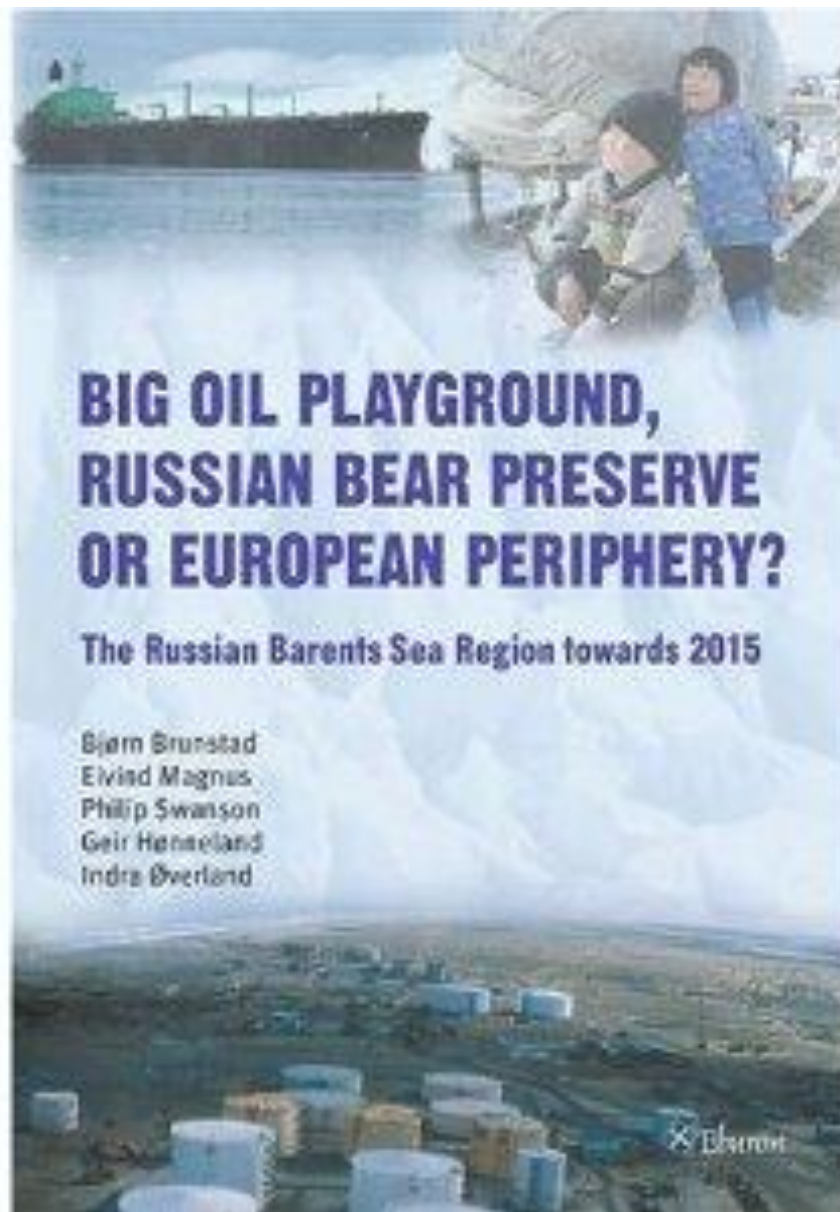
HIGH NORTH CENTER FOR BUSINESS AND GOVERNANCE

Three scenarios for the development of Barents Sea oil and gas: Norwegian–Russian cooperation

Anatoli Bourmistrov

HND 2015, March 18th 2015

THE OLD BOOK



NEW BOOK

International Arctic Petroleum Cooperation: Barents Sea Scenarios

Edited by Anatoli Bourmistrov, Frode Mellernvik, Alexei Bambulyak, Ove Gudmestad, Indra Øverland, Anatoly Zolotukhin

The Arctic region contains large amounts of natural resources considered necessary to sustain global economic growth, so it is unsurprising that it is increasingly susceptible to political, economic, environmental, and even military conflicts. This book looks in detail at the preconditions and outlook for international cooperation on the development of Arctic petroleum resources, focusing on Norwegian–Russian cooperation in the Barents Sea towards 2025.

