



MINISTRY OF PETROLEUM AND ENERGY

You are here: [Government.no](#) / [Ministry of Petroleum and E...](#) / [Subjects](#) / [State participation in the ...](#) / The State's direct financial interest (SDFI)

The State's direct financial interest (SDFI)

The SDFI arrangement was established in 1985. The arrangement implies that the Norwegian State participates in the Norwegian petroleum sector directly as an investor. The SDFI has a direct financial interest in 137 production licences and in 14 joint ventures for pipelines and onshore facilities.

The SDFI was created in 1985 by splitting Statoil's share in licenses it held on the Norwegian Continental Shelf (NCS) in two. Statoil was allowed to keep one half and the SDFI was given the other half.

The arrangement involves the State paying a share of all investments and operating costs in projects on the NCS corresponding to its direct financial interest in the SDFI portfolio. On the same terms as the other owners, the government then receives a matching share of revenues from the sale of production and other income sources. The Storting (parliament) votes the SDFI's budget and framework on an annual basis. Income, expenses and investments in the SDFI are thereby channelled directly over the central government budget. The net cash flow resulting from the SDFI portfolio constitutes a predictable, long term and secure revenue to the Norwegian State.

Long-term goals and strategies

Achieving the highest possible revenues for the government is the overall long-term goal in managing the SDFI portfolio. Combined with the tax system, the SDFI is a well suited instrument for securing a high proportion of the value creation on the NCS to the government.

The government, through its management company for the SDFI portfolio (Petoro), focuses its management of the portfolio on the large revenue-generating oil and gas fields, as well as on other high-value discoveries which might be approved for development.

When awarding new licenses, the Ministry of Petroleum and Energy acting on behalf of the government decides whether to keep interests in production licences on the basis of the potential profitability and value creation opportunities offered by each licence. The general rule when awarding supplementary awards is that the share of the State's direct interest in a license will reflect its interests in adjacent fields or areas.

The SDFI portfolio today

The value of the SDFI is estimated to approximately NOK 834,8 billion as of 1 January 2008. This is according to a value estimation carried out by Wood Mackenzie.

Interests in the 10 largest fields

The SDFI has a direct financial interest in 137 production licences. The 10 largest fields in the portfolio based on remaining reserves are:

- Troll
- Ormen Lange
- Åsgard
- Heidrun
- Snøhvit
- Oseberg
- Kvitebjørn
- Snorre
- Visund
- Gullfaks

The State also has direct interests in 14 joint ventures for pipelines and onshore facilities.

Cash flow from the SDFI

The SDFI's accounts are kept on a cash basis in the central government budget and accounts. This means that revenues and expenses are posted in the period when they are paid and that investments are expensed as incurred. The net cash flow from the SDFI is the difference between receipts and outgoings. The net cash flow from the SDFI portfolio is transferred directly to The Government Pension Fund- Global.

In 2009 the net cash flow from the SDFI portfolio was NOK 95.3 billion. Total revenues were NOK 156.2 billion, and costs were NOK 60.8 billion. The estimated net cash flow for 2010 is NOK 81.1 bn.

The net cash flow from the SDFI is expected to account for a substantial proportion of the central government's revenues from the petroleum sector in coming years.

(Updated 10 mars 2010)

CONTACT INFORMATION

Department for Economic and Administrative Affairs (ØA)

Telephone: +47 22 24 61 11

Fax: +47 22 24 65 53

Address

Einar Gerhardsens plass 1

Postbox 8148 Dep, 0033 Oslo, Norway