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OKEA

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QUARTR

MODULAR FINANCE

Speakers

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John Olaisen
Co-Head of Research | ABG

Operator

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Svein Liknes
CEO | OKEA

Teodor Sveen-Nilsen
Managing Director | SpareBank 1 Markets

Vidar Lyngvær
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Prepared Remarks

Svein Liknes
CEO | OKEA

Good morning, and welcome to the fourth quarter results presentation from OKEA. My name is Svein Liknes, and I'm joined by Birte Norheim, our CFO, that will go through the financial part after this one. There will also be a Q&A session after the presentation, and there should be a link on our homepage where you can actually access the data, where you can actually log in. Summary for fourth quarter is that it's been a very high activity quarter in all our segments, both when it comes to production, projects, drilling, and also exploration. We have seen solid execution in all these segments, especially within the drilling operations, where we have completed the Bestla drilling and have also spudded the Garn West South project, which is close to Draugen, as you can see on the picture here.

Svein Liknes
CEO | OKEA

We've seen continued strong production performance, so we met the guiding that we had for the year, and the net loss that we have seen during the quarter is impacted by the underlift and impairments, predominantly due to forward prices, which is now lower. We will also announce the updated 2027 guiding today, and I'm pleased to say that we're increasing the production and also reducing the CapEx in 2027, and we'll get back to those details a bit later. Production efficiency have been high, still. A bit lower on Draugen due to a planned ESD test, and also a bit lower, lower than 90% on Brage, but that is due to an unplanned event early in the quarter. But we've seen above 90% on the rest of our assets.

Svein Liknes
CEO | OKEA

What you can see here as well is for the last three quarters, we've seen very stable production on volume. But as you can see here as well, the sold volumes in the last quarter were significantly lower, so we do have an overlift or underlift situation in the quarter. We have completed the Talisker East well on the Brage, A-15 D, that also came in production then in January. This well is compensating natural decline of Brage and is producing above plan. But this is still early days, and the whole strategy of Brage is to drill new targets and continuously put them on stream, something we have done successfully over the last two years, and this last Talisker East well is no exception.

Svein Liknes
CEO | OKEA

We are still on track with the projects that we have, the Power from Shore and also the Bestla tieback. The Bestla drilling campaign, as I mentioned, was completed in the previous quarter, and we are now expecting the production early in 2027, compared to previously, we've said the first half of 2027, so that will now come earlier. We are drilling the Garn West South well on Draugen, which is a well which is already positioned when it comes to infrastructure, but we are drilling a new well path, and that well actually was completed, and we have the drilling rig sail away two days ago. So that will add production on Draugen from second quarter this year. So going back to our assets, we are creating value.

Svein Liknes
CEO | OKEA

We are extremely value-driven on the way that we operate our assets, and Brage is a very good story and also a good demonstration of what we are doing, something you can see on the graph to the right here compared to the previous performance. We are extending the life of Brage through drilling. In addition to drill new targets and production wells, we are also, at the same time, drilling pilots, and one of those pilots hit the discovery of Talisker last year. So this is a very successful strategy. In addition, we did have a discovery in Fensfjord as we were completing the Talisker East well last year. We are continuously challenging status quo.

Svein Liknes
CEO | OKEA

We are drilling these wells with a rig that was designed and put into place in operation, I mean, in 1993, designed for 5,500 meters, and we've actually completed wells which is 10,900 meters long. So we are continuously pushing this equipment. We are maturing profitable volumes in the whole area. One example is obviously the Bestla, that was not sanctioned previously, but after OKEA came in as operator, we sanctioned it quite quickly, and we have a very healthy break even of less than $40. And we continue to explore in the area, and we are also trying to develop the areas north of Brage with the Tverrfjell prospects. So we are trying to get the holistic view when it comes to maturing volumes around these assets. And last but not least, it's about people.

Svein Liknes
CEO | OKEA

The same people in the Brage organization today as used to be there in the past as well, but being empowered and also have the ability to work slightly differently compared to the past. And that yields results. As you can see here on 2P/2C, we have approximately doubled the 2P/2C reserves on Brage. We have extended the economic lifetime of Brage from 2025-2035, and we have also increased production efficiency. So these three main components is what we are focusing on when we are extending the lifetime of our assets. So I think we have achieved very much of what we were trying to achieve when we took over the Brage asset, which is built on the experience we also had on Draugen.