The authors provide a cross-disciplinary approach including geopolitical, institutional, technological, corporate and environmental perspectives to analyse the underlying factors that shape the future development of the region. Three future scenarios are developed, exploring various levels of cooperation and development influenced by and resulting from potential political, commercial and environmental circumstances:

Scenario 1: "After You, Sir"

Scenario 2: "Parallel Play – Not only for Children"

Scenario 3: "Let's Dance – but where is the music?"

Through these scenarios, the book improves understanding of the challenges and opportunities for Arctic petroleum resource development and promotes further consideration of the possible outcomes of future cooperation.

The book should be of interest to students, scholars and policy-makers working in the areas of Arctic studies, oil and gas studies, energy security, global environmental governance, environmental politics and environmental technology.



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The idea

TECHNOLOGY AND THE NATURAL ENVIRONMENT

Geology
HC Production Potential
Subsea Development Schemes
Arctic Operations
Crisis Management
The Arctic Environment
Winterization

POLITICS AND ECONOMICS

Geopolitics
Resource management regimes
Experience of cooperation
Political Relations

12 Forces/
Drivers

Scenario 1

Scenario 2

Scenario 3

Impact
Assessment

IA 1

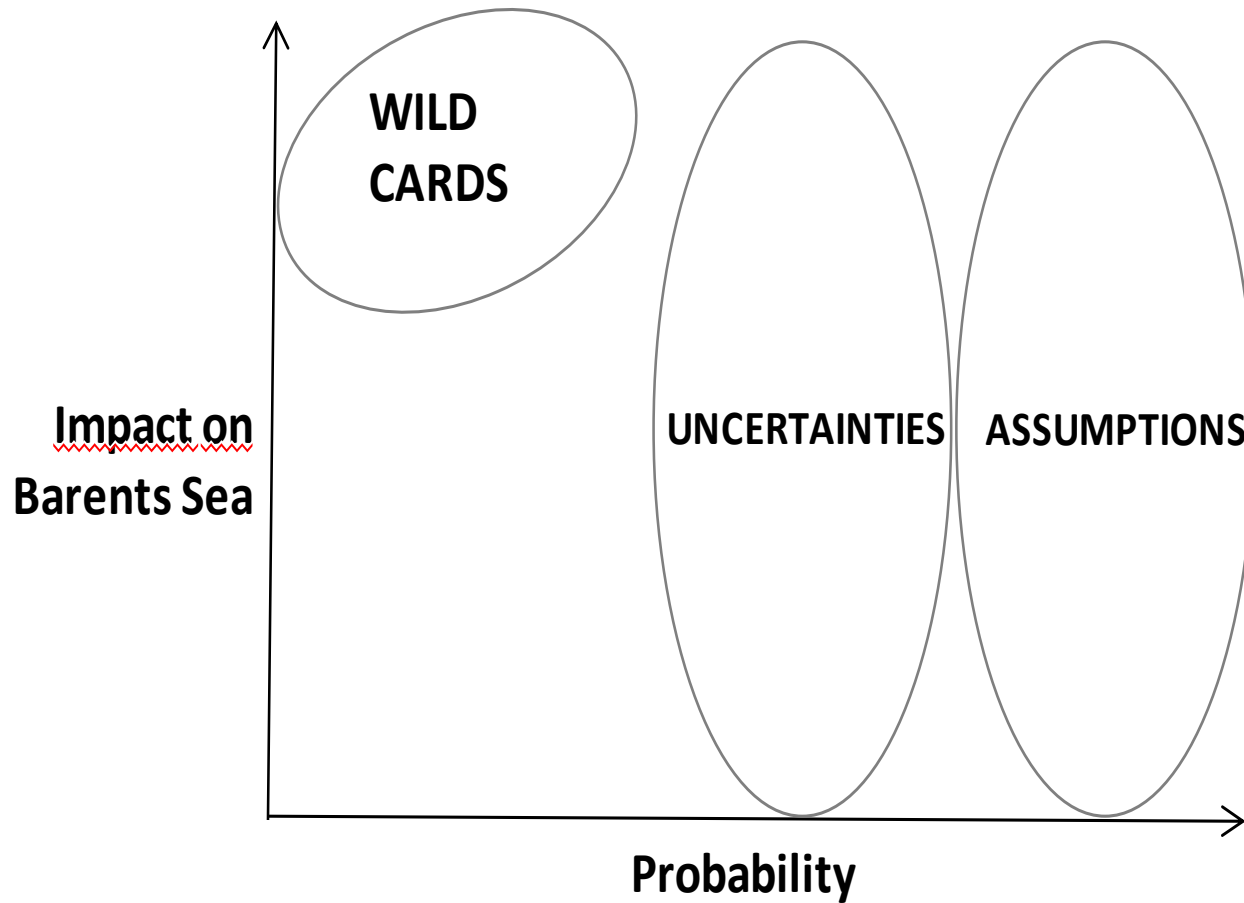
IA 2

IA 3

Readers'
own
assessment

The Book

SCENARIO METHODOLOGY



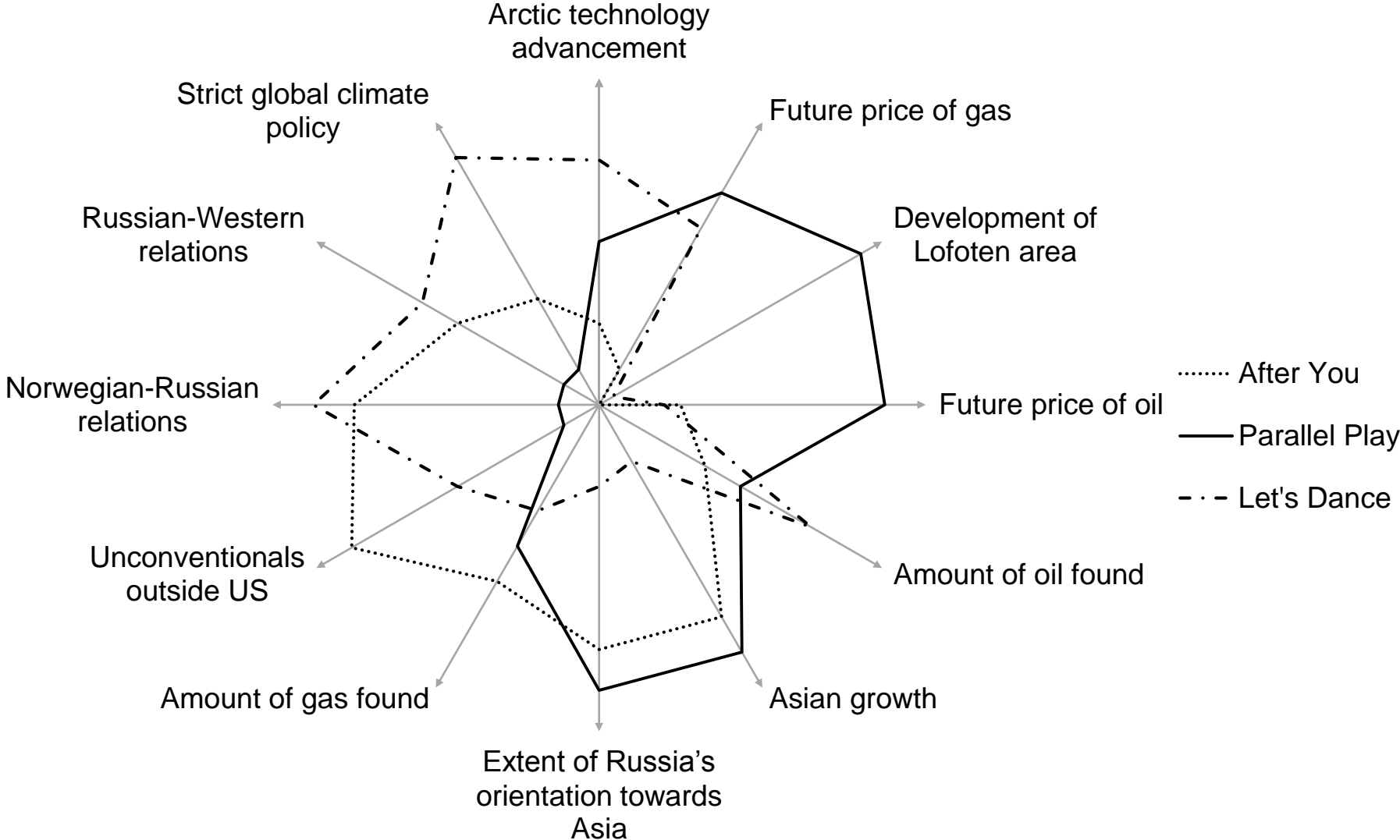
ASSUMPTIONS

Assumptions	Scenario 1 “After You”	Scenario 2 “Parallel Play”	Scenario 3 “Let’s Dance”
World markets vs. international political bodies	World markets and the geopolitical context will be more important than circumpolar or other international political bodies		
Demand for energy	Global energy demand is going to continue growing, driven by a combination of population growth and economic growth		
Asian market growth	Asian markets will continue to grow. Russia will continue diversifying its exports by expanding exports to the Asia–Pacific region		
Global climate policy	Climate change will remain on the political agenda		
Barents petroleum exploration	Large fields are not very likely to be found outside the potentially interesting structures that have already been identified for exploration, especially on the Norwegian side		
Arctic petroleum production	There will be significant interest in oil and gas production from the Arctic, but development will be dependent on the costs of operations, maintenance, and logistics. The cost of petroleum exploration and production will remain high in the Arctic, even if significant technological progress is made.		
Arctic marine bio-resources	The Barents Sea will remain a globally important marine habitat important for Arctic marine species and commercial fisheries		
Arctic weather conditions	Arctic weather conditions will continue to challenge personnel and hardware		
The Northern Sea Route	The Northern Sea Route will remain secondary as a transport route for oil and gas from the Barents Sea to Asia		
Business-to-business cooperation	Oil companies will continue to want access to each other’s parts of the Barents Sea, but there will be limited room for small players, especially on the Russian side		

