DEVELOP NCS TO MAXIMISE VALUE

equinor

NCS 2035

Equinor NCS 2035 initiative
- Challenges regarding metering and allocation in the future

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Hydrocarbon Management Workshop 2026
Scandic Stavanger Airport, SOLA
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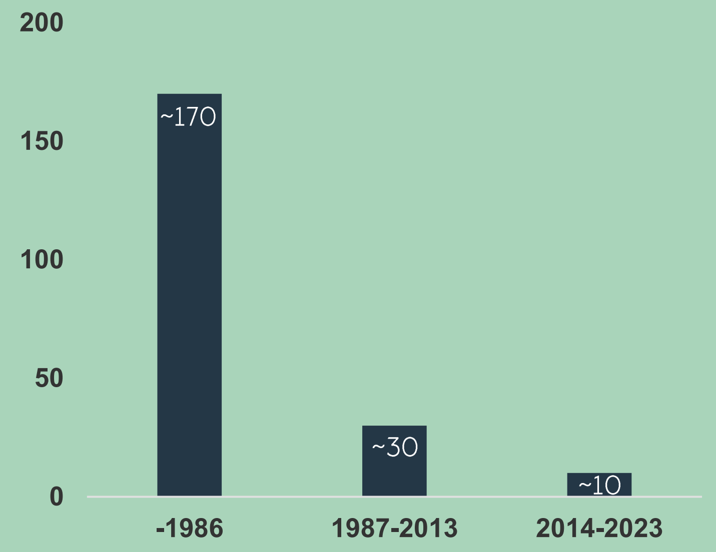
DEVELOPING NCS TO MAZIMIZE VALUE

Smaller discoveries require radical solutions to become sanctionable projects

Average volumes per discovery well on NCS

MILLION BARRELS OE



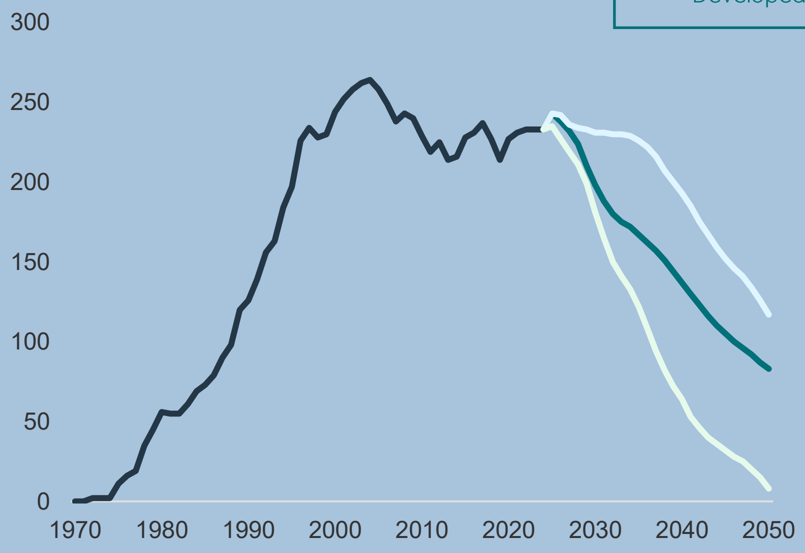
SOURCE: Norwegian Offshore Directorate

NCS production scenarios*

MILLION SM3 OE

BASE SCENARIO

- Many smaller discoveries
- Developed as satellites



* Current (2024) scenarios from Norwegian Offshore Directorate

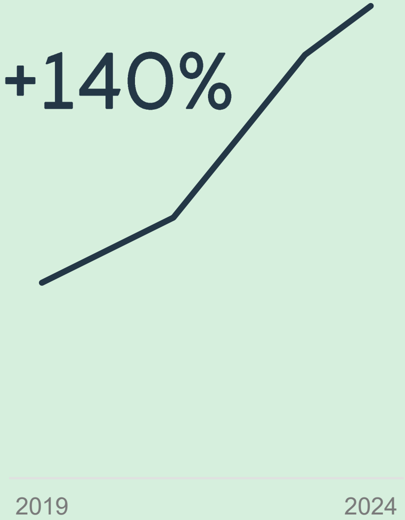
NCS investment opportunities affected by cost and productivity development

