

# Market update

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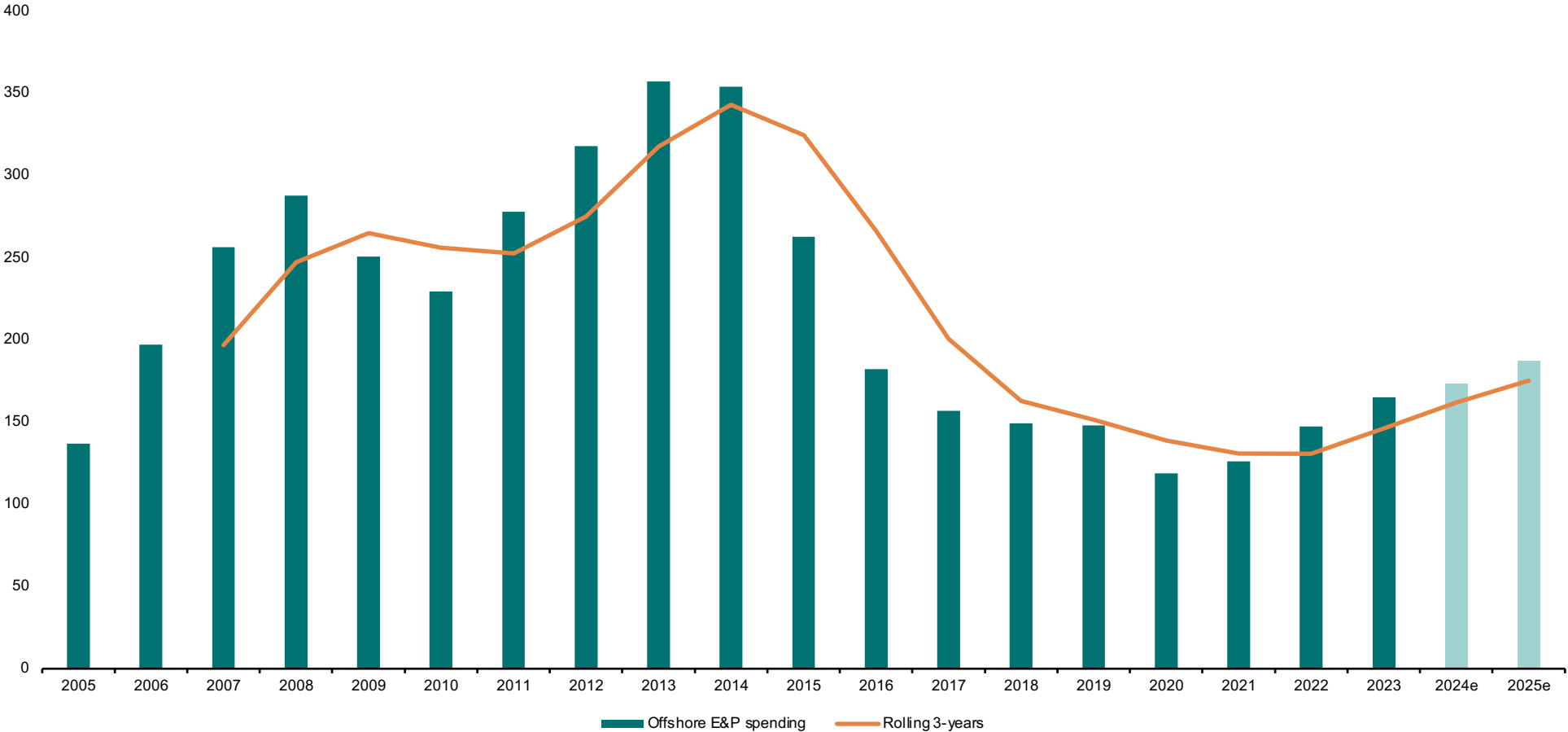
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# Upcycle continues with offshore E&P spending growth in 2024e–2025e

5% growth in 2024e and 8% in 2025e

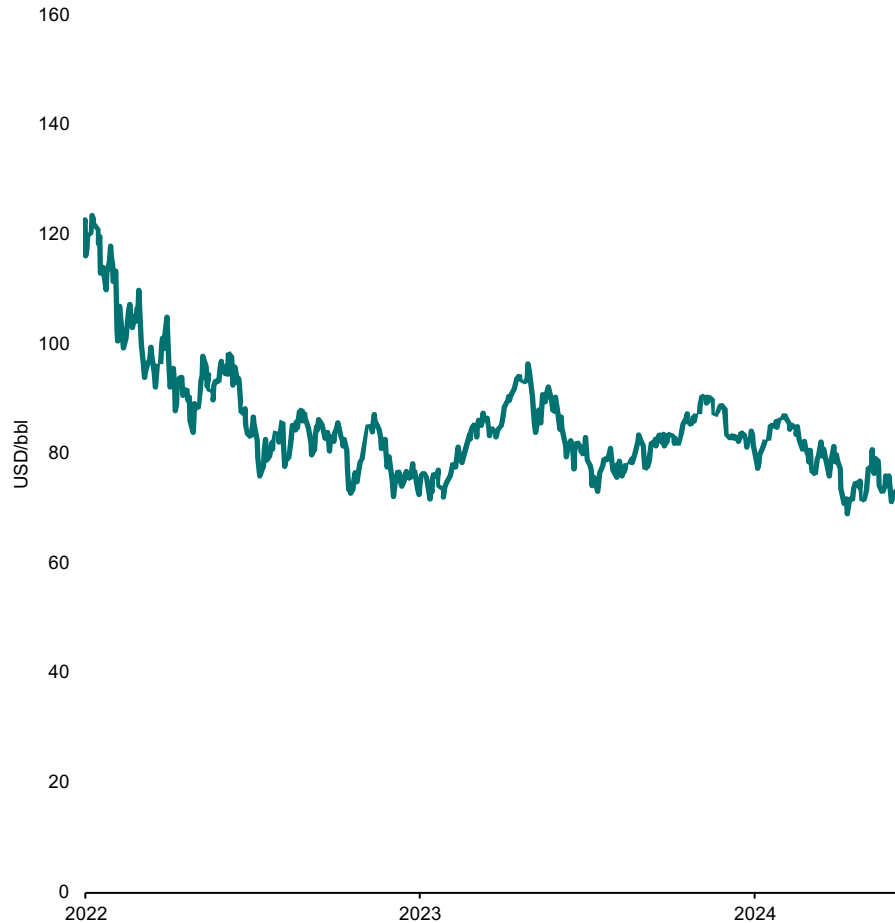
Offshore EP Spending



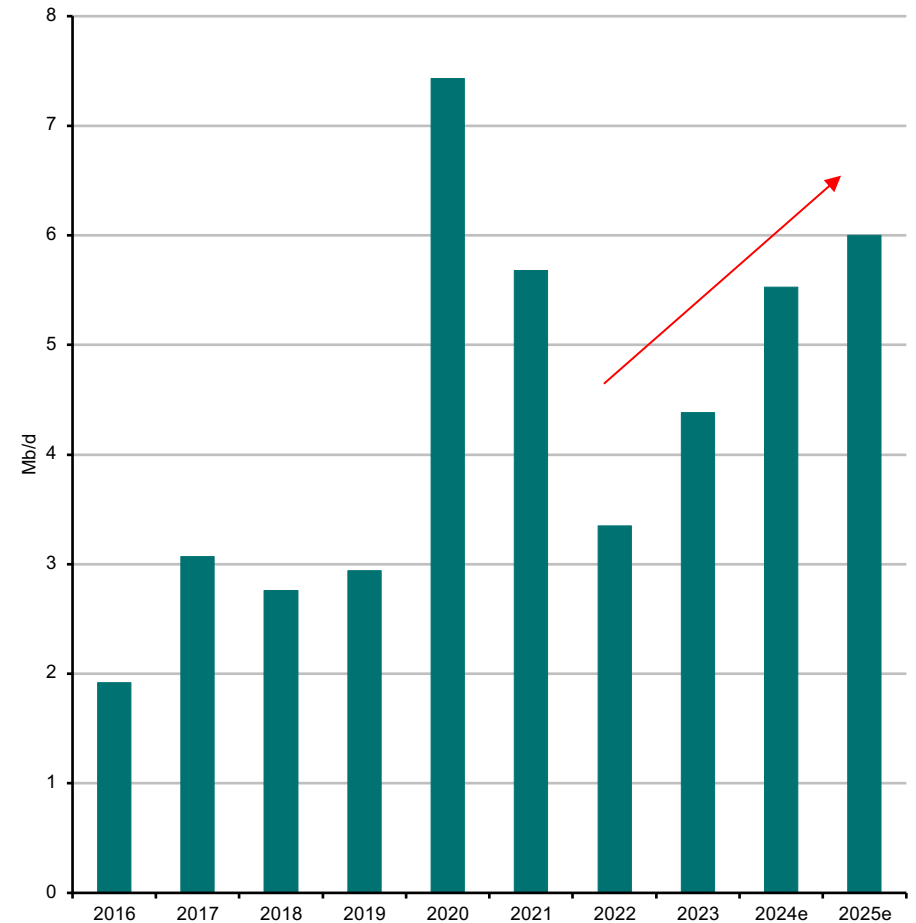
Source: Companies (underlying data), Wood Mackenzie (historical), DNB Markets (further calculations)