UNCERTAINTIES

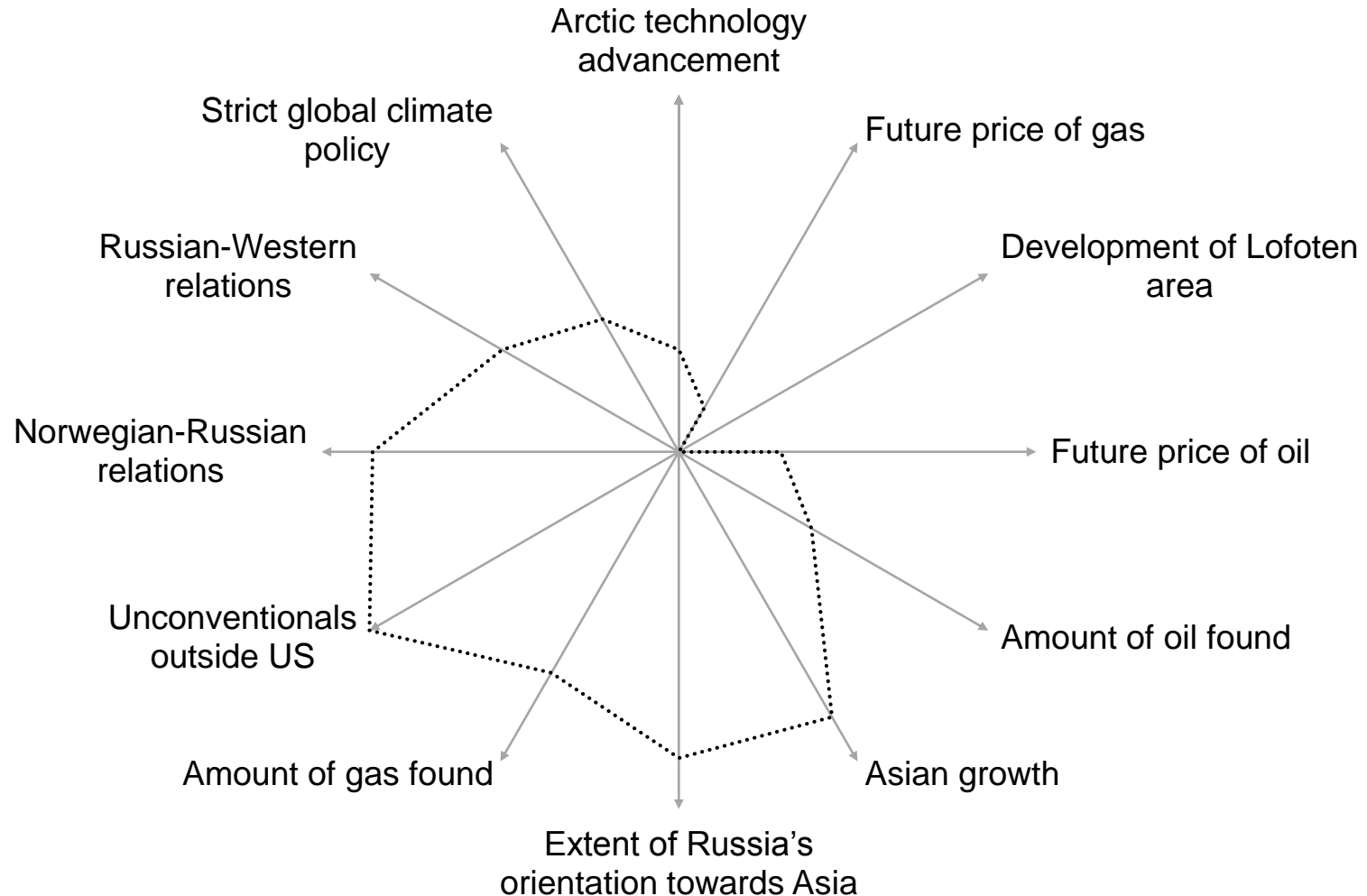
Uncertainty factors	Scenario 1 “After You”	Scenario 2 “Parallel Play”	Scenario 3 “Let’s Dance”
Future price of gas	Low	High	High
Future price of oil	Low	High	Low
Asian growth	High	High	Low
Unconventionals outside US	High	Low	Medium
Strict global climate policy	Medium	Lax	Strict
Amount of oil found	Medium	Medium	High
Amount of gas found	High	Medium	Medium
Development of Lofoten area	No	Yes	No
Arctic technology advancement	Low	Medium	High
Norwegian–Russian relations	Good	Bad	Good
Russian–Western relations	Medium	Bad	Good
Extent of Russia’s orientation towards Asia	Yes	Yes	No

