



# CHANGE CHANCE

Annual Report 2015

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## AT A GLANCE



Semi-submersible drilling rig on the Norwegian continental shelf

## Brief portrait of DEA

DEA Deutsche Erdoel AG is based in Hamburg and is the parent company of the DEA Group, which itself consists of a total of 21 companies. The corporation is involved in the exploration, production and the storage of hydrocarbons such as natural gas and crude oil.

DEA and its subsidiaries produce in Germany, Norway, Denmark and Egypt and also hold licences in Algeria, Guyana, Ireland, Libya, Spain, Suriname and Trinidad & Tobago. DEA is the owner of large underground natural gas storage facilities in Germany. The company is responsible for a total of around 150 licences.

DEA is operator and active partner in national and international alliances, and spans the entire value added chain, from exploration, to development, to the production of hydrocarbons.

Since March 2015, DEA Deutsche Erdoel AG has been a wholly owned subsidiary of L1E Acquisitions GmbH, Hamburg, which in turn is a wholly owned subsidiary of LetterOne Holdings S.A. in Luxembourg.



Searching for, producing and storing hydrocarbons such as natural gas and crude oil.



21

The DEA Group is made up of 21 companies.



DEA

DEA Deutsche Erdoel AG is based in Hamburg and is the **parent company** of the DEA Group.



DEA is **operator** and **active partner** in national and international alliances.

150

The company is **responsible** for around 150 licences.

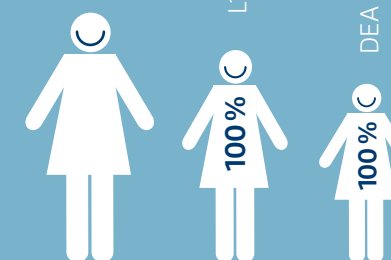


Since 2015, DEA Deutsche Erdoel AG has been a **wholly owned subsidiary** of **L1E Acquisitions GmbH, Hamburg**, which in turn is a **wholly owned subsidiary** of **LetterOne Holdings S.A.** in Luxembourg.

LetterOne Holdings S.A.

L1E Acquisitions GmbH

DEA Deutsche Erdoel AG



DEA and its subsidiaries ...

... **produce** in Germany, Norway, Denmark and Egypt.

... hold **licences** in Algeria, Guyana, Ireland, Libya, Spain, Suriname and Trinidad & Tobago.

DEA is the **owner** of large underground natural gas storage facilities in Germany.

2015

## KEY DATA

DEA GROUP OPERATING FIGURES					
		2015 <sup>6)</sup>	2014	Change in %	Change absolute
<b>Natural gas production</b>	<b>(mm bbl OE<sup>2)</sup>)</b>	<b>25.6</b>	<b>21.6</b>	18.6	4.0
Germany	(mm bbl OE)	9.6	9.1	5.4	0.5
Outside Germany	(mm bbl OE)	16.0	12.4	28.3	3.5
<b>Crude oil production</b>	<b>(mm bbl OE)</b>	<b>16.1</b>	<b>16.4</b>	<b>-1.8</b>	<b>-0.3</b>
Germany	(mm bbl OE)	4.7	4.8	-2.4	-0.1
Outside Germany	(mm bbl OE)	11.4	11.6	-1.6	-0.2
<b>Total production</b>	<b>(mm bbl OE)</b>	<b>41.7</b>	<b>38.0</b>	<b>9.8</b>	<b>3.7</b>
Germany	(mm bbl OE)	14.3	13.9	2.7	0.4
Outside Germany	(mm bbl OE)	27.4	24.1	13.8	3.3
<b>Total reserves and proven resources<sup>1)</sup></b>	<b>(mm bbl OE)</b>	<b>1,325.0</b>	<b>1,522.0</b>	<b>-12.9</b>	<b>-197.0</b>
<b>Total reserves</b>	<b>(mm bbl OE)</b>	<b>633.0</b>	<b>475.0</b>	<b>33.3</b>	<b>158.0</b>
Natural gas reserves	(mm bbl OE)	457.0	350.0	30.6	107.0
Crude oil reserves	(mm bbl OE)	176.0	124.0	41.9	52.0
<b>Total proven resources</b>	<b>(mm bbl OE)</b>	<b>692.0</b>	<b>1,047.0</b>	<b>-33.9</b>	<b>-355.0</b>
Proven natural gas resources	(mm bbl OE)	347.0	708.0	-51.0	-361.0
Proven crude oil resources	(mm bbl OE)	345.0	339.0	1.8	6.0

Rounding off may cause discrepancies

## KEY FIGURES: DEA GROUP

		2015 <sup>6)</sup>	2014	Change in %	Change absolute
<b>External sales</b>	(mm €)	1,465	2,031	-27.9	-566
<b>EBITDA</b>	(mm €)	501	1,008	-50.3	-507
<b>Result of continued activities</b>	(mm €)	-406	249	-263.1	-655
<b>Income taxes</b>	(mm €)	-10	-182	-94.5	172
<b>Result of discontinued activities</b>	(mm €)	-236	0		
<b>Net result<sup>5)</sup></b>	(mm €)	-652	67	-1,073.1	-719
<b>Free cash flow<sup>3)</sup></b>	(mm €)	-51	137	-137.2	-188
<b>Operating cash flow</b>	(mm €)	477	798	-40.2	-321
<b>Investments</b>	(mm €)	610	670	-9.0	-60
<b>Employees, not including trainees<sup>1)</sup></b>	(in FTE <sup>4)</sup> )	1,436	1,443	-0.5	-7

Rounding off may cause discrepancies

<sup>1)</sup> Each on 31 December.<sup>2)</sup> Oil equivalent (OE). Unit of energy.<sup>3)</sup> Free cash flow. Operating cash flow minus investments, plus disinvestments.<sup>4)</sup> Full-time equivalent (FTE). A full-time equivalent is the equivalent of one full-time employee.<sup>5)</sup> Incl. non-controlling interests.<sup>6)</sup> This total is obtained by adding the results of the two short fiscal years in 2015.

## FOREWORD

# Foreword by the Board of Management

## Dear Friends of the Company,

The year 2015 will stand out in the annals of the company's 116-year history. March saw the change of ownership which had been so long envisaged. The company's name was changed to DEA Deutsche Erdoel AG under the aegis of LetterOne, a new growth strategy was drawn up, and the first M&A transaction was successfully completed.

The new company name established itself quickly and the new logo was well received. The shape of the drilling rig silhouette reflects the DEA, now an independent enterprise.

In close collaboration with L1 Energy, the corporate strategy was developed further in light of the company's new direction, and adapted to conditions in the market. L1 Energy intends to invest in further growth and expects to have considerably increased daily output to between 200,000 and 300,000 barrels of oil equivalent by 2020.

The first addition to the company's portfolio was successfully completed in December 2015 with a US\$1.6 billion takeover of Norwegian oil and gas fields.

These early moves are encouraging for DEA. The company looks set to develop well. From this point on, DEA will invest primarily in the core regions of Europe (Germany, Denmark and Norway) and North Africa (Egypt and Algeria) while keeping an eye out for further additions to its portfolio in those areas.

The 2015 financial year was characterised, among other things, by a further decline in oil prices on the global energy markets. Like every company in the oil and gas producing industry, DEA undertook a close systematic examination of all its operational expenses. An 'Expenditure Reduction Project' which had been initiated the year before achieved savings of US\$362 million over the course of the year; this was an impressive outcome achieved by significant entrepreneurial commitment on the part of the workforce

coupled with strict cost discipline. The project was augmented by internal adjustment procedures, new processes and organisational activities necessitated by the change of ownership. For example: as part of strategic re-alignment, corporate headquarters' organisational model was developed further and will be implemented over the first quarter of 2016.

A whole series of advances were achieved in the company's core business, which is the exploration and production of hydrocarbons. These included exceeding the production target and increasing production by 10 percent over the previous year. In Norway for example, the Knarr Field entered production in March, contributing to significant growth. Production volume in Norway was more than doubled at a stroke by acquiring other crude oil and natural gas fields, thereby more than compensating for the reduced production connected to the sale of DEA UK in November; this will produce positive effects beginning in 2016.

The gas production facility at Disouq in Egypt also produced at a high output. Oil and gas production in Germany made a constant and valuable contribution and has stabilised at a good level, not least through systematic and innovative field development. A new record was set at Well A26 on the Mittelplate drilling and production platform when a perforated line measuring 2,461 metres in length opened up a productive section of the reservoir with a high oil inflow.

Field development began in the West Nile Delta (WND) project in Egypt. Production will begin in 2017 according to current plans. DEA's share in this project was reduced to 17.25 percent as part of portfolio optimisation, but even after this strategic adjustment, the West Nile Delta project remains the biggest single project entailing the highest investment total.



There were also advances in exploration projects in 2015. In Norway for example, the Alta discovery in the Barents Sea was confirmed by several wells, promising oil and gas resources of between 125 and 400 million barrels of oil equivalent.

Systematic economic evaluations took place as part of portfolio optimisation, and projects with insufficient potential were terminated.

Regrettably, the political and legal framework in Germany did not improve. The long-awaited adjustment of the legislation on gas extraction did not progress beyond the draft presented in April 2015 and was repeatedly postponed. A dependable legal framework is needed in order to continue safe, environmentally compatible and economical gas and oil production, and if the Energy Transition is to succeed, then natural gas production cannot be impeded by arbitrary, inappropriate restrictions. Approval procedures need to be completed within a reasonable time-frame, and waste management needs to be resolved using pertinent, economically viable, environmentally compliant rules. Business planning security is all the more important in this

context, because commodity prices have continued to drop, especially oil, and this necessitates further cost-cutting and expenditure reduction to counteract shrinking earnings.

We are planning to increase production by a total of at least 10 percent during 2016. We expect an increase of 35 percent in oil, coupled with a slight reduction of 3 percent for gas.

These growth aims can only be achieved by competent, committed and entrepreneurially minded employees. We would like to thank all of our employees who contribute daily to our business success, safely and efficiently achieve growth in production, succeed in exploration, and exhibit a strong awareness of the environment and our responsibilities. DEA will continue to face up to the current energy-market challenges and consistently improve its competitiveness, as well as tapping into new opportunities for its development with L1 Energy's support.

Glück auf!

Dr. Johannes Karlisch  
CFO

Thomas Rappuhn  
CEO

Dirk Warzecha  
COO



ECONOMIC DEVELOPMENT

DEA's results were below expectations in the 2015 financial year because of a serious decline in oil prices. Production of oil and gas rose significantly, but steadily dropping oil prices and exchange rate fluctuations produced a set of worsened circumstances which were only partially compensated by drastic cost-cutting and increases in efficiency.

Economic framework

According to current estimates by the International Monetary Fund, global economic growth was around 3.1 percent in 2015, which was below the previous year's 3.4 percent. This was primarily because of a drop in economic growth in emerging and developing countries. A 1.5 percent growth in gross domestic product is currently expected for the eurozone, this figure having been 0.9 percent in 2014. Economic growth in Germany is expected to be 1.5 percent in 2015 (previous year 1.6 percent).

Following further significant reductions in price over the course of the year, a barrel of Brent Crude cost an average of US\$52 in 2015, which converts to around €47. The oil price was therefore well below that of the previous year, US\$99 (€89).

Crude oil prices continued to fall at the beginning of 2015; they initially began to recover in expectation of a drop in oil supply. Investments in the oil industry declined as a result of low oil price levels. Prices then fell again as the year drew on, mainly because of increasing uncertainty about global demand, especially in China, and an easing of tensions surrounding Iran's nuclear programme. On top of that, crude oil stocks in the USA reached new historical highs.

In 2015 the gas price for DEA was influenced significantly by developments on the relevant wholesale markets in the Netherlands and Germany and by the British gas market, prices having dropped in both by around 23 percent compared with 2014. The principal reason for this was an ongoing excess supply in gas coupled with lower demand caused by milder weather conditions. Gas prices obtained by DEA amounted to US\$5.8 per thousand standard cubic feet (scf), which represented a drop of 24 percent in comparison with 2014 as a whole.

The US dollar grew stronger against the euro in 2015. The average exchange rate over the course of the year was 1.11 US dollars per euro, having been 1.32 US dollars per euro during the previous year.

GAS AND OIL PRODUCTION AT THE DEA GROUP		
Natural gas (million scf)	2015	2014
Egypt	34,979	19,913
Germany	58,714	55,730
United Kingdom	43,064	39,719
Norway	19,340	16,421
	156,097	131,783
Crude oil (Thous. barrels OE)	2015	2014
Egypt	2,373	2,839
Denmark	842	648
Germany	4,673	4,786
United Kingdom	239	280
Norway	7,973	7,849
	16,100	16,402

Production at the DEA Group

Production over the course of the 2015 calendar year as a whole was 156,097 million scf of gas and 16,100 thousand bbl of oil or 114 thousand barrels of oil equivalent per day. During 2014 as a whole, production was 104 thousand barrels of oil equivalent per day, meaning that production increased by 10 percent from the previous calendar year.

Natural gas production rose by 18 percent from one calendar year to the next. The main reason for this was an increase in production in Egypt and the United Kingdom. The central gas production system at the Disouq Field in Egypt came online in summer 2014 alongside the temporary system, and in conjunction with additional wells which were connected up, this led to higher production.

