



# Statoil

## Lessons from a Study of Political Entrepreneurship

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Dubai

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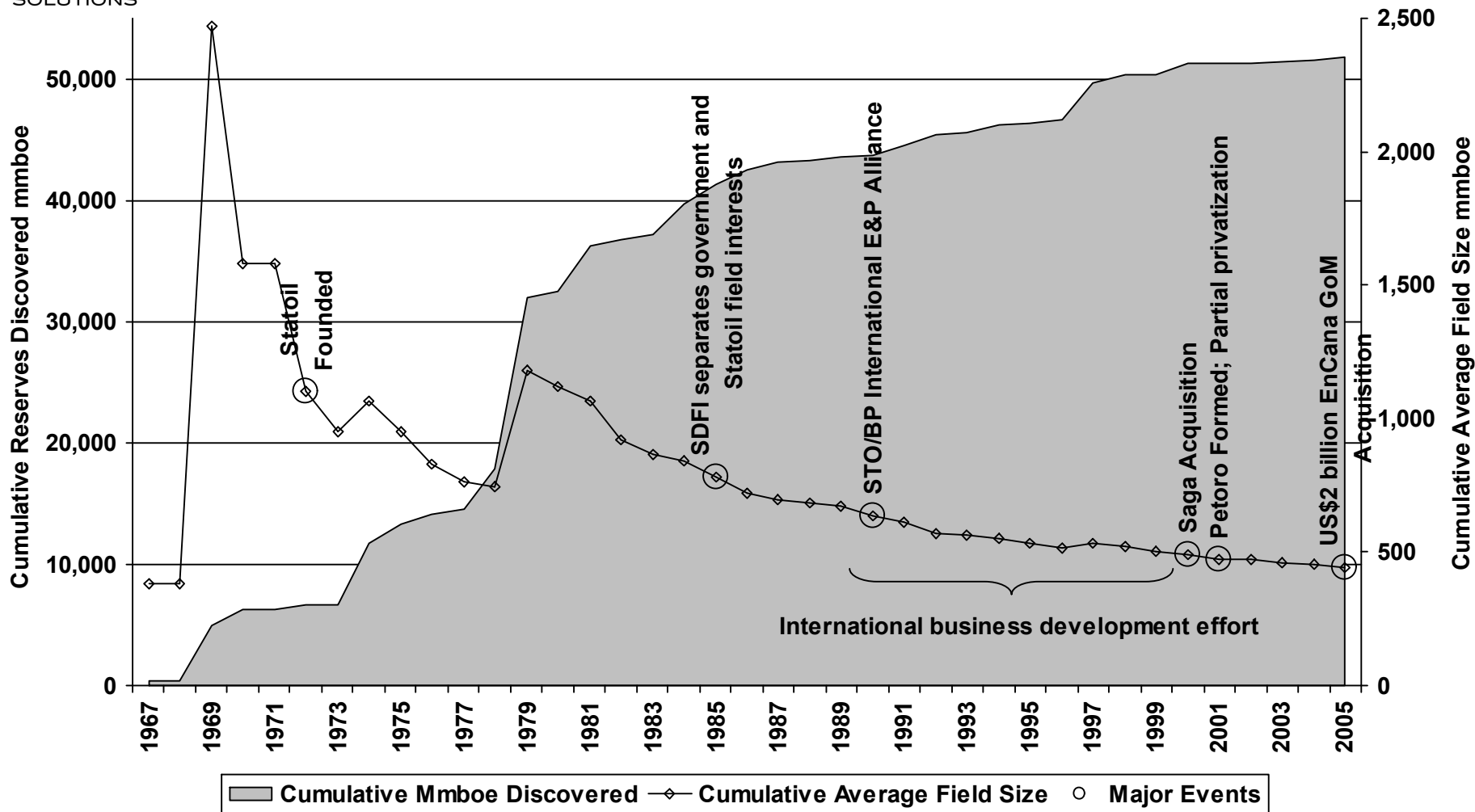
# Five Phases of Statoil's Development

