



› Presentation of third quarter 2019  
OKEA ASA

1 November 2019

# Highlights 3rd quarter 2019

## Operations

- No serious incidents
- Production of 18,125 boepd
  - High production regularity on Draugen of 97%, up from 86% previous quarter
  - Gjøa impacted by modification and export constraints
  - Consent for drilling two appraisal wells on Draugen in Q4 2019

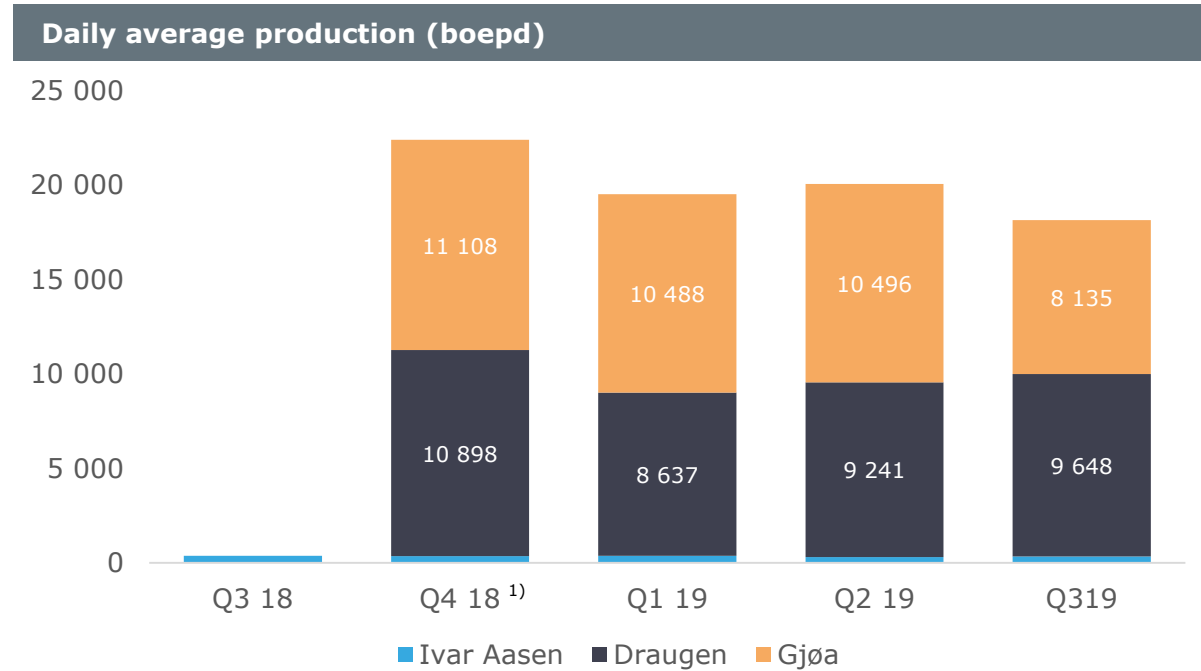
## Financial

- Revenues from oil and gas sales NOK 612 million
- Profit from operating activities of NOK 227 million
- Net profit of NOK -77 million
- Cash flow from operations of NOK 723 million



# Production

Solid operations on Draugen and tie-in of Nova & maintenance on Gjøa



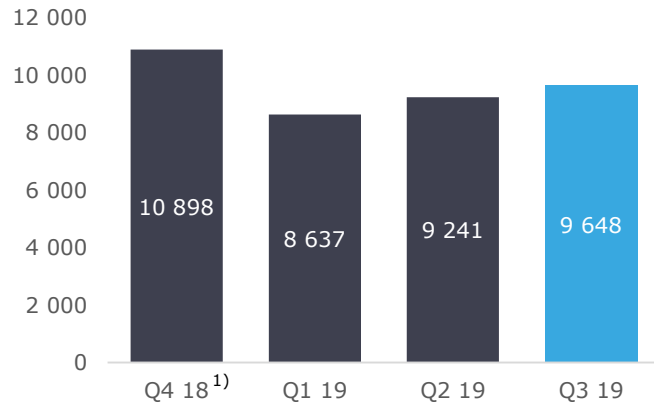
- 9% production decrease from Q2 to Q3 2019
- Lower Gjøa production than expected due to tie-in of the Nova project, corrective maintenance and reduced SEGAL<sup>2)</sup> capacity
- Draugen production amount to 53% of the total volume in Q3