# Oil markets appears to be balanced

### Development in oil price (USD/bbl)

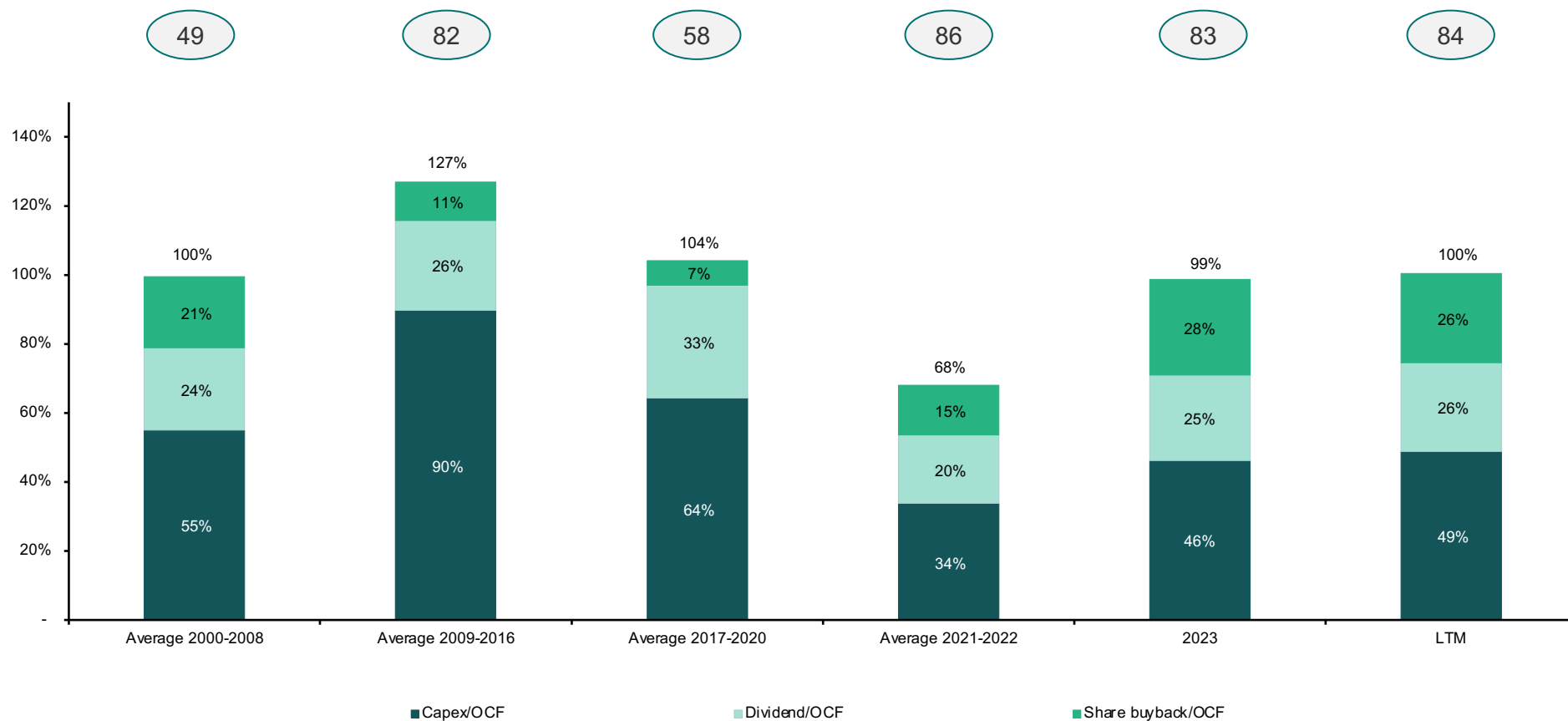


### OPEC+ spare production capacity (mb/d)

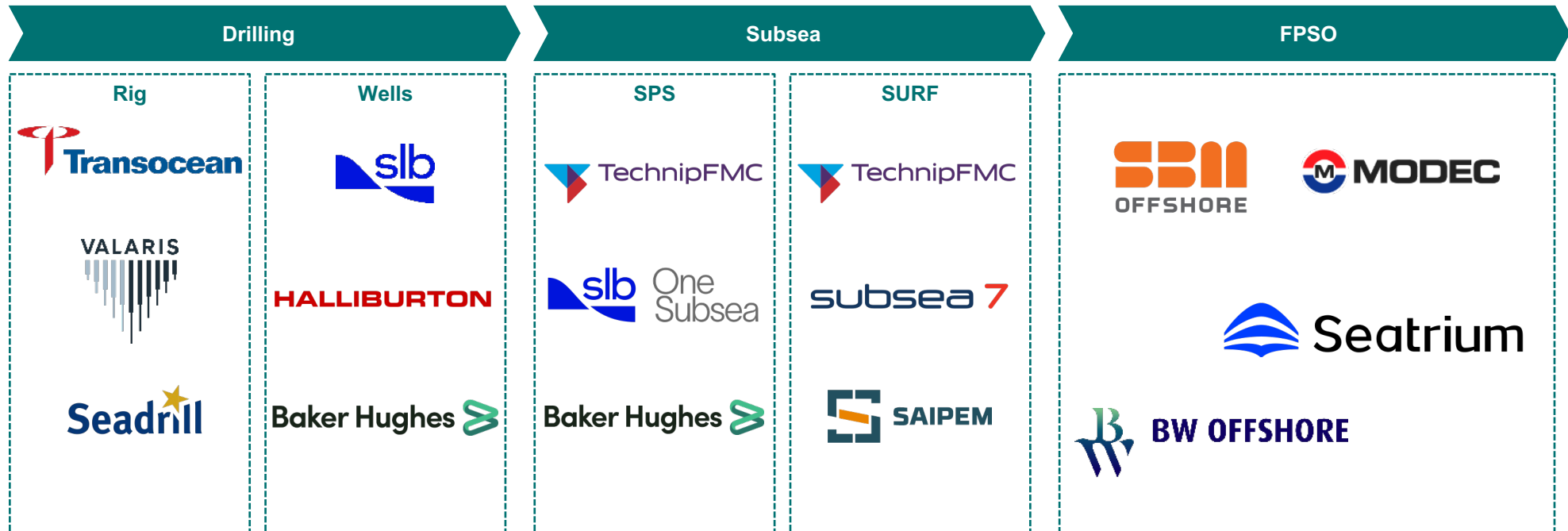


# All cashflow being spent capex and shareholder returns

Majors' cashflow uses over time (USDbn)



# Bottlenecks in other parts of the value chain have delayed some developments

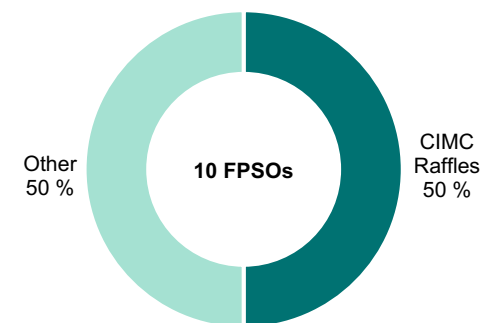


# FPSO delivery times extending

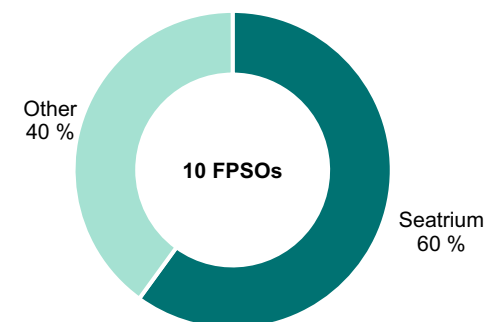
FPSO	Contract award	Years from contract award to first oil
IPB M. Quiteria	2021	3 years → 2024
Buzios 7 Tamandare	2021	3 years → +1 → 2024 / 2025
Buzios 6 P-78	2021	4 years → 2025
Mero 4 Gusmao	2021	4 years → 2025
Buzios 8 P-79	2021	4 years → +1 → 2025 / 2026
Buzios 9 P-80	2022	4 years → 2026
Buzios 10 P-82	2022	4 years → +1 → 2026 / 2027
Buzios 11 P-83	2022	5 years → 2029
Atapu 2 P-84	2024	5 years → 2029
Sepia 2 P-85	2024	6 years → 2030

