Annual Report 1986

Statoil

Den norske stats oljeselskap a.s

Contents

Board of Directors

Chairman:
Inge Johansen, Managing Director
Vice-Chairman:
Vidkunn Hveding, Director
Fredrik Thoresen, Managing Director
Thor Andreassen, Managing Director
Guttorm Hansen, former Speaker of the Storting
Toril V. Lundestad, Assistant General Manager
Lars Bakka, Legal Counsel
Tor Ragnar Pedersen, Maintenance Operator

Alternate members
Jan Skaar, Director
Bjørg Wallevik, Educational Supervisor
Erling Haug, Area Licences Manager
Jan Otto Askim, Process Technician
Åse Simonsen, Financial Analyst
Atle A. Thunes, Project Manager

Corporate 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, Manager
Egil Flaatin, Managing Director
Johan Nordvik, Mayor
Martha Sæter, Secretary
Bjørn Lian, Department Manager
Anne Grethe Tveiten, Planning Consultant
Per Hasler, Production Operator
Aud Tveito Ekse, Staff Engineer

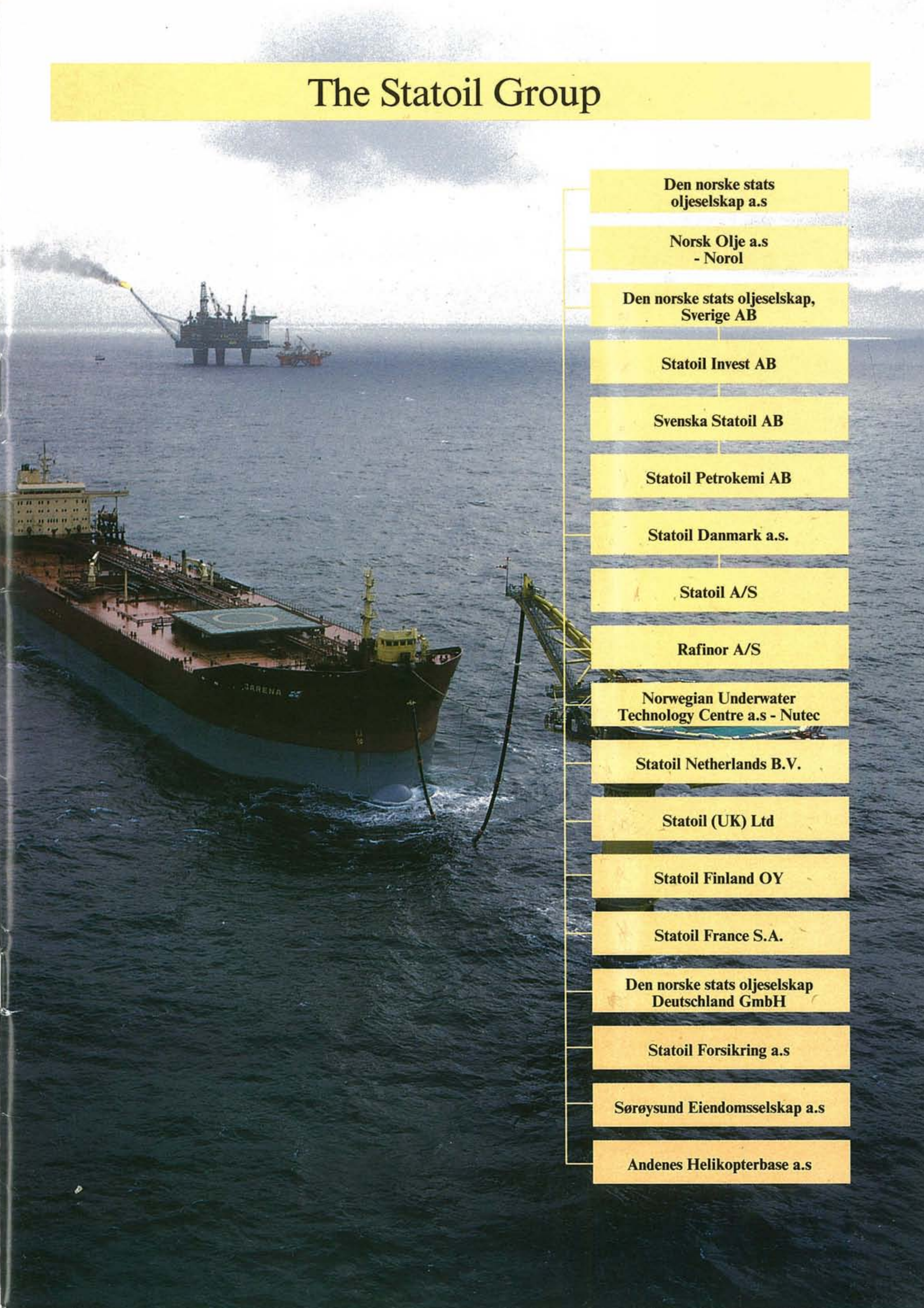
Alternate members
Alv Jakob Fostervoll, County Governor
Johannes Andreassen, Administration Manager
Ragnhild Midtbø, Teacher
Siss Ågedal Bue, Accounting Manager
Hans Eidissen, Section Manager
Anne Margrethe Blaker, Product Manager
Ivar Sætre, Department Manager
Tore Jan Landmark, Security Supervisor
Torhild Dahle, Senior Secretary
Jan Onarheim, Staff Engineer
May Skaar, Training Consultant
Terje Fossmark, Senior Advisor
Johs. Bergsland, Senior Electrical Engineer

Vice-chairman of the Board, Vidkunn Hveding.

Statoil's Board of Directors. Front row from left to right: Chairman Inge Johansen, Managing Director; Toril V. Lundestad, Assistant General Manager; Thor Andreassen, Managing Director and Guttorm Hansen, former Speaker of the Storting. Back row from left to right, Lars Bakka, Legal Counsel; Tor Ragnar Pedersen, Maintenance Operator and Fredrik Thoresen, Managing Director.

Cover photo: The Statoil Group is the second biggest marketing company for oil products in Scandinavia, with 1,600 petrol stations in Norway, Sweden and Denmark. The station in Ballerup near Copenhagen shows the new look of Statoil stations in Denmark and Sweden.

The Statoil Group



- Den norske stats oljeselskap a.s
- Norsk Olje a.s - Norol
- Den norske stats oljeselskap, Sverige AB
- Statoil Invest AB
- Svenska Statoil AB
- Statoil Petrokemi AB
- Statoil Danmark a.s.
- Statoil A/S
- Rafinor A/S
- Norwegian Underwater Technology Centre a.s - Nutec
- Statoil Netherlands B.V.
- Statoil (UK) Ltd
- Statoil Finland OY
- Statoil France S.A.
- Den norske stats oljeselskap Deutschland GmbH
- Statoil Forsikring a.s
- Sørøysund Eiendomsselskap a.s
- Andenes Helikopterbase a.s

Highlights

Amounts in millions NOK

Profit and Loss Statement

	The Statoil Group			Statoil		
	1986	1985	1984	1986	1985	1984
Operating income	**49 190**	51 420	35 644	**32 015**	41 221	32 532
Operating profit	**6 601**	15 354	11 470	**5 657**	15 000	11 102
Net financial items	**- 2 391**	- 132	- 3 748	**- 2 162**	113	- 3 539
Profit before extraordinary items	**4 210**	15 222	7 722	**3 495**	15 113	7 563
Consolidated companies' share of net income	**1 145**	2 184	1 174	**1 348**	2 298	1 110

Balance Sheet

	The Statoil Group			Statoil		
	1986	1985	1984	1986	1985	1984
Current assets	**8 269**	8 795	5 490	**4 254**	6 467	4 184
Fixed assets	**42 142**	37 308	40 475	**40 363**	35 970	39 415
Current liabilities	**9 413**	16 527	12 686	**6 561**	15 191	11 628
Long-term liabilities	**27 379**	18 165	24 869	**25 490**	16 354	23 934
Untaxed reserves	**8 227**	6 243	4 199	**6 804**	5 607	3 805
Shareholder's equity	**5 217**	4 996	4 053	**5 762**	5 285	4 232

Other Highlights

	The Statoil Group 1986	1985	1984	Statoil 1986	1985	1984
Investments	**8 427**	7 650	14 210	**7 473**	7 553	13 992
Ordinary depreciation	**3 593**	2 251	1 869	**3 080**	1 916	1 691
Shares	**2 944**	2 944	2 944	**2 944**	2 944	2 944
Total rate of return*	**14.6%**	38%	30.7%			
Rate of return on shareholder's equity*	**44.6%**	72%	38.8%			

Personnel

	The Statoil Group 1986	1985	1984	Statoil 1986	1985	1984
Number of employees as of 31 Dec.	**8 471**	7 055	4 855	**4 863**	4 329	3 618
Salaries and social costs	**2 584**	1 940	1 239	**1 601**	1 253	909

* Definition page 21.

Report of the Board of Directors

Introduction

1986 was an active year for the Statoil Group.

Negotiations with continental buyers for the sale of natural gas from Troll and Sleipner East were completed. The agreement means that Norwegian natural gas will become an important source of energy for Western Europe far into the next century.

Statoil acquired Dansk Esso in 1986, and the Statoil Group is now the second largest Scandinavian distributor of refined products.

At the end of December 1986, Statoil started production on the Gullfaks field, about seven months ahead of the original schedule.

Because of the drop in oil prices in 1986, the Statoil Group profits declined from 1985. Operating income was reduced by 4.3% to NOK 49,190 million, while the consolidated profits declined from NOK 2,184 million in 1985 to NOK 1,145 million in 1986. Estimated taxes and royalties payable by the Group amount to NOK 9,903 million. Recommended dividends to the Norwegian government are at NOK 871 million.

Natural Gas Sales

In spring 1986, the Troll and Sleipner owners completed sales negotiations for Troll and Sleipner East gas. Deliveries are planned to begin in 1993 and continue until 2022. Scheduled annual deliveries will build to about 18 billion cubic metres by the turn of the century. Buyers are Ruhrgas, Thyssengas and BEB from West Germany, Gaz de France, Distrigaz of Belgium and the Dutch company Gasunie.

In November 1986, gas sales negotiations with Austria were concluded. Scheduled annual deliveries are one billion cubic metres of gas.

The Storting has approved the plans for development of the Sleipner East and Troll fields, as well as the pipeline system for transportation of gas to Zeebrugge in Belgium. The projects involve total investments of about NOK 53 billion at 1986 values. Statoil is operator for development and operation of Sleipner East and Zeepipe. Shell is operator for the development of the initial phase of the Troll field, while Statoil will take over as operator for the production phase.