System availability at the Breagh Field in the United Kingdom improved considerably over 2014; capacity restrictions in the downstream infrastructure at Clipper South were also reduced significantly. Natural gas production during the 2015 calendar year amounted to 113,029 million scf of gas, not including production from discontinued British activities.

There was a 2 percent decline in crude oil output during the 2015 calendar year over and against 2014.

There was a rise of around 2 percent in Norway caused in particular by good regularity at the Snorre Field. Oil production declined in the Gulf of Suez in Egypt due to the natural decline in mature fields. Increased production (+30 percent) in Denmark was mainly due to the takeover of a partner's shares.

Development of reserves and resources

On 31 December 2015, DEA possessed total reserves and proven resources amounting to more than 1,325 million barrels of oil equivalent. A reduction in reserves and resources connected to the sale of our British activities was more than compensated by the simultaneous acquisition of DEA E&P Norge AS. The sale of the British activities represented a loss of 113 million barrels of oil equivalent, while our acquisition in Norway brought in 192 million barrels of oil equivalent. The increased production combined with the optimisation of the portfolio in Egypt caused a decline in reserves and resources.

DEVELOPMENT OF RESERVES AND RESOURCES		
Reserves		
million barrels OE	31.12.2015	31.12.2014
Natural gas	457.2	350.4
Crude oil	175.5	124.5
	632.7	474.9
Proven resources		
million barrels OE	31.12.2015	31.12.2014
Natural gas	347.2	708.0
Crude oil	344.9	339.5
	692.1	1,047.5

Investments

Investment expenditure in the 2015 calendar year amounted to €646 million, which was slightly below that of the previous year. The development of the field in the Western Nile Delta, which cost €167 million, made up a large part of the investment outlay. As well as that, major investments were made in existing production projects in Germany, Norway and Egypt.

Turnover of the DEA Group

The 2015 calendar year was divided up into two short fiscal years as a result of the change in ownership in March 2015. Turnover at the DEA Group was €1,464 million in the 2015 calendar year. This represented a decline of 28 percent in comparison with 2014. It should be noted that sales from DEA UK are no longer included in the 2015 calendar year.

Adjusted to compensate for that effect, the decline would have been 16 percent, resulting from considerably lower commodity prices which were only partially offset by positive hedging results and an increase in production.

Gas sales during the calendar year fell by a total of €216 million (-29 percent). If adjusted for the UK effect they would have risen by 11 percent. Falling prices were compensated by a 23 percent rise in sales, especially in Egypt.

Oil turnover for 2015 as a whole declined by 26 percent in comparison with 2014. This was a result of significantly lower prices in every country. Sales quantities not including British oil production were almost at the previous year's level.

The result of operative activities at the DEA Group in the 2015 calendar year was -€402 million – well below the 2014 figure of +€269 million. This was mainly a result of much lower sales proceeds caused by current oil and gas prices, necessary impairments and expenditure associated with the streamlining of the portfolio. EBITDAX is used for internal controlling purposes at the DEA Group and was €1,333 million for the calendar year.

Expenditure also declined along with turnover. This was firstly a result of a successful cost-cutting programme, and secondly of lower production expenses linked to prices.

Depreciations rose significantly from the previous calendar year, firstly according to plan, because of increased production, secondly because of necessary impairments, particularly in Libya (caused by the security situation in the country), as well as portfolio measures and the significant decline in oil and gas prices.

Operating cash flow was €477 million for the calendar year. Free cash flow, which includes operating cash flow and investments as well as the proceeds from the disinvestment of tangible and intangible assets, amounted to -€51 million. Adjusted to account for sales-related special circumstances, free cash flow was €98 million.

## DEA'S GROWTH STRATEGY

**DEA is an integrated exploration and production company which explores and produces oil and gas. Following a change of ownership in March 2015, a dedicated growth strategy was developed which aims to increase production considerably by 2020.**

International growth is forecast to develop on the basis of a balanced portfolio consisting of several core countries. As well as its home territory of Germany, DEA is operatively active in Norway, Denmark, Egypt and Algeria. A significant increase in the daily output of between 200,000 and 300,000 barrels of oil equivalent and a doubling of the company value is planned by 2020.

The company continuously improves its operational efficiency, is strictly value-oriented in its working methods, and increases its income in order to achieve financially significant and growing yields for its shareholders. Health and safety in the workplace enjoy the highest priority.

DEA explores and produces fossil resources in compliance with environmental standards and in accordance with legal regulations. The company is aware of its social responsibility and supports relevant projects.

DEA is the operator and consortium partner in numerous concessions, and is considered an expert partner in the entire oil and gas value added chain on account of its comprehensive geoscientific knowledge and its state-of-the-art drilling and production technologies. As a consequence, the company pursues strategic objectives such as top technical and commercial performance, accentuated operative awareness of the environment and corporate responsibilities, and the ongoing development of a sustainable business approach in an age of major energy policy upheaval.

In this regard, numerous detailed analyses have been undertaken and the geological potential in many countries evaluated. Mexico emerged from this process as a particularly promising country.

Following the opening-up of the energy sector in Mexico DEA has been intensively studying the geological conditions in the Gulf of Mexico and has taken the first steps to positioning itself in the country.



**Norway**  
**INTERNATIONAL GROWTH**  
**Germany** **GEOSCIENTIFIC HEALTH**  
**Egypt** **EXPERTISE** **Algeria**  
**INCREASING PRODUCTION**  
**CLIMATE PROTECTION** **VALUE-ORIENTATION**  
**SAFETY IN THE WORKPLACE** **OPERATIONAL EFFICIENCY**  
**Denmark** **AWARENESS OF RESPONSIBILITIES AND THE ENVIRONMENT**

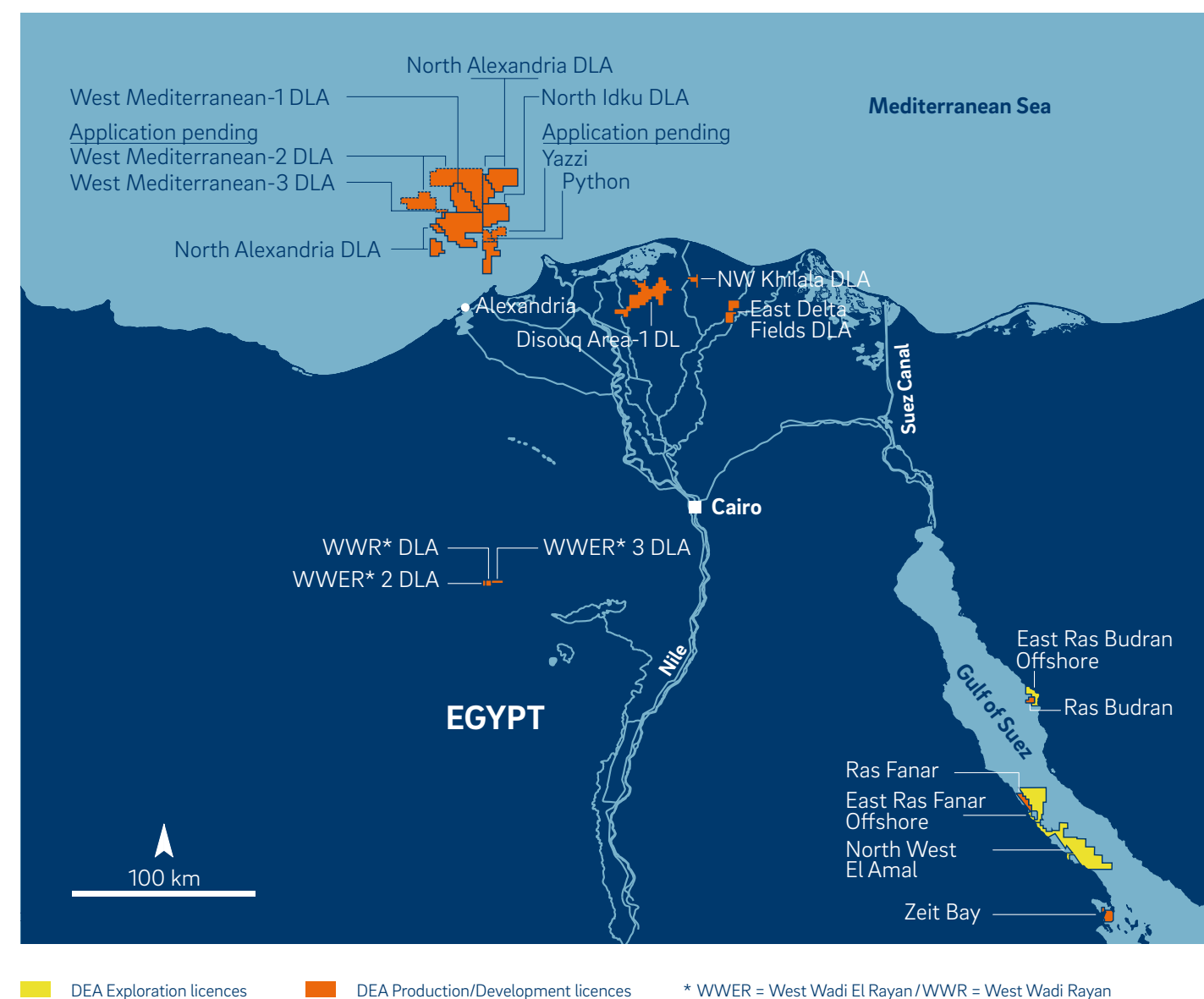


# National Report *Egypt*



DEA has been investing continuously in Egyptian energy production for more than 40 years.

Development of the Disouq natural gas field (right)



## Egypt's energy industry in change

The performance of the oil and gas industry today is influenced primarily by domestic, economic and socio-political change processes. The level of foreign investment is especially dependent on the degree of certainty around

*New finds in the eastern Mediterranean have brought about a paradigm change in Egypt.*

planning and legislation. New discoveries in the eastern Mediterranean have triggered a paradigm change in Egypt, which will now be able to cover its national energy needs from its own sources. The government shows persistent in-

terest in working together with international upstream corporations in order to push ahead with strategically relevant field development projects. To achieve this, the government is easing commercial conditions for natural gas, and raising the domestic gas price step by step. The government is encouraging an increase in production by means of more foreign investment and technology transfer.





Drilling facility and production platform at the Ras Fanar Field

### Exploration

Licence agreements were signed at the beginning of the year for the North West El Amal and East Ras Fanar Offshore Concessions. Seismic assessments will provide a basis on which to choose a suitable drilling location.

Geoscientific evaluations were completed in the East Delta Concession. However, detailed findings on the remaining potential for exploration do not justify an extension of the licence.

### Field development

The West Nile Delta (WND) field development project is DEA's biggest undertaking and holds considerable relevance to its foundation of reserves and resources. A joint venture led by BP is engaged in tapping into 780 million barrels OE of gas resources off the coast of Alexandria.

Production in this ambitious project, which involves a total investment of US\$12 billion (100 percent), is scheduled for 2017. According to current forecasts more than 1,130 million scf of gas (100 percent) will be produced each day, which will represent around 25 percent of Egypt's current gas production.

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*Oil and gas production increased by 33 percent over the previous year.*

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The project is currently in Phase 1 of field development. Key agreements relating to this development were signed in March 2015 with the Egyptian General Petroleum Corporation (EGPC) and other companies whose infrastructure will



Zeit Bay production facilities

be used for development. Since then, DEA has also been participating in the Libra Da Well, which is already productive and which was drilled in the neighbouring concession, but because it extends into the WND concession area it will initially generate production and sales income in the West Nile Delta.

The first Taurus /Libra drilling campaign began in May. All nine wells were drilled down to their target depths and completed well before schedule.

DEA's share in the West Nile Delta project was reduced to 17.25 percent as part of strategic portfolio optimisation. The share was sold to the joint venture partner and operator, BP. The EGPC approved the purchase of this share in December.

### Production

Oil and gas production increased by 33 percent over the previous year. This increase was especially evident in gas production, which was expanded through the central treatment plant at the Disouq Concession in the Nile Delta. Four new production wells were successfully connected up. Production rates achieved were at the level forecast. A conceptual survey was performed to determine options for the next phase so as to continue to optimise the Disouq field development.

A natural decline in production at the three oil fields in the Gulf of Suez was offset by production-boosting activities. The new Zeit Bay well was completed and brought into production. The three oil fields in the Gulf of Suez – Ras Budran, Ras Fanar and Zeit Bay – produced around 12,000 barrels of oil per day (100 percent) last year.



# National Report *Algeria*



Algeria is the third largest natural gas supplier to Europe – and yet two thirds of the country has not yet been sufficiently explored.



## Algeria's oil and gas industry

Algeria is the third largest natural gas supplier to Europe and has big potential oil and gas reserves. Yet two thirds of the country and its coastal strip have not yet been sufficiently explored. The gas reserves discovered so far are situated at Hassi R'Mel and in southern desert areas such as In Salah, Ahnet, Reggane, In Amenas and Rourde Nouss. Exploration and production in Algeria is relatively encumbered by contractual and tax-related impositions.

## Field development

The Reggane Nord project encompasses the Reggane, Azrafil Sud-Est, Kahlouche, Kahlouche Sud, Tiouiline and Sali gas fields and extends across a total of 1,800 square kilometres of the Algerian Sahara. The consortium was awarded the contract by the Algerian government in the third international bidding round in 2002. Thereafter, from 2003 to 2008, two exploration phases were performed in order to evaluate gas which had already been found in the concession, and to explore further resources.