execution phase | announced delays

## Hull fabrication contractor

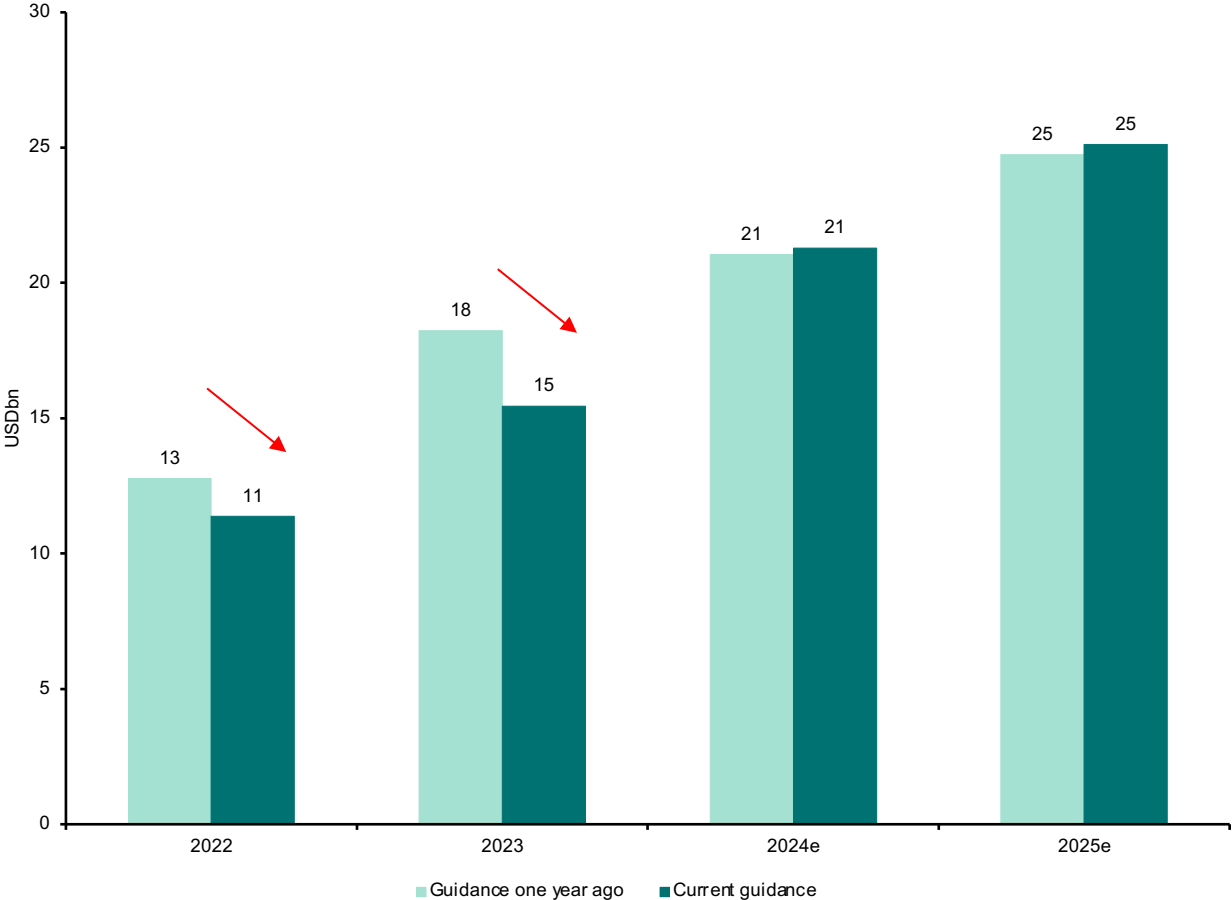


## Main topside contractor



# Energy transition spending keep shifting out in time...

Aggregated guidance from oil majors versus from one year ago



2025 renewable capex targets<sup>1</sup> as % of total



Source: Companies, DNB Markets (further calculations)  
Note (1): Assumed midpoint of guidance range.





BP has paused new offshore wind projects



Shell seen reducing offshore wind unit to sharpen focus on oil and gas  
Reduced staffing in Low-carbon unit



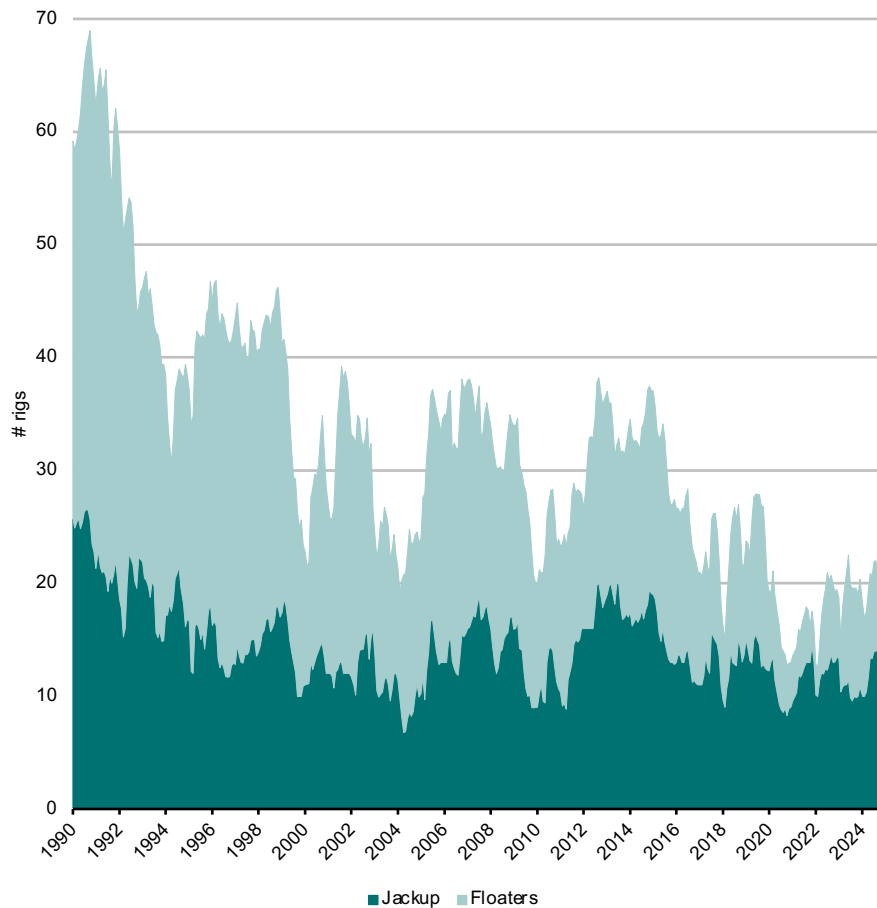
Statkraft<sup>1</sup> plans to scale back plans in wind and solar due to higher cost and lower electricity prices



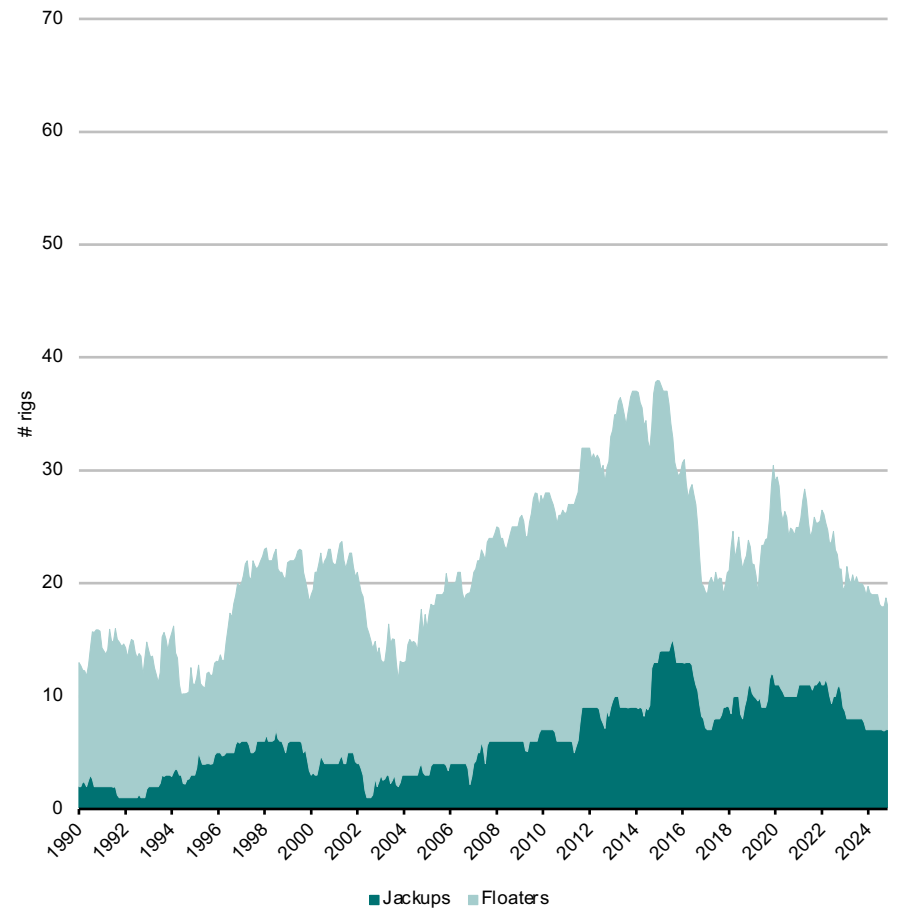
Equinor recently announced that it is retreating from key emerging markets in the offshore wind sector  
(Vietnam, Portugal, and Spain)

# North Sea is a mature basin

### Rig count UK (under contract)



### Rig count Norway (under contract)



# Norway – E&Ps willing to look further ahead

Norway E&Ps looking further ahead highlighting low breakeven levels

## Extending the horizon...



Established 2035 NCS targets indicating only minor reduction vs current oil production levels  
*Significant need for new production to offset decline*



Targets production of 525 kboepd by 2028 up from 410-440 in 2024



Focused on sustaining 350-400 kboepd towards 2030

## ... at attractive economics

New projects breakeven ~USD 35 /bbl  
Improved recovery projects USD 20/bbl breakeven  
1–1.5 years payback profiles

Project portfolio breakeven at USD 35-40 /bbl with payback time between 1-2 years

Project breakeven ~USD 35 /bbl and with ~2 years payback

# Fewer large developments, more subsea tiebacks...

## Few large greenfield developments (not exhaustive)

### Recent start-ups

- Breidablikk (192 mmboe)
- Tommeliten A (163 mmboe)
- Nova (80 mmboe)
- Fenja (62 mmboe)

