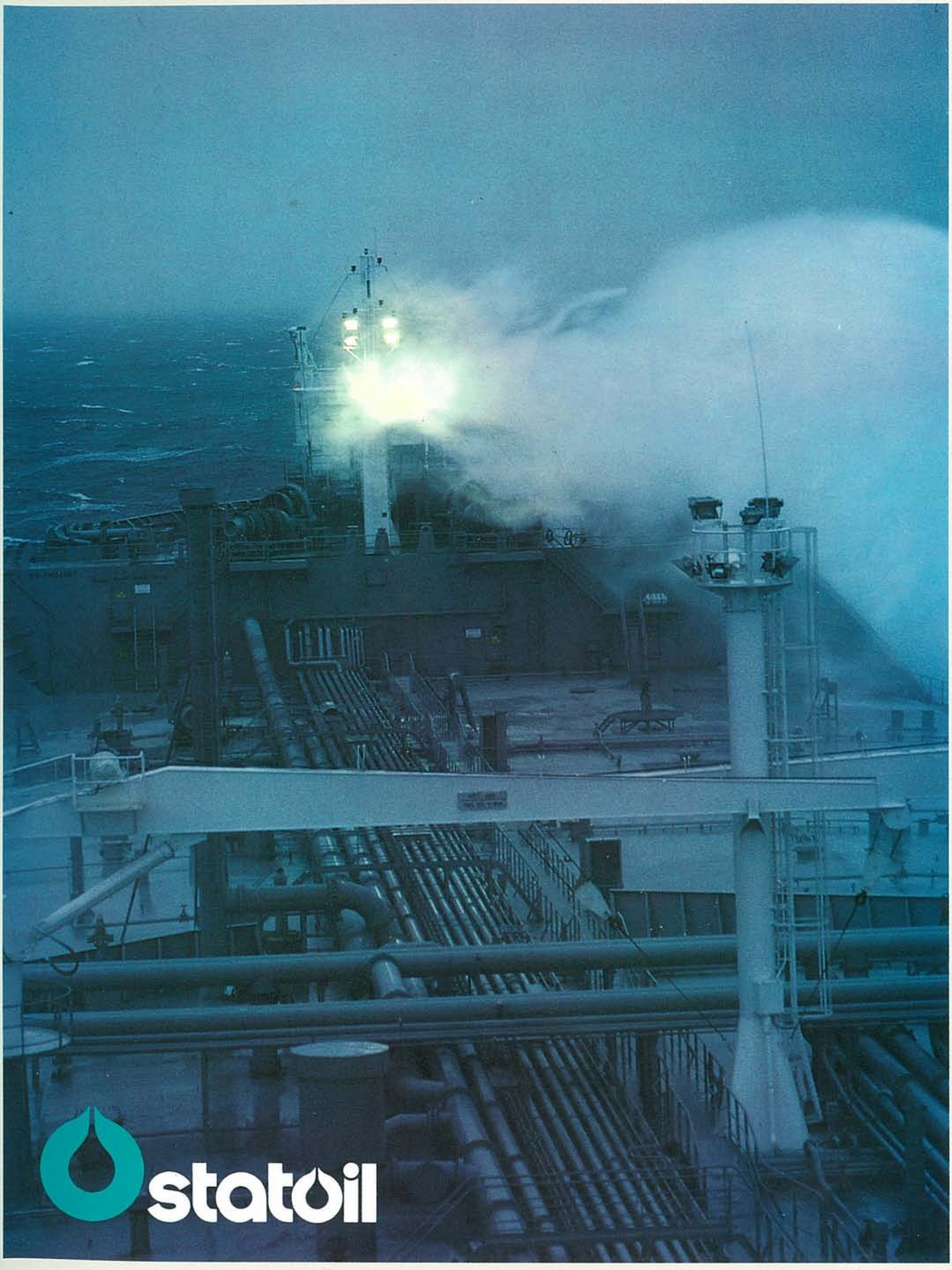
Den norske stats oljeselskap a.s
Annual report and accounts 1984



Den norske stats oljeselskap a.s

Contents

The Board of Directors

Chairman: Inge Johansen, Managing Director
Vice-Chairman: Vidkunn Hveding, Director
Fredrik Thoresen, Managing Director
Thor Andreassen, Managing Director
Benedicte Berg Schilbred, Managing Director
Kåre Ellingsgård, County Executive
Atle A. Thunes, Project Manager
Gunnar Langvik, Section Manager

Alternate Members

Jan Skaar, Director
Gerd Schanche, Housewife
Erling Haug, Chartered Engineer
Margaret B. L. Sanner, Executive Secretary
Tor Ragnar Pedersen, Maintenance Worker
Geir S. Amland, Department Manager

Auditor

Endresen, Klette & Co., State Authorized Auditors

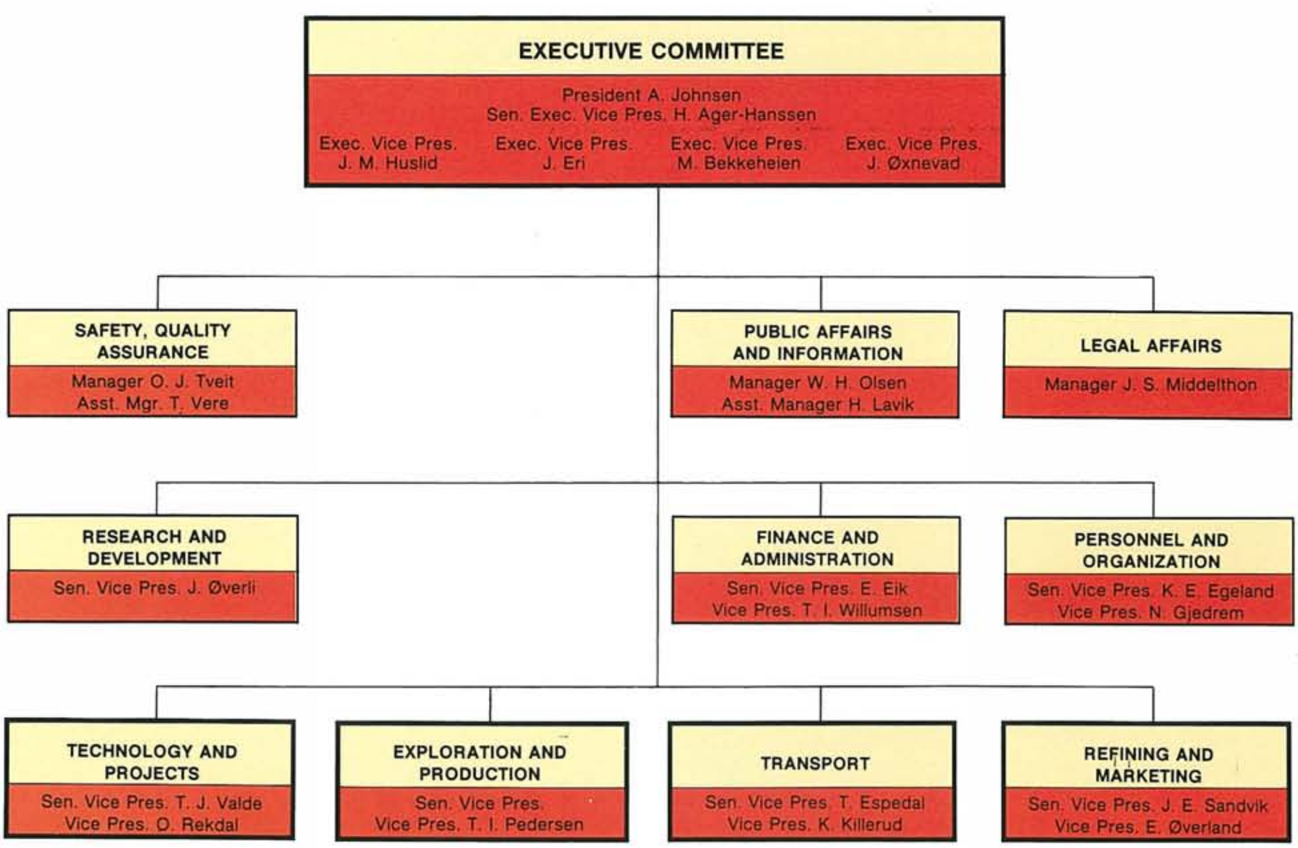
Company Assembly

Chairman: Per Magnar Arnstad, Managing Director
Vice-Chairman: Evy Buverud Pedersen, Trade Union Secretary
Odd Bakkejord, Trade Union Secretary
Grethe Westergaard-Bjørlo, Teacher
Aud-Inger Aure, Secretary
Egil Flaatin, Managing Director
Johan Nordvik, Mayor
Martha Sæter, Clerk
Bjørn Lian, Section Manager
Aina Jørgensen, Accountant
Ellen Qvigstad, Systems Manager
Lars Bakka, Legal Counsel

Alternate members

Alv Jakob Fostervoll, County Governor
Johannes Andreassen, Administration Manager
Ragnhild Midtbø, Teacher
Vidar Thomassen, Systems Engineer
Anne Margrethe Blaker, Product Manager
Inger Helen Førland, Senior Engineer
Anne Grete Tveiten, Planner
Victor Jensen, Purchasing Consultant
Jan Otto Askim, Operator
Kristine Abelsnes, Librarian

Organisation chart, March 1985



The front cover shows the Statfjord tanker *M/T Polyviking* riding rough seas on its way to Rotterdam to deliver a cargo of oil.

The Gullfaks A concrete gravity base structure in Stavanger.

Highlights

Amounts in millions of NOK

Profit and loss statement

	The Statoil Group 1984	1983	1982	Statoil 1984	1983	1982
Operating income	**35 644**	26 305	17 495	**32 532**	23 909	14 883
Operating profit	**11 451**	8 641	5 747	**11 107**	8 458	5 360
Financial costs	**3 748**	1 949	2 332	**3 539**	1 813	2 138
Profit before year end adjustments	**7 722**	6 709	3 432	**7 563**	6 652	3 235
Net income	**1 174**	1 368	402	**1 110**	1 458	433

Balance sheet

	The Statoil Group 1984	1983	1982	Statoil 1984	1983	1982
Current assets	**5 490**	4 456	3 886	**4 184**	3 559	2 943
Fixed assets	**40 475**	28 134	19 661	**39 415**	27 114	18 706
Current liabilities	**12 686**	9 971	6 782	**11 628**	9 246	6 202
Long-term liabilities	**24 869**	15 533	11 529	**23 934**	14 592	10 455
Untaxed reserves	**4 199**	3 338	2 071	**3 805**	3 004	1 824
Shareholder's equity	**4 053**	3 588	3 015	**4 232**	3 831	3 168

Other highlights

	The Statoil Group 1984	1983	1982	Statoil 1984	1983	1982
Investments	**14 210**	9 750	6 123	**13 992**	9 537	5 928
Ordinary depreciation	**1 869**	1 272	859	**1 691**	1 117	707
Shares	**2 944**	2 944	2 944	**2 944**	2 944	2 944
Total rate of return*	**30,7%**	32,2%	32,1%			
Shareholder's equity*	**38,8%**	60,9%	29,8%			

Personnel

	The Statoil Group 1984	1983	1982	Statoil 1984	1983	1982
Number of employees as of 31 Dec.	**4 855**	3 534	2 933	**3 618**	2 300	1 660
Salaries and social costs	**1 239**	812	617	**909**	536	366

* Definition page 25.

Report of the Board of Directors for 1984

Introduction

1984 produced satisfactory results for the Statoil Group. The consolidated net income amounted to NOK 1,174 million compared to NOK 1,368 million in 1983. Operating income increased by 35.5 per cent to NOK 35,644 million, which can be attributed primarily to increased production from the Statfjord field and a higher dollar rate than last year.

In total, the Statoil Group will be paying NOK 9,473 million in taxes and royalties for 1984. Dividends to the state, as owner, are proposed at NOK 717 million.

Statoil's development projects, Gullfaks and Statpipe, are on schedule and within budget. Statoil has commenced work on the expansion of the Mongstad refinery and construction of a crude oil terminal on an adjoining site.

Statoil discovered new and interesting reserves of oil and gas at Haltenbanken and Tromsøflaket last year.

In 1984 the Storting discussed several matters of importance to the company, in particular Statoil's future role. It was decided that the company will continue to look after the state's overall business interests on the Norwegian continental shelf. The cash flow for each field is to be split between Statoil and the state. The Storting approved the transfer of the Statfjord operatorship from Mobil to Statoil.

Statoil development projects

Gullfaks

Phase I comprises the Gullfaks A and B platforms, two loading buoys and nine subsea production wells. At the end of 1984, most of the modules for Gullfaks A were complete. In summer 1985 the gravity base structure will be towed to Stord, where the deck is under construction. The platform will be towed to the field one year later. Production is scheduled to start in summer 1987.

Detailed engineering of deck, modules, accommodation, gravity base structure and pipelines for Gullfaks B has proceeded during 1984. The construction of the concrete gravity base structure started in October.

The Gullfaks B platform is less complex than Gullfaks A, because production from B will be piped to the A platform for processing. Output from the second platform is expected to start towards the end of 1988.

Total recoverable reserves are estimated at 185 million tonnes of oil and 24 billion cubic metres of gas.

Statpipe

The Statpipe system will transport gas from Statfjord and Gullfaks to Kårstø for wet gas separation. Dry gas will be transported onwards together with gas from Heimdal to Ekofisk.

Construction of the Statpipe transport system is on schedule. The laying of 880 km of pipeline, including 840 km offshore, was completed in 1984. The two offshore riser platforms were also completed last year.

At the end of the year approximately 2,500 people were building the terminal at Kårstø.

Total investments in the Statpipe system are estimated at NOK 18.5 billion, a reduction of almost NOK 2 billion on previous estimates. Regular production is planned from January 1986.

Pipeline from Ula

Statoil completed the installation and testing of the 70 km long pipeline from the Ula field to Ekofisk in June 1984. The pipeline is linked to the Norpipe transport system at the Ekofisk centre. Statoil owns the pipeline.

Ula is scheduled to come on stream in 1986.

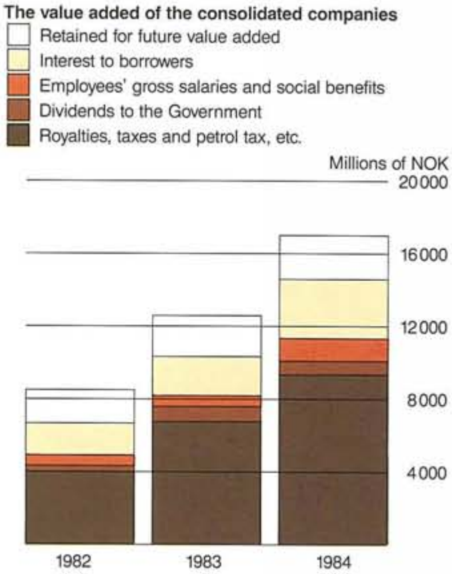
Mongstad

In spring 1984, the Storting approved the expansion of refinery capacity at Mongstad from 4 to 6.5 million tonnes crude per year and the construction of a crude oil terminal with a capacity of 1.3 billion cubic metres of crude.