Activities included comprehensive seismic surveys as well as 15 exploration and appraisal wells. ALNAFT, the Algerian agency responsible for extracting hydrocarbon resources, approved the development of the six gas fields at the beginning of 2012. Current members of the consortium alongside DEA with its 19.5 percent share include the Algerian state-owned enterprise Sonatrach, Spain's Repsol (the operator) and Italy's Edison.

*Development work continued to progress well in 2015. The drilling campaign encompassed a total of 24 development wells to tap into existing gas reserves.*

The consortium partners formed the Groupement Reggane Nord (GRN) work group to undertake the projects. Planned activities include the construction of a gas processing plant and downstream infrastructure, and the erection of a collecting main system and connection to a natural gas export pipeline. Daily processing capacity will be around 283 million scf of natural gas once commissioned.

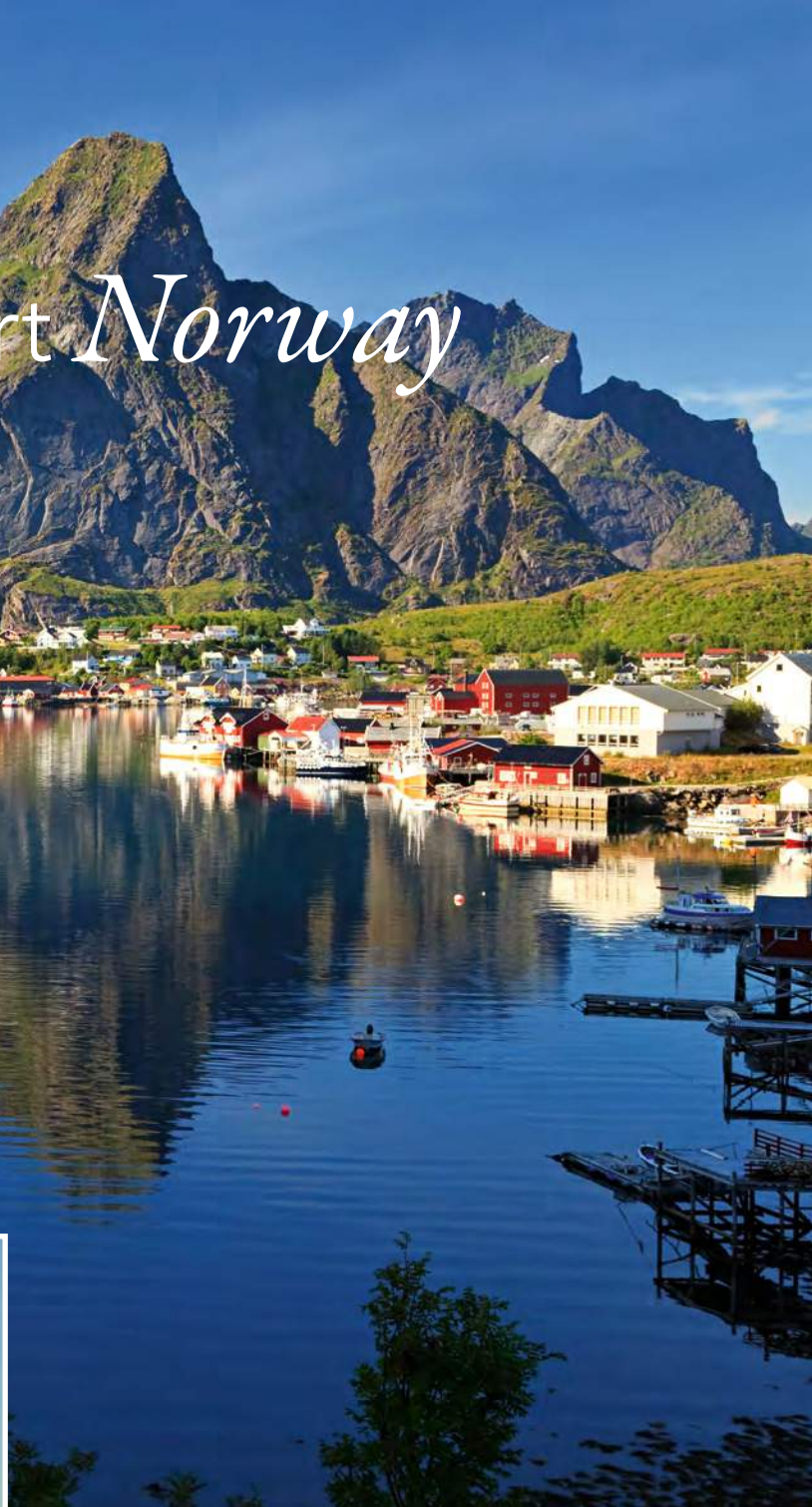


DEA Production/Development licences

Development work continued to progress well in 2015. An initial drilling campaign encompassed a total of 24 development wells to tap into existing gas reserves. In addition to the first Khalouche 39 Well, two other wells were sunk within the budget. Target depths were around 2,500 metres and test production rates of more than 18 million scf of gas per day were achieved. The Reggane project is scheduled to start production in 2017 and will significantly increase DEA's gas production. Total investment for the Algerian development project is around US\$3 billion and production is predicted to go on for more than 25 years.

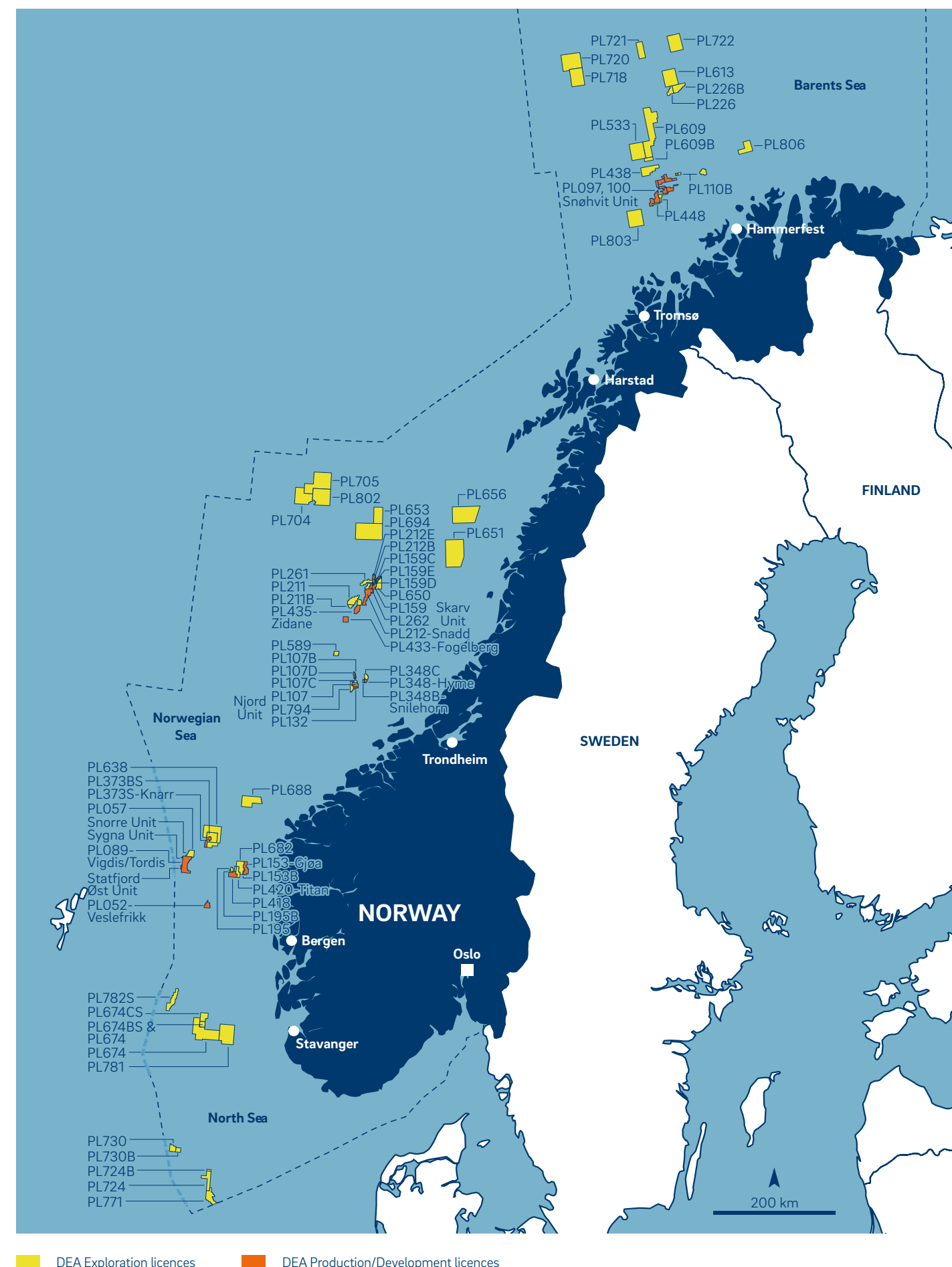


# National Report *Norway*



The 100% takeover of E.ON's Norwegian oil and gas business doubled our daily oil and gas production in Norway to more than 75,000 barrels of oil equivalent this year.

Model of an underwater production system (right)





Status Report on the Norwegian oil and gas industry

Norway's oil and gas industry is its biggest economic contributor. According to the Oil Ministry, 240,000 jobs depend on the industry, as do 15 percent of total economic output, almost 40 percent of all exports and around 80 percent of state income. Low oil prices have already led to job losses because many offshore fields can no longer be run economically. New licences were issued at the beginning of the year for the Barents Sea, where more than 40 percent of Norway's oil and gas reserves are assumed.

Takeover of E.ON E&P Norge AS

By taking over E.ON E&P Norge AS, DEA has acquired further market shares among medium-sized upstream companies in Norway. Mineral resources on the Norwegian continental shelf represent the geological basis for DEA's committed growth strategy in Norway.

*Total production in Norway was more than doubled to 75,000 barrels of oil equivalent per day.*

The acquisition of E.ON E&P Norge AS was completed in December, the European Commission and Norwegian authorities having issued their approval. DEA acquired 43 licences in the North, Norwegian and Barents Seas. Total production in Norway was more than doubled to 75,000 barrels of oil equivalent per day.

As a consequence of the closure, E.ON E&P Norge AS, as a subsidiary of DEA Norge AS, was renamed DEA E&P Norge AS. The two companies will be merged by the end of 2016 in line with stipulations by the Norwegian authorities. DEA's portfolio in Norway now includes 72 licences, encompassing shares in productive fields such as Snorre, Skarv, Gjøa, Knarr, Snøhvit, Njord and Hyme and shares in development projects and discoveries that include Zidane, Snadd, Snilehorn and Fogelberg.

Exploration

The Alta discovery well drilled in 2014 was explored further by means of two additional confirmation wells during the period of this report. The wells extended westwards and eastwards, and fortunately they struck hydrocarbons in both areas. Pressure data and fluid properties indicate that a connection is very likely to lie between the discovery and confirmation wells in the reservoir, which means that fewer wells will be needed to tap into its various areas. According to current analysis, the Alta discovery contains oil and

gas reserves of between 125 and 400 million barrels of oil equivalent, making it a solid basis for a further increase in production.

The Imsa exploration well in the Norwegian Sea found hydrocarbons in that area's Jurassic sandstones, but according to the most recent survey results, this reservoir is not as voluminous as had been assumed and is therefore not sufficiently viable.

Field development: Project Zidane

The most important field development project is Zidane. This licence extends over a total area of 102 square kilometres in which two wells struck gas in 2010 and 2012. However, conditions for connecting to existing infrastructure proved uneconomical, which led to an agreement with the concession partners to postpone the project. A complete development and operation plan had already been deferred in September 2014, and the Energy and Petroleum Ministry was asked to intervene. The Ministry's decision regarding the conditions of integration into the Heidrun infrastructure fell in favour of DEA; negotiations were restarted and maintained. The main aim is to sustainably improve the profitability of the Zidane project, this being largely dependent on feed-in fees and transmission costs. As the operator, DEA holds a 40 percent share in the licence.

*The Polarled Pipeline will become the main export route for gas extracted from the Zidane Field and is therefore critical to the ongoing development of this project.*

In connection with the Zidane Field development project, DEA holds shares in the Polarled Pipeline project. This involves the installation of a 481-kilometre gas pipeline from Nyhamna gas terminal on the Norwegian continental shelf, via Zidane and the Arctic Circle, to the Aasta Hansteen gas field. Laying work was successfully completed at the end of September 2015, and the transporting of gas is scheduled to begin at the beginning of 2019. The Polarled Pipeline will become the main export route for gas extracted from the Zidane Field and is therefore critical to the ongoing development of this project.

Production

Strong production during 2015 exceeded our forecasts for oil and most especially gas. The Snorre, Gjøa, Snøhvit and Veslefrikk fields contributed to this pleasing result through their constant production levels. The Snorre Field also set a record during the period of this report. Oil has been produced there successfully since 1988, and a production output of 200 million cubic metres of oil was achieved in mid-August.

Production at the Knarr Field began in March with the production and storage unit known as the 'FPSO ship' (Floating, Production, Storage and Offloading Unit). This vessel was launched in South Korea in 2014, is 256 metres long

and 48 metres wide, and has a volume of 95,418 gross register tonnes. Production at the Knarr Field developed as expected during its first year, despite certain weather-related delays. A constant production rate of around 63,000 barrels of oil equivalent per day is forecast from March 2016.

