SDFI first half 2025:

petoro

Cash flow of 139 billion from SDFI in the 1st half of 2025

The State's Direct Financial Interest (SDFI) continues to deliver strong cash flow and high profitability. In the first half of 2025, net cash flow from oil and gas activities was NOK 139 billion, up NOK 25 billion compared to the same period last year. Higher gas prices contributed to the positive development, while overall production was somewhat lower, mainly due to reduced gas volumes.

	First half of the year		Year-to-date
(NOK million)	2025	2024	2024
Cash flow	**139,088**	**113,608**	**220,048**
Operating revenue	**190,683**	139,330	304,809
Operating expenses	**43,208**	36,698	72,368
Operating profit	**147,475**	102,632	232,441
Financial items	**(2,565)**	(680)	(333)
Net income	**144,911**	**101,952**	**232,108**
investments	**15,614**	**14,460**	**40,528**
Average oil price (USD/bbl)	**71**	85	82
NOK/USD exchange rate	**10.81**	10.60	10.68
Average oil price (NOK/bbl)	**764**	904	871
Average gas price (NOK/scm)	**5.42**	3.84	4.50
Production (thousand boe per day)	**1,029**	**1,074**	**1,063**
Oil, condensate and NGL (thousand boe per day)	352	353	354
Gas (million scm per day)	108	115	113
Sales (thousand boe per day)	**1,043**	**1,086**	**1,072**

Johan Castberg. Photo: Lars Morken / ©Equinor

Financial results as of the 1st half of 2025

Net income after financial items as of the 2nd quarter amounted to NOK 144.9 billion, 43.0 billion higher than the same period last year. This increase was mainly caused by higher operating revenue as a result of high gas prices, as well as increased tariff revenue as a result of increased ownership in key gas infrastructure. Gains of NOK 21.4 billion for Heidrun were also recorded in the 1st quarter in connection with implementing a swap agreement with Equinor. The increase was partly offset by lower oil revenue as a result of lower prices, higher production expenses, costs to purchase third-party gas and depreciation.

Total production amounted to 1,029 thousand barrels of oil equivalent per day (kboed), a reduction of 44 kboed compared with the same period last year.

Gas production amounted to 108 million standard cubic metres (mill. scm) per day, down six per cent compared with the same period last year. This decline was primarily caused by a turnaround at Hammerfest LNG, as well as somewhat lower production from Troll. The average realised gas price was NOK 5.42 per scm, compared with NOK 3.84 in the same period last year. Prices remain substantially higher than during the same period last year, driven by lower inventories, high demand associated with filling up inventories in Europe, as well as a tight LNG market with more vigorous global competition for available volumes.

Liquids production totalled 352 kboed, down one kboed compared with the same period last year. This reduction was primarily caused by a natural decline in production from several mature fields and a reduced ownership interest in Heidrun following the swap agreement with Equinor. This was partly offset by higher production from Johan Castberg, which recently came on stream, as well as Tyrving and Breidablikk. The average achieved oil price was USD 71 per barrel, compared with USD 85 during the equivalent period last year. Measured in Norwegian kroner, the achieved oil price was NOK 764 per barrel, compared with NOK 904 per barrel during the same period last year. Oil prices have declined gradually over the first six months of the year, as a result of increased supply from OPEC+, weak demand – particularly from China and Europe – and a market that is increasingly responding to geopolitical events as short-term shocks.

Total operating expenses amounted to NOK 43.2 billion, NOK 6.5 billion higher than the same period last year. The increase was caused by higher production costs, costs related to purchasing third-party gas, and depreciation.

Costs for purchasing third-party gas totalled NOK 3.6 billion, NOK 1.8 billion higher than the same period last year. This increase was mainly caused by higher gas prices in combination with increased volumes. Transport costs came to NOK 3.5 billion, 1.9 billion lower than the same period last year. This decline was due to higher eliminations are a result of the increased ownership in key gas infrastructure.

Production costs amounted to NOK 15.8 billion, NOK 3.4 billion higher than the corresponding period last year. The increase was primarily caused by higher costs as a result of increased ownership in key gas infrastructure. Excluding gas infrastructure, the production costs were about on par with the same period last year.

Total depreciation came to NOK 18.8 billion, up NOK 2.7 billion from the same period last year. This increase was caused by higher depreciation for Gassled following the acquisition, Tyrihans following the swap with Equinor, as well as Johan Castberg and Tyrving once the fields came on stream.

Investments in the joint ventures totalled NOK 15.6 billion, an increase of NOK 1.2 billion compared with the same period last year. The increase was due to a higher activity level for Snøhvit Future and Troll phase 3 stage 2, as well as increased production drilling on Verdande. A larger ownership interest in Gassled also contributed to higher investments in gas infrastructure. The increase was partly offset by lower investments on Johan Castberg and Tyrving, which are now on stream.

Observations and incidents in the 1st half of 2025

- Seven serious incidents have been recorded so far this year, compared with five in the corresponding period last year. This yields a serious incident frequency per million hours worked (SIF) of 0.60 over the last 12 months, an increase from 0.53 for the same period last year. The personal injury frequency per million hours worked (TRIF) was 5.1, compared with 4.2 during the same period last year.

- In early July, the licensees on Johan Sverdrup decided to invest about NOK 13 billion in the development of two new subsea templates on the Johan Sverdrup field, in a project called phase 3. This project is expected to increase the recoverable volume by 40–50 million barrels of oil equivalent (boe) and contribute toward reaching the goal of an overall recovery rate of up to 75%. Production is scheduled to start in the 4th quarter of 2027.

- June also saw the completion of the Ormen Lange seabed compression project. With the aid of two new subsea compressor stations, the recovery rate is expected to increase from 75% to 85% and could yield an extra 30–50 billion scm of gas. The project finished within budget, and first gas was delivered in June 2025.

- The Johan Castberg field came on stream on 31 March and reached plateau production at 220,000 bbls of oil per day as early as 17 June – less than three months after first oil. The field contains recoverable volumes totalling 450–650 million barrels, and the project cost of about NOK 86 billion is expected to be repaid in less than two years. Further developments include drilling additional wells and developing satellite discoveries such as Isflak (start-up in 2028). A recent oil discovery in the Tubåen Formation (9–15 million bbls) has bolstered the field's resource base and is expected to be tied back to existing infrastructure.

- Production from the Halten Øst development in the Norwegian Sea started up on 17 March, a mere two years after the PDO was approved in February 2023. The first phase involves six wells in five discoveries, while phase two is slated for 2029. The expected recoverable reserves from these discoveries amount to approx. 100 million bbls of oil equivalent. The gas will be exported via Åsgard B to Kårstø and then to Europe. Overall investments for both phases total about NOK 9 billion, with anticipated repayment within one year.

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