

Production Cuts Hit Statoil Profits

OSLO, Norway (AP) — Norwegian oil company Statoil ASA saw first-quarter net income plunge 60 percent against the same period last year as production cuts, operational disruptions and reduced prices took their toll.

Profit in January through March was 6.4 billion kroner (\$1.1 billion) down from 15.4 billion kroner a year earlier, Statoil said Thursday. Revenue also fell in the quarter, by 17 percent, to 162 billion kroner.

The result sent the company's share price tumbling more than 3 percent to 135.70 kroner in morning trading in Oslo.

The state-controlled company said its liquids and gas production was down 9 percent at 1.99 million barrels of oil equivalents per day with lower production and reduced prices also causing a 19-percent decrease of the company's cash flows in the period.

CEO Helge Lund repeated an earlier prediction that production this year would be lower than in 2012 but said that Statoil was "on track" to deliver an average 2-3 percent annual production growth in 2012 through 2016 to above 2.5 million barrels a day.

"Statoil delivered record international production, with an increase of 6 percent mainly due to start-up and ramp-up of fields," Lund said. "We started production from new Norwegian continental shelf fields, including four fast-track projects, and continued our exploration success by making a new high impact discovery in Tanzania."

Statoil completed 12 exploration wells in the first quarter, six on the Norwegian continental shelf and six internationally. It also made seven discoveries, including two in Tanzania and one in the Gulf of Mexico.

Last month, Statoil announced a "significant" new find of oil resources in the North Sea, estimated to be between 40 million and 150 million recoverable barrels.

The first-quarter report was overshadowed by the deaths of five Statoil workers in the Jan. 16 terrorist attack on the Amenas gas production plant in Algeria. The company's board of directors has appointed a team to investigate the attack, with a final report expected in September.

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