Interest in 23rd licensing round

DEA Norge AS and DEA E&P Norge AS are participating in the 23rd licensing round, which will award concession areas in the Barents Sea.



DEA has been involved in the Norwegian oil and gas industry for more than 40 years as an exploration company with a high level of technological expertise.



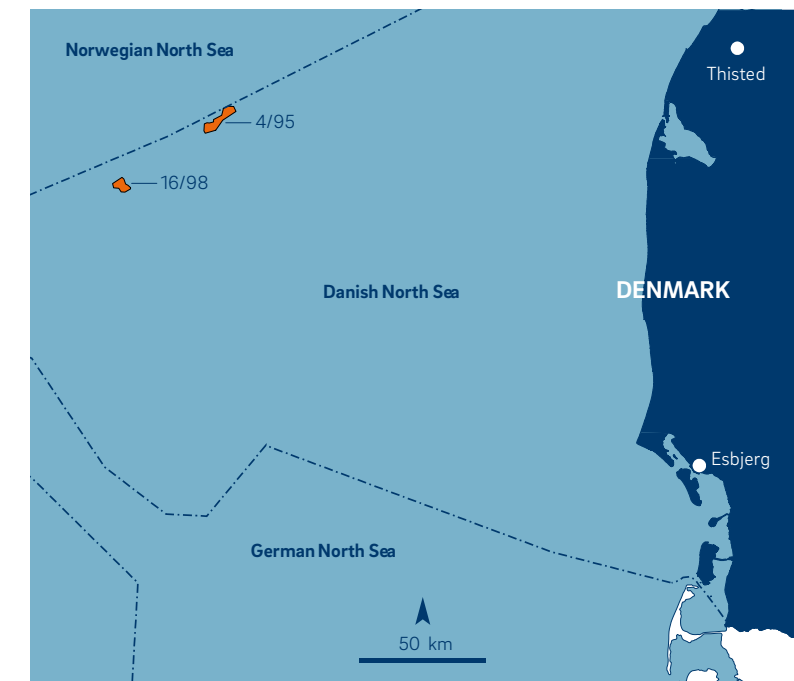
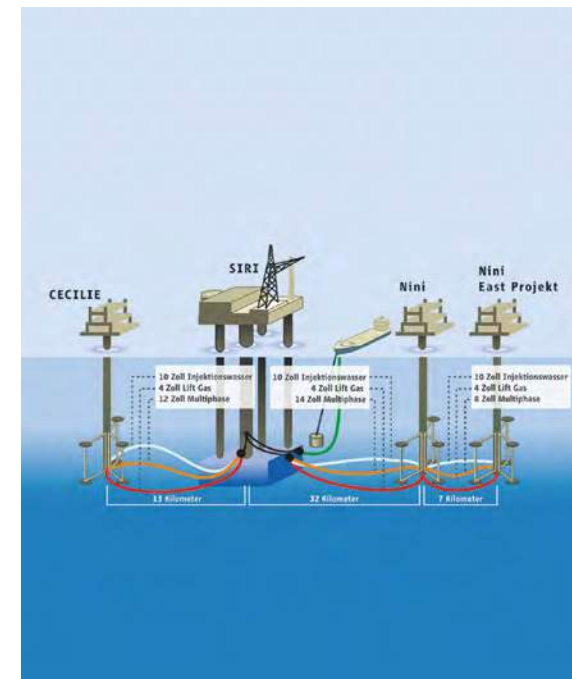
# National Report *Denmark*



Denmark has been one of the core European countries in DEA's portfolio since the 1980s.

In the monitoring station (above)

Nini A drilling and production platform (left)



DEA Production/Development licences

## Denmark's oil and gas industry

The oil and gas industry is an integral component of the Danish economy. High taxes and licence fees mean it contributes significantly to the expenditure of the social state. Denmark is the only country in the EU which is able to meet its energy needs itself, while exporting oil and gas originating in its reserves in the North Sea. Production has declined over the past decade. New offshore discoveries are expected, and with them a new upturn in production. The 7th licensing round is being viewed by the Danish Energy Agency as a litmus test for the competitiveness of Denmark's North Sea reserves.

## Exploration

Denmark is one of the main European countries in DEA's portfolio. DEA took part in the 7th round of bidding for exploration licences in the Danish Central Graben. Two bids were submitted in conjunction with the Dutch exploration and production company Dyas. The concession areas, which cover around 530 square kilometres of the southern Central Graben in the western part of the Danish North Sea, are especially attractive on account of proven discoveries and existing infrastructure.

## Production

Oil production from the Nini and Cecilie fields rose by around 30 percent over the previous year. This was a result of steady production as well as the fact that DEA took over shares belonging to a partner which had not fulfilled its licence obligations.

*The concession areas, which cover around 530 square kilometres of the southern Central Graben in the western part of the Danish North Sea, are especially attractive on account of proven discoveries and existing infrastructure.*

The next oil production well, Nini East NB-5, was sunk in November. It then had to be partially filled on account of extremely difficult geological conditions below ground. A diversion well was started in December and production is scheduled to begin in the first quarter of 2016.



# National Report *Germany*



A new, record-breaking perforated line with a length of 2,461 metres in the A26 dual lateral well at the Mittelplate Field enables an extremely efficient inflow of oil into the transport pipe.

Company headquarters in Hamburg (above)

## Postponed legislation

The debate around energy policy in Germany involves topics such as the Energy Transition and electricity market reform, the expansion of power networks in a north-south direction, volatile oil and gas price structures, security of supply, emissions trading reform, the economic viability of exploration projects and production plants, climate protection and decarbonisation, and energy efficiency. There has been a delay in the parliamentary resolution to pass a legislative package on the regulation of extraction technologies, which has further postponed improvements in production. Combined with lower prices for crude oil and natural gas, this lack of legislation has been detrimental to the production of recoverable gas reserves.

Over 80 percent of primary energy consumption in Germany is currently met by fossil fuels. The abandonment of fossil energy remains economically unimaginable. The increased use of natural gas is advisable to meet ambitious climate protection goals. Around 12 percent of German consumption still comes from domestic production. Gas production should be expanded as a contribution to climate protection. Moreover, the domestic production of natural gas and crude oil relieves the country's trade balance. Every cubic metre of natural gas and every tonne of crude oil that is produced in Germany is a cubic metre or tonne that does not need to be imported.

*Seismic and geological investigations performed up until now indicate oil reserves totalling around 23 million cubic metres.*

## Exploration

Oil exploration focuses on the investigation of suspected potential resources beneath the Wadden Sea. Seismic and geological investigations performed up until now indicate oil reserves totalling around 23 million cubic metres. These reserves are going to be verified by means of exploratory drilling. The far-reaching approval process this entails restarted in December 2014 with the collaboration of the State Office for Mining, Energy and Geology (LBEG) and national park authorities in Schleswig-Holstein and Lower Saxony.

An application to extend the Verden and Celle licences for another three year period has been submitted to the State Office for Mining, Energy and Geology.



Maintenance work on a Christmas tree

## Production

The A26 production well was drilled as a dual lateral well at the Mittelplate drilling and production platform; it aims to tap into a number of objectives in Dogger beta sandstone. The A26 reached a reservoir in Dogger beta sandstone in July 2015 at a length of 5,512 metres. This well has set two new records in the history of Mittelplate. Firstly, the main borehole is 6,110 metres long, the longest well ever sunk from Mittelplate. Secondly, the side branch and main borehole were perforated along a length totalling 2,461 metres. In the lower reaches of the well, small holes were made in the pipe, cement cladding and surrounding rock, allowing oil to flow into the transport pipe.

The well was finished and successfully entered production in July. A production rate of around 3,350 barrels of oil per day achieved at the outset was greater than predicted. The next well, A27, was sunk in September in order to keep up positive production levels at Mittelplate. This well targets the reservoir's northernmost reaches and is scheduled to begin production in spring 2016.

Natural gas production was around 5 percent higher in 2015 than the already-high level of the previous year. This positive outcome was due especially to the Völkersen Z6b Well, which entered production.

The next Völkersen-Nord Z7 production well had already been sunk at a length of 5,600 metres by March, and it reached the reservoir in July last year. The production line has since been installed and the well has been perforated and connected up to existing infrastructure.





T-160 drilling rig in Lower Saxony

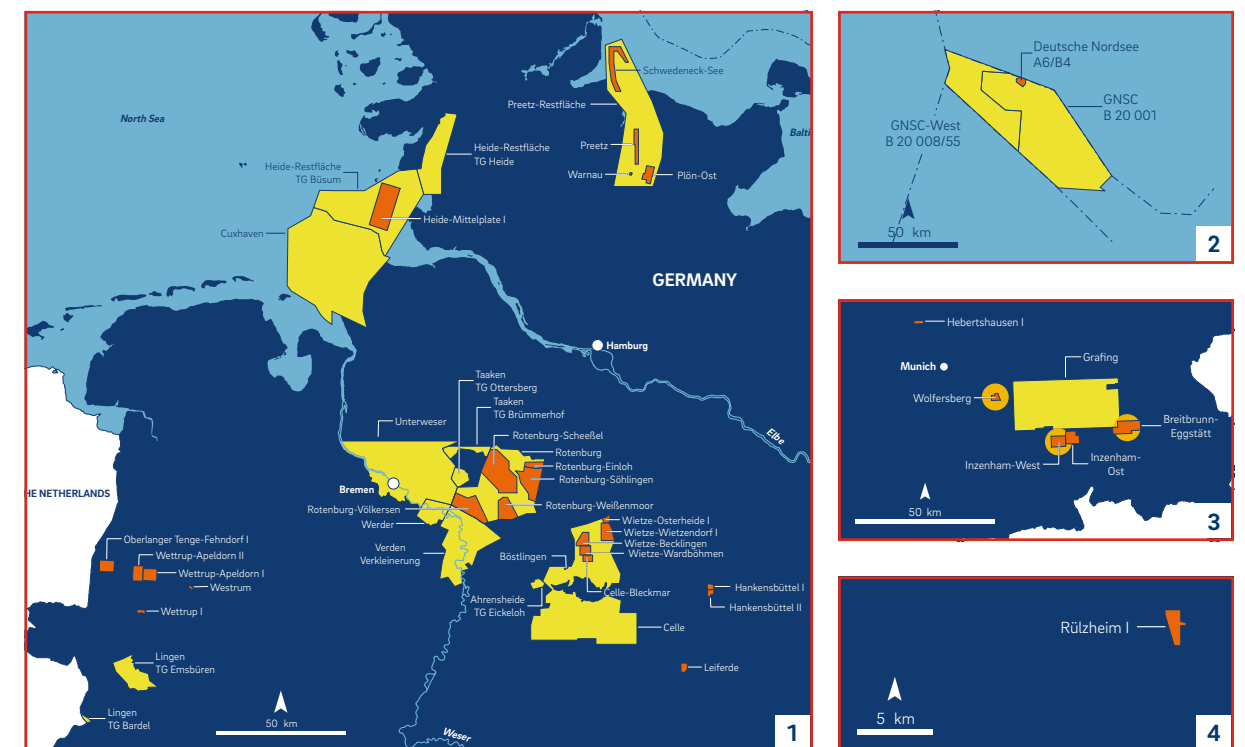
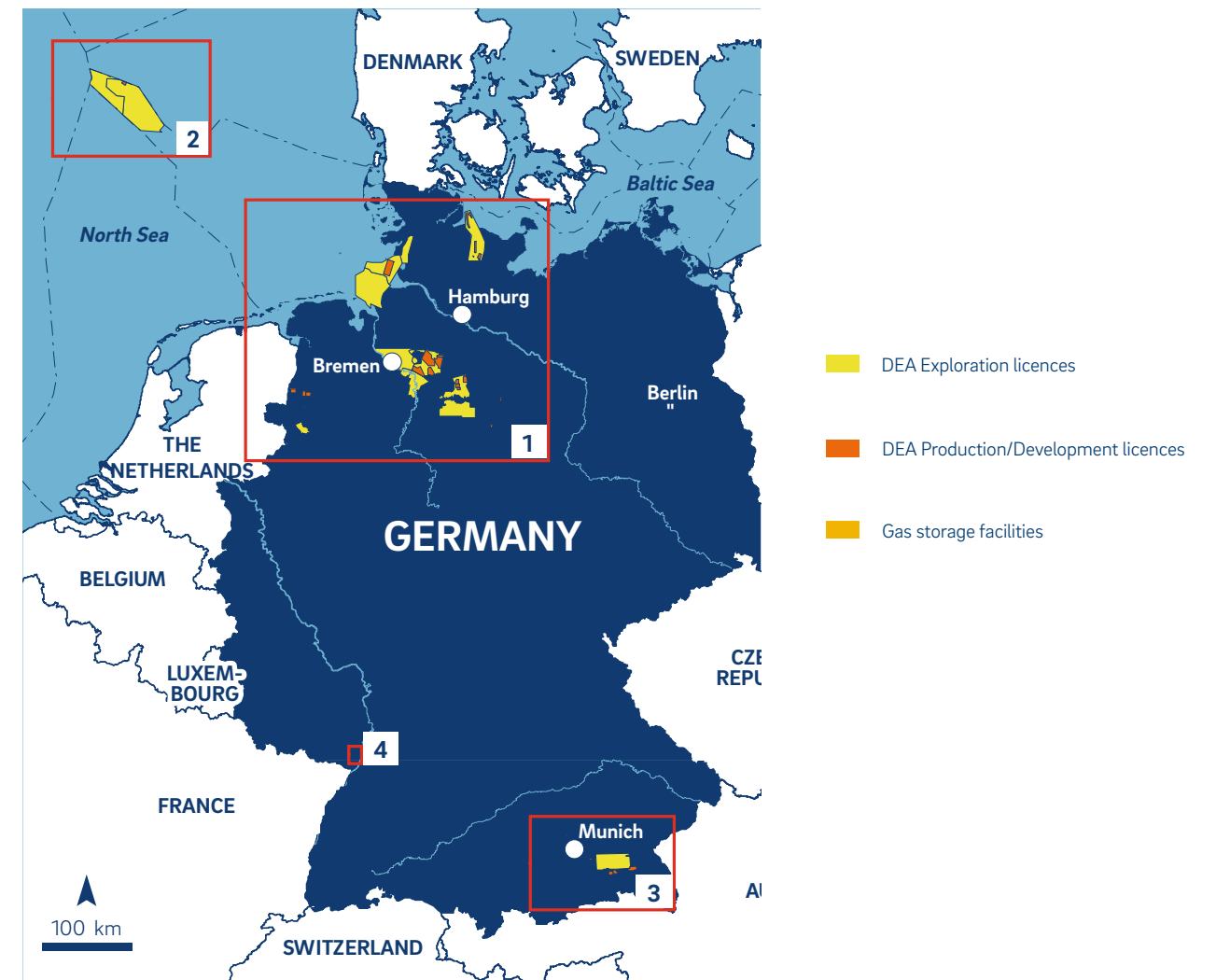
The DEA's own drilling plant, T-160, was brought to the operating site of the former Völkersen Z8 production well in order to augment the high level of production. The well has been productive since 2006 and its flow rate has declined drastically because of natural depletion, so the borehole was filled with specialised cement in November and the Völkersen Z8a diversion well was diverted at around 1,350 metres to around 5,000 metres. This well is scheduled to reach its target in the first quarter of 2016, and will then convey natural gas from another area of the reservoir rock.