Svein Liknes
CEO | OKEA

We've had Draugen now since 2018, and we have also demonstrated the ability to arrest decline and also add new volumes on Draugen. We are continuously investing in new opportunities on Draugen, and we are, again, on Draugen, very focused on value. The Garn West South prospect, which we have now just completed the drilling on, is also a project that we would not have drilled a couple of years ago, but the experience we've had now on Brage with far reach and also quite steep wells, means that we are also able to do this on Draugen. So very happy to see that we are able to drill such a complicated well on Draugen as well. And we are building the long-term future for Draugen, and that's why we are electrifying the operations of Draugen. It will extend the economic lifetime.

Svein Liknes
CEO | OKEA

It will give much more transparency on cost, both when it comes to power generation and when it comes to CO2 taxes. It will reduce the emissions, and it will also improve the uptime on Draugen. So this is a strategically very important cornerstone of extending the lifetime of Draugen to 2040 and beyond. And again, still, the organization and the people driving this is the main reason why we are able to do it. So very happy to see that the culture that we are driving within the organization is bearing fruits. So in addition to our existing assets, we are also looking for new barrels and trying to grow organically. We've had exploration success in 2025 based on the discoveries we've had. Three out of four exploration wells that we drilled last year actually gave results.

Svein Liknes
CEO | OKEA

We added 33% of 2C resources in 2025, predominantly through the discovery from Brage, which is the Talisker West discovery. Low-cost, fast-track barrels that can be drilled from Brage in 2027, and also the Mistral Sør discovery, which is an important discovery for us and also for the Mistral area and how to develop Mistral. We are continuing to strengthen our portfolio when it comes to exploration. We were awarded three license awards in the APA 2025 that we are now putting into our exploration portfolio. As I previously mentioned as well, while we were drilling the latest well on Brage, which is a production well, we also made a discovery in the Fensfjord formation that we announced a week ago, between 2 million and 9 million, which is also then being planned for future production on Brage.

Svein Liknes
CEO | OKEA

When it comes to our exploration portfolio for 2026, we have three wells which is planned. We have Alve Nord, which we expect to be spudded now in May, which is operated by Aker BP, pre-drill estimate between 14 million and 166 million. We have Trillingen, which is a smaller project and prospect, but it's very important to continue to feed the Statfjord asset as well with new production. And then we have Mistral North, which is planned for the fourth quarter of this year, and that will also then further explore the area in the Mistral license, and very important data that actually will come in, so we can understand how we're gonna develop Mistral on the fast-track project together with Equinor.

Svein Liknes
CEO | OKEA

In addition to delivering on our existing assets, looking also for organic growth for the future is a very important part of our growth strategy. So with that, I will hand over to Birte, who will take you through the financial sections, and then I will come back with a summary before we jump into Q&A.

Birte Norheim
CFO | OKEA

Thank you, Svein. We deliver good production in the quarter, and for the year overall, we end within the guidance provided. Produced volumes amounted to 30.8 thousand barrels per day, which is about 800 lower than previous quarter. This was mainly due to downtime, time and drilling rig issues at Statfjord and natural decline at Brage. These effects were partly offset by production at Gjøa and Nova, being back at normal levels after the planned maintenance in the previous quarter. We sold 20.4 thousand barrels per day, which represents a total underlift of as much as one third of the production in the quarter. The underlift derived from several assets, but mainly at Draugen, where we had no liftings in the fourth quarter. We expect a better balance between lifted volumes and production in the first quarter.

Birte Norheim
CFO | OKEA

This is reflected in the gray bar on the top right, which illustrates expected sold volumes next quarter. 630,000 barrels of crude were already lifted from Draugen in early January. The significant underlift also impacts the average liquids price realized in the quarter, as NGLs represents a relatively higher share of liquids sold. In fact, NGLs constituted as much as 45% of liquids volume sold in the fourth quarter, compared to 18% in the third quarter. In addition, the realized crude price was down from $70.6-$62.1 per barrel, a reduction of 12%, resulting in a liquids price reduced from $65.3 to $52.4 per barrel, which is a reduction of 20%. The average market price for gas were also down by 6%.

