



Statoil

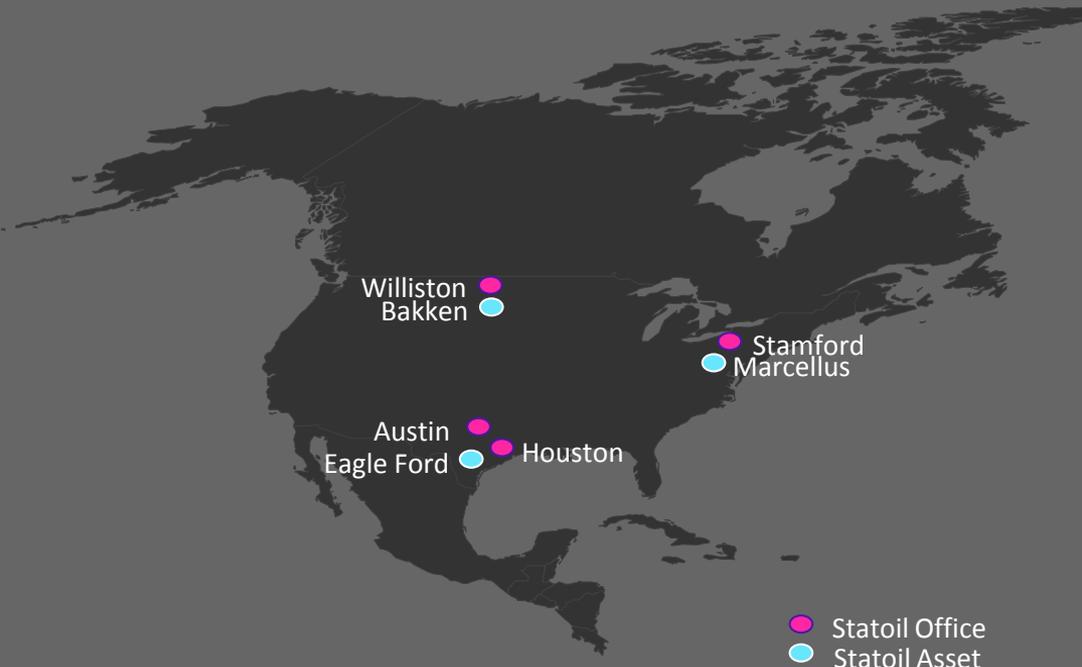
# Statoil US Onshore

Jefferies Global Energy Conference, November 2014

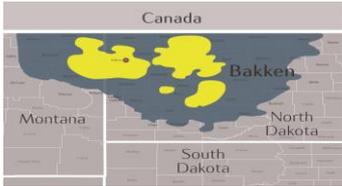
Torstein Hole, Senior Vice President

# US Onshore competitively positioned

- 2013 ↑ Eagle Ford Operator
- 2012 Marcellus Operator
- 2011 Bakken Operator
- 2010 Eagle Ford
- 2008 Marcellus
- 1987 Oil trading, New York

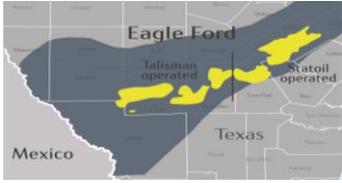


# Premium portfolio in core plays



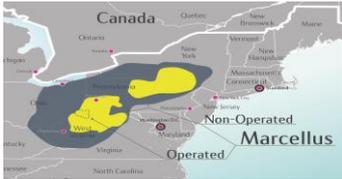
## Bakken

- ~ 275 000 net acres, Light tight oil
- Concentrated liquids drilling
- Production ~ 55 kboepd