In the summer of 1984 a project team was established and commenced pre-engineering. Civil work at Mongstad started in November 1984 with the preparation of the site. The crude oil terminal is expected to be in operation in the autumn of 1988 and the expanded refinery will be ready for production in the spring of 1989.

The new refinery will produce a high proportion of the more valuable light products, especially gasoline and auto diesel.

The value added of the consolidated companies



On of the completed preassembled packages for the terminal at Kårstø supplied by Rosenberg Verft, Stavanger.

The terminal photographed during winter time with most of the installations in position.

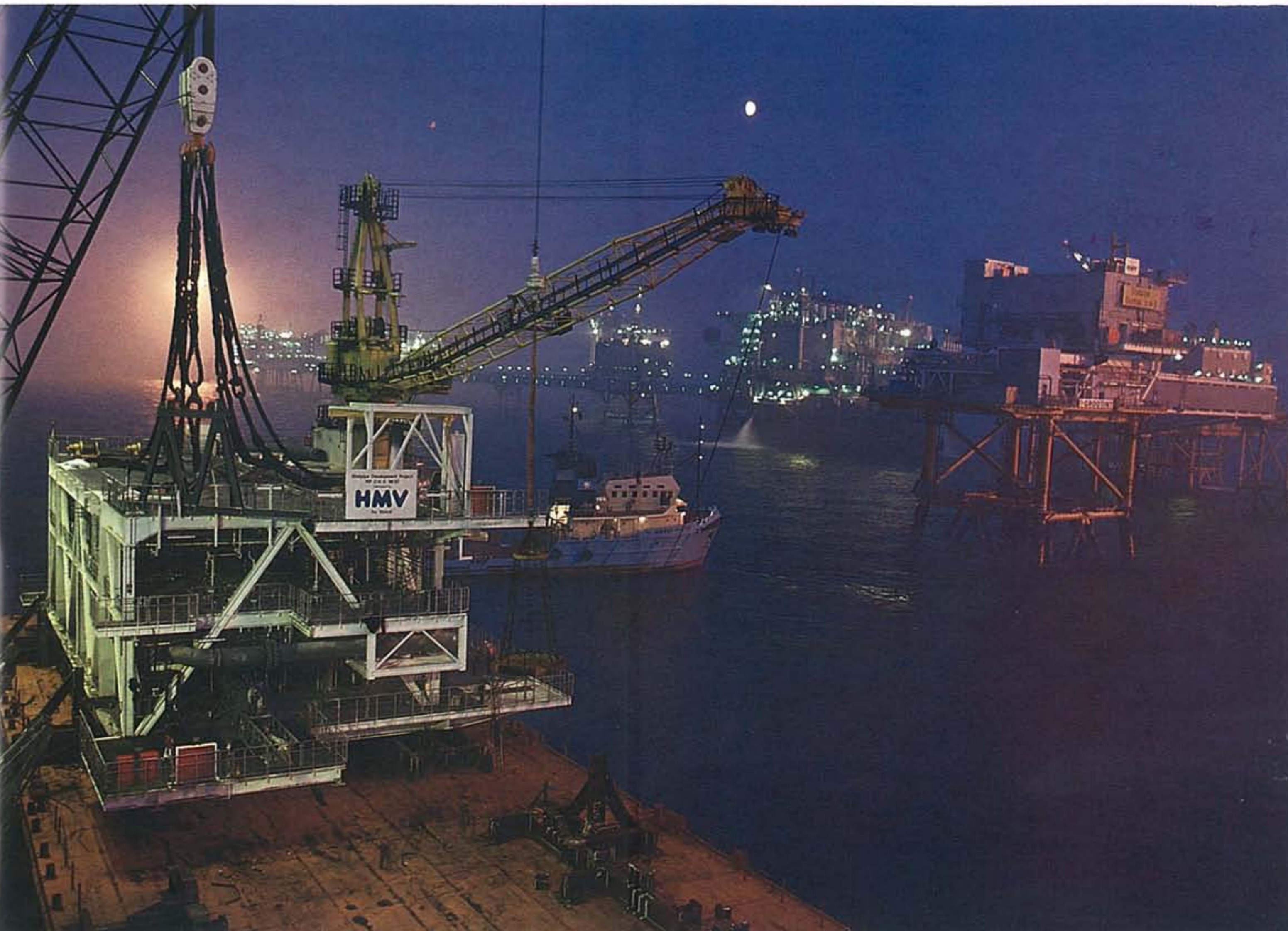
A substantial preassembled package being placed on site at the terminal complex.

General Manager Egil Sæl cutting the cake at the inauguration of the administration building at Kårstø. Klara Sand and Eivind Helgesen lend a hand.

The southernmost part of the Statpipe system, riser platform 2/4 R at the Ekofisk centre, during the past part of the installation work.


Linde
VERFT


Linde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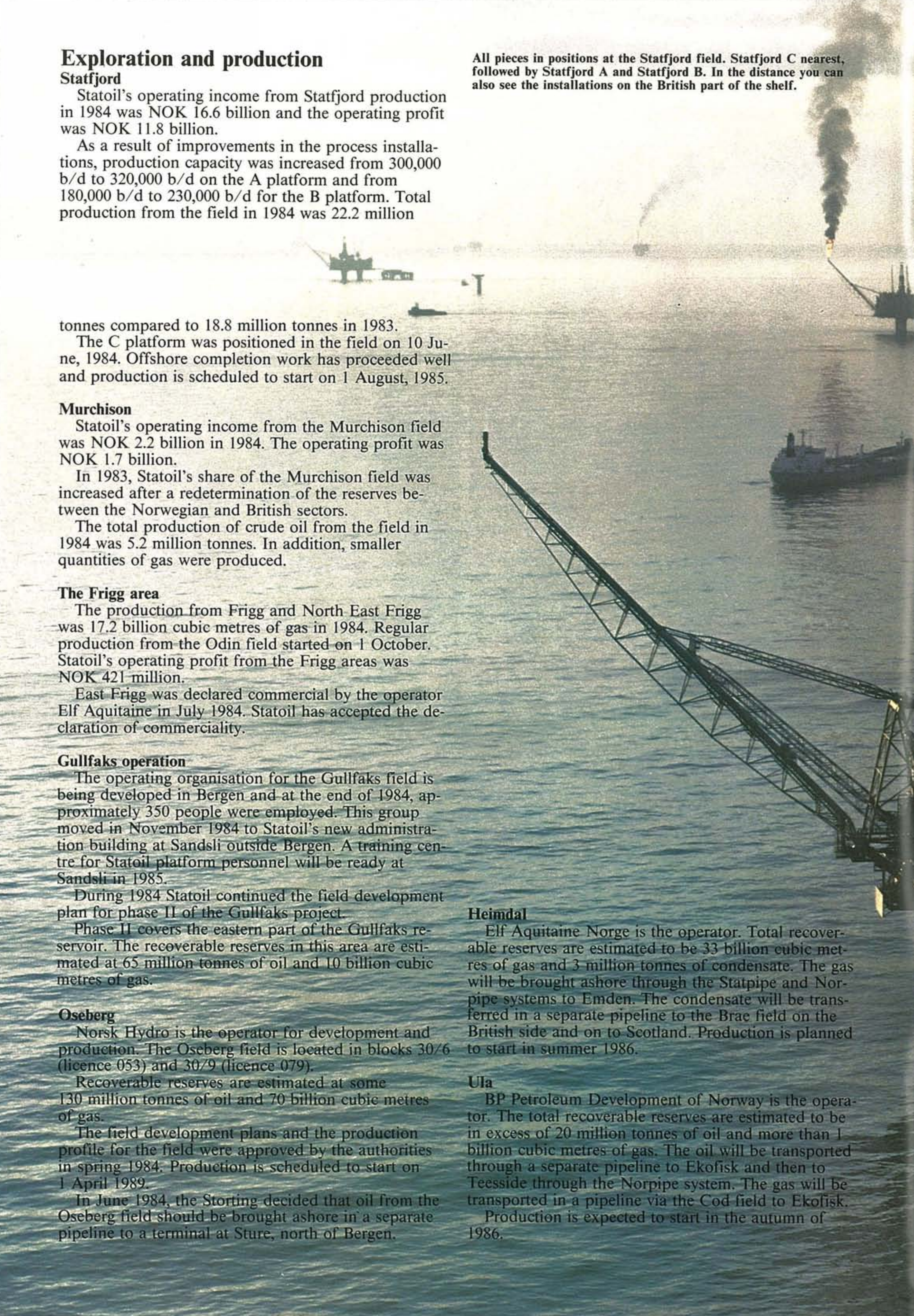
Exploration and production



All pieces in positions at the Statfjord field. Statfjord C nearest, followed by Statfjord A and Statfjord B. In the distance you can also see the installations on the British part of the shelf.

Statfjord

Statoil's operating income from Statfjord production in 1984 was NOK 16.6 billion and the operating profit was NOK 11.8 billion.

As a result of improvements in the process installations, production capacity was increased from 300,000 b/d to 320,000 b/d on the A platform and from 180,000 b/d to 230,000 b/d for the B platform. Total production from the field in 1984 was 22.2 million tonnes compared to 18.8 million tonnes in 1983.

The C platform was positioned in the field on 10 June, 1984. Offshore completion work has proceeded well and production is scheduled to start on 1 August, 1985.

Murchison

Statoil's operating income from the Murchison field was NOK 2.2 billion in 1984. The operating profit was NOK 1.7 billion.

In 1983, Statoil's share of the Murchison field was increased after a redetermination of the reserves between the Norwegian and British sectors.

The total production of crude oil from the field in 1984 was 5.2 million tonnes. In addition, smaller quantities of gas were produced.

The Frigg area

The production from Frigg and North East Frigg was 17.2 billion cubic metres of gas in 1984. Regular production from the Odin field started on 1 October. Statoil's operating profit from the Frigg areas was NOK 421 million.

East Frigg was declared commercial by the operator Elf Aquitaine in July 1984. Statoil has accepted the declaration of commerciality.

Gullfaks operation

The operating organisation for the Gullfaks field is being developed in Bergen and at the end of 1984, approximately 350 people were employed. This group moved in November 1984 to Statoil's new administration building at Sandsli outside Bergen. A training centre for Statoil platform personnel will be ready at Sandsli in 1985.

During 1984 Statoil continued the field development plan for phase II of the Gullfaks project.

Phase II covers the eastern part of the Gullfaks reservoir. The recoverable reserves in this area are estimated at 65 million tonnes of oil and 10 billion cubic metres of gas.

Oseberg

Norsk Hydro is the operator for development and production. The Oseberg field is located in blocks 30/6 (licence 053) and 30/9 (licence 079).

Recoverable reserves are estimated at some 130 million tonnes of oil and 70 billion cubic metres of gas.

The field development plans and the production profile for the field were approved by the authorities in spring 1984. Production is scheduled to start on 1 April 1989.

In June 1984, the Storting decided that oil from the Oseberg field should be brought ashore in a separate pipeline to a terminal at Sture, north of Bergen.

Heimdal

Elf Aquitaine Norge is the operator. Total recoverable reserves are estimated to be 33 billion cubic metres of gas and 3 million tonnes of condensate. The gas will be brought ashore through the Statpipe and Norpipe systems to Emden. The condensate will be transferred in a separate pipeline to the Brae field on the British side and on to Scotland. Production is planned to start in summer 1986.

Ula

BP Petroleum Development of Norway is the operator. The total recoverable reserves are estimated to be in excess of 20 million tonnes of oil and more than 1 billion cubic metres of gas. The oil will be transported through a separate pipeline to Ekofisk and then to Teesside through the Norpipe system. The gas will be transported in a pipeline via the Cod field to Ekofisk.

Production is expected to start in the autumn of 1986.

Statoil Netherlands

Statoil's interests on the Dutch continental shelf are managed by the subsidiary Statoil Netherlands B.V.

Oil production from the Kotter field started in September 1984. Oil is transported ashore through a pipeline owned by Union Oil/Nedlloyd. Statoil Netherlands B.V. has a 6.375% share in the field.

The development of the Logger field started in the autumn of 1984. Production is planned to start in September 1985. Conoco is the operator of both fields.

Statoil's first task as operator on the Dutch shelf was celebrated with flowers by General Manager Kjell Helle, Statoil Netherlands B.V. (left) and Deputy Director General of Energy C.W.M. Dessens at the Netherlands Ministry of Economic Affairs.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NOMEX

Sleipner

Total recoverable reserves in the main fields are estimated to be 186 billion cubic metres of gas and about 50 million tonnes of condensate.

The licensees completed sales negotiations with the British Gas Corporation in February 1984. As a result of the reactions from the British authorities in the summer 1984, the purchaser and the vendors agreed on an amendment to the agreement. The British authorities, however, have not approved the purchase of the gas and the project has, therefore, not been started.

Troll

The Troll field which is located approximately half way between Bergen and the Statfjord field comprises two main structures, Troll West and Troll East.

On the basis of drilling and surveys, Statoil estimates that the total recoverable reserves at the Troll field are 1200-1300 billion cubic metres of gas and 40 million tonnes of oil.

Statoil has accepted the declaration of commerciality from the operator A/S Norske Shell for that part of Troll West which is located within block 31/2. Troll West is planned for development using an integrated platform producing and processing gas and oil. Upon accepting the declaration of commerciality, Statoil has a 51% share.

Ten exploration and delineation wells were drilled in licence 085, Troll East, operated jointly by Statoil, Norsk Hydro and Saga Petroleum in the exploration phase.

Exploration for oil and gas

Statoil made several interesting discoveries of oil and gas during the last year. On Tromsøflaket, Statoil found evidence of oil together with considerable quantities of gas in the Snøhvit field in block 7121/4. This is the first oil find in this part of the Norwegian shelf. On Haltenbanken, Statoil has made a significant discovery of gas and condensate in block 6506/12, the Smørbukk field. These discoveries have contributed to an increase in the estimated reserves at Tromsøflaket and Haltenbanken.

Exploration activity on the Norwegian shelf in 1984 was higher than the year before. Statoil was responsible for 15 of the 47 wells spudded. In addition, Statoil has collected and processed considerable quantities of data from seismic surveys.

