

3 Energy Companies Set to Capitalize on North Sea Boom

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The North Sea oil and gas industry is booming again. Rystad Energy, a leading independent energy research and consulting firm, predicts that the region will achieve milestones in the coming years, thanks to a combination of increased investment, exploration success and rising production.

This is a major U-turn from just a few years ago when the industry was struggling due to low oil prices and a lack of investment. However, the recent surge in energy demand has led to a transformed interest in the North Sea, as governments and companies look for ways to secure their energy supplies.

The region is home to some of the world's largest and most productive oil and gas fields, and there is still significant potential for new discoveries. The U.K. and Norway are both bordered by the North Sea, a shallow sea on the European continental shelf, and a major source of oil and gas for the countries. Some of the largest oil fields in the North Sea are Johan Sverdrup (Norway), Forties (U.K.), Buzzard (U.K.), Ekofisk (Norway) and Statfjord

(Norway). Additionally, the North Sea has a long history of innovation and technical expertise, which will be essential for developing new and more sustainable ways to produce oil and gas.

So, what does the future hold for the North Sea oil and gas industry? Rystad Energy is optimistic, predicting that the industry will continue to grow and thrive in the coming years. With the right investment and innovation, the North Sea can continue to play a vital role in meeting the world's energy needs. Let's explore how major energy companies like **Shell** ([SHEL - Free Report](#)) , **Equinor** ([EQNR - Free Report](#)) and **Harbour Energy** ([HBRIY - Free Report](#)) can capitalize on this booming industry.

Investments in Norway's Oil and Gas Industry

The industry is witnessing a surge in investments, which are projected to reach a record-high of approximately NOK 225 billion (\$21 billion) in 2023. This growth is driven by a temporary tax regime designed to incentivize spending on the Norwegian continental shelf. For SHEL, EQNR and HBRIY, this presents an excellent opportunity to participate in key projects and bolster their presence in the region. These investments not only ensure a strong foothold but also support the gradual transition toward alternative energy sources.

Rising Production in Norway

Despite a 15% decline in production since 2004, Norwegian oil and gas production is on the rise again. By 2025, it is expected to approach peak levels, thanks to renewed focus on gas production and upcoming projects. Importantly, these production volumes come with one of the world's lowest CO2 footprints, aligning with the global push for cleaner energy. For SHEL, EQNR and HBRIY, this resurgence offers a chance to contribute to Europe's energy security and reduce dependence on Russian hydrocarbons.

Challenges in the U.K. Market

In contrast to Norway, the U.K.'s oil and gas investments have not fully recovered. Expected to be approximately 75% lower in 2023 compared with the 2013 level, this presents both challenges and opportunities. However, the U.K. is poised for a potential upswing in project sanctions, with 2024 possibly seeing the highest number of greenlit projects in a decade. For SHEL, EQNR and HBRIY, this means a chance to participate in major projects like Rosebank, Cambo and Clair Phase 3, taking future investments to around £9.5 billion (\$12 billion).

Exploration and New Discoveries

Exploration activity in the North Sea is on the rise, with the number of wells expected to reach 36 in the coming year. Despite the challenges posed by the COVID-19 pandemic and fluctuating oil prices, the industry has seen steady growth. Moreover, new discoveries continue, providing further opportunities for energy companies to expand their reserves and secure future supplies.

Let's find out how Shell, Equinor and Harbour Energy can benefit from the increase in oil and gas investments in Norway and the U.K.

Shell: SHEL is the largest oil and gas producer in the U.K. and Norway. The Zacks Rank #3 (Hold) company has a number of major projects in its pipeline in both countries, including the Cambo field in the U.K. and the Mariner East field in Norway. The increasing investments in the oil and gas sector is also leading to lower costs for companies like Shell. This is because the increased competition for services is driving down prices. Increased investment in the projects will allow Shell to boost its production and revenues in the coming years.

For example, the company is also investing in the North Sea, with plans to spend around £2 billion (\$2.4 billion) in 2023. This investment will be used to develop new oil and gas fields, as well as to expand its renewable energy portfolio.

Equinor: EQNR is the largest oil and gas company in Norway. In 2022, it already invested NOK 6 billion (approximately USD 600 million) in North Sea oil and gas projects. The Zacks Rank #3 company has a number of new oil and gas projects in development, including the Rosebank field in the U.K. sector of the North Sea. Rosebank is expected to come on stream in 2026 and produce up to 8% of the U.K.'s oil production.

Equinor is also investing in low-carbon technologies in the North Sea, such as carbon capture and storage (CCS) and hydrogen production. The company is a partner in the Northern Lights CCS project, which is expected to start capturing and storing CO2 from the Norwegian continental shelf in 2024.

Harbour Energy: HBRIY is also increasing its investment in oil and gas projects in the U.K. HBRIY has a number of significant projects underway in the North Sea. The Zacks Rank #2 (Buy) company also plans to invest £1.5 billion (\$1.9 billion) in the U.K. in 2023. You can see [the complete list of today's Zacks #1 Rank \(Strong Buy\) stocks here.](#)

This investment will be used to develop new projects and boost production from existing fields.

In addition to its investment in its existing portfolio, HBRIY is also looking to expand its presence in the North Sea through acquisitions. In 2022, the company acquired Premier Oil's North Sea assets for £1.1 billion. This acquisition gave Harbour Energy a number of new assets, including the Catcher Area development and a 20% stake in the Clair oil field.

Conclusion

The North Sea oil and gas industry is experiencing a revival, offering a multitude of opportunities for energy companies like SHEL, EQNR and HBRIY. With substantial investments, rising production and a potential surge in project sanctions, these

companies can strengthen their position in this vital region. Additionally, active exploration and new discoveries are likely to enhance their resource portfolios, contributing to their long-term sustainability and growth in an evolving energy landscape.