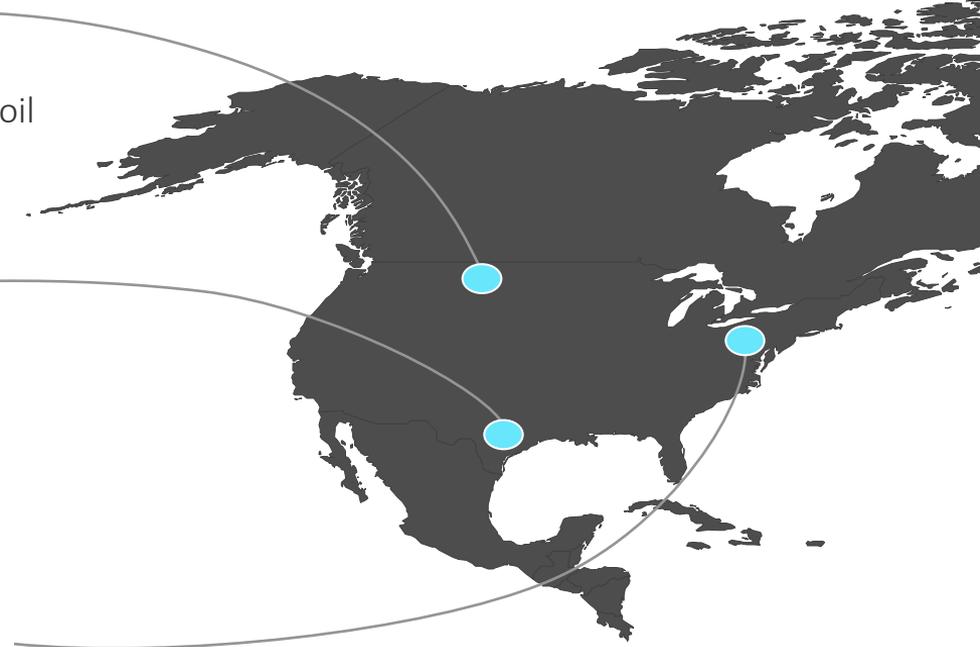
## Eagle Ford

- ~ 60 000 net acres, Liquids rich
- Liquids ramp-up
- Production ~34 kboepd



## Marcellus

- ~ 600 000 net acres, Gas
- Production ~130 kboepd

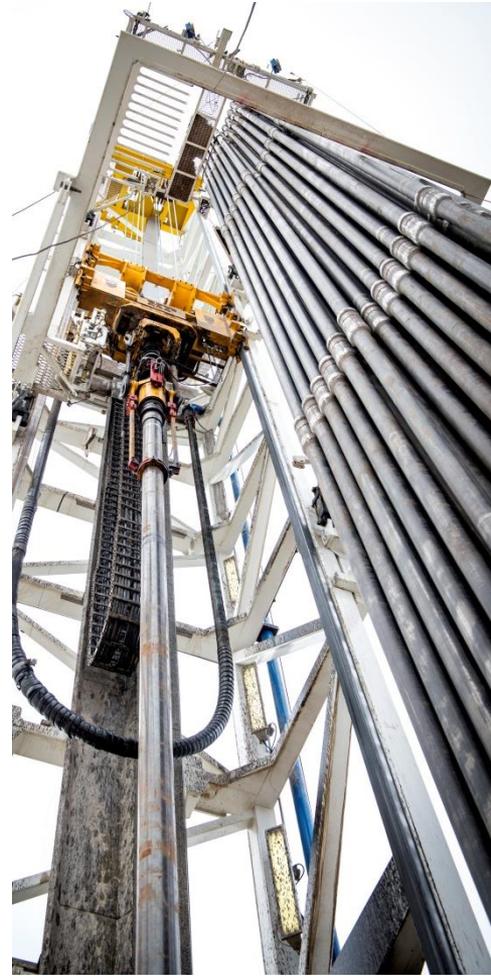


# Shale revolution: just the end of the beginning

- Entering mature phase – companies with sustainable, responsible development approach will be the winners
- Statoil is taking long term view. Portfolio robust under current and forecast price assumptions.
- Continuous, purposeful improvement is key
  - Technology/engineering
  - Constant attention to costs

# Statoil taking operations to the next level

- Ensuring our operating model is fit for Onshore Operations
- Doing our part to maintain the company's capex commitments
- Leading the way to reduce flaring in Bakken
- Not just reducing costs – increasing free cash flow



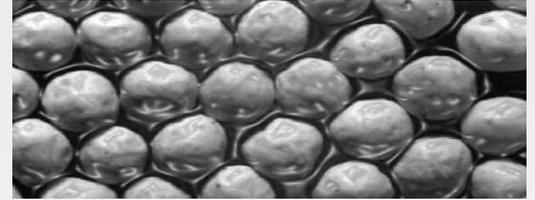
# The application of technology



Continuous focus on cost, efficiency and optimisation of operations



Fast-track identification, development & implementation of short-term technology upsides



Prioritised development of potential game-changing technologies

## SHORT TERM

## – MEDIUM –

## LONG TERM

- Stage Length Optimization
- Slickwater Fracs
- CNG in a Box

- Choke management
- Refracturing
- Emissions, water and waste Management

- Non-aqueous fracturing systems
- Cost-effective gas injection EOR technologies
- Advanced proppants

# Increased value from well manufacturing

- Total well cost ~ 90% of upstream capex – margin leverage

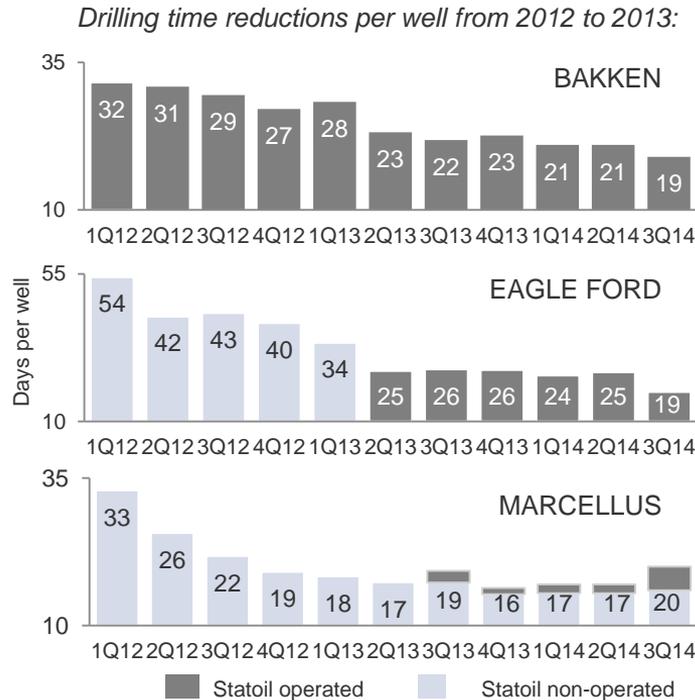
- Strong improvements and competitive results during Q1 2012 to Q4 2013

25% to 50% reduced drilling cost

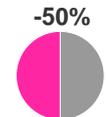
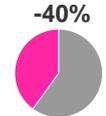
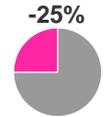
30% to 50% reduced drilling time

