

# The \$20bn race to eclipse Norway's elite oil producers



The race is on to become Norway's biggest non-state oil company. As super majors such as Exxon Mobil Corp and BP Plc focus on other regions, a new group of smaller companies is revitalising the country's oil industry. They are buying up reserves and pumping money into new and existing fields, setting a course to surpass bigger rivals and become Norway's largest producers after state-controlled Equinor ASA and Petoro AS.

Here are the contenders for the No 3 spot: Aker BP ASA: The result of a merger in 2016 between an independent Norwegian oil company and BP's local unit. It is investing \$1.3bn this year and plans to double production to 330,000 barrels of oil equivalent a day in 2023. It could exceed that goal even without more transactions, its chief executive officer said

on Thursday. Var Energi AS: The product of the merger between Norway's private-equity-backed Point Resources AS, which bought Exxon-operated oil fields in the country, and Eni SpA's local unit. It plans to invest \$8bn over five years to reach 250,000 barrels a day of output in 2023, from 170,000 barrels last year. Wintershall DEA: The planned combination of German oil companies Wintershall AG and Deutsche Erdoel AG.

The two anticipate at least €2bn (\$2.3bn) of investments each in Norway from 2017 to 2021. The merged entity's production could reach 200,000 barrels a day in the "near future." If Aker BP maintains current spending levels, these companies could invest \$20bn or more in the five years to 2022 – the equivalent of a year's investment by all oil companies in Norway. The race among the companies will propel at least one of the three past Total SA, Norway's third-biggest producer last year with 214,000 barrels a day. That's even with the additional output Total will get from the giant Johan Sverdrup project. The scramble could turn out to be a boon for Norway, western Europe's biggest oil and gas producer but facing a dearth of big projects by the beginning of the next decade.

Aker BP, in which BP retains a 30% stake, isn't about to let rivals surpass it. "Absolutely not," CEO Karl Johnny Hersvik said in an interview during the ONS Conference in Stavanger last month. "We actually think this is fun. Because there's nothing that creates more innovation than competition."

Having acquired the Exxon fields, and encouraged by new owners HitecVision AS, there's increased activity at Point Resources, with engineers working out how to boost output, said Kristin Kragseth, vice-president for production. She doesn't "spend much time on the competition aspect," said the former Exxon executive who is also the incoming CEO of Var Energi. "We have very concrete plans to grow," Kragseth said in an interview at ONS in Stavanger. "If that makes us one of the biggest producers, great."