

Simplified notification of concentration

Between
Aker BP ASA
And
Lundin Energy AB (publ)

Oslo, 24 January 2021

Confidential
Contains business secrets

Ref.: #2988412

Advokatfirmaet BAHR AS

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1. Contact details

1.1 The notifying party

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1.2 Other notifying party

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2. The transaction

- (1) On the 21st of December 2021, Aker BP ASA (**Aker BP**) and Lundin Energy AB (publ) (**Lundin Energy**) entered into a merger agreement for the merger between Aker BP ASA and an as of yet unformed future subsidiary (**the Merging Lundin entity**) of Lundin Energy AB (**collectively the Merger**).
- (2) Prior to the completion of the Merger, the Merging Lundin entity will be the sole owner of Lundin Energy Holding BV, whose primary holding will be Lundin Energy Norway AS. The Merging Lundin entity will as a result hold all of Lundin Energy's oil and gas related production licenses, unit interests and other assets related to the exploration, development, production and sale of oil and gas.
- (3) Lundin Energy's assets and projects related to renewable energy will be carved out prior to the merger, and will therefore not be held by the Merging Lundin entity at the time of the completion of the Merger.
- (4) The purpose of the transaction is 

- (5) The proposed Merger constitutes a concentration of undertakings cf. section 17 of the Norwegian competition law. As the thresholds for mandatory notification in the Norwegian competition law section 18 are exceeded, the parties are notifying the Merger to the National Competition Authority. The parties will not complete the Merger without prior approval from the Norwegian Competition Authority.

3. Applicability of the simplified merger procedure

- (6) The Parties submit that the transaction fulfils the criteria for a simplified notification in accordance with Section 3, first paragraph, item 3, letter b and c of the Regulation on the Notification of Concentration (“Regulation of Notifications”).
- (7) The proposed transaction gives rise to horizontal overlaps between Aker BP and Lundin Energy on the markets for (i) exploration of oil and gas, (ii) production and wholesale of crude oil, (iii) production and wholesale of natural gas and (iv) production and wholesale of natural gas liquids (“NGLs”). However, as follows from Section 5 below, the combined market share of the notifying parties is below 20% on any plausible market definition within these markets.
- (8) The proposed transaction also potentially gives rise to a vertical overlap between Aker BPs production and wholesale of crude oil and Lundin Energy’s potentially separate market activity related to the trading of crude oil. However, as follows from Section 5 and 6 below, the market shares of the notifying parties are well below 30% on each of these markets.
- (9) Consequently, there are no markets affected by the Transaction and the proposed transaction qualifies for the simplified notification procedure in accordance with Section 3 of the Regulation of Notifications.

4. Description of the involved parties

4.1 Aker BP

- (10) Aker BP was formed in 2016 following the merger of Det norske oljeselskap ASA and BP Norge AS. The company is listed on the Oslo Børs under the ticker AKRBP. Aker BP’s major shareholders are Aker Capital AS (37,14%) and BP Exploration Op Co Ltd (27,85%), in addition to several minor shareholders. No shareholders have sole or joint control of Aker BP.
- (11) Aker BP is a fully-fledged exploration and production (E&P) company with exploration, development and production activities on the Norwegian continental shelf (NCS). The company is headquartered at Lysaker, Norway, and has offices in Stavanger, Trondheim, Sandnessjøen and Harstad. At the end of 2020, Aker BP had 1 735 employees.
- (12) Aker BP had a global annual turnover in 2020 of USD 2 979 billion, of which USD [REDACTED] million stems from sales in Norway. In 2020, the majority of Aker BPs sales were to BP Oil International Ltd, located in the UK, accounting for USD 2 547 million.
- (13) Aker BP has four subsidiaries: Det norske oljeselskap AS (100%), Aker BP UK Limited (100%), Alvheim AS (65%) and Sandvika Fjellstue AS (100%).
- (14) As of 30 September 2021, Aker BP operates 79 licenses on the NCS, and is a partner in an additional 45 licenses. Aker BP is therefore a major licence holder on the NCS, and as of 30 September 2021 Aker BP’s licenses related to production activities on 16 fields:
- Alvheim (65% ownership and field operator)