On Sleipner East, a concrete gravity base platform will be installed, scheduled to come on stream in 1993. The Troll platform, at a water depth of 350 metres, is planned to start production in 1996. The new pipeline - Zeepipe - is expected to be commissioned in the mid-1990s.

The Board considers it most important that the Troll and Sleipner owners have succeeded in arriving at agreements governing the distribution of production between the two groups. This makes it possible for a development adapted to the needs of the gas buyers, and ensuring satisfactory financial results for the licensees and the Norwegian society.

In Sweden, Statoil has become a co-owner of Swedegas AB. Swedegas has the sole right to import natural gas to Sweden and to own trunk gas transportation pipelines. Statoil is working on the prospects for marketing Norwegian natural gas in Sweden. The company is also engaged in finding applications for natural gas in Norway. An agreement has been signed with the Norwegian electricity company Statkraft to supply gas from the Tommeliten field. This may form the basis for construction of a gas power plant in the northern part of Rogaland county. In co-operation with Statkraft, Statoil is looking into the feasibility of using gas for electricity generation also from Haltenbanken.

Marketing Oil

In 1986, Statoil had access to a total of 22.8 million cubic metres of crude oil. The bulk of this was sold to customers in Scandinavia, the Netherlands, West Germany, the UK and the USA under long-term contracts. Through such well developed and long-term customer relationships the best possible market for the company's products is secured.

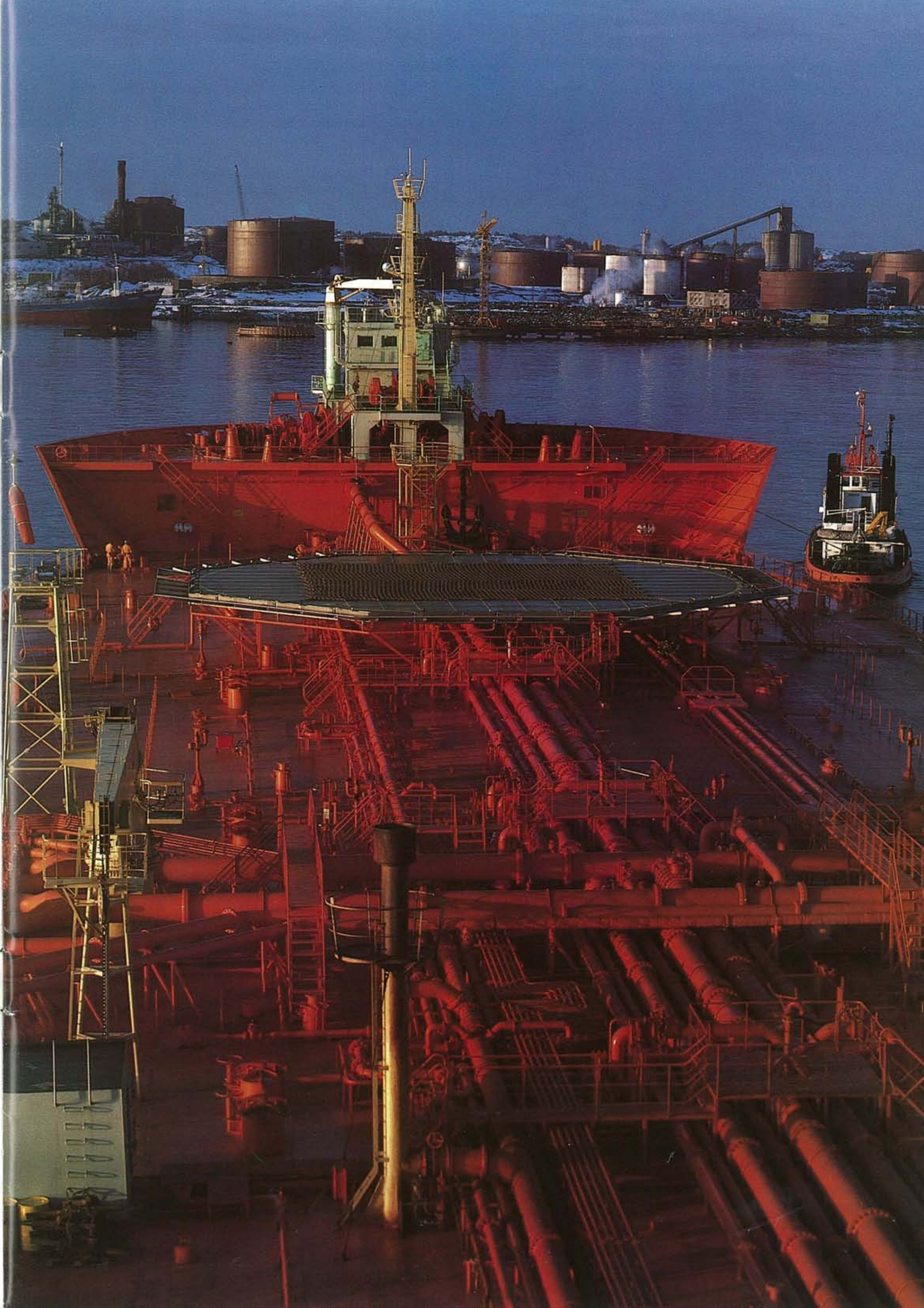
Statoil acquired Dansk Esso in 1986. The agreement was approved by the Storting in June the same year. Statoil's Danish subsidiary is the second largest distribution company in Denmark with about 20 per cent of the market. The company owns more than 400 filling stations throughout Denmark, and a refinery in Kalundborg.

The Statoil Group has about 1,600 filling stations in Norway, Sweden and Denmark, and the Group supplies about 18% of the Scandinavian market for refined products. Marketing operations in these three countries yielded good results in 1986. Statoil's name and logo will be used in the marketing activities in Sweden and Denmark.

The Board would like to emphasize that the acquisition of Esso's comprehensive marketing networks in Sweden and Denmark is an important element in Statoil's marketing strategy, and is likely to become of great importance in the years ahead.

Left: Statoil's logo and colours will now be implemented at all stations in Denmark and Sweden.

Right: The Gullfaks field started production in December 1986. The tanker Sarita takes the first cargo from Gullfaks in to the Mongstad refinery on 31. January 1987.



The world-wide crude oil market was in 1986 marked by surplus supplies and declining prices. Prices of North Sea crudes dropped from more than 26 dollars in January to below 10 dollars in the summer months. During the autumn, prices recovered slightly and were around 18 dollars by the end of the year.

The steep fall in prices in 1986 is essentially related to increases in crude prices in the 1970s. High prices reduced world-wide oil consumption considerably and, at the same time, provided an incentive for exploration and development activities. This led to increased oil production in new areas, such as Alaska and the North Sea.

For a long time the Opec countries succeeded in defending the price of crude oil by adjusting their own production. From 1979 to 1986 Opec's production was cut by about 50 per cent. Saudi Arabia played a pivotal role to this end. The country's daily production capacity was over 10 million barrels, but production declined to a low-point of between two and three million barrels a day. In autumn 1985, Saudi Arabia and Opec changed their pricing and production policy. Emphasis was given to increasing the market share by raising production. As a result, supply rapidly out-stripped demand and prices dropped.

In autumn 1986, Opec decided to reduce their production to raise prices again to about 18 dollars.

The Board wants to point out that the crude oil market is still marked by considerable uncertainty, as production capacity still exceeds demand.

Petrochemicals

The petrochemical industry in Western Europe achieved a better balance between supply and demand in 1986. This particularly influenced the result from Statoil's ethylene plant at Stenungsund in Sweden, which improved considerably. On the other hand, the results of Norpolefin at Bamble are less satisfactory because of high feedstock prices. The trend in feedstock prices follows the crude oil price, but with a time lag. The drop in crude prices will therefore bring lower feedstock costs in 1987. It is still necessary to improve profitability at the Bamble petrochemical plants.

Exploration

Norwegian Sector

As a result of the fall in oil prices, exploration activities offshore Norway declined by 25 per cent from 1985 to 1986. Statoil drilled almost one-third of all Norwegian exploratory and delineation wells in 1986. The waters north of the 62nd parallel have been the company's most important exploration area. New discoveries at Haltenbanken have confirmed this is one of the most interesting areas offshore the Norway. The Board would like to emphasize that steady access to new operatorships for the company in the years ahead is required to maintain exploration activity at a stable level.

Abroad

Statoil has made a minor oil discovery in the Dutch sector in the block awarded to the company in the fifth round of concessions. In Denmark, Statoil has been awarded three licences, and drilling will commence in 1987. The company also has an interest in a lease in Malaysia. In China, Statoil participates in a small field which came on stream in 1986, and the company is now applying for further licences.

Development projects

The Gullfaks A platform started production at the end of the year from three subsea wells connected to the A platform. Production from the platform will begin in spring 1987. The B platform is scheduled to be towed out to the field in summer 1987 and come on stream in autumn 1988. The C platform is under construction and scheduled for start of production in 1990.

In the course of 1986, Statoil presented field development plans for new projects offshore Norway. The Storting has endorsed Statoil's plans for Tommeliten and Sleipner East, as well as Shell's development plans for Phase 1 of the Troll field. The development of the Veslefrikk field can be considered by the authorities in 1987 after the field has been declared commercial.

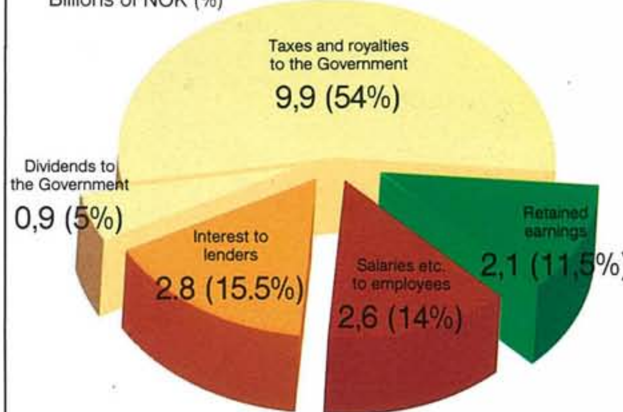
Application of new technology and new development concepts have enabled Statoil to reduce development costs. Changes in the petroleum tax legislation for new projects also had a positive effect.

