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OKEA

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QUARTR

MODULAR FINANCE

Speakers

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Prepared Remarks

Svein Liknes
CEO | OKEA

Good morning, welcome to the presentation of the Second Quarter Results for OKEA in 2023. My name is Svein Liknes, I'm the CEO of OKEA, and as always, I have the CFO, Birte Norheim, with me today that will take you through the financial section a bit later before we go to summary and the question and answers. We do have a link on our homepage that you can use for the Q&A session thereafter, we hope that you will join us for that session. The second quarter in 2023 has been a very stable quarter for OKEA. Our production has been just in excess of 22,000 bbl per day, or 22.3 thousand.

Svein Liknes
CEO | OKEA

It's been predictable as we already had planned for. We have done some activities on our assets which has been quite significant. Production has been very stable. Strong production, both from Brage, Ivar Aasen, and Gjøa. Draugen has had the biggest turnaround or maintenance shutdown during this quarter, with 20,000 man-hours, which was executed in accordance with the plan and budget. We have also seen Yme and Nova performance improving. We do have further mitigating actions at Nova, we just planned for Q3 and also into 2024, but I will get into that when I go through each asset thereafter. Steady operations as planned during the quarter.

Svein Liknes
CEO | OKEA

In our portfolio, we have drilled a well, called the Talisker East well on Brage, which has really boosted production on Brage by 60% compared to the previous quarter, and again, I will get back to that later on with more details. For our projects, we are continuing to mature the Hasselmus project, planning to start it as planned in Q4 this year, with 4,400 additional bbl of oil, pure gas coming into the Draugen platform. On the finance side, very strong cash flow during the quarter of NOK 805 million. We have taken impairment on Yme of NOK 300 million due to negative development on the expected realized prices for the future, but the production and operations on Yme has been improving continuously during the quarter.

Svein Liknes
CEO | OKEA

We have paid dividends during the last quarter, and we have also now decided to pay dividends for the next quarter, as previously communicated in our plan. The main figures for the quarter is, as you can see it here, I'm glad to say that we've had no serious incidents during the quarter, so that number is gradually decreasing. We have very much the same CO2 emissions as last year. This is an annual average, so it's 23 this year. It was 22 last year. For production, we've had in excess of 22,300 bbl of oil, which is very much the same as we had in Q1.

Svein Liknes
CEO | OKEA

The production profile this year for OKEA is that it's very stable on this level for the first half. Then it will gradually increase in the second half, maintaining the guiding that we have previously communicated. We are seeing a drop in production expenses in our portfolio, down to NOK 223, which is a reduction compared to the previous quarter. Strong cash flow, as I mentioned, of NOK 1,401 million. We have paid NOK 104 million in dividends, as was originally planned and communicated. Reliability and our assets. The production during the quarter, as you can see on this graph here, the most significant things here is the reduction you can see in the Draugen from the Draugen asset.

Svein Liknes
CEO | OKEA

That is caused by the planned turnaround that we had on Draugen to do maintenance work, but also to do critical Hasselmus startup work that was executed in May as within the plan and schedule that we had. That's the most notable difference here. Another difference from the previous quarter is the increase that you can see on the Brage asset, which has increased to 3,500 in average for this quarter, it's continuing to increase, and last week we actually had 5,000 on the production from Brage. That is delivering in accordance with the ambitions we had actually for Brage. Some natural decline on Gjøa and steady operations on Ivar Aasen, as you can see as well, increase in production from Yme.

Svein Liknes
CEO | OKEA

As you can see here as well, the Yme reliability is what I will speak about in the lower figure here. You can see going Yme will be as we are now, drilling more wells and putting them on stream, and actually putting that into a facility that manages to maintain 90% reliability. That is good for the future. Quickly through our assets. The Draugen asset, main thing there is that the Hasselmus tieback project is progressing in accordance with plans, so we're gonna start it up in Q4 this year. As I just mentioned, 4,400 bbl of oil equivalent of gas, which then will convert the Draugen from being a gas importer to actually becoming a gas exporter again.

Svein Liknes
CEO | OKEA

We completed the turnaround in May, which was the biggest turnaround for Draugen for many, many years. We are currently drilling two observation wells on Draugen to see if there's more resource potential in the reservoirs around Draugen. That is ongoing with the Transocean rig as we speak. On the Brage asset, we did start production of the Talisker East, which is a well that we drilled in May, boosting production on Brage by 60% compared to the previous quarter. That has really delivered in accordance with our expectations. That is what we are trying to do. We're trying to identify resources, drill it, and then put it on stream.