Birte Norheim
CFO | OKEA

In addition, realized prices in the third quarter included a hedging gain equivalent to $4.6 per barrel, which was not repeated in the fourth quarter. The average realized price for gas ended at $57.4. On this basis, total petroleum revenue ended at $103 million. So over to the profit and loss statement. We deliver operating income of $107 million, consisting of petroleum revenue of $103 million and other operating income of $4 million. Other operating income mainly relates to tariff income at Gjøa and Statfjord. Production expenses amounted to $87 million or $28.8 per barrel.

Birte Norheim
CFO | OKEA

The increase in cost was mainly due to maintenance work at Brage, where a subsea rock installation project was completed, and also at Statfjord, where maintenance and repairs on ESP and maintenance of a drilling module have been completed during the quarter. The cost per barrel was also affected by the lower production in the quarter. We expect somewhat higher than normal cost per barrel, also in the first quarter, as we are planning an intervention campaign on Draugen. After that, we expect the cost per barrel to normalize. Impairments amounted to $62 million, mainly as a result of reduced forward prices for oil and gas. $5 million of this was technical goodwill impairments, and $57 million was asset impairments. As you may recall, technical goodwill impairments have no tax offset in the income statement and is not reversible.

Birte Norheim
CFO | OKEA

Asset impairments, on the other hand, have a tax offset in the income statement and is reversible if micro or macro conditions should improve. The resulting post-tax effect was therefore $17 million. Exploration expenses and SG&A of $9 million comprise exploration expense of $6 million and SG&A expense of $3 million. Net financial expense amounted to $2 million, comprising of net accretion on asset retirement obligations and rights. Interest expense of $7 million was capitalized in full due to the high investment level on development assets, and due to low currency fluctuations in the quarter, net exchange rate was limited. Tax income was $42 million, which brings the net loss to $18 million. Moving on to the balance sheet. Goodwill amounted to $91 million and comprised $75 million in technical goodwill and $16 million in ordinary goodwill. Cash and cash equivalents amounted to $252 million.

Birte Norheim
CFO | OKEA

In addition to the cash balance, $57 million were placed in money market funds classified as other assets on the balance sheet. Interest-bearing bond loans of $295 million relate to the OKEA05 and OKEA06 bonds. This results in a net cash positive position of $13 million at the end of the quarter. Income tax payable was $26 million and represents the remaining tax accrued for 2025. Asset retirement obligations of $992 million is a pre-tax amount and is partly offset by asset retirement receivables of $465 million. So let's move on to the cash development for the quarter. Cash generated from operations before tax payments amounted to $31 million and reflects the significant underlift in the quarter.

Birte Norheim
CFO | OKEA

On most of our assets, we benefit from payment quantity mechanisms on regular liftings that assures monthly inflows of cash on volumes produced. However, this is not the case for Draugen. Taxes paid of $12 million relate to three tax installments, each of $6 million for 2025, less the final tax settlement received for 2024 of $5 million. $108 million were used for investments, mainly relating to the Bestla project, Power from Shore, as well as production drilling at Statfjord, Brage, and Draugen. $14 million was paid in interest on our bond loans. This brings the total cash and cash equivalents at the end of the quarter to $308 million. $57 million of this balance were placed in money market funds, bringing the net cash balance to $252 million.

Birte Norheim
CFO | OKEA

Finally, in this financial section, an update on our guidance. As has been mentioned, for the full year of 2025, production volumes ended at 32,100 barrels per day and within the guidance. CapEx for 2025 landed at $362 million, also within the guidance. We keep production guidance for 2026 unchanged at 31,000-35,000 barrels per day, and we also keep the CapEx guidance for 2026 unchanged at $300 million-$360 million. This quarter, we also present guidance for 2027 at 37,000-41,000 barrels per day. The midpoint for 2027 represents an increase in production of more than 20% compared to 2025 and reflects the startup of Bestla in early 2027.

Birte Norheim
CFO | OKEA

CapEx guidance for 2027 is $230 million-$290 million, and on the midpoint, this represents a decrease of nearly 30% compared to 2025, and it also reflects the completion of the Bestla development project. That's all from me for now, and I'll give the word back to you, Svein, for some closing remarks. Thank you.