In the 8th concession round, Statoil was appointed operator for six new licences and was also awarded four new operatorships in the 9th concession round. Most of the new operatorships are north of Stad.

New discoveries were also made in the North Sea. In block 34/10 there is evidence of gas in a separate structure near the Gullfaks field, and oil was proven in block 6/3.

In the summer of 1984 Statoil undertook a geological expedition to Svalbard in conjunction with Store Norske Spitsbergen Kulkompani A/S.

Statoil's oil explorers made the first discoveries of oil at Tromsøflaket. From the left, Ingolf Jolma, Birte Nerdal, Bernie David, Anders Rasmussen, Martin Nicolaisen and Knut Unstad, photographed on board the drilling rig *West Vanguard* during tests at the Snøhvit field in October 1984.

Transport

Statpipe operations

The operating organisation for Statpipe has been under development during 1984. The central tasks have been the employment and training of personnel and the establishment of systems and procedures.

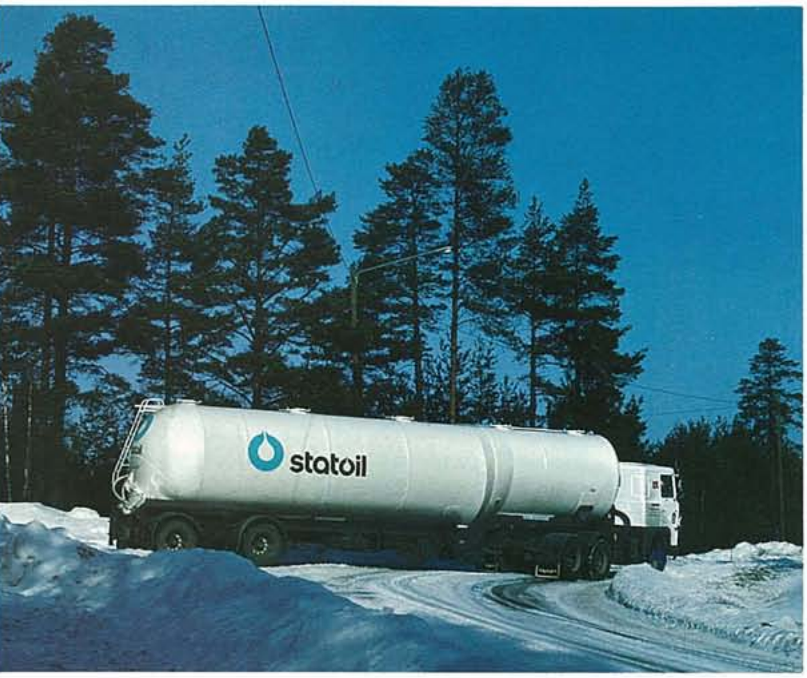
The pipelines and platforms will be operated from a control centre at Bygnes on the island of Karmøy, near Stavanger. Building work on the control centre was completed in August 1984.

The administration centre at Kårstø is complete and was occupied by the organisation's some 400 employees, in September 1984.

Operations and inspection laboratory at Kårstø

Statoil plans to build an operating and inspection laboratory at Kårstø in co-operation with Total Marine. Statoil has a two thirds share in the project and will be the operator.

Accurate measurement of gas is of considerable economic significance and will be a central task for the laboratory.



Statoil plastics from Bamble are exported to many countries. Here a delivery on its way to a customer in Finland.

Norpipe

The operation of the Norpipe pipelines and the terminal at Teesside is working to schedule.

Statoil received total dividends from the Norpipe companies of NOK 118 million in 1984.

Statfjord transport

Statoil is the operator for K/S Statfjord Transport A/S & Co., which provides shipping transport for all crude oil produced from the Statfjord field. Tanker loading has functioned very satisfactorily and maintained a high regularity.

Gullfaks transport

I/S Gullfaks Transport, with Statoil as the operator, was established on 5 July 1984. The company will transport crude oil by ship from the Gullfaks field.

Refining and marketing

Marketing crude oil

Statoil's total access to crude increased in 1984 by almost 25% compared with the previous year and exceeded 13 million tonnes.

About 2.8 million tonnes of crude were refined. The rest was sold to customers in Scandinavia, the Netherlands and Britain.

At the beginning of the year the international market for crude oil was affected by the troubles in the Persian Gulf. This resulted in relatively high spot prices for crude oil and an increased demand for oil from countries outside the Gulf area.

The crude oil market in the second half of the year suffered from a substantial glut and sinking prices, and there is considerable pressure on contract prices for North Sea oils.

Marketing gas

Statoil's total access to dry gas was 0.5 billion cubic metres in 1984, at the same level as the year before.

After three years of decline, gas consumption in Western Europe increased by about 4% in 1983. The growth in gas consumption continued in 1984, totalling 8%.

Statoil's access to wet gas increased in 1984. More gas became available through the purchase of Saga Petrokjemi and the completion of the British gas transport system FLAGS. The wet gas market was characterised by scarcity and high prices in the spring. Even though prices decreased during the autumn, the price level was still satisfactory at the end of the year.

Refining and sales of refined products

In 1984, the Mongstad refinery supplied approximately 3.6 million tonnes of refined products. The Statoil Group's share of the production was 2.5 million tonnes. The turnover of Norsk Olje a.s on the domestic market was approximately 1.6 million tonnes. Statoil exported the rest.

The market for most types of refined products suffered from weak prices. The Mongstad refinery produced at a satisfactory level of capasity, with good upgrading from heavy to lighter products.

Norske Olje a.s (Norol)

The total sales of oil products in Norway in 1984 were 6.7 million tonnes, an increase of 2.1 per cent compared with 1983. The consumption of lighter products increased while the turnover of heavy heating oils showed a continued decline on the domestic market.

Norol is responsible for the Statoil Group's domestic sales of refined products. In 1984 the company had a market share of 27.1 per cent and is the largest of the oil marketing companies in Norway. Norol consolidated its share of the fuels market.

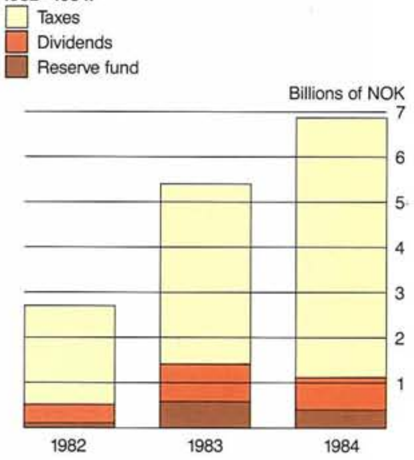
Norol's total turnover in 1984 was NOK 6,927 million. The operating profit was NOK 226 million, and the annual net income was NOK 32 million. During 1984, the company invested NOK 138 million, mainly in gasoline filling stations.

Petrochemicals

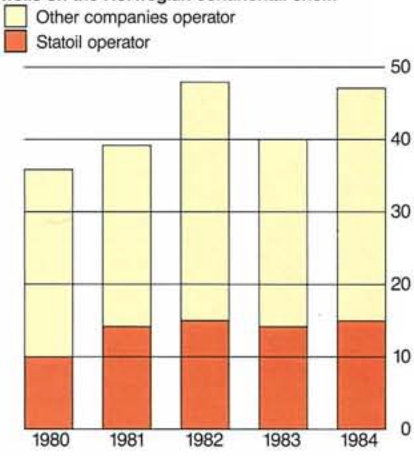
Statoil's takeover of Saga Petrokjemi effective 1 January 1984, gave the company 49% of the I/S Noretyl ethylene plant and 66 2/3% of I/S Norpolefin, which manufactures raw materials for plastics. Statoil is the operator for Norpolefin.

The operating profit from Statoil's total petrochemical activities in 1984 was a satisfactory NOK 171 million.

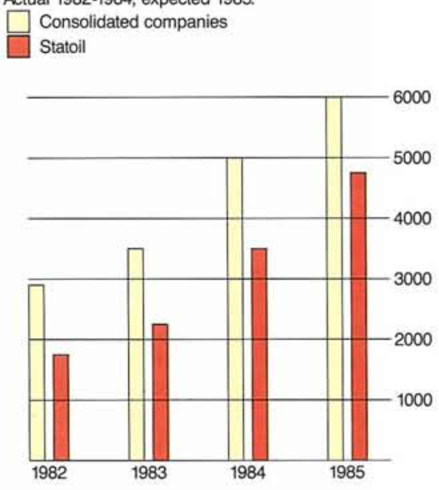
The consolidated companies' result before taxes and the distribution optional, 1982–1984.



Spudded exploration and delineation wells on the Norwegian continental shelf.



Number of employees at year end.
Actual 1982-1984, expected 1985.



Noretyl and Norpolefin have been operating at full capacity.

Statoil's petrochemical sales companies in France and West Germany started up in 1984 and there are now sales companies in six Western European countries.

Other activities

Research and development

Research and development have been directed primarily towards deep water technology. In this context, the company continues to consolidate its research and development department at Trondheim.

Important projects were also carried out on exploration and production technology, aimed at the development of more effective exploration methods and improved reservoir recovery. Research into refinery technology has been primarily directed towards the production of lead-free, high octane gasoline.

A large proportion of Statoil's projects are developed in close co-operation with Norwegian research institutes and other industrial companies.

Research linked to development on the sea bed occupies a central position in Statoil's work. Here we see Nutec engineer Atle Ingebrigtsen working at a depth of 85 metres off the Norwegian Underwater Technology Center at Gravdal, Bergen — safe inside the underwater craft *Check Mate.*

Safety and quality assurance

A major part of the effort was directed towards safety, the working environment and quality assurance in conjunction with the company's drilling and development activities for Statpipe and Gullfaks. Statoil maintains close contact with the authorities in this work.

A number of safety exercises have been carried out.

Personnel and organisation

By the end of 1984, the Group employed 4,855 people of which Statoil employed 3,618.

In 1984, Statoil experienced considerable growth in North Rogaland, Bergen, Trondheim and Harstad and has taken steps to establish an exploration organisation in Kristiansund.

The Company- and Working Environment Committees considered a number of important matters. In 1984, separate working environment committees were established in Trondheim, Harstad and within the Statpipe operation organisation.

Last year, Statoil inaugurated its own employment and training programme for women in areas currently dominated by men. In addition, the company offers scholarships and training programmes to achieve a more even distribution between the sexes.

In 1984 the company carried out extensive training programmes to ensure that necessary qualified personnel are available.

Economics and financing

Financial statements for 1984

Gross sales for the Statoil group in 1984 amounted to a total of NOK 33,579 million, of which NOK 24,013 million are related to exports.

Statoil's sales in 1984 amounted to NOK 30,829 million, an increase of 34.3% over last year.

The Group's operating profit was NOK 11,451 million. Taxes for 1984 are calculated at NOK 5,671 million. The Group's net income after deductions for minority interests was NOK 1,174 million. The proposed dividend to the State is NOK 717 million.

The Board proposes that the Statoil net income for the year is allocated as follows:

Net income 1984	NOK	1,110 million
Brought forward from 1983	NOK	48 million
	NOK	1,158 million
Reserve fund	NOK	444 million
Dividends	NOK	709 million
Carried forward to 1985	NOK	5 million

In 1984 the company's president received a salary of NOK 615,400. Remuneration to the Board and the Company Assembly was NOK 169,200 and NOK 79,000 respectively.

Total investments made by the Statoil Group in 1984 amounted to NOK 14,210 million. Statoil's own investments were NOK 13,992 million.

For more information, see the Financial Statements.

Financing

In 1984, the foreign currency market was characterized by continued strong increase in the value of the US dollar. In relation to Norwegian kroner, the dollar has risen from 7.71 at the end of 1983 to 9.09 at the end of the year. The average rate of exchange for 1984 was 8.17.

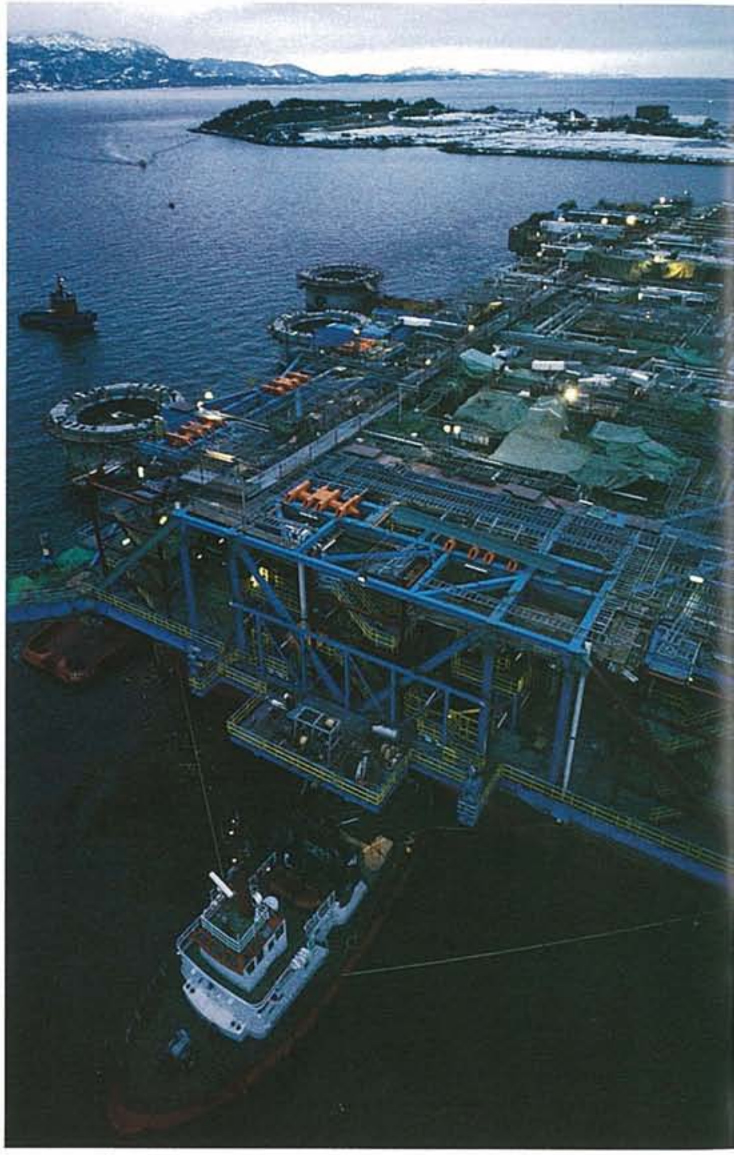
The net effect of a high dollar rate is positive for Statoil. There is a negative effect on profits from the company's foreign currency liabilities in dollars, but this is more than offset by sales income which are primarily linked to the US dollar.