Svein Liknes
CEO | OKEA

Very good performance of Brage over the last quarter, and also production reliability has been extremely good compared to what it was in the first quarter. We are putting additional three wells on stream during this year. We are expecting a plateau of around 6,000 bbl of oil equivalents per day. As I just mentioned, we passed 5,000 last week, so we are on track to actually deliver on the ambitions and plans on Brage. On the Brage development, that is still being managed and developed in the license, so we are still aiming to work that and mature that towards the DGII, together with the license partners, and see if that is a concept that we can actually develop towards Brage for the future.

Svein Liknes
CEO | OKEA

The Yme asset, again, very good performance on Yme. Slightly lower production in the quarter due to natural decline, but we are looking for more resources together with the other license partners in the Yme area to see if we can mature that in. One of those discoveries is the Hamlet discovery that we have announced previously, and see how we can actually do an area development and tie that back to Yme to feed the hopper for Yme to continue the good operation they've already had. When it comes to Ivar Aasen, eventless, basically, quarter. A very good production, very reliable asset for us, and we are maturing the IOR, or increased oil recovery program, for 2024 in the license towards a concept select. The Yme production availability is improving.

Svein Liknes
CEO | OKEA

As I just showed in the previous slide, the reliability of the asset is now in excess of 90%, which is very good, and they are continuing to improve that. We have produced, or well, we have drilled one producer that will be put on production now in July, most likely, or early in August, which will again add production volumes to Yme. We are continuing to drill two more producers, one sidetrack and one new well, and one injector during the second half of 2023 to get more well stock into Yme to get up to the plateau during the second half. On Nova, there has been drilling operations for sidetrack on the water injection. There has been activities during this quarter to increase production with the existing pressure support that we have.

Svein Liknes
CEO | OKEA

That is basically just pressure management so we can increase production. The real boost and the increase of production for Nova will come as we are starting to inject water in the new sidetrack that has been drilled. There's also a fourth water injector being planned for 2024 that will add more pressure support to Nova to increase production even more for next year. The last thing I would like to go through before I hand over to Birte and the finance section is we are progressing towards closing of the Statfjord transaction in the Q4 2023. This will really boost production of OKEA, and we are already integrated into the asset as observer.

Svein Liknes
CEO | OKEA

We have noticed that we are fully integrated, we are valued as a partner already, and we are part of the processes and decisions to actually maneuver Statfjord going forward and future value creation. Still, 41 million bbl of oil in 2P and 8 million in the 2C resources. As we mentioned, when we announced the transaction, we have also identified 14 million+ of bbl of oil equivalents, further upside that we think can be exploited from the Statfjord area for the future. There has been a reduction in production efficiency during the first half of this year, mainly due to a prolonged turnaround on Statfjord C, which was two weeks longer, and there was also operational upsets on Statfjord A.

Svein Liknes
CEO | OKEA

No reduction in guidance from the Statfjord transaction for next year or 2024, and there is no changes in the volume estimates that we have presented previously as well. What has happened now is that there's been some production upsets or operational upsets that has decreased production by 2,000 bbl on average for this year. The operator has implemented activities and also procedures to increase production efficiency for the second half to claim back some of those losses. There is no long-term effect of what we are seeing in those reduced numbers. With that, I will hand over to Birte for the finance section, and then I'll come back with a summary before we head into Q&A. Over to you, Birte.

Birte Norheim
CFO | OKEA

Thank you, Svein. The second quarter was characterized by steady production. Volumes from the new Talisker well at Brage and improved performance from Yme and Nova offset the delayed volumes from Draugen following the maintenance turnaround executed this quarter. Second quarter was also characterized by strong cash generation, and our cash position at the end of the quarter is in solid excess to our remaining outstanding bond debt. Prices for both liquids and gas have reduced during the quarter, but as also in the previous quarter, the lower market prices was partly offset by realized gains on physical gas hedging, which drives up the realized gas price for OKEA. However, the reduction in expected realized future prices resulted in an impairment on Yme, which is held at fair value in the balance sheet. Let's dig into the details, starting with our production and sales.

