



# SDFI SECOND QUARTER OF 2015



# CASH FLOW STILL GOOD. HIGH VOLUME REDUCED EFFECT OF LOWER PRICES

Net cash flow from the State's Direct Financial Interest (SDFI) on the Norwegian continental shelf (NCS) came to NOK 24 billion in the second quarter, down NOK 1 billion from the same period of 2014. High production and sales of oil and gas, higher gas prices and a high USD/NOK exchange rate reduced the effect of lower oil prices. Investment amounted to NOK 8 billion, a decline of roughly 13 per cent from the second quarter of last year.

Net cash flow for the first half was NOK 55 billion, down by 14 per cent from the same period of 2014. Income after financial items came to NOK 49 billion, a decline of NOK 15 billion from the first half of last year.

Total oil and gas output averaged 1 046 thousand barrels of oil equivalent per day

(boe/d) in the first half, up by about 4.5 per cent from the same period of 2014.

## FINANCIAL RESULTS FOR THE FIRST HALF

Operating revenue totalled NOK 81.8 billion for the first half, compared with NOK 93.3 billion in the same period of last year. The fall in oil prices was the primary reason for the decline.

	SECOND QUARTER		FIRST HALF		FULL YEAR
(NOK mill)	2015	2014	2015	2014	2014
Operating revenue	37 172	40 069	81 833	93 313	179 797
Total operating expenses	15 308	14 123	32 332	28 796	59 664
Operating income	21 864	25 946	49 501	64 517	120 133
Net financial items	(615)	(232)	(882)	(1 001)	(462)
Income after financial items	21 249	25 714	48 619	63 516	119 671
Total investment	8 324	9 543	15 161	19 096	35 742
Net cash flow to the government	23 854	24 825	54 935	63 743	111 068
Average oil price (USD/bbl)	62.01	111.44	58.68	110.13	99.11
NOK/USD exchange rate	7.75	5.98	7.69	6.06	6.23
Average oil price (NOK/bbl)	481	667	451	668	617
Average gas price (NOK/scm)	2.12	2,06	2.23	2.35	2.23
Oil/NGL production (1 000 b/d)	407	370	413	399	407
Gas production (mill scm/d)	83	83	101	96	94
Total production (1 000 boe/d)	926	894	1 046	1 001	1 000



Gullfaks Wet Gas Compressor. Photo: Harald Pettersen, Statoil

Total production during the first half averaged 1 046 thousand boe/d, compared with 1 001 thousand boe/d in the same period of 2014. Output of oil and natural gas liquids (NGL) rose by 3.5 per cent, while gas production was up by five per cent. Total sales of equity production for the SDFI averaged 1 057 thousand boe/d, an increase of 6.3 per cent from the first half of last year.

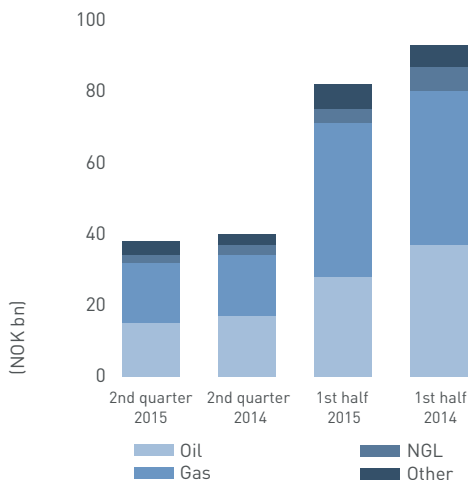
Income from oil sales in the first half came to NOK 28 billion, down by 23.5 per cent from the same period of 2014. The increase in the volume sold was countered by a lower per-barrel oil price in Norwegian kroner than in the first half of last year.

Gas income came to NOK 43 billion for the first half, which was on a par with the same period of 2014. The average gas price was down about five per cent from the first half of last year. That was offset by a five-per-cent increase in the volume of sales (including purchases of third-party gas) over the same period.

Operating expenses for the first half totalled NOK 32.3 billion, compared with NOK 28.8 billion in the same period of 2014. This 12 per cent rise primarily reflected increased depreciation for removals. Operating costs for fields in Petoro's portfolio were reduced by 13 per cent from the first half of 2014.

Total investment in the first half was NOK 15.2 billion, down by 21 per cent from the same period of 2014. This decline primarily reflected lower capital spending on developments as planned. The reduction in development activity was offset to some extent by a weak krone and speeding up investment in wells.

### REVENUE BY PRODUCT



# ACTIVITIES SINCE THE FIRST QUARTER

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Two plans for development and operation (PDOs) were submitted to the Ministry of Petroleum and Energy during the second quarter. These covered the Maria discovery and a supplement to the Gullfaks PDO for the first phase of the Shetland/Lista development. The SDFI has a 30 per cent interest in both projects.

Subsea compression was installed on Gullfaks and Åsgard during the quarter. Both these projects provide good examples of the early application of new technology.

The Ministry of Petroleum and Energy established the distribution of interests in the Johan Sverdrup field on 1 July. Petoro's share is 17.36 per cent, down by 0.48 per cent from the

compromise division approved by Petoro and three of the other companies.

Improvement efforts by operators and suppliers are continuing with full vigour, but it remains difficult to distinguish cuts in activity from genuine efficiency gains.

Trude Haugen Fjeldstad was elected as a new director of Petoro AS by the annual general meeting in June.

Stavanger, August 2015

The board of directors of Petoro AS