Value added statement of the Statoil Group

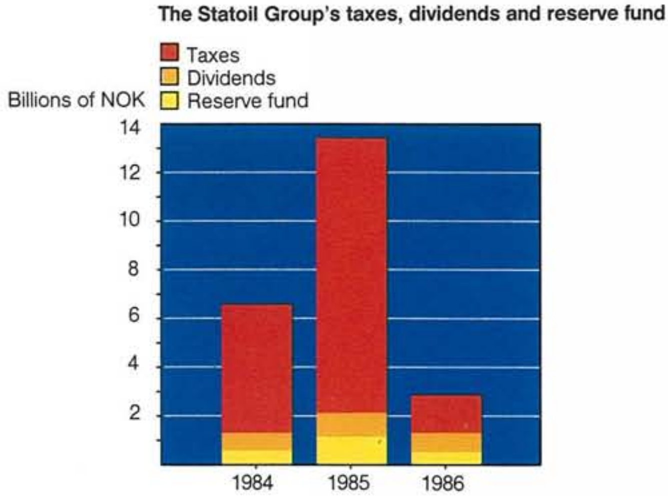
Billions of NOK

	1986	1985
Operating income	49.2	51.4
— Purchased goods and services used	27.8	25.5
— Ordinary depreciation	3.6	2.3
+ Financial income	0.4	2.1
Total value added for distribution	18.3	25.8

Distribution 1986
Billions of NOK (%)



The Statoil Group's taxes, dividends and reserve fund



Statfjord

The Statfjord field operatorship was transferred from Mobil to Statoil on 1 January 1987 in line with the government's decision. The two companies have been working closely and extensively together in the transfer of the operatorship. The Board would like to thank Mobil for its achievement in developing the Statfjord field and for Mobil's positive contribution during the transfer process.

Production from the field was steady throughout the whole year except for a period in the spring, when production on the Norwegian shelf was affected by a labour dispute.

1986 was the first complete year with gas deliveries from the field. The gas was delivered through the Statpipe system and processed at Kårstø. Statpipe was officially inaugurated in August 1986. Statpipe had a good, consistent performance.

Finances

Accounts 1986

Gross sales for the Statoil Group amounted to a total of NOK 45,702 million, a decline of 6.3% from 1985. Of the total revenues, NOK 35,610 million originated from foreign sales. The Group had an operating profit of NOK 6,601 million. Taxes for 1986 are calculated at NOK 1,255 million. The Group's net income after deduction of minority interests was NOK 1,145 million. Recommended dividends to the Norwegian government are NOK 871 million.

Statoil's net income for the year is allocated as follows:

Net income 1986:	NOK 1,348 million
Brought forward from 1985:	NOK 2 million
	NOK 1,350 million
Reserve Fund	NOK 478 million
Dividends	NOK 871 million
Carried forward to 1987:	NOK 1 million

In 1986 the company's president received a salary of NOK 834,689. Remuneration to the Board and the Corporate Assembly were NOK 436,000 and NOK 115,300 respectively.

Total investments in 1986 amounted to NOK 8,427 million, compared with NOK 7,650 million in 1985.

Financing

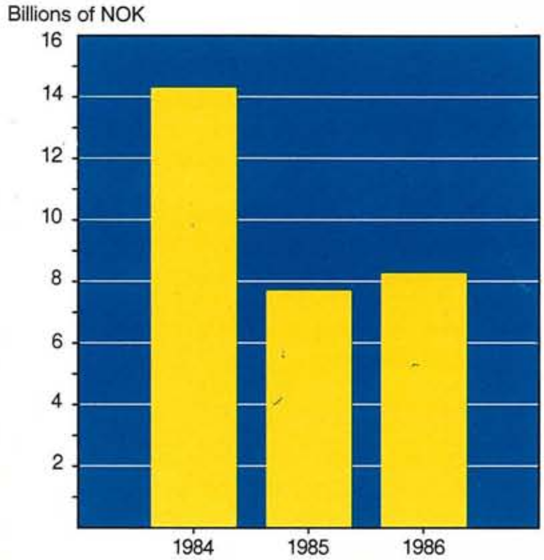
The weakening of the US dollar against major currencies like the German mark, Swiss franc and Japanese yen continued in 1986. The impact in relation to Norwegian kroner was less severe due to the devaluation and pressure against Norwegian kroner. At the turn of the year 1986/87 the rate of exchange was 7.42 as compared with 7.58 at the end of 1985. The average rate of exchange for 1986 was 7.40.

The company has charged to expenditure NOK 133 million for exchange rate adjustments. Total provisions by the end of the year amount to NOK 1,733 million.

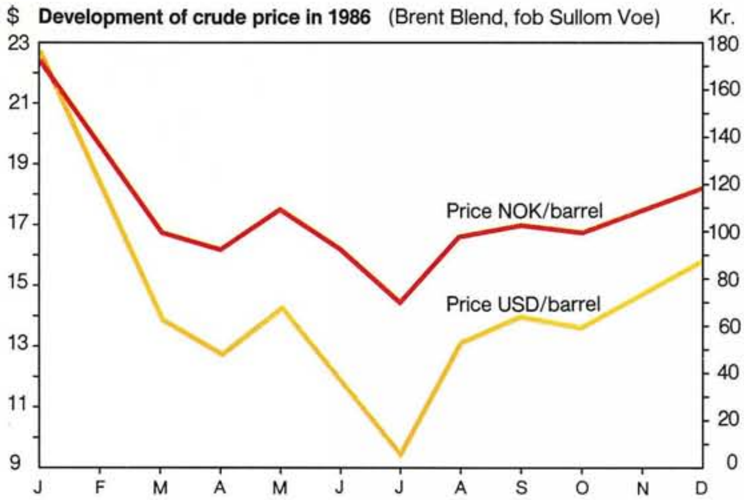
Statoil's total interest costs in 1986 were NOK 1,982 million. The average rate of interest was 9,8%.

In 1986, Statoil raised various loans on the international market amounting to NOK 6,452 million, of which about 1,009 million was refinancing of loans at a lower rate of interest. On the Norwegian market, the company raised five loans, totalling NOK 2,500 million, in 1986. These loans were taken out according to the borrowing regulations laid down by the Storting, specifying that the company's capital requirements should be financed primarily on the Norwegian market. The authorities have lifted these regulations for 1987. At the same time the company has been allowed to refinance some of the loans raised in Norway. This will reduce the company's interest costs in the years ahead.

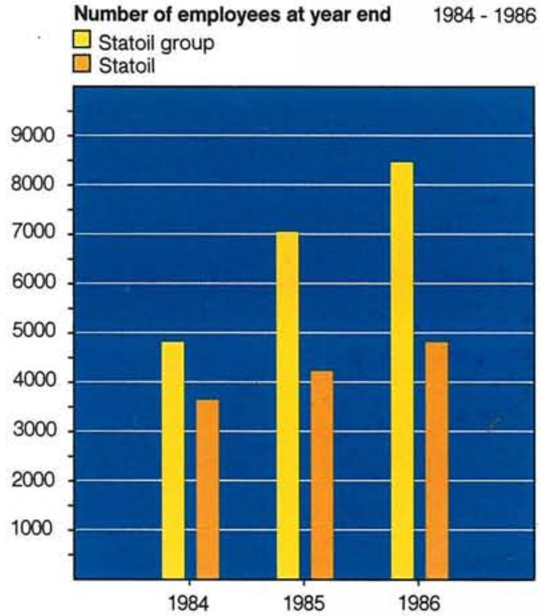
Statoil Group investments 1984 - 1986



Development of crude price in 1986 (Brent Blend, fob Sullom Voe)



Number of employees at year end 1984 - 1986



Organisation

At the end of 1986 the Group employed 8,471 people, of whom 4,863 were employed by Statoil a.s. As a result of a number of measures aimed at making the organisation more efficient the company has been able to undertake additional tasks with no major increase in staff. New personnel have mainly been recruited for the operation of the Gullfaks field. Qualified applicants have been readily available.

The company has commissioned a new training centre at Sandsli near Bergen for training of operators for the Gullfaks installations. Other companies have also made use of the centre.

Statoil's equal opportunities efforts continued in 1986. In the recruitment for the Gullfaks Division considerable emphasis has been given to hiring women. In this division more than 30% are women.

The company's Company Committee and various Working Environment Committees have dealt with a number of issues. Working Environment Committees have been established at most locations. In 1986 Statoil carried out an extensive working environment study among the company's employees.

Prospects

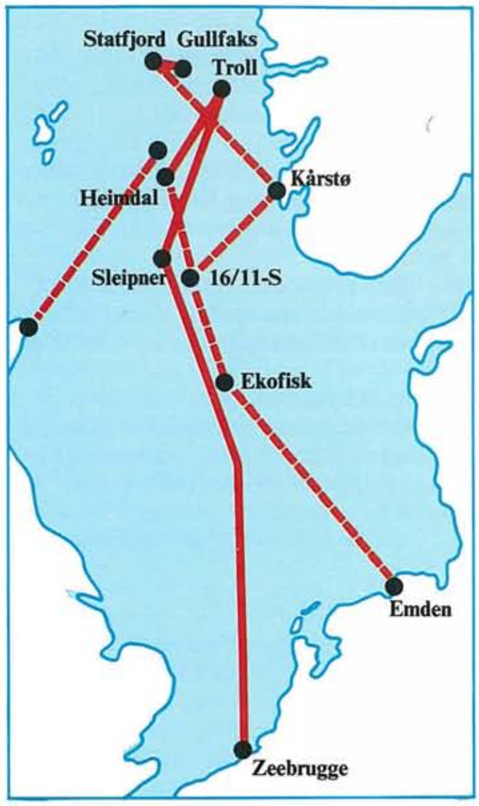
The development of the crude oil price is uncertain, and will depend mainly on the production level of the Opec countries and their ability to maintain agreed quotas. Although the demand for crude oil has increased, production capacity still exceeds demand, which will subject prices to sustained pressure in the next few years. In the Board's opinion prices will strengthen in the long term and thus provide a commercial basis for continued development offshore Norway.

To meet the challenges of a period of lower oil prices, the company has initiated a comprehensive programme aimed at making all segments of its operations more efficient. In parallel with this programme, Statoil is trying to curb the costs of developing new fields. The field development plans for Tommeliten and Veslefrikk reflect the encouraging results of these efforts.

The vast gas reserves offshore Norway make it particularly important to find potential applications for natural gas. Consequently, the company has intensified its research and development effort in this field. Less complex and more economical solutions for production and transportation of oil and gas are high-priority R&D targets.

Marketing oil and gas still ranks high on the company's list of priorities.

In the immediate future, Statoil's development will be extensively influenced by the company's ability to become more efficient, by crude oil prices, currency rates and the production level in the Norwegian sector of the North Sea.



The Zeepipe system will mean a new dimension to the export of Norwegian gas to the Continent.