Statoil has reserved a further NOK 1,061 million for covering unrealised currency losses on long term loans. Total reserves at the end of the year amounted to NOK 3,014 million.

In 1984 Statoil's total interest costs were NOK 2,104 million. The average rate of interest was approximately 11%.

Statoil's capital requirements in 1984 were NOK 13,402 million. NOK 3,954 million were transferred from operations and NOK 9,448 million were financed by new long-term loans. Repayments of loans amounted to NOK 926 million.

The company's financing requirements were primarily covered by the Norwegian state in accordance with the Storting's borrowing regulations. In addition, two



public national bond issues were made. The use of previously established export credits was continued.

In 1984, the company refinanced USD 418 million on the international loan market. The refinancing will generate considerable savings in interest.

At the end of 1984 the Storting approved the establishment of an insurance fund for Statoil. Statoil intends to manage these activities through a separate limited liability company which will be formed in the first half of 1985.

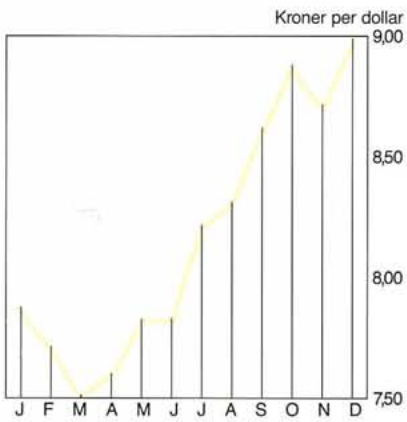
From the opening of Statoil's new management centre at Sandsli near Bergen. President Arve Johnsen (right) and General Manager Jakob Bleie.

The deck frame for Gullfaks A being towed out on the temporary foundations at Stord Verft.

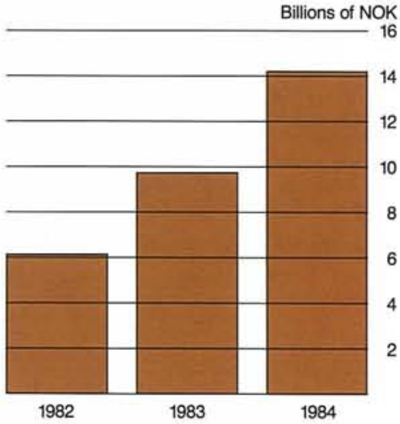
The foundation stone for the concrete gravity base structure for Gullfaks B was laid at Hinnavågen near Stavanger in October 1984. Here we see Executive Vice President Jon M. Huslid, Statoil (left) and Managing Director Sigmund Brusletto, Norwegian Contractors.

The riser platform at Block 16/11 is in position and ready to receive gas in the Statpipe system.

Development of USD in 1984.



The consolidated investments in 1982–1984.



The state's direct economic engagement in petroleum activities

In 1984 the Storting agreed that the state's operational engagement in oil and gas activities would not be altered. Statoil will look after the state's total shares, and will receive at least a 50% share in all licence allocations. A proportion of Statoil's gross revenue from each field will be transferred directly to the state through the national budget and the corresponding part of the costs (investments, operating costs etc.) associated with a field will be covered by the state. Statoil's share in the Statfjord field will not be affected by this reorganisation. However, the shares in fields such as Gullfaks, Oseberg, Troll, Heimdal and Sleipner will be affected.

The Storting has also made certain changes to voting rights in the individual concessions. The rules maintain the principle that decisions can be taken when a certain number of companies (usually a majority) vote for a proposal, as long as they have a certain percentage of the share.

The rules will be expressed as follows:
- Statoil would, as a rule, not normally have a majority vote by itself
- Statoil would, as a rule, not have the right of veto.

In matters which Statoil considers are of significant political importance or matters of principle (known as article 10 matters), Statoil's General Meeting can give the company the authority to exercise present voting rights.

Prospects

The main characteristic of the market for crude oil is low demand and excess supply. This will depress prices in the short term. The Board expects crude oil prices to rally in the long term.

Statoil's revenue will be significantly affected by the fluctuation in the exchange rate of the US dollar. Over that last year the rate of exchange has been at a high level. This resulted in greater revenues for Statoil.

As a consequence of an increase in production from Statfjord and future production from Gullfaks and Oseberg, Statoil's Board anticipates a moderate growth in the company's revenue.

The market for petrochemicals is uncertain. There is still excess polyethylene capacity, and new plants, some in the Middle East, are coming into operation. Noretyl and Norpolefin's raw materials costs will increase in 1985 due to increased rate of exchange in the dollar during last year. Therefore reduced profits are expected for Norpolefin in 1985.

The Statoil group expects a moderate increase in net income in the coming years. The Board stresses that further progress depends on a combination of crude oil prices, the rate of exchange in the dollar, production levels, and internal efficiency.

In 1985, Statpipe will be completed and will form a central part of Statoil's activities. The pipeline, its associated platforms and the terminal at Kårstø will come into regular operation at the end of 1985. The continued development of the Gullfaks field and further consolidation of an operating organisation will also be one of the principal tasks during the next few years. According to present plans, the Gullfaks A platform will come into operation in the summer of 1987.

Statoil will emphasize the planning and carrying out of a satisfactory transfer of the Statfjord operatorship from Mobil to Statoil. It will be necessary to establish close co-operation between Mobil's management and employees and the other partners.

During 1984, Statoil began work on the expansion and upgrading of the refinery and building of a crude oil terminal at Mongstad. Activity will gradually increase and will reach a peak in 1987/1988.

Access to gas from the Troll field and the further development of production-orientated deep water technology provides interesting development options. Exploration for commercial reserves at Haltenbanken and Tromsøflaket will be given high priority.

In the immediate future, Statoil will give priority to measures which ensure markets for the company's crude oil and refined products.

The Statoil Group will gradually expand its international operations. Primarily this pertains to China and the Netherlands.

Statoil's Board of Directors: from the front left, Chairman and Director Inge Johansen, Managing Director Benedicte Berg Schilbred, Vice-Chairman and Managing Director Vidkunn Hveding, and Managing Director Thor Andreassen. From the rear left: Department Manager Gunnar Langvik, managing Director Fredrik Thoresen, Project Manager Atle A. Thunes and County Councillor Kåre Ellingsgård.

Oslo, 26 February 1985
The Board of Den norske stats oljeselskap a.s

Inge Johansen
Inge Johansen
Chairman

Vidkunn Hveding
Vidkunn Hveding
Vice-Chairman

F. Thoresen
Fredrik Thoresen

Thor Andreassen
Thor Andreassen

Benedicte Berg Schilbred
Benedicte Berg Schilbred

Kåre Ellingsgård
Kåre Ellingsgård

Atle Thunes
Atle A. Thunes

Gunnar Langvik
Gunnar Langvik

Profit and loss statement for 1984

Amounts in millions of NOK

	The consolidated companies		Statoil	
Operating income	**1984**	**1983**	**1984**	**1983**
Sales (1)	**33 579**	24 983	**30 829**	22 954
Other income (2)	**2 065**	1 322	**1 703**	955
Total income	**35 644**	26 305	**32 532**	23 909
Operating costs				
Direct costs	**9 867**	8 052	**9 118**	7 424
Salaries and social costs	**1 239**	812	**909**	536
Other purchase, production, selling and administrative costs (3)	**11 138**	7 308	**9 636**	6 134
Depreciation	**1 869**	1 272	**1 691**	1 117
Provision for bad debt (4)	**138**	102	**132**	98
Changes in inventories	**— 58**	118	**— 61**	142
Total operating costs	**24 193**	17 664	**21 425**	15 451
Operating profit	**11 451**	8 641	**11 107**	8 458
Financial income and financial costs				
Dividends received (5)	**118**	106	**118**	105
Dividends from subsidiaries			**22**	13
Interest from consolidated companies			**31**	18
Interest income and other financial income	**468**	303	**428**	254
Interest to consolidated companies				2
Interest costs and other financial costs (17)	**4 334**	2 358	**4 138**	2 201
Net financial costs	**3 748**	1 949	**3 539**	1 813
Profit before extraordinary items	**7 703**	6 692	**7 568**	6 645
Extraordinary income and costs (6)				
Extraordinary income	**30**	36	**6**	26
Extraordinary costs	**11**	19	**11**	19
Net extraordinary items	**19**	17	**5**	7
Profit before year end adjustments	**7 722**	6 709	**7 563**	6 652
Year end adjustments				
Taxes	**5 671**	4 037	**5 652**	4 014
Excessive tax depreciation fixed assets (19)	**822**	1 189	**794**	1 149
Other year end adjustments (7)	**50**	104	**7**	31
Total year end adjustments	**6 543**	5 330	**6 453**	5 194
Net income	**1 179**	1 379	**1 110**	1 458
Minority interest share (8)	**5**	11		
Consolidated companies' share (9)	**1 174**	1 368		
Allocation of profit for the year				
Brought forward from previous year	**219**	146	**— 48**	— 10
Reserve fund	**447**	630	**444**	625
Distributable reserves		16		
Dividends	**709**	795	**709**	795
Carried forward to new account	**— 201**	— 219	**5**	48
	1 174	1 368	**1 110**	1 458

Balance sheet as of

Assets

CURRENT ASSETS

Amounts in millions of NOK

	The consolidated companies		Statoil	
Cash and short-term deposits	1984	1983	1984	1983
Cash and short-term deposits (10)	**735**	501	**437**	437
Short-term receivables				
Short-term investments		1		
Accounts receivable	**2 534**	1 822	**1 964**	1 252
Inter-company receivables			**347**	369
Other short-term receivables (11)	**980**	1 236	**862**	1 096
Inventories				
Raw materials	**206**	197	**201**	194
Finished products	**1 035**	699	**373**	211
Total current assets	**5 490**	4 456	**4 184**	3 559
FIXED ASSETS				
Long-term receivables and investments				
Investments in subsidiaries (12)(13)			**318**	317
Other long-term investments (14)	**499**	498	**495**	497
Long-term receivables	**58**	74	**36**	45
Capital assets (15)				
Plants and offshore installations	**11 468**	11 698	**10 330**	10 642
Construction in progress	**27 278**	15 073	**27 254**	15 002
Ships	**75**	87		
Machinery and equipment	**274**	218	**255**	201
Land and buildings	**823**	486	**727**	410
Total fixed assets	**40 475**	28 134	**39 415**	27 114
Total assets	**45 965**	32 590	**43 599**	30 673

Oslo, 26 February 1985
The Board of Den norske stats oljeselskap a.s

Inge Johansen
Chairman

Vidkunn Hveding
Vice-Chairman

Fredrik Thoresen

Thor Andreassen

Benedicte Berg Schilbred

Kåre Ellingsgård

Atle A. Thunes

Gunnar Langvik

Arve Johnsen
President

31 December 1984

Liabilities and shareholder's equity

Amounts in millions of NOK

Current liabilities	The consolidated companies 1984	1983	Statoil 1984	1983
Short-term bank credits	**41**	39	**4**	7
Withholding taxes and social security	**583**	445	**229**	179
Accrued interest	**343**	266	**327**	249
Provision for dividend	**717**	803	**709**	795
Accounts payable	**2 771**	1 947	**2 392**	1 768
Inter-company payables			**47**	37
Taxes payable	**91**	23	**91**	23
Accrued taxes	**3 148**	2 539	**3 128**	2 510
Other current liabilities	**3 642**	2 874	**3 560**	2 778
Long-term debt maturing within one year	**1 350**	1 035	**1 141**	900
Total current liabilities	**12 686**	9 971	**11 628**	9 246
Long-term liabilities (16)				
Export credits	**1 965**	1 364	**1 965**	1 364
Bank loans	**3 789**	5 579	**3 052**	4 899
Bonds and notes outstanding	**4 707**	2 981	**4 647**	2 911
Loans from the Norwegian Government	**11 411**	4 221	**11 411**	4 221
Currency fluctuation reserve (17)	**3 148**	2 053	**3 014**	1 953
Other long-term liabilities (18)	**1 199**	370	**986**	144
Long-term debt maturing within one year	**— 1 350**	— 1 035	**— 1 141**	— 900
Total long-term liabilities	**24 869**	15 533	**23 934**	14 592
Untaxed reserves				
Accelerated depreciation on fixed assets (19)	**3 958**	3 136	**3 763**	2 969
Inventory reserves	**160**	139	**42**	35
Regional development fund	**25**	25		
Classification fund	**17**	13		
Consolidation fund	**39**	25		
Total untaxed reserves	**4 199**	3 338	**3 805**	3 004
Minority interests (20)	**158**	160		
Shareholder's equity				
Restricted shareholder's equity				
Share capital: 29,435,000 shares at NOK 100 each	**2 944**	2 944	**2 944**	2 944
Reserve fund	**1 294**	847	**1 283**	839
Unrestricted shareholder's equity				
Distributable reserves	**16**	16		
Brought forward	**— 201**	— 219	**5**	48
Total shareholder's equity	**4 053**	3 588	**4 232**	3 831
Total liabilities and shareholder's equity	**45 965**	32 590	**43 599**	30 673
Guarantees (21)	**255**	174	**224**	141
Secured liabilities (16)	**291**	321		

Comments

The consolidated financial statements are based on the same accounting principles as are applied to the parent company. Companies included in the consolidated statements and Statoil's ownership shares are listed in note 12 to the Financial Statements.

Accounting principles

Items charged to the profit and loss account

- Expenditures concerning licences in the exploration phase.
- Expenditures for research, special studies and development projects.
- Interest and other financial expenditures.
- Capitalised value of unpaid pension liabilities is costed with the increase during the year and included in Other long-term liabilities in the Balance Sheet.

Capitalized items

- Expenditures related to commercial fields where Statoil has exercised its option to participate in field development.
- Field costs incurred after declaration of commerciality.

Depreciation

Ordinary depreciation on oil and gas production installations, and associated transport systems, is accounted for each individual field or transport system in accordance with the unit of production method. According to this method, the annual ordinary depreciation percentage appears as the relation between annual production and total remaining estimated, recoverable reserves of the field. Remaining reserves are reduced by a safety margin of 15 per cent in the calculation.

Ordinary depreciation for other installations is estimated on the basis of their economic life expectancy.

Additional depreciation, calculated as the difference between ordinary depreciation and the maximum depreciation in accordance with the Petroleum Revenue Tax Act and the Tax Act respectively, is shown as excessive depreciation under the Year end adjustments in the Profit and Loss Statement. In the Balance sheet the excessive depreciation proportion is included as 'untaxed reserves' under 'Accellerated depreciation on fixed assets'

Abandonment costs

In accordance with the terms of concession the authorities may order the licensees to dismantle offshore facilities at the termination of the operation. Annual reserves are made in the Financial Statements to cover the part of the abandonment costs estimated to be covered by the company. The annual reserve is estimated in accordance with the unit of production method (see Depreciation), based on the current price level and an estimated abandonment concept. The reserve is included in the Profit and Loss Statement under Operating costs and in the Balance Sheet under Long-term liabilities.

