

3

Activities and results from the year



Johan Sverdrup
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Activities and results in 2024

Reference is made to the “Letter of Assignment to Petoro AS for 2024”, and to the business plan for Petoro AS. The targets set in the letter of assignment and Petoro’s performance in relation to these are presented below.

Safeguarding the state’s direct participating interests

Petoro shall be an active partner that helps maximise the value of the SDFI portfolio through comprehensive assessments. The work shall be focused on areas and tasks where the company, based on the portfolio and in interaction with other players on the NCS, can provide a particular contribution toward increased value creation, considering the state’s overall financial interests. In 2024, Petoro will be following up a number of large and challenging projects in the implementation phase, as well as several in the planning phase. Mature fields remain the bedrock in the SDFI portfolio, and many of the projects will contribute to new production from them. Additional wells through increased drilling efficiency is key in this effort. Furthermore, choosing the right concept and reduced uncertainty in the reserve base are significant for realising values for projects in the planning phase.

Operational targets

“Petoro will establish operational targets with the aim of maintaining a high level of production in 2024.”

Management parameters: Volume figures. Development over time and description of deviations.

Total production reached 1,063 thousand barrels of oil equivalent per day (kboed), an increase of 70 kboed compared with the previous year.

Gas production amounted to 113 million standard cubic metres (mill. scm) per day, an increase of eleven per cent compared with the year before. This increase was primarily caused by higher gas production from Troll following a capacity increase at Kollsnes, but also robust and stable production from fields such as Oseberg and Dvalin.

Liquids production amounted to 354 kboed, a reduction of 1 kboed compared with the previous 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.

Production from mature fields dominates the SDFI portfolio. The company’s strategy establishes the following three priorities to increase production: (1) Mature fields, where the goal is to create more investment opportunities, (2) Area development, where the goal is to find solutions across the portfolio, (3) People and nature, where the goal is to take care of our surroundings. Petoro works to reinforce value creation opportunities with emphasis on long-term business development through focused follow-up, supported by in-depth professional commitment.

“Petoro will prepare operational targets as regards efficient operations.”

Management parameters: Development in operating expenses with description of deviations.

Efficiency measures on operating fields have been part of Petoro’s work in 2024 as well. Production costs in 2024 amounted to NOK 24 billion, 1 billion higher than the previous 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.

Petoro is monitoring the development in production expenses closely, including costs for operation and maintenance of fields and infrastructure. Petoro assesses the cost level of the various items in the licences’ budgets and calls for efficiency measures, e.g. based on independent benchmark analyses.

Petoro actively uses its role in the joint ventures and on the NCS to reinforce the momentum for improvement and contribute to change processes, as well as to facilitate efficient data sharing. Through strategic cooperation with SLB, Petoro has also targeted special efforts on increased quality and efficient work processes in reservoir modelling and well planning.

“Petoro will prepare operational targets as regards ensuring safety and safeguarding environmental concerns.”

Management parameters: Serious incidents, CO₂ emissions. Development over time and description of deviations.

The serious incident frequency, defined as the number of actual and potential serious near-miss incidents per million hours worked, is still too high. A total of 17 serious incidents occurred in the SDFI portfolio in 2024, which results in a serious incident frequency on 0.59. This represents a slight worsening from 0.56 in 2023. Falling objects continue to dominate the range of incidents. The personal injury frequency was 4.92, compared with 4.11 in 2023.

Petoro prioritises efforts to improve safety. This stance is clearly communicated through the company's expectations for HSE management and HSE culture in the licences. Petoro particularly focuses on handling major accident risk, and the company is addressing the quality of risk assessments and lessons learned across the portfolio. Over the course of the year, Petoro has carried out management visits at selected fields and onshore facilities with a focus on HSE.

In 2025, Petoro will publish a dedicated sustainability report addressing emissions to air and sea from the SDFI portfolio, as well as developments over time and descriptions of deviations.

Priority targets and activities in 2024

“Petoro shall, through its own in-depth work, studies and verifications, contribute to realising reserve bases and identifying new development projects for further field developments and improved recovery from mature fields in the portfolio.”

Management parameters: Initiatives, measures and work implemented by

Petoro, achieved results and their effects.

In 2024, Petoro made an investment decision for phase 3 step 2 in the further development of the Troll field. The company has also emphasised work to create a basis for new projects. A significant share of these efforts have been aimed at own reservoir simulation work, and this has resulted in an improved basis for realising additional reserves on the Johan Sverdrup, Åsgard, Visund, Heidrun, Troll, Oseberg, Grane/ Bredablikk, Gullfaks and Martin Linge fields.