Oslo, 26 February 1987
The Board of Den norske stats oljeselskap a.s

Inge Johansen
Chairman

Vidkunn Hveding
Vice-Chairman

Fredrik Thoresen

Thor Andreassen

Guttorm Hansen

Toril V. Lundestad

Lars Bakka

Tor Ragnar Pedersen

Profit and loss statement for 1986

Amounts in millions NOK

	The consolidated companies		Statoil	
Operating income	**1986**	**1985**	**1986**	**1985**
Sales (1)	**45 702**	48 764	**29 409**	39 114
Other income (2)	**3 488**	2 656	**2 606**	2 107
Total income	**49 190**	51 420	**32 015**	41 221
Operating costs				
Direct costs	**17 821**	20 205	**11 861**	13 640
Salaries and social costs	**2 584**	1 940	**1 601**	1 253
Other purchase, production, selling and administrative costs (3)	**16 785**	10 126	**8 082**	7 803
Exploration costs	**1 820**	1 449	**1 789**	1 427
Depreciation	**3 593**	2 251	**3 080**	1 916
Provision for bad debt (4)	**- 67**	117	**- 87**	100
Changes in inventories	**53**	- 22	**32**	82
Total operating costs	**42 589**	36 066	**26 358**	26 221
Operating profit	**6 601**	15 354	**5 657**	15 000
Financial income and financial costs				
Dividends received	**123**	122	**123**	122
Dividends from subsidiaries			**11**	22
Interest from consolidated companies			**145**	15
Interest income and other financial income	**320**	1 990	**152**	1 894
Interest costs and other financial costs (15)	**2 834**	2 244	**2 593**	1 940
Net financial items	**- 2 391**	- 132	**- 2 162**	113
Profit before year end adjustments	**4 210**	15 222	**3 495**	15 113
Year end adjustments				
Year end adjustments (5)	**1 792**	2 014	**1 196**	1 802
Taxes	**1 255**	11 018	**951**	11 013
Total year end adjustment	**3 047**	13 032	**2 147**	12 815
Net income	**1 163**	2 190	**1 348**	2 298
Minority interest share (6)	**18**	6		
Consolidated companies' share (7)	**1 145**	2 184		
Allocation of profit for the year				
Brought forward from previous year	**291**	174	**- 2**	- 5
Legal reserve fund	**478**	1 056	**478**	1 056
Dividends	**871**	1 245	**871**	1 245
Carried forward to new account	**- 495**	- 291	**1**	2
	1 145	2 184	**1 348**	2 298

Balance sheet as of

Assets

CURRENT ASSETS

Amounts in millions of NOK

	The consolidated companies		Statoil	
Cash and short-term deposits	**1986**	**1985**	**1986**	**1985**
Cash and short-term deposits (8)	**1 079**	1 284	**270**	968
Short-term receivables				
Accounts receivable	**3 626**	4 388	**1 736**	3 008
Inter-company receivables			**391**	523
Other short-term receivables (9)	**1 887**	1 620	**1 485**	1 434
Inventories				
Raw materials	**259**	365	**37**	172
Finished products	**1 418**	1 138	**335**	362
Total current assets	**8 269**	8 795	**4 254**	6 467
FIXED ASSETS				
Long-term receivables and investments				
Investments in subsidiaries (10)(11)			**2 579**	1 234
Other long-term investments (12)	**561**	499	**495**	495
Long-term receivables (9)	**990**	728	**85**	81
Long-term inter-company receivables			**1 498**	1 186
Undistributed excessive values (11)	**350**			
Capital assets (13)				
Plants and offshore installations	**32 296**	29 445	**28 194**	26 690
Construction in progress	**5 806**	4 714	**5 650**	4 620
Ships	**77**	83		
Technical installations	**794**	639	**754**	604
Land and buildings	**1 268**	1 200	**1 108**	1 060
Total fixed assets	**42 142**	37 308	**40 363**	35 970
Total assets	**50 411**	46 103	**44 617**	42 437

Oslo, 26 February 1987
The Board of Den norske stats oljeselskap a.s

Inge Johansen
Chairman

Vidkunn Hveding
Vice-Chairman

Fredrik Thoresen

Thor Andreassen

Guttorm Hansen

Toril V. Lundestad

Lars Bakka

Tor Ragnar Pedersen

Arve Johnsen
President

31 december 1986

Liabilities and shareholder's equity

Amounts in millions of NOK

	The consolidated companies		Statoil	
Current liabilities	**1986**	**1985**	**1986**	**1985**
Short-term bank credits	**300**	171	**3**	4
Withholding taxes and social security	**1 244**	806	**239**	358
Accrued interest	**505**	349	**474**	327
Provision for dividend	**886**	1 249	**871**	1 245
Accounts payable	**2 086**	3 215	**1 274**	2 678
Inter-company payables			**38**	111
Taxes payable	**34**	156	**31**	155
Accrued taxes	**575**	6 925	**279**	6 914
Other current liabilities	**3 783**	3 656	**3 352**	3 399
Total current liabilities	**9 413**	16 527	**6 561**	15 191
Long-term liabilities (14)				
Export credits	**1 786**	2 279	**1 786**	2 279
Bank loans	**11 501**	4 423	**10 761**	3 654
Bonds and notes outstanding	**8 246**	5 808	**8 192**	5 757
Loans from the Norwegian Government	**2 329**	2 329	**2 329**	2 329
Current fluctuation reserve (15)	**1 774**	1 662	**1 733**	1 600
Other long-term liabilities (16)	**1 284**	1 175	**689**	735
Deferred taxes (17)	**459**	489		
Total long-term liabilities	**27 379**	18 165	**25 490**	16 354
Untaxed reserves (18)				
Accelerated depreciation on fixed assets	**7 099**	5 836	**6 777**	5 567
Other reserves	**1 128**	407	**27**	40
Total untaxed reserves	**8 227**	6 243	**6 804**	5 607
Minority interests (19)	**175**	172		
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
Legal reserve fund	**2 817**	2 339	**2 817**	2 339
Unrestricted shareholder's equity				
Brought forward	**- 495**	- 291	**1**	2
Current gain/loss shareholder's equity	**- 49**	4		
Total shareholder's equity	**5 217**	4 996	**5 762**	5 285
Total liabilities and shareholder's equity	**50 411**	46 103	**44 617**	42 437
Guarantees (20)	**285**	304	**240**	234
Secured liabilities (14)	**286**	269		

Comments

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 10 to the Financial Statements.

The Norwegian Government in June approved Statoil's acquisition of Dansk Esso A/S. As agreed between Exxon and Statoil, the transfer became effective on 1.1.86. The former Esso company has thus been consolidated in the Statoil Group with effect from 1.1.86.

After the reorganization of the Norwegian Government's financial participation in the petroleum industry, Statoil's financial share only is included in the company's profit accounts and balance sheets.

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.
- Capitalized value of unpaid pension liabilities.

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 under each individual field or transport system in accordance with the unit of production method. 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.

The difference between ordinary depreciation and maximum depreciation is shown as excessive depreciation.

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 per 31 Dec.
- 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 Dec. is higher than respective book debt for each currency, the unrealized currency loss is entered. Currency gains are charged as income only when such gains are realized in connection with repayment of debt, or if the rates of exchange fall below the limits of previous reserves.
- Unrealized currency losses in connection with forward buying is included in the balance sheet as short-term liabilities.

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, as a consequence of reserves of crude oil being recorded at production cost, but which, according to the Petroleum Tax Law, are based on the norm price, are accrued. Thus agreement is rendered between realized income and net estimated taxes as shown in the Profit and Loss Statement.

Partnerships and Limited Partnerships

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

The consolidated statements include Limited Partnerships which directly or indirectly are owned more than 50% by Statoil.

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. Calculation of exessive value takes account of deferred taxes.
- Foreign subsidiaries are consolidated in accordance with the rate of exchange as per 31 Dec. and with the rules laid down in the Companies' Act. Currency gain/loss on Shareholders' equity and possible fixed assets 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 1986

1. Sales are allocated as follows:

Amounts in millions of NOK	**The consolidated companies 1986**	**1985**	**Statoil 1986**	**1985**
Crude oil	**16 931**	29 466	**18 419**	31 899
Transport income	**1 590**	278	**1 590**	278
Gas	**2 983**	1 309	**3 186**	1 309
Refined products	**20 699**	13 302	**4 782**	4 157
Petrochemical products	**3 499**	4 409	**1 432**	1 471
	45 702	48 764	**29 409**	39 114
Abroad				
Crude oil	**14 214**	25 337	**14 758**	25 337
Gas	**2 983**	1 277	**3 186**	1 277
Refined products	**15 552**	7 586	**3 720**	2 539
Petrochemical products	**2 861**	3 895	**794**	957
	35 610	38 095	**22 458**	30 110

2. Other income includes personnel services at NOK 1,793 million, other services at NOK 1,296 million, rental income at NOK 375 million, and sale of seismic data at NOK 24 million.

3. The item includes royalties amounting to NOK 1,907 million, and NOK 6,705 million in petrol tax.

4. The amount primarily relates to previous funds for coverage of possible loss on receivables.

5. Year end adjustment are distributed as follows (in millions of NOK):

	The consolidated companies	**Statoil**
Excessive tax depreciation (18)	1 258	1 210
Change in inventory reserves	432	- 14
Consolidation fund	65	
Deferred taxes	- 205	
Investment fund, etc.	242	
	1 792	1 196

6. Minority interest shares:

26.38% of the profit of NOK 97.5 million in Norsk Olje a.s	NOK 25.7 million
36.84% of the profit of NOK 2.5 million in Andenes Helikopterbase a.s	NOK 0.9 million
36.67% of the loss of NOK 22.5 million in Sørøysund Eiendomsselskap a.s	NOK 8.3 million
	NOK 18.3 million

7. The consolidated profit and loss for 1986 (in millions of NOK):

	1986	**1985**
Statoil	**1 348**	2 298
Statoil Sweden	**- 273**	- 68
Statoil Denmark	**3**	1
Norsk Olje a.s	**98**	6
Statoil Netherlands B.V.	**- 15**	18
Other companies	**- 19**	3
	1 142	2 258
Inter-company dividends	**- 11**	- 22
Consolidated companies' eliminations	**32**	- 46
	1 163	2 190
- Minority interest share	**18**	6
Consolidated companies' share	**1 145**	2 184

8. Short-term deposits in Norwegian kroner include a total of NOK 47 million of withheld employee income tax. The corresponding amount for the consolidated companies is NOK 63 million.