Birte Norheim
CFO | OKEA

We produced 22,300 bbl of oil equivalent per day in the quarter, which is more or less the same level as previous quarter. In May, production commenced from the Talisker East well, which increased production from Brage by 60% compared to previous quarter. Production at Nova and Yme continued to improve, jointly, these effects contributed to a production at the same level as previous quarter, despite the planned turnaround at Draugen. We sold 22,800 bbl of oil equivalents per day in the quarter, the reduction compared to the previous quarter was due to a recovery of the significant underlift position in the previous quarter, which was not repeated in the current quarter. Net compensation volumes from Duva and Nova amounted to 332 bbl of oil equivalents per day.

Birte Norheim
CFO | OKEA

Gas prices came down somewhat during the quarter, and the average realized price for natural gas amounted to $81.2 per bbl of oil equivalent. The realized price was higher than the observable market price for NBP, as it includes the gains from fixed price contracts equivalent of $23.3 per bbl. As a result of physical contracts, these hedging gains are recognized directly in the realized prices. Oil prices fluctuated somewhat more during the quarter, touching nearly $90 a bbl at the highest, and just above $70 a bbl at the lowest. NGL prices came down even more during the quarter, and the average realized price for liquids, which includes NGL, amounted to $70.1 per bbl. Overall, this resulted in a total petroleum revenue of $1,641 million.

Birte Norheim
CFO | OKEA

The graph to the left illustrates the OKEA allocated liftings of crude over the last five quarters, marked by the blue bars, as well as the market prices for crude, marked by the yellow line. OKEA had five cargos of crude lifted in the quarter. Two cargos for a total of 226,000 bbl were lifted from Yme, 618,000 bbl was lifted from Draugen, and 132,000 from Gjøa, and 313,000 bbl from Ivar Aasen. We also illustrate the planned cargos for the third quarter, marked in gray, and a lifting of 485,000 bbl from Brage has already been completed now in early July.

Birte Norheim
CFO | OKEA

As the graph shows, we also expect 325,000 bbl from Ivar Aasen in August, and 645,000 bbl from Draugen in September. In addition, we expect several liftings from Yme during the quarter. The lifting of those from Yme may deviate somewhat from this illustration, and is subject to the nominated allocation between the licensed partners. The graph to the right outlines the difference between the average market price of Brent for the quarter of $78 per bbl, compared to the average realized liquids price for OKEA of $70.1 per bbl. The key driver for the differential relates to the NGL volumes, which accounts for a reduction equivalent to $6.3 per bbl in the quarter.

Birte Norheim
CFO | OKEA

The NGL effect is more significant than the average quarter, due to a larger than usual amount of NGL volumes lifted, as well as a reduction in the market prices for NGL during the quarter. On this graph, we illustrate the average volumes of gas sold per month since April last year, and the observable monthly average prices for NBP in the same period. Following extremely volatile prices over the last year or so, gas prices were relatively stable, although somewhat decreasing during the quarter. The realized gains on fixed price contracts, as described earlier, drives OKEA's realized gas price by an average of $23.3 per bbl equivalent above the observable NBP prices. Let's move on to the profit and loss statement.

Birte Norheim
CFO | OKEA

We deliver operating income of NOK 1,707 million, consisting of the petroleum revenue of NOK 1,641 million, and other income of NOK 66 million. Included in the petroleum revenue is the gain on forward sale of gas, which amounted to NOK 137 million. Other income mainly comprises NOK 39 million in tariff income at Gjøa, and an unrealized gain of NOK 18 million related to the estimated value of the contingent consideration to Wintershall, mainly driven by reduced forward prices for crude. Production expenses amounted to NOK 495 million or NOK 223 per bbl. We recognize an impairment of NOK 300 million relating to Yme, following adverse developments in expected realized prices.

Birte Norheim
CFO | OKEA

We'd like to again remind that as the Yme asset is recognized at fair value, it means that any changes in macro conditions or asset performance will result in further impairments or reversal of impairments going forward. As such, there is potential for some volatility to the profit and loss statement relating to Yme, specifically. Exploration and operating expenses amount to NOK 171 million, and comprise SG&A expense of NOK 47 million, and exploration expense of NOK 124 million. The exploration expense mainly relate to seismic purchases in the quarter of NOK 80 million, and further development of the Brage discovery of NOK 21 million. SG&A cost was higher than the average run rate for the quarter, mainly due to advisor fees in relation to business development activities.

