

Simplified notification of concentration

cf. the Norwegian Competition Act section 18 and the Regulation on the
Notification of Concentrations section 3

between

Aker BP ASA

and

Hess Norge AS

Oslo, 9 November 2017

Confidential

Contains business secrets

1. The notifying party

The acquirer

Name: Aker BP ASA
Reg.no.: 989 795 848
Address: Oksenøyveien 10, 1366 Lysaker

The acquirer's representative

Name: Advokatfirmaet BA-HR DA
Contact person: Christoffer Mollestad
Lawyer in charge: Stig Klausen Engelhart
Address: Postboks 1524 Vika, NO-0117 Oslo
Telephone: 21 00 00 50 / 97 67 28 98
E-mail: chrmo@bahr.no

2. Other involved party

Name: Hess Norge AS
Reg.no.: 930 459 321
Address: Jåttåvågveien 7, 4020 Stavanger

The target business' representative

Name: Arntzen de Besche Advokatfirma AS
Contact person: Anders Rødland
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3. The Transaction

On 24 October 2017, Aker BP ASA ("Aker BP", alternatively "the Notifying Party") and Hess Norway Investments Limited (as seller) and Hess Corporation (as seller guarantor) entered into a share purchase agreement concerning the acquisition of 100% of the shares in Hess Norge AS ("Hess Norge") ("the Transaction").

As a consequence of the Transaction, Aker BP will establish sole control in Hess Norge. Accordingly, the proposed Transaction constitutes a concentration according to Section 17 of the Norwegian Competition Act. Completion is conditional on the approval of the Norwegian Competition Authority.

4. Applicability of the simplified notification

The Parties submit that the Transaction fulfils the conditions for a simplified notification under Section 3 of the Regulation on the Notification of Concentrations.

As regards the absence of significant horizontal overlaps, both Aker BP and Hess Norge are active in the market for wholesale and production of crude oil and gas on the NCS. However, their combined market shares are low, and clearly below 20% on both relevant markets. Furthermore, there are no vertical relations between the Parties.

Consequently and as further described in Section 7 below, there are no markets affected by the Transaction and the Transaction therefore qualifies for a simplified notification in accordance with the Regulation on the Notification of Concentrations, Section 3, first paragraph, item 3, letter b.

5. The involved Parties' structure and area of business

5.1 Aker BP

Aker BP was formed in 2016 following the merger of Det norske oljeselskap ASA and BP Norge AS. Aker BP is owned by Aker Capital AS (38%) and BP Global Investment Limited (30%), as well as several minor shareholders. No shareholders have sole or joint control of Aker BP.

Aker BP is a fully-fledged exploration and production ("E&P") company with exploration, development and production activities on the NCS. The company is headquartered at Fornebu outside Oslo and has offices in Stavanger, Trondheim, Harstad and Sandnessjøen.

Aker BP is active in all three main petroleum provinces on the NCS; exploration, development projects and production. At the end of 2016, the company had 1,371 employees. As operator for 53 licences and partner in an additional 48 licences, the company is a major licence holder on the NCS.

Aker BP had an annual turnover for 2016 of approximately NOK 15 billion¹, of which MNOK [REDACTED] stem from Norwegian customers.

As of 31 December 2016, Aker BP's licenses related to production activities on 13 fields:

- Alvheim (65% ownership and field operator)
- Atla (10% ownership and partner)
- Bøyla (65% ownership and field operator)
- Enoch (2% ownership and partner)
- Hod (37.5% ownership and field operator)

¹ Includes 2016 revenue for Det norske oljeselskap ASA and BP Norge AS, cf. Aker BP's annual accounts for 2016 (including note 3). Turnover numbers have been converted from USD to NOK according to Norges Bank's average exchange rate for 2016 at 8.3987.

- Ivar Aasen (34.786% ownership and field operator)
- Skarv (23.834% ownership and field operator)
- Tambar (55% ownership field operator)
- Tambar East (46.2% ownership and field operator)
- Ula (80% ownership and field operator)
- Valhall (35.953% ownership and field operator)
- Vilje (46.9% ownership and field operator)
- Volund (65% ownership and field operator)

5.2 Hess Norge AS

Hess Norge is a Norwegian private limited liability company active in the exploration and production of crude oil and natural gas. It is a wholly-owned subsidiary of the international E&P company Hess Corporation.

Hess Norge holds participating interests in certain production licenses on the Norwegian Continental Shelf comprising a 64.166666% participating interest in PL 006B, a 62.5% participating interest in PL 033B, a 62.5% participating interest in PL 033, and a 15% participating interest in PL 220, as well as an associated 64.04688% interest in the Valhall Unit. With the exception of the interest in PL 220, Hess Norge's participating interests concern the two oil fields Valhall and Hod.²

The Transaction is related to Hess Corporation discontinuing its activities on the NCS.

Hess Norge is headquartered in Stavanger, Norway and has 19 employees. The company's annual turnover for 2016 was approximately NOK 3.5 billion, of which approximately MNOK [REDACTED] stem from Norwegian customers.

5.3 Concerning the oil fields Valhall and Hod

As noted, Hess Norge holds production licenses on the two oil fields Valhall and Hod.

Valhall is a chalk field located in the southernmost area of the NCS. The field is situated approximately 290 km offshore in some 69 metres of water. The reservoir depth is approximately 2 400 metres. The field was discovered in 1975, and the decision to develop the field was taken in 1977. Oil was produced from 1982 onwards.

² PL 220 is situated in the Norwegian Sea, outside the coast of Nordland. The license is still in the initial phase and is not in production.

In 2003, two new unmanned platforms were installed on the northern and southern flanks of the field, in order to get better access to reservoir targets in those areas. Valhall is expected to continue operating until at least 2050.