Subsea costs
COST INDEX

+90%

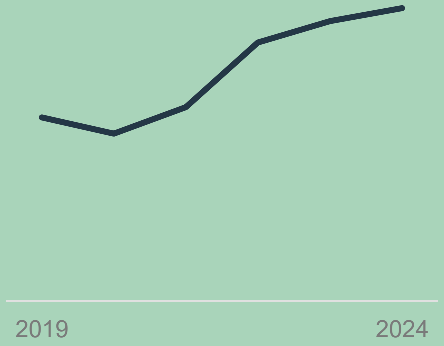
Engineering hours
MANHOURS PER TON

+140%



Operational costs
MILLION NOK

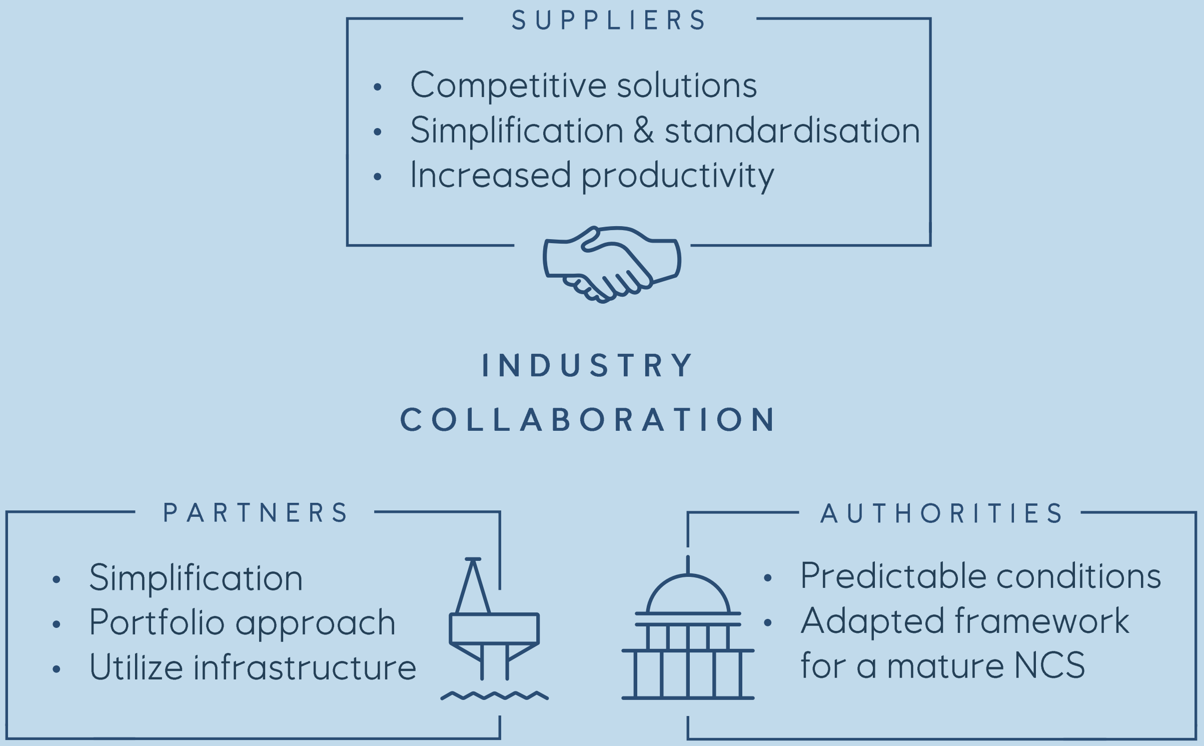
+60%



NCS2035:
A new approach to the NCS

- Collaboration across the entire industry is required to succeed
  - Authorities
  - Operators
  - Partners in tie-in fields & host fields
  - Partners in gas infrastructure / Gassco
  - Suppliers

- Offshore Norge "Marginal tie-back field developments" initiative



NCS 2035

Changes to achieve ambitions

Changes to Operations Model

Decision Processes

Continuous Improvement

Work Processes

Performance management

Changes to Structure

01.
Asset Organization

02.
Well Deliveries

03.
Projects and subsea

04.
Implications

Overall solution

I AM **SAFETY** roadmap

ZERO HARM

Proactive leadership and culture

Strengthen safety culture through proactive leadership, creating clarity, trust, openness and engagement.

