



# ORKANGER KONFERANSEN 2015

DET NORSKE OG VEIEN VIDERE

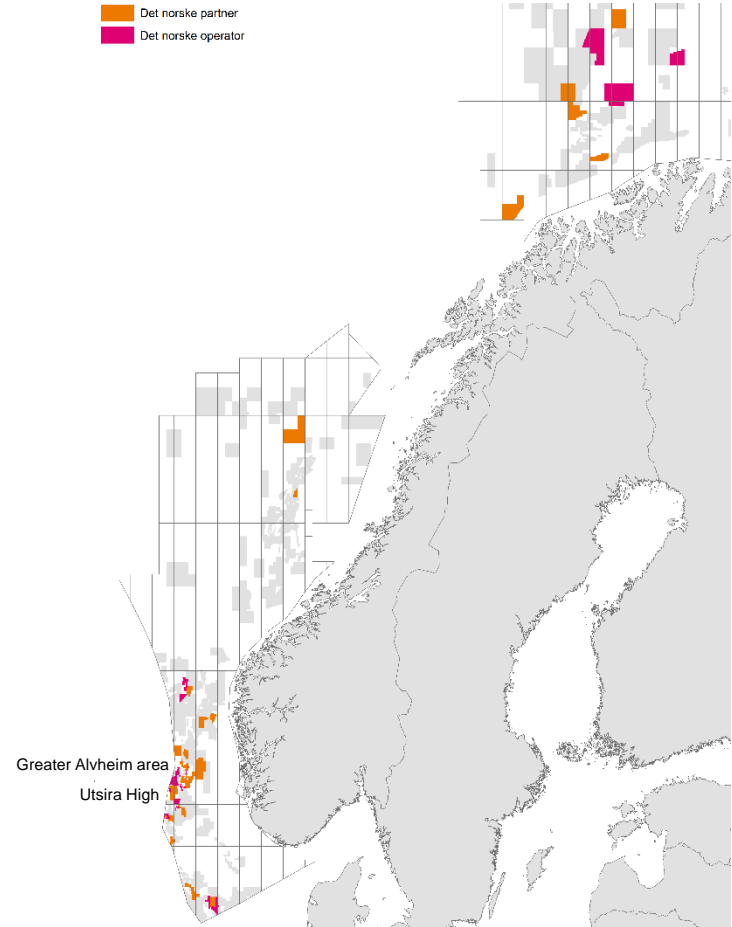


KARL JOHNNY HERSVIK, CEO  
DET NORSKE OLJESELSKAP  
28 MAI 2015



# Company snapshot

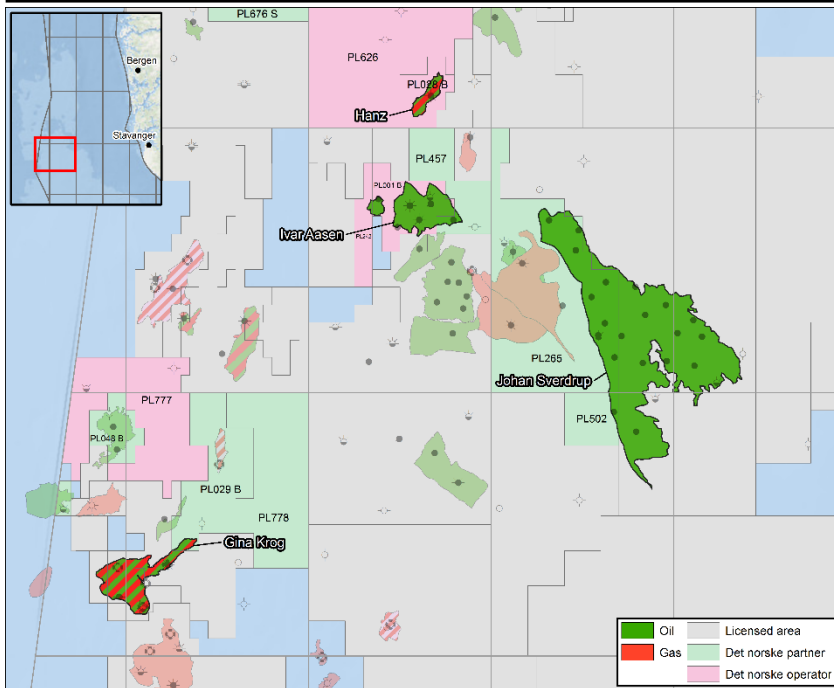
- **Fully-fledged E&P company with ~500 employees with sole focus on the Norwegian Continental Shelf**
- **P50 reserves at year-end 2014 of 206 mmboe**
  - Including Sverdrup full field: approximately 500 mmboe
- **2014 production of 66.6 mboepd**
- **Major ongoing development projects**
  - Ivar Aasen and Johan Sverdrup fields to secure future production growth
- **Enterprise value: USD ~3.5 billion**
  - Ticker: DETNOR