- Bøyla (65% ownership and field operator)
- Hod (90% ownership and field operator)
- Ivar Aasen Unit (34,786% ownership and field operator)
- Valhall (90% ownership and field operator)
- Vilje (46,904% and field operator)
- Volund (65% and field operator)
- Tambar (55% and field operator)
- Skogul (65% and field operator)
- Tambar Øst (46,2% and field operator)
- Ula (80% and field operator)
- Skarv (23,835% and field operator)
- Atla (10%)
- Enoch (2%)
- Johan Sverdrup (11,573 %)
- Oda (15 %)

(15) A complete list of all licenses held by Aker BP as of 01.12.2020 is included in **Annex 1**.¹

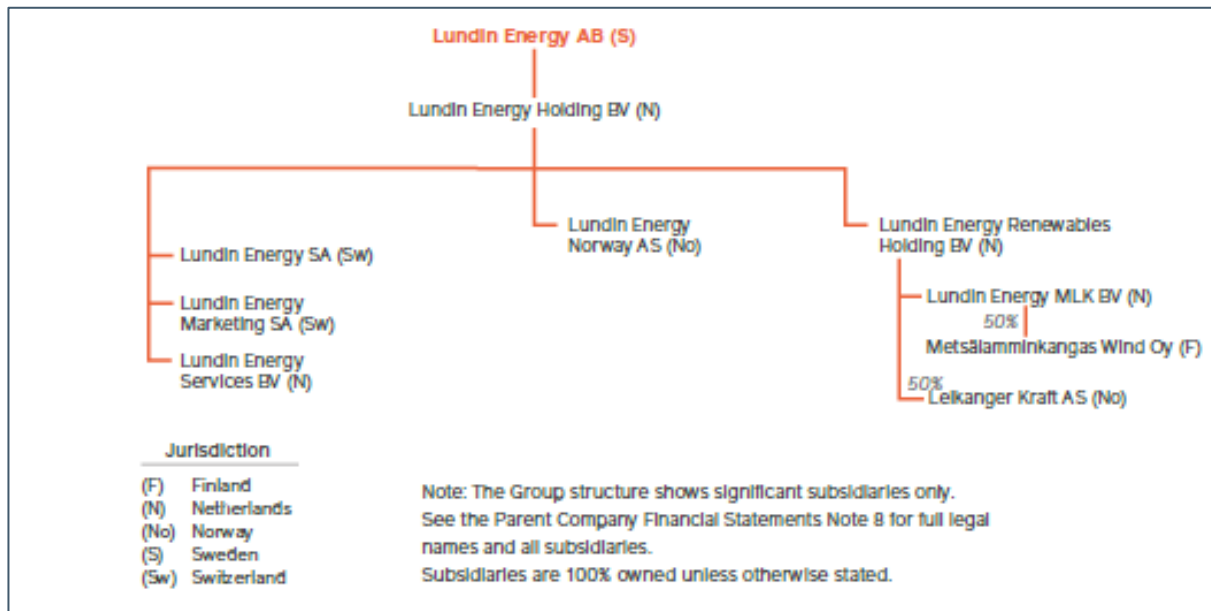
Annex 1 List of Aker BP licenses

4.2 Lundin Energy

- (16) Lundin Energy is a public fully-fledged E&P company with exploration, development and production activities on the NCS. In addition, Lundin Energy purchases and re-sells crude oil produced by third parties.
- (17) Lundin Energy also has some activities within renewable energy segments, including the Leikanger Hydropower project in Norway, the Metsälamminkangas wind farm in Finland and the Karskruv onshore wind farm in Sweden. Lundin Energy's renewable energy projects and activities will not be contributed to the merged entity.
- (18) Lundin Energy is listed on the Nasdaq Stockholm exchange with the ticker LUNE. Its largest shareholder is Nemesia (33,39%). Lundin Energy is headquartered in Stockholm, Sweden and has Norwegian offices in Lysaker. At the end of 2020, Lundin Energy had a total of 448 employees, the majority of which were based in Norway.