Production royalties for natural gas in Lower Saxony were reduced from 37 percent to 30 percent on 1 January 2015, the aim being to alleviate financial burdens on producing companies caused by the ongoing collapse of natural gas prices.

#### Storage facilities operate at full capacity

DEA operates three natural gas storage facilities at Inzenham-West, Wolfersberg and Breitbrunn/Eggstätt in Bavaria. A full refill cycle was performed at the Inzenham-West storage facility in 2015, with a reduction of the working gas volume (WGV) to 2 percent and subsequent injection up to over 99 percent WGV. At the Wolfersberg storage facility, around 77 percent of the WGV was evacuated and the facility was then refilled to 90 percent. After an evacuation of 73 percent WGV at the Breitbrunn/Eggstätt storage facility, 12 billion scf were refilled, representing only 63 percent.

Around 400 metres north of Pfaffenhofen, the C5a diversion well planned for the extension and exploration of the Inzenham-West storage facility was sunk between July and September. Once the well had been completed and perforated, tests revealed a hydraulic link to the storage facility, which will prevent further exploitation of the storage sands.



## STRATEGIC PORTFOLIO MANAGEMENT

During the 2015 financial year, DEA carefully evaluated the economic efficiency of all its exploration, field development and production projects. Projects that did not promise sufficient viability were terminated. At the same time DEA kept a close eye on attractive opportunities to supplement the existing portfolio long-term beyond the current core regions of Europe and North Africa. This included DEA participating for the first time in a round of bidding in Mexico.

In **Azerbaijan**, preparations were made for leaving the country after the Nakhchivan Structure did not turn out to have sufficiently viable deposit characteristics.

A withdrawal from the country was also set in motion in **Turkmenistan**. Approvals were not granted for the compulsory well which had to be sunk in the Caspian Sea by August 2015 and this meant it was no longer possible to complete the programme of work within its period of validity.

In **Poland**, two licences covering a total area of 2,200 square kilometres were sold to the Polish producer company Orlen. An extension of two other exploration licences was not granted.

In **Trinidad & Tobago**, an assessment of options in the concession was undertaken and talks about exiting from the licence have begun with the authorities responsible.

In **Suriname**, the authorities responsible accepted the joint application by the operator and consortium partner to extend the first exploration phase by a year.

DEA did not participate in the second exploration phase in **Guyana** due to a lack of prospects. DEA's share in the licence expired and was taken over by the operator with the conclusion of the first exploration phase at the end of 2015.

In **Spain**, no further activities are planned after the first drill at the Sandia Prospect in the Canary Islands showed insufficient viability.

In **Libya**, the security situation remained extremely tense throughout the year. The NC 193 and NC 195 concessions and the Area 58 exploration licence are subject to force majeure. No operational activities could take place. The security situation will continue to be monitored very carefully so as to ensure the safety of our employees and their families.

In the wake of the opening up of the energy sector in **Mexico**, DEA qualified alongside 18 other producer companies to participate in the second phase of the first official round of bidding. In 2014 legal prerequisites to open the energy market to foreign investors had been approved. Until 2013, the energy market had been strictly regulated. Companies interested in participating in rounds of bidding had to apply and qualify. DEA succeeded in qualifying for participation in the bidding. It was able to demonstrate its financial strength and high level of technical expertise, as well as its many years of experience as an operator in different countries. Its positive safety and environmental record also helped it to qualify. The second phase of the round of bidding involved five shallow water developments divided among nine blocks in the Gulf of Mexico. Technical and commercial evaluations were performed in three highly promising areas; one area was prioritised as a result and a bid was made for it. The company sees further promising opportunities for building up its portfolio in Mexico.

## RESEARCH AND DEVELOPMENT

**The DEA's research department at its Geo Support Centre performed typical research and development work on hydrocarbon deposits during the period of this report, and worked closely with the company's own laboratory at Wietze as well as our technical departments and facilities on matters relating to production technology and geo-science. The focus of interdisciplinary research activity is of course on constantly improving and optimising the exploration, development and production of hydrocarbons.**

Major R&D projects and programmes were conducted and continued during 2015 despite cost-cutting. DEA was involved in projects run by the German Society for Petroleum and Coal Science Technology (DGMK) and in joint industry projects (JIPs). For instance, DEA was able to continue its participation in the ReelWell and Voith Composite Drillpipes projects, both of which are important for future drilling because the targets that have to be reached are increasingly far removed (ERD, extended reach drilling).

Participation in development projects linked closely to applications and conducted with the DGMK helped make production processes better and more efficient at short notice, and helped reduce exploration risks. The research fund belonging to the WEG industrial association was used to run projects on basic research, in particular relating

to the subject of 'induced seismicity', enabling a study of possible correlations between natural gas production and seismic shocks.

The Chemostrat Project (geochemical stratigraphy), which had been promoted over recent years and successfully conducted together with the Wietze laboratory, is now so far advanced that it can be applied to daily operation at wells.

In Norway, DEA is participating in a forum involving oil and gas companies as well as authorities and devoted to improved oil and gas recovery (IOGR) and improved exploration (IE). Under the aegis of the Norwegian Petroleum Directorate (NPD), technical issues around improved value added and industrial collaboration on the Norwegian continental shelf are discussed with the aim of increasing yields from production licences. Project groups and network groups are steered by technical committees, and the likelihood of successful exploration is increased by means of close collaboration. DEA and another 46 E&P companies are involved in the FORCE Forum.

DEA introduced a patent bonus scheme to boost scientific commitment and promote inventiveness, endurance, and innovative solutions in an operative environment.

Methane detector camera in use





HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

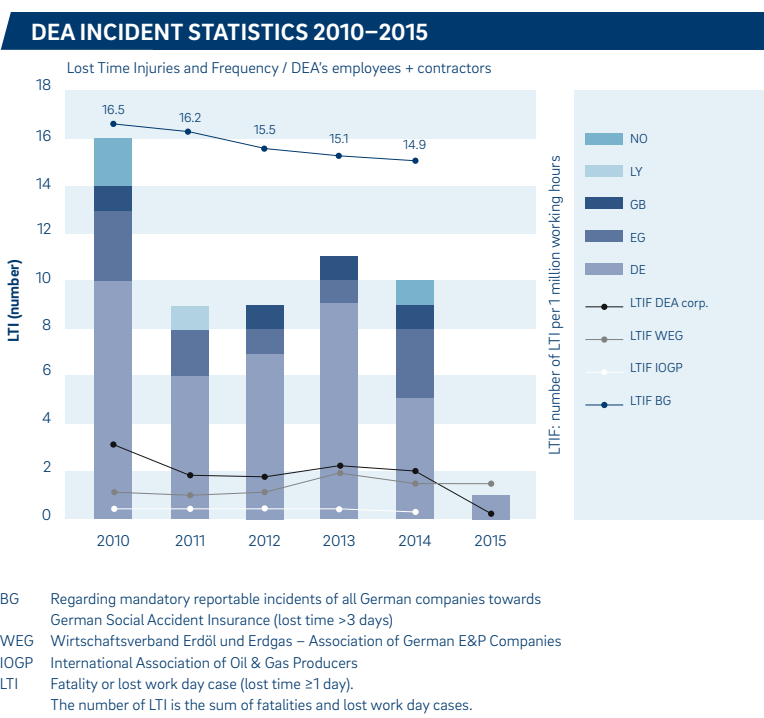
Health, safety and environmental protection are firmly established at the top of DEA's mission statement. Priority is given to preventing accidents caused by negligence. All activities are continuously assessed with a view to how to avoid or minimise detrimental environmental effects. In the 2015 calendar year €25 million was spent on internal environmental protection. Environmental protection investments amounted to €59 million. Emergency plans for different kinds of damage-events are regularly inspected and updated, and there is sufficient insurance cover for such events.

Safety and the protection of health are a top priority in day-to-day work and in the planning of projects. One of the controlled parameters used by the DEA Group is called LTIF (Lost Time Incident Frequency), which illustrates the frequency of accidents with outage time. Outage statistics cover both DEA employees and contractors in Germany and abroad. All of the employees are informed in writing about 'Life-Saving Rules' which are based on an initiative by the International Association of Oil & Gas Producers (IOGP).

A new booking and tracking system which provides a complete overview of travel details on an electronic world map, including full information such as flight numbers, hotel accommodation and contact details as well as an integrated emergency information system, has been set up for the safety of travelling employees.

Changes to the organisation and in processes, systems, technical procedures and plants, products, materials, substances, tools, machines, laws and regulations provide opportunities to increase efficiency and economy, but also harbour potential risks. At DEA, every change is subjected to a new risk evaluation before it is put into action. In the period of this report, this process as applied to QHSE-relevant requirements arising from changes in laws, agreements, standards and other sets of regulations was laid down in the 'HSE Compliance' guideline which applies throughout DEA.

The corporate management system was certified for the first time in 2015 in every country in which DEA is active, in compliance with international standards governing work safety, environmental protection and quality. The phase-by-phase introduction of an energy management system was also concluded.



Following the change of ownership in March 2015, the guidelines for health protection, work and system safety, security, environmental protection, energy efficiency and quality were reformulated. The requirements of the World Bank's standards were incorporated, as were the requirements of new legislative developments such as the EU Offshore Directive. A lot of attention was dedicated to the economic crime and cyber-security risk complex.

In the field of health protection, activities aimed at promoting health among employees were continued with a series of services such as help with giving up smoking and extended cancer screening.

Primary environmental protection and safety goals for 2016 include the integration of the activities acquired in Norway into DEA's international management system, the introduction of new industrial protective clothing with improved visibility, and the optimising of plant safety, which includes the introduction and analysis of additional key figures compliant with international standards.

PEOPLE AT DEA

Low staff fluctuation

As a result of the change of ownership in March, the subsequent re-positioning of the company, the introduction of a new growth strategy, initial transactions and far-reaching cost-cutting activities caused by the drop in oil prices, DEA's workforce were confronted with numerous changes and supported them with commitment. Even in economically difficult times, DEA offers highly qualified employees attractive areas of work within a technically innovative environment in Germany and abroad.

As on 31 December 2015, the number of employees in the DEA Group had dropped by seven from 1,443 to 1,436 full-time equivalent (FTE). The average number of employees in the German companies remained almost constant.

The sale of the British subsidiaries meant that these employees left the DEA Group. In Libya, the workforce was reduced by around 30 people, in Turkmenistan by 18. To offset this, new employees were gained by the reconsolidation of the acquisition in Norway. The number of employees in Egypt remained at the same level as the previous year.

On 31 December 2015, DEA Deutsche Erdoel AG employed 19 trainees. In addition, DEA sponsors 13 trainee positions in smaller and medium-sized businesses.

DEA pursues an internationally oriented growth strategy. A key factor in the international success are the local and international employees. Not only does DEA host expatriates abroad, it also brings employees from foreign subsidiaries to Hamburg and other locations.

On 31 December 2015 there were four employees from other countries (inpatriates) employed in Germany, two in Turkmenistan, nine in Norway, 28 in Egypt and one in Trinidad & Tobago.

At present 196 people are employed who do not have the citizenship of the country in which they work. This is more than 13 percent and helps the workforce to develop a deep understanding of foreign cultures and the specifics of particular locations. High levels of satisfaction in the most recent employee survey on the theme of non-discrimination confirm that this concept is successful.