- Norwegian oil before Statoil
- Startup & evolution, 1972-81
- Post Adolescence, Emergence as a Functional Competitor, 1981-2001
- Privatization, 2001-06
- Statoil after the Hydro Merger, Drive to become a Global Competitor, 2007+
- Statoil's evolution to this point has largely been a function of the evolution of the underlying domestic resource base



# Evolution of the Oil & Gas Sector

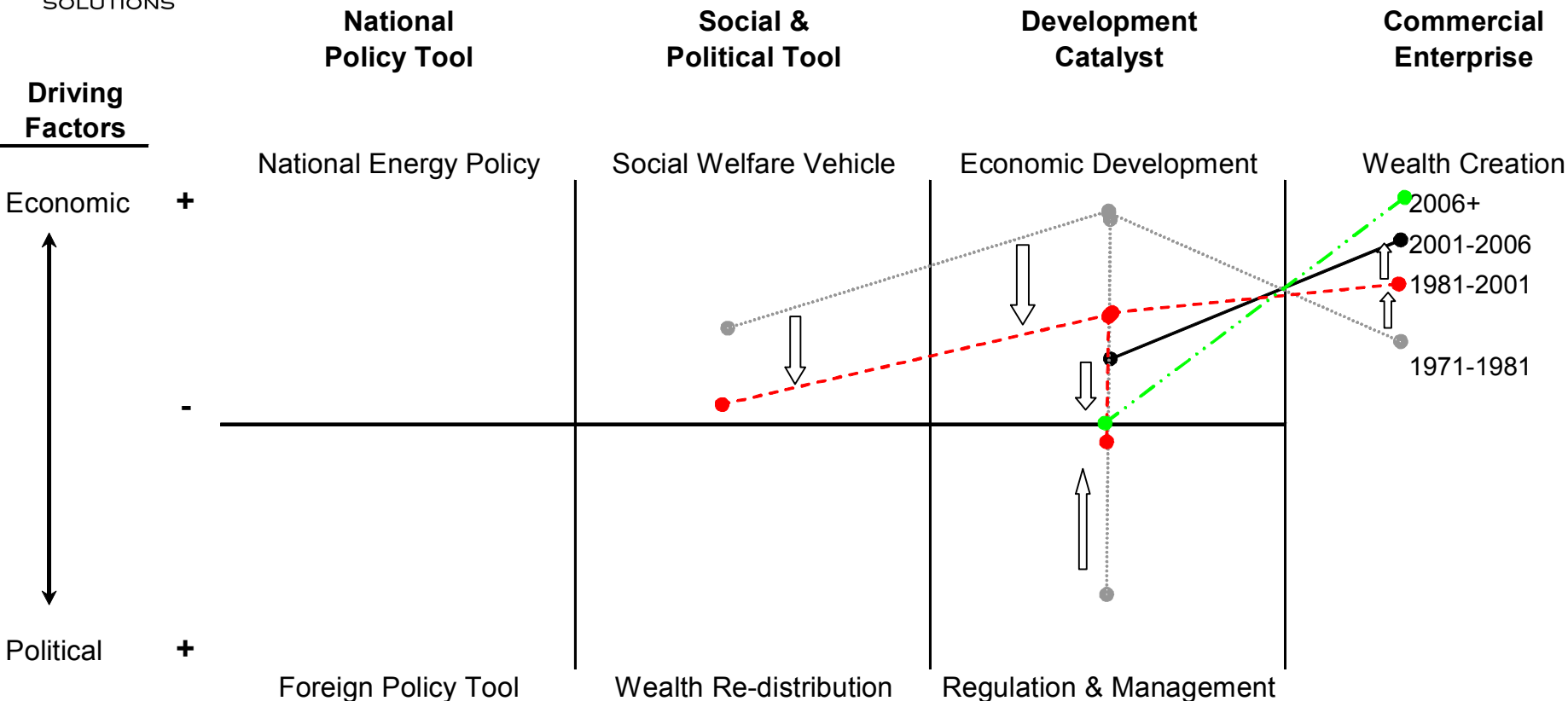
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- The oil & gas sector evolves
- The result is a changing mix of challenges and opportunities over time.
- The NOC and national energy policy must evolve to meet these challenges & opportunities



