Wintershall supports a balanced approach to European energy market

- Improve the conditions for oil and gas production
- Key project Maria: efficient project management on the Norwegian Continental Shelf

Stavanger. The CEO of Wintershall, Mario Mehren, called for a better balance in the energy market in Europe at Norway’s largest energy trade fair, Offshore Northern Seas (ONS), in Stavanger. “There are no easy buttons to push. It’s not simply about the oil price, the Paris Agreement or the still incomplete single market. It’s about the interdependencies and how these factors amplify each other,” Mehren explained during a press briefing. He mentioned that despite the current deflections, it was important to remember one thing: “At the end of the day, economic as well as social and ecological interests must be in balance with supply security in Europe.”

Paris Climate Agreement: pragmatic thinking and action

The international community had agreed on a binding vision for common climate protection (COP21) in Paris, Mehren said, and the signal this sends out is appropriate and important. “But following the initial euphoria, many countries are waking up to the sobering question of how this vision can be translated into practice and reality,” Mehren said. “Paris doesn’t mean just charging ahead: Paris means shaping the energy supply responsibly. What we need now in Europe
is pragmatism and responsible action.” That applied particularly, he said, to the supply of climate-friendly natural gas, as domestic production of natural gas in the European Union is on the decline. “By 2030 we will already have to replace 45 billion cubic meters of natural gas. The dream that many people had of doing so by producing shale gas in Europe has since faded. There are many reasons for this, from questionable economic viability to political embargos,” Mehren explained. “So we have to look for alternatives.”

Norway is an integral part of this balance

Norway, Russia and the European Union form the energy triangle that balances the flows of energy for Europe and secures supply. Together with Russia, Norway is the most important energy supplier for the EU – and for Germany as well. Last year, for example, one in three cubic meters of natural gas imported into Germany came from the Scandinavian country.

Wintershall, Germany’s largest internationally active crude oil and natural gas producer, has become one of the most important producers in Norway in the last 10 years. With oil and gas prices at their current levels, this commitment is economically challenging at the moment, despite extremely efficient project management. “One must realize that as a company we are making business investments here. That means: we want to make profits, indeed, we must make profits in Norway. That is how an enterprise best contributes to the national economy,” Mehren emphasized in Stavanger.

The governments of producing countries have to create the conditions needed for this, and have to be proactive in helping find the balance so that investments pay off. The parameters included fiscal and regulatory framework conditions. The Wintershall CEO also said that natural gas producers such as Norway should make themselves more visible on the European stage in Brussels and take a clear position
together – to ensure reliable production and a secure supply in Europe today and in the future.

**Companies must enhance efficiency and profitability**

It isn’t just governments that have to respond to the changing conditions and price environment, Mehren emphasized, but also companies. “A simple ‘keep doing what you’re doing’ philosophy won’t work for oil and gas companies faced with the current challenges,” Mehren explained, and added: “Companies must gear their efforts towards enhancing efficiency and performance – and thus profitability.” In the last few years the BASF subsidiary has raised daily production in Norway from 3,000 to more than 80,000 barrels of oil equivalent (boe). “Both the government and companies must do their part to ensure that working in high cost countries has a future,” Mehren said.

**The Wintershall-operated field Maria: A flagship project**

Martin Bachmann, Member of the Wintershall Board of Executive Directors responsible for Exploration and Production in Europe and the Middle East, outlined what smart and efficient project management on the Continental Shelf looks like. “We are implementing an extremely creative and highly efficient development solution in the Maria field in the Norwegian Sea,” Bachmann said. The Maria field is the first Wintershall discovery in Norway to be transferred to production. In summer 2016 Wintershall installed two underwater templates here on the seabed at a depth of 300 meters. “This allowed us to connect Maria with the nearby platforms Kristin, Heidrun and Åsgard B, thereby exploiting the existing infrastructure,” Bachmann explained. “With this cost-saving solution, which dispenses with the need to build a new platform, we are facilitating the development and production from this field even in challenging market conditions.”
Wintershall was continuing to invest in profitable projects in the company’s core regions and was safeguarding investments long-term by means of efficient project management such as that being applied to Maria, Bachmann continued. The Wintershall-operated Maria field has an estimated 180 million boe of technically recoverable resources, most of which consist of crude oil. The start of production is planned for 2018.

Long-term commitment in Norway: Aasta Hansteen

Another key project for Wintershall is Aasta Hansteen (operator Statoil), the largest development project carried out in the Norwegian Sea, in which Wintershall has a share of 24 percent. It is one of the most complex industrial ventures in the whole of Europe and has large potential of natural resources.

With Aasta Hansteen Wintershall will not only continue to expand its commitment in Norway, but will put the company in a strong position to benefit from the development of this region of the Norwegian Sea. The recoverable resources are estimated at 45 billion standard cubic metres (Sm3) of gas. According to operator Statoil, the total investment for Aasta Hansteen is NOK 37.5 billion. The PDO (Plan for development and operations) was approved by the Norwegian authorities in 2013. The planned field development includes a SPAR platform, which will be the first such installation on the Norwegian Continental Shelf. Recovering the resources on Aasta Hansteen will be demanding as the discovery is located far from land and outside the established infrastructure.

A significant milestone in the project was the installation of the Polarled pipeline, finalized in 2015. This underwater pipeline shall transport gas from Aasta Hansteen and the neighbouring discoveries to Norway’s western coast. The 481-kilometer-long Polarled is the
largest offshore pipeline in the North of Europe and the first to cross the Polar Circle.

Current pictures from the ONS as well an animated film about our Maria-project can be downloaded here: http://www.wintershall.no/ONS

Wintershall Holding GmbH, based in Kassel, Germany, is a wholly-owned subsidiary of BASF in Ludwigshafen. The company has been active in the extraction of natural resources for 120 years, and in the exploration and production of crude oil and natural gas for over 85 years. Wintershall focuses on selected core regions where the company has built up a high level of regional and technological expertise. These are Europe, Russia, North Africa, South America, and increasingly the Middle East region. The company wants to expand its business further with exploration and production, selected partnerships, innovation and technological competence. Wintershall employs about 2,000 staff worldwide from 50 nations and is now Germany’s largest, internationally active crude oil and natural gas producer.

Wintershall. Shaping the future.

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