Safety in design

Improve health and safety through design of assets, organisation and processes.

Learning from normal work and incidents

Improve decision-making and work practices through learning from how work is done and from internal and external incidents.

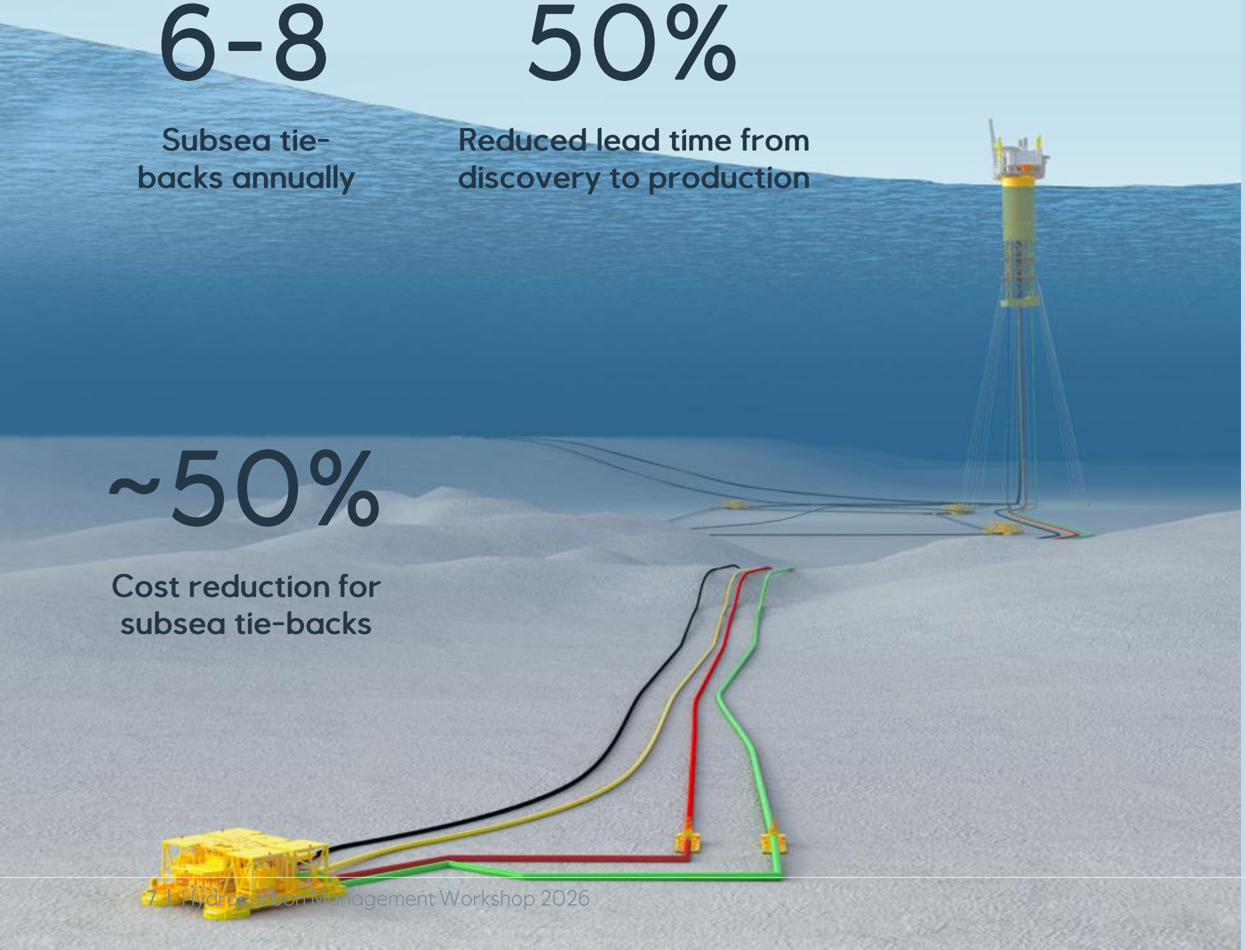
Collaboration and partnership

Engage with internal and external stakeholders, suppliers and partners and focus on industry standardisation.

