



Risers on Snorre A.
(Photo: Harald Pettersen/Statoil)

HIGHLIGHTS 2013

REVISED STRATEGY AND NEW CEO

Grethe Moen took over as chief executive in June 2013.

The company's strategy was revised during the year. Mature fields have been retained as a main priority. These represent a large part of Petoro's portfolio, and investment is time-critical for securing the recovery of their remaining resources and thereby their asset value. Something has been achieved, but much remains to be done.

Field development has been elevated to a separate main strategic topic. The commitment to Johan Sverdrup in 2013 related to promoting a unified development of the discovery up to a choice of concept in February 2014.

The far north has been selected as a third main priority for Petoro as a result of big exploration activity and discoveries in important frontier areas with broad SDFI participation.

RECORD INVESTMENT

Investment increased by 34 per cent from 2012 to reach a record level. Big development projects contributed to capital spending of almost NOK 35 billion in the SDFI portfolio. Investment in drilling and wells contributed to almost 50 per cent of total SDFI capital spending in 2013. Although investment in recent years has helped to level out the decline in overall output, the failure of such substantial spending to boost productivity represents a challenge. The figures show a substantial cost rise which cannot be explained by increased activity.

PROGRESS WITH SNORRE 2040

In the autumn of 2013, the partners in the Snorre licence chose a concept for further development of the field up to 2040. This is based on a new platform which will help to secure the recovery of the reserves during Snorre's commercial life and realise the potential for improved recovery. The decision is in line with Petoro's strategy for mature fields and will provide the opportunity for a substantial

increase in the number of production wells on Snorre. Petoro's calculations suggest that this could yield 240 million additional barrels from Snorre, which is considerably more than the oil in the Goliat development due to come on stream soon.

OWN RIGS FOR GULLFAKS AND OSEBERG

Petoro has taken a lead in pushing for licences with a long-term requirement for production drilling to own their own rigs as an alternative to chartering them. The aim is to contribute to increased capacity and predictability and to reduce drilling costs, which will in turn make it profitable to drill more wells. The licensees for Gullfaks and Oseberg ordered two new Category J jack-up rigs in 2013. These will be owned by the licences and contribute to improved recovery and extended producing life for the fields. Awarding the contracts secures the necessary rig capacity at a reduced cost, and thereby enhances financial robustness, provides more profitable wells and supports Petoro's commitment to improving recovery from mature fields.

EXPLORATION

The level of exploration activity on the NCS was high in 2013, and 20 new discoveries were made. Petoro was involved with 23 of 59 completed wildcat and appraisal wells, and participated in 11 new discoveries – including a very promising find in the Hoop area of the Barents Sea. The 22nd licensing round gave Petoro interests in eight new Barents Sea licences. Positive results were also obtained from appraisal of Johan Sverdrup, where drilling activity has been directed at understanding the resource potential and securing the best possible development solution for this discovery.

GOOD HSE RESULTS, BUT STILL CHALLENGES WITH DROPPED OBJECTS

Health, safety and environmental results for facilities in the portfolio have shown improvement over a number of years, and the number of serious incidents per million working hours in 2013 came to 0.9. No fatalities or incidents with a major accident potential occurred in the SDFI portfolio. Dropped objects and incidents related to mechanical handling continue to dominate the statistics.



Oseberg.
Photo: Harald Pettersen/Statoil