Conversion principles for foreign currency

Items in foreign currency are converted into Norwegian kroner(NOK) as follows:

- Income and expenditures are converted into Norwegian kroner (NOK) according to the prevailing exchange rate at the time of transaction.
- Current assets and current liabilities are converted at the rate of exchange prevailing as of 31 December.
- Accounts receivable are transferred at the lower of the 31 December rate and the transaction rate.
- Fixed assets are entered at the prevailing exchange rate at the time of procurement.
- Long-term liabilities are converted at the exchange rates prevailing when the loans were drawn. If the debt calculated according to the rates of exchange as of 31 December is higher than respective book debt for each currency, a provision is made for an amount equal to the difference in the relevant currency, and the amount is entered as a financial cost. Realised currency losses are charged as a financial cost where they are not covered by previous provisions. Currency gains are charged as income only when such gains are realised in connection with repayment of debt.
- The effects of forward buying, calculated as the difference between the agreed forward rate and the actual rate at the time of transaction is included in the Profit and Loss Statement under financial income/costs and in the Balance Sheet as short-term receivables/ short term liabilities.

Partnerships and limited partnerships

Statoil's shares in partnerships and limited partnerships are included in the appropriate items in the Profit and Loss Statement and in the Balance Sheet in accordance with the gross value method.

In the limited partnerships in which Statoil participates, the partners, in accordance with existing accounting agreements, have the right to audit the operators' accounts within two years after the end of the financial year. Corrections resulting from such audits will, in Statoil's accounts, be entered in a later year.

Inventories

Inventories of crude oil, petroleum products, and equipment are valued at purchase/production cost or net market price, whichever is the lower.

Accrued taxes

Taxes which, according to the Petroleum Tax Law, are levied on produced crude oil, but not resold at the time of settlement, are accrued. Thus agreement is rendered between realised income and net estimated taxes as shown in the Profit and Loss Statement.

Consolidation principles

- Shares in subsidiaries are eliminated using the past equity method. Any excess of purchase price over book value is assigned to the relevant assets and is depreciated accordingly.
- Foreign subsidiaries are consolidated in accordance with the English standard 'Statement of Standard Accounting Practice 20'. This means that profit and balance items are usually accounted at the rate of exchange applicable at the time of transaction. Currency gain/loss on Shareholders' equity are shown under Shareholders' equity as a separate item in the Balance Sheet and are not reflected in the Profit and Loss Statement.
- Inter-company current accounts, sales, gains, and other inter-company transfers are eliminated in the Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss.

Notes to financial statements for 1984

1. Sales are allocated as follows (in millions of NOK)

	The consolidated companies		Statoil	
Norway	1984	1983	1984	1983
Crude oil	**3 566**	3 194	**5 956**	4 454
Gas	**4**		**4**	
Refined products	**5 098**	4 710	**1 188**	2 441
Petrochemical products	**418**	248	**418**	248
Sale of other products/material	**480**	429		
Exports				
Crude oil	**19 475**	13 041	**19 475**	13 041
Gas	**774**	674	**774**	674
Refined products	**2 777**	2 245	**2 054**	1 654
Petrochemical products	**987**	442	**960**	442
	33 579	24 983	**30 829**	22 954

2. Other income include personnel services at NOK 1,114 million, other services at NOK 307 million, rental income at NOK 579 million and sale of seismic data at NOK 65 million.

3. For Statoil, the item includes royalties amounting to NOK 2,911 million. For the consolidated companies the item covers NOK 835 million in petrol tax. Also included are exploration costs of NOK 1,766 million and provisions for abandonment costs of NOK 150 million.

4. Provision is primarily made to cover possible loss on receivables.

5. Statoils's dividends received refers to dividends for the financial year 1983 with NOK 79 million from Norpipe a.s and NOK 28 million from Norpipe Petroleum UK Ltd. In addition NOK 11 million as interim dividend for 1984 from Norpipe Petroleum UK Ltd.

6. Extraordinary items include gain on sales of fixed assets.

7. Other year end adjustments are distributed as follows (in millions of NOK):

	The consolidated companies	Statoil
Change in inventory reserves	21	7
Pension premium fund	10	
Consolidation fund	14	
Classification fund	5	
	50	7

8. Minority interest shares:

26.38% of the profit of NOK 32.0 million in Norsk Olje a.s	NOK 8 million
40.00% of the loss of NOK 3 million in Andenes Helikopterbase a.s	NOK — 1 million
40.55% of the loss of NOK 4 million in Rafinor A/S	NOK — 2 million
	NOK 5 million

9. The consolidated profit and loss for 1984 (in millions of NOK):

	1984	1983
Statoil	**1 110**	1 458
Norsk Olje a.s	**32**	45
Rafinor A/S	**— 4**	
Statoil Netherlands B.V.	**— 17**	— 8
Sørøysund Eiendomsselskap a.s.		1
Andenes Helikopterbase a.s	**— 3**	— 2
	1 118	1 494
Decrease in unrealised income on inventories	**90**	— 95
Inter-company dividends	**— 22**	— 13
Depreciation of excess value in subsidiaries	**— 7**	— 7
	1 179	1 379
Minority interest share	**5**	11
Consolidated companies' share	**1 174**	1 368

10. Short-term deposits in Norwegian kroner include a total of NOK 32 million of withheld employee income tax. The corresponding amount for the consolidated companies is NOK 45 million.

11. The item includes NOK 14 million in receivables from employees.

12. Investments in subsidiaries (amounts in 1000):

	Book value	Par value	Number of shares	Ownership interest	Total company share capital
Norsk Olje a.s	291 500	213 500	213 500	73,62%	290 000
Rafinor A/S	3 000	3 000	3 000	30%	10 000
Statoil Netherlands B.V.	9 729	NLG 3 790	3 790	100%	NLG 3 790
Sørøysund Eiendomsselskap a.s	9 500	9 500	1 900	63,33%	15 000
Andenes Helikopterbase a.s	3 000	3 000	60	60%	5 000
Statoil Danmark a.s	252	DKK 300	300	100%	DKK 300
Statoil Sverige AB	63	SEK 50	500	100%	SEK 50
Statoil Finland OY	64	FIM 50	500	100%	FIM 50
Statoil France S.A.	227	FRF 250	2 500	100%	FRF 250
Statoil (UK) Ltd.	98	GBP 10	10 000	100%	GBP 10
Den norske stats oljeselskap GmbH	576	DEM 200	200	100%	DEM 200
	318 009				

Norsk Olje a.s owns 40 per cent of the shares in Rafinor A/S. The consolidated share is 70 per cent. The consolidated companies have an ownership share of 164/230 in the partnership of Rafinor A/S & Co., which is also included in the Consolidated Profit and Loss Statement.

13. In the Consolidated Balance Sheet, the excess of purchase price over book value in Norsk Olje a.s, totalling NOK 110.8 million, is allocated to relevant assets, and depreciated accordingly. See Principles of Consolidation.The excess value as of 31 December 1984 is reduced to NOK 55.2 million.

14. The investments are (amounts in 1000):

	Book value	Par value	Number of shares	Ownership interest	Total company share capital
Norpipe a.s	390 000	390 000	3 900 000	50%	780 000
Coast Center Base A/S	53	53	210	50%	105
Statfjord Transport a.s	420	420	840 932	42,04%	1 000
Vestbase a.s	400	400	400	40%	1 000
Norbase a.s	160	160	160	40%	400
Botnaneset Industriselskap A/S	3 000	3 000	30	18,5%	16 200
Norpipe Petroleum UK Limited	95 751	GBP 6 250	6 250 000	50%	GBP 12 500
Helgelandsbase a.s	5 000	5 000	250	50%	10 000
	494 784				

The shares are recorded at cost. The subsidiaries own a number of small blocks of shares in other companies amounting to a total book value of NOK 4 million. The consolidated companies' total book value of shares amounts to NOK 499 million.

Statoil has shares in the following partnerships and limited partnerships:

	Share
Statpipe	60%
Norpolefin	66⅔%
Noretyl	49%
Gullfaks Transport	85%
K/S Statfjord Transport a.s & Co.	42,04661%
K/S Coast Center Base A/S & Co.	49,75%

15. Specification of capital assets (in millions of NOK):

Statoil	Investment as of 1 Jan. 1984	Additions during the year	Disposed of during the year	Accumulated depreciat. as of 31 Dec. 84	Book value as of 31 Dec. 84
Plants and offshore installations	13 703	1 256	37	4 592	10 330
Construction in progress	15 002	12 602	350		27 254
Machinery and equipment	355	202	48	254	255
Land and buildings	436	430	74	65	727
	29 496	14 490	509	4 911	38 566

The consolidated companies:

Plants and offshore installations	15 940	1 514	58	5 928	11 468
Construction in progress	15 073	12 624	419		27 278
Ships	150			75	75
Machinery and equipment	445	214	54	331	274
Land and buildings	512	451	74	66	823
	32 120	14 803	605	6 400	39 918

See note 19 for tax depreciation.

Investments by year (in millions of NOK):

Statoil	1980 and before	1981	1982	1983	1984	Total investments as of 31 Dec. 84
Plants and offshore installations	7 229	260	5 316	996	1 219	15 020
Construction in progress	3 901	2 404	511	8 222	12 252	27 290
Machinery and equipment	112	37	55	156	154	514
Land and buildings	166	102	40	128	356	792
	11 408	2 803	5 922	9 502	13 981	43 616
The consolidated companies:						
Plants and offshore installations	9 016	374	5 415	1 232	1 456	17 493
Construction in progress	3 920	2 408	559	8 222	12 205	27 314
Ships	124	3	22	1		150
Machinery and equipment	180	39	70	162	160	611
Land and buildings	234	101	48	129	377	889
	13 474	2 925	6 114	9 746	14 198	46 457

The book value of fixed assets distributed by project (amounts in millions of NOK):

	Net book value as of 1 Jan. 1984	Additions in 1984	Disposed of in 1984	Depreciation in 1984	Book value as of 31 Dec. 1984
Statfjord	12 372	2 135	10	1 026	13 471
Gullfaks	3 864	4 480			8 344
Statpipe	5 755	3 726			9 481
Heimdal	1 227	1 249			2 476
Frigg field	310	9	19	48	252
Murchison	677	15		205	487
Frigg transport	186	2		27	161
Ula	77	226	51		252
Ula pipeline	62	301			363
Oseberg	30	591			621
Oseberg transport		62			62
Troll		248			248
East Frigg		1			1
Mongstad crude oil terminal		56			56
Norol	654	138	9	96	687
Statoil Netherlands	58	128	75	5	106
Rafinor	848	27		129	746
Noretyl	293	152		78	367
Norpolefin	242	374		85	531
Coast Center Base	53	6		5	54
Other	881	877	441	165	1 152
	27 589	14 803	605	1 869	39 918

16. The long-term debt of the consolidated companies distributed by currencies (in millions):

	Currency value	Average rate of exchange	Book value in NOK
Norwegian kroner (NOK)			14 670
U.S.Dollar (USD)	940,0	6,03	5 674
Deutschemark (DEM)	336,1	270,54	905
Pound Sterling (GBP)	48,4	10,89	527
French Franc (FRF)	482,0	95,44	460
Swiss Franc (CHF)	150,0	305,61	459
Japanese Yen (JPY)	10 000,0	2,54	254
Danish kroner (DKK)	147,0	82,81	122
Currency fluctuation reserve (NOK)			3 148
Long-term liabilities maturing within one year			—1 350
			24 869

Of the subsidiaries' domestic long-term debt, NOK 38 million is secured by vessels with a book value of NOK 35 million, and NOK 253 million is secured by installations, real estate, and housing with a book value of NOK 878 million.

The unused portion of long-term loan agreements equals about NOK 636 million.

17. In 1984 the Statoil currency fluctuation reserve was increased by NOK 1,061 million to cover the currency loss which would have occured if the total debt had been repaid at the exchange rates of 31 December 1984. The amount is charged to the Profit and Loss Statement. The corresponding figure for the consolidated companies is NOK 1,095 million.

18. Other long-term debt includes capitalised value of pension commitments by NOK 18 million.
By 31 December 1984, 152 people were covered by this arrangement. A discount rate of 4% is applied.

19. Accelerated depreciations on fixed assets (refer also to note 15) (amounts in millions of NOK):

Plants and offshore installations	Accumulated at 1.1.84	Tax depre-ciations 1984	Accumulated at 31.12.84
Statfjord	2 483	693	3 176
Murchison	89	— 60	29
Frigg	259	— 7	252
Rafinor	24	16	40
Noretyl	22	35	57
Norpolefin	4	39	43
Construction in progress			
Statpipe	88	48	136
Mongstad refinery, expansion		24	24
Mongstad crude oil terminal		6	6
Statoil, total	2 969	794	3 763
Norol	165	18	183
Andenes Helikopterbase a.s	2	4	6
Sørøysund Eiendomsselskap a.s		2	2
Rafinor A/S		4	4
Consolidated companies	3 136	822	3 958

20. Changes in capital for minority interests (NOK mill.):

	1984	1983
Minority interests 1 Jan.	160	150
Capital investments		7
Share of annual net income	5	11
Share of dividends paid	— 7	— 8
Minority interests 31 Dec.	158	160

21. Together with the other partners in I/S Noretyl and I/S Norpolefin, Statoil is jointly liable for the debts incurred in the name of the partnerships. This is mainly accounts payable in the amount of about NOK 114 million in addition to Statoil's previous book share.

Statoil has guaranteed for Statoil Netherland B.V.'s long-term liability to a maximum of USD 24 million. At year end an amount equal to NOK 110 million was drawn.

The consolidated companies are responsible for guarantees to employees and customers for a total of NOK 31 million.

Liability and insurance
In connection with the activities on the continental shelf, including transportation systems, Statoils has, like all other licencees, an unlimited liability for possible claims for damages. The company has taken out insurance for this liability for damages up to a total of approximately NOK 780 million for each incident. Statoil insures company assets at their estimated replacement value.

Charter agreements
Statoil has signed charter agreements for a total of four drilling rigs. The remaining charter periods vary from two to six years. Furthermore, Statoil has chartered 12 supply vessels and standby vessels to service these rigs.

Statoil has a contract for seismic data collection over the five year period 1982—1986.

Statoil also leases some of its automated office equipment.

In a partnership, Statoil, together with the other partners, is responsible for agreements signed by the partnership.