- Further total well cost reduction potential ~15% by 2016

- Upside from **new technology** development



*Drilling cost reductions per well from Q1 2012 to Q4 2013:*

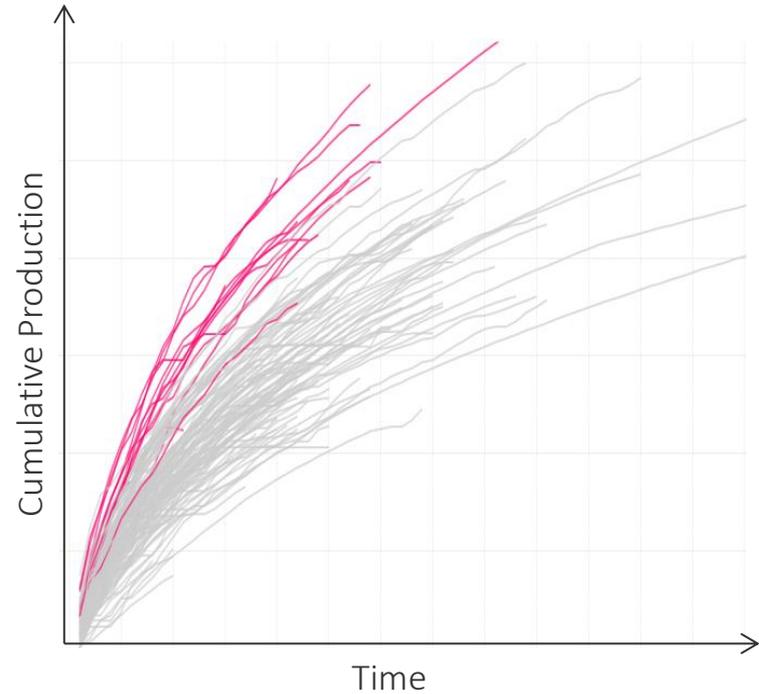


# Sometimes, you have to spend more to make more

- In Bakken and Eagle Ford we have intentionally increased our D&C spending to implement techniques that increase recovery
- Bakken: increasing our D&C costs by 10% - and increasing our recovery by 25% in 2015
- Eagle Ford: increasing our D&C costs by 19% - and increasing our recovery by 21% in 2015
- Cycle times continue to fall

# Bakken: Slickwater completions

- Slickwater design is ~double flow rate, and 3-4 times total volume. Proppant about the same.
- In most areas, results are better to significantly better.
- Next step is to test high proppant completions.
- Fewer wells in latest plan, but higher total recovery!



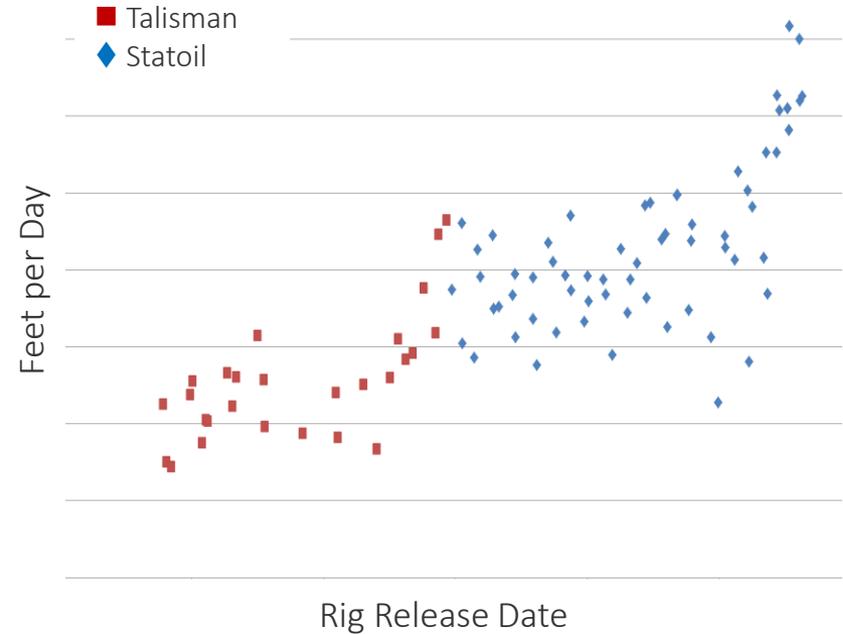
# Eagle Ford: Rapid Improvement Injection

- Shift to Rotary Steerable tools = more precise well placement = increased EUR
  - STO with RSS ~90% in zone, vs 60% previously
- Decrease in Stage spacing = 25% increase in stages = 20% increase in EUR
- Manage chokes to maximize liquids yield
- Adding additional horizons to extend drilling program. = > 150 new Net wells in plan = >\$400M additional value
  - Downspacing, vertical staggering and upper EF

# Eagle Ford: Step Change in Drilling Efficiency

## Continued improvements in cycle time

- Best well drilled in 15 days: thought to be our theoretical “perfect” well
  - The next well was even shorter (12.7 days)
- Very close to 2 rigs delivering the same wells as 3 used to



# Summary

- Relentless focus on **efficiency and improvement**
  - YOY reduction of 10% in Capex for the same activity
- **Increasing recovery** within corporate CAPEX frame
- **Evolving operating model** to continue improvements in our operations.