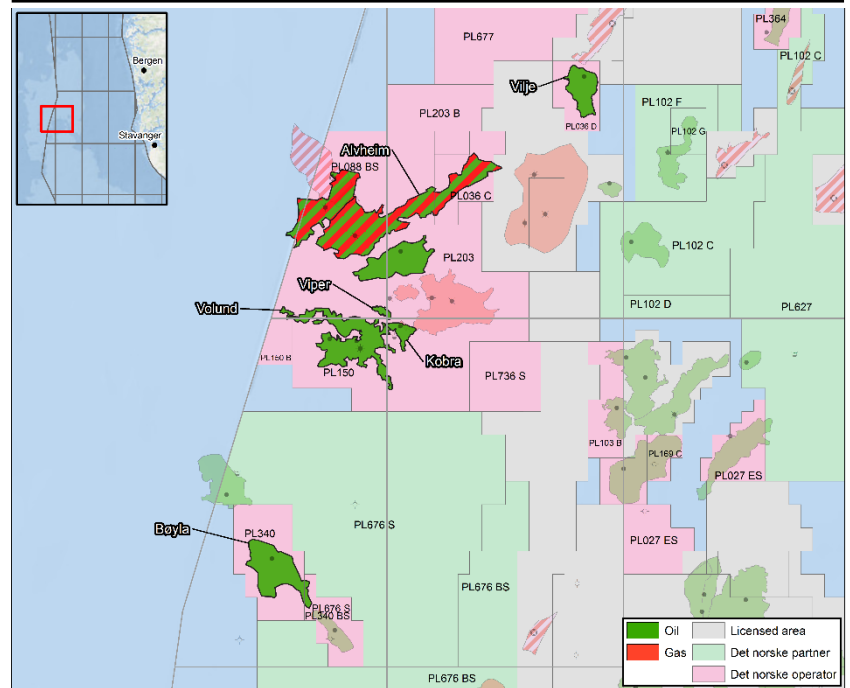
# OUR ASSETS

## Asset overview

### Utsira High



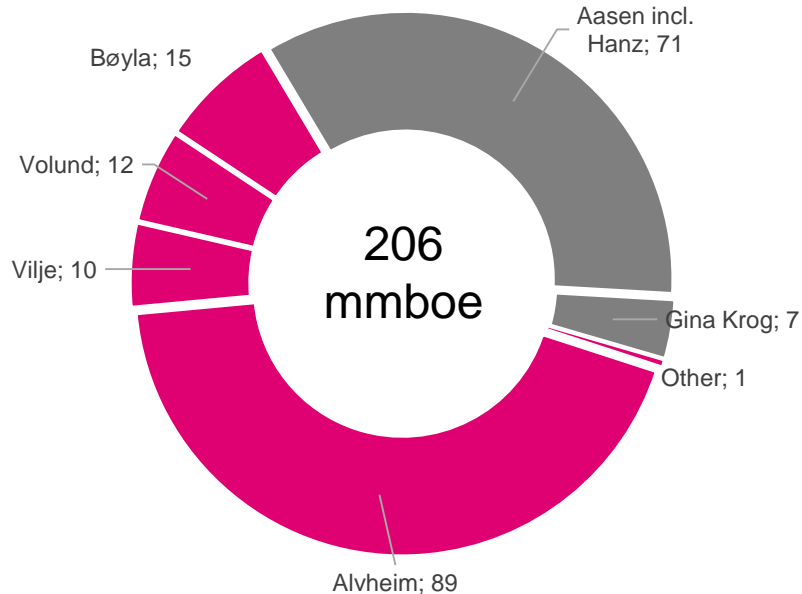
### Greater Alvhheim area



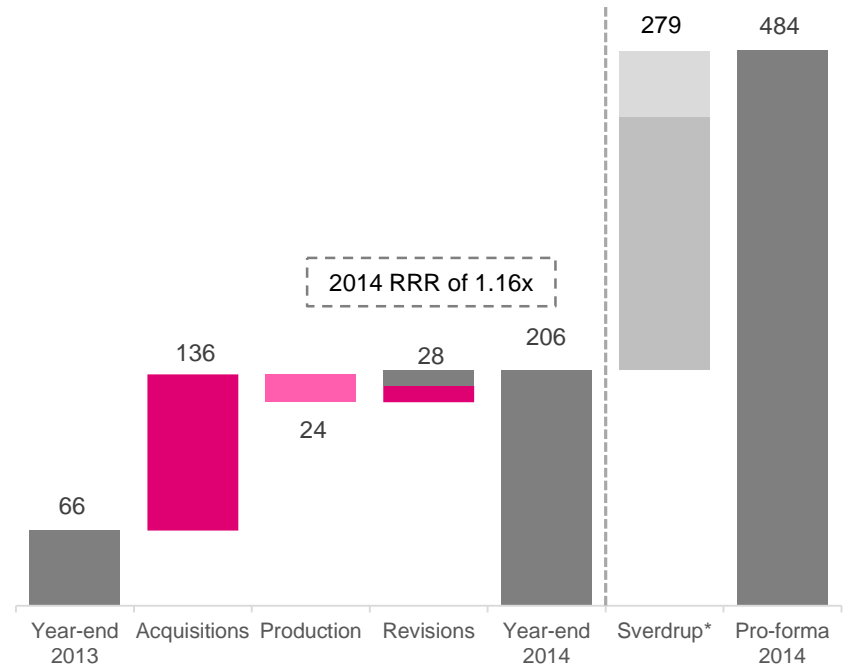