“Petoro shall, through its own in-depth work, studies and verifications, contribute to increased drilling efficiency and effective utilisation of rig and drilling capacity to drill new wells.”

Management parameters: Initiatives, measures and work implemented by Petoro, achieved results and their effects.

The company has also been a driving force for efficiency and cost reductions, particularly within the area of drilling and wells. The need for efficiency improvements and cost reductions within the drilling and well service area has been an important issue for Petoro over several years.

In 2024, Petoro continued its contributions to process improvements associated with well maturation and approval of new wells, releasing rig time and better utilisation of digital solutions throughout the entire well construction phase. The first initiative has led to the approval process in the licences increasingly taking a portfolio perspective and facilitating early partner involvement. This has been rolled out

in several of the fields in the portfolio. Petoro has also continued its own studies in order to present proposals to free up rig time in select parts of the portfolio. Petoro spent 2024 working to establish new digital solutions, including the use of artificial intelligence to identify opportunities to reuse well slots and increase production potential.

“Petoro shall, through its own in-depth work, studies and verifications, contribute to robust and comprehensive concept choice solutions for discoveries and new development projects which allow for future flexibility.”

Management parameters: Initiatives, measures and work implemented by Petoro, achieved results and their effects.

In 2024, Petoro has been engaged in efforts to develop good concept solutions to realise the largest remaining discoveries in the SDFI portfolio; Wisting, Grosbeak and Linnorm. In these efforts, Petoro has emphasised choosing development solutions with the capacity and expansion opportunities to realise the fields' full value potential, and that relevant new technology can be utilised to strengthen profitability. Examples include multiphase over longer distances (Grosbeak, Linnorm) and advanced seismic monitoring and power supply solutions (Wisting). The common denominator for all these projects is that Petoro, as a major licensee on connected infrastructure, contributes an area perspective that yields synergies and optimisation gains. This is particularly important for the development of gas solutions.

“Petoro shall, through its own in-depth work, studies and verifications, contribute to quality in the basis for

investment decisions.”

Management parameters: Initiatives, measures and work implemented by Petoro, achieved results and their effects.

In 2024, Petoro made investment decisions for two projects, Troll phase 3, stage 2 and Mongstad water treatment. The basis for yet another further development project on Troll generating significant added value was created through efforts over several years where Petoro has contributed extensive reservoir simulations and technical facility assessments. Petoro ensures quality in the decision-making basis through internal discipline reviews based on defined quality requirements.

“Petoro shall, through its own in-depth work, studies and verifications, contribute to reduced uncertainty in the reserve base for new projects.”

Management parameters: Initiatives, measures and work implemented by Petoro, achieved results and their effects.

In 2024, Petoro carried out its own reservoir simulation work in an effort to reduce uncertainty in the reserve base for the following major future projects:

- Johan Sverdrup – to support the phase 3 decision and increase the value of seismic analyses
- Heidrun HEP – to create opportunities for further expansions and verify the operator’s work
- Troll phase 3 step 3 – to ensure optimal utilisation of field infrastructure
- Åsgard – to map well potential on Smørbukk
- Snorre – to map the opportunity for accelerated production through additional wells
- Gullfaks – to map opportunities

for drilling production wells in the Shetland flank area

- Visund – to evaluate measures to accelerate production
- Dvalin – to quality-assure a new geomodel
- Breidablikk – to evaluate the potential of a subsea pump solution
- Martin Linge - to strengthen the planning of new IOR wells

“Petoro shall, through its own in-depth work, studies and verifications, contribute to the reduction of greenhouse gas emissions through electrification and other measures.”

Management parameters: Initiatives, measures and work implemented by Petoro, achieved results and their effects.

The most important measure to achieve considerable reductions in CO₂ emissions from production on the NCS is electrifying installations. The industry has embarked upon a number of initiatives to identify and mature new projects. Electrification of mature fields is a time-critical measure, both as regards reaching national climate targets, in addition to a reduced income potential in the form of increased gas sales and saved CO₂ costs when the operating period is shorter. This is why Petoro works actively with operators and joint ventures to contribute to the best possible solutions and maintain progress in ongoing projects.