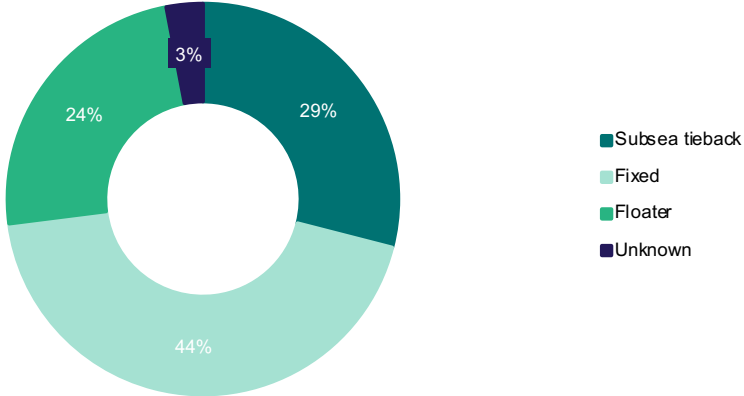
### Ongoing (sanctioned) developments

- Yggdrasil / NOAKA (2027, 631 mmboe)
- Johan Castberg (2024, 561 mmboe)
- Fenris (2027, 159 mmboe)
- Balder X (2025, 150 mmboe)

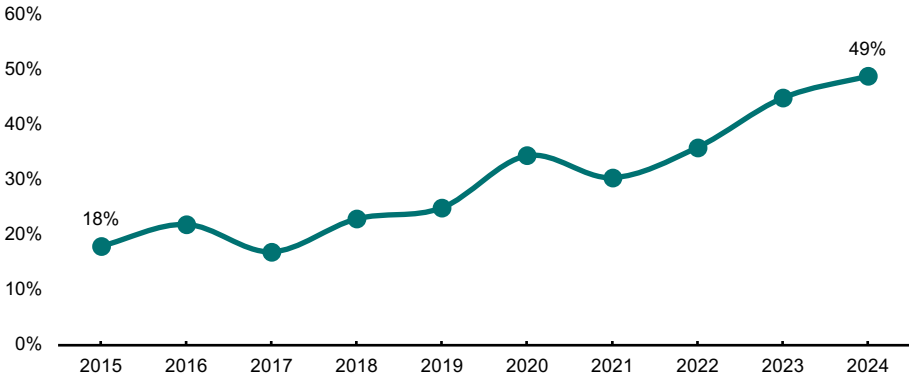
### Non-sanctioned discoveries

- Wisting (452 mmboe)
- Ringvei Vest (209 mmboe)
- Johan Castberg Cluster 1 & 2 (200 mmboe)
- Linnorm (197 mmboe)
- Peon (171 mmboe)

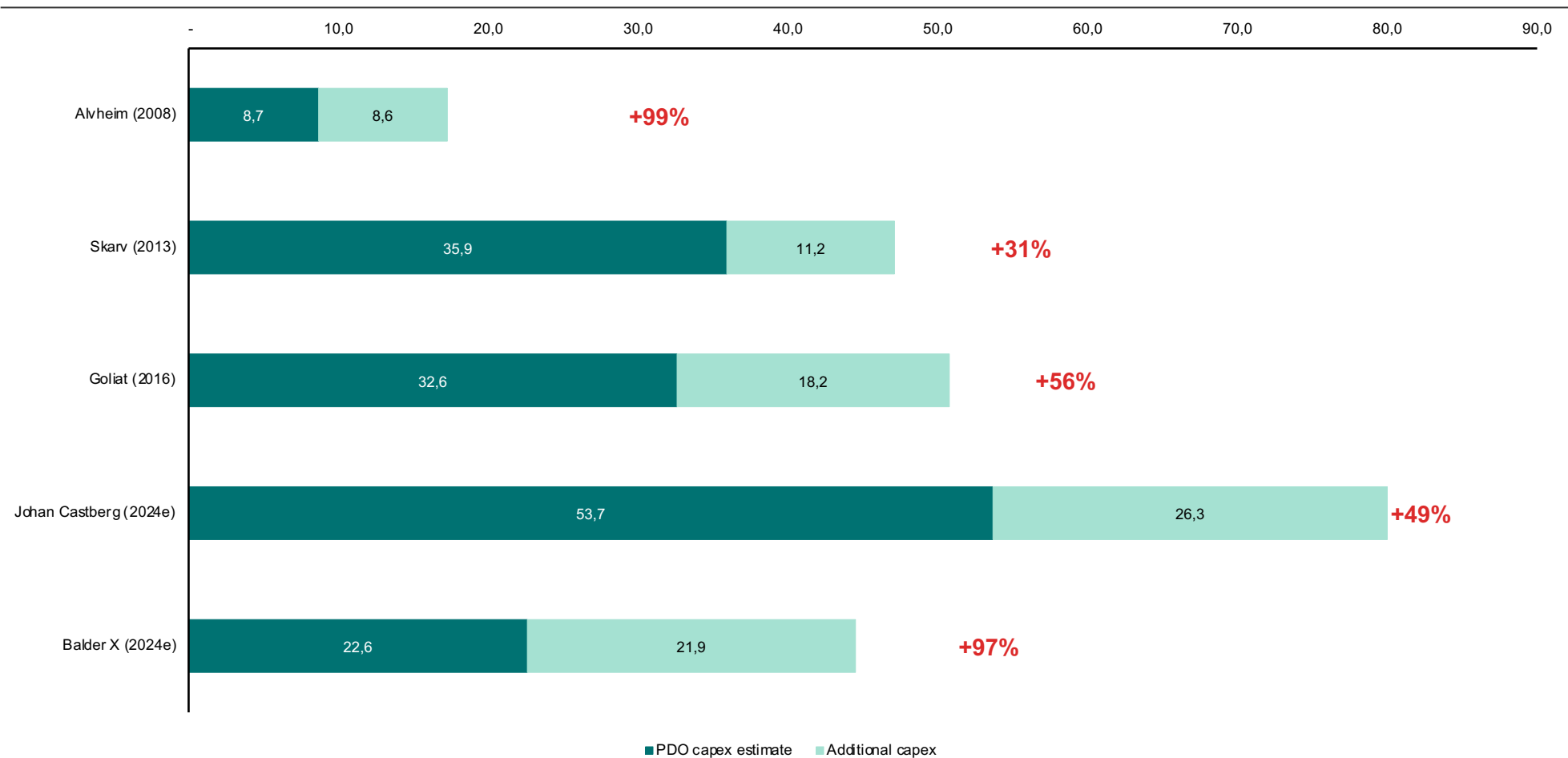
## Wells drilled by production facility (2015-2024)



## Development in share of subsea tiebacks



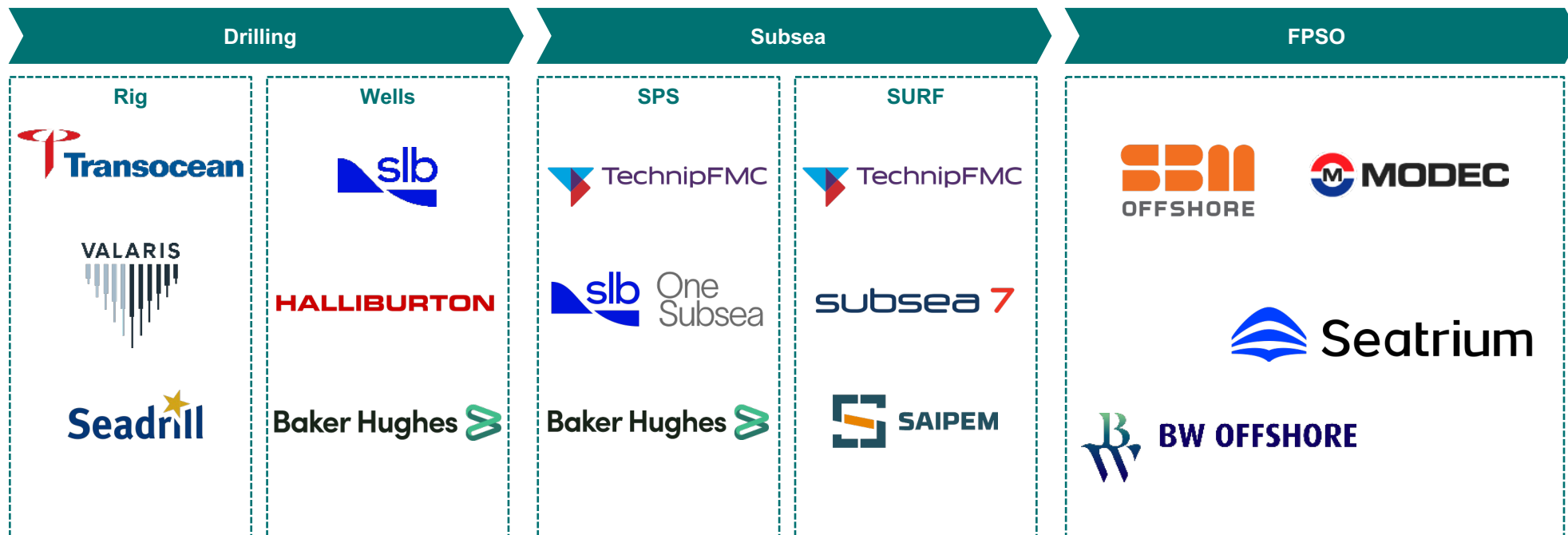
# FPSO projects cost overruns (NOKbn)



Source: Norwegian Offshore Directorate (underlying data), DNB Markets (further calculations)