# Forward looking statements

This report contains certain forward-looking statements that involve risks and uncertainties. In some cases, we use words such as "ambition", "continue", "could", "estimate", "expect", "focus", "likely", "may", "outlook", "plan", "strategy", "will", "guidance" and similar expressions to identify forward-looking statements. All statements other than statements of historical fact, including, among others, statements regarding future financial position, results of operations and cash flows; changes in the fair value of derivatives; future financial ratios and information; future financial or operational portfolio or performance; future market position and conditions; business strategy; growth strategy; future impact of accounting policy judgments; sales, trading and market strategies; research and development initiatives and strategy; market outlook and future economic projections and assumptions; competitive position; projected regularity and performance levels; expectations related to our recent transactions and projects, such as the discovery in Tanzania, the Rosneft cooperation, developments at Johan Sverdrup, the Wintershall agreement, the Ormen Lange redetermination, the farming down of interests in Mozambique and the sale of producing assets in the Gulf of Mexico; completion and results of acquisitions, disposals and other contractual arrangements; reserve information; future margins; projected returns; future levels, timing or development of capacity, reserves or resources; future decline of mature fields; planned maintenance (and the effects thereof); oil and gas production forecasts and reporting; domestic and international growth, expectations and development of production, projects, pipelines or resources; estimates related to production and development levels and dates; operational expectations, estimates, schedules and costs; exploration and development activities, plans and expectations; projections and expectations for upstream and downstream activities; oil, gas, alternative fuel and energy prices; oil, gas, alternative fuel and energy supply and demand; natural gas contract prices; timing of gas off-take; technological innovation, implementation, position and expectations; projected operational costs or savings; projected unit of production cost; our ability to create or improve value; future sources of financing; exploration and project development expenditure; effectiveness of our internal policies and plans; our ability to manage our risk exposure; our liquidity levels and management; estimated or future liabilities, obligations or expenses and how such liabilities, obligations and expenses are structured; expected impact of currency and interest rate fluctuations; expectations related to contractual or financial counterparties; capital expenditure estimates and expectations; projected outcome, objectives of management for future operations; impact of PSA effects; projected impact or timing of administrative or governmental rules, standards, decisions, standards or laws (including taxation laws); estimated costs of removal and abandonment; estimated lease payments, gas transport commitments and future impact of legal proceedings are forward-looking statements. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including levels of industry product supply, demand and pricing; price and availability of alternative fuels; currency exchange rate and interest rate fluctuations; the political and economic policies of Norway and other oil-producing countries; EU directives; general economic conditions; political and social stability and economic growth in relevant areas of the world; the sovereign debt situation in Europe; global political events and actions, including war, terrorism and sanctions; security breaches; situation in Ukraine; changes or uncertainty in or non-compliance with laws and governmental regulations; the timing of bringing new fields on stream; an inability to exploit growth or investment opportunities; material differences from reserves estimates; unsuccessful drilling; an inability to find and develop reserves; ineffectiveness of crisis management systems; adverse changes in tax regimes; the development and use of new technology; geological or technical difficulties; operational problems; operator error; inadequate insurance coverage; the lack of necessary transportation infrastructure when a field is in a remote location and other transportation problems; the actions of competitors; the actions of field partners; the actions of governments (including the Norwegian state as majority shareholder); counterparty defaults; natural disasters and adverse weather conditions, climate change, and other changes to business conditions; an inability to attract and retain personnel; relevant governmental approvals (including in relation to the agreement with Wintershall); industrial actions by workers and other factors discussed elsewhere in this report. Additional information, including information on factors that may affect Statoil's business, is contained in Statoil's Annual Report on Form 20-F for the year ended December 31, 2013, filed with the U.S. Securities and Exchange Commission, which can be found on Statoil's website at [www.statoil.com](http://www.statoil.com).

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# Statoil update: Bank of America Global Energy Conference

Jason Nye, Senior Vice President, U.S. Offshore



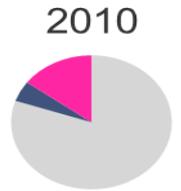
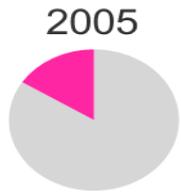
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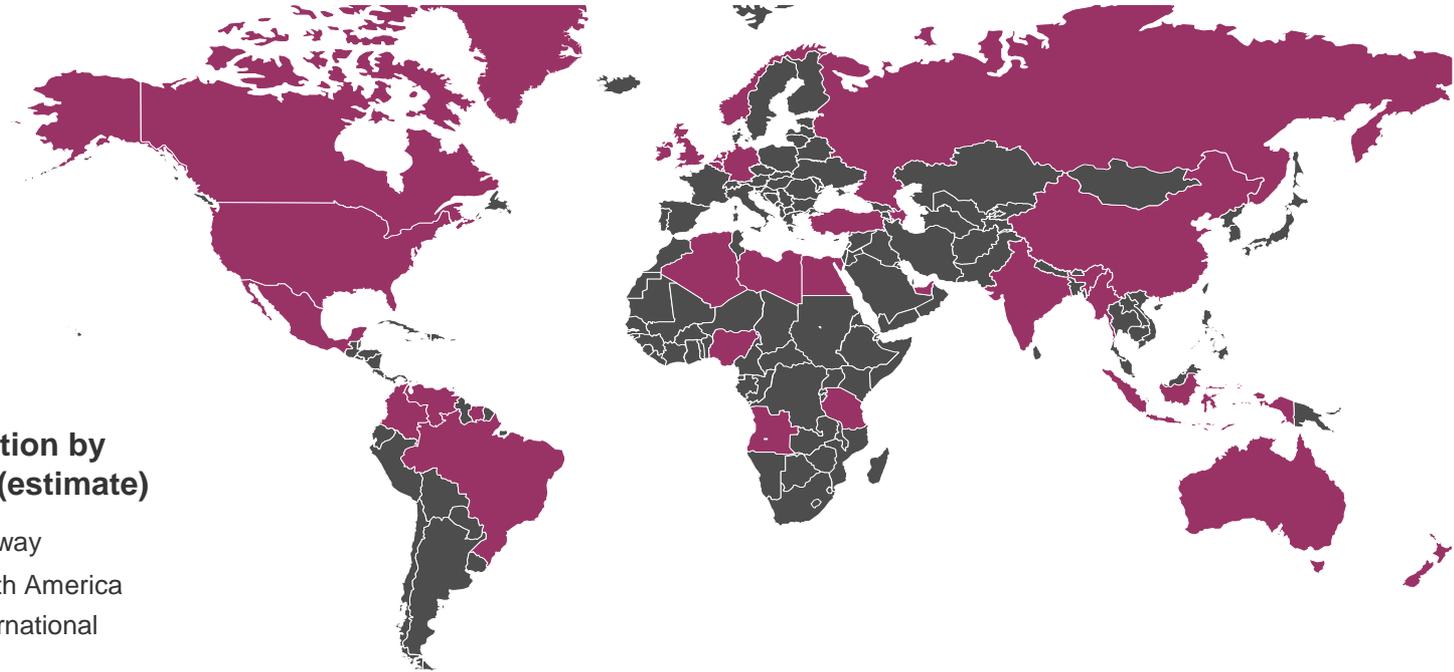
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# Our growing international presence



