



Kristin Fejerskov Kragseth. Photo: Anne Lise Norheim

The Norwegian shelf – important today and in the years to come

In the spring of 2023, I met Hayat Al-Sharif at Petoro's internal corporate gathering. She made a strong impression and has become an important part of my attempts to explain the energy challenges the world is facing.

Hayat is a prize-winning photographer and photojournalist from Yemen who was forced to flee due to her projects depicting everyday life in her home country with a focus on women and children living lives marred by war and desperation. One of her most striking photos shows a mother and daughter using the children's schoolbooks as kindling in the open fireplace in order to

cook their dinner. So far from our reality, yet so close to us.

We live in a world with substantial energy injustices. In this same reality, we're working to secure access to enough energy on our own continent, while at the same time, the energy systems must become cleaner if the world is going to be liveable for our descendants.

Sometimes, it can be hard to explain and rationalise this energy trilemma, and I know I'm far from the only one who's pondered our role in all of this. Nevertheless, I've come to the

conclusion that the cooperative work carried out by the Norwegian industry and authorities on the Norwegian shelf is both meaningful and entirely necessary for a very large number of people.

Energy produced from the Norwegian shelf is important for both energy security in Europe and for the ongoing energy transition. However, I think that the just distribution of safe and clean energy can be much more difficult than the actual energy transition and demands for zero emissions.

Good operations

Petoro delivered NOK 277 billion to the state in 2023, and this is the second-highest cash flow ever recorded. Since our company was established in 2001 to administer the State's Direct Financial Interest (SDFI), we've delivered more than NOK 3000 billion. These are vast sums that the Government Pension Fund Global (also known as the Oil Fund) manages to secure the finances, prosperity and sustainability of future generations.

Gas prices fell considerably from the levels in 2022, and both gas and oil production declined somewhat. The fields are generally delivering high uptime and good HSE results. Petoro is the largest partner on the Norwegian shelf, and with our strong expertise within subsurface, technology and development, we play an active part in creating value from our extensive portfolio in 43 producing fields. We have a strong team that's contributing to further develop the Norwegian shelf in great collaboration with players on the Norwegian shelf.

The future role of gas

Over a short period of time, and alongside our allies, we've played a part in helping the European energy system achieve independence from Russian pipeline gas. This upheaval has also created new opportunities. Among other things, Norwegian and European authorities have entered into collaboration to study opportunities for establishing value chains for both hydrogen and CO₂. Europe is in the midst of a massive energy transition, and Norwegian gas will be an important and competitive product as we transition to a European low-carbon society. The Norwegian Offshore Directorate's analyses show that only half of the projected total recoverable resources in Norway have been produced so far. Norwegian oil and gas

can and should play an important role for a long time to come.

More electrification

Emission reductions are trending the right way, but if we're going to reach our ambitious climate targets, we need to electrify large swaths of our industry. Over the next few years, Petoro is planning to invest around NOK 25 billion in emission-reducing measures in existing installations, and will continuously assess opportunities for additional measures that can be implemented quickly.

The industry is working hard to find solutions that allow us to reduce emissions from the Norwegian shelf by 55 per cent by 2030. Much of this has already been decided, but we can see that the remaining measures are becoming increasingly challenging. Nevertheless, they are entirely necessary to strengthen our portfolio toward a more sustainable future.

Both the discussion regarding access to power from shore and a higher cost level are strong contributors to this challenge. Electrification with power from shore is the best alternative we have when it comes to execution time and costs, but there are plenty of players that want to access this energy. The industry, as well as the authorities, have an important job to do as far as implementing systems that, overall, provide the best possible solution for the power system, the industry and the environment. All of the choices we make have consequences.

Challenges and opportunities

Activity on the Norwegian shelf will remain high over the next few years, and for 2024 alone, Offshore Norge expects investments in oil and gas to amount to about NOK 240 billion. Investments are also expected to be high over the next few years, and Petoro is well-situated

to deliver the highest possible values for the state by creating investment opportunities in mature fields and finding good development solutions throughout the licence portfolio.

We're facing major global challenges in the political, environmental and social realms, and they all require our shared efforts and engagement. We can't afford to lose our nerve or our hope. We're all responsible for doing what we can to create a better future. In Norway, we have a lot of advantages that give us opportunities to be part of the solution. We have stable framework conditions, access to natural resources, high levels of expertise and advanced technology.

This makes the Norwegian shelf instrumental in helping to solve the energy trilemma. It contributes infrastructure and energy resources that are needed to secure energy supplies for Europe. It's competitive, and it supplies oil and gas produced with the lowest carbon footprint. These are all crucial factors given the need for oil and gas as a source of energy during the transition toward an energy system aiming for net zero emissions.

Petoro's most important job in the time ahead is to consistently ensure that the oil and gas portfolio we manage is realised at the highest possible value. The consideration for people, nature and our surroundings will be a prerequisite here.

Best regards,



Kristin Fejerskov Kragseth
President and CEO, Petoro AS