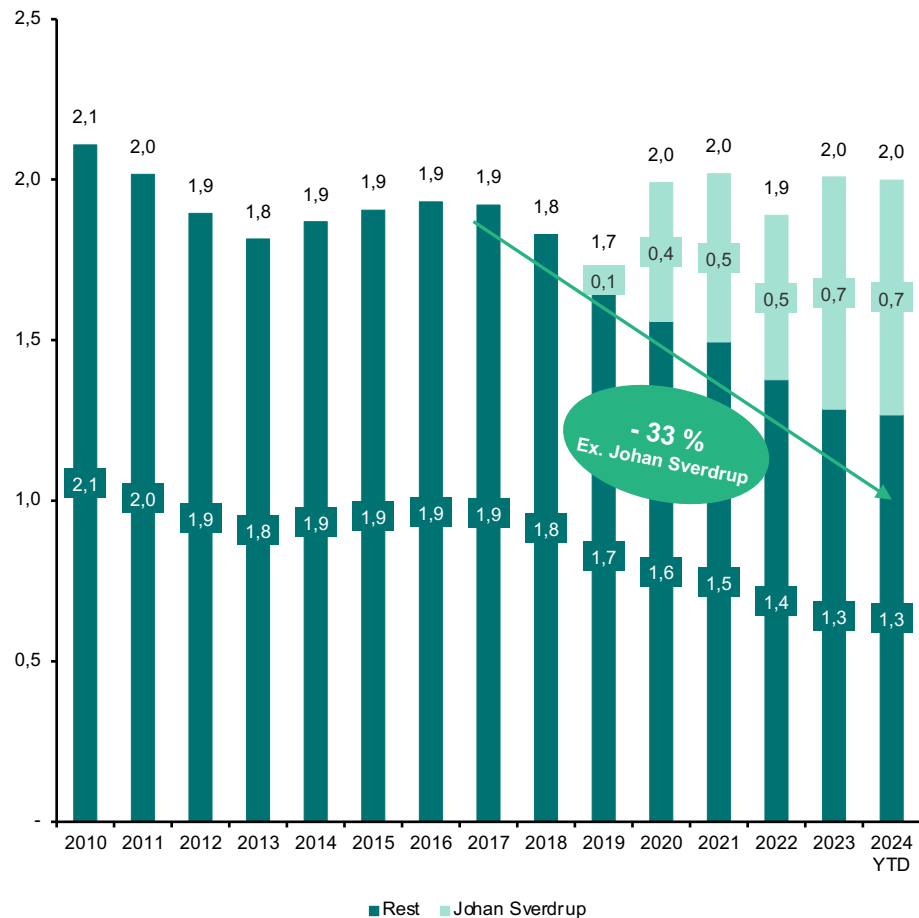
Note: Assumed start-up of Balder X and Johan Castberg in Q4 2024.

# Wisting delay was probably more related to FPSO construction capacity than availability of drilling rigs



# Maintaining production in Norway would need more drilling

### Historical NCS production (liquids only mboed)

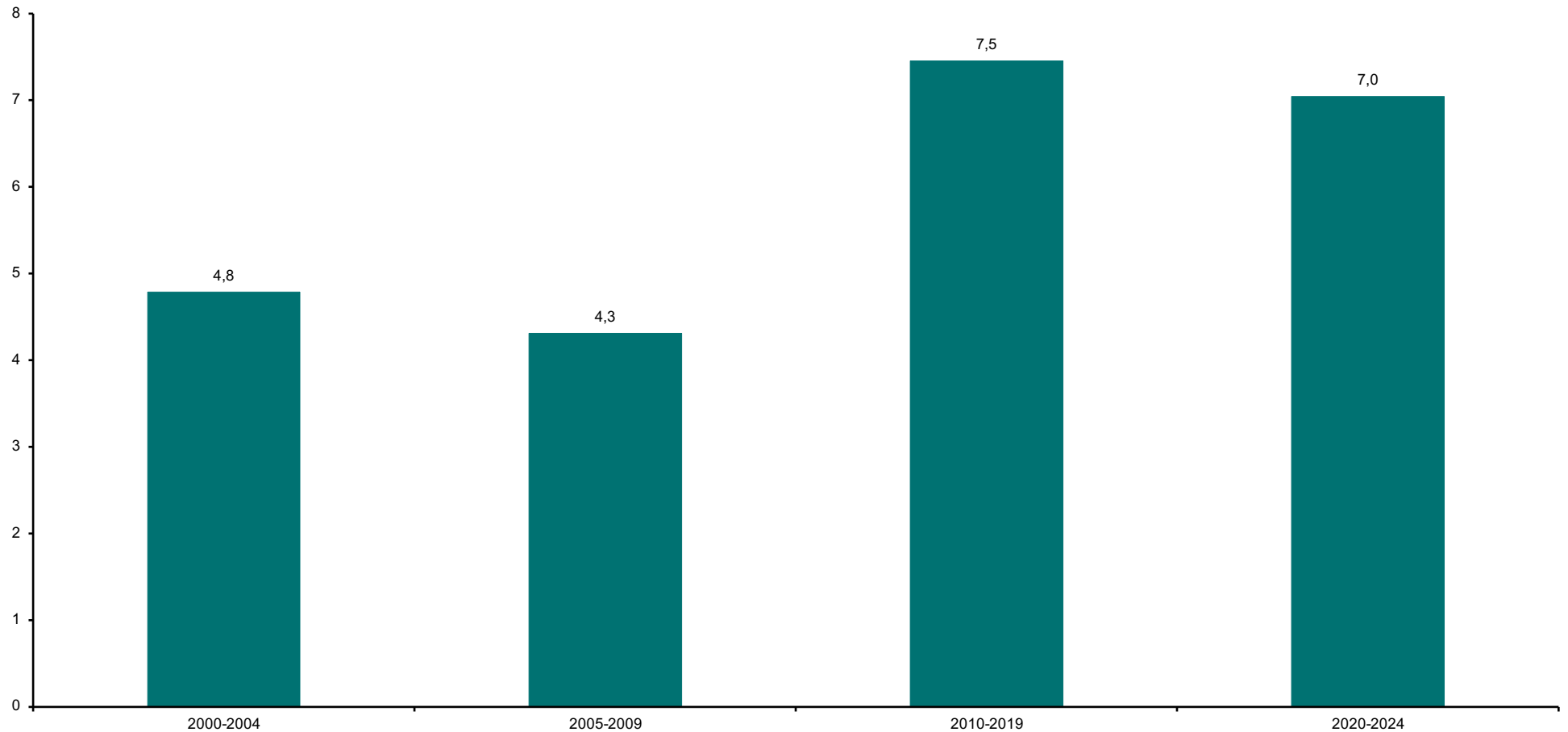


### Development in Norway rig count (# rigs under contract)



# Rig intensity is increasing

Number of rigs under contract per 1mboed

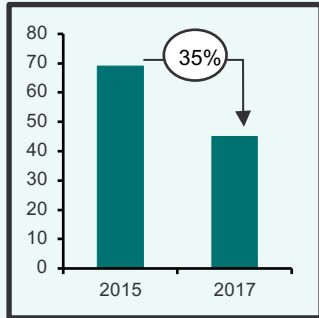




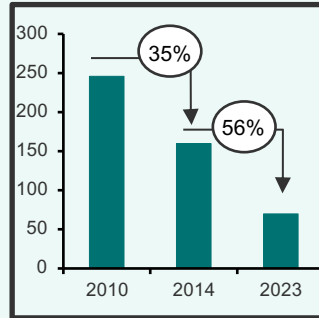
# Drilling efficiency is increasing

## Rig efficiency anecdotes

**Total:** Days spent per well in West Africa



**Petrobras:** Days of drilling and completion of pre-salt wells in Brazil



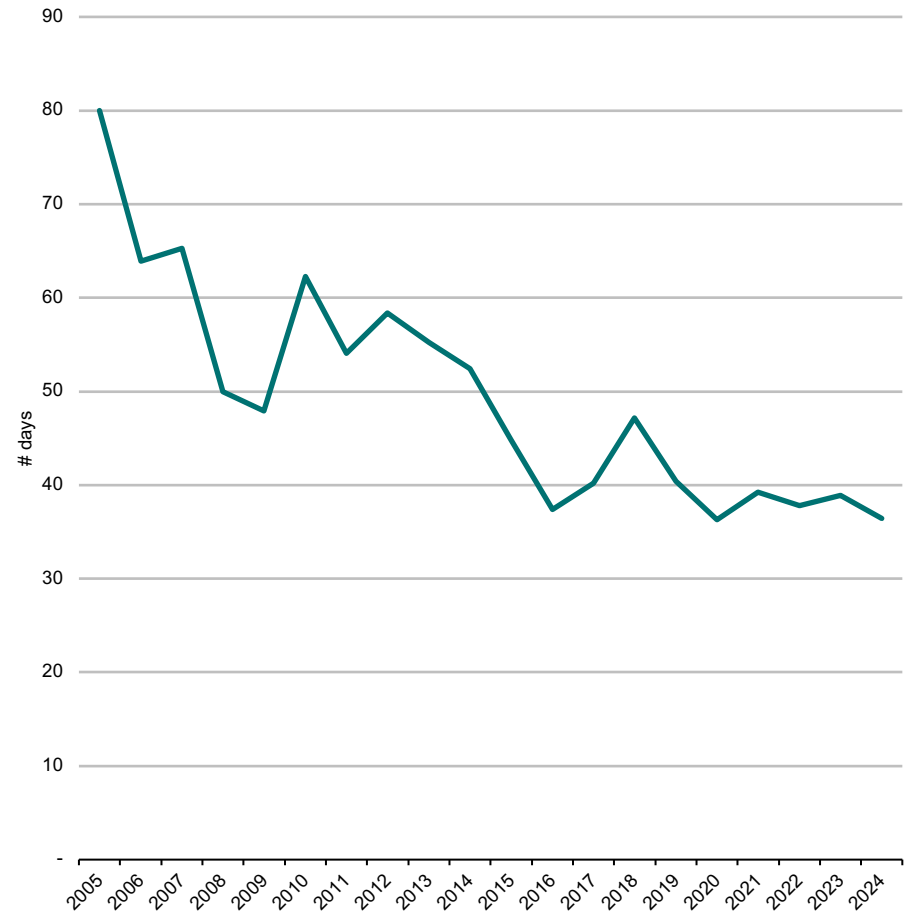
**Chevron:** Deepwater wells in the US GoM and West Africa