Operating profit for the consolidated companies by area of activity

Amounts in millions of NOK

	Operating income		Operating costs		Operating profit	
	1984	**1983**	**1984**	**1983**	**1984**	**1983**
Statfjord	**16 620**	12 826	**4 848**	3 524	**11 772**	9 302
Murchison	**2 225**	802	**560**	196	**1 665**	606
Frigg	**660**	545	**239**	179	**421**	366
Exploration expenses etc., other licences	**1 420**	1 000	**4 009**	2 903	**—2 589**	—1 903
Production of oil and gas	**20 925**	15 173	**9 656**	6 802	**11 269**	8 371
Refining and marketing	**29 898**	22 776	**29 696**	22 504	**202**	272
Petrochemical activities	**1 425**	690	**1 254**	651	**171**	39
Transportation	**268**	129	**459**	170	**—191**	—41
Inter-company transfers	**—16 872**	—12 463	**—16 872**	—12 463		
Total	**35 644**	26 305	**24 193**	17 664	**11 451**	8 641

Financial ratio analysis of the consolidated companies

	1984	1983	Definition
Net operating margin	**32,1%**	32,9%	Operating profit / Operating income
Gross profit margin	**21,6%**	25,4%	Profit before extraordinary items / Operating income
Rate of return (before taxes)	**30,7%**	32,2%	Profit before extraordinary items + financial costs / average total capital
Rate of return on Shareholder's equity (after taxes)	**38,8%**	60,9%	Profit before extraordinary items — taxes / average shareholder's equity

Source and application of funds

Amounts in millions of NOK	The consolidated companies		Statoil	
Source of funds	1984	1983	1984	1983
Profit before year end adjustments	**7 722**	6 709	**7 563**	6 652
Depreciation	**1 869**	1 284	**1 691**	1 129
Currency fluctuation reserve	**1 095**	410	**1 061**	400
Taxes payable	**—5 671**	—4 037	**—5 652**	—4 014
Dividends	**—717**	—803	**—709**	—795
Pension premium fund	**—10**	—26		
Total own financing	**4 288**	3 537	**3 954**	3 372
New long-term loans	**9 655**	4 655	**9 448**	4 537
Total source of funds	**13 943**	8 192	**13 402**	7 909
Application of funds				
Investments in fixed assets:	**14 210**	9 750	**13 992**	9 537
Repayment of long-term loans	**1 099**	1 052	**926**	822
Change in working capital	**—1 366**	—2 610	**—1 516**	—2 450
Total application of funds	**13 943**	8 192	**13 402**	7 909
Specification of change in working capital				
Cash and short-term deposits	**234**	118		327
Short-term receivables	**455**	835	**456**	706
Inventories	**345**	—383	**169**	—417
Current liabilities	**—2 400**	—3 180	**—2 141**	—3 066
Change in working capital	**—1 366**	—2 610	**—1 516**	—2 450

Value added statement

Amounts in millions of NOK	The consolidated companies			
	1984		1983	
Operating income	**35 644**		26 305	
— purchased goods and services used	**17 283**		12 835	
= gross value added from own activities	**18 361**		13 470	
— ordinary depreciation	**1 869**		1 272	
= net value added from own activities	**16 492**		12 198	
financial income	**586**		409	
net extraordinary items	**19**		17	
= value added for distribution from own activities	**17 097**		12 624	
= total value added for distribution	**17 097**		12 624	
Which is distributed as follows:				
Employees				
Gross salaries and social benefits	**1 239**	**7,3%**	812	6,4%
(including withholding tax)	**(306)**		(202)	
Capital investors				
Interest to borrowers	**3 239**	**18,9%**	1 948	15,4%
Dividends to the Government	**717**	**4,2%**	803	6,4%
State, municipality				
Royalties, taxes and petrol tax, etc.	**9 473**	**55,4%**	6 782	53,8%
The company				
Retained earnings	**2 429**	**14,2%**	2 279	18,0%
Total value added for distribution	**17 097**	**100,0%**	12 624	100%

Current cost accounting

In times with price fluctuations, traditional financial accounts based on historical purchase value do not provide complete information about the development of a company's profitability and financial standing. The current cost accounts below are prepared according to the British Statement of Standard Accounting Practice (SSAP 16).

In short, the method measures the costs (costs of goods sold and depreciation) based on replacement value. As the debt is nominally set in NOK, the resulting corrections are adjusted by the proportion of the price rises attributable to costs financed with foreign currency. In the Balance Sheet, fixed assets and inventories are adjusted to replacement value. These adjustments appear as an individual item — Cost reserve — under Shareholder's equity in the Balance Sheet below. The adjustments which are included in the Profit and Loss Statement below are called Realised cost reserves, and the corrections in the Balance Sheet, Unrealised cost reserves. Thus the Cost reserves represent the additional share capital necessary to maintain the company's real capital at current values.

The table below is based on Statoil's ordinary operating profit (in millions of NOK):

Current cost profit and loss accounts for 1984

(In millions of NOK)		1984		1983
Historical cost operating income		**11 107**		8 458
Current cost adjustments based on replacements costs:				
Depreciation (1)	— 1 352		— 992	
Costs of goods (2)	— 12		— 3	
Adjustment for monetary working capital (3)	9	**— 1 355**	1	— 994
Current cost operating income		**9 752**		7 464
Net financial costs		**3 539**		1 813
Gearing adjustment		**886**		616
Profit before extraordinary items		**7 099**		6 267
Extraordinary items		**— 5**		7
Taxes (cost accounted)		**— 5 652**		— 4 014
Deferred taxes (4)		**— 621**		— 929
Net income (5)		**821**		1 331
Distribution of profit:				
Dividend		**709**		795
Added to the Shareholder's equity		**112**		536
		821		1 331

Current cost balance sheet as of 31 Dec. 1984

Assets		1984		1983
Cash and short-term deposits		**437**		437
Short-term receivables		**3 173**		2 717
Inventories (2)		**574**		405
Long-term receivables		**849**		859
Capital assets (1)		**49 434**		34 500
Total assets		**54 467**		38 918
Liabilities and shareholder's equity				
Current liabilities		**11 628**		9 246
Long-term liabilities		**23 934**		14 592
Deferred taxes (4)		**2 730**		2 109
Shareholder's equity as of 1 Jan.	3 824		3 288	
Retained profit 1984	112	**3 936**	536	3 824
Cost reserve (6)		**12 239**		9 147
Total liabilities and Shareholder's equity		**54 467**		38 918

Notes:

1. The calculation of replacement cost of fixed assets is based on price indexes for offshore and onshore installations as shown in the National financial statement.
2. The cost of goods for certain product groups is adjusted to the replacement value at the time of sale.
3. The monetary working capital adjustment (accounts receivable — accounts payable) is linked to the prices of the product groups.
4. Realisation of fixed assets at values recorded in the current cost balance sheet would have resulted in a tax liability of about NOK 2,730 million per 31 December 1984. The liability occurs as a consequence of provisional tax depreciation entered in the company's financial accounts.
5. Corresponds to net income sufficient to maintain the company's funds in real terms.
6. Specification of cost reserve:

Unrealised:	**1984**	**1983**
Revaluation of fixed assets	**10 868**	8 245
Realised:		
Depreciation adjustments	**3 251**	1 899
Cost of sales adjustments	**134**	122
Monetary working capital adjustment	**— 16**	— 7
Gearing adjustment	**— 1 998**	— 1 112
	12 239	9 147

Auditor's Report for 1984

to the shareholder of Statoil, Den norske stats oljeselskap a.s

We have audited the accounts for 1984 according to generally accepted auditing standards. We have also audited the accounts for the consolidated companies for 1984.
The annual financial statements for the company and the consolidated companies are in compliance with the Companies Act, and in our opinion present the result of the year and the financial position of the company and the consolidated companies on the basis of generally accepted accounting principles.
The Board's proposal for application of the company's net income complies with the Companies Act.
The Statement of profit and loss and the balance sheet submitted for the company and for the consolidated companies may be adopted as the accounts of Statoil and the Statoil Group for 1984.

Stavanger, 27 February 1985

Endresen, Klette & Co.
State Authorised Accountants

Karl-Johan Endresen

Karl-Johan Endresen

Ole M. Klette

Ole M. Klette

Recommendation from the Company Assembly

to the General Meeting regarding the annual report and accounts for 1984

At the meeting on 7 March 1985 the Statoil Company Assembly discussed the annual report and accounts for 1984 of the Board of Directors for Den norske stats oljeselskap a.s and for the Statoil Group.
The Company Assembly recommends that the General Meeting approve the annual report submitted, and establish the accounts in accordance with the draft made by the Board of Directors.
The Company Assembly approved the recommendation of the Board of Directors that the 1984 net income be applied in the following manner:

Net income 1984	1,110 million
Brought forward from 1983	48 million
	1,158 million
Reserve fund	444 million
Dividends	709 million
Carried forward to 1985	5 million

Oslo, 7 March 1985

Per Magnar Arnstad

Per Magnar Arnstad
Chairman, Company Assembly

Articles of Association

Art. 1

The corporate purpose of Den norske stats oljeselskap a.s is to carry out exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, as well as other activities reasonably related thereto, either by itself, or in participation or cooperation with other companies.

Art. 2

The Company shall be situate in Stavanger.

Art. 3

The share capital of the Company is NOK 2,943,500,000 divided into 29,435,000 shares of NOK 100 each.

Art. 4

The Board of Directors of the company shall be composed of a maximum of eight directors. A maximum of six of the directors including chairman and vice-chairman, shall be elected by the General Meeting. Two of the directors shall be elected by and among the employees in accordance with regulations made under provisions of the Companies Act concerning the right of employees to be represented on the Board of Directors and in the Company Assembly of companies limited by shares.

Four alternate directors shall be elected in respect of the two directors elected by and among the employees, and these alternates shall be summoned in the order in which they are elected. Two alternate directors shall be elected in respect of the other directors, one as first alternate and one as second alternate. The normal term of office for the directors is two years.

Art. 5

Any two directors jointly may sign for the Company. The Board may grant power of procuration.

Art. 6

The Board shall appoint the Company's President and stipulate his salary.

Art. 7

The company shall have a Company Assembly consisting of 12 members. Members and alternates shall be elected for two years at a time. The General Meeting shall elect eight members and three alternate members for these eight. Four members and alternates for these four shall be elected by and among the employees of the Company in accordance with regulations of the Companies Act concerning the rights of employees to be represented on the Board of Directors and in the Company Assembly of companies limited by shares.

The Company Assembly shall elect a chairman and a vice-chairman from among its members. The Company Assembly shall hold at least two meetings annually.

Art. 8

The ordinary General Meeting shall be held each year before the end of June. General Meetings shall be held in Stavanger or in Oslo. Extraordinary General Meetings shall be summoned at the request of the Shareholder, the Board, or two members of the Company Assembly.

Art. 9

The ordinary General Meeting shall deal with and decide the following matters:

a) Adoption of the statement of profit and loss and the balance sheet.
b) Application of the annual profit or coverage of loss as shown in the adopted balance sheet, and the declaration of dividends.
c) Adoption of the consolidated statement of profit and loss and the consolidated balance sheet.
d) Any other matters which are referred to the General Meeting by statute or the Articles of Association.

Art. 10

The Board shall submit to the General Meeting, ordinary or extraordinary, all matters which are presumed to involve significant political questions or questions of principle and/or which may have important effects on the nation and its economy. Such matters shall be deemed to include, inter alia:

a) Plans for the immediately following year with economic surveys, including plans to cooperate with other companies.
b) Essential changes of such plans as mentioned in a) above.
c) Plans for future activities, including participation in activities of major importance in other companies or joint ventures in which the Company participates or plans to participate.
d) Matters which seem to necessitate additional appropriation of Government funds.
e) Plans for establishing new types of activity and locating important elements of the Company's operations.
f) Plans to participate in the exploitation of petroleum reserves in or outside Norway, including the exercise of state participation option rights.
g) Half year reports on the company's activities, including activities of subsidiaries and important joint ventures with other companies.

Matters which the Board submits to the General Meeting pursuant to this Article and if possible such matters as the Ministry may have announced its wish to consider at such a General Meeting, shall, if possible, be presented in writing and delivered to the Ministry in good time prior to the General Meeting.

Should there be no opportunity to submit the above-mentioned matters in advance to the General Meeting, the General Meeting shall be notified promptly of the Board's resolution.

Whenever possible, matters as mentioned in items under a) and g) above should be submitted to the Company Assembly for comment.

The General Meeting shall decide whether to take note of the Board's proposals under this Article, to approve them or to alter them.

Art. 11

The company is responsible for taking care of the interests of the state related to the direct economic engagement the state retains for itself in joint ventures for exploration, development, production and transportation of petroleum on or in association with the Norwegian continental shelf.

This task is executed through the company's general technical and managerial organization and in accordance with the guidelines applicable to the company's own engagement on the Norwegian continental shelf.