Svein Liknes
CEO | OKEA

Thanks for that, Birte. So in summary then for the quarter, we've seen continued strong production performance on our assets. The financial results are impacted, however, by the underlift and the impairments. We've seen solid execution of drilling and also progress on our key development projects, both the Bestla on Brage and also the Draugen, Power from Shore, and also the production wells that has been completed on Draugen. We've had successful exploration activity with added resources to our 2C base. We have increased our 2027 guiding by production increase of above 20% and a CapEx reduction of nearly 30% compared to this year. And we do not have any debt maturities until mid-2028, so we are net cash positive and in a good place there as well.

Svein Liknes
CEO | OKEA

With that summary, I hope that as many as possible of you will join us for the Q&A session. As I said previously, there's a link on our homepage where you can find the details, where you can log in, and also ask questions. Thank you very much.

Q&A

Operator

If you do wish to ask a question on the telephone here, please press five star on your telephone keypad. To withdraw your question, you may do so by pressing five star again. The first question we have is from the line of John Olaisen from ABG. Please go ahead. Your line will now be unmuted.

John Olaisen
Co-Head of Research | ABG

Yeah, good morning, ladies and gentlemen. A couple of housekeeping questions first. You mentioned that you expect more neutral over/under lift in Q1. Does that mean that it's roughly flat, or should we expect, since it was such a big under lift in Q4, I would expect an over lift in Q1? So that's question one. And the second is somewhat related. You mentioned that unit OpEx will be relatively high in Q1 and then come down after that. Could you give us an indication about the levels for the Q1 and what we should expect after that? That's those are the two first questions, please.

Birte Norheim
CFO | OKEA

Yes, thank you, John. Yeah, we have said that we expect a better balance in the next quarter. I should say that we don't fully control as operator and as a owner of, of oil and gas assets, we don't fully control the allocations. But we have already lifted 630,000 barrels from Draugen, which offsets the underlift on Draugen in the fourth quarter. And we expect a more balanced or better than what we produce in the first quarter, if that answers your question. And bear in mind that, liquidity-wise, for most assets, with exception of Draugen, we have either payment quantity mechanisms or quite regular liftings. So it's, it's mostly Draugen that will impact the, the cash flow. And as for OpEx, we-

John Olaisen
Co-Head of Research | ABG

Sorry.

Birte Norheim
CFO | OKEA

I'm sorry? Did you have a follow-up?

John Olaisen
Co-Head of Research | ABG

Yeah, did you have a big lifting in January? Since it's negative in-

Birte Norheim
CFO | OKEA

Yes. In early January, we lifted 630,000 barrels from Draugen to OKEA.

John Olaisen
Co-Head of Research | ABG

All right. Thank you.

Birte Norheim
CFO | OKEA

As for the OpEx, we expect quite a similar net level in the following quarter. If we look back for 2025 as a whole, we have had $24-$25 per barrel cost, and we expect that to come down after the first quarter, to more, more normalized levels. In 2027, even further reduced as the volumes increases.

John Olaisen
Co-Head of Research | ABG

Right. Thank you. And then my second questions would be regarding exploration. You farmed into PL 1270, west of Mistral. I just wonder, is it planned for an exploration well, that license?

Svein Liknes
CEO | OKEA

Yeah, there is an exploration well for Mistral North, which is planned for Q4 this year. So, we did the discovery of Mistral South last year, so there's an expectation to also drill north, which will give us a better understanding of the area-

John Olaisen
Co-Head of Research | ABG

Mm.

Svein Liknes
CEO | OKEA

As Mistral have been put on the fast track.

John Olaisen
Co-Head of Research | ABG

Yeah, I asked-

Svein Liknes
CEO | OKEA

Yes.

John Olaisen
Co-Head of Research | ABG

Yeah, I saw that from the presentation, but just the—you also farmed into PL 1270, which is on the license just west of Mistral. You farmed it out last year. I just wonder if, I assume that's, like, a plan to plan if, if, Mistral North also is a discovery, you could expect to find or hope to find more, more, more discoveries in the area. So just wonder if, specifically, if there's a plan for an exploration well on the 1270.

Svein Liknes
CEO | OKEA

No, there is-

John Olaisen
Co-Head of Research | ABG

Yeah.

Svein Liknes
CEO | OKEA

There is no firm-

John Olaisen
Co-Head of Research | ABG

Maybe, maybe not. I don't-

Svein Liknes
CEO | OKEA

There is no firm plan. There's no firm plan, but obviously, we are developing our portfolio and also developing our portfolio in the neighborhood of existing discoveries. It's obviously something we do when we mature areas, so that is a reason for that farming, but we don't have any firm well.