Major accident prevention

DEVELOPING NCS TO MAZIMIZE VALUE

Changing project operating model to increase speed and reduce cost



6-8

Subsea tie-backs annually

50%

Reduced lead time from discovery to production

~50%

Cost reduction for subsea tie-backs

Increased standardisation
Apply industry standards (wells / subsea / topside)

Concept simplification & standardization
Simplified field design, strict use of standard SPS/SURF components, minimized topside modification to achieve lower cost solutions

Improved utilization of rigs and vessels
Project portfolios fit for rig campaigns and new global marine operations to optimize vessel needs across projects and OMM activities

Early commitments
Committing to equipment and rig capacity pre-FID to reduce idling on critical path

Efficiency in work and decision processes
Multidisciplined teams, early partner & authority engagement, improved supplier integration and simplified capital value process,

Enhancing portfolio contracting strategy
Portfolio level procurement, with enhanced collaboration and with a broader supplier base increasing capacity & competition

DEVELOPING NCS TO MAZIMIZE VALUE

Asset and area optimization

Long-term planning

Planning to optimise asset in an area perspective, not single wells or projects. Pursue synergies across production licenses through collaboration and commercial arrangements.

Host Readiness

Long-Range Plans (LRPs) that promote access for third party tie-backs. Ensure preparedness that will facilitate earlier turn-around to respond on access requests.

Line of sight

Providing partners, authorities, suppliers and relevant Equinor organisation with clear line of sight of plans and priorities

Organizational chart from 1 May 2026

Exploration & Production Norway (EPN)

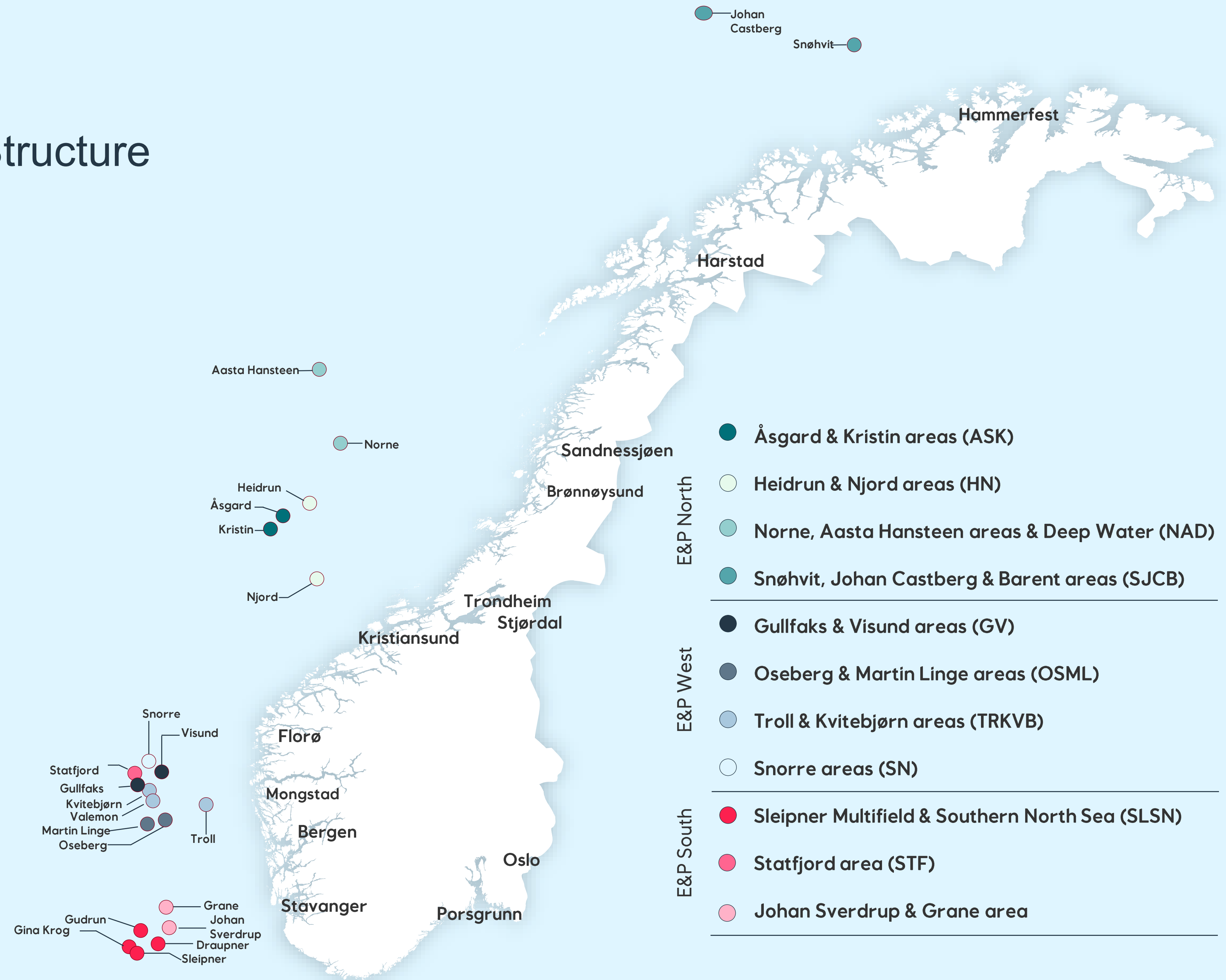
- E&P North
- E&P South
- E&P West
  - Exploration and portfolio manager
  - Business Unit manager
- Joint Operation Support
- Global Technical Services
- Projects and Subsea
- Finance, Control and Commercial