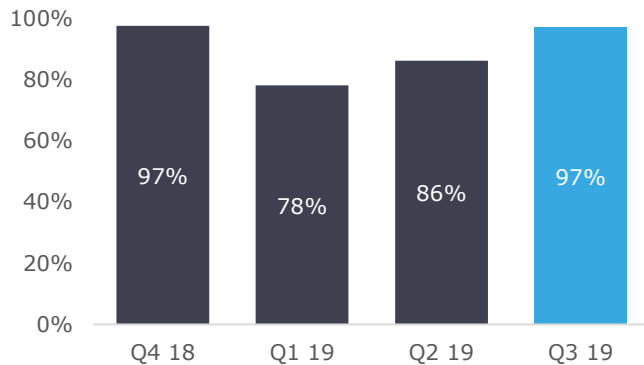
# Draugen

## Strong operations

### Net production (boepd)



### Production regularity

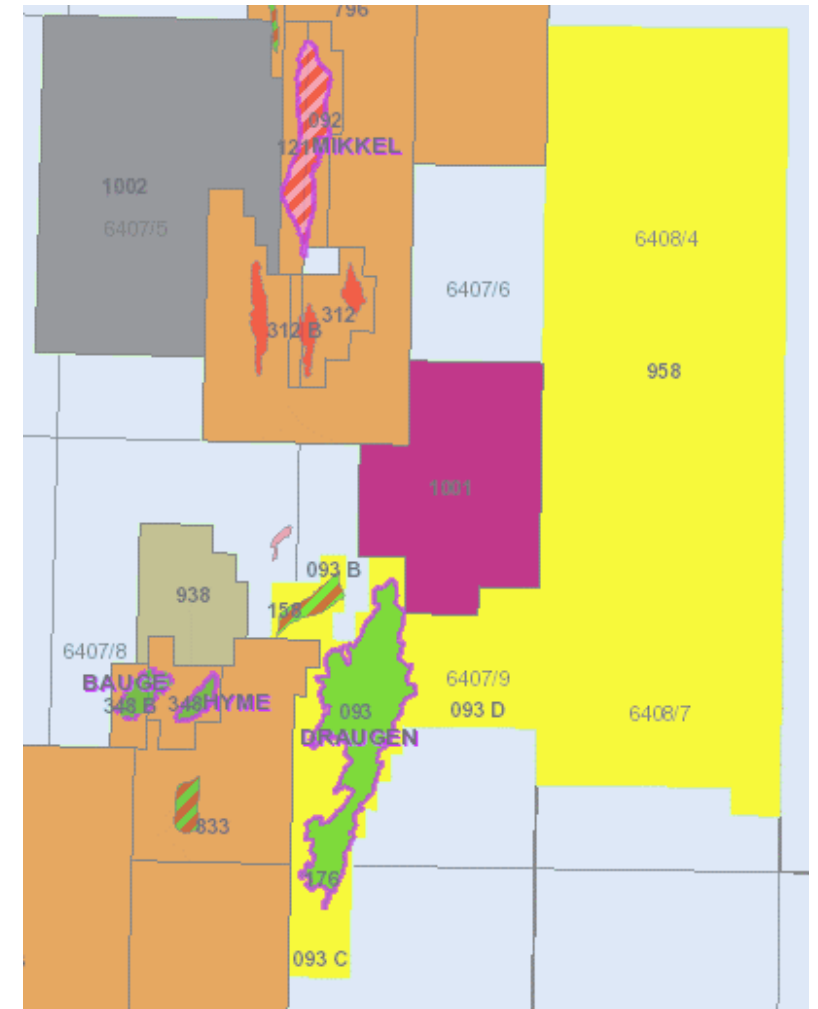


### Q3 operations

- 4 % production increase vs. Q2 2019
- Increase mainly due to planned maintenance stop in Q2
- Finalized preparations for Q4 drilling campaign initiated in October
  - Infill Ø drilling completed

### Next steps

- Safe and efficient drilling completion of Skumnisse
- Results expected in Q4 2019