John Olaisen
Co-Head of Research | ABG

Yeah. And my final question is regarding dividends. At the Q3 presentation, you mentioned that you will come back with it, potential dividends, when you have a better visibility of the production ramp-up. And now it seems like you have it since your production will be so much higher, and Bestla's production early 2027 rather than sometime in the first half 2027. Does that mean that dividend is getting closer? What's your thought about dividend? Do you want to wait until Bestla is on production, or could it potentially be before?

Birte Norheim
CFO | OKEA

I think we also referred to the macros when we answered the question in the previous quarter. I would say we're closer because we're three months ahead since we last spoke. But, as we have stated before, the board will revert when it considers to be in a position to distribute. As you may recall, we also have the restriction under the bond loans, which is related to NPAT, which is also a restriction we need to consider before announcing a dividend plan.

John Olaisen
Co-Head of Research | ABG

Mm-hmm. Yep. Okay, that's all for me. Thank you very much, and congrats with a, with a good 2025, 2025, and good luck into 2026.

Birte Norheim
CFO | OKEA

Thank you, John.

Operator

Thank you. The next question is from the line of Teodor Sveen-Nilsen from SpareBank 1 Markets. Please go ahead. Your line will now be unmuted.

Teodor Sveen-Nilsen
Managing Director | SpareBank 1 Markets

Morning, Svein, and thanks for taking my questions, and also congrats on all the top development on Bestla. I have a few questions for me. First, on the 2027 production that you provided, guidance for, for the first time today. Just wonder, how much of the growth in 2027 compared to the current level comes from number one, Draugen, and number two, Bestla? So the first question, and my second question that is also related to, to Bestla. You had a partner that is, in financial distress. Just wonder how I could discuss how that will impact the development and also maybe how that could impact your owner share in Bestla? And my last question there is, on dividend, just following up on, on the, on the dividend.

Teodor Sveen-Nilsen
Managing Director | SpareBank 1 Markets

I see that your book value output now is much thinner than last time you paid dividend. So I just wonder, is that a topic internally, the div- sorry, the equity, the size of the equity, and how compared to last time you paid dividend, or is that not a concern at all? Thank you.

Birte Norheim
CFO | OKEA

Okay. Should I take any of those, Svein?

Svein Liknes
CEO | OKEA

Yeah.

Birte Norheim
CFO | OKEA

Yeah.

Svein Liknes
CEO | OKEA

Well, first of all, just on the, the impact there on the development in relation to, to Lime, that there is no impact on any development as such, because we are covering the cost, if there's any cash cost, which is not being paid, so there, there is no such impact. On the 2027 production, we don't guide-

Teodor Sveen-Nilsen
Managing Director | SpareBank 1 Markets

Can I just follow on that one? Does it mean that you do not cover Lime's share of CapEx, although they don't pay? Who covers that? Is that the operator or?

Birte Norheim
CFO | OKEA

Yeah, no, it is the license. If any party defaults on the payment, on the cash calls, that amount is shared amongst the other parties to cover. And then there is I could refer to the joint operating agreement, which regulates this in quite detail. It means that if you have defaulted for five days, that has some implications. If you default for another three months, then you can actually step in and take over the asset, those parties who have been covering the cost in that period. But it's not-

Teodor Sveen-Nilsen
Managing Director | SpareBank 1 Markets

Uh, okay.

Birte Norheim
CFO | OKEA

It's not something that has been, you know, it hasn't happened before, that it's come to that, kind of level, so there's not a lot of precedents for how that would actually work. But it is regulated-

Teodor Sveen-Nilsen
Managing Director | SpareBank 1 Markets

Yeah

Birte Norheim
CFO | OKEA

... in quite detail in the joint operating agreement, chapter nine, I think.

Svein Liknes
CEO | OKEA

Yeah, and going back on the production for 2027, where the actual increase comes from, the majority there comes obviously from Bestla, when that is put on stream early in 2027. Daily production there, gross, is expected around 24,000. So, around 10 at plateau on Bestla, but I think we have annualized around eight from Bestla next year. So the majority of the increase next year actually comes from Bestla. This year, we do see increase when we are completing the Garn West South, which will be put into operation in Q2 on Draugen. So that is... I don't have the actual details, but they predominantly comes from the Bestla addition next year, Teodor. And you had a question on dividend there.