Completion time down by  
**>40%**  
from 2014 to 2018

**Shell:** Drilling time in the US GoM

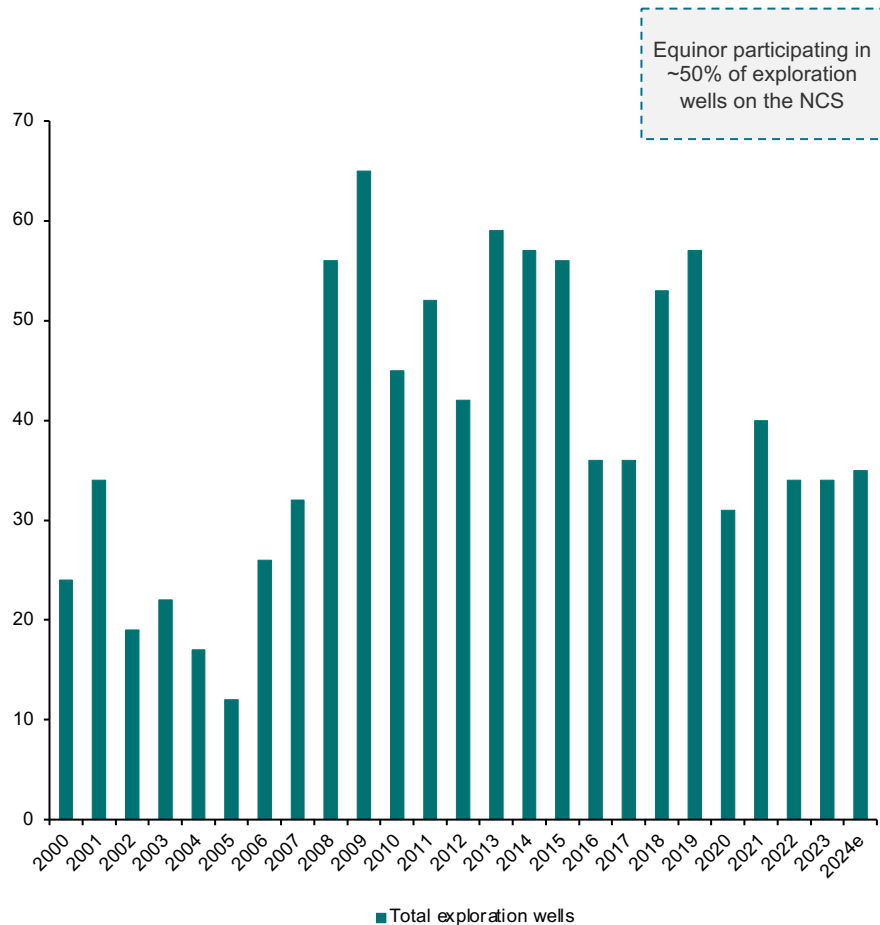
Drilling time down by  
**40%**  
from 2014 to 2018

## Drilling time exploration wells in Norway



# Norway focused E&Ps are more outspoken on exploration activity

Number of exploration wells historically



Between 20 – 30 exploration wells per year  
80% is infrastructure lead exploration



vår energi

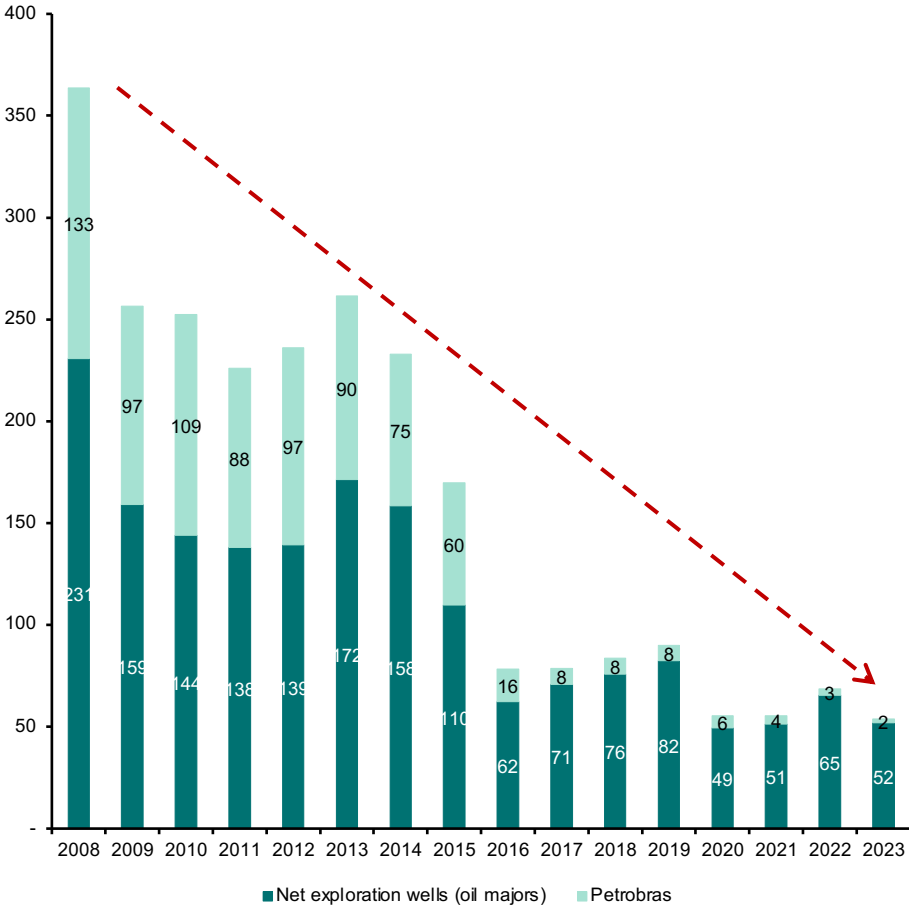
Average of 15 exploration wells per year the next 4 years



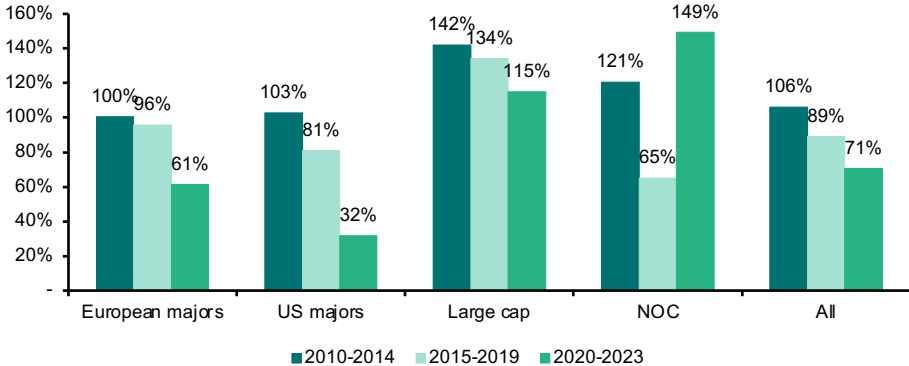
Between 10 – 15 exploration wells per year  
80% in defined as near field wells

# International exploration activity at depressed levels

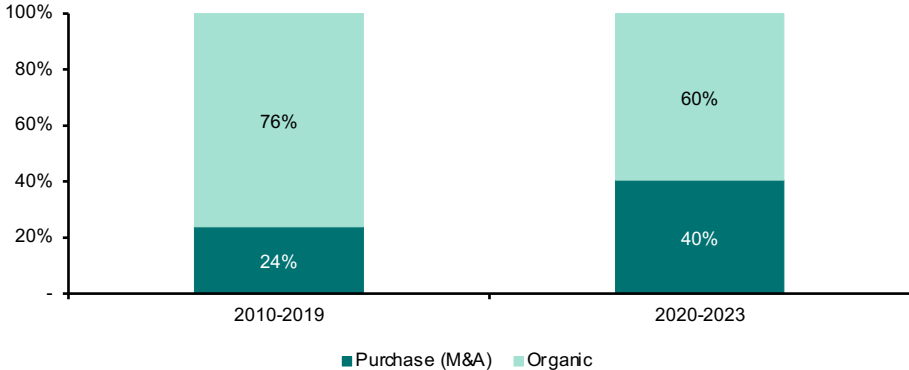
Massive reduction in exploration wells...



... resulting in lower organic RRR...



