

## Merged German giant set to grow in Norway

The upcoming merger of German operators Wintershall and Dea is set to result in the creation of a major new player on the Norwegian continental shelf that could hit production of 200,000 barrels of oil equivalent per day in the nation's waters not long after the agreement is concluded.

The merger is targeted to close in the early part of 2019 and Wintershall executive director Martin Bachmann said at ONS 2018 that the combination is likely to lead to "another growth phase".

"We have projects on our side,[including] Nova. Dea has Dvalin going on at the moment," he said. "These projects will come on stream in the short to medium term, then we will be talking of a merged company that is in the order of 200,000 boepd (in Norway). Now that is a significant operator. "Under its own plans, Wintershall is planning to invest €2 billion(\$2.3 billion) in additional exploration and development on the Norwegian continental shelf by 2020, more than a third of Wintershall's global exploration budget.

Bachmann said Wintershall plans to drill five exploration wells this year and four next year. One of those wells, Marisko, is located about 60 kilometres north of Equinor's Aasta Hansteen development, in which Wintershall is the second-largest partner. It will spud probably around 1 October, said Wintershall Norge exploration manager Guy Oakes. Exploration in the vicinity of Aasta Hansteen and the Polarled

pipeline will form a central part of Wintershall's Norwegian strategy, the officials said. Bachmann said: "We bought into the project. We are supporting Equinor quite a lot. We made the commitment very clearly. At the time we said Europe needs gas, Norway has gas to deliver. To keep doing that we need to keep moving north.

"Aasta Hansteen is that step north, with Polarled going north. We are not sitting still on that. We are putting significant effort into the exploration side, into making additional discoveries around Aasta Hansteen because this is such valuable infrastructure we want to fill.

"This shows our strategy is not just 'get more and more assets, more and more production', it's Rob Watts and Ole Ketil Helgesen Stavanger Combined company set to be major player off Norway with joint output of 200,000 boepd actually part of a bigger picture we consistently and continuously pursue," Bachmann said.

Dea sold its 4.79% share in Polarled to Cape Omega in 2017, but will use the pipeline to export gas from its Dvalin development.

Wintershall is also considering how to develop Balderbraa, another gas find close to Aasta Hansteen. Oakes said Balderbraa holds about 17 billion cubic metres of gas, which is unlikely to be sufficient to tie back to Aasta Hansteen on its own.

The next step, he said, would probably therefore mean drilling on the neighbouring structure in the same licence, about 120 kilometres from Aasta Hansteen. Bachmann also highlighted the importance of the Nova development in the North Sea, which entered the execution phase early in the summer.

Wintershall submitted its plan for development of the Nkr9.9 billion(\$1.2 billion) Nova project, which will be tied back to the Gjoafield, earlier this year.

The field has recoverable reserves of 80 million barrels of oil equivalent and is expected to start production in 2021.

With regard to the combination of the two companies, Wintershall chief executive Mario Mehren said he was optimistic Dea owner Letter One and Wintershall owner BASF would sign an agreement in about two weeks. "Negotiations are progressing well but, as always, you do not have a deal before you sign a deal and it is not valid until it is approved," he said. Under the initial agreement, BASF would own 67% of the new company and would get to name the chief executive, while Letter-One would hold 33% and pick the deputy chief executive. Mehren said it was too early to discuss specific plans for the combined portfolio before the merger is concluded. "Obviously, we have to be careful because on legal grounds we have not signed yet," he said, but added: "The idea of course is to integrate, to work together, to have an

even better portfolio. Once we have closed that deal we are of course looking into the portfolio, what will be the next developments, where do we need some fine-tuning and then indeed I think (Norway) is quite attractive as a core area for Wintershall. "Mehren also called for more collaboration in Europe "to secure the fu-

ture energy supply".

"Europe needs to be aware of its strengths and must tackle the new political and economic challenges in concert. Only through closely collaborating with our neighbours can we guarantee supply se-

curity today and in the future," Mehren said.

According to Mehren, Norway and Russia in particular have a key role to play: "Both countries are and will remain the decisive energy partners of the EU," Mehren said.



In the spotlight: Wintershall executive director in charge of exploration and production in Europe and the Middle East Martin Bachmann (left) and chief executive Mario Mehren at ONS 2018 Photo: WINTERSHALL.