Birte Norheim
CFO | OKEA

Yeah, yeah, on book value of equity. It's not something that's a big discussion point internally. As mentioned, we are also considering the macros when we are, before we are planning to distribute, and obviously, improved macros will also improve our, our equity. So it's not a major concern, Teodor.

Teodor Sveen-Nilsen
Managing Director | SpareBank 1 Markets

Understood. Thank you. That's all from me.

Birte Norheim
CFO | OKEA

Thank you, Teodor.

Operator

The next question is from the line of Vidar Lyngvær from Danske Bank. Please go ahead. Your line will now be unmuted.

Vidar Lyngvær
Equity Research Analyst | Danske Bank

Thank you for taking my question. Congrats on the quarter, and really good to see the guidance for 2027. Very uplifting. I had a few questions on Brage. First, can you help us understand the outlook for Brage for Q1? I'm wondering then when, how Brage production exited 2025, even if you had some shutdown in early Q4. So I'm wondering if that was back to back up to the Q3 level at the end of Q4. And also then, how did the Talisker East well coming onstream impact existing production in any way in Q1? That's the first one. Thank you.

Svein Liknes
CEO | OKEA

Yeah, the shutdown we had on Brage in Q4, that was a short one anyway. So we were back, back in operation quite quickly thereafter, and we started up the Talisker or the A-15 D well, which has come in very promising. At the same time, we've also seen continued good production from A-11, which was started up earlier. So I would say that Brage has a very strong start of the year. The additions that we've seen from the latest wells, we've actually had days where we've seen 30,000 barrels per day on Brage during the first month.

Svein Liknes
CEO | OKEA

But obviously, that tails off, and that is something we are monitoring now because the case for Brage is that you have to start up new wells, and then it's a matter of time when they start to decline and also when you have water breakthrough. But I must say that the Talisker well has come in above what we expected. So, too early to say, but a very strong start.

Vidar Lyngvær
Equity Research Analyst | Danske Bank

Brilliant. That's what I was hoping for. And to continue on Brage, are there any bottlenecks or limitations at the Brage production unit that you and the partners will have to work around, given that you're adding both Bestla in 2027, the Talisker East now, and maybe more wells around Brage later on?

Svein Liknes
CEO | OKEA

Well, there will always be a bottleneck in the system, and you know, that is something I think is a good indication of a success that we've had on Brage, that actually we are talking about limitations. So, but no, no bottlenecks that has not been taken into account in the modeling of both taking in Bestla, taking in the Talisker well, and also now taking in the Talisker discovery, that we will start the drilling as soon as we have the drilling rig back in operation and Bestla online. So, we don't see any bottlenecks that we are planning currently to solve, because all the restrictions are put into our current model. But obviously, as we are putting things on, that could change.

Svein Liknes
CEO | OKEA

Most likely then it relates to coolers for gas export. I would say will be the area where we could see the first bottleneck if we need to change some internals in some scrubbers or something. But that we need to put things into operation before we can make a final decision on that.

Vidar Lyngvær
Equity Research Analyst | Danske Bank

Right. Appreciate that. And the last one from me. On the CapEx range for 2027, you're guiding $230 million-$290 million. Can you add a bit of color on as to what would make you hit the low end versus the high end? Is it related to timing on the development projects, or is it more related to unsanctioned wells in 2027? And should we read that CapEx range in connection with the production range for 2027? For example, high end of CapEx range, will or the high end of production range will necessitate the high end of the CapEx range.

Birte Norheim
CFO | OKEA

Yeah, to some, a small extent only, I would say to that last one. But, about 80% of the CapEx spending in 2027 relates to infill and production drilling. So it's more, the timing of the year of when you actually do that than when you will see production coming on, but, only to a smaller extent, given that it will happen sometime during the year. So there is, the Talisker West, drilling, a lot of drilling activities on, on Statfjord, as well as Springmusling at Draugen, which are key wells driving the CapEx in 2027.

Vidar Lyngvær
Equity Research Analyst | Danske Bank

Just to clarify there, so that means, if I understand correctly, the difference between the low end and the high end in CapEx guidance for 2027 is, for the most part, related to other things than the development, the timing at Bestla and Draugen, the development project?

