



Kristin Fejerskov Kragseth. Photo: Elisabeth Tønnessen

The world got smaller in 2022

2022 was the year we learned how much we depend on each other. A terrible war broke out in the middle of Europe; a war that was nearly unthinkable for most of us. We've shown how Europe can close ranks to stand up against an active aggressor that is also willing to use energy as a weapon. In order for us to safely navigate uncertain times, we need to cooperate and trust in each other. This is and will always be the most important factor.

In fact, trust was a main theme for ONS in 2022. At Petoro, we had a "Tree of Trust" at our stand where visitors could write a note describing what trust meant for them, and hang it on the tree. Julia was one of the many who contributed. She's an engineer and a Ukrainian refugee. Her note read, "Trust to me is to feel safe and secure", which gives us a certain insight into the inhuman consequences of the war in Ukraine. The world suddenly became very small that day.

Increased gas deliveries to Europe

The war has major consequences for the energy market, particularly in Europe. Secure

and stable gas deliveries have never been more important, and Norway is contributing as a predictable and long-term supplier.

Long-term efforts on the Norwegian shelf have ensured that we can contribute large volumes of gas to Europe. Norwegian gas production increased by 8% in 2022, and we're now supplying around 30% of the gas Europe needs. This increase was possible because increased production was permitted from multiple fields, Snøhvit was back on stream, and not least – we've had safe and secure operations. An ever-increasing share of gas is being produced from Petoro's portfolio. The Troll field, where Petoro has

an ownership interest of 56%, is a particularly large contributor. The Troll field represents 60% of the gas reserves on the Norwegian shelf, and will be able to produce until 2070. Overall gas production in Norway is expected to remain at the 2022 level for the next four-to-five years.

Energy prices have been record-high in 2022, and this will affect the geopolitical scenario for a long time to come. With historically high prices, Petoro is delivering a cash flow of NOK 528 billion - five times higher than a normal year. The cash flow will be transferred to the Norwegian state in its entirety. This means that the extraordinary revenues can benefit the broader community.

Record-breaking activity

The tax package has contributed around NOK 300 billion in new investments on the Norwegian shelf. Petoro is part of five of the 13 new development plans (PDOs) submitted in 2022. We are part of three of four expansions of existing PDOs, as well as one electrification project. These projects will ensure future production, significant activity for the suppliers, a large number of jobs, and not least a reduction in CO₂ from our activities. Petoro has worked actively in the licences to ensure that the projects are sufficiently mature for a decision.

Climate targets will be reached with electrification

At Petoro, we've established an ambitious target to achieve emission cuts totalling 55% from the SDFI production by 2030, compared with emissions in 2005. This will be challenging, but it is possible. Electrification with power from shore is the most important measure to reach this target. Electrification, where this makes commercial sense, will ensure production with minimal emissions. This is important for the shelf's competitiveness and for the revenues that fall to the broader society. One particularly important project is the electrification of Hammerfest LNG, which processes the gas from Snøhvit and is currently one of the largest single emission points in the country. The upgrade plan was submitted in December.

The Norwegian shelf in general, and the SDFI portfolio in particular, are characterised by very low greenhouse gas emissions on an international scale. Among other things, this is due to the Norwegian authorities' foresight by being an early adopter of a CO₂ tax, a prohibition against flaring and strict measures to reduce methane emissions. We're constantly working to improve in this area.

Moving forward

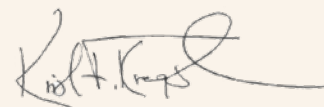
The long-term goal is to move away from fossil energy, but this will take time. The world's energy needs will necessarily include oil and gas for a long time to come. This underlines the importance of ensuring that this fossil energy is produced with the lowest possible emissions.

In order to achieve the entirely crucial innovation and development, we need more bright minds and skilled workers. There are so many exciting opportunities in our industry; opportunities to contribute to the transition. We need to do a better job of communicating this. At Petoro, we've always had a staff with a high level of technical expertise. Without them, we would not have been able to deliver the way we have since our inception in 2001. But even we will need to be replaced eventually. Our industry needs to reach out to and inspire young people. The future depends on it.

Trust, transparency and dialogue are prerequisites for working together to solve the energy challenges we face today; safe, secure and accessible energy for all, while simultaneously transitioning to a sustainable future. Norwegian oil and gas enjoys a unique competitive position here, one Petoro will work continuously to strengthen.

Energy crisis and climate crisis; we will contribute to solve them both. This is a tall order, and it's urgent. Our shared future depends on it.

Kind regards, Kristin



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Tree of trust from ONS 2022 . Photo: Melvær&Co