

## Q&amp;A

# Tackling a year of challenge

**The past year has been an opportunity to prove resilience in the face of a variety of challenges, says Nick Walker, President and CEO of Lundin Energy.**

*Given the challenges during 2020, what have been the key lessons for Lundin Energy?* The past year has been incredibly challenging for society as a whole, as well as our sector specifically. The devastating impact of the COVID-19 pandemic on people's health and the economy is likely to continue through 2021 and beyond. Lundin Energy puts the safety and wellbeing of our people first and has looked to handle the impact of the crisis with agility and adaptability. I am pleased to report that business continuity was not materially impacted, thanks to our dedicated workforce who worked tirelessly to ensure risks were mitigated where possible.

Whilst exploration and production activities were affected, the key activity continued largely to plan, with appropriate risk mitigation and monitoring. There was also good coordination with our business partners and the Norwegian Oil and Gas Association to ensure our efforts were aligned with the wider industry response.

*What are the company's ambitions in terms of future development on the Norwegian Continental Shelf?* We have focused our business solely on Norway because it is clear there is a huge amount of value to be derived from a jurisdiction that has a significant undeveloped offshore resource potential and one that has such a supportive fiscal framework. Our ambition in Norway into the next decade is to continue to drive our organic growth model, growing our resource base and production portfolio, whilst at the same time focusing on delivering one of the most efficient barrels from a cost perspective and one of the lowest CO<sub>2</sub> emissions per barrel.

*How do you view Lundin Energy's role in terms of the energy transition?* We believe our role is to develop oil and gas resources efficiently and responsibly for a sustainable and lower carbon energy future. Lundin Energy supplies energy to a changing world with a growing population and an increased appetite for energy. The challenges

and opportunities presented by the energy transition will not, however, manifest themselves overnight. While alternative energy sources and renewable power will play a critical role, oil and gas will still account for approximately half of the world's energy needs in 2040.

Since the production of oil and gas is responsible for emitting about 5–8% of global emissions, if we are to meet global climate goals it is critical for our business to decarbonise production in order to continue to provide the energy the world so crucially demands for decades to come in the most responsible manner and with the lowest emissions possible. To that end, Lundin Energy is well-positioned as we aim to decarbonise our production and achieve carbon neutrality by 2025.

*What is Lundin Energy doing to decarbonise and meet the goals of the Paris Agreement?* Through our Decarbonisation Strategy, we have defined an ambitious roadmap and set challenging targets. To achieve carbon neutrality from 2025 we are investing \$750mn to decrease our absolute operational emissions as well as neutralise hard-to-abate emissions. We aim to cut our carbon intensity per barrel by over 60%, from 5.4kg CO<sub>2</sub> in 2019 to less than 2kg CO<sub>2</sub> by 2023. Key actions include the electrification of our main producing assets, increased production efficiency, use of best available technologies, and investments in renewable energy projects to replace 100% of our net electricity consumption. Once electrification of our main asset, Edvard Grieg, is completed, over 95% of our total production will be electrified, using low carbon electricity from the Norwegian grid. Furthermore, our investments in a wind farm in Finland and a hydropower plant in Norway will together produce around 300 GWh/y – enough to power 75,000 households. From these decarbonisation actions, by 2023 our carbon performance will be about 10 times better than the industry average.



**Nick Walker,**  
President and CEO,  
Lundin Energy

Photo: Lundin Energy

Last, but not least, we will use natural carbon capture to neutralise residual hard-to-abate emissions from our operations. Between 2021 and 2025, we will invest in proprietary reforestation projects in a range of locations. We will plant trees on degraded land that will capture millions of tonnes of CO<sub>2</sub>, while helping to protect ecosystems and provide positive local economic benefits

*What should be the priorities at COP26 for industry decarbonisation?*

Our experience in Norway shows how a progressive regulatory landscape and sufficiently high carbon taxes help companies innovate to become efficient and low carbon. It is crucial that governments learn from the experience of countries and regions who have implemented such measures. Fiscal instruments to incentivise innovation are highly powerful, provided they are implemented correctly. Furthermore, we need many countries to increase their level of ambition on emission reduction targets in order to reduce the likelihood of a temperature rise over 2°C. The forecast temperature increase under current policies is above 3°C, which is not acceptable or economic.

The oil and gas industry will remain relevant through the next few decades, to provide the energy the world still needs, but it needs investment to decarbonise high-carbon assets and become more efficient. This means that lenders and investors need the right policy signals from COP26 that enable them to continue supporting the oil and gas sector (alongside other industries) to decarbonise and achieve the Paris Agreement goals while meeting the needs of a growing population. ●

IP Week will be taking place as a three-day virtual event on 23–25 February 2021. Reduced rates apply to EI members. Visit [www.ipweek.co.uk](http://www.ipweek.co.uk)