Birte Norheim
CFO | OKEA

Bestla, we expect in early 2027, and that's accounted for in, in that range. Obviously, if there is delays or if it doesn't produce as well as expected in, in the startup, if, if the ramp-up takes longer time, that may have an impact.

Vidar Lyngvær
Equity Research Analyst | Danske Bank

But not Draugen from shore, Draugen Power from Shore?

Birte Norheim
CFO | OKEA

Well, Draugen Power from Shore does not add a lot of volumes. Maybe some more gas to be exported, but it's more a cost-reducing and efficiency-related project.

Vidar Lyngvær
Equity Research Analyst | Danske Bank

Yeah, I was thinking about the CapEx, but I can take that offline.

Birte Norheim
CFO | OKEA

Yeah,

Vidar Lyngvær
Equity Research Analyst | Danske Bank

Thank you for answering the questions. Congrats on the quarter.

Birte Norheim
CFO | OKEA

Thank you.

Operator

As there are no further questions on the conference call, I will hand it back to the speakers to handle any written questions. Please go ahead.

Stig Hognestad
VP of Investor Relations | OKEA

We have a question here from Jacob Samaskevic. The question is: Can you share your thoughts and plans for 2028 bond refinancing?

Birte Norheim
CFO | OKEA

Well, we usually don't share those kind of thoughts and plans until we actually do something, but I can say that the 2028 bond is still in its make-whole period until May this year. So we don't plan, certainly don't plan to do anything before it becomes callable. So I guess that's all I can say on that topic.

Stig Hognestad
VP of Investor Relations | OKEA

Thank you. We have another question from Russell Searancke in Upstream. Could you provide some clarity on Arkenstone well? Have drilling operations restarted?

Svein Liknes
CEO | OKEA

Yeah. Thanks for that question. If somebody's been watching drilling rigs and where they move, there has been a drilling rig on Arkenstone, but that was to pre-drill or drill another location to test if we still could find a way past the shallow gas that we discovered last year, which was around 400 meters into the drilling. So we have successfully actually found a spot now where we can actually drill. So that was the only operation. It was a three-day coring drill operation, I believe it was. So, but for the main drilling, that is not put into any drilling plan yet this year.

Svein Liknes
CEO | OKEA

So we are still working with the operator and the other license partners to decide when we are gonna do the final drilling on Arkenstone, but it's not planned for this year. The good side is that we have found a spot where we actually can drill and get past the shallow gas that we saw earlier.

Stig Hognestad
VP of Investor Relations | OKEA

Thank you. Next question from Menno. Could you please advise whether OKEA currently has or expects to have interest in acquiring assets, producing fields, late life assets, tie-ins, infrastructure interests, or exploration/license positions over the coming 6-24 months?

Svein Liknes
CEO | OKEA

The short answer there is yes. We are currently and still in a growth strategy. We want to grow, but also we want to grow in areas and also assets where we see that we can drive impact like we have demonstrated on Brage and also on Draugen in particular. So it's yes to everything, but obviously it needs to be the right asset that fits our strategy, and it also needs to be the right price, obviously. So, but the short answer is, yes, we are still having growth ambitions in our strategy.

Stig Hognestad
VP of Investor Relations | OKEA

A question from Sigbjørn Hovda: Can you provide any insight into expected production levels beyond 2027, beyond Bestla coming on stream in 2027, what can we expect in terms of production adding projects?

Birte Norheim
CFO | OKEA

Well, beyond... So we have Garn West South coming on stream in the second quarter of this year. And as mentioned on a previous question, a lot of our investments in 2027, about 80%, relates to production and infill drilling. So that is expected to increase and also arrest decline on beyond 2027. But we have not provided guidance for any period beyond 2027. So more specific, we cannot disclose at this stage.

Svein Liknes
CEO | OKEA

No, so there's no numbers, but when it comes to the projects, Springmusling in the Draugen area could be a potential, and obviously developing and drilling the Talisker discovery in Brage, that will add barrels, but we are not quantifying that yet.

Stig Hognestad
VP of Investor Relations | OKEA

That was the final written question. Any other questions?

Operator

Questions from the conference call.

Stig Hognestad
VP of Investor Relations | OKEA

All right. Thank you very much.

Svein Liknes
CEO | OKEA

Thank you very much for your questions, and see you in a quarter.