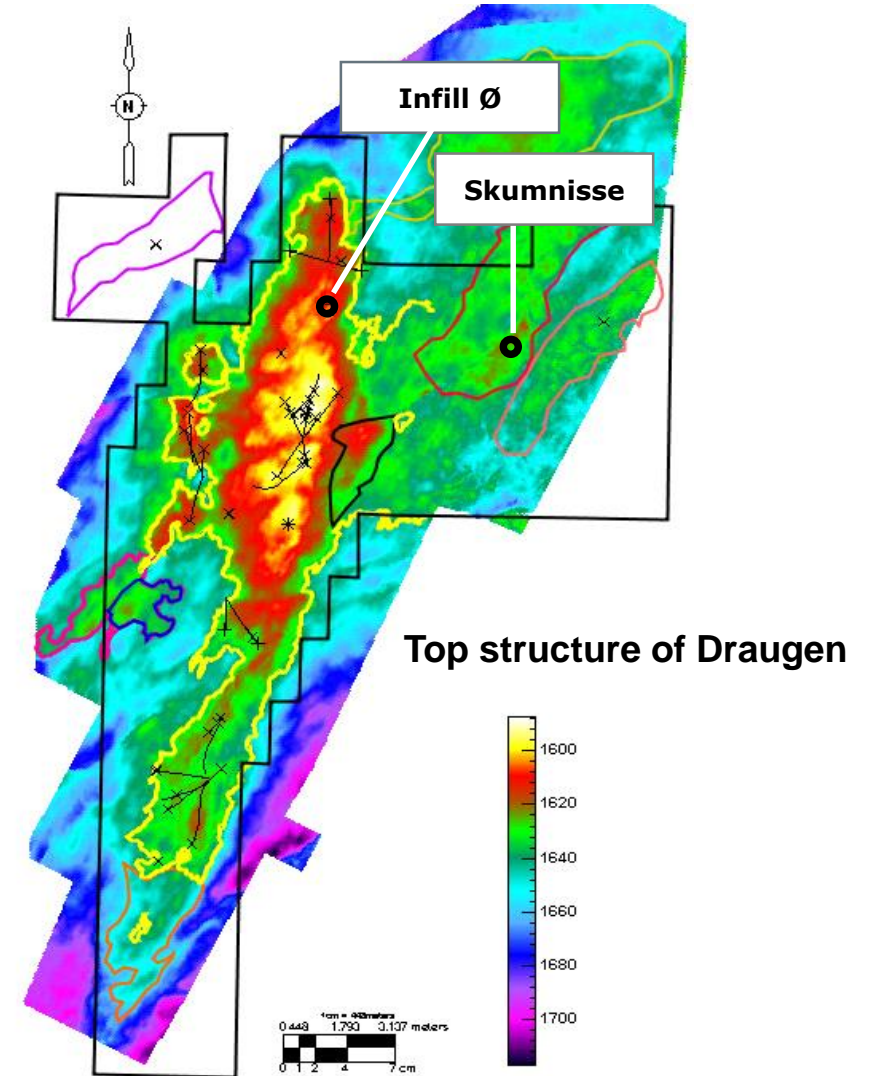
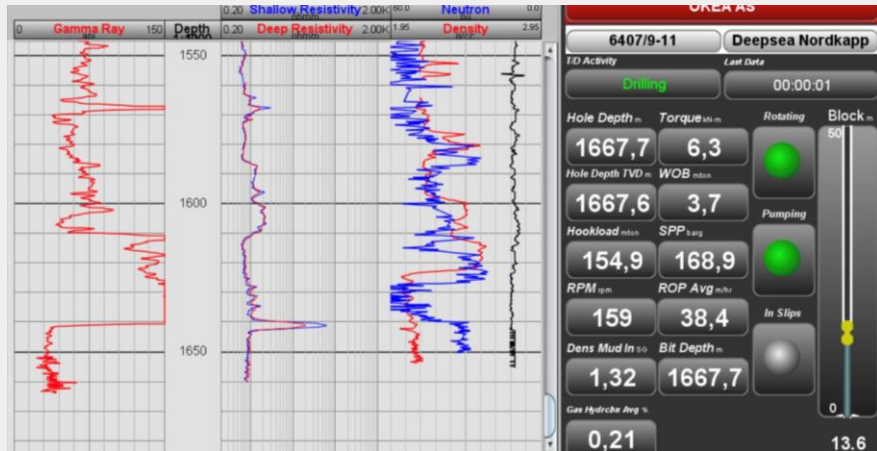


# Draugen drilling campaign ongoing

Successful drilling operation and livestreaming on Infill Ø

## Near field exploration drilling

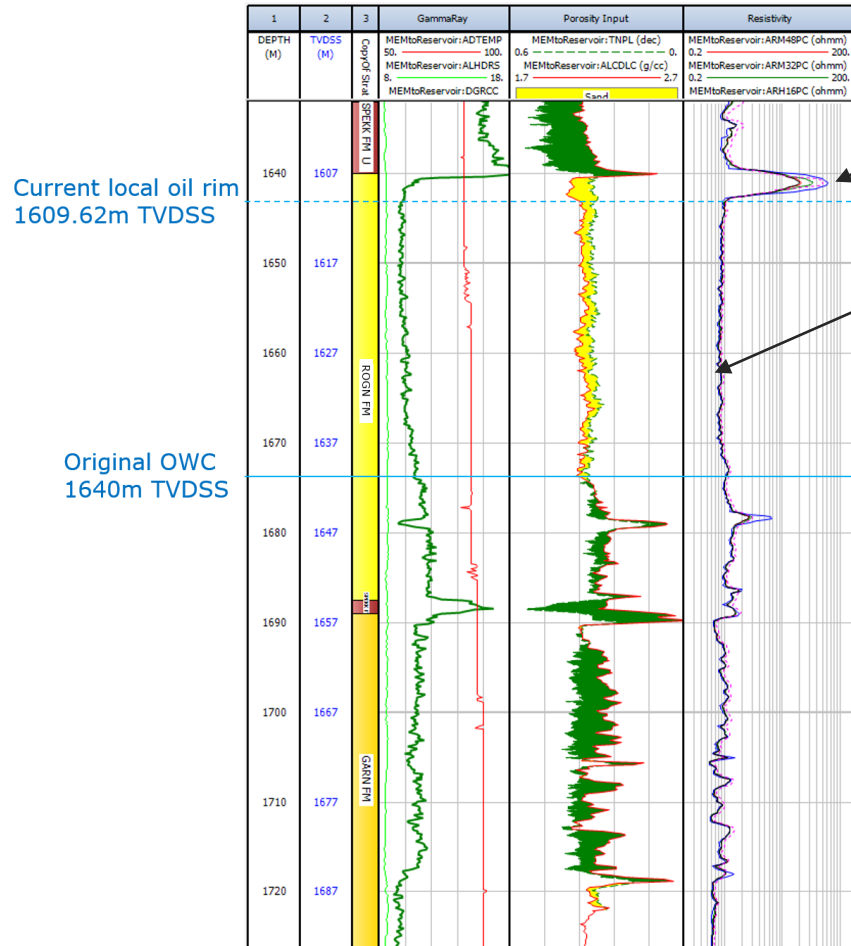
- Part of new development strategy in the license
- Drilling commenced 15 October
- Efficient slim well designs
- Successful drilling operation on Infill Ø
  - OKEA qualified as drilling operator
  - Improved understanding of reservoir drainage
- Skumnisse drilling ongoing
  - Targeting volumes of 24 mmbbl (gross)