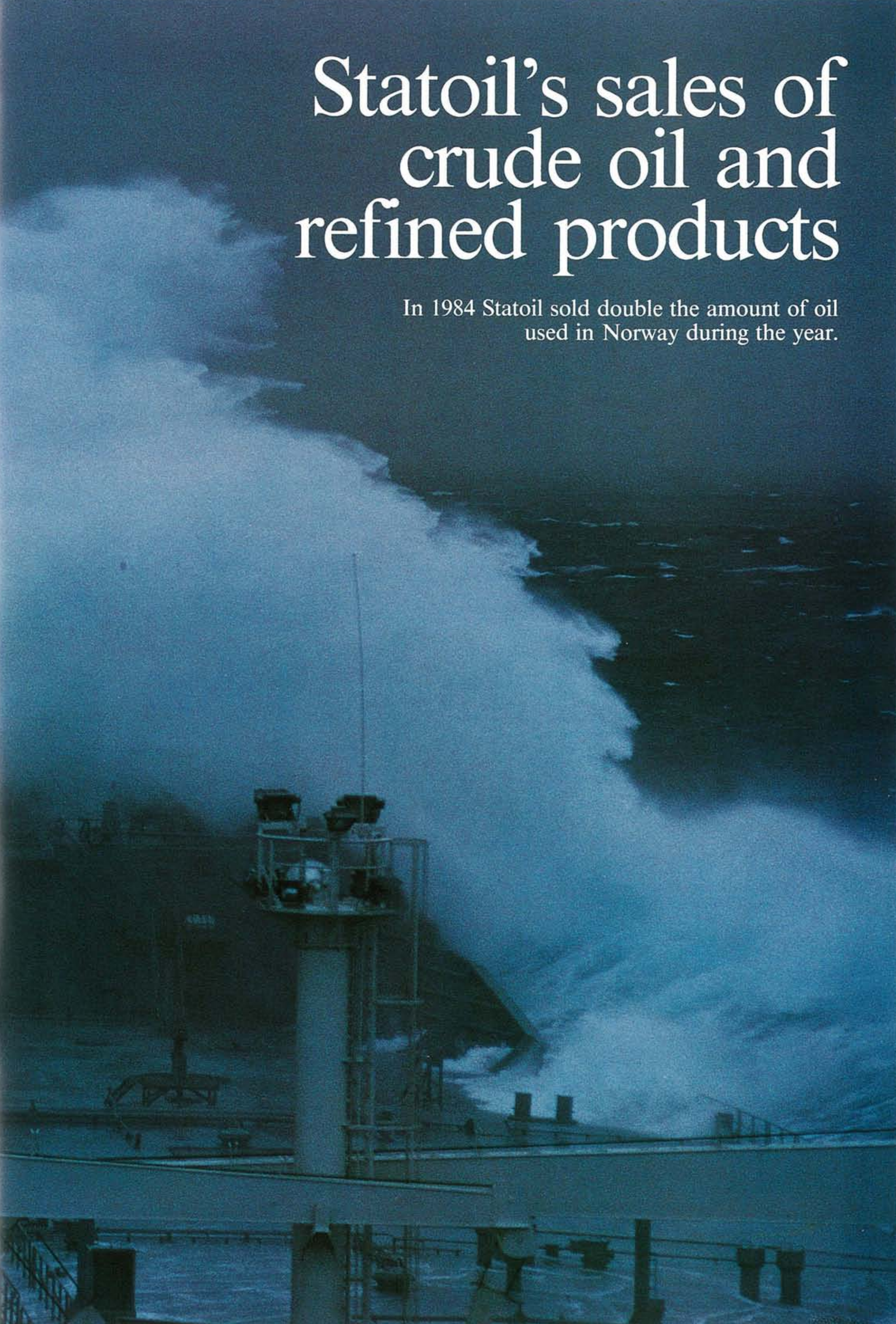
The company prepares accounts for the state's direct economic engagement. These accounts are carried out in accordance with the regulations governing economic administration in the ministries stipulated by Royal Decree and the economic instructions prepared by the Ministry of Petroleum and Energy.

Art. 12

The provisions of the Companies Act shall be supplementary to these Articles of Association.

Statoil's sales of crude oil and refined products

In 1984 Statoil sold double the amount of oil used in Norway during the year.



Top: General Manager Svein Rennemo (rear) and Assistant Manager Øystein Berentsen deal with crude oil customers in many countries. Bottom: Dr. Derek F. Butters, Imperial Chemical Industries, ICI, (left) and Assistant manager Torbjørn Brown, Statoil, with a picture of the Mongstad refinery. Statoil sells naphta from Mongstad to ICI among others.

The Statoil group sold more than 11 million tonnes of crude oil and about 2.5 million tonnes of refined products in 1984. Total turnover amounted to approximately NOK 29 billion. This represents more than 80% of the group's gross sales for 1984.

Volumes of crude handled by Statoil will increase significantly during the coming years as new platforms start production. Statfjord C and Gullfaks A will come on stream in 1985 and 1987 respectively.

The consumption of oil products in Norway totals about 6 million tonnes a year. An ever increasing proportion of Statoil's crude is sold for export. The company places considerable importance on developing and improving its refining and oil marketing network.

Market Development

The demand for energy depends on many factors. Population growth, energy prices and the growth rate of a country's GNP all play an important part. Increased demand can be expected if the population increases or energy prices fall. Previously there was an accepted positive ratio between economic growth and energy consumption, though more efficient use of energy has allowed economic growth without the corresponding increase in energy consumption.

Demand for crude and petroleum products in Western Europe and the USA is most important to Statoil. Western Europe will continue to be the largest user of Norwegian oil, even though sales to the USA and other relatively distant markets will probably increase in significance.

Since 1979, oil consumption in Western Europe has declined. This is in sharp contrast to the rapid increase in consumption seen from the end of the 1940's until the first oil crisis in 1973-1974. The price of crude then quadrupled in response to a very tight supply/demand balance. The Iranian crisis in 1979 triggered new price increases. This is the background to the consumption decline we have experienced in recent years.

An analysis of current trends in Western Europe energy consumption indicates that oil use will increase only slowly over the next five to ten years.

But the quantity of crude sold on the open market is expected to continue to decline. One reason is that large oil companies will shut obsolescent refineries in Western Europe, reducing demand for crude oil feedstock, while exploiting more of their own crude resources. Opec countries are also developing their own refining capacity, both at home and abroad, and will offer a greater proportion of daily oil production as refined products instead of crude.

Present trends in products consumption are likely to continue with less demand for heavy products such as fuel oil and increased demand for lighter components such as gasoline, aviation fuel and diesel. Transportation is one sector where demand will increase as there are few alternatives to hydrocarbon based light fuels.

Sales of crude

Crude oil sales are conducted partly through long-term contracts and partly through the sales of cargoes on the spot market. Statoil sells the majority of its crude through long-term contracts. This ensures reliability of supplies for the customers while at the same time Statoil is guaranteed a continuous market for production from its North Sea fields.

As long as there was a small shortage of oil on the market, the prices on the spot market were usually above contract prices. But since 1982 when the crude oil market changed from a seller's to a buyer's market, the spot-prices are, on average, lower than the long-term contract prices. This has led to a greater proportion of the international crude sales taking place in the spot market. Statoil, however, has been able to maintain a varied customer portfolio for most of the company's crude oil sales during these shifting market conditions.

Crude oil prices vary according to the balance of supply and demand. Prices have changed considerably since 1980 when the crude price was in the region of 40 dollars per barrel. At the end of 1984 the price was below 30 dollars. For Norwegian oil it is worth noting that because of the high dollar rate, the value of our crude oil measured in NOK, is higher in 1984 than any time previously. This is illustrated in figure 2.

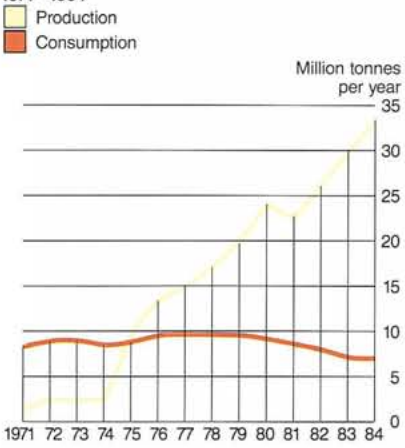
Statoil's largest crude customers are oil companies with their own refineries and marketing outlets in Western Europe. Sweden is the biggest export market while the UK and the Netherlands are also important.

Sales to the USA, already significant, are expected to increase. In 1984 about 1 million tonnes of crude were sold to the USA. The oil was transported from Statfjord by tankers and transhipped to other vessels at Mongstad. The purpose-built tankers sail regularly between Statfjord and ports in Western Europe. They are unable to undertake longer voyages as this would interrupt Statfjord's production schedule.

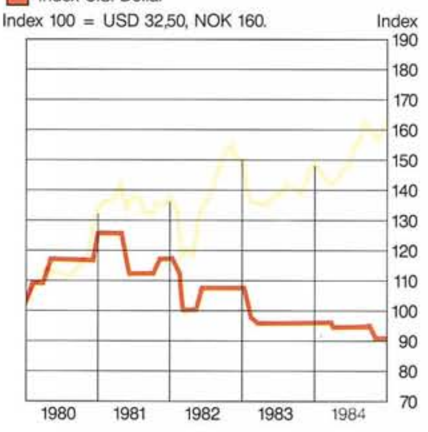
Greater flexibility in the movement of crude oil has become an important target for Statoil. Technically, the performance of the offshore loading and transport of oil from the Statfjord field is good. But the relatively small storage facilities in the base of the concrete platforms puts constraints on delivery flexibility, which can be a disadvantage in the marketing of oil.

The new crude oil terminal, now being built at Mongstad, will give Statoil greater freedom of action in crude oil trading. The terminal, which will be

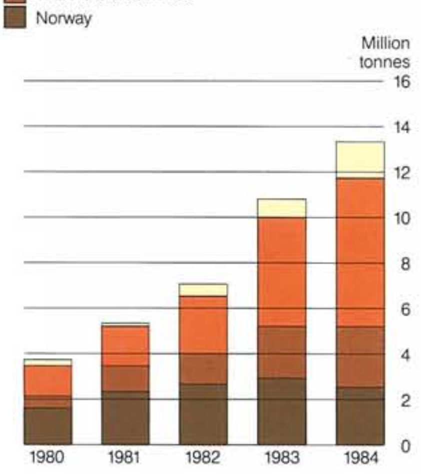
Production and consumption of crude oil in Norway, 1971–1984 Figure 1



Norwegian crude oil price development Figure 2



Statoil's sale of crude oil geographically distributed 1980–1984 Figure 3



Top: Buoy loading at the Statfjord field. *M/T Polyviking* receives crude oil from the Statfjord B-buoy. Bottom: *Polyviking* has arrived at Rotterdam and has started unloading. In the harbour we see the crane barges *Balder* and *Hermod*, both of which made many heavy lifts when Statfjord was developed.

ready in the autumn of 1988, will have underground storage caverns blasted into the rock with a total volume of 1.3 million cubic metres. This will be sufficient to ensure stability and flexibility of supplies. The opening of the Mongstad terminal will enable Statoil to serve new customers in a wider market. In addition, it will provide the potential for taking advantage of price variations on the short-term market.

The fact that Statoil will be handling increased quantities of crude will give advantages. It will be possible to tie up contacts with a large number of customers and thus achieve a more stable and reliable market for the oil. It will also be possible to offer crude oil quantities and delivery programs which are suited to the individual customer's requirements. Gradually, as more platforms start production, Statoil will be able to offer customers further improvements in the reliability of supplies.

A helicopter is filled up at Flesland, Bergen. Aviation fuel is delivered to 35 Norwegian airports and to the airports in Copenhagen and Stockholm.

Refining and the sales of products

Currently, Statoil refines more than 20% of the company's crude oil, primarily at the Mongstad refinery.

North Sea oil is particularly valuable because it has a low sulphur content and causes little pollution when burned. And when it is run through a refinery it can produce a large proportion of light products which are most in demand.

The Mongstad refinery will be upgraded to provide an even greater proportion of light products. At the same time the capacity will be increased from 4 to 6.5 million tonnes a year. The work will be completed early in 1989.

The present refinery was built in 1972-1975 and later a new unit was incorporated. Since 1980 it has produced low-lead regular gasoline and since 1983 low lead super gasoline. The refinery is the only in Scandinavia which produces petroleum coke, a material widely used in the aluminium industry.

The refinery is operated by Rafinor A/S & Co. and is 70% owned by Statoil/Norol. Norsk Hydro has the remaining 30%.

Most of the crude oil which the Statoil group refined at Mongstad in 1984 came from the Statfjord field. A smaller proportion was imported crude of a lower quality required to produce the necessary qualities.

The refinery throughput was satisfactory and it was possible to produce maximum upgrading from heavy to light products.

Domestic distribution and sales of refined products are carried out by Norsk Olje a.s, Norol, a Statoil subsidiary. Norol is the leading oil product marketing company in Norway, and the country's largest trading company. Norol has a total market share of 27-28 per cent.

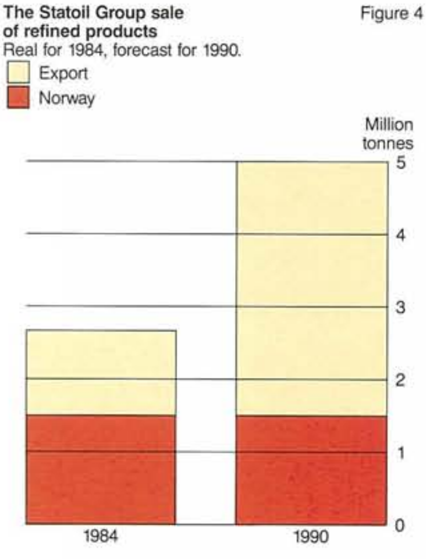
Despite the fact that the Norwegian oil consumption has declined during recent years, Norol's sales of oil products have increased. Rising sales of transport fuels have more than outweighed the decline in sales of heating oils. Norol also supplies increasing quantities of products adapted for use by the oil industry on the Norwegian Continental Shelf.

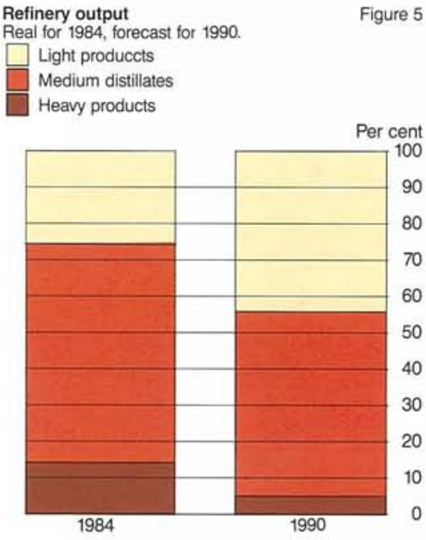
Products from Mongstad which Norol does not sell on the domestic market are marketed abroad by Statoil. Approximately 40% of the group's production of refined products are sold in this way.

Most of these products are currently sold in North West Europe. This includes naptha to the petrochemical industry, particularly in the UK and West Germany. Significant quantities of gas oil are also sold to the petrochemical industries on the Continent, and for upgrading to lighter fuels.

The sales of refined products abroad will become increasingly important to Statoil. There will be new forms of distribution and new product ranges available. Statoil has already moved in this direction by starting aviation fuel sales in Denmark and Sweden. Through the development and upgrading of the Mongstad refinery, Statoil will also become a significant exporter of gasoline to markets in North West Europe from the end of the 1980's.

For Statoil, the years ahead will be closely linked to the establishment of secure positions in the petroleum products markets while at the same time the company's position in the crude oil market will be consolidated and developed.