9. The item includes NOK 50 million in receivables from employees.

10. Investments in subsidiaries:

Amounts in 1000	Book value		Par value	Ownership interest		Total company share capital
Norsk Olje a.s	291 500		213 500	73.62%		290 000
Rafinor A/S	3 000		3 000	30%		10 000
Sørøysund Eiendomsselskap a.s	9 500		9 500	63.33%		15 000
Andenes Helikopterbase a.s	3 000		3 000	63.16%		4 750
Statoil Forsikring a.s	100 000		100 000	100%		100 000
Nutec	18 000		18 000	60%		30 000
Statoil Netherlands B.V.	107 825	NLG	33 000	100%	NLG	33 000
Statoil Danmark a.s	1 081 864	DKK	391 848	100%	DKK	391 848
Den norske stats oljeselskap, Sverige AB	940 482	SEK	800 050	100%	SEK	800 050
Statoil Finland OY	64	FIM	50	100%	FIM	50
Statoil France S.A.	227	FRF	250	100%	FRF	250
Statoil (UK) Ltd	98	GBP	10	100%	GBP	10
Den norske stats oljeselskap Deutschland GmbH	23 233	DEM	6 900	100%	DEM	6 900
	2 578 793					

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, which is also included in the Consolidated Profit and Loss Statement.

11. In connection with the consolidation of Statoil Danmark, an amount representing a calculated interest element for the period between effective date of transfer of Dansk Esso A/S and the date of payment for the shares was deducted from the purchase price and entered in the consolidated statements as financial costs.

Estimated excessive value and excess of purchase price over book value relating to the purchase of subsidiaries, as per 31.12.86:

	Original exc. value	Accumulated depreciation	Exc. value as per 31.12.86
Shares in Norsk Olje a.s	111	70	41
Shares in Statoil Invest AB	1 364	80	1 284
Shares in Statoil A/S (Danmark)	744	66	678
	2 219	216	2 003

Of the entered excessive value in Statoil A/S as per 31.12.86, NOK 350 million have been entered under fixed assets as undistributed excessive value.

12. The investments are:

Amounts in 1000	Book value		Par value	Ownership interest	Total company share capital
Norpipe a.s	390 000		390 000	50%	780 000
Coast Center Base A/S	53		53	50%	105
Statfjord Transport a.s	420		420	42.04%	1 000
Vestbase a.s	400		400	40%	1 000
Norbase a.s	160		160	40%	400
Botnaneset Industriselskap A/S	3 000		3 000	18,5%	16 200
Norpipe Petroleum UK Limited	95 751	GBP	6 250	50%	GBP 12 500
Helgelandsbase a.s	5 000		5 000	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 66 million. The consolidated companies' total book value of shares amounts to NOK 561 million.

Statoil has shares in the following partnerships and limited partnerships:

Statpipe	60%
Norpolefin	66 2/3%
Noretyl	49%
Gullfaks Transport	12%
K/S Statfjord Transport a.s & Co.	42.04661%
K/S Coast Center Base A/S & Co.	49.75%
Gas laboratory, Kårstø	66 2/3%

13. Specification of capital assets:

Amounts in millions of NOK	Investment as of 1 Jan.1986	Addition during the year	Disposed of during the year	Accumulated depreciat. as of 31 Dec.86	Book value as of 31 Dec.86
Statoil:					
Plants and offshore installations	35 800	1 737	246	9 097	28 194
Construction in progress	1 879	3 788	17		5 650
Technical installations	975	368	11	578	754
Land and buildings	1 146	118	43	113	1 108
	39 800	6 011	317	9 788	35 706
The consolidated companies:					
Plants and offshore installations	42 489	2 402	317	12 278	32 296
Construction in progress	1 980	3 843	17		5 806
Ships	175	4		102	77
Technical installations	1 084	393	17	666	794
Land and buildings	1 293	143	45	123	1 268
	47 021	6 785	396	13 169	40 241

Se note 18 for tax depreciation. The consolidated statements as per 1.1.86 include the consolidated Statoil Danmark.

Investments and sales of fixed assets last 5-year period:

Amounts in millions of NOK	1982	1983	1984	1985 Invest-ments	1985 Sale	1986 Invest-ments	1986 Sale
Statoil:							
Plants and offshore installations	5 316	996	1 219	2 340		1 737	107
Construction in progress	511	8 222	12 252	2 488	9 082	3 788	
Technical installations	55	156	154	326		368	11
Land and buildings	40	128	356	252		118	43
	5 922	9 502	13 981	5 406	9 082	6 011	161
The consolidated companies:							
Plants and offshore installations	5 415	1 232	1 456	2 737		2 402	178
Construction in progress	559	8 222	12 205	2 502	9 082	3 843	
Ships	22	1		1		4	
Technical installations	70	162	160	344		393	17
Land and buildings	48	129	377	271		143	45
	6 114	9 746	14 198	5 855	9 082	6 785	240

The book value of fixed assets distributed by project:

Amounts in millions of NOK	Net book value as of 1 Jan. 86	Additions in 1986	Disposed of in 1986	Depre-ciation in 1986	Book value as of 31 Dec. 1986
Statfjord	13 101	513	82	1 558	11 974
Gullfaks	2 057	1 169			3 226
Statpipe	10 422	112	9	734	9 791
Heimdal	1 617	131		115	1 633
Frigg Field	199	8		55	152
Murchison	368	15	42	76	265
Frigg transport	124	1		32	93
East Frigg	12	17			29
Ula	653	196	17	40	792
Ula pipeline	459	74		20	513
Oseberg	598	958			1 556
Oseberg transport	62	90			152
Troll	152	34			186
Tommeliten		66			66
Beibu, China	46	106		21	131
Norol	804	268	2	130	940
Statoil Netherlands	123	12		31	104
Statoil Sverige	1 556	188	20	126	1 598
Statoil Danmark	1 184	222	30	92	1 284
Rafinor	627	29	2	130	524
Noretyl	300	23		80	243
Norpolefin	459	18		87	390
Nutec	94	15		14	95
CCB	50	6		4	52
Mongstad crude oil terminal	152	380			532
Refinery upgrading, Mongstad	385	1 421			1 806
Land and buildings	1 060	202	34	27	1 201
Other	600	511	18	180	913
	37 264	6 785	256	3 552	40 241

In addition to depreciation on fixed assets, depreciation in the Profit and Loss Statment for 1986 also contains depreciations on undistributed excessive values of NOK 41 million.

14. The long-term debt of the consolidated companies distributed by currencies:

Amounts in millions	Currency value	Average rate of exchange	Book value in NOK
Norwegian kroner (NOK)			10 570
Swedish kronor (SEK)	230.0	109.57	252
U.S.Dollar (USD)	1 373.1	6.74	9 255
Deutschemark (DEM)	201.2	268.89	541
Pound Sterling (GBP)	71.1	10.98	780
French Franc (FRF)	1 239.4	104.73	1 298
Swiss Franc (CHF)	150.0	305.34	458
Japanese Yen (JPY)	29 000.0	3.93	1 137
Danish kroner (DKK)	510.0	91.10	464
European Currency Unit (ECU)	50.0	7.82	391
Deferred taxes			459
Currency fluctuation reserve (NOK)			1 774
			27 379

Of the subsidiaries' domestic long-term debt, NOK 30 million is secured by vessels with a book value of NOK 29 million, and NOK 183 million is secured by installations, real estate, and housing with a book value of 514 million. A further amount of NOK 73 million is secured by the Statoil Sverige group.

The unused portion of long-term loan agreements equals about NOK 730 million.

15. In 1986 the Statoil currency fluctuation reserve was increased by NOK 133 million. The amount has been included in the Profit and Loss Statement as financial costs. The corresponding figure for the consolidated companies is NOK 112 million.

16. Other long-term debt includes capitalised value of pension commitments by NOK 53 million. By 31 December 1986, 535 people were covered by this arrangement. A discount rate of 4% is applied.

17. In connection with the consolidation of Den norske stats oljeselskap, Sverige and Statoil Danmark, untaxed reserves, at the time of acquisition have been distributed between the shareholders' equity and deferred taxes. Estimated deferred taxes are NOK 459 million, of which NOK 330 million refer to the company in Sweden and NOK 129 million to Statoil Danmark.

18. Accelerated depreciations on fixed assets (refer also to note 13):

Amounts in millions of NOK	**Accumulated at 1.1.86**	**Tax depre-ciations 1986**	**Accumulated at 31.12.86**
Plants and offshore installations			
Statfjord	4 162	535	4 697
Murchison	56	109	165
Frigg	199	- 45	154
Oseberg		7	7
Heimdal	22	165	187
Gullfaks		26	26
Ula		- 2	- 2
Statpipe	731	221	952
Rafinor	30	- 21	9
Noretyl	59	- 18	41
Norpolefin	51	- 15	36
Construction in progress	91	170	261
Land and buildings	29	- 2	27
Techical installations	137	80	217
Statoil, total	5 567	1 210	6 777
Statoil Sverige	65		65
Norol	199	6	205
Statoil Danmark		14	14
Other subsidiaries	10	28	38
The consolidated companies	5 841	1 258	7 099

Other reserves are distributed as follows:

Amounts in millions of NOK	**The consolidated companies**		**Statoil**	
	1986	**1985**	**1986**	**1985**
Inventory reserves	**600**	168	**27**	40
Regional development fund	**40**	25		
Classification fund	**18**	16		
Other fund	**362**	156		
Consolidation fund	**108**	42		
Total other reserves	**1 128**	407	**27**	40

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

	1986	**1985**
Minority interests 1 Jan.	**172**	158
Capital investments		12
Share of annual net income	**18**	6
Share of reserved dividends	**- 15**	- 4
Minority interests 31 Dec.	**175**	172

20. 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 152 million in addition to Statoil's previous book share.

Statoil has guaranteed for Statoil Netherlands B.V.'s long-term liability to a maximum of USD 24 million. At year end an amount equal to NOK 88 million was drawn.

The consolidated companies are responsible for guarantees to customers for a total of about NOK 45 million.

Abandonment Costs

In accordance with the terms of concession the authorities may order the licencees to dismantle the offshore facilities at the termination of the operation. The General Meeting has decided that Statoil is not to make annual reserves in the Financial Statements to cover the part of the abandonment costs estimated to be covered by the company. Abandonment costs will depend on the requirements that will be made by the public authorities with respect to abandonment concept for fixed installations, pipeline systems etc.
Based on the unit of production and the current level of prices, Statoil has estimated that the company's share of potential abandonment costs may be of the order of NOK 275 million. This estimate is based on a full abandonment of all fixed installations, except for the pipeline systems.

Liability and Insurance

In connection with the activities on the continental shelf, including transportation systems, Statoil 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 1,300 million for each incident. Liability for claims against damages caused by pollution is limited to a total maximum of around NOK 850 million. Statoil insures company assets at their estimated replacement value.