¹ A list of Aker BP Licenses at year end 2021 is also available at: <https://www.norskpetroleum.no/fakta/selskap-utvinningstil-latelse/aker-bp-asa/>

- (19) Lundin Energy had a global turnover in 2020 of USD 2 533 billion, of which MUSD [REDACTED] stems from sales in Norway. A corporate chart of Lundin as at 31 December 2020 is included below:²



4.3 The Merging Lundin entity

- (20) As detailed in section 2, the Merger will be conducted between Aker BP ASA and an as of yet unformed future subsidiary of Lundin Energy AB. The Merging Lundin entity will hold all of Lundin Energy's activities, licenses and assets related to Lundin Energy's E&P activities on the NCS.

- (21) As of 31.12.2020, Lundin Energy produced hydrocarbons from 6 fields:³

- Volund (35% ownership)
- Alvheim (15% ownership)
- Bøyla (15% ownership)
- Johan Sverdrup (20% Ownership)
- Edvard Grieg (65% ownership and field operator)
- Ivar Aasen (1.385% ownership)

- (22) A complete list of all licenses held by Lundin Energy is included in **Annex 2**.⁴

³ In 2021, production additionally commenced on (i) Rolvsnes, in which Lundin Energy has 80 % ownership, and (ii) Solveig, in which Lundin Energy has 65 % ownership and is the field operator.

⁴ A list of Lundin Energy licenses at year end 2021 is also available at: <https://www.norskpetroleum.no/fakta/selskap-utvinningstillatelse/lundin-energy-norway-as/>

Annex 2 List of Lundin Energy licenses

5. Horizontal overlaps - No markets affected

- (23) The Merger gives rise to horizontal overlaps within (i) the global market for exploration of oil and gas, (ii) the global market for production and wholesale of crude oil, (iii) the EEA-wide market for production and wholesale of gas and (iv) the EEA-wide market for production and wholesale of NGL.
- (24) As described further below, the Merger does not give rise to any horizontally affected markets, as the parties have a combined market share below 20% on each horizontally overlapping market.

5.1 The global market for exploration of oil and gas

- (25) Both parties are active within the market for exploration of oil and gas. Exploration of crude oil and natural gas comprises the search by petroleum geologists and geophysicists for deposits of hydrocarbon, particularly petroleum and natural gas, using petroleum geology.
- (26) The EU Commission has previously considered in its decisional practice that no distinction can be made, in terms of the relevant product market, between the exploration for crude oil on the one hand and exploration for natural gas on the other, as the contents of underground reservoirs cannot be known at the stage of exploration.⁵
- (27) The EU Commission has previously considered the market for exploration of crude oil and natural gas to be world-wide in scope, given that the companies engaged in exploration do not tend to limit their activities to a particular geographic area.⁶
- (28) In line with the above, the Parties submits that the relevant market is the market for exploration of crude oil and natural gas, which is global in scope.
- (29) According to BPs report *Statistical Review of World Energy 2021 (the Report)*, total global proven reserves of oil and natural gas were 2915,5 thousand million barrels of oil equivalent.⁷⁸
- (30) In 2020, Aker BP had total net proven reserve of oil and natural gas estimated at 842 million barrels of oil equivalent (mmboe), while Lundin Energy had proved plus probable net reserves of oil and gas estimated at 671 mmboe. The global market share of Aker BP and Lundin Energy is thus 0,03% and 0,02% respectively. Combined, the merged entity will have a global market share of 0,05% after completion of the merger.⁹

⁵ See, for example M.9175 Total/Chevron Denmark, paragraph 19.

⁶ See, for example, M.9175 Total/Chevron Denmark, paragraph 19.