**Production by region (estimate)**

-  Norway
-  North America
-  International



# Competitively positioned in key petroleum plays

## Statoil's portfolio

1. East Coast Canada

2. Deepwater Gulf of Mexico

3. US onshore

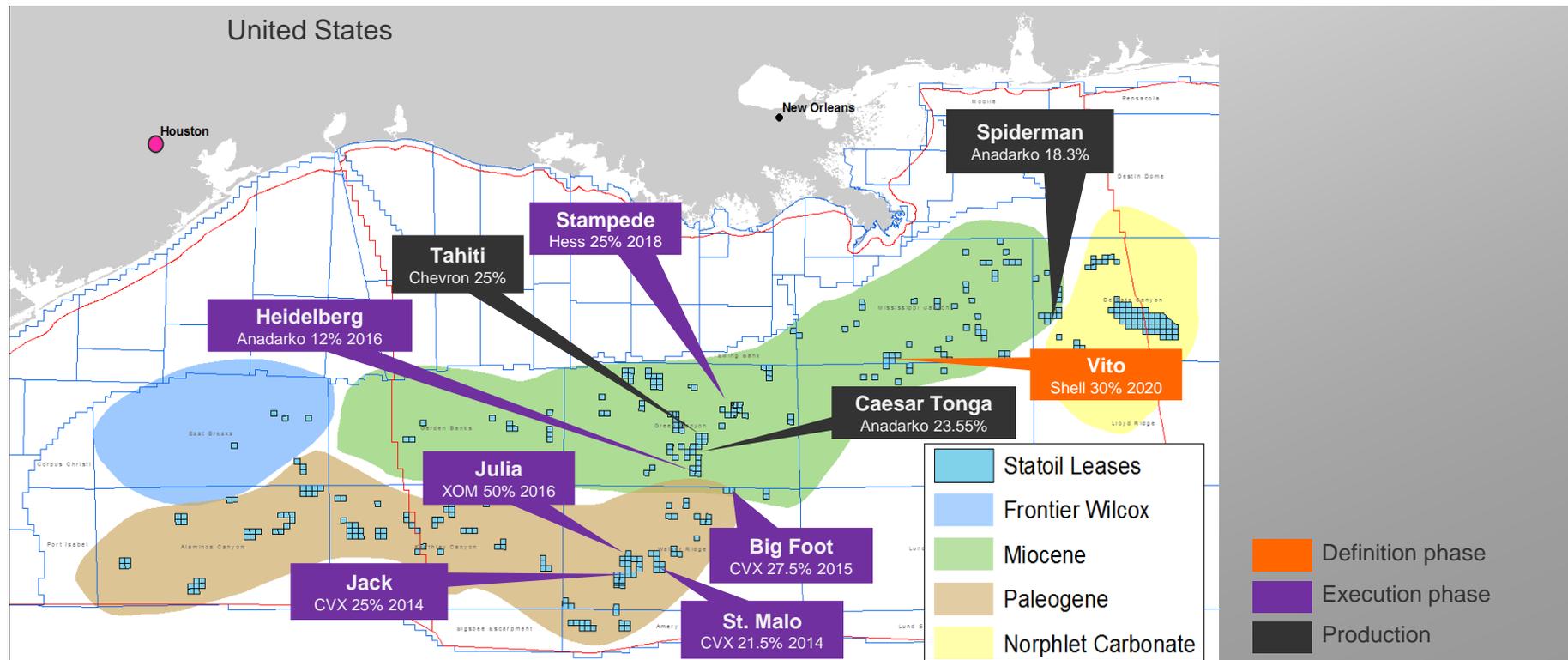
4. Canadian oil sands

5. New exploration opportunities

6. Midstream value adding positions



# The current Development & Production Portfolio



Big Foot



Jack-St. Malo



Heidelberg spar, Port Aransas, TX October 30, 2014

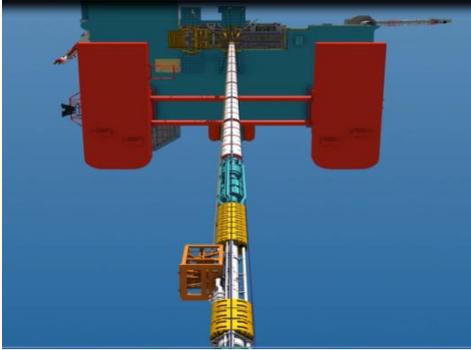


Maersk Developer



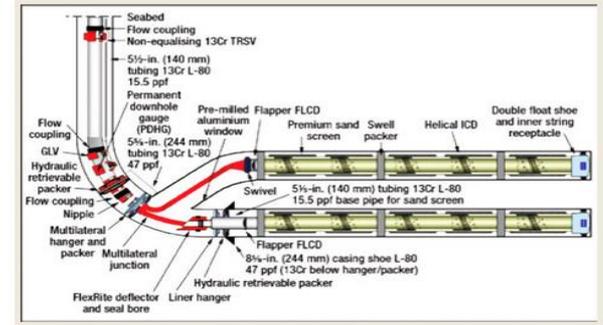
# Important technology for deepwater GOM