Charter agreements

Statoil has as per 31.12.86 signed charter agreements for 4 drilling rigs. The remaining charter periods vary from four to seven years. In addition, Statoil has chartered 10 supply vessels and standby vessels to service these rigs.

Partnerships and Limited Partnerships

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

In the 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.

Operating profit for the consolidated companies by area of activity

Amounts in millions of NOK	Operating income		Operating costs		Operating profit	
	1986	1985	1986	1985	1986	1985
Production of oil and gas	**17 152**	26 022	**13 033**	11 170	**4 119**	14 852
Refining and marketing	**39 750**	41 259	**38 729**	40 685	**1 021**	574
Petrochemical activities	**3 687**	4 441	**3 564**	4 334	**123**	107
Transportation	**3 084**	845	**1 746**	1 024	**1 338**	- 179
Inter-company transfer	**-14 483**	-21 147	**-14 483**	-21 147		
Total	**49 190**	51 420	**42 589**	36 066	**6 601**	15 354

Operating profit for the consolidated companies' foreign activities by area of activities

Amounts in millions of NOK	Operating income		Operating costs		Operating profit	
	1986	1985	1986	1985	1986	1985
Production of oil and gas	**122**	140	**156**	116	**- 34**	24
Refining and marketing	**13 484**	6 149	**13 196**	5 977	**288**	172
Petrochemical activities	**2 121**	2 988	**1 864**	2 946	**257**	42
Exploration etc.			**119**		**- 119**	
Inter-company transfers	**- 55**	- 146	**- 55**	- 146		
Total	**15 672**	9 131	**15 280**	8 893	**392**	238

Profit and loss statements for the major subsidiaries

Amounts in millions of NOK	Norol	Svenska Statoil AB	Statoil Petrokemi AB	Statoil A/S (Danmark)
Operating income	5 617	6 133	1 809	7 382
Operating costs	5 102	5 654	1 462	6 966
Depreciation	163	53	40	73
Total operating costs	5 265	5 707	1 502	7 039
Operating profit	352	426	307	343
Net financial items etc.	- 69	- 17	- 17	- 23
Profit before year end adjustment	283	409	290	320

Value added statement

Amounts in millions of NOK	The consolidated companies 1986		1985	
Operating income	**49 190**		51 420	
- purchased goods and services used	**27 764**		25 481	
= gross value added from own activities	**21 426**		25 939	
- ordinary depreciation	**3 593**		2 251	
= net value added from own activities	**17 833**		23 688	
financial income	**443**		2 112	
= value added for distribution from own activities	**18 276**		25 800	
= total value added for distribution	**18 276**		25 800	
Which is distributed as follows:				
EMPLOYEES				
Gross salaries and social benefits	**2 584**	**14.1%**	1 940	7.5%
(including withholding tax)	**(614)**		(410)	
CAPITAL INVESTORS				
Interests to lenders	**2 834**	**15.5%**	2 244	8.7%
Dividends to Government	**871**	**4.8%**	1 249	4.8%
STATE, MUNICIPALITY				
Royalties, taxes and petrol tax, etc.	**9 903**	**54.2%**	17 410	67.5%
THE COMPANY				
Retained earnings	**2 084**	**11.4%**	2 957	11.5%
Total value added for distribution	**18 276**	**100.0%**	25 800	100.0%

Financial ratio analysis of the consolidated companies

	1986	1985	Definition
Net operating margin	**13.4%**	29.9%	Operating profit / Operating income
Gross profit margin	**8.6%**	29.6%	Profit before year end distribution / Operating income
Rate of return (before taxes)	**14.6%**	38.0%	Profit before year end distribution + financial costs / average total capital
Rate of return on Shareholder's equity (after taxes)	**44.6%**	72.0%	Profit before year end distribution - taxes / average shareholder's equity

Source and application of funds

Amounts in millions of NOK	The consolidated companies 1986	1985	Statoil 1986	1985
Source of funds:				
Profit before year and adjustments	**4 210**	15 222	**3 495**	15 113
Equity paid in		12		
Depreciation	**3 593**	2 251	**3 080**	1 916
Currency fluctuation reserve	**112**	- 1 486	**133**	- 1 414
Taxes payable	**- 1 255**	- 11 018	**- 951**	- 11 013
Deferred tax	**205**	18		
Dividend	**- 886**	- 1 249	**- 871**	- 1 245
Single payment by the Government		9 082		9 082
Total own financing	**5 979**	12 832	**4 886**	12 439
New long-term loans	**10 148**	3 543	**9 768**	2 607
TOTAL SOURCE OF FUNDS	**16 127**	16 375	**14 654**	15 046
Application of funds:				
Investments in fixed assets	**8 427**	7 650	**7 473**	7 553
Repayment of long-term loans	**1 112**	1 013	**764**	832
Single payment by the Government		9 082		9 082
Change in working capital	**6 588**	- 1 370	**6 417**	- 2 421
TOTAL APPLICATION OF FUNDS	**16 127**	16 375	**14 654**	15 046
Specification of change in working capital				
Cash and short-term deposits	**- 205**	549	**- 698**	531
Short-term receivables	**- 495**	2 494	**- 1 353**	1 792
Inventories	**174**	778	**- 162**	- 40
Current liabilities	**7 114**	- 5 191	**8 630**	- 4 704
Change in working capital	**6 588**	- 1 370	**6 417**	- 2 421

Auditor's Report for 1986

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

We have audited the accounts for 1986 in accordance with generally accepted auditing standards. We have also audited the consolidated accounts for 1986.
As explained in note 20 to the financial statements, no provision has been made for Statoil's share of offshore abandonment costs. Statoil has estimated the company's share of possible abandonment costs accrued as of 31 December 1986 to be of the order of NOK 275 million.
Except for the effect of the matter referred to above, the annual financial statements for the company and the consolidated companies are in compliance with the Norwegian Companies Act, and in our opinion they give a true and fair view of the annual result and the financial position of the company and the consolidated companies in agreement with generally accepted accounting principles.
The Board's proposed application of the company's net income complies with the requirements of the Norwegian Companies Act.
The profit and loss statement 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 1986.

Karl-Johan Endresen

Stavanger, 27 February 1987
KMG Norsk Revisjon a.s

Ole M. Klette

Karl-Johan Endresen
State Authorized Public Accountant (Norway)

Ole M. Klette
State Authorized Public Accountant (Norway)

Recommendation from the Corporate Assembly

to the General Meeting regarding the annual report and accounts for 1986.

At its meeting on 6 March 1987 the Corporate Assembly discussed the annual report of the Board of Directors and the annual accounts for Den norske stats oljeselskap a.s and the Statoil Group.
The Corporate Assembly recommends that the General Meeting approve the annual report submitted, and fix the annual accounts in accordance with the draft presented by the Board of Directors.
The Corporate Assembly endorses the recommendation of the Board of Directors that the 1986 net income be applied as follows:

Net income	NOK 1348 million
Brought forward from 1985	NOK 2 million
	NOK 1350 million
Reserve fund allocations	NOK 478 million
Dividends	NOK 871 million
Carried forward to 1987	NOK 1 million

Oslo, 6 March 1987
Per Magnar Arnstad
Chairman, Corporate Assembly

Statoil's share of reserves

	Share	Statoil's share of total reserves 31 Dec. 86	Statoil's share of production per 1 Jan. 86	Statoil's share of production 1986	Statoil's share of reserves left 31 Dec. 86
Producing fields					
STATFJORD	42.04661%				
Oil, mill. m³		202.6	46.6	17.2	138.8
Gas liquids, mill. Sm³		15.1	0.1	0.8	14.2
Dry gas, bill. Sm³		25.2	0.2	1.5	23.5
MURCHISON	11.1%				
Oil, mill. m³		5.7	3.7	0.5	1.5
Gas liquids, mill. Sm³		0.4			0.4
GULLFAKS	85%				
Oil, mill. m³		179			179
Gas liquids, mill. Sm³		3			3
Dry gas, bill. Sm³		12			12
HEIMDAL	40.0%				
Oil, mill. m³		2		0.1	2
Dry gas, bill. Sm³		13		0.8	12
ULA	12.5%				
Oil, mill. m³		3		0.1	3
Gas liquids, mill. Sm³		0.3			0.3
Dry gas, bill. Sm³		0.2			0.3
FRIGG	3.04100%				
Dry gas, bill. Sm³		6	3.5	0.5	2
NORTH EAST FRIGG	2.10000%				
Dry gas, bill. Sm³		0.2	0.1		0.1
THE NETHERLANDS					
Oil, mill. m³		0.7	0.1	0.1	0.5
TOTAL					
Oil, mill. m³		393	50.4	18	325.5
Gas liquids, mill. Sm³		18.8	0.1	0.8	17.3
Dry gas, bill. Sm³		56.4	3.8	2.8	49.4
Fields under development					
OSEBERG	63.24%				
Oil, mill. m³		129			
Gas, bill. Sm³		44			
TOMMELITEN	70.64%				
Oil, mill. m³		4.5			
Gas, bill. Sm³		13			
NGL, mill. Sm³		1.6			
TROLL	77.576%				
Oil, mill.m³		23-35			
Gas, bill. Sm³		930-1008			
SLEIPNER EAST	59.6%				
Oil, mill. tonnes		14			
Gas, bill. Sm³		30			
EAST FRIGG	8.15%				
Dry gas, bill. Sm³		1			
TOTAL					
Oil, mill. m³		170.5-182.5			
NGL, mill. Sm³		1.6			
Dry gas, bill. Sm³		1018-1096			

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 Corporate 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 Corporate 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 Corporate Assembly of companies limited by shares. The Corporate Assembly shall elect a chairman and a vice-chairman from among its members. The Corporate 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 Corporate 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 Corporate 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 Group activities

Refining and marketing

Crude oil marketing

During 1986 Statoil's total access to crude oil was 22.8 million cubic metres (19.7 million tonnes). This represents an increase of 3.4 million cubic metres, or approximately 17%, over the previous year.

Buoy-loaded crude represents 87%. Statoil is currently building a terminal at Mongstad. It will be an important part in the company strategy for improving its marketing operations.

Work has been in progress since 1986 to commission the site and to blast out the underground storage caverns for the terminal.

Refining and Sale of Petroleum Products

Mongstad

The Mongstad refinery achieved satisfactory throughput levels in 1986, with emphasis on maximum upgrading from heavy to light products. The refinery was shut down during September/October for scheduled maintenance.

Oseberg crude was processed at the refinery for the first time in 1986.

In 1986 about 1,100 people were working on the construction of the terminal and the expansion of the refinery. This work is expected to be expanded during 1987.