⁷ The BP report is available at: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>

⁸ The total proven reserve estimate has been calculated by adding the proven reserve estimate for oil (1732.4 thousand mmboe) and the proven reserve estimate for natural gas 188,1 trillion sm³ (1183,1 thousand mmboe). Unit conversions from sm³ to mmboe have been performed by the use of conversion ratios provided by the Norwegian Petroleum Directorate at: <https://www.norskipetroleum.no/en/calculator/about-energy-calculator/>.

⁹ The parties note that even if the NCS were viewed as a national market, the market for exploration of oil and gas would not be an affected market. According to [Norskipetroleum.no/fakta/gjenvaerende-reserver/](https://www.norskipetroleum.no/fakta/gjenvaerende-reserver/), the notifying parties have a combined market share on the NCS of 8,7%.

(31) As such, the market for exploration of oil and gas is not an affected market. Combined market shares at this level will furthermore not give rise to any plausible competitive concern.

5.2 Upstream production and wholesale supply of crude oil

(32) Both parties are active within the upstream production and wholesale supply of crude oil. Upstream production and wholesale of crude oil involves the development and production of discovered crude oil reserves, and the sale and export of the crude oil for further processing into refined products.

(33) The EU Commission has previously defined a relevant market for the upstream wholesale supply of crude oil, which is separate from the market for upstream wholesale supply of natural gas as a result of different product application areas and market pricing behaviour.¹⁰

(34) The EU Commission has previously considered the market for the upstream wholesale supply of crude oil to be worldwide in scope.¹¹ In line with this, the parties submit that the relevant product market for upstream wholesale supply of crude oil is worldwide in scope, as the crude oil produced on the NCS is exported throughout the world.¹²

(35) In line with the above, the parties submit that the relevant market is the global market for upstream production and wholesale supply of crude oil.

(36) According to the Report, global production of crude oil in 2020 amounted to 29 750 mmbbl.

(37) In 2020, Aker BP produced █████ million mmbbl, while Lundin Energy produced 55,7 mmbbl. The global market share of Aker BP and Lundin is thus █████ and 0,19% respectively. Combined, the merged entity will have a global market share of █████ after completion of the merger.¹³

(38) As such, the market development, production and sale of crude oil is not an affected market. Combined market shares at this level will furthermore not give rise to any plausible competitive concern.

5.3 Upstream production and wholesale supply of natural gas

(39) Both parties produce and supply natural gas at a wholesale level. The development, production and upstream wholesale supply of natural gas involves the collection of the natural gas, removal of water, easily condensable hydrocarbons and, if necessary, also carbon dioxide and/or hydrogen sulphide before being compressed to appropriate pressure and piped to the gas markets or for further processing.

(40) In its decisional practice, the EU Commission has considered that there is a relevant market for the development, production and upstream wholesale supply of natural gas.¹⁴

¹⁰ See, for example, M.9175 Total/Chevron Denmark, paragraph 21.

¹¹ See for example, M.9175 Total/Chevron Denmark, paragraph 21.

¹² See, for example, <https://www.norskipetroleum.no/produksjon-og-eksport/eksport-av-olje-og-gass/>, which shows that oil from the NCS is exported globally. As an example, 15,5% of all oil produced in Norway in 2020 was exported to China.

¹³ The parties note that even if the NCS were viewed as a national market, the market production and wholesale supply of crude oil would not be an affected market. According to [Norskipetroleum.no/fakta/gjenvaerende-reserver/](https://www.norskipetroleum.no/fakta/gjenvaerende-reserver/), the notifying parties have a combined market share on the NCS of 18,6%.