Certified family-friendly

DEA also holds the recognised 'Work and Family' certificate until 2017. This certificate documents highly attractive employers. The 'Work and Family' audit demonstrates that companies and institutions offer jobs that are structured with an awareness of families and different life-phases. Regulations governing aspects such as home office use, part-time work and extended parental leave, parent-child offices and the organisation of places at day nurseries are part of DEA's ongoing drive for family-friendly employment. Aspects of health care and health promotion specific to different workplaces are also developed continuously according to demand.

Active company suggestion system

During the period of this report, DEA used its company suggestion system to generate important initiatives for further savings in the face of the oil price collapse. DEA employees demonstrated a high level of commitment towards increasing the efficiency of operational processes and procedures, and to improving occupational safety and environmental protection. There were a total of 81 suggestions. Furthermore, the conclusion of a new internal agreement and the introduction of ideeNet created a transparent framework and procedures which will lead to shorter processing times and therefore faster implementation of submitted suggestions. The company suggestion system will continue to promote initiatives and proposals raised by employees.

EMPLOYEES AT THE DEA GROUP	
Jobs in full-time equivalent	
2006	1,014
2007	1,091
2008	1,144
2009	1,278
2010	1,363
2011	1,362
2012	1,375
2013	1,443
2014	1,443
2015	1,436

## CORPORATE SOCIAL RESPONSIBILITY

DEA sees itself as a reliable, open and transparent partner to every section of society in which it is active in Germany and abroad. At a time in which society's trust in corporations is in decline, taking social and economic responsibility is a major factor in lasting corporate success.

Faced with an intensifying debate about the social role of companies, DEA published its first ever comprehensive portrait of company-wide standards governing occupational safety and environmental protection. The 2015 QHSE programme has thereby responded to specific issues raised by stakeholder groups such as environmental organisations, people living near production facilities, and municipal representatives. DEA combines social expectations and environmental concerns of social relevance with its own corporate activity, and conducts active stakeholder dialogue with political decision-makers and approval and supervisory authorities in Germany and abroad.

By donating and sponsoring widely, DEA supports projects that are near to its corporate sites and that involve the environment, education and science, culture and social welfare. DEA therefore fulfils its responsibility to properly support the society and economy in those regions. National needs are taken into special consideration when choosing projects.

In Germany, 13 young people continued to undergo professional training in external businesses. DEA has facilitated the training of young people with limited opportunities in this scheme since 2004.

DEA was involved in the acquisition of special equipment for voluntary fire brigades, and made a significant donation to the German Maritime Search and Rescue Service to mark its 150th anniversary.

DEA has adopted a seal that lives in the seal station at Friedrichskoog. Furthermore, as part of the traditional 'Hilfe statt Kerzen' donation campaign, DEA financially assisted various social institutions near to its German facilities such as Verein Dunkelziffer e.V. and the Boxing Academy in Hamburg, as well as women's shelters in Dithmarschen and Rosenheim.

DEA's employees are also active voluntarily on many levels. In Hamburg they spent free time in the run-up to Christmas packing parcels for the needy at Deutsche Hilfsgemeinschaft, collecting gifts for children with a 'Wish Tree' and helping refugees.

In Norway, DEA's music foundation assists promising Norwegian musicians in obtaining training at German universities. The DEA scholarship programme helps to augment culturally the close economic ties between Norway and Germany and to deepen the relationship between the two countries.

As part of the Norwegian oil and gas industry, DEA is one of the sponsors of the Norsk Oljemuseum in Stavanger. This museum offers historical as well as contemporary insights into technological progress and sheds light on the economic importance of the industry in Norway's development.

In Egypt, DEA has been involved in a training programme headed by the German Association of International Cooperation (GIZ) which aims to improve the employment and income prospects of young people from the Nile Delta. This project is part of technical German development aid work designed to counter high levels of youth unemployment in the country together with partner organisations. The youth programme in the DEA concession area in Kafr El Sheikh offers technical training as well as an employment exchange and start-up courses.

The first career exchange in Kafr El Sheikh took place in October 2015 and was attended by almost 4500 job-seekers who introduced themselves to 26 companies from different industries such as textiles, food processing, agriculture, printing and packaging, furniture and security.

Furthermore, 120 large-scale fields (Feddan) were converted from conventional to organic cultivation, which had a positive effect on the population in Disouq. Other projects include a scholarship programme for students at Cairo and Al Azhar universities, the distribution of food packages during the fast of Ramadan, and medical health screening to combat the spread of hepatitis.

DEA joined forces with its consortium partner in Suriname to donate another ambulance.



DEA employees carrying out a safety check



Checking a gas dehydration unit at the Völkersen field





## REVIEW OF THE YEAR'S EVENTS

### January '15

#### ► International

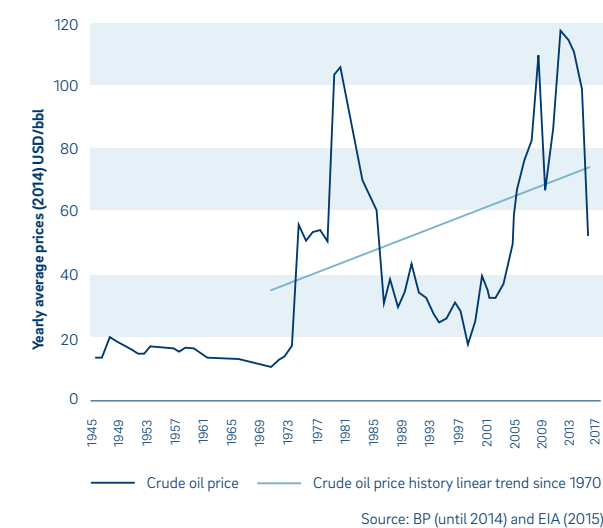
The oil price drops by 6 percent in January, which means it has more or less halved within just a few months. The price of a barrel of Brent Crude falls to 53.75 dollars. The price has not been so low since May 2009. At the same time, supply increases.

**Sale scheduled for completion.** RWE announces the sale of RWE Dea to the LetterOne Group by the end of March. The selling price of €5.1 billion is reduced by €100 million because of the drop in oil prices. LetterOne undertakes to conduct DEA's British business separately from the rest of DEA's activities for several years.

#### ► Algeria

**Development wells begin.** The Reggane Nord consortium, in which RWE Dea holds a 19.5 percent stake, begins development drilling for its natural gas project in the Algerian Sahara.

#### DEVELOPMENT OF CRUDE OIL PRICE



#### ► Germany

**Seismic campaign begins.** Seismic measurements in the western section of the Völkersen natural gas field augment existing data on the layout and structure of the 'Rotliegenden' sandstone formation at depths of around 4,700 to 5,200 metres. Measurement is done using vibro-trucks.



Vibro-trucks on their way to work at Lower Saxony



**Well postponed.** In response to the collapse of oil and gas prices and continuously high prices for production-specific services, RWE Dea temporarily shuts down its drilling rig T-160. The aim is to operate the plant at a newly constructed drilling point in the Verden district and to drill the Völkersen Nord Z7 Well.

**Personnel.** A new operations manager is appointed at the Lower Saxony production facility. Trained engineer Mike Schreiter studied geotechnical engineering and mining at Freiberg University of Mining and Technology. He began his career as a production engineer at RWE Dea at Hohne in the Celle district in the year 2000. He has also worked in Kazakhstan, Poland and Egypt and at the Hamburg headquarters. Schreiter already knows the Lower Saxony production facility from the two years he spent there as director of the Mining Technology department.



Mike Schreiter (right) with his predecessor Sven Burmester

United Kingdom

**Proposal submitted.** RWE submits proposals to the British government to allay concerns about the intended sale of RWE Dea. The government fears that RWE Dea's activities in the North Sea could be affected by ongoing sanctions against Russia. The sale of the oil and gas production company RWE Dea was originally to be completed by the end of 2014. Germany's federal government and the EU Commission in Brussels approved the transaction swiftly.

Norway

**Investigation required.** RWE Dea asks Norway's Ministry of Energy and Petroleum to investigate the financial terms of use governing the infrastructure of the Heidrun Consortium. The Heidrun platform and pipelines are extremely important to the economic development of the Zidane discovery, which has an estimated extractable volume of around 600 billion scf of gas.

Spain

**Insufficient finds.** Test drilling off Lanzarote and Fuerteventura using the drilling vessel Rowan Renaissance is terminated. Repsol's licence partners Woodside and RWE Dea did not invest in the wells.

February '15

Germany

**RWE Dea publishes reservoir water survey.** The 430-page-long general survey entitled 'Sustainable handling of reservoir water from natural gas production' is now available to the public. This survey ascertains the most ecologically sustainable method of handling reservoir water created during natural gas production. It states that the ideal places for storing reservoir water are exhausted, reduced-pressure gas deposits at depths of around 5,000 metres.

**Statement on reservoir water.** Lower Saxony's Ministry of Economy, Work and Transport backs up the natural gas producing industry's legal position by stating that 'the mere fact of fracking within a reservoir does not represent a general reason to prohibit a disposal project.'

March '15

International

**Sale of RWE Dea to LetterOne completed.** A new Supervisory Board is nominated at the first Shareholders' Meeting since the takeover. The Chairman of the Supervisory Board is Lord John Browne. Other members are Mikhail Fridman, German Khan, Dmitry Avdeev, Jonathan Muir and John Christopher Smith, and employee representatives.



**Loan agreement.** With the sale the DEA Group entered into a US\$2.3 billion loan agreement, which finances part of the purchase price. The financing, with an initial term of seven years, was provided by an international bank consortium. The amount is based on the reserves of DEA.



Lord John Browne

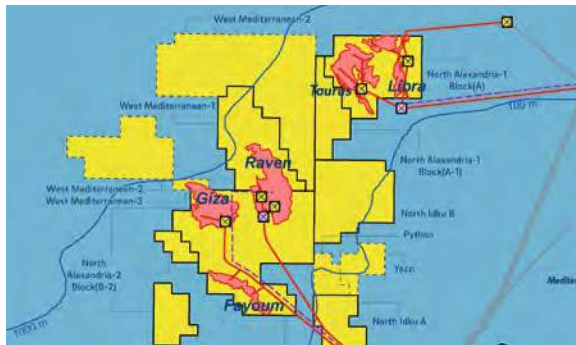
**Supervisory Board Chairman of DEA is also the director of L1 Energy.** Lord Browne is tasked with building up a prestigious international oil and gas corporation. DEA is the first business platform for this ambitious growth strategy.

**New company name.** RWE Dea AG is renamed DEA Deutsche Erdoel AG. The company, which was founded in 1899 as Deutsche Tiefbohr-Aktiengesellschaft, had already carried the name Deutsche Erdoel AG between 1911 and 1970.

**New branding introduced.** The RWE umbrella brand is replaced by the new DEA brand. The new logo consists of a stylised blue drilling rig combined with DEA lettering. The introduction was accompanied by an advertisement campaign in various magazines.







West Nile Delta gas production project in Egypt

### › Egypt

**Egyptian government approves investment plan for West Nile Delta.** The West Nile Delta gas production project envisages investments of US\$12 billion by licence partners BP and DEA. Production is scheduled to begin in 2017. The multi-billion-dollar investment project is the largest ever direct foreign investment in Egypt; it will create employment opportunities for thousands of people during the building phase and will contribute significantly to the country's energy supply.



**Personnel.** Dr. Hans-Hermann Ecke becomes the new General Manager of the Egyptian subsidiary of DEA Deutsche Erdoel AG based in Cairo. Ecke gathered experience in Egypt's upstream industry and DEA Egypt's current E&P projects as general manager in the years 2009 to 2011. Ecke has worked for DEA in a variety of positions

since 1986. One of his most important tasks will be the forthcoming implementation of the West Nile Delta Project.

**Price agreement concluded.** Minister of Oil Sherif Ismail signs an agreement with DEA Egypt on increasing natural gas production and remuneration. DEA agrees to raise the average daily output of natural gas in the Disouq concession area from 150 to 200 million scf. The gas price for quantities above 100 million scf per day will also be raised. This agreement is seen as an indicator of an improved investment climate for foreign oil and gas companies.



Price agreement between DEA Egypt and Minister of Oil Sherif Ismail

### › Germany

**Drilling operations resumed.** The planned Völkersen-Nord Z7 Well will begin in April. The T-160 drilling rig is set up at its intended drilling point. Drilling is scheduled to take around four months. The economic viability of this production project was improved considerably following close negotiations with the service industry and suppliers.



Drilling operations resume at Völkersen

**Expanding measurement network in Lower Saxony.** Gas production companies in Lower Saxony expand the monitoring of seismic activities regionally, which now includes the Weser/Ems district. Expanding the measurement network from 4,000 to 10,000 square kilometres means increasing the number of measurement stations from 16 to 38. The measurement network is operated by the Industrial Association for Oil and Gas Production (WEG) based in Hannover. Measured data will flow into university research projects designed to reduce the risk of seismic events and connected to natural gas production.



Petrojarl Knarr begins productive operation

**Legislative process postponed.** A planned cabinet resolution on the legislative package governing fracking is postponed at short notice. Clarity is required on the extent to which gas production by means of hydraulic stimulation should be limited, and whether there should be a moratorium on 'unconventional' gas production until 2021. Fracking, which has been practised for decades, currently remains permitted with restrictions in deep, conventional wells.