Drilling safer, faster wells

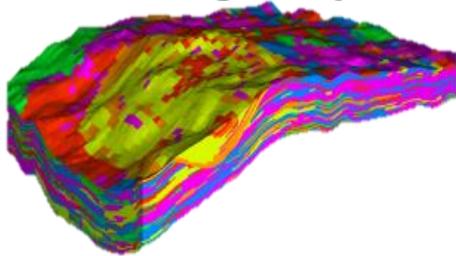


Reduced drilling costs

Reduced cost per well

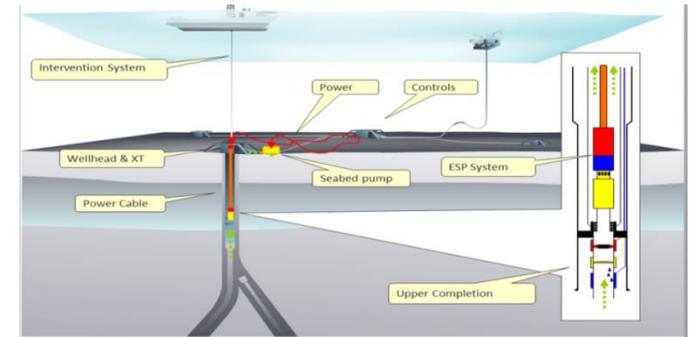


Water and gas injection

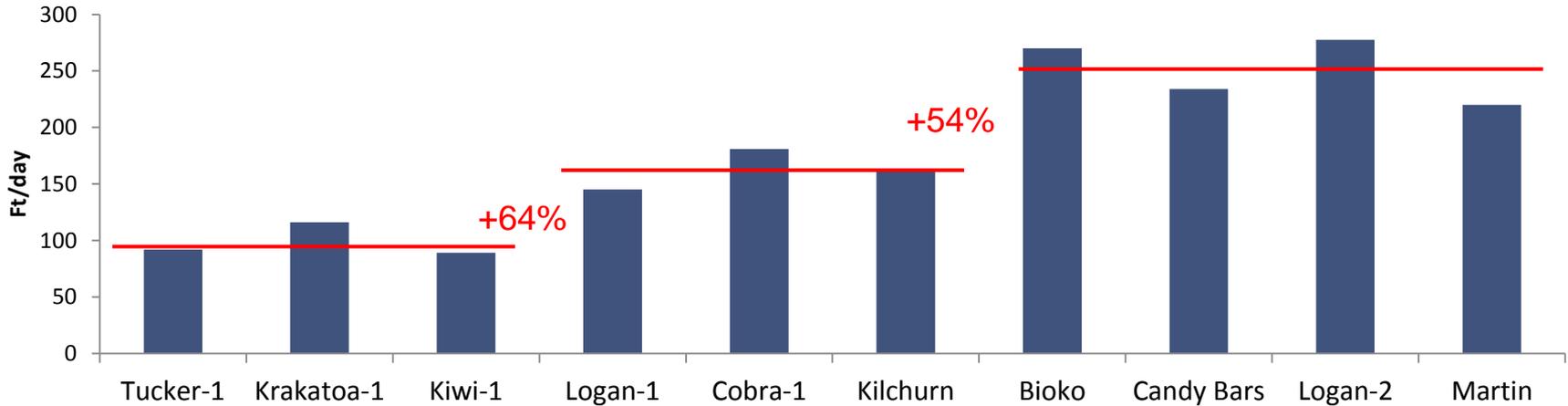


Higher oil recovery

Electronic submersible pumps (ESPs)



# Top quartile drilling performance in deepwater



- Perfect Well Concept, Drill Well On Paper, Standardization
- Harmonized Technical Requirements to U.S. regulations
- Use of New Technology
  - ECD-M, Safekick
- Performance Based Contracts