¹⁴ See, for example, M.9175 Total/Chevron Denmark, paragraph 26

- (41) The EU Commission has not yet taken a definitive view regard to the geographical scope of the relevant market for production and wholesale supply of natural gas, but has suggested that the relevant market may be wider than national.¹⁵
- (42) In the present case, the Gassled transmission network which transports gas produced on the NCS to Europe, supplies Germany, France, Belgium and the UK. There is furthermore a growing trend of interconnection networks developed in the last years across continental Europe, allowing for significant flows of natural gas within Europe.
- (43) In light of the above, the parties submit that the relevant market is the EEA-wide market (including the UK) for the upstream production and wholesale supply of natural gas.
- (44) The EEA-wide production of natural gas in 2020 was 199.6 billion cubic metres [160.1 excluding UK] according to the Report.¹⁶ In 2020, Aker BP produced [REDACTED] billion cubic metres of natural gas, while Lundin produced 0,59 billion cubic metres of natural gas. The EEA-wide market share (including the UK) of Aker BP and Lundin is thus [REDACTED] and 0,3% respectively. Combined, the merged entity will have a global market share of [REDACTED]%.¹⁷
- (45) Therefore, the market development, production and sale of natural gas is not an affected market. Combined market shares at this level will furthermore not give rise to any plausible competitive concern.

5.4 Development, production and wholesale of Natural Gas Liquids

- (46) Natural gas liquids are components of natural gas, that after separation, are in liquid form. NGLs comprise LPG (Butane and propane), naphtha, ethane and isobutene.
- (47) The EU Commission has previously identified a market for the development, production and wholesale of NGLs. The parties submit that there is a single market for the development, production and sale of NGLs, as all the gases which NGL consist of are developed, produced and sold in the wholesale market in the same manner, and there is therefore no need to distinguish between them.
- (48) In its past practice, the EU Commission has indicated that the market for NGL might have an EEA wide scope, although the market definition has ultimately been left open.¹⁸ The parties submit that the market for the development, production and sale of NGLs has an EEA-wide scope.
- (49) The EEA-wide production of NGLs in 2020 was 136.5 mmmboe [106.5 mmmboe excluding UK], according to BP Statistical Review 2021.¹⁹ In 2020, Aker BP produced [REDACTED] mmmboe of NGLs,

¹⁵ See, for example, M.9175 Total/Chevron Denmark, paragraph 31, where the EU commission stated that “During the market investigation, some competitors indicated that they supply gas at the wholesale level throughout Europe. Moreover, they indicated that historically there has been a strong correlation between Danish domestic and neighbouring countries’ natural gas prices, suggesting that the geographic market may be wider than national.”

¹⁶ The parties note for the sake of completeness that the figures underestimate the size of the EEA-wide market, as it only accounts for production of natural gas from EEA member states, and therefore does not include sales of natural gas from non-EEA countries to the EEA. In 2019, the EU exported 41% of its natural gas from Russia, 8% of its natural gas from Algeria and 5% of its natural gas from Qatar, according to Eurostat: <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-2c.html>

¹⁷ The parties note that even if the NCS were viewed as a national market, the market for upstream production and wholesale supply of natural gas would not be an affected market. According to [Norskpetroleum.no/fakta/gjenvaerende-reserver/](https://norskpetroleum.no/fakta/gjenvaerende-reserver/), the notifying parties have a combined market share on the NCS of 2,2%.

¹⁸ See, for example, M.4545 Statoil/Hydro, paragraph 29.

¹⁹ The figure excludes 5.6 mmmboe from “Other Europe”, as the notifying parties are unable to verify whether this production stems from an EEA member state.

while Lundin produced 2.03 mmbob of NGLs. The EEA-wide market share of Aker BP and Lundin is therefore █% and 1,5% respectively. Combined, the merged entity will have a global market share of █%.