Marketing of Refined Products

During 1986, the Statoil Group produced some 3.0 million cubic metres (2.4 million tonnes) of refined products at the Mongstad refinery, of which around 2.0 million tonnes were supplied to the domestic market by Norsk Olje a.s. Statoil exported the rest. The most important markets were France, West Germany and the Netherlands. Prices of most refined products fluctuated during the year.

Centre for Technical Customer Service

The Centre for Technical Customer Service at Mongstad became operational in January 1987.

The centre will provide technical support for the Group's marketing of crude oil and refined products. It will have a staff of around 20.

Norsk Olje a.s
Statoil ownership share: 73.62%
Operating income: NOK 5,618 million
Operating profit: NOK 352 million
1986 investment: NOK 277 million

Total sales of petroleum products in Norway amounted to 8.5 million cubic metres in 1986, an 8.3% increase over the previous year. Consumption of heavy oil and fuel oils increased sharply mainly because petroleum products were more favourably priced than electricity. Petrol and auto diesel increased considerably compared with last year.

Norol is still the largest oil marketing company in Norway, with a 27.1% share of the market.

Forus Auto Senter near Stavanger was opened in December 1986, the 31st Norol station in the county.

Svenska Statoil AB.
Ownership interest: 100%
Operating income: NOK 6,134 million
Operating profit: NOK 426 million
1986 investment: NOK 153 million

The consumption of oil products in Sweden increased substantially in 1986. Diesel and fuel oils saw the highest increase.

Svenska Statoil AB is Sweden's third largest oil marketing company with a total market share of 12.4%. The company made good progress in 1986, increasing its share of the market.

Last year Statoil invested in modernising the petrol station network and expansion of product storage facilities.

Statoil A/S (Danmark)
Statoil ownership share: 100%
Operating income: NOK 7,383 million
Operating profit: NOK 343 million
1986 investment: NOK 189 million

On 13 June 1986, the Storting approved Statoil's agreement with Exxon to aquire Exxon's Danish marketing operations and a refinery in Kalundborg. Statoil A/S became part of the Statoil Group as from 1 January 1986.

Statoil A/S is the second largest marketing company for refined products in Denmark with a total market share in 1986 of 22.2%.

Last year the company invested in modernising the petrol station network and the refinery.

Both Svenska Statoil AB and Statoil A/S in Denmark are currently restyling their filling stations, tanking facilities and refineries, changing the name from Esso to Statoil.

Gas Marketing

Dry Gas

Statoil's gross production of dry gas in 1986 was 2.8 billion cubic metres, of which 1.5 billion cubic metres were from the Statfjord field and 0.8 billion cubic metres from the Heimdal field.

Gas negotiations between the Troll owners, headed by Statoil, and a consortium of European buyers, headed by Ruhrgas, were completed in summer 1986.

Deliveries will be about 18 billion cubic metres annually until around year 2020.

Negotiations on the sale of gas between the Troll owners and buyers from Austria, represented by Austria Ferngas and OMV Aktiengesellschaft, were completed during the second half of 1986. A contract for annual deliveries of around 1 billion cubic metres was agreed.

Gas Liquids

Statoil's access to gas liquids increased considerably as a direct result of the first fully operational year at Kårstø. Total turnover was about 530,000 tonnes, worth approximately NOK 450 million. The gas liquids market developed parallel to the crude oil market. A sharp drop in prices during the first half-year was followed by a moderate improvement of the prices in the second.

Petrochemicals

Results for the West European petrochemical industry improved during 1986 because of the reduced cost of raw materials, increased demand and a reduction in surplus production capacity.
As a result profit margins at Statoil's ethylene facility in Stenungsund increased considerably during 1986. Through its purchase of the Stenungsund cracker, Statoil secured sufficient feedstock materials to strengthen and possibly expand the company's polypropylene production.

The company wishes to improve the profitability of the petrochemical facilities at Bamble and Stenungsund by introducing new technology and other efficiency measures.

In May 1986, Statoil's General Meeting approved the agreement to purchase the production facilities of the West German company Nylon Polymer KG. Formal take-over took place on 1 July 1986. This purchase has strengthened Statoil's development and production of petrochemical compound products.

Statoil Bamble

I/S Noretyl	*I/S Norpolefin*
Operator: Norsk Hydro	Operator: Statoil
Ownership share: 49%	Ownership share: 66 2/3%
Volumes produced in 1986:	Volumes produced in 1986:
Ethylene and propylene - 383,000 tonnes	Plastics - 263,000 tonnes

High costs of feedstocks at Noretyl have resulted in unfavourable prices of ethylene supplies to Norpolefin.

Production at Norpolefin was high in 1986 and resulted in purchases of ethylene and propylene above the amount supplied by Noretyl, including ethylene from Statoil's Stenungsund facility.

Statoil Bamble had not very satisfactory financial results in 1986 due to higher cost of feedstocks from

The unitization agreement for the Troll field was signed in September 1986. From left: Director of Exploration and Production William F. Steenken, Shell, and Senior Vice President Stig Bergseth, Statoil.

Statoil's new plastics factory near Hamburg increases the company's production capacity for compound products.

Noretyl. Feedstock prices follow crude prices, but with a time-lag.

In autumn 1986, Noretyl and Norpolefin were closed for annual maintenance.

Statoil Petrochemi AB, Sweden
Ownership share: 100%
Operating income: NOK 1,810 million
Operating profit: NOK 307 million
1986 investment: NOK 61 million
Volumes produced in 1986:
Ethylene and propylene - 527,000 tonnes.

Activities include marketing of petrochemical products and operation of the ethylene facility at Stenung sund, which Statoil acquired from Exxon in 1985. Ethylene and propylene production was higher than in previous years, and together with the reduced costs of feedstocks, this produced a satisfactory profit for 1986 to the Stenungsund facilities. Feedstock costs follow prices in the international market.

During the year, the company signed new agreements for the sale of ethylene to Neste Polyeten AB and Norsk Hydro Plast AB. A sales agreement for propylene was signed with Beroxo AB. The gas liquids terminal at Kårstø also supplied large quantities of feedstocks to the Stenungsund facilities.

Fields in production

Statfjord
Operator: Statoil. Mobil until 31.12.86
Statoil's share: 42.04661%
Recoverable reserves:
Oil - 480 million cubic metres (3,000 million barrels)
Gas - 60 billion cubic metres
NGL - 20 million tonnes
Volumes produced in 1986:
Oil - 41 million cubic metres (257 million barrels)
Gas - 3,6 billion cubic metres
NGL - 1,1 million tonnes

Average daily production of oil was 703,000 barrels compared to 590,000 barrels in 1985. This increase was caused by a number of factors, including peak production from Statfjord C, reached around mid-1986.

By the end of 1986 some 30% of the field's recoverable oil reserves had been produced. 1986 was the first complete year for gas deliveries. The Norwegian share of dry gas is piped to Emden in West Germany via the Statpipe and Norpipe systems.

The operatorship for Statfjord was transferred from Mobil to Statoil on 1 January 1987 in accordance with the Storting's 1984 approval of the transfer. Ahead of the transfer date Statfjord Division was detached from Mobil into a separate unit. It was integrated into the Statoil organisation on 1 January 1987. The 1,700 staff employed in the Statfjord Division became Statoil employees as from the same date. The two companies have also signed an agreement for Mobil to provide Statoil with technical support for a limited period after the change of operatorship.

The transfer of Statfjord operatorship from Mobil to Statoil was celebrated in several ways. From left: Executive Vice President Jakob Bleie, Secretary Anne Grete Tomassen, Traffic Assistant Eilin Ytrestøyl and Senior Vice President Egil Endresen trying the employees' new hat.

Murchison
Operator: Conoco UK
Statoil's share: 11.1%
Original recoverable reserves:
Oil - 51.2 million cubic metres (322 million barrels)
Gas - 1.0 billion cubic metres
NGL - 1.8 million tonnes
Volumes produced in 1986:
Oil - 4.4 million cubic metres (28 million barrels)
Gas - 0.2 billion cubic metres
NGL - 0.2 million tonnes

The distribution of the field reserves between the British and the Norwegian sectors was adjusted in 1986, resulting in a reduction of the Norwegian share from 25.0623% to 22.2%.

The Frigg Area
Operator: Elf Aquitaine
Statoil's share in Frigg: 3.041%, North East Frigg: 2.1%
Statoil's financial share in East Frigg: 6.05%
Government DFI in East Frigg: 2.1%[1]
Original recoverable reserves:
Gas - 214 billion cubic metres
Volumes produced in 1986:
Gas - 15.8 billion cubic metres.

An estimate of original recoverable reserves in the Frigg field is currently under consideration.

The development for East Frigg is proceeding according to schedule, with production start-up scheduled for 1 October 1988.

Gullfaks
Operator: Statoil
Statoil's financial share: 12%
Government DFI: 73%
Original recoverable reserves:
Oil - 210 million cubic metres (1,320 million barrels)
Gas - 14 billion cubic metres
NGL - 2 million tonnes

The Gullfaks A platform was positioned on the field in May 1986. The first loading buoy was towed out and positioned. In the autumn four of the five planned seabed wells were commissioned and connected to Gullfaks A. Production from three seabed wells started in December 1986.

Gullfaks B will be towed to the field in August 1987. All contracts have been awarded for the Gullfaks C platform.

Gullfaks will be run as a separate division. In summer 1986 the main responsibility for the operation of the Gullfaks A platform was transferred to this new division. A total of 320 people have been recruited and trained. The division's main responsibilities during 1986 were for commisioning and start-up of Gullfaks A. Recruitment and training of personnel for Gullfaks B is in progress.

Heimdal
Operator: Elf Aquitaine
Statoil's financial share: 20%
Government DFI: 20%
Total recoverable reserves:
Gas - 33 billion cubic metres
Condensate - 5 million cubic metres (30 million barrels)
Volumes produced in 1986:
Gas - 2.1 billion cubic metres
Condensate: 346,000 cubic metres

The development project for Heimdal was completed in 1986. Production start-up was in December 1985.