# Drilling the Ø area - result

Explaining the data that was streamed during drilling

## The logs as published in real time



Current local oil rim  
1609.62m TVDSS

Original OWC  
1640m TVDSS

## Interpretation

**2.5 meters of oil left in the attic in the Ø area.**

**Residual oil indicated by higher resistivity between the original oil-water contact and the local present one.**

Oil produced today on Draugen is a mix of:

- residual oil in the water flooded reservoir
- remaining oil pockets in top of reservoir

Additional reserves:

- undrained areas in the periphery of the field
- oil trapped in larger attic areas
- exploration targets in the vicinity of Draugen

# OKEA's revitalization of Draugen in 2019

## "The OKEA way"

### What we have done

- Identified potential for a development strategy
  - Drilling campaign ongoing
  - Positioned for new APA licences
  - Plan to develop Hasselmus gas field
- High production regularity
- Reduced operational cost
- Successful MMO<sup>1)</sup> project execution
  - Control system upgrade
  - Change of two x-mas trees and change of pipe in oil train from carbon to stainless
- Started new projects
  - Draugen long term power
  - Energy management plan
  - Power from shore feasibility
  - Flare gas recovery feasibility



### How we have done it – "The OKEA way"

- Focus on safe and efficient execution – no serious incidents or spills
- Short decision lead time
- Reduced # of procedures by 25% and software applications by 33%
- Smart use of new technology, digitalisation and collaboration with partners
- Using industry standards for development projects
- Strong culture, competent people
- Revised roles and responsibilities
- Revitalise earlier stranded projects

# Next level operational optimization using real time data

Performed in close collaboration with ABB

## WATER INJECTION

PRODUCED WATER 1449.9 m3/h  
TOTAL INJECTION 688.6 m3/h  
OIL IN WATER 16.0 ppm

## FLARE TODAY

HP 1215.5 Sm3  
LP 3578.0 Sm3

## POWER TURBINES

A 12.6 MW  
 B 8.2 MW  
 C 0.0 MW  
FUEL GAS 5184.8 Sm3/h

## COMPRESSORS

Booster  
 1st Stage  
 2nd Stage  
 3rd Stage  
COND. PUMPS  
 A  B



## Weather at Draugen platform

8 °C  
PRESSURE 996.0 hPa  
RAIN 0 mm  
WIND 11.4 m/s  
WSW

### Making OKEA digital

An important step to drive continuous improvement in operations by use of digital technology

### Real time operational data

Utilizing live, high quality data to further improve safety and efficiency at Draugen

### Condition-based maintenance

Supports production regularity and cost efficiency

### Simplifies supplier collaboration

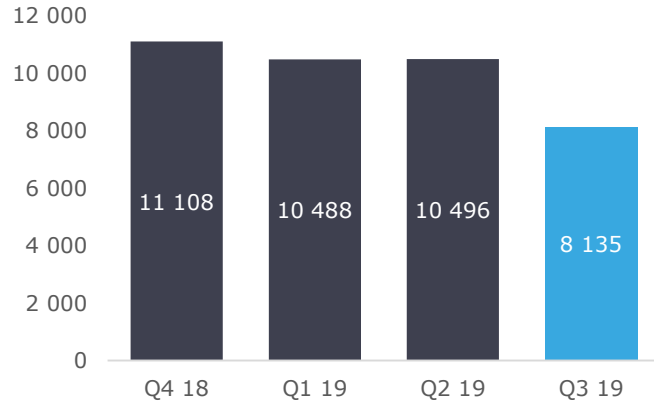
More tasks executed onshore, lowering cost and HSE risk



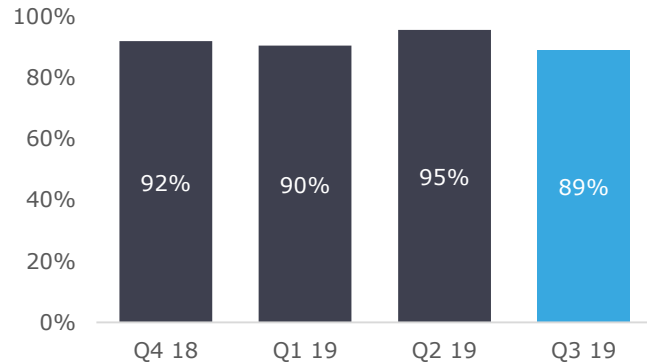
# Gjøa

Lower production mainly due to tie-in of Nova, maintenance and export constraints