- (50) Therefore, the market development, production and sale of Natural Gas Liquids is not an affected market. Combined market shares at this level will furthermore not give rise to any plausible competitive concern.²⁰

6. Vertical overlaps - No markets affected

6.1 No vertical relationships with market share above 30%

- (51) As described above, Lundin Energy performs some activities related to the trading of crude oil, by buying and re-selling third party products with the purpose of obtaining a broker's margin.
- (52) The EU Commission has in the past considered a possible separate market for the trading of crude oil, but has ultimately left open whether such a separate market exists, or rather forms part of the overall market for production and wholesale. In its more recent decisions, the EU Commission seems to have considered that the latter might be true, and that no such market exists on a separate basis.²¹ In its past decisional practice, the EU Commission has considered the geographical scope for such a hypothetical market to be at least EEA- or worldwide in scope.²²
- (53) The Notifying parties submit that the market for trading of crude oil is not separate from the overall market for the production and wholesale of crude oil, and therefore does not constitute a separate market. In any event, Lundin is a minor player within a hypothetical separate market for trading of crude oil, and according to the best estimate of the notifying parties, Lundin's market share would be below █% regardless of whether the market is considered to be EEA-wide or global.
- (54) The notifying parties therefore submit that the market definition can be left open, as the vertical relationship between Aker BP as a producer of oil and Lundin Energy as a trader of oil will not be cause for competitive concern under any plausible market definition.
- (55) The parties do not have any other vertically overlapping activities.

²⁰ The parties note that even if the NCS were viewed as a national market, the market for the development, production and wholesale of NGL would not be an affected market. According to <https://www.norskpetroleum.no/fakta/historisk-produksjon/>, the notifying parties have a combined market share on the NCS of 4,7%.

²¹ See, for example, M.7318 paragraph 18 to 22.

²² See, for example, M.7318 paragraph 23.

7. Most important customers, competitors and suppliers

7.1 Customers²³²⁴

7.1.1 Aker BP

Exploration of Oil and Gas	Production and wholesale of crude oil	Production and wholesale of natural gas	Production and wholesale of NGLs

7.1.2 Lundin Energy

Exploration of Oil and Gas	Production and wholesale of crude oil	Production and wholesale of natural gas	Production and wholesale of NGLs

7.2 Suppliers

7.2.1 Aker BP

Exploration of Oil and Gas	Production and wholesale of crude oil	Production and wholesale of natural gas	Production and wholesale of NGLs

²³ All exploration activities performed by the parties is performed with the purpose of producing any hydrocarbons which are found. Although the parties may at times choose to trade exploration licenses with other E&P companies, the parties do not normally sell exploration licences, and therefore do not have any customers within the market for exploration of oil and gas.

7.2.2 Lundin Energy

Exploration of Oil and Gas	Production and wholesale of crude oil	Production and wholesale of natural gas	Production and wholesale of NGLs

7.3 Competitors

7.3.1 Aker BP

Exploration of Oil and Gas	Production and wholesale of crude oil	Production and wholesale of natural gas	Production and wholesale of NGLs

7.3.2 Lundin Energy

Exploration of Oil and Gas	Production and wholesale of crude oil	Production and wholesale of natural gas	Production and wholesale of NGLs

8. Annual reports

(56) The most recent audited annual reports for Aker BP and Lundin are those for 2020. As the annual reports are publicly available, they are not attached to this notification.^{25 26}

9. Other

(57) The transaction will not be notified to competition authorities in any other jurisdiction.

10. Confidentiality

(58) This notification contains commercially sensitive information, which is not publicly available and which is confidential to the notifying parties. The confidential information of both parties has been marked **green**, the confidential information of Aker BP has been marked **purple**, and the confidential information of Lundin Energy has been marked **blue**.

(59) Reasons for exemption from public disclosure are included in **Annex 3**. A proposal for a public version has been included in **Annex 4**.

Annex 3 Reasons for exemption from public disclosure

Annex 4 Proposal for public version

Yours sincerely,
for Advokatfirmaet BAHR AS



Morten von Haffenbrädl
Associate
Lawyer in charge: Beret Sundet

²⁵ The audited annual report for Aker BP for 2020 can be found at: <https://akerbp.com/wp-content/uploads/2021/03/akerbp-annual-report-2020.pdf>

²⁶ The audited annual report for Lundin Energy for 2020 can be found at: <https://www.lundin-energy.com/download/annual-report-2020/?wpdmdl=35696&refresh=61e0d37a17d3b1642124154/>