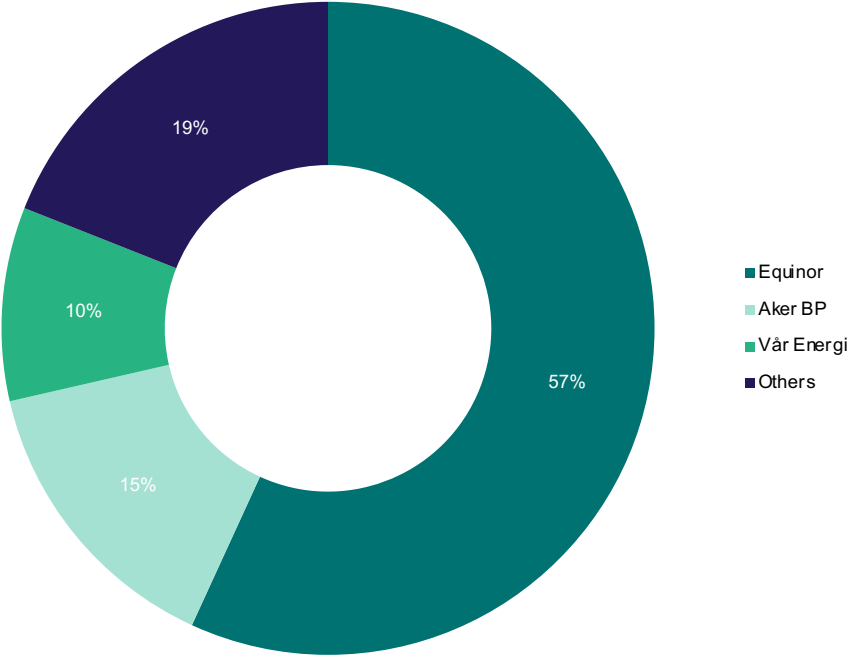
...with oil companies compensating through M&A



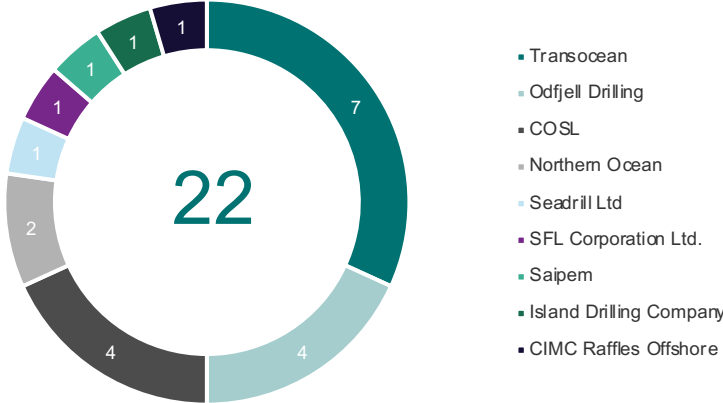
Source: Companies (underlying data), DNB Markets (further calculations)

# Consolidated demand side and fragmented supply side

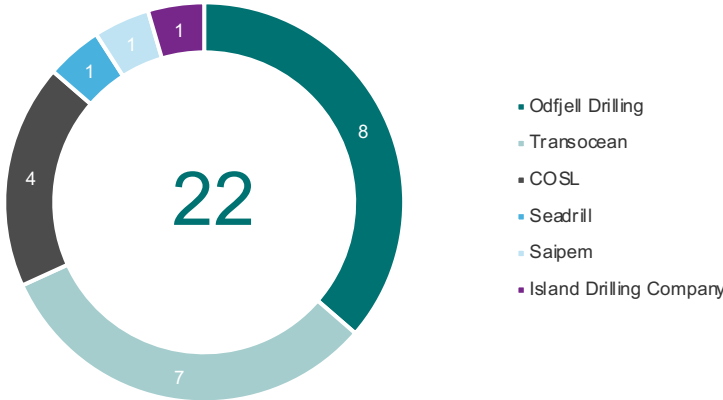
Semi demand in Norway (2018-2023)



Ownership of Norway-capable semis

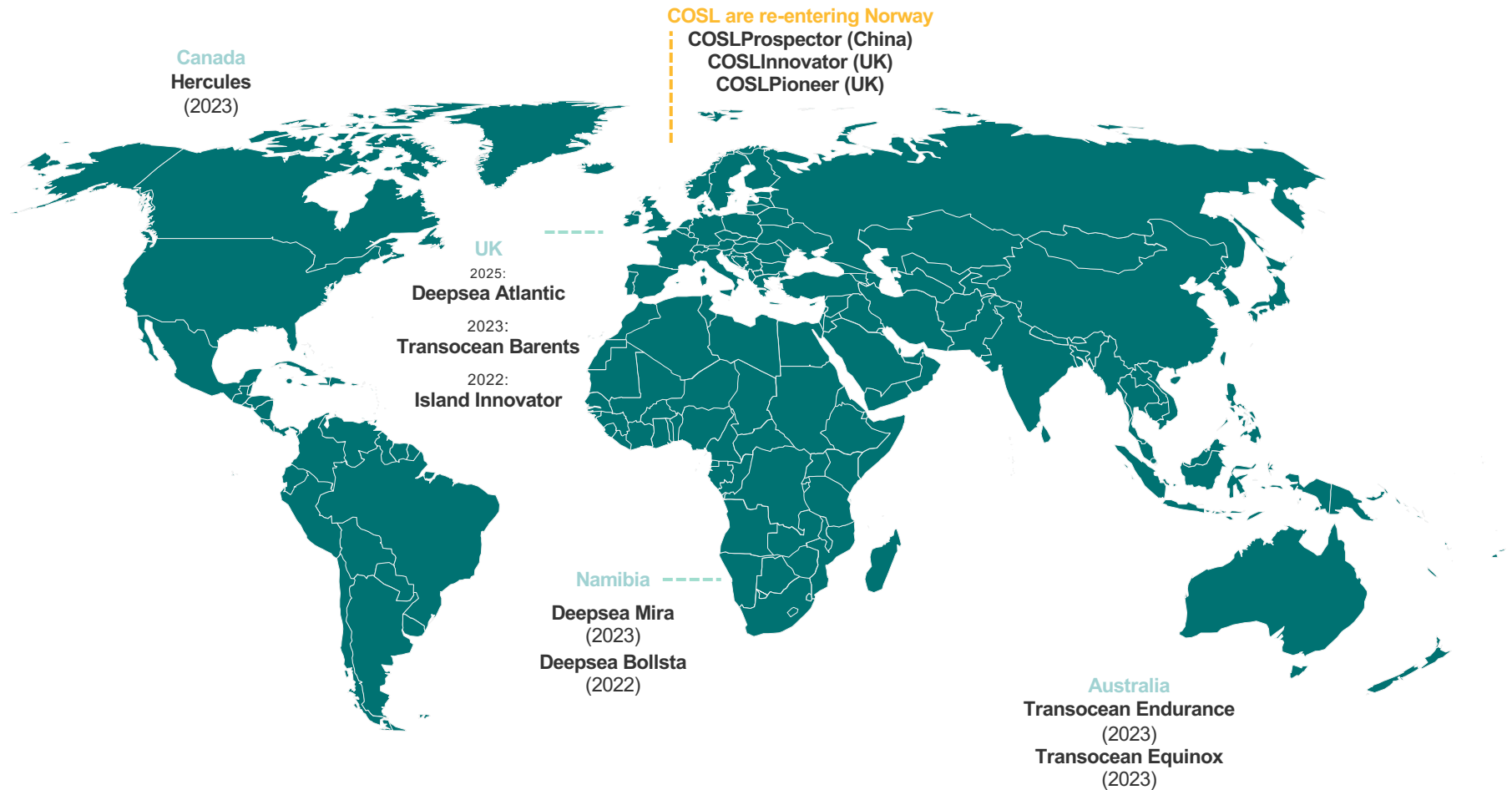


Managers of Norway-capable semis



Source: S&P Global (underlying data), DNB Markets (further calculations)

# High-spec rigs have left Norway



# Large, modern 6G rigs rigs have left Norway, replaced by smaller rigs

## Rigs that have left or is set to leave



Transocean  
Endurance (2015)



Transocean Equinox  
(2015)



Transocean Barents  
(2009)



Deepsea Mira  
(2018)



Deepsea Bollsta  
(2019)



Deepsea Atlantic  
(2009)



Hercules  
(2008)



Island Innovator  
(2012)



West Phoenix?  
(2008)

## Rigs that have entered



COSLProspector  
(2014)



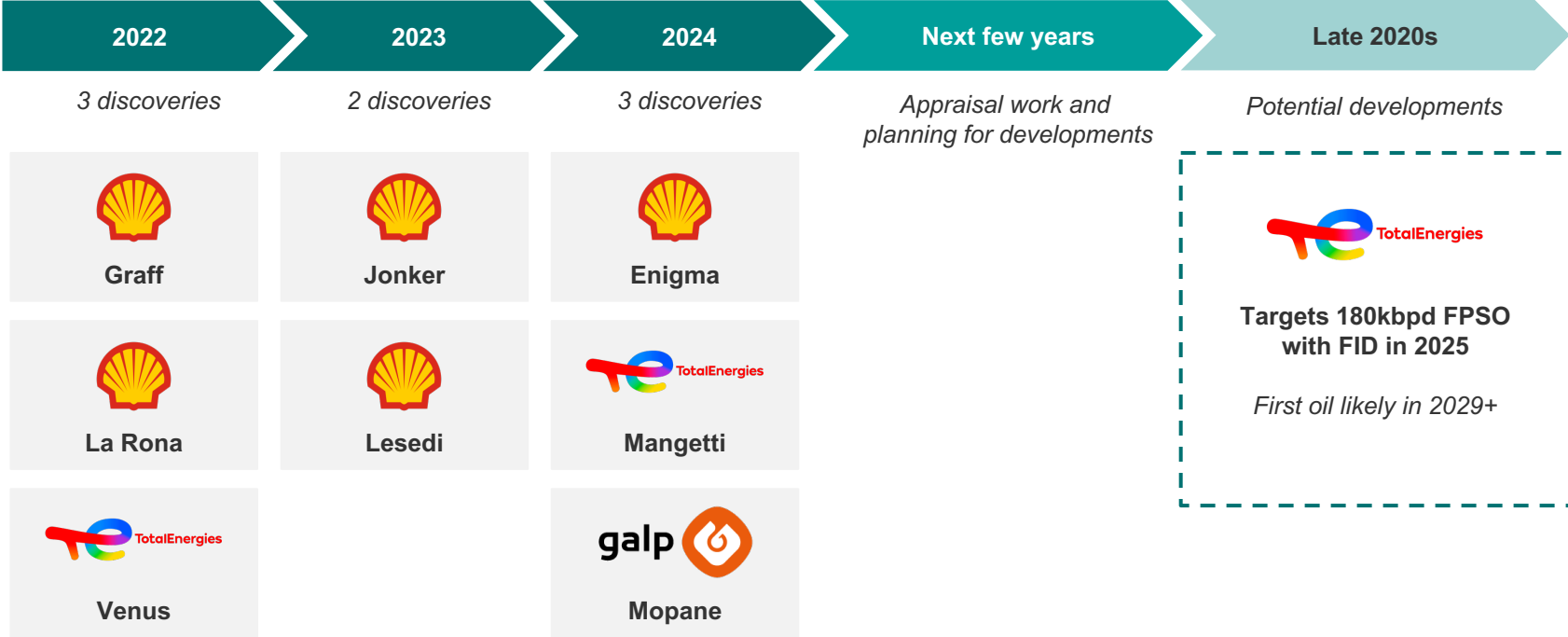
COSLInnovator  
(2011)