# RESERVES

## Year-end 2014 certified reserves of 206 mmboe

Proven & probable reserves (P50), end 2014



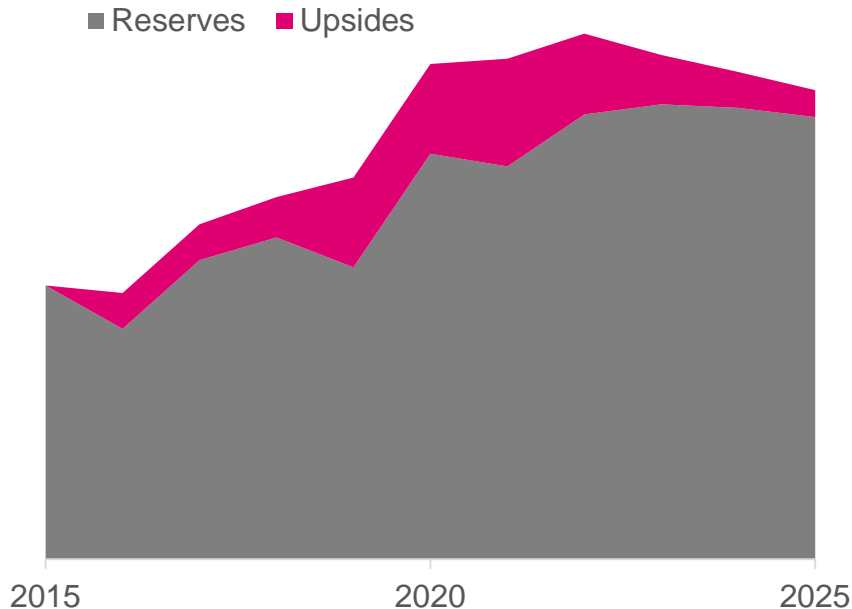
Development in P50 reserves (mmboe)