Birte Norheim
CFO | OKEA

Net financial expense amounted to NOK 115 million, and mainly relates to a net currency loss of NOK 110 million. Net expense interest of NOK 18 million relates to interest on the OKEA03 bond and the Yme bareboat charter, and is partly offset by interest income on deposits. Tax expense amounted to NOK 322 million, which brings the net profit to NOK 69 million for the quarter. Moving on to the balance sheet. Cash and cash equivalents ended at NOK 2,335 million. The increase from previous quarter mainly relates to solid cash generation from operations. Tax payable was NOK 1,238 million, and mainly relates to accrued tax for the first half of 2023.

Birte Norheim
CFO | OKEA

Interest-bearing bond loans was NOK 1,293 million at the end of the quarter. Relates to the OKEA03 bond, which carries a fixed coupon of 8.75% and matures at the end of 2024. Other interest-bearing liabilities of NOK 531 million relates to OKEA's share of the future obligations under the bareboat charter of the Mærsk Inspirer rig at the Yme field. Asset retirement obligations ended the quarter at NOK 5.7 billion. This liability is partly offset by the asset retirement receivables from Shell and Wintershall Dea of NOK 3.5 billion. As a result of steady performance and high sold volumes, cash generation from operations was a solid NOK 1.7 billion. Taxes paid of NOK 333 million relates to the two last installments payable for 2023.

Birte Norheim
CFO | OKEA

Cash used in investment activities amounted to NOK 513 million, mainly relates to investments in Hasselmus, Power from Shore, modification work at Draugen, and Brage Drilling. Cash paid in business combinations consist of NOK 22 million in contingent consideration to Wintershall for the Brage, Nova, and Ivar Aasen transaction, as realized prices in the second half of 2022 exceeded the threshold of $80 per bbl. Interest paid of NOK 68 million relates to interest on OKEA03, which is payable semiannually, and the Yme bareboat charter. In total, we generate equivalent to about NOK 8 per share in the quarter before dividend payments of NOK 104 million, which represents NOK 1 per share. Total cash balance ended in excess of NOK 2.3 billion and well above the value of the outstanding bond debt.

Birte Norheim
CFO | OKEA

The steady performance and the high sold volumes have resulted in cash generation from operating activities as much as NOK 3.2 billion in the first half of the year. Taxes paid of NOK 499 million relates to the three last installments of tax for 2022, each of which amounted to NOK 166 million. We expect a tax refund for 2022 of NOK 75 million in November. In June, we submitted the first estimate for tax payable for 2023 to the Oil Taxation Office for a total of NOK 1.6 billion, payable in six installments, each of NOK 276 million. In the third quarter, we pay one such installments in August.

Birte Norheim
CFO | OKEA

Cash paid in business combinations of NOK 297 million relates to the deposit paid to Equinor in relation to the Statfjord transaction of NOK 263 million, and NOK 34 million paid to Wintershall in the final pro rata contra settlement and the contingent consideration. In total, we generate cash equivalent to about NOK 14 per share in the first half of the year. Dividend of NOK 2 per share amounts to a total dividend payment of NOK 208 million in the period. We paid dividend of NOK 2 and EUR 0.90 per share in 2022, and we have communicated an intention to pay NOK 4 per share in 2023.

Birte Norheim
CFO | OKEA

NOK 2 per share was paid in the first half of the year. The board has now resolved to pay NOK 1 per share in September, in accordance with the plan. The board is also reaffirming its intention to distribute the same amount in the fourth quarter. The dividend plan for the year of NOK 4 per share represents a dividend yield of about 13%. Production guiding for 2023 is unchanged in the range of 22,000-25,000 bbl of oil equivalent per day. In the first half of the year, we were just above the low point of the range. Production is expected to ramp up in the second half of the year with the new wells coming on stream.

Birte Norheim
CFO | OKEA

We have some maintenance planned also for the third quarter, where production from Gjøa will be impacted by up to six days of planned downtime, and the subsea wells at Draugen will be shut in for a week for installation of the new upgraded subsea pumps. Production from Draugen will be reduced by about 50% in the shut-in period. CapEx guiding for 2023 is also unchanged at the range of NOK 1.7 billion-NOK 2.1 billion for the year. Note that none of the guiding include the effects from Statfjord. As Svein mentioned, we expect production from Statfjord for the year to be in the range of 11,000-13,000 bbl of oil equivalents per day, net to OKEA. As for other relevant updates, the OKEA03 bonds, as you know, is maturing at the end of next year.

Birte Norheim
CFO | OKEA

Backed by the increase in production and reserves from the recent transactions, we have now started a process to evaluate options to refinance the OKEA03 bond and optimize our debt capital structure. As part of this process, we are assessing various options, including a potential bank facility, and possibly in combination with a bond issue. We will revert to you with more information on this as we progress this work. As for now, that's all from me, and I'll give the word back to you, Svein, for some closing remarks. Thank you.