SCENARIO FINGER PRINT

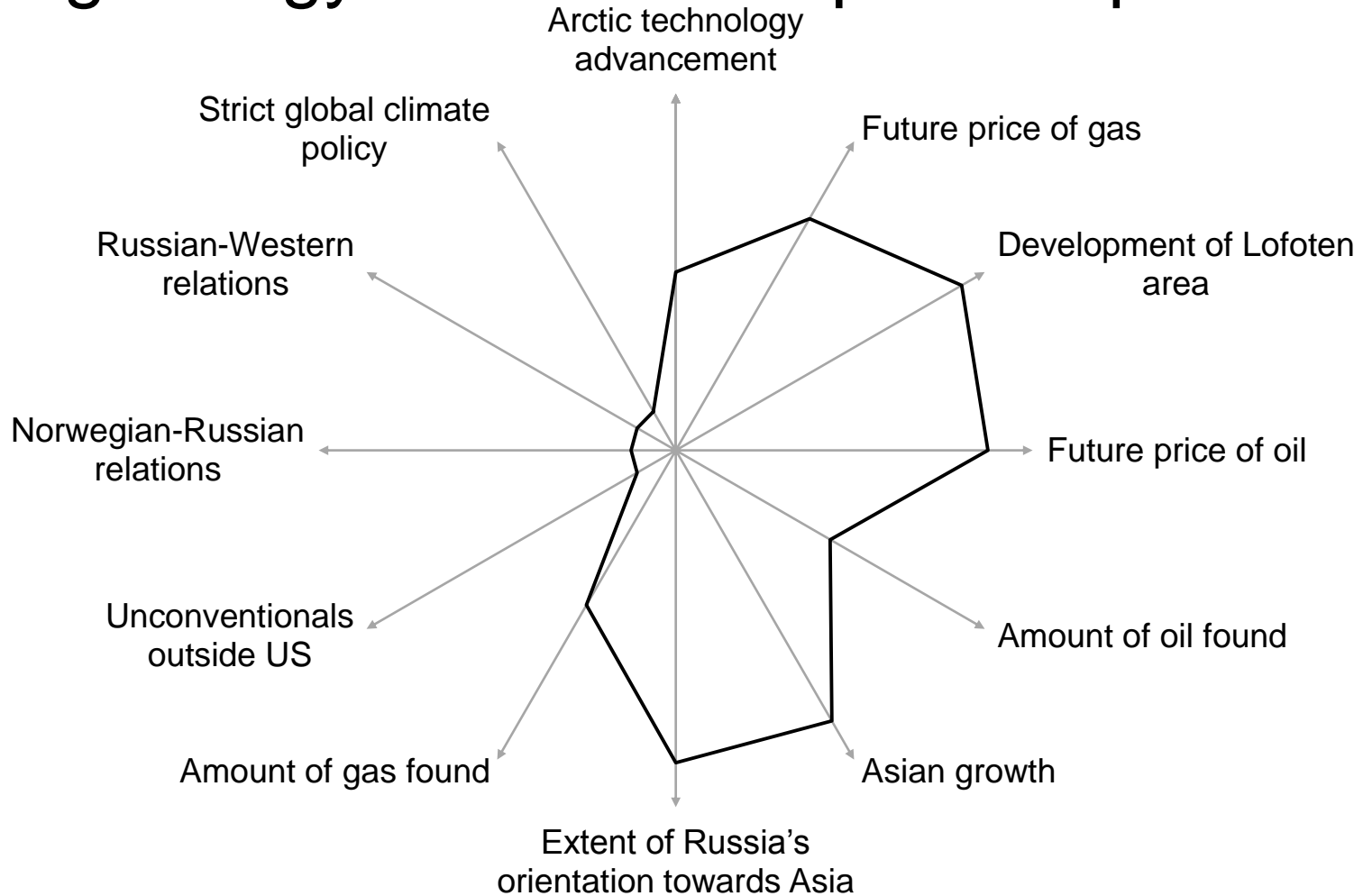


Scenario 1: “After You, Sir”

