Aker BP acquires Hess Norge

Aker BP ASA (“Aker BP”) has entered into an agreement to acquire Hess Norge AS (“Hess Norge”). Through the transaction, Aker BP strengthens its production and resource base, and becomes the sole owner of the Valhall and Hod fields, where the company sees a great value creation potential through increased oil recovery and flank developments. The company intends to increase shareholder dividends following the transaction.

*** A conference call will be held today (October 24 2017) at 08:00 CET. Please see below for call-in details ***

The cash consideration of the transaction is USD 2.0 billion. The transaction includes Hess Norge’s interests in the Valhall (64.05 per cent) and Hod (62.5 per cent) fields. Aker BP will also assume Hess Norge’s tax positions, which include a tax loss carry forward with a net nominal after–tax value of USD 1.5 billion, as booked in Hess Norge’s 2016 annual accounts. The transaction will be financed through Aker BP’s existing long-term Reserve Based Lending bank facility, and by the issuance of USD 500 million in new equity. The issue price will be determined through a book building process. Aker ASA (“Aker”) and BP plc (“BP”) will subscribe for 40 per cent and 30 per cent of the shares to be issued, respectively, at the price determined through the bookbuilding process, or minimum NOK 155 per share. In addition, Aker and BP will underwrite the remaining shares to be issued at NOK 155 per share.

This acquisition will strengthen Aker BP’s position on the Norwegian Continental Shelf. Both production and reserves will increase significantly. Aker BP’s Chairman, Øyvind Eriksen comments: *“The acquisition of Hess Norge is another move as a part of our ambition to grow the company. This investment allows Aker BP to raise the dividend level to USD 350 million per year with first uplift planned for fourth quarter of 2017. Through the equity issue, we are enabling Aker BP to grow further on the Norwegian Continental Shelf.”*

CEO of Aker BP, Karl Johnny Hersvik states in a comment: *“Aker BP has a clear ambition to be the leading independent offshore E&P company. This transaction is an important step in that direction. Acquiring this portfolio gives Aker BP a deeper exposure to one of our core areas. Taking full ownership and control allows Aker BP to pursue upsides more aggressively. As the operator of the Valhall/Hod field, Aker BP knows the area very well.”*

Following the transaction, Aker BP will own 100 per cent of the Valhall and Hod fields. Aker BP will subsequently seek to sell or swap a minority interest in the fields to partners who want to work together with Aker BP to proactively target the upside potential in the area.

Details of the transaction

Aker BP has agreed with Hess Corporation to acquire all the shares in Hess Norge for a cash consideration of USD 2.0 billion. Hess Norge’s assets includes a 64.05 per cent share of the Valhall field and a 62.5 per cent share of the Hod field, and a tax loss carry forward with a net nominal after –tax value of USD 1.5 billion. The cash consideration will be financed through Aker BP’s existing long-term Reserve Based Lending bank facility, and by new equity of USD 500 million. The issue price will be determined through a bookbuilding process. Aker ASA (“Aker”) and BP plc (“BP”) will subscribe for 40 per cent and 30 per cent of the shares to be issued, respectively, at the price determined through the bookbuilding process, or minimum NOK 155 per share. In addition, Aker and BP will underwrite the remaining shares to be issued at NOK 155 per share.

Included in the transaction are proven and probable (2P) reserves of 150 million barrels of oil equivalent (mmboe) and best estimate 2C contingent resources of 195 mmboe, based on Aker BP’s own assessment per year-end 2016, of which 85 per cent is liquids. During the first nine months of 2017, Hess Norge’s share of production from the Valhall and Hod fields was approximately 24,000 barrels of oil equivalent per day (boepd).

As per today Hess Norge AS has 19 employees. The board of Hess Norge AS consists of Johan Nic Vold (chair), Anders Nymann, Brian Truelove, Martin Edwards, Helena Deal and Gerbert Schoonman. Martin Edwards is managing director.

The transaction is subject to customary conditions for completion, including approval by the Ministry of Oil and Energy, Ministry of Finance and relevant competition clearance. The effective date of the transaction will be 1 January 2017, and closing is expected by the end of 2017. A general meeting in Aker BP will be called to approve the issuance of new equity.

This agreement meets the requirement of the Oslo Stock Exchange to prepare an information document.

About Valhall and Hod

The Valhall field centre consists of six separate steel platforms for living quarters, drilling, production, water injection, and a combined process- and hotel platform. Two unmanned and remotely operated flank platforms (North and South) are located about 6 km north and south of the field centre. The Hod field is developed with an unmanned wellhead platform, located 13 km south of Valhall, and is remotely operated from the Valhall field centre. All wells on the Hod platform are currently shut-in and awaiting plugging and abandonment. The Hod reservoir is now being produced from wells drilled from the Valhall South Flank platform.

Aker BP is planning to submit a Plan for Development and Operation for the Valhall Flank West project in late 2017, with estimated first oil in 2020. In addition, Aker BP is maturing a number of additional projects in the area, including the North and South Flank projects.

Early January 2017, Valhall and Hod passed one billion barrels of oil equivalents produced, which is more than three times the volume expected at the opening of the field in 1982. The ambition is to produce a further 500 mmboe.

http://www.norskpetroleum.no/fakta/felt/valhall/
https://www.akerbp.com/produksjon/valhall/

Conference call

A conference call will be held at 08.00 CET (Oslo-time). The call will be streamed live at www.akerbp.com, and available for replay later in the day.

Location	Phone number
Norway	+47 2350 0296
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United States	+1 323-794-2093

Confirmation code: 8998883

Please see enclosed a presentation describing the transaction, and Hess Norge AS accounts.

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About Aker BP:
Aker BP is a fully-fledged E&P company with exploration, development and production activities on the Norwegian Continental Shelf. Aker BP is the operator of Alvheim, Ivar Aasen, Skarv, Valhall, Hod, Ula and Tambar. The company is also a partner in the Johan Sverdrup field. Aker BP is headquartered at Fornebu, Norway, and is listed on the Oslo Stock Exchange under the ticker 'AKERBP'. More about Aker BP at [www.akerbp.com.](http://www.akerbp.com)