### › United Kingdom

**British reservations.** The Energy Ministry demands that DEA UK is sold on to a 'suitable third party'. A 'Letter of Comfort' on the transfer of ownership to LetterOne is not issued.

### › Norway

**Knarr produces its first oil.** The FPSO Petrojarl Knarr (Floating Production, Storage and Offloading) arrives at its destination and begins productive operation. Knarr has exploitable reserves of around 80 million barrels of oil equivalent. The Knarr Field, which was discovered in 2008, is developed using an underwater production system connected to the FPSO vessel. The planned production period is at least ten years. DEA holds a 10 percent share in this joint venture undertaken together with BG, Idemitsu and Wintershall.



Seismic work



**Musicians chosen for scholarship programme.** Four promising young musicians are selected at the 16th music scholarship event in Oslo. Kristin Hammerseth from Sarpsborg, Sara Chen from Oslo, Wilhelm A. Leinslie Sollie from Larvik and Margrethe Fredheim from Sandefjord receive DEA scholarships with which to attend masterclasses.



Four young people receive DEA scholarships to attend masterclasses in Germany

## April '15

› Germany

**German federal cabinet passes draft legislation.** The method of extracting natural gas from great depths and stable rock strata is for the time being permitted only under strict limitations, for test purposes, below 3,000 metres and only until 2019. Fracking in conventional reservoirs remains permissible. The legislative package affects Germany's Federal Water Act, Federal Nature Conservation Act, Federal Mining Act (BBergG), General Federal Mining Ordinance (ABBergV) and Ordinance on Assessing the Environmental Compatibility of Mining Projects (UVP-V Bergbau).



The Inzenham-West project is to begin in July

**Drilling begins in Bavaria.** The Inzenham-West C5a Well which was postponed in January is now resumed. Negotiations with suppliers succeeded in achieving new terms which will make the project more efficient. The drilling project is scheduled to begin in July and will take approximately two months. Measurements suggest that a residual amount of extractable natural gas lies in the substratum. The new well will be diverted out of an existing and no longer used pipe beneath fresh-water-bearing strata.

› United Kingdom

**Official order of sale.** The Department of Energy and Climate Change tells LetterOne to sell the British oil and gas division of DEA within six months.

› Norway

**Service provider agreement concluded.** DEA Norge concludes a three-year framework agreement with the Norwegian oil field service provider AGR Group which encompasses the planning of wells, operative assistance and consultancy services.

## May '15



German-African Energy Forum in Hamburg

› International

**Africa meets Germany.** 'European Power for Africa' is the motto of the German-African Energy Forum on 4 and 5 May. This is the ninth such event, for which political decision-makers and representatives of the energy sector from Africa and Germany converge on Hamburg. Representing DEA and joining other prominent guests was Christoph Schlichter, who as Senior Vice President is responsible for production in North Africa. Mr Schlichter took part in a panel discussion entitled 'New Developments of the Oil and

Gas Sector in Africa' and explained DEA's efforts to increase oil and gas production in the North African countries in which it produces.

› Egypt

**Project share reduced.** DEA's share in the West Nile Delta project is reduced as part of portfolio optimisation. DEA sells its share in this project to operator BP. The project, which aims to tap into 780 million barrels OE of gas resources, is currently in Phase 1 of field development. DEA retains a 17.25 percent share in the growth project. The Egyptian General Petroleum Corporation (EGPC) has to approve the sale.

› Germany

**End of school collaboration in Lower Saxony.** Collaboration between upstream companies and local secondary schools comes to an end when the school year finishes in July. This cooperative venture was launched in 2007 on the initiative of the then Minister President and has now been declared closed by the Department of Culture. As a consequence, talks are initiated about how to continue projects on a new basis.

**Storage capacity marketed.** Residual capacities at the Inzenham-West gas storage facility are successfully auctioned on Store-x. On offer were a bundle of facilities with a fixed working gas volume (WGV) of 120 GWh, an interruptible input rate of 350 MWh/h and an interruptible withdrawal rate of 280 MWh/h. The facilities can be used from 15 May 2015 to 1 April 2016.

**Ongoing debate about fracking.** Scientific evaluation of every frack performed in Germany since 1961 has not revealed any environmental damage whatsoever. It found that fracking had been performed 326 times in 143 wells, without complications.

## June '15

› International

**G7 Summit resolution on decarbonisation.** The seven leading industrial nations meet at Elmau Castle in Bavaria and resolve to reduce carbon emissions to zero by the middle of the century. This 'decarbonisation of global industry' will lead to a fundamental restructuring of energy systems and the global economy. Fossil fuels currently contribute more than 85 percent of total primary energy generation.

› Germany

**Ministerial delegation visits site.** Lower Saxony's minister of Economics, Labour and Transport Olaf Lies visits the Lower Saxony production site and the drilling rig in Posthausen-Grasdorf together with a delegation. The Minister of Business emphasises the economic significance of natural gas production and advocates gas production at the highest levels of environmental protection and safety. The delegation consists of around 25 members of federal and state parliaments, politicians from the region and union representatives.



Ministerial delegation views the Lower Saxony production facility

**New natural gas well in Schülingen.** DEA begins its Völkersen Z8a project at its main facility in Schülingen (Holtebüttel). Völkersen Z8a diverts the existing Völkersen Z8 Well in a south-easterly direction in conventional fashion at a depth of around 1,350 metres.

### › Norway

**Confirmation well completed.** Another appraisal well is completed in the PL609 (Alta) licence area in the Barents Sea. The well at the drilling site around 6.5 kilometres south west of the Alta discovery well was sunk in order to confirm the deposit model. It succeeded in verifying the discovery in the Alta exploration area. Preliminary estimates suggest extractable oil and gas resources of between 125 and 400 million barrels of oil equivalent. DEA Norge holds a 30 percent share in the PL609 licence area.

**E.ON verifies the sale of E.ON E&P Norge AS.** E.ON announces the sale of its Norwegian oil and gas activities as part of portfolio streamlining. E.ON holds a 30 percent share in the Njord Field, a 28.1 percent share in the Skarv Field and a 17.5 percent share in the Hyme Field.

### › Spain

**Trade fair success.** With 5,500 industry visitors over three days, the 77th European Association of Geoscientists and Engineers Conference & Exhibition 2015 (EAGE) in Madrid is a success for DEA. The EAGE takes place annually and is the biggest and most comprehensive geoscientific event in Europe. It informs its visitors about the latest developments in the fields of geology, geophysics, reservoirs and petroleum engineering. DEA's new trade fair booth and its workshops and talks highlighted its technical expertise along the entire upstream value added chain.



EAGE in Madrid a success for DEA

## July '15

### › Germany

**Fracking law postponed.** The governing coalition postpones legislation on the hydraulic stimulation of shale gas. Final voting in the Bundestag is deferred until after the parliamentary summer recess.

**Seismic testing at Grasdorf.** Measurements are taken to analyse the substrata of the Völkersen-Nord natural gas field more precisely. 'Vibro-trucks' emit acoustic waves which are reflected by deeper underground layers and recorded by geophones on the earth's surface.



**LBEG begins soil sampling.** In Lower Saxony, ground surveys are performed at 455 deposits of natural gas and crude oil. In the first phase,

samples are taken at 200 production sites so that they can be analysed for potentially harmful pollution. The results of the analyses are published on the LBEG website.

**HSE programme 2015 published.** The company's HSE programme is published, detailing all ongoing activities relating to occupational safety, health and environmental protection. DEA emerges as a top performer in the industry in a comparison of environmental benchmarks performed within the International Association of Oil and Gas Producers (IOGP).

**Enacting the EU Offshore Directive.** The EU Directive on the safety of offshore crude oil and natural gas activities which was passed in 2013 defines minimum requirements on avoiding serious accidents in such activities and on limiting the consequences of accidents. Existing plants are allowed to comply with applicable national regulations up until 2018. All new or planned plants have to fulfil the EU Directive by July 2016. DEA is working proactively on implementing the requirements of this Directive before its deadline.

### › Mexico

**Round of bidding.** Oil production licences in the Gulf of Mexico are auctioned off for the first time since the oil sector was nationalised in 1938. Last year the legal pre-requisites were laid down for an opening-up of the strictly regulated energy market to foreign investors. Companies interested in participating in auctions have to apply and qualify. DEA submitted the necessary documents on time and qualified for participation in the round of bidding for the second licence auction.

### › Norway

**Oil and gas discovery in Alta confirmed.** An appraisal well and diversion well at the Alta discovery in PL609 licence area in the Barents Sea are successfully completed. The drilling site lies around 6.5 kilometres south-west of the Alta discovery well and around 160 kilometres off the Norwegian coast.

## August '15

### › International

**Price of crude oil slumps.** The oil price continues to decline. Having reached a 2015 high of more than 65 dollars per barrel (159 litres), Brent Crude tumbled to below the 50-dollar mark. The oil price is now only half what it was a year ago, having declined to the level of 2009. This price collapse is the result of over-production combined with a decline in demand.

### › Germany

**Diversion well successful.** A dual lateral well is sunk from the Mittelplate drilling and production platform. Perforations along a 2,400-metre stretch of the drilled line set a new record. A dual lateral well enables multiple areas of a deposit to be accessed simultaneously, and crude oil to be extracted from them.

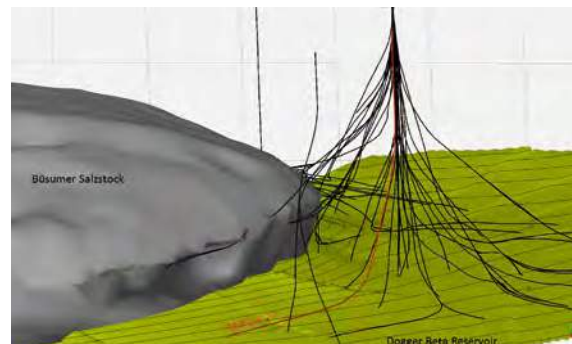


Diagram of a dual lateral well

### › Mexico

**Personnel.** Juan Manuel Delgado is the new director of the L1 Energy branch in Mexico and South America, and represents DEA's business interests there. Delgado has worked at Schlumberger since 1984, most recently as Executive Director for Mexico and Central America. The Mexican energy market represents a promising prospect for further growth at L1 Energy.



## September '15

### › Egypt

**Government reshuffle.** Former Petroleum Minister Sherif Ismail is made the new head of government. Tareq el Molla takes over his position as Petroleum Minister. Sherif Ismail had been a pioneer of budget consolidation and the reduction of subsidies for oil and gas products. He also campaigned for the payment of international oil and gas producers' outstanding invoices.

### › Germany

**New Supervisory Board members.** Changes are made at the DEA Supervisory Board. The new members of the Supervisory Board are businessmen Andreas J. Goss, Alf Henryk Wulf and Dr. Jan Konerding. They replace Dmitry Avdeev, Jonathan Muir and John Christopher Smith, who were acting as temporary members.

Andreas J. Goss is Executive Board Chairman at Thyssen-Krupp Steel Europe AG. He was previously Chief Executive Officer of Siemens UK and North West Europe. Alf Henryk Wulf is CEO of ALSTOM Power AG. Before that he was Chairman of the Board at Alcatel-Lucent Deutschland AG. Dr. Jan Konerding is a Board Member of the PwC Foundation and a former Member of PwC AG.





Island Innovator drilling rig in Alta, Norway

**Information event at Clausthal-Zellerfeld Technical University.** The environmentally compatible and sustainable disposal of reservoir water is the subject of a detailed information event involving Member of the Bundestag Christina Jantz along with representatives of civic initiatives at the Institute of Processing Disposal Technology and Geomechanics which is part of the Raw Materials and Recycling Department.

#### › United Kingdom

**Chrysaor announces oil discovery.** The Mustard oil field is discovered in the east of the Solan Basin west of the Shetland Islands. This is a positive sign at a time when exploration activities are in decline. DEA holds a 25 percent share in the Mustard licence.

#### › Mexico

**Auction of production licences.** DEA takes part in the second phase of the first constitutive round, and bids for one of five shallow water exploration blocks. Chevron, Shell, CNOOC, Lukoil, Statoil, ONGC Videsh, Cepsa and Plains are other bidders alongside DEA. DEA does not win the bid because other companies' bids are higher.

#### › Norway

**Alta III confirms deposit model.** The appraisal well and diversion well drilled in the eastern part of the Alta discovery in the PL609 licence area are successfully completed. Measured pressures indicate a connection between the confirmation wells and the discovery well.

**Sidetrack well successful.** Operator Lundin Petroleum drills a sidetrack well at the Alta licence in the Barents Sea in order to better assess the reservoir. Current estimates suggest that there are between 125 million and 400 million barrels of oil equivalent in the reservoir. DEA and Idemitsu Petroleum hold shares along with Lundin.

**Licensing round attracts much interest.** As well as DEA Norge AS 42 other companies enter the annual licensing round on the Norwegian continental shelf.

#### › Poland

**Licences sold.** Orlen Upstream takes over two concessions from DEA in Subcarpathia with a total area of 2,200 square kilometres.

## October '15

#### › Germany

**Wadden Sea National Park turns 30.** Germany's National Parks Act came into force on 1 October 1985. The Mittelplate drilling and production platform at the edge of the National Park can look back on three decades of operation without an accident or incident.

