SDFI third quarter of 2024:

petoro

Cash flow of 174 billion from the SDFI so far this year

The State's Direct Financial Interest (SDFI) has generated a cash flow of NOK 174 billion so far this year. Production has been high, with solid operations throughout the 3rd quarter. Gas production has increased by 16 per cent, but net cash flow from oil and gas activities is nevertheless significantly lower than at the same time last year, mainly due to lower gas prices.

	As of 3rd quarter		Full year
(NOK million)	**2024**	**2023**	**2023**
Cash flow	**174,259**	**219,483**	**276,905**
Operating revenue	**213,012**	258,860	352,690
Operating expenses	**54,437**	60,545	86,109
Operating profit	**158,575**	198,314	266,581
Financial items	**(660)**	1,635	(409)
Net income	**157,915**	**199,949**	**266,172**
Investments	**21,504**	**22,020**	**30,358**
Average oil price (USD/bbl)	**84**	83	83
NOK/USD exchange rate	**10.63**	10.45	10.55
Average oil price (NOK/bbl)	**888**	864	876
Average gas price (NOK/scm)	**4.06**	5.75	5.76
Production (thousand boe per day)	**1,053**	**958**	**994**
Oil, condensate and NGL (thousand boe per day)	351	352	354
Gas (million scm per day)	112	96	102
Sales (thousand boe per day)	**1,062**	**1,002**	**1,030**

Johan Castberg FPSO leaving Klosterfjorden. Photo: Øyvind Gravås/Eirin Lillebø / ©Equinor

Financial results as of the 3rd quarter of 2024

Net income after financial items as of the 3rd quarter amounted to NOK 157.9 billion, 42.0 billion lower than the same period last year. This reduction was mainly caused by lower revenues as a result of reduced gas prices. The decline was partly offset by increased gas sales and reduced costs for purchasing third-party gas.

Total production amounted to 1,053 thousand barrels of oil equivalent per day (kboed), an increase of 95 kboed compared with the same period last year.

Gas production amounted to 112 million standard cubic metres (mill. scm) per day, up 16 per cent compared with the same period last year. This increase was primarily caused by higher gas production from Troll following a capacity increase at Kollsnes, but also strong and stable production from fields such as Oseberg, Dvalin, Snøhvit and Ormen Lange. The average realised gas price was NOK 4.06 per scm, compared with NOK 5.75 in the same period last year. The reason for the lower gas prices is complex, but the primary cause was lower demand, high LNG imports and high storage levels in Europe.

Liquids production totalled 351 kboed, a reduction of 1 kboed compared with the same period last year. The reduction in liquids production was primarily caused by natural production decline and turnarounds on multiple mature fields. This effect was partly offset by new production from Breidablikk, which started up in 2023. The average realised oil price was USD 84, compared with USD 83 per barrel in the same period last year. However, the increase measured in Norwegian kroner was somewhat bolstered by a weakened NOK exchange rate, leading to an achieved oil price of NOK 888, compared with NOK 864 per barrel during the same period last year. The marginal increase in oil price compared with the previous year was caused by growth in demand, but this effect is offset by an increase in supply from countries outside OPEC+.

Total operating expenses amounted to NOK 54.4 billion, NOK 6.1 billion lower than the same period last year. This reduction was a result of lower costs related to purchasing third-party gas, as well as somewhat lower transport costs. The decline was partly offset by increased production expenses. Costs for purchasing third-party gas came to NOK 2.6 billion, NOK 9.2 billion lower than the same period last year. This decline was mainly caused by lower gas prices in combination with reduced volumes. Transportation costs totalled NOK 8.5 billion, NOK 0.5 billion lower than the same period last year. This decline was caused by lower costs for transporting oil from Troll and gas from Visund and Åsgard.

Production expenses came to NOK 17.8 billion, NOK 0.8 billion higher than the corresponding period last year. The increase was caused by general growth in operating and maintenance expenses on multiple fields, partly offset by reduced costs for electricity and environmental taxes.

Investments totalled about NOK 21.5 billion, NOK 0.5 billion lower than in the same period last year. This reduction was caused by less production drilling on Troll, Visund and Statfjord Øst, as well as lower investment levels on Breidablikk and Dvalin after start-up. The decline was partly offset by high activity on several projects in the implementation phase, such as Irpa, Snøhvit and Troll phase 3. More production drilling is also under way on fields such as Tyrving, Haltenbanken Vest and Johan Castberg.

Observations and incidents in the 3rd quarter

- Twelve serious incidents have been registered so far this year, which is the same number as for the corresponding period last year. This yields a serious incident frequency per million hours worked (SIF) of 0.61 over the last 12 months, an increase of 0.55 from the same period last year. The frequency of personal injuries per million hours worked (TRIF) was 4.6, compared with 4.1 in the same period last year.

- Oil production from the Tyrving field came on stream in early September. Recoverable resources in Tyrving are estimated at about 25 million barrels of oil equivalent. Tyrving will operate with very low emissions, estimated at just 0.3 kg of CO_2 per barrel.

- As of 7 September, the Troll B and C installations were partly operated using power from shore. This will reduce emissions from the Norwegian shelf by 250,000 tonnes of CO_2 annually. This CO_2 reduction corresponds to about one-half per cent of Norway's total annual emissions. NO_x emissions from the field will also be reduced by about 850 tonnes per year. Gas that was previously combusted in turbines to supply energy on the platforms can now be exported to Europe.

- The Johan Castberg ship anchored up on the field in the Barents Sea on 17 September, and first oil is planned towards the end of the year. This was an important milestone for Petoro and the other licensees, Equinor and Vår Energi. The field contains between 450-650 million barrels of recoverable resources. Production will be up to 220,000 barrels per day, and the field is expected to have a lifetime of at least 30 years.