Projects, Drilling & Procurement (PDP)

- Procurement and Supplier Relations
- Project Development
- Wells

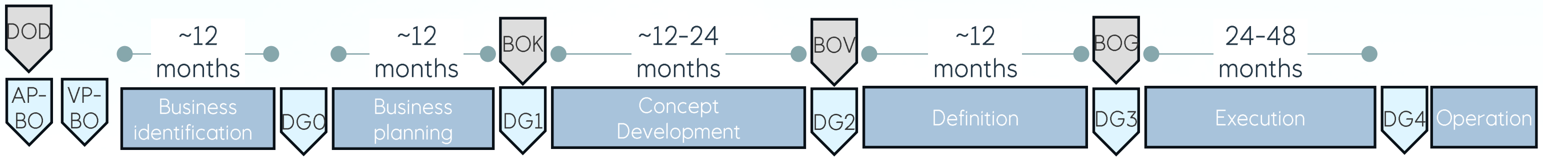
NCS 2035

New Business Cluster Structure

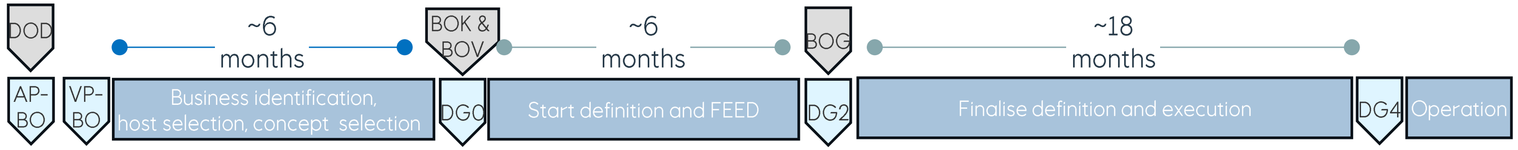


Changes to Capital Value Process (CVP)

Normal CVP



Adapted CVP



Adapted Capital Value Process for subsea tie-back projects:

- **Reduced to two Decision Gates from discovery to production**
- **Early host selection**
- **Standardized long-lead items**

Key considerations in choice of CVP will be alignment on host, ability to apply industry standard, topside scope, commercial complexity etc.

Key challenges related to metering and allocation in the future

- Project development of marginal tie-backs will be based on limited topside modification scope for new equipment for metering
- Agreements on metering concepts and allocation models for tie-in of new fields to hosts with established production from third-party fields with existing allocation agreements are technically and commercially challenging
- Increased uncertainty in metering and allocation may have to be accepted by licensees
- Early involvement of metering and allocation expertise in projects and early alignment with partners and authorities related to metering and allocation concept (including clarification of possible dispensations from regulation) will be required
- More standardised metering concepts and allocation methods/procedures should be considered
- Metering and allocation procedure (Appendix C) should be developed and agreed earlier than today

NCS2035 | A new approach to the NCS

Q&A

Open

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