



OKEA acquires 28% working interest in PL037 (Statfjord Area) from Equinor

Trondheim, 20 March 2023 – OKEA ASA (“OKEA”) is pleased to announce that it has entered into an agreement with Equinor Energy AS (“Equinor”) to acquire 28% working interest (“WI”) in PL037 (Statfjord Area) with effective date 1 January 2023 for an initial fixed consideration of USD 220 million (the “Acquisition”).



Statfjord C. Source: Equinor

Highlights

- Acquisition of 28% WI in PL037 from Equinor, comprising 23.93123% WI in Statfjord Unit, 28% WI in Statfjord Nord, 14% WI in Statfjord Øst Unit and 15.4% WI in Sygna Unit
- Effective date 1 January 2023 with expected completion in Q4 23
- Initial fixed consideration of USD 220 million including tax balances of approximately NOK 300 million
- In addition, the agreement contains contingent payment terms applicable for 2023-25 for certain thresholds of realised oil and gas prices

- Net 2P reserves of 41 mmboe and net 2C resources of 8 mmboe
- Additional upside volume potential estimated to net 14 mmboe, identified by OKEA based on drilling beyond 2028 and cost reduction initiatives
- Adds production in 2023 of 13,000 – 15,000 boepd and expected to grow to 16,000 – 20,000 boepd in 2024
- Equinor to retain responsibility for 100% of OKEA's share of total decommissioning costs related to Statfjord A
- OKEA liable for its share of costs related to the decommissioning of Statfjord B and C. However, Equinor retains responsibility for decommissioning costs relating to any full or partial removal of Statfjord B and C gravity-based structures, should it be required
- No new financing required for funding the transaction as majority of purchasing price, based on current forward prices, will be covered by cash flows generated by the assets prior to completion

OKEA CEO, Svein J. Liknes stated: *"We are very pleased to announce this transaction with Equinor which represents another significant step in delivering value-accretive growth in line with our strategy. Through this acquisition, we are increasing production to well above 40,000 boepd in 2024, nearly three times higher than production at the time of launching our growth strategy in the fall of 2021. In addition, we are diversifying our asset base further without the need for any new financing. We look forward to initiating a fruitful cooperation with Equinor and their FLX team and continuing to create value as a leading mid- to late-life operator."*

Transaction details

OKEA will acquire a 23.93123% WI in Statfjord Unit, 28% WI in Statfjord Nord, 14% WI in Statfjord Øst Unit and 15.4% WI in Sygna Unit from Equinor for an initial fixed cash consideration of USD 220 million based on effective date 1 January 2023. The acquisition price includes tax balances of approximately NOK 300 million.

In addition to the fixed consideration, the agreement contains a contingent consideration structure based on profit sharing on crude oil volumes sold at a realised price of 75–96 USD/bbl in 2023, 64–85 USD/bbl in 2024, and 53–72 USD/bbl in 2025, as well as on dry gas volumes sold at a realised price of 170–341 p/th in 2023, 125–248 p/th in 2024, and 37–75 p/th in 2025. The profit sharing within these limits is 90% after tax to Equinor and 10% to OKEA. For realised prices on crude oil above 96 USD/bbl in 2023 and 85 USD/bbl in 2024 and realised prices on dry gas above 341 p/th in 2023 and 248 p/th in 2024 the profit sharing is on 50/50 after tax basis. OKEA keeps 100% of realised oil prices above 72 USD/bbl and gas prices above 75 p/th in 2025. All numbers are stated in real 2023 and realised prices are based on annual averages. There is no contingent payment structure for NGL.

Equinor will retain responsibility for 100% of OKEA's share of total decommissioning costs related to Statfjord A, while OKEA will be liable for its share of decommissioning costs related to Statfjord B and C. However, Equinor will retain responsibility for any decommissioning costs relating to a full or partial removal of the gravity-based structures, should it be required

OKEA will pay Equinor USD 48 million (real 2023) in 2028 as decommissioning security which will be repaid to OKEA at 4% p.a. real interest until abandonment is completed.

No new financing is required for funding the transaction as the majority of the purchasing price, based on current forward prices, will be covered by cash flows generated by the assets prior to completion.

The transaction is conditional upon Norwegian governmental approval and is expected to be completed in Q4 23.

Strategic rationale

The transaction matches OKEA's strategy as a leading mid to late-life NCS operator focused on growth, value creation and capital discipline. The significant increase in production, reserves and resources, adds scale and diversification and enhances robustness in the portfolio. In addition, the transaction represents the initiation of a partnership with a dedicated and competent operator in the Equinor FLX team which is committed to safe operations, increased recovery, and reducing costs and CO₂ emissions. OKEA will contribute with management and operating experience.

Facts about the Statfjord Area

The Statfjord Area comprises the Statfjord Unit, Statfjord Øst Unit, Statfjord Nord and Sygna Unit. The Statfjord Unit development covers the Statfjord A, B and C concrete gravity-based platforms. The other fields are subsea developments tied back to the main field platforms.

Statfjord Area is one of the largest fields on the NCS in terms of initial oil in place which was in excess of 6 billion barrels. Statfjord A was put on production in 1979, followed by Statfjord B in 1982 and Statfjord C in 1985. The field is operated by Equinor and the Field Life extension (FLX) unit was established in 2020 with an ambition to deliver 200% increase in remaining reserves, 25% cost reduction and 50% CO₂ reduction in the Statfjord Area by 2030. The FLX unit focuses on safe operations, improving recovery from the field as well as reducing costs and CO₂ emissions and has a strong track record of deliveries in recent years.

Presentation to analysts and investors

OKEA will hold a presentation to analysts and investors at 10:00 CET today, 20 March 2023. Please see dial-in details below. The presentation material is attached hereto.

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About OKEA

OKEA ASA is a leading mid- to late-life operator on the Norwegian continental shelf (NCS). OKEA finds value where others divest and has an ambitious strategy built on growth, value creation and capital discipline.

OKEA is listed on the Oslo Stock Exchange (OSE:OKEA)

More information at www.okea.no

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act.

The stock exchange announcement was published by Anca Jalba, VP IR & Communication, OKEA ASA on 20 March 2023 at 07:00 CET.