COSLPioneer  
(2010)

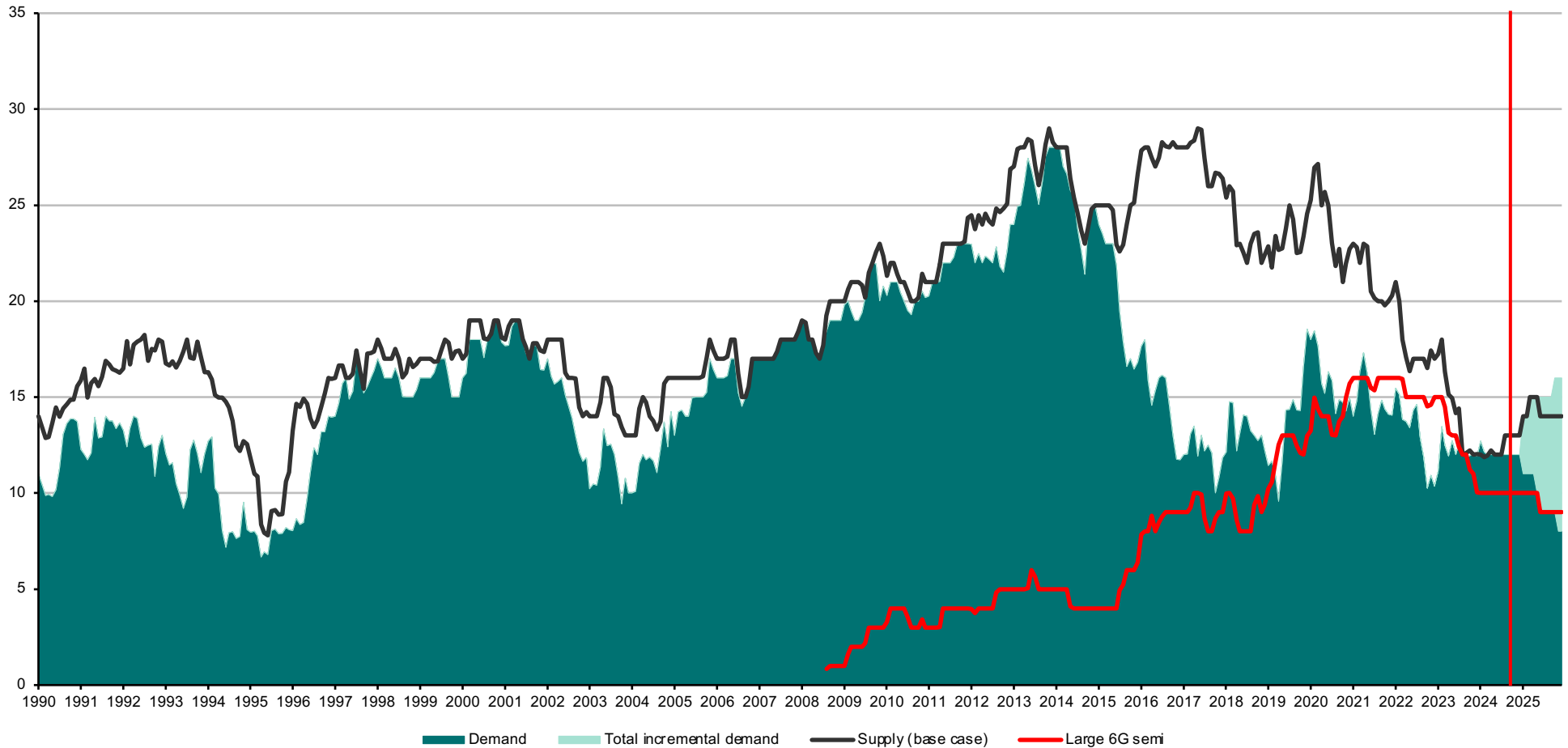
# Namibia could consume more Norway capable rigs late this decade

Potential developments is expected to see startup in late 2020s



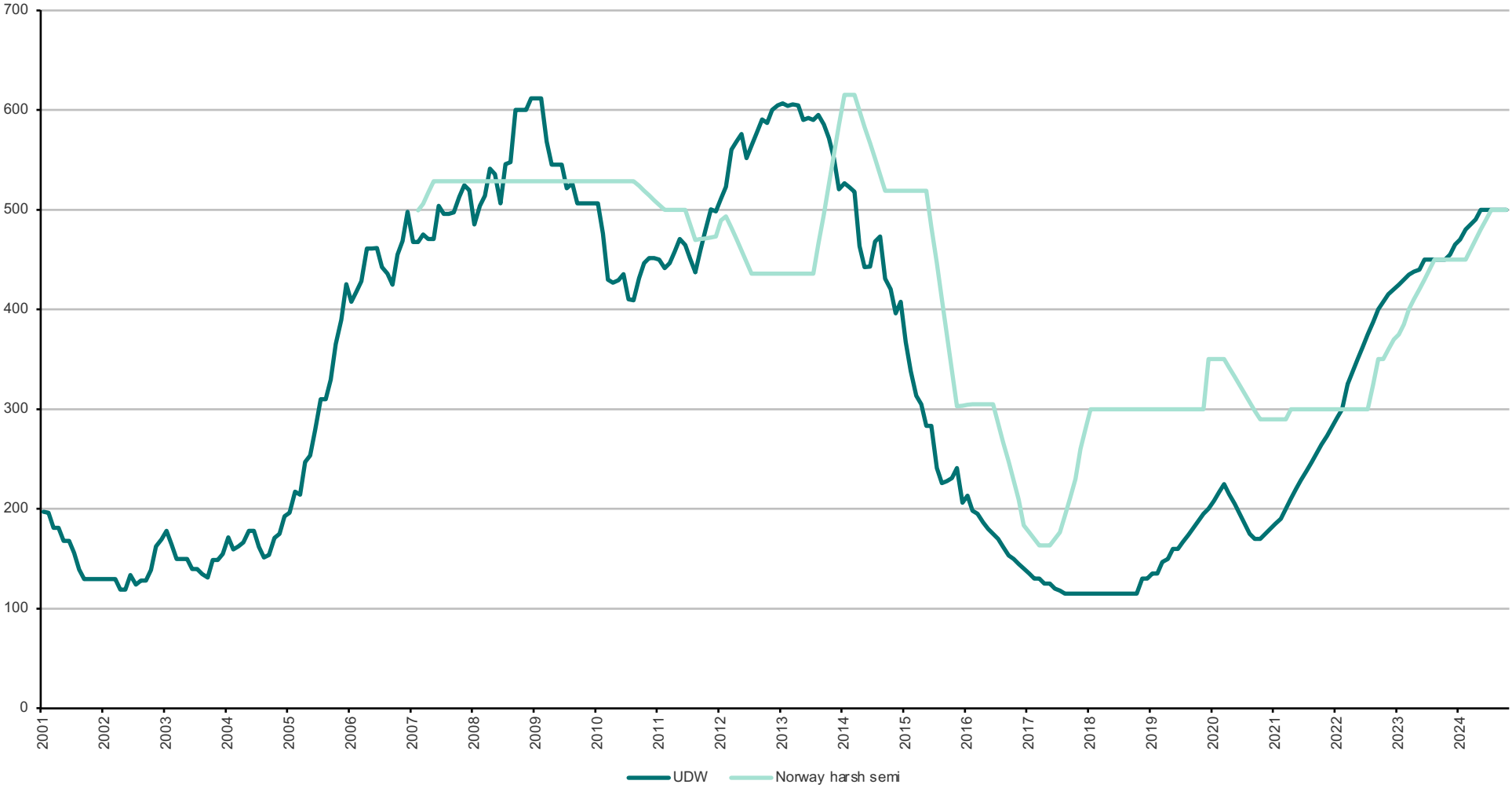
# Norway demand seen higher while high-spec rigs have left

Supply / Demand NCS model







# Norway day-rates seen protected from uncertainty in the deepwater market



Source: S&P Global (underlying data), DNB Markets (further calculations and estimates)

# Norwegian rig market in summary


 Mature region impact long-term growth potential, but high exploration activity

 Highly consolidated demand side


 Oil companies activity levels are constrained by cashflow

 High-capacity rigs have left Norway for other markets



 Need for some semis to re-enter Norway

 Day-rates likely to be unaffected by deepwater softness

 Fragmented ownership of rigs – Consolidation likely as “one rig owners” leave Norway

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