## Net production (1 000 boepd)



## Production regularity

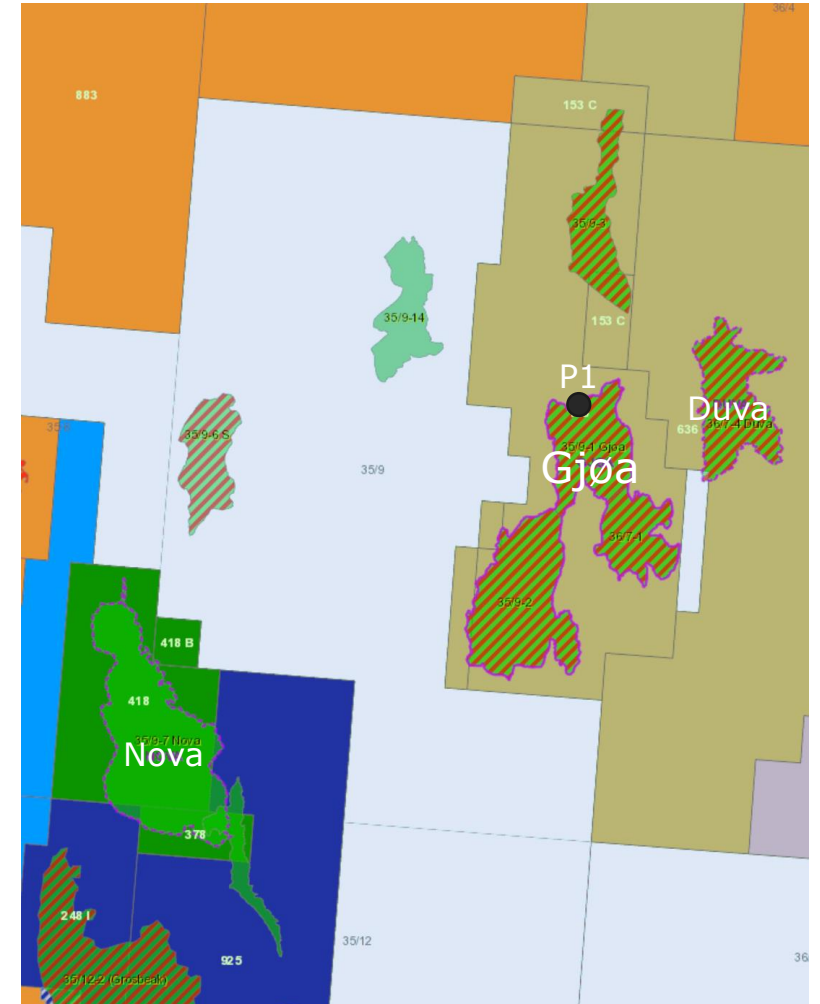


### Q3 Operations

- Modifications related to tie-in of Nova project
- Corrective maintenance related to heat exchanger discovered and solved during Nova modifications
- Temporarily lower capacity in SEGAL gas infrastructure system. Full capacity from mid December

### Next steps

- Daily production optimization within capacity limits until SEGAL gas infrastructure capacity is fully restored
- P1 development plan approved by Norwegian Authorities and production start is expected late 2020/early 2021