Statoil's interests in licences allocated

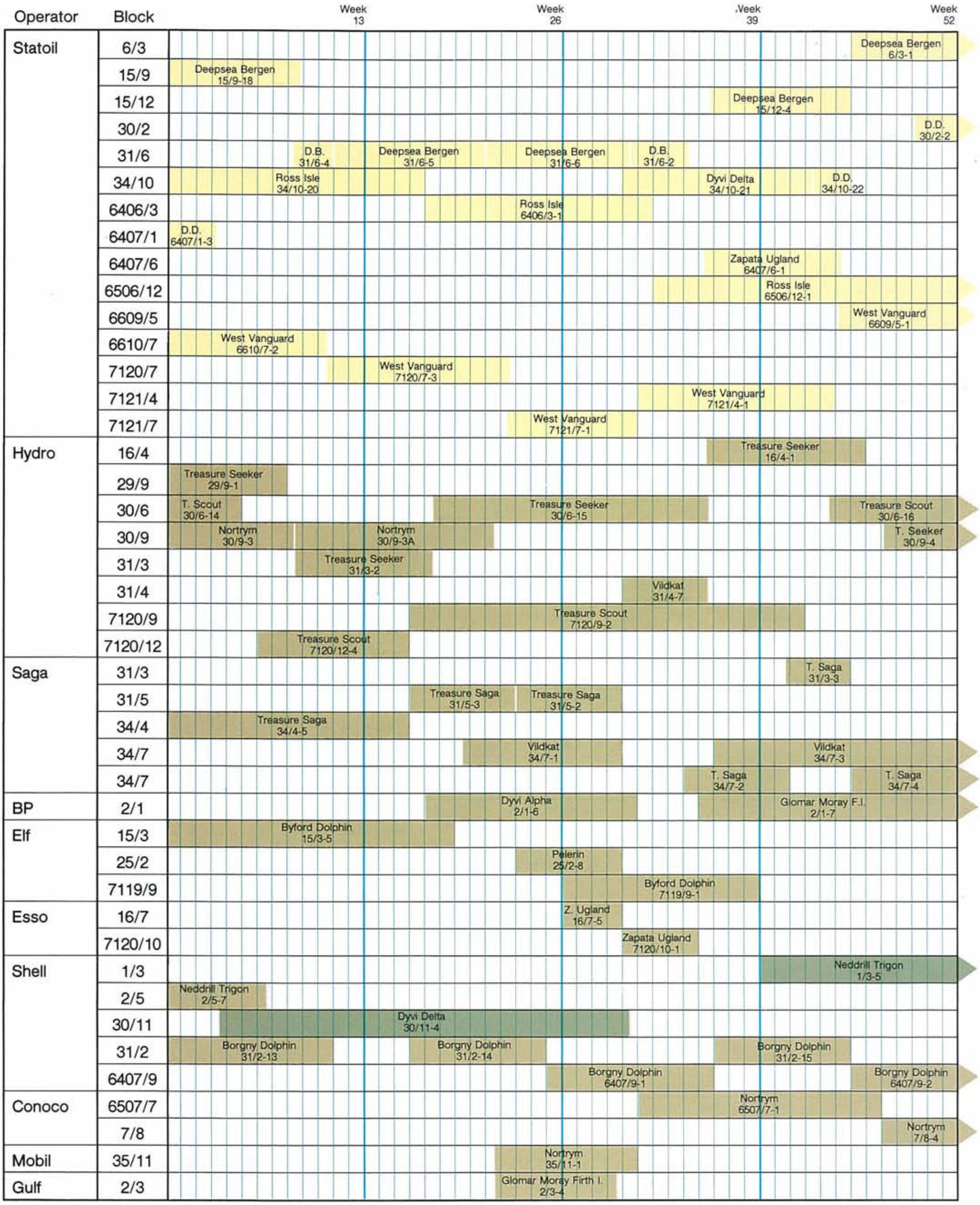
As of February 1985

Production licence and year allocated		Block	Operator	Statoils share Ordinary	Statoils share Maximum	Type of discovery	Field
Norwegian continental shelf							
008	- 1965	18/10, 2/6	Elf	2%			
019A	- 1965	7/12	BP	12,5%		Oil/gas	Ula
019B	- 1977	2/1, 7/12	BP	50%	72%	Oil	
020	- 1965	16/8	BP	12,5%			
022	- 1965	2/3, 3/5	Gulf	11%			
023	- 1969	3/7	Elf			Returned in 1984	
024	- 1969	25/1	Elf	5%		Gas	Frigg, NE Frigg
025	- 1969	15/3	Elf	6%*		Gas	Gudrun
026	- 1969	25/2	Elf	5%		Gas	E Frigg, SE Frigg
027	- 1969	25/8	Esso	17,5%**		Oil	Balder
028	- 1969	25/10	Esso	17,5%**		Oil	Balder
029	- 1969	15/6	Esso	17,5%**		Gas/condensate	Sleipner/Dagny
030	- 1969	30/10	Esso	17,5%**		Gas	Odin, NE Frigg
031	- 1969	2/10	Phillips	17,5%*			
032	- 1969	2/9	Amoco	10%**			
033	- 1969	2/11	Amoco	10%**		Oil/gas	Valhall/Hod
036	- 1971	25/4	Elf	40%		Gas/condensate	Heimdal
037	- 1973	33/9, 33/12	Mobil	50%		Oil/gas	Statfjord/Murchison
038	- 1974	15/12	Statoil	50%	75%	6/3 and 15/11 returned in 1982	
040	- 1974	29/9, 30/7	Norsk Hydro	50%	66%	Gas/condensate	Hild
041	- 1974	35/3	Saga	50%	70%	Gas	Agat
043	- 1976	29/6, 30/4	BP	50%	70%	Gas/condensate	
044	- 1976	1/9	Statoil	50%	75%	Oil/gas	Tommeliten
046	- 1976	15/8, 15/9	Statoil	50%	75%	Gas/condensate	Sleipner
047	- 1977	33/5	Norsk Hydro	50%	66%	33/2 returned in 1983	
048	- 1977	15/5	Norsk Hydro	50%	75%	Gas/condensate, 15/2 returned in 1983	
050	- 1978	34/10	Statoil	85%	85%	Oil/gas	Gullfaks
051	- 1979	30/2	Statoil	50%	75%	Gas	Huldra
052	- 1979	30/3	Statoil	50%	75%	Gas/oil	Huldra/Veslefrikk
053	- 1979	30/6	Norsk Hydro	50%	80%	Oil/gas	Oseberg
054	- 1979	31/2	Shell	50%	75%	Oil/gas	Troll
055	- 1979	31/4	Norsk Hydro	50%	75%	Oil	Brage
056	- 1979	34/2	Amoco	50%	75%		
057	- 1979	34/4	Saga	50%	75%	Oil	Snorre
058	- 1979	35/8	Gulf	50%	70%	Gas/condensate	
059	- 1980	6507/12	Saga	50%	80%		
060	- 1980	7119/12	Statoil	50%	80%	Gas	
061	- 1980	7120/12	Norsk Hydro	50%	80%	Gas	
062	- 1981	6507/11	Saga	50%	80%	Gas	Midgard
063	- 1981	7117/9	Norsk Hydro	50%	80%		
064	- 1981	7120/8	Statoil	50%	80%	Gas	Askeladden
065	- 1981	1/3	Elf	50%	80%	Oil	
066	- 1981	2/2	Saga	50%	80%	Gas/oil	
067	- 1981	2/5	Shell	50%	80%		
068	- 1981	2/8, 2/11	Norsk Hydro	50%	80%		
069	- 1981	7/8	Conoco	50%	80%	Oil	
070	- 1981	7/11	Norsk Hydro	50%	80%	Oil	
071	- 1981	8/3	Statoil	50%	80%		
072	- 1981	16/7	Esso	50%	80%	Gas/condensate	
073	- 1982	6407/1	Statoil	50%	80%	Oil/condensate/gas	Tyrihans
074	- 1982	6407/2	Saga	50%	80%	Gas	Midgard
075	- 1982	6507/10	BP	50%	80%		
076	- 1982	7119/7	Norsk Hydro	50%	80%		
077	- 1982	7120/7	Statoil	50%	80%	Gas	
078	- 1982	7120/9	Norsk Hydro	50%	80%	Gas	
079	- 1982	30/9	Norsk Hydro	73,5%	73,5%	Oil/gas	Oseberg

Production licence and year allocated		Block	Operator	Statoils share Ordinary	Maximum	Type of discovery	Field
Norwegian continental shelf							
080	- 1982	6609/5	Statoil	50%	75%		
081	- 1982	6609/7	Phillips	50%	80%		
082	- 1982	6609/10	Saga	50%	80%		
083	- 1982	6609/11	Norsk Hydro	50%	80%		
084	- 1982	6610/7	Statoil	50%	80%		
085	- 1983	31/3, 31/5, 31/6	Norsk Hydro Statoil, Saga	85%	85%	Gas	Troll
086	- 1984	6/3,7/1	Statoil	50%	80%	Oil	
087	- 1984	16/4	Norsk Hydro	50%	80%		
088	- 1984	24/6,25/4	Total	50%	80%		
089	- 1984	34/7	Saga	50%	80%	Oil	Snorre
090	- 1984	35/11	Mobil	50%	80%		
091	- 1984	6406/3	Statoil	50%	80%		
092	- 1984	6407/6	Statoil	50%	80%		
093	- 1984	6407/9	Shell	50%	80%	Oil	
094	- 1984	6506/12	Statoil	50%	80%	Gas/condensate	Smørbukk
095	- 1984	6507/7	Conoco	50%	80%		
096	- 1984	7119/9	Elf	50%	80%		
097	- 1984	7120/6	Norsk Hydro	50%	80%		
098	- 1984	7120/10	Esso	50%	80%		
099	- 1984	7121/4	Statoil	50%	80%	Gas/oil	Snøhvit
100	- 1984	7121/7	Statoil	50%	80%	Gas	
101	- 1985	16/10	Agip	50%	60%		
102	- 1985	25/5	Elf	50%	65%		
103	- 1985	25/7	Conoco	50%	65%		
104	- 1985	30/9	Norsk Hydro	50%	80%		
105	- 1985	6406/6	Statoil	50%	65%		
106	- 1985	6407/4	Statoil	50%	70%		
107	- 1985	6407/7	Norsk Hydro	50%	80%		
108	- 1985	7120/1	Shell	50%	65%		
109	- 1985	7120/2, 7120/3	Norsk Hydro	50%	65%		
110	- 1985	7120/5, 7121/5	Statoil	50%	60%		
111	- 1985	7121/1	Esso	50%	60%		
Dutch continental shelf							
L/16-B	- 1968	K/18, L/16	Conoco	6,375% 7,5%		Oil Oil	Kotter Logger
	1985	F14A	Statoil	60%			

* Option for direct participation.
** Net profit.

Exploration and delineation wells in 1984



D.B. = Deepsea Bergen
D.D. = Dyvi Delta

Operated by Statoil

Operated by others, Statoil is a partner

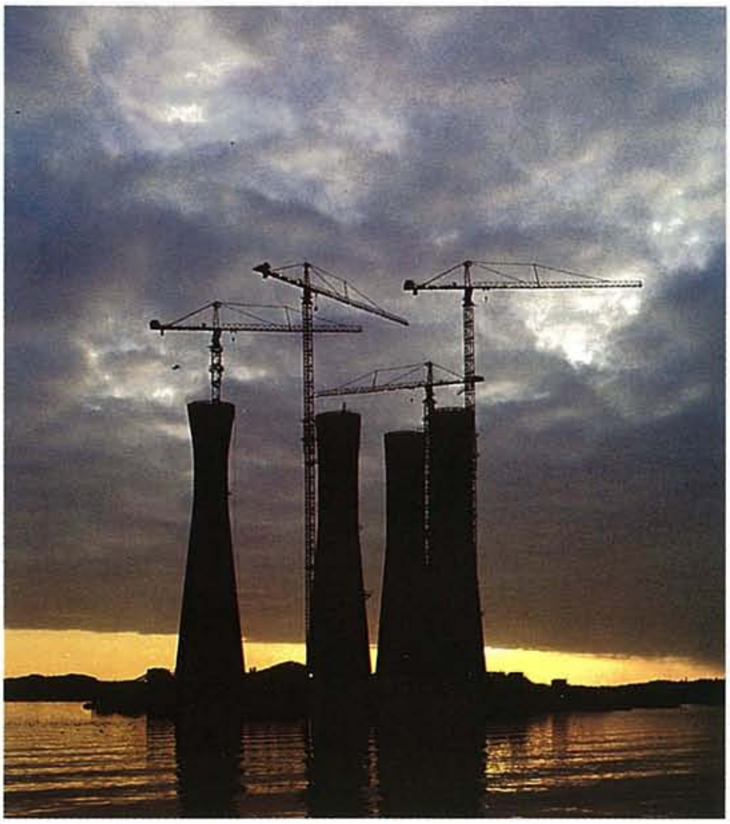
Operated by others, Statoil is not a partner

Survey of Group's activities in 1984

As of 31 Dec. 1984

Field, company	Operator	Location	Share, %	Comments
		Exploration		
20 exploration licences	Statoil	Norwegian sector	Minimum 50	Exploration or evaluation
		Development		
Gullfaks	Statoil	Block 34/10	85	Oil/gas
Ula	BP	Block 7/12	12.5	Oil/gas
Heimdal	Elf	Block 25/4	40	Gas
Oseberg	Norsk Hydro	Block 30/6, 30/9	63.24	Oil/gas
Odin[1]	Esso	Block 30/10		Gas
Statfjord	Mobil	Block 33/9, 33/12	42.04661	Oil/gas
Statpipe	Statoil	Kårstø	60	Gas transport
Kotter, Logger[2]	Conoco	Dutch sector	6.375	Oil
Ula Pipeline	Statoil	Block 7/12	100	Condensate transport
Oseberg Transport	Norsk Hydro	Block 30/6, 30/9	63.24	Oil transport
Mongstad Terminal	Statoil	Mongstad	100	Crude oil terminal
Mongstad Refinery[3]	Statoil	Mongstad		Expansion and upgrading
		Production		
Statfjord	Mobil	Block 33/9, 33/12[4]	42.04661	Oil
Murchison	Conoco	Block 33/9[4]	12.5312	Oil
Frigg	Elf	Block 25/1[4]	3.041	Gas
North East Frigg	Elf	Block 25/1	2.1	Gas
Valhall[5]	Amoco	Block 2/11		Oil
		Transportation		
Norpipe a.s	Separate adm.	Stavanger	50	Oil and gas transport
Norpipe Petroleum UK Ltd.	Separate adm.	Teesside	50	Oil terminal
K/S Statfjord Transport a.s & Co.	Statoil	Stavanger	42	Crude oil transport by tanker
I/S Gullfaks Transport	Statoil	Stavanger	85	Crude oil transport by tanker
		Refining and marketing		
Rafinor A/S & Co.	Separate adm.	Mongstad	70	Refining
Norsk Oil a.s	Separate adm.	Oslo	73.62	Marketing
I/S Noretyl	Hydro	Bamble	49	Petrochemicals
I/S Norpolefin	Statoil	Bamble	66⅔	Petrochemicals

1) Statoil receives 17.5% of net income. The field came on stream on 1 October 1984. 2) The Kotter field came on stream in September 1984. 3) Distribution of shares is not decided. 4) The field straddles the British/Norwegian median line. 5) Statoil receives 10% of net income.



The Gullfaks A concrete gravity base under construction in Stavanger

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