Hod is in communication with Valhall through the saddle area at Valhall's southern flank. The first oil from Hod was produced in September 1990. All wells on the Hod platform are currently shut-in and awaiting for plug and abandonment. The Hod reservoir is now produced from wells drilled from the Valhall Flank South platform.

Both Valhall and Hod are currently jointly held by Hess Norge and Aker BP. Aker BP operates the two fields.

6. Turnover

	Turnover in Norway 2016 (NOK)
Aker BP	
Hess Norge	

7. No markets affected by the concentration

No horizontal overlaps above 20%

The Transaction gives rise to horizontal overlaps as both Aker BP and Hess Norge are active on the markets for the upstream wholesale of, respectively, crude oil and natural gas (including development, production and wholesale), having participating interests in Production Licences on the Norwegian Continental Shelf. Hess Norge does not operate any production activities.

The relevant geographic market has previously been held to be worldwide for the upstream wholesale of crude oil, whereas the market for the upstream wholesale of natural gas has been considered as EEA-wide, or, depending on the circumstances, regional.³

According to the best estimate of the Notifying Party, the Parties' joint market shares for the upstream wholesale of, respectively, crude oil and natural gas on the NCS, are low. On the basis of reported production data from the Norwegian Petroleum Directorate for 2016,⁴ Aker BP⁵ accounted for 5.33% of the oil production and 1.34% of the natural gas production on the NCS, whereas Hess Norge accounted for 1.41% of the oil and 0.3% of the natural gas. On that basis, the Parties' joint market shares for the upstream wholesale of, respectively, oil and natural gas on a global basis should be considered as negligible.

³ Cf. Case No. COMP/M.7318 - *Rosneft / Morgan Stanley Global Oil merchanting Unit*, para 11, Case No. COMP/M.7316 - *Det Norske Oljeselskap/ Marathon Oil Norge*, para 6-7.

⁴ Cf. <http://www.norsketroleum.no/fakta/produksjon/#per-selskap-i-2016>

⁵ Annual production from both Det norske oljeselskap ASA and BP Norge AS prior to the merger, and for Aker BP post-merger.

Accordingly, even on the narrowest possible market as defined to the NCS, the Transaction does not give rise to any horizontally affected markets nor otherwise gives rise to any competition concerns.

8. Most important customers, competitors and suppliers

As set out in Section 7.1, the Transaction does give rise to a horizontal overlap between Aker BP and Hess Norge. Hence, the Parties' respective five most significant customers, competitors and suppliers are provided in the below tables.

8.1 Main customers

Aker BP

Company	Contact information
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Hess Norge

Company	Contact information
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

8.2 Main competitors

Given the nature of the markets, which are dominated by global major oil and gas companies, the Notifying Party submit that it may be reasonable to consider that the Parties share the same competitors. However, for sake of good order, it is provided for Hess Norge a list of competitors based on medium sized producing E&P companies on the NCS.

Aker BP

Company	Contact information
A/S Norske Shell	Kjartan Grotle E-mail: k.grotle@shell.com
Eni Norge AS	Ove Andre Årdal E-mail: Ove.Andre.Aardal@eni.com Tel: +47 528 748 49
ExxonMobil Exploration and Production Norway AS	Milan Hancin E-mail: milan.hancin@exxonmobil.com Tel: +44 1372 418471
Statoil ASA	Ådne Nessa Torgersen E-mail: adnt@statoil.com Tel: +47 480 47 147
Total E&P NORGE AS	Rolf Arne Jonassen E-mail: rolf-arne.jonassen@ep.total.no Tel: +47 515 03 351

Hess Norge

Company	Contact information
OMV Norge AS	Knut Egil Mauseth E-mail: omvnorge@omv.com Tel: +47 52 97 70 00
Idemitsu Petroleum Norge AS	Hiroshi Arikawa E-mail: mail@idemitsu.no Tel: +47 23 25 05 00
Repsol Norge AS	Vidar Nedrebø E-mail: RNAS@repsol.com Tel: +47 52 00 20 00
PGNiG Norway AS	Marek Krzysztof Woszczyk E-mail: info@pgnig.no Tel: +47 51 95 07 50
LOTOS Exploration & Production Norge	Piotr Adam Statkiewicz E-mail: lotosnorge@lotosupstream.no Tel: +47 941 48 900

8.3 Main suppliers

The Notifying Party notes that it is Aker BP as operator of the relevant production licenses which is responsible for the daily operations of the relevant fields, including tenders for service and maintenance supplies. On the other hand, Hess Norge's suppliers relate primarily to the requirements of operating a business presence in Norway. As such, the characteristics of the Parties' respective suppliers in the context of the relevant markets differ significantly.

Aker BP

Company	Contact information
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Hess Norge

Company	Contact information
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

9. Annual reports

The latest approved annual report of Hess Norge is attached to the present notification as Annex 1.

The latest approved annual report of Aker BP is available at:

<https://www.akerbp.com/investor/rapporter/kvartals-og-arsrapporter/>

10. Other

The Transaction will also be notified to the Swiss competition authority, *the Competition Commission*.

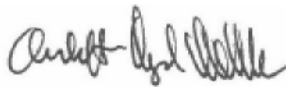
In addition to competition clearances in Switzerland and Norway, completion of the Transaction is contingent on approvals from: (i) the Ministry of Petroleum and Energy; and, (ii) the Ministry of Finance.

11. Confidentiality

The notification contains business secrets. Business secrets are marked with a yellow background.

Annex 2: Basis for redaction and exemption from public disclosure

Yours sincerely,
for Advokatfirmaet BA-HR DA



Christoffer Mollestad
Associate
Lawyer in charge: Stig Klausen Engelhart