

8th oil and gas tender round in Denmark now formally cancelled

The Danish minister for Climate, Energy and Utilities has now formally cancelled the Danish 8th oil and gas tender round.

The minister yesterday 26 January 2021 informed the parliamentary committee on energy that, as a consequence of the agreement on the future of oil and gas extraction in the North Sea of 3 December 2020, he has submitted a letter to the company Ardent Oil rejecting the company's applications in the 8th tender round. Ardent Oil was the only remaining candidate in the tender round, after the other applicants had withdrawn their applications.

A majority in parliament entered into an agreement on oil and gas extraction in the North Sea on 3 December 2020. With the agreement, the parties to the agreement agreed that the 8th tender round would be cancelled.

We have previously reported on the agreement which not only cancels future tender rounds by the government but also contains a final date of oil and gas exploration and production in Denmark in 2050. On the other hand, the agreement provides a stable framework for exploration and production in the Danish sector of the North Sea for the next 30 years.

According to the Ministry of Climate, Energy and Utilities Ardent Oil (Denmark) S.à.r.l., at an extraordinary general meeting on 22 December 2020 had decided a voluntary liquidation of the company, and that a liquidator ("Liquidator") has been appointed until the final dissolution of the company. The cancellation letter has been sent to the appointed trustee.

The Danish government is currently working on a bill to amend the Danish Subsoil Act, which shall implement relevant parts of the political agreement of 3 December 2020, including the main principle that official tender rounds are not initiated in the future and that hydrocarbon extraction will not take place after 2050.

WSCO law firm will continue to monitor and report on the legal framework of offshore oil and gas projects in Denmark.

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