Good relations, but surging unconventionals reduce oil and gas prices

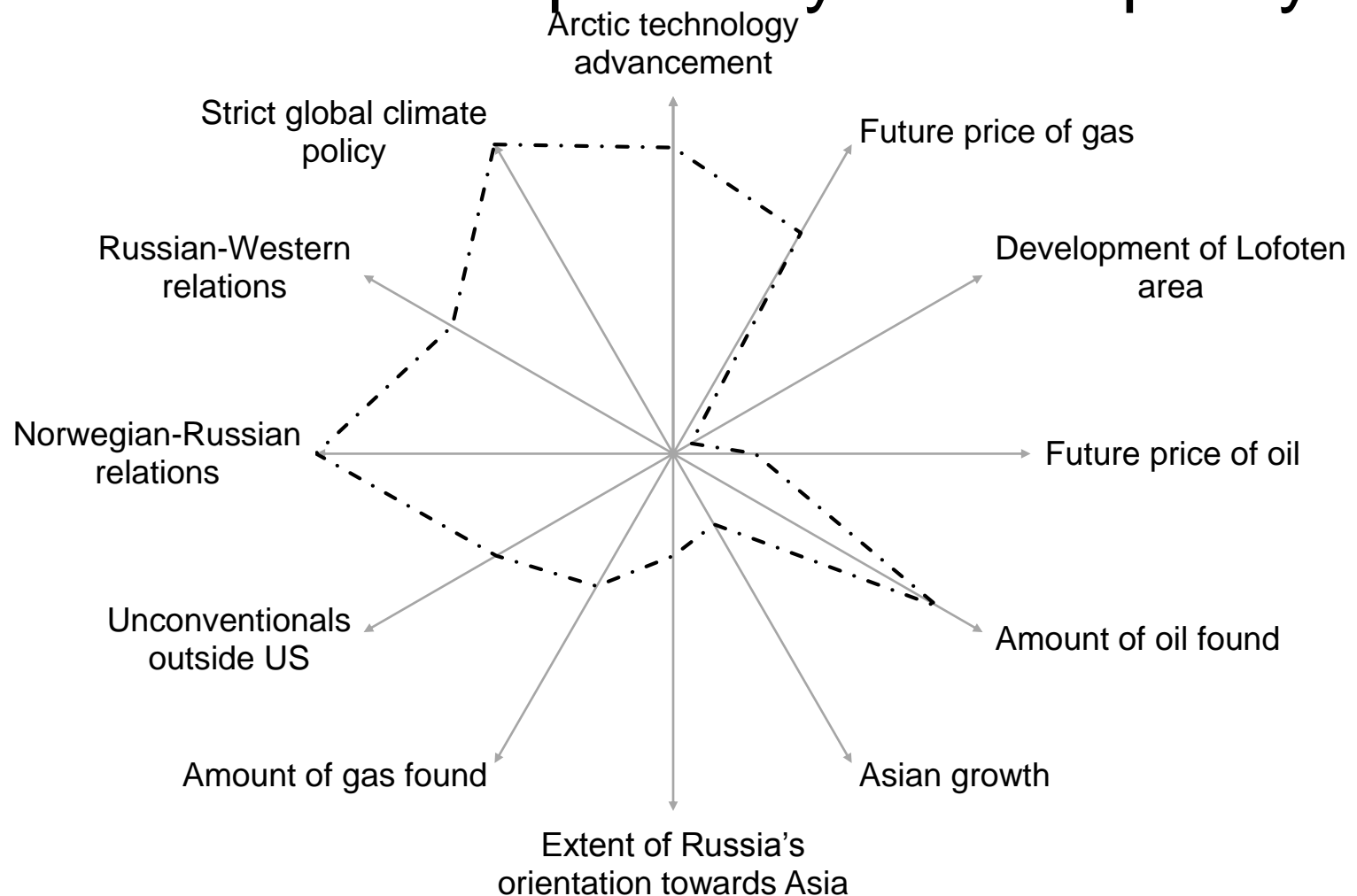


Scenario 2: “Parallel Play – Not only for Children”- Intensified but noncooperative development of the Barents Sea under conditions of rising energy demand and political polarization