Petoro has seen significant activity associated with maturing electrification measures that will contribute to large reductions in greenhouse gas emissions from the portfolio. In 2024, the company has had four projects in the implementation phase; Partial electrification of Troll B/C and Oseberg, in addition to full electrification of

Snøhvit and Draugen. The company has also worked to mature new electrification projects on the Halten Bank and in the Tampen area, as well as on Grane and at Kårstø, which have all made decisions to continue (BoV) in 2024. Overall, these projects have the potential to reduce the portfolio’s CO₂ emissions, thus allowing Petoro to reach its target of 55% reduction in scope 1 by 2030.

Following up Equinor’s marketing and sale of the state’s petroleum

Petoro will follow up to ensure that Equinor conducts the marketing and sale of the state’s petroleum alongside its own in accordance with the marketing and sale instructions issued to Equinor ASA. This includes contributing to equitable distribution of revenues and costs between the state and Equinor.

“Monitoring the marketing and sale of the state’s petroleum with attention to the market situation, potential divergent interests, as well as issues of significant importance as regards value.”

Management parameters: Initiatives, measures and work implemented by Petoro, achieved results and their effects.

In 2024, Petoro has prioritised issues within the marketing and sale of both oil and gas. The company has particularly focused on following up measures to increase gas production in order to deliver as much gas as possible to the European market going forward. In addition, the company has paid attention to the extent to which the marketing and sale models satisfy the objectives in the Marketing and Sale

Instruction regarding Maximum Value Creation and Equitable Distribution between Equinor and SDFI.

Petoro is concerned with ensuring that the products are marketed and sold in such a way that the highest price is achieved, in addition to ensuring that the portfolio's flexibility is used to achieve the highest possible value creation. In this context, optimal further development, regularity, utilisation of capacity and flexibility in production facilities and infrastructure are of significant importance.

Selected verifications have been conducted to ensure that the SDFI receives its rightful share of sales-related costs and revenues. Multiple clarifications of principle have been achieved in recent years related to marketing and sale, and some of them were implemented in 2024. Petoro has maintained a dialogue with the Ministry of Trade, Industry and Fisheries throughout the year on areas in the Instructions. The company has also had an extensive dialogue with Equinor, including follow-up of shared goals for costs and value creation.

Financial management

“Petoro shall

- **ensure sound financial management and control of SDFI pursuant to the Regulations on Financial Management in Central Government and instructions to Petoro AS for financial management of the SDFI**
- **prepare and follow up budgets and forecasts, conduct accountancy and perform periodic variance analyses and reporting on the SDFI's financial standing and development.”**

In 2024, Petoro has ensured sound financial management and control of the SDFI in line with the Regulations on Financial Management in Central Government and instructions for financial management of the SDFI.

The company has furthermore prepared and followed up budgets and forecasts, been responsible for accountancy through an external accountant and performed periodic variance analyses and reporting on the SDFI's financial standing and development in accordance with deadlines specified in the Allocation Letter.

The company also received a clean bill of health for the SDFI from the Office of the Auditor General for 2023.

Efficient operations

Petoro will work systematically to utilise its allocated resources in an efficient manner. The company will prepare operational targets and indicators that demonstrate the efficiency of the company's operations and which can be compared over time.

“Petoro shall carry out its primary tasks in an efficient manner, which includes utilising opportunities for efficient operations by using digital solutions and digital data sharing”

Management parameters: Initiatives, measures and work implemented by Petoro and demonstrating their impact.

Petoro aims to carry out its activities as efficiently as possible. The company has a framework for efficiency measures and improvement. This framework is an integrated part of the company's governance.

Over the course of the year, the company has implemented 54 different improvement and efficiency measures. The effect of these measures has been estimated at one-time savings of NOK 0.7 million and annual savings of NOK 0.8 million, as well as about 1900 saved hours worked. The measures have also yielded improved quality and fewer mistakes, increased availability of information and more efficient work processes.

The company has organised its primary tasks such that new ownership interests the company receives for stewardship are handled with a limited increase in the use of resources. Petoro has organised its activities with limited basic staffing. About 35 per cent of the company's cost consumption is linked to the purchase of external goods and services, and the largest areas are ICT, accounting and auditing services, as well as procurement of project-oriented expertise and studies within the company's strategic priorities. Petoro is concerned with facilitating a high level of competition in its tender processes, thus allowing the company to achieve the best terms accessible on the market, as well as careful cost monitoring in existing agreements.

In line with the company's digital strategy plan, Petoro works to seize the opportunity for efficiency measures and improvement by using digital tools. The objective is to improve the quality and accessibility of information, reduce time spent on routine tasks and manual operations, streamline reporting and supervisory tasks, as well as to improve the company's impact through better insight, analyses and decision documentation.