AKER BP OG HELGELANDSKYSTEN – LANGSIKTIG VERDISKAPNING MED LOKALE RINGVIRKNINGER

OLJE- OG GASSKONFERANSEN

Sandnessjøen 7. juni 2017

Svein Jakob Liknes, Vice President Area North, Aker BP ASA
Aker BP – Creating the leading independent offshore E&P company

- Fully fledged E&P company with exploration, development and production on the Norwegian Continental Shelf
- Rapid growth through acquisitions
- Merger with BP Norge closed September 30, 2016 creating Aker BP ASA
  - Combined production of 118 mboepd (2016)
  - Material oil-weighted portfolio (~80% liquids): 2P reserves of 711 mmboe and 2C contingent resources of 600 mmboe at year-end 2016
- Dividend floor of USD 250 million: To increase post Johan Sverdrup first oil
- Strong platform for future growth
- Ambition to become the leading independent offshore E&P company
Solid footprint covering entire NCS

**Skarv**
Solid base performance and upside potential

**Alvheim**
High production efficiency and low operating cost

**Ivar Aasen**
First oil delivered on time and cost

**Johan Sverdrup**
World class development with break even price below 25 USD/bbl*

**Ula/Tambar**
Late life production with significant upside potential

**Valhall/Hod**
1 billion barrels produced, ambition to produce additional 500 mmbbls

* Full field
Visible organic growth from existing portfolio

- Strong production base of operated assets
- Organic growth opportunities
- Unique portfolio with potential to reach production above ~270 mboepd from 2023 from existing discoveries
- High quality development projects with low break even

Illustrative production potential, mboepd net
Skarv – core asset for Aker BP

Operated, 23.835% working interest

- Skarv FPSO is anchored to the seabed and has one of the world's largest gas processing plants offshore
- Field developed with subsea wells tied back to Skarv FPSO from five sub-sea templates
- Transport solution:
  - 80 km long 26” line to Åsgard Transport System
  - Shuttle tanker loading of oil for direct transport to the market
  - Ability to process third party gas
- Safe, reliable production above plan – due to higher export of gas than originally agreed
- June 2016: Oil shipment number 100 was brought to the European market from the Skarv field

<table>
<thead>
<tr>
<th>License</th>
<th>PL159, PL212, PL212B, PL262</th>
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<tbody>
<tr>
<td>Discovery year</td>
<td>1998</td>
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<tr>
<td>End 2016 2P reserves (net)</td>
<td>67 mmboe</td>
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<tr>
<td>Production start</td>
<td>2012</td>
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<tr>
<td>Partners</td>
<td>Statoil, DEA, PGNiG</td>
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**AKER BP OG HELGELANDSKYSTEN**

**Growing our Norwegian Sea position**

**Norwegian Sea licenses**

Aker BP’s area strategy

- **Safe and reliable operations on Skarv**
  - 25 years design life
  - Maximize production and drive down costs

- **Snadd – developing and investing in new resources securing a long term future for Skarv operations**

- **Shoot seismic to identify new opportunities for Skarv**
  - 4D seismic to be shot over Skarv/Snadd in July
  - Will allow for optimization of Snadd development
  - Identification of Skarv infill opportunities

- **Exploring for new resources**
  - Significant portfolio with attractive exploration potential
  - Actively seeking new acreage
    - 4 licenses (of which 2 operated) awarded in APA2016
    - Work ongoing with APA2017
  - Infrastructure-led exploration around Skarv
  - Frontier exploration along the Nordland Ridge
  - Performing regional studies and pursuing geological trends with aim of drilling exploration wells in near to medium term
**Snadd – creating value and securing a long term future for Skarv**

**Snadd development**

- Snadd gas/condensate field is a ~60km long, 2-3km wide structure
  - Providing ~200mmboe of additional resources
  - Extending the economic field life of the Skarv FPSO

- Currently maturing Snadd towards Plan for Development and Operations (PDO)
  - Development comprising of six subsea wells tied back to Skarv FPSO, including topsides modifications
  - Phase 1 passed concept selection (DG2/BOV) in March
  - PDO planned in Q4-17
  - First gas scheduled for 2020

- ~NOK 10 billion* of total investments
  - Major contract packages include SURF, SPS, Topsides and Drilling
  - Local content part of contract evaluation criteria

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*Full field development, 2017 real
DG2 – Decision Gate 2, BOV – Beslutning om videreføring*
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Snadd contract awards planned for in Q4

Snadd development schematic

- **Major contract packages**
  - SURF
  - SPS
  - Topsides
  - Drilling and wells

- **Timing of contracts**
  - Tender opening end August
  - Contract awards in Q4 2017

- **Local suppliers as subcontractors will be an evaluation criteria**

- **Regional supplier seminar to be arranged post major contracts award**

* SURF & SPS scope
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Maximise value in existing infrastructure

- Explore potential to increase Aker BP use of subsea base
- Support infrastructure access for research and education activities
- Sandnessjøen established as subsea mobilization base
Skarv operational activities going forward

- Stable and reliable operations and production
  - 98% operational efficiency April year to date
- Implementing improvement initiatives
- Subsea inspections in June and September
- Pigging operations in August
- Exploring potential for rig scope and workovers in 2018
- Post merger contract harmonization
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Strategic partnerships will maximize value for all parties

Traditional set-up

- Top down governance (operator instruction based)
- Multiple interfaces – up to 60 suppliers on projects/wells
- Limited incentives for waste reduction and flow efficiency
- Limited cross service synergies
- Duplicate organizations and multiple organizational overlaps

Alternative set up - Aker BP target

- Integrated approach
  - Operations: Alliance team overall responsible and works as the integrator
  - Organizational: Trust-based, “one team” and “best man for the job”
- Minimize number of suppliers (alliance as aggregator)
- Focus on flow efficiency and quality
- Cross service synergies (resources and time)

- Risk sharing of downside
- Incentive based contract - well as a service

Aker BP intends to organize as many supplier relations as possible based on this model
Ripple impacts – building on previous successes

Impact reports

Ripple effects achieved
- Regional and local impacts are identified for first 3 years of Skarv operations (2013, 2014, 2015)
- Main focus to identify locale deliveries and societal effects of such
- 14% of Skarv operational expenses equaling 530NOKm were delivered by local businesses

Skarv contracting strategy
- Maximize local impacts of Skarv development
- Decentralized
- Local procurement
- Active supplier development

Critical success factors
- Cooperation with county, municipalities and public agencies
- Competent and robust businesses
- Clear standards and expectations to suppliers
- Decentralized contracting strategy
- Cooperation regarding competency with schools, education and local businesses

How will Aker BP build on this going forward?

*To be released*