\* Based on operator's proposal for working interest (11.8933%), full field development

## PRODUCTION

# Developments to secure cash flow for decades



DET**NORSKE**

### ■ Low breakeven cost development projects

- Ivar Aasen to start production in 2016
- Johan Sverdrup to start production in 2019
- Several profitable projects in the Alvheim area
  - Viper-Kobra development commenced

### ■ Extending rig capacity

- Tendering rig to secure drilling capacity from summer 2016 and onwards
- Will enable the company to continue to develop profitable projects in the Alvheim area

### ■ Reserve base<sup>1</sup> could deliver after-tax operating cash flow in excess of 5 USDbn<sup>2</sup> to Det norske in the period 2020 to 2025

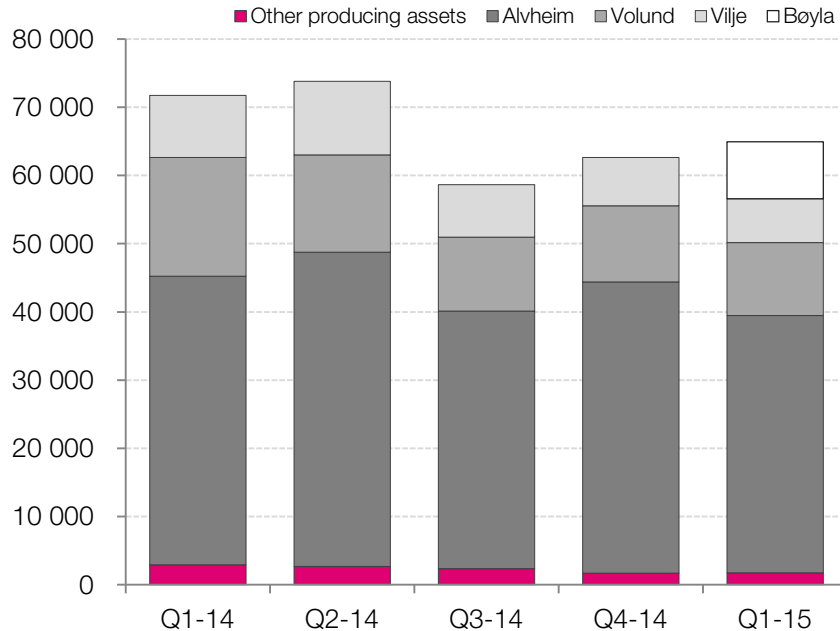
1) Excluding upsides

2) Based on a realised price of 80 USD/boe, operating cost of 12 per barrel, cash tax rate of 60% and average production of 90 mboepd

# PRODUCTION

## Notable production from well-run assets

### Net production (boepd)



### ■ Q1 production

- Q1 2015 production of 64.9 mboepd
- Production availability was 96.4%, above target
- Realized oil price of USD 58/bbl

### ■ New wells in 2015

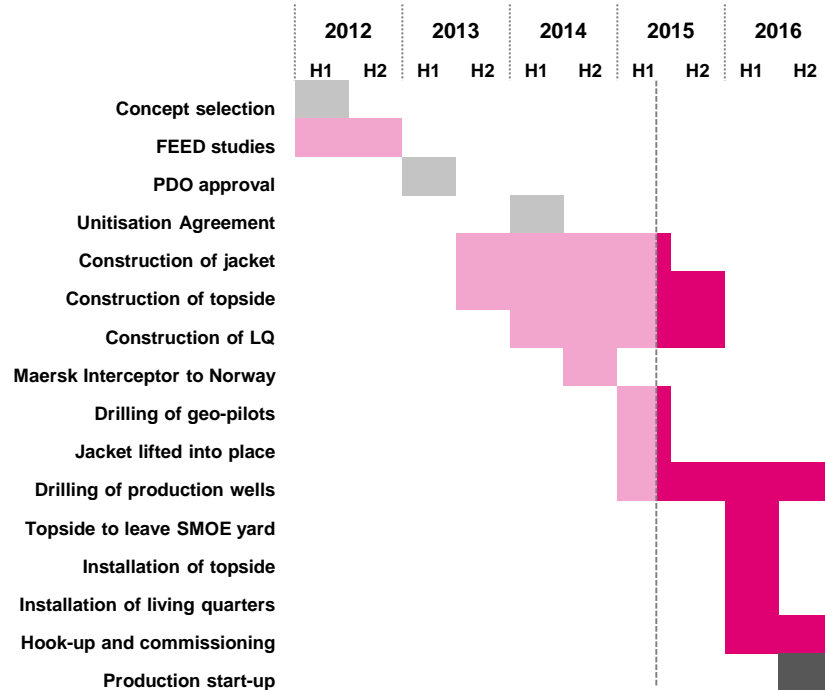
- Bøyla put on stream in January, and had an average production of 8,300 boepd (net) in Q1
- Drilling of second Bøyla well completed and is expected to commence production in Q3 2015
- East Kameleon L4 came on stream mid April
- Kneler-1 to start production around year-end

