SDFI first quarter of 2024:

petoro

Cash flow of 60 billion from SDFI in the 1st quarter

The State's Direct Financial Interest (SDFI) delivered high production and solid operations in the 1st quarter of 2024. Gas production increased by five per cent, and net cash flow from oil and gas activities totalled NOK 60 billion during this quarter.However, cash flow has declined by about 50 per cent compared with the same period last year, mainly due to lower gas prices.

	1st quarter of 2024		Year-to-date
Mill NOK	2024	2023	2023
Cash flow	**59,793**	**117,200**	**276,905**
Operating revenue	**71,432**	120,750	352,690
Operating expenses	**18,006**	21,885	86,109
Operating profit	**53,426**	98,865	266,581
Financial items	**125**	2,522	(409)
Net income	**53,551**	**101,387**	**266,172**
Investments	**6,615**	**6,448**	**30,358**
Average oil price (USD/bbl)	**85**	82	83
NOK/USD exchange rate	**10.41**	10.07	10.55
Average oil price (NOK/bbl)	**886**	828	876
Average gas price (NOK/scm)	**3.71**	7.61	5.76
Production (thousand boe per day)	**1,119**	**1,088**	**994**
Oil, condensate and NGL (thousand boe per day)	357	366	354
Gas (million scm per day)	121	115	102
Sales (thousand boe per day)	**1,110**	**1,137**	**1,030**


Johan Sverdrup. Photo: Ole Jørgen Bratland / ©Equinor

Financial results as of the 1st quarter of 2024

Net income after financial items as of the 1st quarter amounted to NOK 54 billion, 47 billion lower than the same period last year. This reduction was mainly caused by lower income as a result of substantially lower gas prices, as well as lower oil sales. The decline is partly offset by reduced costs to purchase third-party gas.

Total production amounted to 1,119 thousand barrels of oil equivalent per day (kboed), an increase of 31 kboed compared with the same period last year.

Gas production amounted to 121 million standard cubic metres (mill. scm) per day, up five per cent compared with the same period last year. This increase was primarily caused by higher gas production from Troll and from Dvalin, which restarted production in the second half of 2023. The average realised gas price was NOK 3.71 per scm, compared with NOK 7.61 in the same period last year. The reason for the lower gas prices is complex, but this was mainly caused by high LNG imports from the US and filling up inventories in Europe, combined with lower demand.

Liquids production totalled 357 kboed, a reduction of 8 kboed compared with the same period last year. The decline in liquids production was primarily caused by natural production decline on several mature fields, partly offset by high production from Johan Sverdrup and Breidablikk coming on stream in 2023. The average realised oil price was USD 85, compared with USD 82 per barrel in the same period last year. However, the increase measured in Norwegian kroner was somewhat bolstered by a weakened NOK exchange rate, leading to an achieved oil price of NOK 886, compared with NOK 828 per barrel in the same period last year. The increase in the oil price year-on-year was caused by growth in demand, but the effect was partly offset by a simultaneous increase in supply from countries outside OPEC+.

Total operating expenses amounted to just under NOK 18 billion, NOK 4 billion lower than the same period last year. The reduction was caused by lower production and transport costs, as well as lower costs related to purchasing third-party gas. Production expenses totalled NOK 5.8 billion, NOK 0.4 billion higher than the corresponding period last year. The increase was caused by increased costs for operations and well maintenance on several fields, partly offset by reduced electricity costs and environmental taxes. Transport costs totalled NOK 2.4 billion, NOK 0.8 billion lower than the same period last year. This reduction was caused by reduced tariffs. Costs for purchasing third-party gas came to NOK 1.3 billion, NOK 3.9 billion lower than the same period last year. This decline was mainly caused by significantly lower gas prices in combination with reduced volumes.

Investments totalled about NOK 6.6 billion, NOK 0.2 billion higher than the same period last year. The increase in investments is caused by significant activity on multiple projects in the implementation phase, such as Irpa, Johan Castberg, Snøhvit and Tyrving. More production drilling is also under way on fields such as Tyrving, Svalin and Gullfaks. The increase is partly offset by lower production drilling on Troll and lower operational investments following the restart on Dvalin.

Observations and incidents in the 1st quarter

- Four serious incidents were registered in the 1st quarter this year, compared with four in the correspondingly period last year. This yields a serious incident frequency per million hours worked (SIF) of 0.57 over the last 12 months, which is on par with the same period last year. The frequency of personal injuries per million hours worked (TRIF) was 4.1, compared with 3.9 in the same period last year.

- Petoro is publishing its sustainability report alongside the results for the 1st quarter. The company has set ambitious climate targets for the SDFI portfolio. The goal is to reduce the SDFI's share of scope 1 emissions from the portfolio by 55% by 2030, with a long-term goal of achieving near zero emissions by 2050. So far, Petoro has adopted measures to reduce the SDFI emissions by close to 30%. Achieving the goal by 2030 is possible, but it may be challenging. More emission-reducing measures must be adopted and implemented for the goal to be reached. The cost of measures for projects under development is high, and there is a need for optimization and improvement. At the same time, the projects require sufficient access to power.

- In January, 24 companies were offered ownership interests in a total of 62 production licences on the Norwegian shelf in pre-defined areas (APA) 2023. Of these 62 production licences, 29 are in the North Sea, 25 in the Norwegian Sea and 8 in the Barents Sea. 20 of the production licences are additional acreage for existing production licences. Petoro was awarded 20 licences to manage, 5 of which in the North Sea, 7 in the Norwegian Sea and 8 in the Barents Sea. APA 2023 covered a record number of new blocks, and the result was more than twice as many production licences as the previous round.

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