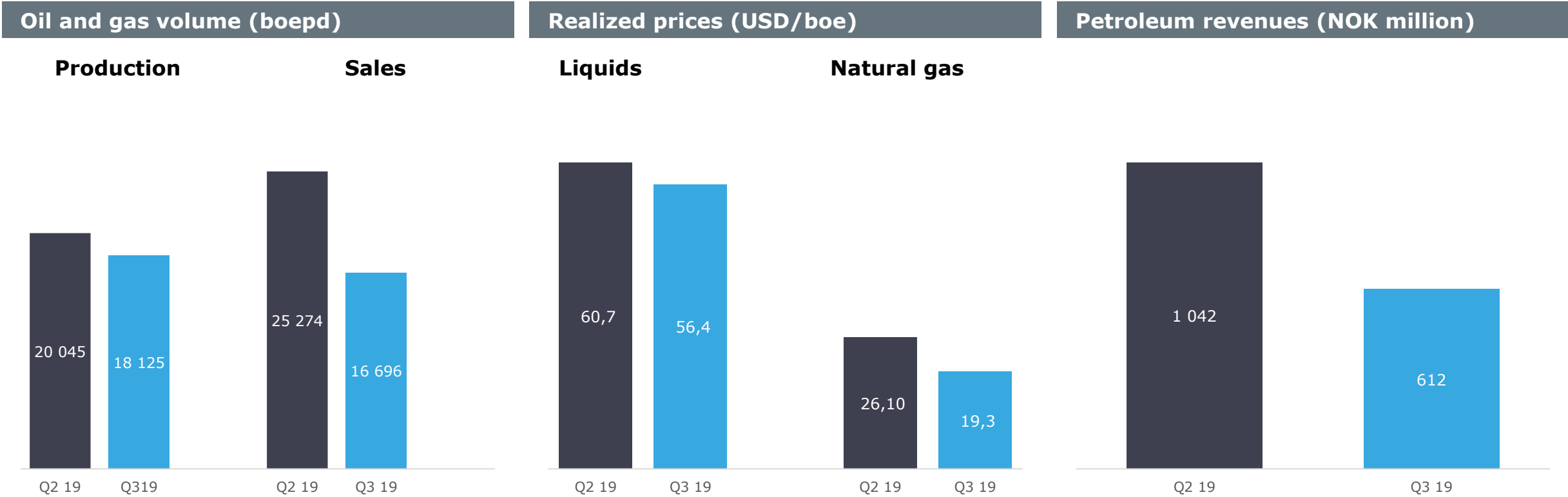




# Financial review

# Oil and gas production, sales and revenues

Revenue decrease mainly due lower volumes sold and lower realized prices



# Income statement

Decrease in operating income due to lower volumes and one lifting

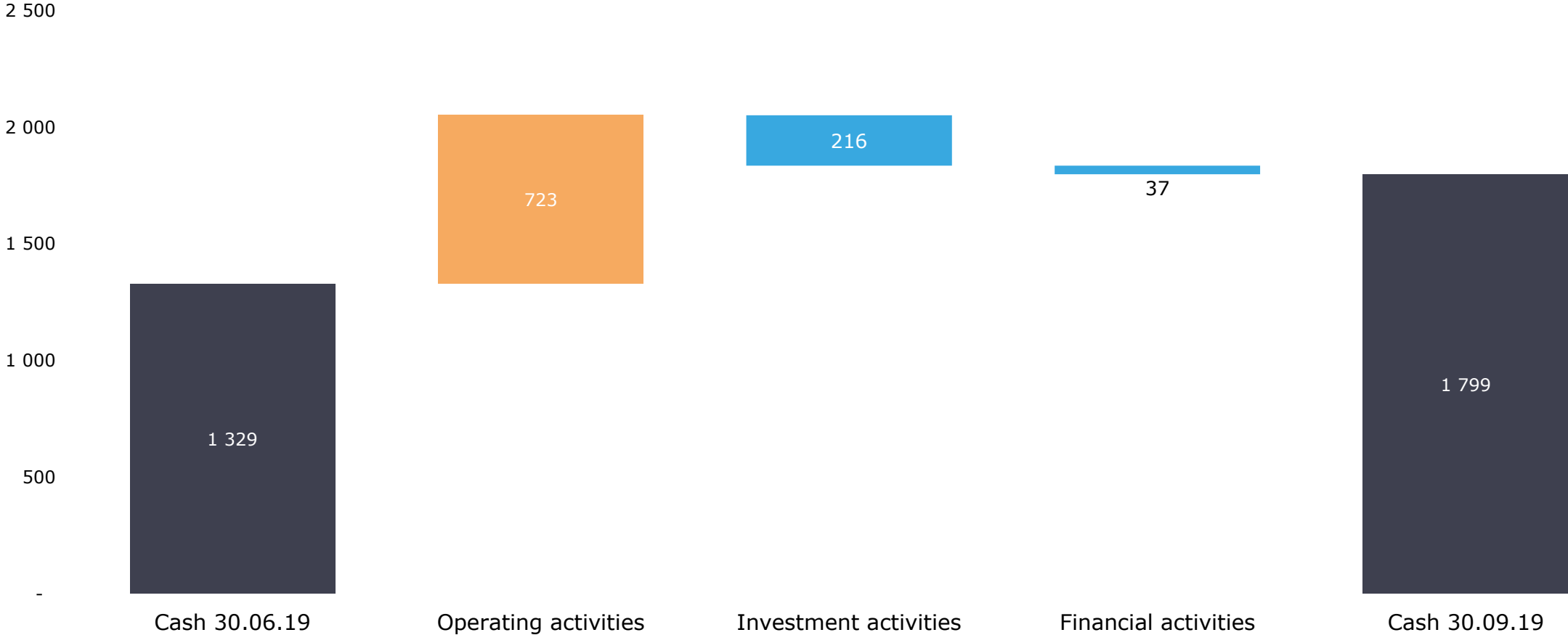
Figures in NOK million	3rd quarter		2nd quarter	
	2019	2018	2019	2018
<b>Total operating income</b>	621 969	97 493	1 039 479	27 825
Production expenses	-144 095	-2 463	-185 938	-2 235
Changes in over/underlift positions and inventory	41 041	-2 563	-191 284	-8 582
Depreciation, depletion and amortization	-176 966	-6 232	-184 170	-5 822
Exploration and operating expenses	-115 138	-50 672	-111 543	-30 210
<b>Profit / loss (-) from operating activities</b>	<b>226 809</b>	<b>35 563</b>	<b>366 543</b>	<b>-19 025</b>
Net financial items	-225 350	-65 766	-55 858	-47 441
<b>Profit / loss (-) before income tax</b>	<b>1 459</b>	<b>-30 202</b>	<b>310 684</b>	<b>-66 465</b>
Income taxes	-78 587	-34 154	-293 121	34 346
<b>Net profit / loss (-)</b>	<b>-77 128</b>	<b>-64 356</b>	<b>17 564</b>	<b>-32 119</b>
<b>Earnings per share (NOK) - Basic</b>	-0,76	-1,73	0,21	-0,86
<b>Earnings per share (NOK) - Diluted</b>	-0,76	-1,73	0,19	-0,86
<b>EBITDA</b>	403 776	41 795	593 723	-13 203

- Decreased income in Q3
  - Mainly due to one lifting on Draugen vs two in Q2
  - Q3 volumes sold reduced by ~1/3 vs Q2
  - Lower total volumes due to modifications and maintenance on non-operated assets
- Lower production expenses
  - Q2 higher than normal due to catch up on tariffs
  - Reclassification of well planning and field evaluations to exploration
- Exploration and operating expenses relate to
  - Seismic and field evaluation
  - Dry well on Kathryn and non-commercial well Infill Ø
- Net financial items impacted by net exchange rate loss of NOK 154 million due a ~7 % increase in NOK/USD rate