### ■ 2015 production guidance:

- 58-63,000 boepd

## IVAR AASEN (~35%\*)

# Aasen development on track



## Overview

- Ivar Aasen was discovered in 2008
- Det norske is operator (34.8% working interest)
  - Partners are Statoil (41.5%), Bayergas (12.3%), Wintershall (6.5%), VNG (3.0%), Lundin (1.4%) and OMV (0.6%)
- First oil is expected in Q4 2016
- Ivar Aasen contains ~ 200 mmboe, incl. Hanz
  - 71 mmboe net to Det norske
- PDO for Ivar Aasen was approved in May 2013
- Gross investments in Ivar Aasen, including Hanz, are estimated at NOK 27.4bn (nominal)

IVAR AASEN (~35%\*)

# Jacket ready for installation

- **Jacket completed in January 2015**
  - On time and on cost with no major incidents
- **Jacket to be installed in Q2 2015**
- **Drilling of geo-pilots ongoing**
  - Drilling of production wells to commence once jacket is installed



Jacket has been towed from Sardinia to Rotterdam



Drilling of geo-pilots ongoing





IVAR AASEN (~35%\*)

# Topside construction about 60% completed

## ■ Topside on schedule

- Detailed engineering in its final stage
- Key equipment packages arrived on site as planned
- Start commissioning this autumn
- Mechanical complete by year-end 2015
- Sail-away during spring 2016



Process module



Flare boom



Cellar, intermediate and weather deck



**JOHAN SVERDRUP (11.89%, preliminary working interest)**

# A game-changing development project

- **Recoverable reserves of 1.7-3.0 billion boe**
  - ~80% to be extracted from first phase investments
  - Production to commence in Q4 2019
- **Break-even oil price *below* USD 40/boe**
- **CAPEX of NOK 117 billion for the first phase, and an estimated NOK 170-220 billion for all phases (2015 value)**
- **PDO submitted 13 February 2015, contracts are now being awarded**
- **MPE to decide on the unitization split**



The Johan Sverdrup development

## COST EFFICIENCY PROGRAMME

# Identified 2015 reductions exceed USD 100m

- Cost efficiency programme progressing well
- Measures identified currently exceed USD 100 million
- 35 people offered redundancy packages or early retirement packages
- Will continue to improve supply chain and optimize work processes going forward
- Take advantage of the adverse market environment where we can



Working to improve the supply chain management

# Summary and outlook

### ■ Development projects

- Maximize value from the Alvheim area
- Ivar Aasen progressing according to plan
- Johan Sverdrup PDO submitted, unit agreement to be concluded

### ■ Financial

- Continue to optimize the capital structure of the company going forward

### ■ Cost Efficiency

- Measures identified currently exceed USD 100 million
- Will continue to improve supply chain and optimize work processes going forward

# Always moving forward to create value on the Norwegian shelf

## *Our way*

Value driven & disciplined

Focused around our core areas

Efficient in our operations

Agile & flexible in the way we are organized



## *Our leadership principles*

Drive performance

Develop people and teams

Always search for improvements

Make decisions based on data and analysis

Reliable | Committed | Responsible | Enquiring