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Book Review: The North Sea System for Petroleum Production, State Intervention on the British and Norwegian Continental Shelves by Brent F Nelsen and Tina Soliman Hunter

Goodtime Okara *School of Society and Culture*

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Brent F Nelsen and Tina Soliman Hunter (2024) *The North Sea System for Petroleum Production*, State Intervention on the British and Norwegian Continental Shelves, Edward Elgar, 2024, 128 pp., ISBN: 978-1-83910-249-3 (HB).

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This Book is a valuable and topical addition to the Elgar series of textbooks in Energy Law. Considering its contemporary discourse in offshore energy development, *The North Sea System for Petroleum Production* is timely and well-written. In the ever-changing landscape of energy production and consumption, regulatory interventions by state actors play a pivotal role. The book offers a detailed and lucid explanation of the varied intervention strategies of Britain and Norway in their extractive activities in the North Sea. Using a historical and interdisciplinary approach, this astute book evaluates the complexities faced by liberal democracies in the management of their resources. It explores the factors that necessitate the various regulatory convergences and divergences in the two “similar” offshore petroleum regimes. It also critically reflects on the North Sea’s futuristic transition to clean energy. The book acknowledges the significance of multidisciplinary discussions in shaping these contemporary energy issues. Hence, it is conscientiously divided into five chapters. While each chapter has a specific theme, the chapters are inextricably intertwined toward achieving the above-stated objectives.

The first chapter, Framework: Explaining State Intervention Offshore explores offshore petroleum policy and the emerging state involvements in the North Sea – minimal, regulatory, and participation interventions. It lays an effective groundwork by evaluating the British and Norwegian policy variations from the lens of three broad exogenous conditions – explanatory factors, bargaining relationships, and intervention regimes. A striking perspective of this chapter is its assessment of how the intricate interplay between regulatory enforcement, oil market players, economic conditions, capacity bureaucracies, interest groups, power competition, and political culture could impact the bargaining posture of state officials in offshore policymaking. This analysis is of utmost importance because petroleum policy decisions emerge from complex interactions and become more convoluted as states try to maximise petroleum production while being ambitious to transition to green energy. How these external conditions are managed between stakeholders is articulated as a crucial factor in offshore state intervention.

The second chapter, Convergence: developing the North Sea System historically details the petroleum exploration in the North Sea. It examines the British and Norwegian early regulatory frameworks and their desires to utilise the benefits of the petroleum boom without affecting the extractive operations of experienced oil companies to develop their resources. This chapter explores the several system changes that strengthened the two offshore states concerning international oil companies (IOCs) and how they were able to tremendously leverage these changes in the North Sea to the point of establishing their own fully integrated offshore oil companies – the British National Oil Corporation (BNOC) and Statoil and StatoilHydro (now Equinor ASA). Despite the remarkable policy similarities between Britain and Norway from the point of convergence in the 1960s and 1970s, the second chapter highlights the minor differences between the two offshore states and their approaches to offshore licensing,

development, and oil profits. This was a very effective scene-setter for the States' offshore divergence policy in the 1980s.

Divergence: checking state ownership and control is the integrated purpose of the third chapter. This chapter evinces the offshore policy divergence between the two offshore states in the 1980s, occasioned by the discrepancies in their political cultures, and other domestic and international changes – while Norway strengthened its “participatory” system, the British exited the offshore for “regulatory” intervention. It also identified and examined the fundamental impacts of the divergence in the British and Norwegian petroleum tax regimes and offshore production. Crucially, the chapter demonstrated that despite the divergence in exploration policy, both Britain and Norway exercised the authority to regulate petroleum production. The conclusion that both countries adopted the licensing systems but found it difficult to exercise their legal rights where IOCs were vulnerable to domestic policy and external shocks was expressed ably.

The fourth chapter, *Reconvergence: Maximising Resource Recovery*, unpacks the influences of the European Union's 1994 Hydrocarbon Directive and the depletion in North Sea petroleum production on British and Norwegian offshore regulatory regimes in the 2000s. It presents that these factors combined with other internal pressures forced both offshore states to reconverge their offshore policies in a common direction of state intervention. In addition, the chapter painstakingly evaluated Norwegian policy on maximising petroleum recovery and the Award in Pre-Defined Area (APA) licencing system. For Britain, it adeptly analysed the British offshore policy shifts from maximising economic recovery (MER), pre-tax approach, Fallow and Stewardship initiatives, the implementation of the MER strategy in 2016, the hefty tax regimes in the United Kingdom Continental shelf (UKCS), and the 2022 Energy Profit Levy. Contrastingly, Norway's predictable offshore tax regime and the management of its oil fund – through the Government Pension Fund Global – were well presented in this chapter.

Finally, chapter five introduces the reader to the future transition to a clean energy province in the North Sea. It explores and foreshadows how offshore licencing, taxation, state participation, and interventions in Britain and Norway will be influenced by the energy transition, Russia's sanction on gas supply to Europe, and the possible spillover of security tensions in the North Sea from Ukraine's feud with Russia. The chapter also proffered four possible options that could be adopted by both offshore states and their likely consequences on hydrocarbon production, alternative energy sources, and livelihoods. This chapter aptly concludes that the North Sea system will continually exist and will adapt to the new energy mix.

Accordingly, this book interrogated and addressed the puzzle of offshore petroleum policy. With the constant increase in green energy activities in the North Sea – wind farms, carbon capture, hydrogen production – clamour for reduced carbon emissions, the decline in hydrocarbon production in the North Sea, the unpredictable oil prices, the need for states to maximise their economic resources, and the buzz from some quarters for the permanent ban on new licenses, this book remains an indispensable companion for energy enthusiasts. It not only illuminates the complexities in British and Norwegian intervention strategies but also implicitly provides feasibility studies on interventionist approaches that could be adopted by emerging energy economies. Hence, the book transcends the theoretical framework of academics to seek the rationales for varied offshore interventions in Britain and Norway, how Britain and Norway have successfully harnessed their natural resources and provides useful

insights into the transition to a clean energy province in the North Sea. It would be a great addition to its target audience from an academic, governmental, curious observer, and practical perspective. The book can be ordered from the Edward Elgar Publishing website.