Svein Liknes
CEO | OKEA

Thank you, Birte. Then we'll take a quick summary before we go to the Q&A session. As I mentioned, there will be a link on our homepage and also a telephone number that you can call for asking us questions just after the summary. To sum up then, OKEA is continuing to deliver on a growth strategy. We are closing the Statfjord deal in Q4 2023. We have increased production on Talisker East. We are really boosting the production on Brage, and we have continued targets that we are trying to get to with the drill bit on Brage to do more of what we have already done on Brage. We have demonstrated a strong operational performance on both Brage, Draugen, Ivar Aasen, and Yme.

Svein Liknes
CEO | OKEA

We have increased performance on Yme and Nova, and we have executed a very big turnaround of more than 20,000 man-hours on Draugen, which enables both Draugen and the other assets to deliver for the future. Also during that turnaround, preparations for the Hasselmus startup in the Q4 was executed successfully. We have demonstrated and showed that we have strong cash generation in the company, and we are delivering on the dividend plan that we have announced previously. With that, I will thank you for watching us in this presentation during the summer season. I hope that you will join us for the Q&A session hereafter, where we will then answer any questions you may have. Thank you very much.

Q&A

Operator

Firstly, we'll be taking questions through the conference call. If you do wish to ask a question, please press five star on your telephone keypad. To withdraw it, please press it again. We'll have a brief pause while questions are being registered. The first question will be from the line of Daniel Stenslet from Arctic Securities. Please go ahead. Your line now be unmuted.

Daniel Stenslet
Analyst | Arctic Securities

Good morning, Svein and Birte, and congrats on another strong report. Couple questions from me. Number one, is the current over and lift balance neutral, or are you now in a net overlift position after the end Q2? Second question, why do you expect lower realized prices for Yme volumes going forward? Is the hydrocarbon composition different from what you expect, or is the oil quote different, or what explains it? Also, signal to go indicates that Yme would hit plateau in excess of 2,000 bbl per day by mid-2023. Since then, water production has been higher than expected. What do you now foresee as the future plateau level, and when do you expect to hit that level? Finally, how much do you expect Nova to produce when it hits plateau, and when do you expect to get there?

Birte Norheim
CFO | OKEA

Okay, hi, thanks for your questions. That was quite a few, one, and the line was a bit poor. If we missed some of your questions, please do not hesitate to raise them again. I think I can answer some of them, and maybe you can answer some of the production, Svein. What was the question?

Daniel Stenslet
Analyst | Arctic Securities

Yme and Nova.

Birte Norheim
CFO | OKEA

Yeah, Yme price. The Yme price has been reduced. Yme is still in early phase of this production startup. There's no norm price established on Yme. We have seen premiums versus discounts varying quite a lot over this first production period. We have now realized that the due to also the size of the lifting, which is lower than the shipping cost is somewhat higher. The quality that we have been able to realize in the most recent quarters has driven to this reduction in the pricing expected also going forward. We do expect a norm price to be established there within the next few quarters. Svein, do you want to comment on the Yme and Nova production?

Svein Liknes
CEO | OKEA

Yeah, I can do that. On the Yme production, we expect the net to OKEA in excess of 5,000 bbl of oil equivalents per day. We do expect that during the second half of this year, as we are completing the C8 well now, and the two remaining production wells and the injector. C8 well will be put in operation now, is expected at the end of July, and then the remaining will come during the end of, or the second half of the year. When it comes to Nova, it's what we currently have there is for the well, it's both oil and it's also gas, obviously.

Svein Liknes
CEO | OKEA

What we have to see there before we can make any numbers is the effect of the current sidetrack, water injector that we have in the place, and then we will drill one more next year to have even more production. That is a number I need to get back to you on.

Daniel Stenslet
Analyst | Arctic Securities

All right. Got it, thanks. On the first question, I'd like to over or and lift. Would you say that you are now in an overlift composition or in a neutral territory, and so then to the Q2?

Birte Norheim
CFO | OKEA

Yeah, we are, this varies between quarters, but given that we produced about 22.3, and we sold about 22.8, we are more or less even. There's not a huge amount of over under lift at the moment.

Daniel Stenslet
Analyst | Arctic Securities

Okay, excellent. Finally, could you also indicate what the remaining value of Yme is now in your books?

