

HD INTERVIEW-Norway's Statoil disappointed with shale outside U.S.

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* Scouting for shale assets from Argentina to **China**

* European shale opportunities disappoint

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* Push to expand in Asia to round out portfolio

By Sonali Paul

PERTH, April 9 (Reuters) - Norway's Statoil, looking to become a global **energy company**, has been disappointed so far in its hunt for shale opportunities to match the quality of its U.S. assets, a senior executive said.

In a push to find new shale basins globally as it expands outside its traditional base, the **energy** major has invested in shale acreage in Russia with Rosneft, in Germany with Wintershall and in Australia with PetroFrontier Corp .

The **company**, which has made huge conventional discoveries off Brazil and Tanzania and in Canada in the past few years, is also scouring regions from Argentina to **China** for more shale opportunities as U.S. **acquisition** prices have soared.

"I've been a bit disappointed. We hoped to find North American look-alike basins in many places, but it seems like there is not the same quality everywhere," said Pal Halermo, Statoil vice president exploration.

Statoil has been one of the industry's top spenders, ploughing much of the \$18 **billion** it earned since 2010 from selling producing fields, pipelines and its retail chain to fund an aggressive global expansion of exploration and production.

Statoil had hoped shale in Europe would beef up its position as a major gas supplier, but the basins were not that attractive and fracking bans and political opposition posed too many hurdles, Halermo said.

The joint venture with Rosneft in the Samara region was promising, as Russia, along with **China**, Argentina and Colombia, probably has among the highest quality basins in Statoil's view.

But he said the United States still has a big advantage thanks to the quality of its acreage, a legal system under which landowners own the mineral rights, and political and regulatory support for new projects.

"I haven't seen any system that is as good as the U.S.," he said. "I think this is why things are slowing in the rest of the world when it comes to the shales."

In northern Australia, Statoil plans five wells this year at a total cost of between \$25 **million** and \$50 **million** before deciding whether to do more extensive drilling after mid-2015.

If it decides on a development, Halermo said the **company** would look to sell down its 80 percent **stake** in the Australian shale acreage to a "financially strong" partner.

Statoil hasn't given up on entering **China**, estimated to hold the world's second largest shale gas reserves, but has been shut out since Norway awarded a Nobel Peace Prize to **Chinese** dissident Liu Xiabo in 2010.

In a push to expand in the Asia-Pacific region, Statoil is also exploring for conventional **oil** and gas in Indonesia, deepwater offshore Australia and New Zealand, and recently won deepwater acreage off Myanmar.

For now the **company** plans to focus on relatively inexpensive exploration in the Far East and Australasia rather than acquiring stakes in existing projects, as it looks to invest in developing its big discoveries in Brazil, Tanzania and Canada.

"But I foresee that we will deepen the portfolio here, because it's a huge market and there's a gap between production and demand. We see that as a great opportunity," Halermo said. (Reporting by Sonali Paul; Editing by Richard Pullin)

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CO pndcpc : PetroFrontier Corp | statl : Statoil ASA

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