# Pursuing high quality prospects

## Chukchi Sea

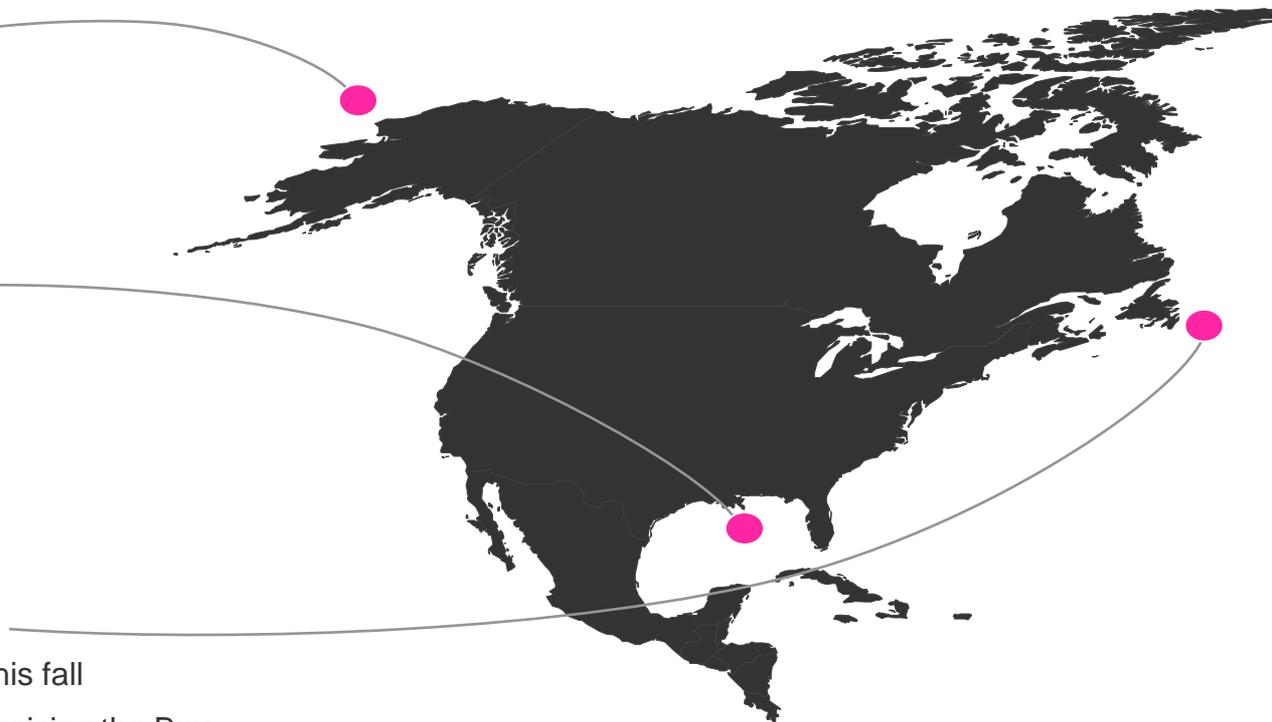
- 55 leases
- Evaluation mode

## Gulf of Mexico

- +270 leases
- 8<sup>th</sup> largest lease holder in GOM

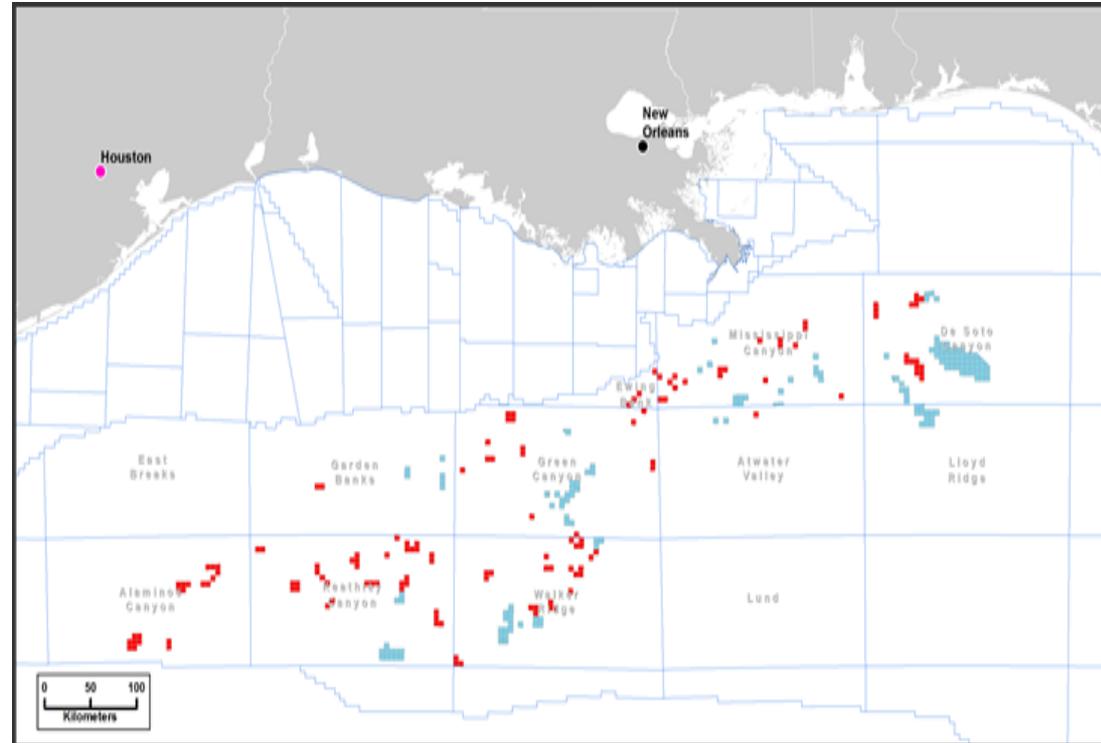
## East Coast Canada

- Significant land position
- 18 month drilling program starting this fall
- The program will focus on both appraising the Bay du Nord discovery, as well as drilling new exploration prospects