Birte Norheim
CFO | OKEA

We don't really comment on book values per asset, but I guess I can indicate that net of deferred taxes, it's less than NOK 1 billion.

Daniel Stenslet
Analyst | Arctic Securities

Okay, excellent. That's all for me. Thank you.

Birte Norheim
CFO | OKEA

Thank you.

Operator

Thank you, Daniel. It seems there are no further questions in this call. I will therefore hand it back to the speakers for any written questions.

Anca Jalba
Head of Investor Relations | OKEA

Thank you so much. This is Anca Jalba, Head of IR in OKEA. I'm going to read the three questions that Teodor Sveen-Nilsen from SpareBank 1 Markets has submitted. One has already been addressed by the question that Daniel has asked in the question.

Teodor Sveen-Nilsen
Equity Research Analyst | SpareBank 1 Markets

The first one is, how should we expect Hasselmus ramp up? The second is the Yme book value, which has already been addressed. The third question is, how will the lower-than-expected Statfjord production impact the pro et contra for the deal?

Svein Liknes
CEO | OKEA

Yeah, I can answer the first one there and maybe also the last one. The ramp of a Hasselmus will be quite quick. Hasselmus is a pure gas field. When you start it, then basically there is no cleanup as such to be done. The Hasselmus, once we initiate production from Hasselmus, that will very quickly come on stream and be on a stable production. We are still planning for that to happen in Q4 this year, as we said in the presentation as well. As we are moving into Q3 now, we will get more into a specific date when we expect it, but we have Q4 still.

Svein Liknes
CEO | OKEA

When it comes to the impact on the pro et contra, obviously, the impact on the pro et contra is a bit negative, but more importantly, is also the market conditions around us with the pricing we are seeing until we actually do the closing, and it also depends on when we actually close the deal in Q4, as we have said previously. We still think, you know, it's not very negative, to be honest, but it will have a negative impact. There is also other factors which is being monitored, which will also have potentially an impact.

Anca Jalba
Head of Investor Relations | OKEA

There's no more questions submitted online. We'll hand back to the operator if there is any other callers on the line with questions.

Operator

There's no questions coming, so I'll just hand it back to you.

Anca Jalba
Head of Investor Relations | OKEA

Sorry. Thank you. Just got a question now from Sander Solheim Nilsen in Fearnley Securities.

Sander Solheim Nilsen
Equity Research Analyst | Fearnley Securities

The question is regarding Hamlet: Is the aim to submit a PDO this year? Can you also give a brief update on the potential development of Brage?

Svein Liknes
CEO | OKEA

I can try to answer that one. When it comes to Hamlet, we are looking into area development in the north of your area on Hamlet, so I think it's unrealistic to expect the PDO to be submitted this year. It's not mature enough for that. I think the future for Hamlet is to be coupled up with more resources in the area and then find a host and then do a coordinated development. On the potential development of Brage, that is being worked in the license as we speak. We are still focusing on trying to pass DGII at some stage. Before we get to that point, then the license is still working this, and we are working closely with the operator, DNO, on the Brage.

Svein Liknes
CEO | OKEA

Our overall aim is obviously to try to get it towards DGIII and as a tie-in candidate to Brage in the future.

Anca Jalba
Head of Investor Relations | OKEA

Thank you so much, Svein.

Anca Jalba
Head of Investor Relations | Okea

The next question is from David Mirzai: Given the disappointing performance to date from Yme, can you say whether this reflect mainly the operating performance or the geology?

Svein Liknes
CEO | OKEA

I think it's a mix. What we have seen so far, and as we also showed in some of the slides earlier, was that we've seen a rapid and well, big increase in production efficiency from Yme. That indicates that there has been facility issues over the ramp-up period for the last 18 months. When it comes to the geology, I think the geology is, you know, known. Some of the impairments we did last year was more based on production, performance, and water content in some of the existing wells that was drilled in the earlier phase of Yme. I will not say that it's very much geology, which has been surprising. It has been more challenging facilities that has kind of hampered the operations.

Anca Jalba
Head of Investor Relations | OKEA

Thank you. No more questions on the chat. I can hand it back to the operator to see if there is anyone on the call.

Operator

We still don't have anyone in the queue, so I'll just hand it back to you.

Svein Liknes
CEO | OKEA

Thank you very much for attending the presentation today and also taking part in the Q&A session. We are taking somewhat summer holiday now. I wish you have a nice summer as well. I'm looking forward to see and speak to you again in the third quarter. Bye-bye.