# Cash flow development during Q3

Strong cash generation

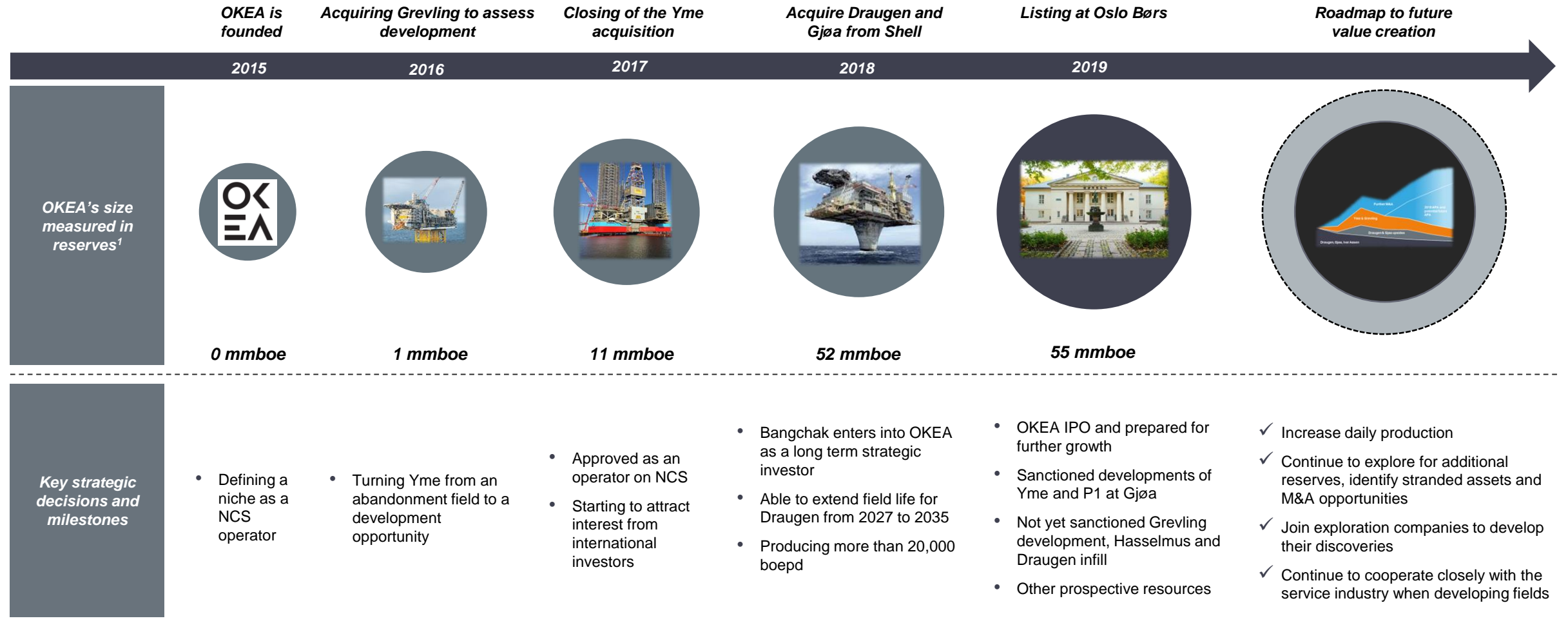
NOK million





# Outlook and concluding remarks

# The OKEA journey continues



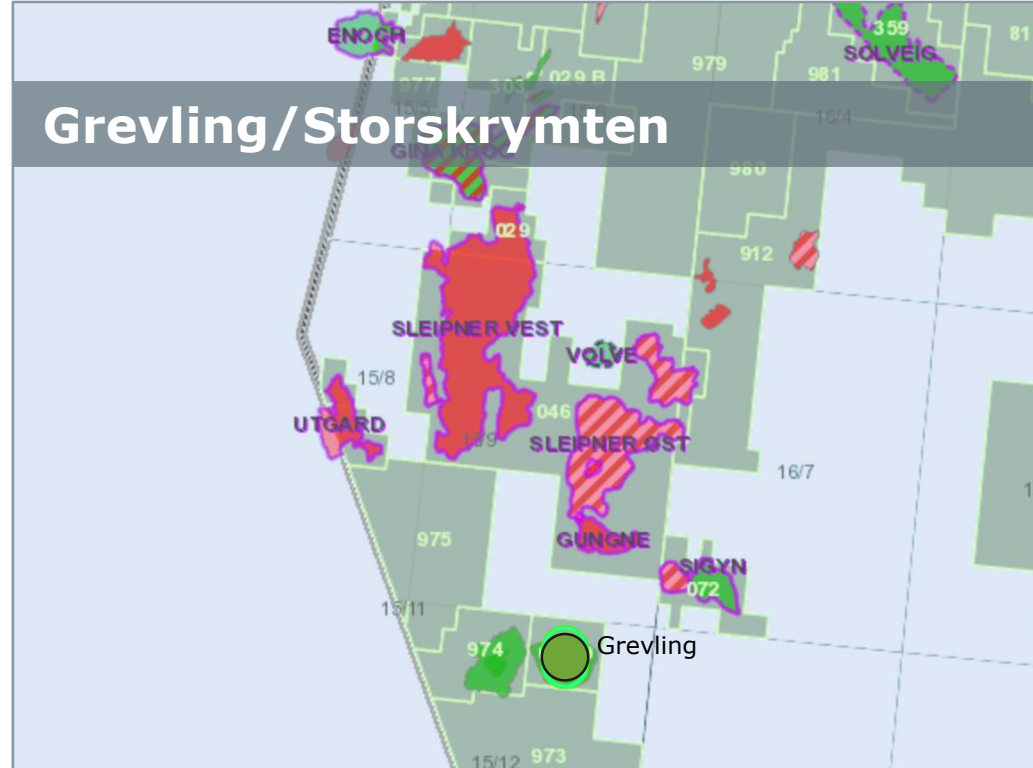
# Ongoing development projects

## Yme



- Wellhead module installed offshore in September
- Rig campaign commenced in October
- Planned 1<sup>st</sup> oil in Q2 2020

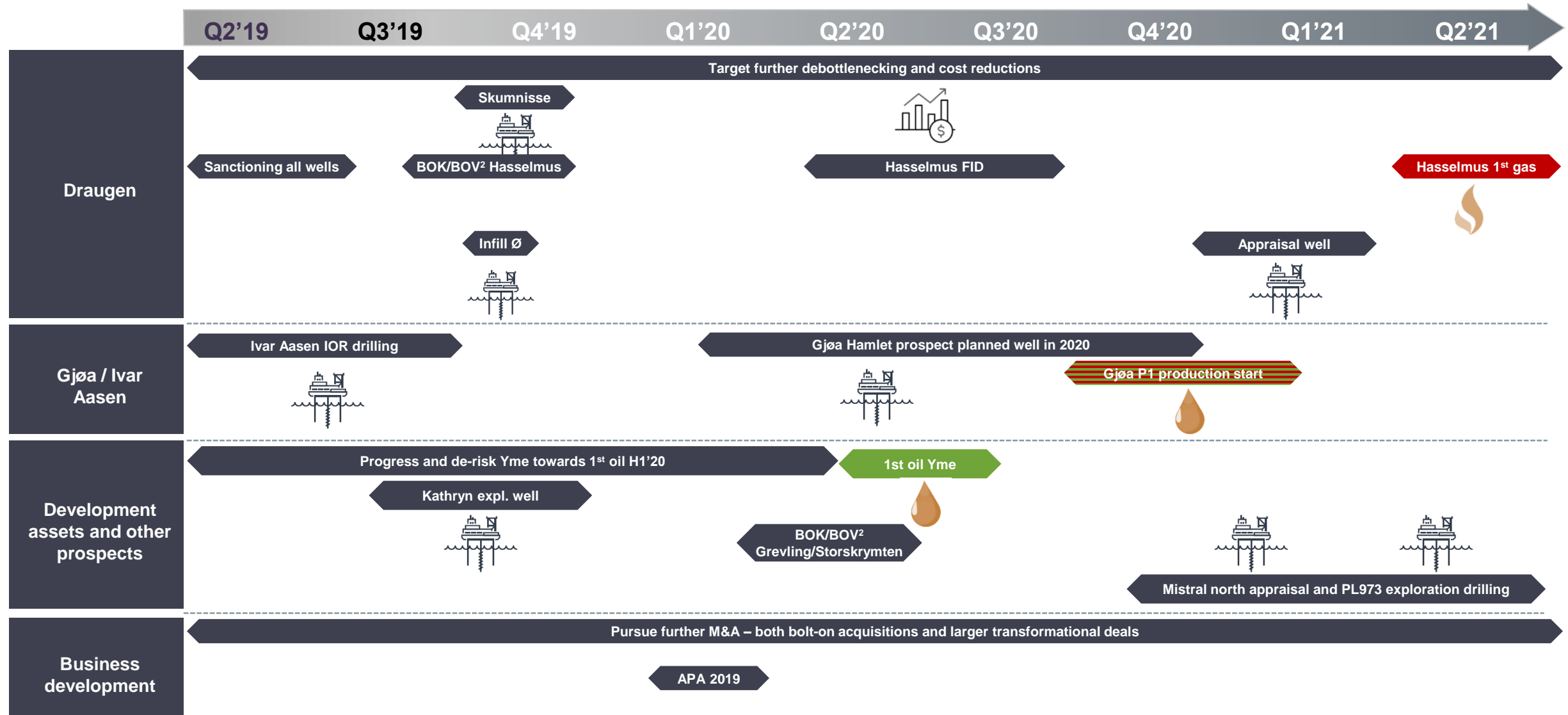
## Grevling/Storskrymten



- Grevling/Storskrymten being further matured for DG2 in Q1 2020
- Energy supply from Sleipner a key factor for development



# High level of activity the next two years<sup>1</sup>



1) Indicative timeline. Milestones may be subject to approval by the Ministry of Petroleum and Energy and licence decisions

2) BOK = Concretisation decision, BOV = Decision to continue, BOG = Decision to implement



OK  
EA

