

DNO Opens Taps at Tawke; Reports Second Quarter 2023 Results

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Oslo, 17 August 2023 - [DNO ASA](#), the Norwegian oil and gas operator, today reported that production from its flagship Tawke field in Kurdistan has been restarted following a four-month shut-in triggered by the closure of the Iraq-Turkey Pipeline export route. Production was restarted last month to conduct well integrity tests and synchronize reservoir models but has continued in response to strong demand for Tawke oil. Field output is currently averaging 40,000 barrels of oil per day (bopd). The nearby Peshkabir field, on the same license, remains closed.

One-half of Tawke production is delivered to the Kurdistan Regional Government and the balance is sold by DNO on behalf of the contractors (DNO 75 percent and Genel Energy International Limited 25 percent) to local trading companies and the oil transported by road tanker. Prices vary by contract and average around 50 percent of pre-closure levels but payments now are made promptly and directly to DNO.

"While there is no light at the end of the export pipeline, we are seeing the headlights of more and more incoming tanker trucks loading up our Tawke cargoes on a cash-and-carry basis," said DNO Executive Chairman Bijan Mossavar-Rahmani. "Meanwhile, our strategy of broadening DNO's portfolio beyond Kurdistan is bearing beautiful fruit," he added.

A total of 100 million barrels of oil equivalent (MMboe) have been discovered net to DNO offshore Norway since 2021, of which 78 MMboe have been added so far this year, driven importantly by DNO's 30 percent stake in Norway's largest discovery in a decade (Carmen). Previous discoveries are moving towards development. In June, the development of the Andvare discovery (DNO 32 percent) and the Berling discovery (DNO 30 percent) received government approvals, targeting gross volumes of 11 MMboe (start-up in 2024) and 45 MMboe (start-up in 2028), respectively. DNO also recently announced a fast-track development concept for the Brasse discovery (DNO 50 percent) as a low-cost tieback to Brage production facilities (DNO 14 percent) with main terms agreed ahead of final investment decision early next year.

"All barrels of oil or molecules of gas are not created equal," said Mr. Mossavar-Rahmani. "Our recent discoveries have high net present value as DNO's offshore Norway drilling campaign is deliberately designed to target lower risk prospects near existing infrastructure," he added. "We thought such low-risk prospects would also be small to medium in size, but Carmen happily proved us wrong."

The Company's Côte d'Ivoire assets, which were acquired last year, deliver stable production and further upside potential. A gas sales contract renegotiation with the government is ongoing to raise the price ceiling, allowing for increased investment in Block CI-27 (DNO nine percent). On nearby Block CI-12 (DNO eight percent) a rig has been secured for two exploration wells plus one optional well, to be drilled back-to-back commencing in the fourth quarter of 2023.

In the second quarter of 2023, net production across DNO's portfolio hit the lowest level in 13 years at 14,400 barrels of oil equivalent per day (boepd), of which the North Sea contributed 10,800 boepd, West Africa 3,500 boepd and Kurdistan the balance. Driven by the Kurdistan export closure and a significant North Sea production cut from a shutdown of third-party facilities that has now ended, DNO reported a 78 percent quarter-on-quarter revenue drop to USD 58 million. Net loss amounted to USD 19 million, down from a net profit of USD 87 million in the previous quarter.

The balance sheet remains strong with an unchanged equity ratio of 50 percent as the Company exited the quarter with cash deposits of USD 743 million and net cash of USD 177 million. Given uncertain timing of pipeline export resumption and continued delays in payments by the Kurdistan Regional Government for previous oil sales, DNO has cut back new investment spend and staffing levels.

The Board of Directors has authorized dividend payment of NOK 0.25 per share to be made on or about 1 September 2023, maintaining the Company's quarterly distribution program.

A videoconference call with executive management will follow today at 10:00 (CET). Please visit www.dno.no to access the call.

Key figures

	Q2 2023	Q1 2023	Full-Year 2022
Gross operated production (boepd)	65	94,720	107,637
Net production (boepd)	14,417	89,399	97,310
Revenues (USD million)	58	269	1,377
Operating profit/-loss (USD million)	-15	155	431
Net profit/-loss (USD million)	-19	87	385
Free cash flow (USD million)	-144	35	619
Net cash/-debt (USD million)	177	344	388

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[DNO ASA](#) is a Norwegian oil and gas operator active in the Middle East, the North Sea and West Africa. Founded in 1971 and listed on the Oslo Stock Exchange, the Company holds stakes in onshore and offshore licenses at various stages of exploration, development and production in the Kurdistan region of Iraq, Norway, the United Kingdom, Côte d'Ivoire, Netherlands and Yemen.

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

Attachments

- Q2 2023 Interim Results Presentation
- Q2 2023 Interim Results Report

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