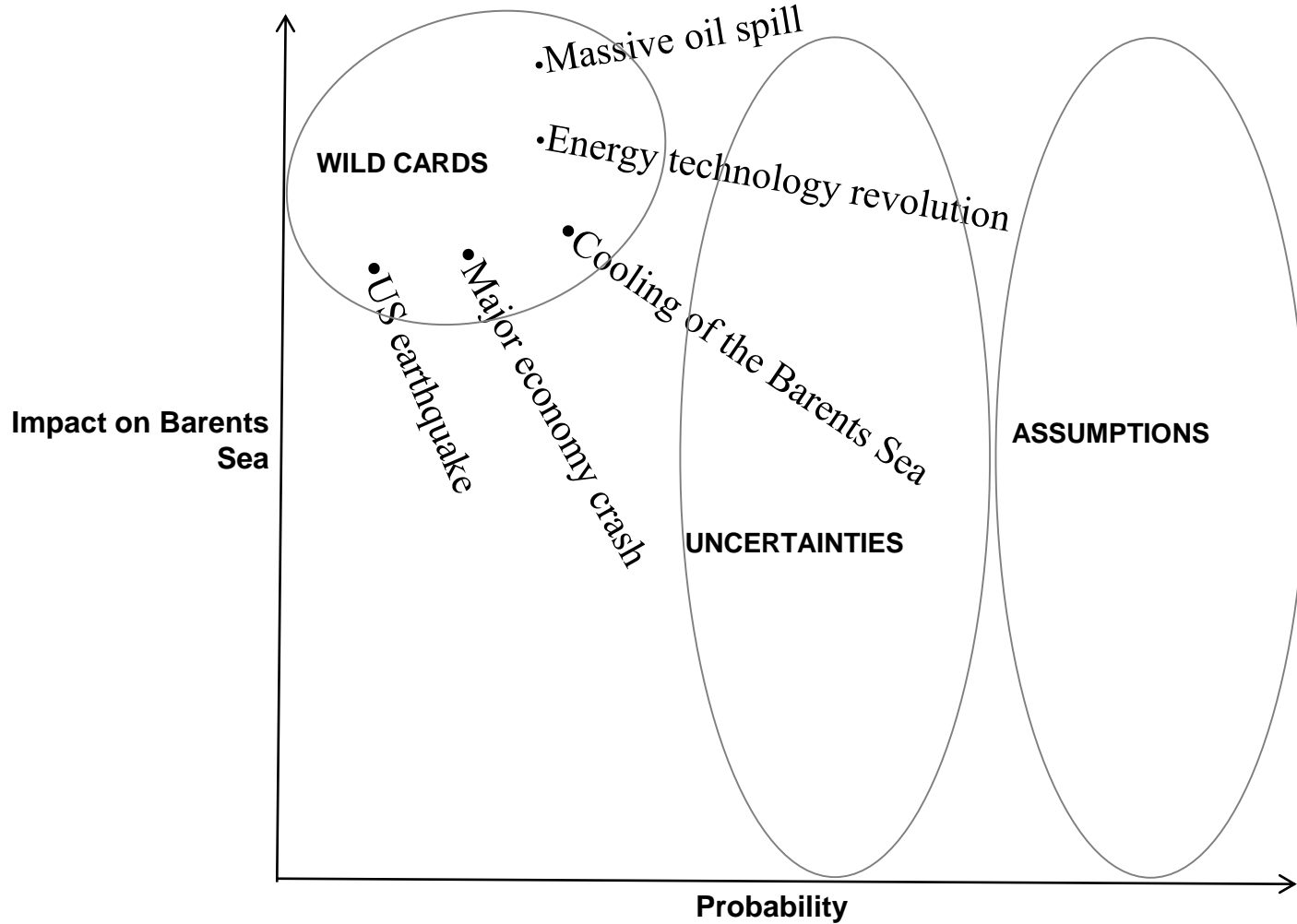


Scenario 3: “Let’s Dance – but where is the music?”

Good cooperation in the Barents Sea, but demand is hampered by climate policy



WILD CARDS



Foreword to the book

“Norway and Russia are neighbors. In 1000 years, the two countries have never been at war with each other. It is the responsibility of both Norway and Russia to manage relations and activities in the same constructive manner as we have seen in recent decades. The future lies open, and we need to reflect on scenarios for how things may develop ... the Barents Sea remains important to the development of both countries.

The publication now of a new scenario project looking at the next decade into the future is therefore timely and welcome ... I am pleased to see that excellent researchers have again put their brains together to ponder what the next 10 years may look like. In these times of complex political relations between East and West, I truly welcome researchers from both countries continuing to reach out and work together ... “

Jonas Gahr Støre , the leader of the Labour Party