# Evolution of Functional Roles



- Efficiency: A public policy commitment to efficiency in the sense of commercial performance brings clarity to the NOC's role in both a strategic and a tactical sense and provides objective goals and performance standards that can bridge the gap between IOC and NOC
- Competition: Continuous competition is a powerful tool to encourage NOC efficiency and to stimulate the NOC to evolve over time
- Limited non-commercial functions of the NOC reduces irreconcilable conflicts in goals

# Lessons Learned

- Norwegian culture as it affects the oil & gas sector is an unusual blend of pragmatic social democracy and entrepreneurial spirit

Re-creating this blend is a necessary ingredient in establishing a successful NOC

## Hence: Political Entrepreneurship

- If Statoil's success was purely a cultural result, there would be little for other energy producing countries to gain from this experience
- However, this study finds that multiple policy choices by the Norwegian government contributed to this success.
- Moreover, these policy choices can, with suitable adaptation, be applied by a cross-section of energy producing countries

# Lessons Learned

- The tactical lessons from Statoil's experience are five-fold:
  - ❑ There are critical benefits to be gained from an explicit and generally consistent policy focus on long-term wealth management: clarity of purpose and of public policy makers' assessment of performance
  - ❑ Limited non-commercial policy interference in the NOC operations is essential
  - ❑ Competition is a value-adding force in oil and gas policy
  - ❑ The NOC is only one part of a multi-dimensional package of tools that can and must be applied: an institutional separation of powers, of checks and balances, to avoid
  - ❑ The NOC and government energy policy must be seen as an evolutionary (or adaptive) organism. The maturation of the oil & gas sector poses a changing mix of challenges and opportunities over time. Change is often forced on the NOC and the government.



# Looking Forward

- How will the merger be able to successfully capture the best of two organizations?
  - Statoil's risk taking vs. Hydro's project management
- Will the problems of project management be solved?
- Will Statoil add value as it builds internationally?
- What will Statoil become: NOC or IOC?
- Will other NOCs follow the Statoil lead?



# HESS ENERGY TRADING COMPANY LLC

## CONTACTS

### HESS ENERGY TRADING COMPANY, LLC

<b>Edward L. Morse</b> +1 212.536.8665 elmorse@hetco.com	<b>Peter Jacobs</b> +1 212.536.8907 pjacobs@hetco.com	<b>Jason Lemme</b> +1 212.536.8018 jlemme@hetco.com	<b>Thomas Stenvoll</b> +212.536.8573 tstenvoll@hetco.com	<b>Jeff Porter</b> <i>(Weather Derivatives)</i> +1 212.536.8982 jporter@hetco.com
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### HESS ENERGY COMPANY (UK) LIMITED

<b>Kristofer Tremaine</b> +44 20.7201.7184 ktremaine@hetco.com	<b>Jon O'Neill</b> +44 7201.7120 joneill@hetco.com	<b>Steven Hewlett</b> +44 20.7201.7102 shewlett@hetco.com	<b>Frank Amend</b> +44 20.7201.7581 famend@hetco.com
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### HESS ENERGY TRADING COMPANY (SINGAPORE) PTE. LTD.

<b>Ahmed Al-Awa</b> +65 6722.9190 aalawa@hetco.com	<b>Toshiyuki Koharazawa</b> +65 6722.9192 tkoharazawa@hetco.com
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**HESS ENERGY TRADING COMPANY  
(SINGAPORE) PTE. LTD.  
501 Orchard Road  
Singapore, 238880**

**HESS ENERGY TRADING COMPANY, LLC  
1185 Avenue of the Americas  
New York, NY 10036**

**HESS ENERGY COMPANY (UK) LIMITED  
33 Grosvenor Place  
London SW1X 7HY  
Regulated by the Financial Services Authority in the UK**

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## CONTACTS

**Richard Gordon**

+1 913-451-9539

[rgordon@gordonenergysolutions.com](mailto:rgordon@gordonenergysolutions.com)

**Steven Gordon**

+1 913-451-9539

[sgordon@gordonenergysolutions.com](mailto:sgordon@gordonenergysolutions.com)