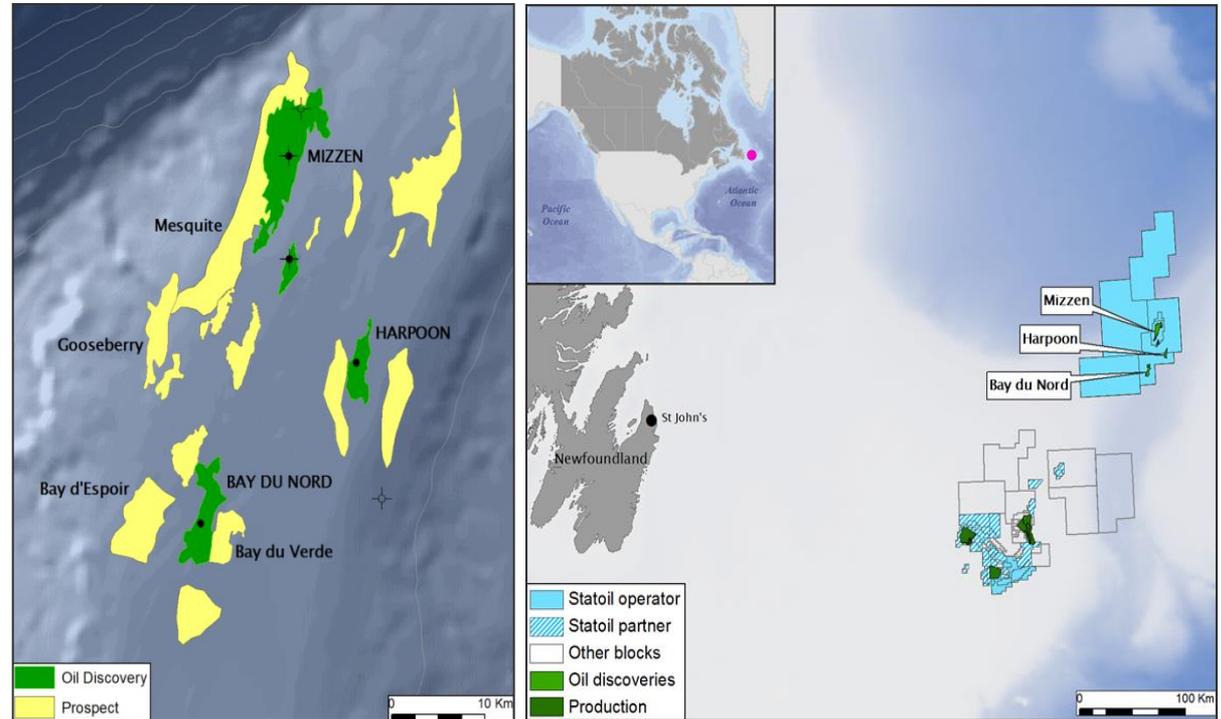
# Gulf of Mexico – drilling top tier opportunities

- Broad-based portfolio
- Testing a range of plays
- Hunting for elephants -- deepwater impact discoveries
- 8<sup>th</sup> largest lease holder in GoM
- Leveraging experience through play-based approach



# East Coast Canada: opening up extensive new oil play

- Bay du Nord – breakthrough oil discovery (300-600 mmbbl)
- Significant running room with several prospects mapped
- Drilling campaign from 3Q 2014 with West Hercules
- Assessing feasibility of accelerated development

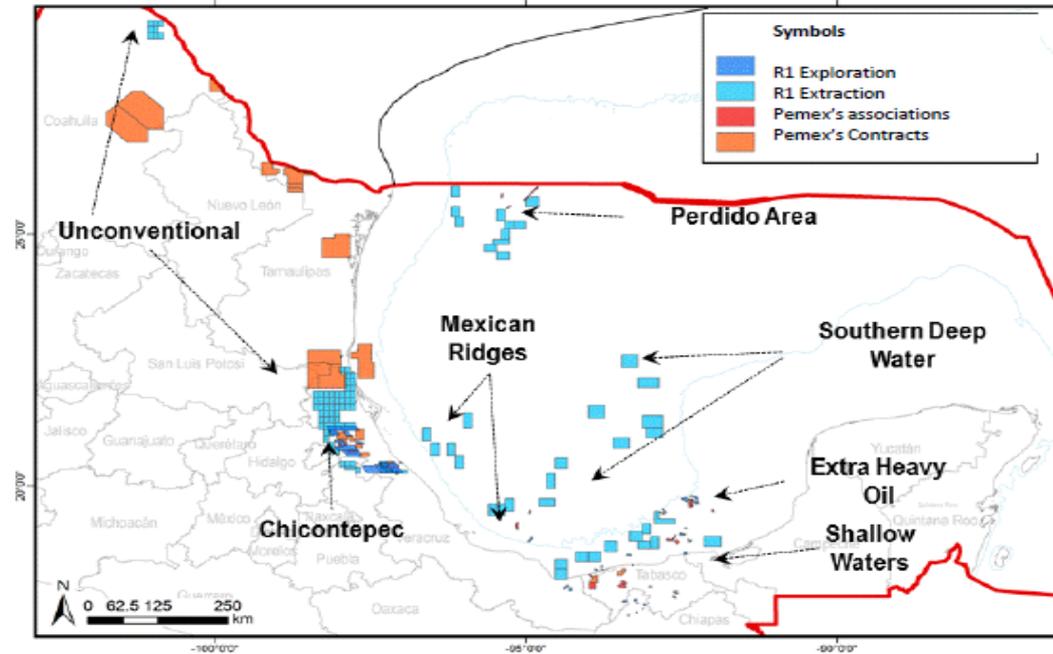


# Mexico: the next energy frontier

- 2001: Statoil established Mexico City office
- 2002: Statoil-Pemex MoU signed (renewed in 2013)
- 2014: Energy reform (21 Secondary Laws) signed into law (August 11).
- 2015: Round 1
  - 169 open area blocks:
    - 109 exploration
    - 60 production
  - 10 JV farm-ins to Pemex

***Statoil reviewing relevant oil and liquids-rich opportunities***

## Round 1 opportunities



Source: SENER

# Summary

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- Large presence across North America
- Attractive offshore portfolio – high value barrels growth
- Applying technology to save costs, improve efficiency
- Substantial exploration potential
- Mexico – the next energy frontier

Q  
A