#### › Norway

**Perfect acquisition.** DEA spends US\$1.6 billion on acquiring the Norwegian gas and oil production business of Düsseldorf's energy provider E.ON. The 43 production licences and shares belonging to E.ON off the Norwegian coast will be assimilated into DEA Norge AS.

## November '15

#### › Germany

**Clean gas production sites.** The State Mining Office (LBEG) publishes the results of the first 50 inspections at 200 of 455 production sites in Lower Saxony. More than 500 soil and sediment samples have been taken at 50 natural gas production sites in the districts of Rotenburg, Heidekreis and Verden over recent months. The tests did not reveal any heavy metal or hydrocarbon ground soil contamination. The results of all the soil tests were below the test limits stipulated by Germany's Federal Soil Protection Ordinance.



Mittelplate drilling and production platform on the edge of the Wadden Sea National Park has not had a single accident in 30 years



**Fracking law planned for 2016.** Federal laws on the regulation of extraction technologies in deep shale strata are deferred. The last plenary week of the German Bundestag fails to come to a decision. According to WEG estimates, the production of shale gas will significantly increase the range of domestic natural gas.

**Dismantling begins.** The Bötersen Z5 operating facility in Lower Saxony will be completely demolished and the site will be recultivated. This well was decommissioned and shut down 20 years ago. The property, which measures 25,000 square metres, will be recultivated as a meadow and returned to the owner.

#### › United Kingdom

**Sale completed.** The sale of DEA UK to INEOS is completed. The transaction encompasses more than 30 licences on the British continental shelf, including operational management of the Breagh, Clipper South, Cavendish, Windermere and Topaz gas fields. The UK Department of Energy and Climate Change and the EU competition authorities approve the sale.

#### › Norway

**Consent given.** The Ministry of Oil and Energy approves the takeover of all E.ON E&P Norge AS shares on 25 November. Closing is scheduled for mid-December.

**Sixth German Norwegian Energy Conference.** The DEA participated in the energy conference traditionally hosted by the German Chamber of Commerce in Oslo by delivering a talk on its oil and gas producer business model. Uwe-Stephan Lagies, Director of Corporate Communication, used DEA as an example by which to explain how companies adjust to changing market conditions.



**Certification successful.** DEA Norge AS is certified in compliance with ISO 9001 (quality management), ISO 14001 (environmental protection) and OHSAS 18001 (occupational health and safety).

## December '15

#### › International

**UN climate protection conference concludes major agreement.** The international community concludes a new global climate protection treaty. All 195 participating nations wish to contractually confirm efforts in the fight against global warming. Natural gas and crude oil will continue to play a major role as energy sources for the foreseeable future by offsetting the lack of abundant renewable energies.



#### › Egypt

**Portfolio streamlining at the West Nile Delta project.** The EGPC approves the sale to BP of DEA's shares in every WND field, after which DEA holds a 17.25 percent stake. West Nile Delta remains DEA's biggest field development project with a volume of 780 million barrels OE of gas resources.

#### › Germany

**New Mittelplate project planned.** The next drilling project aims at an area of the reservoir six kilometres away in which significant reserves are expected. The drilling of wells measuring almost ten kilometres in length will be needed to tap into the south-west part of the Dogger beta reservoir. This technically and logistically challenging project will involve collaboration between deposit engineers, geoscientists and drilling and completion engineers, as well as staff in accounting and procurement, and is scheduled to begin in January 2016.



Thomas Kainer, Rene Pawel and Derek Mösche at the dialogue event (from right to left)

**Dialogue in Friedrichskoog.** DEA provides information about the latest development and expansion plans at the Mittelplate drilling and production platform. Mittelplate produces 1.4 million tonnes of crude oil each year, about as much oil as Germany imports from Saudi Arabia.

**Industry participates in testing.** The Wirtschaftsverband Erdöl und Erdgasgewinnung e.V. (WEG) concludes an agreement with Lower Saxony's Ministry of Environment, Energy and Climate Protection on how to fund the testing of suspected polluted areas at former oil and drilling sludge pits. Companies will contribute up to €5 million towards the cost of testing over the next few years, the aim being to ascertain whether the environment is being harmed by historical drilling sludge pits. DEA submitted a full list of former drilling sludge pits in advance.

**New legislation is in jeopardy.** The Bundestag will not be passing any legal amendments relating to drilling projects in 2015. It once again failed to agree on the legislative package at its last session for the year. The legislative package is not expected to come into force until at least the third quarter of 2016.

**Securities required.** Lower Saxony's State Office for Mining, Energy and Geology (LBEG) issued an administrative circular demanding securities from natural gas producers to ensure it would not have to take over any financial commitments should they become insolvent. Lower Saxony produced 825,000 tonnes of crude oil in 2014, making it the second biggest producer behind Schleswig-Holstein, in whose jurisdiction Mittelplate drilling platform in the North Sea falls. Lower Saxony produced almost 9.5 billion cubic metres of natural gas in 2014, which is more than 94 percent of all the natural gas produced in Germany.

#### › Norway

**Purchase of E.ON E&P Norge AS approved.** The EU Commission approves the sale of E.ON's Norwegian oil and gas production business to DEA, having found no objections under competition law. Both companies hold a moderate competitive position and are strong rivals.



The Njord platform in Norway

**Closing concluded.** The takeover of E.ON E&P Norge AS is concluded on 16 December. The company is renamed DEA E&P Norge AS and run as a subsidiary of DEA Norge AS. Full integration is scheduled for 2016. This takeover expands DEA's position in Norway, raising its daily production to 75,000 barrels of oil equivalent. The number of licences rises to 73.

## REPORT BY THE SUPERVISORY BOARD

## DEA Deutsche Erdoel AG

The Supervisory Board monitored the way the company was managed during the period of this report. It was told regularly by the Executive Board, verbally and in writing, about the status of the company and about key issues of business policy. On the basis of this information the Supervisory Board considered the progress of business, development of production, costs, earnings and the profit situation as a whole, and also corporate planning, aspects of human resources and all major business transactions. The Supervisory Board was also informed about measures aimed at hedging against business risks.

The Supervisory Board held two regular meetings and three circulation procedures during the incomplete business year from 1 April to 31 December 2015. The Personnel Committee met twice, the Audit Committee thrice; the Conciliation Committee as per § 27 Par. 3 MitbestG (Law on Co-Determination) did not have to be convened during the period of this report.

The Executive Board's Committee on Procedural Matters did not convene during the incomplete business year past, but there were several circulation procedures performed outside of meetings in order to pass resolutions. For example, the Committee dealt in particular with operative themes such as the extension of licences in Norway, participation in a round of bidding in Mexico, and the issuing of guidelines on hedging and marketing.

The Supervisory Board was informed about business activities at its meetings. It was told about business development, in particular the acquisition of E.ON E&P Norge AS, the sale of the UK business and the reduction in shares in the West Nile Delta field development project in Egypt. As part of reporting on the status of the company, the Executive Board elucidated the company's principal activities in the various countries. The Supervisory Board was also informed about the cost-cutting programme and business activities that took place in that regard.

DEA Deutsche Erdoel AG is active in several countries in North Africa. The Supervisory Board was therefore told about the political situation and security situation in those places. This included reporting on steps taken to protect employees there.

The Chairman of the Supervisory Board met separately with the Executive Board to discuss important business matters and was informed about the status and development of the company.

The Financial Statement drawn up by the Executive Board, the Consolidated Accounts for the incomplete business year from 1 April to 31 December 2015, and the joint Status Report of the DEA Group and DEA Deutsche Erdoel AG were audited with the assistance of the Accounts Department and PricewaterhouseCoopers Aktiengesellschaft, auditors, Frankfurt am Main, Essen branch, who had been selected as auditors by the Audit Committee of the Supervisory Board on 18 May 2015 and commissioned to perform the audit by the Supervisory Board. They awarded the statements and reports an unqualified auditor's certificate.

The DEA Financial Statement and the Consolidated Accounts for DEA Deutsche Erdoel AG for the period from 1 April to 31 December 2015 (incomplete business year), the joint Status Report of the DEA Group and DEA Deutsche Erdoel AG, and the reports of the auditor on the incomplete financial year statements and Consolidated Accounts were submitted to all of the Supervisory Board members in time for the Balance Sheet Meeting on 3 March 2016. The auditors advised on the Annual and Consolidated Accounts for the incomplete business year. They reported on the principal results of their audit and were available to answer questions. The Supervisory Board approved the results of the audit in relation to the Annual and Consolidated Accounts for the incomplete business year.

The Supervisory Board inspected the Financial Statement drawn up by the Executive Board, the Consolidated Accounts, and the joint Status Report of the DEA Group and DEA Deutsche Erdoel AG for the incomplete business year. In the concluding statement of its audit, no objections were raised. The Supervisory Board approved the Annual and Consolidated Accounts for the incomplete business year from 1 April to 31 December 2015, thereby ratifying the former.

Mr Ralf Erkens relinquished his position as a member of the Supervisory Board with effect on 30 April 2015. Mr Rajko Pientka was legally appointed as his successor on the Supervisory Board on 6 May 2015. Furthermore, with effect on 31 August 2015, Messrs Dmitry Avdeev, Jonathan Muir and John Christopher Smith all relinquished their positions as members of the Supervisory Board. Messrs Andreas J. Goss, Dr. Jan Konerding and Alf Henryk Wulf were elected as their successors on the Supervisory Board with effect on 1 September 2015. We would like to thank all former Supervisory Board members for their trusting collaboration and commitment to the company.

Hamburg, 3 March 2016  
The Supervisory Board



Lord Browne of Madingley



EXECUTIVE BODIES

Supervisory Board

**Lord Edmund John Phillip Browne of Madingley**, London  
(Chairman)  
Executive Chairman,  
L1 Energy (UK) LLP

**Werner Bischoff**, Monheim (Deputy Chairman)  
Former member of the executive board of  
IG Bergbau, Chemie, Energie

**Hans-Hermann Andreae**, Hamburg  
Director of the Geo Support Center,  
DEA Deutsche Erdoel AG

**Dmitry Avdeev**, London (until 31.08.2015)  
Investment Professional,  
L1 Energy (UK) LLP

**Ralf Erkens**, Neumünster (until 01.04.2015)  
Regional Director Rhein-Main,  
IG Bergbau, Chemie, Energie

**Mikhail Fridman**, London/Moscow  
Chairman,  
LetterOne Holdings S.A.

**Andreas J. Goss**, Duisburg (since 01.09.2015)  
Chairman of the Executive Board,  
ThyssenKrupp Steel Europe AG

**German Khan**, London/Moscow  
Director,  
LetterOne Holdings S.A.

**Dr. Jan Konerding**, Hamburg (since 01.09.2015)  
Auditor, Tax Consultant, Lawyer

**Jonathan Muir**, Luxembourg (until 31.08.2015)  
Chief Executive Officer,  
LetterOne Holdings S.A.

**Rajko Pientka**, Hamburg (since 06.05.2015)  
Political trade union secretary,  
IG Bergbau, Chemie, Energie

**Holger Pittelkow**, Hamburg  
Director of Indirect Taxes and Auditing Department,  
DEA Deutsche Erdoel AG

**Günther Prien**, Hamburg  
Chairman of the General Works Council,  
DEA Deutsche Erdoel AG

**Andreas Schöpf**, Lachendorf  
Chairman of the Wietze Works Council,  
DEA Deutsche Erdoel AG

**John Christopher Smith**, London (until 31.08.2015)  
General Counsel,  
L1 Energy (UK) LLP

**Alf Henryk Wulf**, Stuttgart (since 01.09.2015)  
Chairman of the Executive Board,  
ALSTOM Deutschland AG

Executive Board

**Thomas Rappuhn**  
Responsible for: Chairmanship

**Dr. Johannes Karlisch**  
Responsible for: Finances

**Dirk Warzecha**  
Responsible for: Operations

GLOSSARY

**barrel:** international trading unit of crude oil. One barrel is the equivalent of around 159 litres.

**Brent Crude:** light crude oil with a low sulphur content. It originates in the British North Sea and is a reference product in oil trading.

**cash flow:** an indicator used in balance sheet, business and share analysis for assessing the financial and earning power of a company.

**EBITDA:** short for 'earnings before interest, taxes, depreciation and amortization.' It serves as an indicator of the amount of money generated by a company through its operative business.

**exploration:** searching for and investigating crude oil and natural gas deposits.

**full-time equivalent:** a full-time equivalent is the equivalent of one full-time employee. This unit takes into account full-time, part-time and temporarily employed staff, adjusted for part-time employment. It does not include executive board members, managing directors, trainees, dormant working relationships, student employees, interns, or employees in the exemption phase of semi-retirement.

**offshore:** situated off the coast of the mainland or in a large inland body of water.

**onshore:** situated on land.

**reserves:** clearly identifiable stocks of raw materials which could be extracted, technically and economically, under current conditions or those expected in the near future.

**resources:** stores of raw materials which extend beyond reserves. They are proven or likely, but not yet extractable from a technical and/or economic point of view.

**shale gas:** unconventional gas which, unlike conventional gas, is not located in deposits of sandstone or limestone, but in claystone.

**upstream:** designates areas of activity that involve the transport of hydrocarbons from reservoirs to the surface of the earth, such as exploration, field development, the sinking of wells and extraction.

**economic value added:** the yield on assets invested is calculated by dividing operating results by operating assets.



## IMPRINT

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