



Grethe K. Moen. Photo: Anne Lise Norheim

## A SOLID FOUNDATION HAS BEEN MADE – LET’S USE THE OPPORTUNITIES

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2018 has been an active year for Petoro, during which many important decisions have been made. These decisions will be decisive in determining the future of the SDFI portfolio, and they relate both to the further development of mature fields and the development of new fields. Petoro works to increase the value of the SDFI portfolio, and projects adopted in 2018 support the company’s goals and strategy.

The three most important strategic projects for Petoro have been redevelopment of Troll and Snorre, and development of Johan Sverdrup. These

are all projects with great significance for the long-term perspective of the Norwegian shelf. Each of these projects contributes in its own way with major reserves and are competitive at far lower prices than we see today.

In this respect, the Johan Sverdrup field is an industrial milestone in a class of its own. The government approved phase 2 of the project in December, which is an important step in ensuring optimal exploitation of the resources in the field. The estimated lifetime of the field is almost 50 years, which underlines the importance of an industry embracing a

long-term perspective. The plan calls for the first phase to start up at the end of 2019, at which time the field by itself will represent around 20 per cent of the production from the Norwegian shelf.

The industry has succeeded in building a solid foundation during the challenging years that are behind us. Now we must use the opportunity that has been created. There is a positive momentum throughout the sector, and the activity on the Norwegian shelf is considerably higher than in recent years. This is motivating and contributes to a sense of pride for everyone who works in Norway’s

most important industry!

We face global competition on a daily basis, while figures from the Norwegian Petroleum Directorate show that the Norwegian shelf still has almost half of its resources left to produce. If we are to succeed in realising these values, I believe that broad-based cooperation among all players, including implementation of new digital technology, will be crucial. We need more power in the change processes if we are to extract the gains, and we also need more momentum in the business units that will be using this technology. Part of the issue will be allowing for more sharing of data, so that we achieve a better basis for making decisions and thus reduce the risk inherent in our activity. Leadership, cooperation and innovation are keywords, so that we utilise the overall expertise of the industry in the best way possible.

The years to come will be important in strengthening the industry with a view to enhanced expertise within digitalisation and technology development where we can harvest substantial competitive advantages. The industry as a whole has a responsibility to contribute to lift up the significant opportunities found in a future-oriented industry. This applies both within traditional oil and gas, but also within the development that is taking place all across the energy field.

Recruiting young people is one of the biggest challenges we face when questions are raised regarding the legitimacy of the oil and gas industry in Norway. The number of applicants to oil-related education is declining, a statistic which I view with great concern. It will be challenging to replace retiring employees with long years of experience if we cannot encourage young people to commit to petroleum subjects.

The supplier industry employs the majority of the personnel in the oil and gas industry. A sustainable and profitable supplier industry is important for everyone on the Norwegian shelf. While 2018 has been a very good year for the oil companies, we see that many of the supplier companies are still facing challenges. Fortunately, indications are also on the way up here, and it is important that the supplier industry perceives the Norwegian shelf as attractive. If not, we run the risk of important suppliers pulling out of the shelf, or not achieving further development. The suppliers are entirely essential for innovation and technological development that will, in turn, secure the competitiveness of the Norwegian shelf. Therefore, it is important that the suppliers take active part on an equal footing with the operators in the ongoing change processes to extract the benefits of implementing new digital technology.

One of the issues that has been of prime importance for Petoro over many years has been the need for more wells. Drilling more wells is the most important instrument to ensure increased production and an improved recovery rate on the Norwegian shelf. The key to this work is further improvement in efficiency, exploration wells to identify more resources that can yield new development opportunities, in addition to wells at and near existing fields to maintain production from mature fields.

The production forecast for the shelf is rising going toward 2023, while production is projected to decline after this. The infrastructure on the Norwegian shelf is of high quality and can be used for a long time. This means that exploration near existing infrastructure is profitable. The gas infrastructure is particularly comprehensive, and very cost-effective. Among other things,

this provides opportunities to explore for gas that can fill the pipelines as capacity becomes available. Norway is an important supplier of gas to Europe, and in this way contributes to cutting greenhouse gas emissions by displacing the use of coal. At the same time, gas plays an important role along with renewable energy production to ensure secure energy supplies.

Cooperation has always been a strength in the Norwegian culture. I believe that we have not yet extracted the full potential that lies in our culture when it comes to the gains that can be realised from effective cooperation. Everyone talks about it; however, it still seems to be difficult to achieve genuine interaction characterised by openness and trust in practice and at all levels: internally in companies – between authorities, operators, partners, suppliers and between the oil and gas industry and those who drive the development of renewable energy.

This will lay the foundation for increasing efficiency, reducing the cost level, and ensuring that the Norwegian shelf will remain sustainable.

*"We must all hang together, or assuredly we shall all hang separately"*

Benjamin Franklin



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