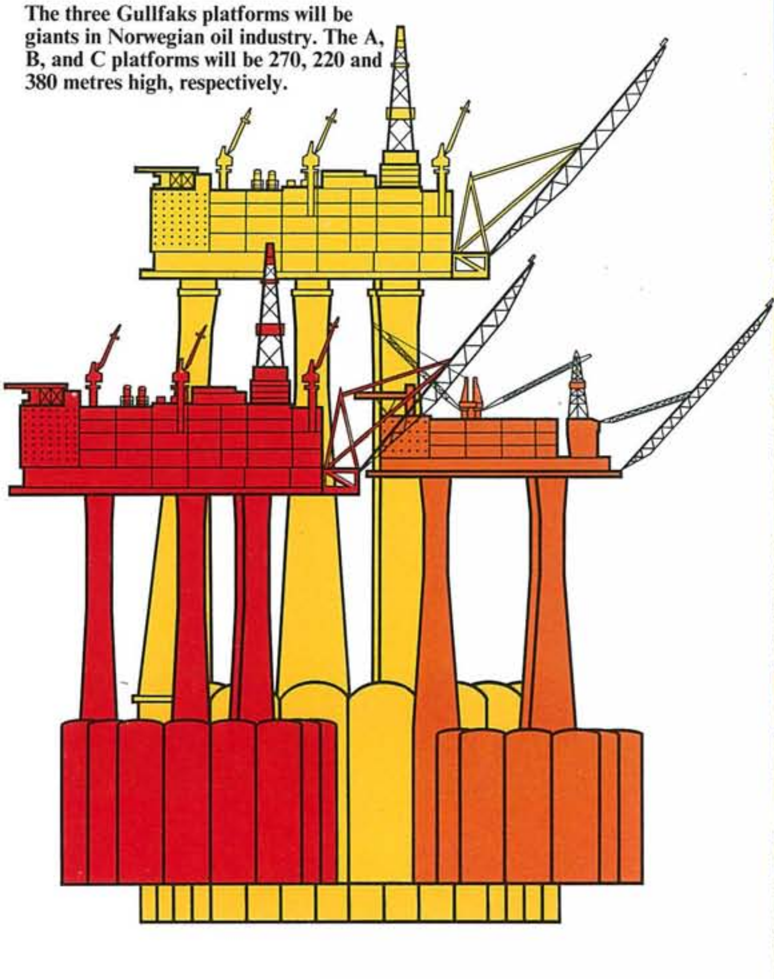
Gas is piped through the Statpipe and Norpipe systems to Emden. The condensate is sent through a separate pipeline to the Brae field in the British sector, and from there on through oil pipelines via the Forties field to Cruden Bay in Scotland.

Ula
Operator: BP
Statoil's share: 12.5%
Total recoverable reserves:
Oil - 25 million cubic metres (160 million barrels)
Gas - 1 billion cubic metres
Volumes produced in 1986:
Oil - 867,000 cubic metres (5 million barrels)
NGL - 56,000 cubic metres
Gas - 44 million cubic metres

Ula came on stream 6 October 1986. Oil and NGL will be transported by pipeline to Teesside. Gas sales to the Phillips group started in late October/early November.

Annual production capacity of the field is approximately 75,000 barrels per day.

The three Gullfaks platforms will be giants in Norwegian oil industry. The A, B, and C platforms will be 270, 220 and 380 metres high, respectively.



[1] Direct Financial Involvement. Statoil handles the Government's holdings in the licences.

Gullfaks A on stream offshore.

The Gullfaks B deck under construction at Rosenberg Shipyard in Stavanger.

The Gullfaks C concrete gravity base structure takes shape at Norwegian Contractors' yard in Stavanger. The platform will be the world's biggest of its kind.

Transport systems in operation

Statpipe
Operator: Statoil
Statoil's share: 60%
Volumes transported in 1986:
Rich gas - 3.8 million cubic metres to Kårstø
Dry gas - 5.3 billion cubic metres to Emden
NGL - 1 million tonnes shipped from Kårstø

Operation of the pipeline and the Kårstø terminal was good with a high regularity of supplies. The pipeline system is designed to allow for transport of additional volumes of gas from future fields.

Operation, maintenance and inspection of the facilities have progressed according to schedule, providing a sound basis for further operation in 1987.

In summer 1986 one of the processing trains at the Kårstø terminal was closed for planned annual inspection.

The Norpipe Group
Operator for the pipelines: Phillips Petroleum
Statoil's share: 50%
Volumes transported in 1986:
Oil - 15 million cubic metres
Gas - 13 billion cubic metres

Norpipe a.s owns the oil and gas pipelines from the Ekofisk area to Teesside and Emden, respectively. Norpipe Petroleum UK Ltd. owns processing, storage and shipping facilities for crude oil at Teesside.

Operation of the Norpipe system and the terminal facilities at Teesside and Emden progressed as planned during the year.

During 1986 Statoil received a total of NOK 122 million worth of dividends from the two companies.

Ula Pipeline
Operator: Statoil
Statoil's share: 100%
Volumes transported during 1986:
Oil - 0.9 million cubic metres

The pipeline was commissioned in August 1986. Transport of oil and condensate from Ula started 6 October 1986. The pipeline carries oil from Ula to Ekofisk, for transport via the Norpipe system to Teesside.

The size of the pipeline will allow oil and condensate from future fields to be transported through the system. In May 1986, an underwater Y-junction, developed by Statoil, was installed. This will enable future fields to be linked into the pipeline without disrupting operations on Ula.

Prime Minister Gro Harlem Brundtland opened the Statpipe system officially in August 1986. Next to her is Arve Johnsen, Statoil's President.

Statfjord Transport
Operator: Statoil
Statoil's share: 42,04661%
Volumes transported in 1986:
Oil - 34 million tonnes

Statfjord Transport handles shipping of all crude oil from the Statfjord field. In 1986, 305 cargoes of crude oil were transported to various refineries in North-Western Europe.

Gullfaks Transport
Operator: Statoil
Statoil's financial share: 12%
Government DFI: 73%

Gullfaks Transport will handle shipping of crude oil from the Gullfaks field and has chartered two tankers on long-term contracts. The first ship was delivered in 3rd quarter 1986 and will transport oil from Statfjord for about a year. The second ship is due to be delivered in 1st quarter 1987.

The first cargo of oil from Gullfaks was delivered to Mongstad in January 1987.

Projects approved for development

Oseberg
Operator: Norsk Hydro
Statoil's financial share: 14%
Government DFI: 49.24%
Total recoverable reserves:
Oil - 197 million cubic metres
(1,240 million barrels)
Condensate - 6 million cubic metres
Gas - 70 billion cubic metres

The field development plan calls for three platforms and a number of subsea production wells. All major contracts in connection with construction of the field centre have been awarded. Production is expected to start in 1989.

Test production from the production vessel Petrojarl 1 started in September 1986. Total production during the test period will be over 1 million cubic metres of oil (over 6 million barrels).

Oil from Oseberg will be piped to a terminal at Sture in Western Norway.

Troll (coordinated field)
Operator: Shell for development of Gas phase 1. Statoil for the operation phase.

As from 1 January 1987, shares in the coordinated Troll field in Licence No. 054, after application of sliding scale, will be:
Statoil's financial share: 14.88%
Government DFI: 62.696%
Total recoverable reserves:
Gas - 1,200-1,300 billion cubic metres
Oil - 30 million cubic metres (190 million barrels)

In December 1986, the Storting approved the plan for the development and operation of the Troll field. The development plan comprises a fully integrated processing, drilling and accommodation platform with a concrete gravity base. The deck frame and deck modules will be made of steel. Also included in the scheme is a condensate line to the Oseberg field.

The project will start in January 1988, and the actual construction in 1990. Tow-out of the platform to the field has been planned for spring 1995 with production start-up scheduled for autumn 1996.

Sleipner
Operator: Statoil
Statoil's financial share: 30%
Government DFI: 29.6% (after application of sliding scale as per 1 January 1987)
Total recoverable reserves:
Gas - 186 billion cubic metres
Condensate - 76 million cubic metres (480 million barrels)

The plan for development and operation of Sleipner East was approved by the Storting in December 1986. The development plan includes a processing, drilling and accommodation platform and a pipeline for transport of condensate.

Engineering work will start during spring 1988 and construction work in the middle of 1989. Production will start in 1993.

Tommeliten
Operator: Statoil
Statoil's financial share: 28.26%
Government DFI: 42.38%
Total recoverable reserves:
Gas - 18 billion cubic metres
Condensate - 8 million cubic metres (50 million barrels)

The Tommeliten field was declared commercial in March 1986, and the development plan was approved by the Storting in June 1986. The plan consists of installation of subsea production systems. Gas and condensate will be transferred to Edda for processing and onward transport to the Ekofisk centre.

The first phase is currently under development. Production start-up is scheduled for summer 1988.

Gas for the first phase has been sold to the Phillips group (1.10.1988 - 1.10.1991). The gas from phases II - IV is planned to be delivered to Statkraft as fuel for a gas fired power station in Northern Rogaland.

Zeepipe
Operator: Statoil

The scope of the gas sales agreement with Continental buyers will require increased transport capacity. The Troll and Sleipner licensees and the French companies Elf and Total have agreed to construct a pipeline from Troll via Sleipner to Zeebrugge in Belgium. It will also connect to the Statpipe/Norpipe system.

The Storting approved plans for the new Zeebrugge pipeline. However, it requires further study of transport on gas systems for Troll and Sleipner East. Statoil will head a committee which will prepare a final plan for development and operation of the system.

Gas Storage

In connection with the sale of gas to the Continent, the sellers have pledged to maintain deliveries for up to 14 days in the event of stoppages from production facilities or transport systems.

Statoil presented plans for a new gas storage facility at Etzel near the Emden terminal on behalf of a proposed group of owners. An agreement to lease existing caverns and possibly excavate new storage has been signed with the licensees of Etzel Industrieverwaltungsgesellschaft AG (IVG).

Projects under consideration

Veslefrikk
Operator: Statoil
Statoil financial share: 20%
Government DFI: 30%
Total recoverable reserves:
Oil - 35 million cubic metres (220 million barrels)
Gas - 4 billion cubic metres

The field has been declared commercial. Statoil has presented a commerciality report with a plan for the development and operation of the field. Provided that the government approves development plans during the first half of 1987, the field may come on stream during autumn 1989. The oil will be transported through the Oseberg pipeline system.

The production facility will consist of a simple steel wellhead platform and a floating production platform unit converted from the drilling rig West Vision.

Snorre
Operator: Saga
Statoil financial share: 20%
Government DFI: 30%
Total recoverable reserves:
Oil - 100 million cubic metres (630 million barrels)
Gas - 5 billion cubic metres

The Snorre field is located in blocks 34/4 and 34/7. The two groups of licensees are working on an agreement to share the development of the field.

The commerciality report may be ready during the first half of 1987.

Gyda
Operator: BP
Statoil financial share: 20%
Government DFI: 30%
Total recoverable reserves:
Oil - 32 million cubic metres (200 million barrels)
Gas - 3 billion cubic metres
NGL - 1.7 million tonnes

BP declared the Gyda field commercial on 22 October 1986. Subject to the authorities' approval of a plan for development and operation of the field during the first six months of 1987, production may start in 1991.

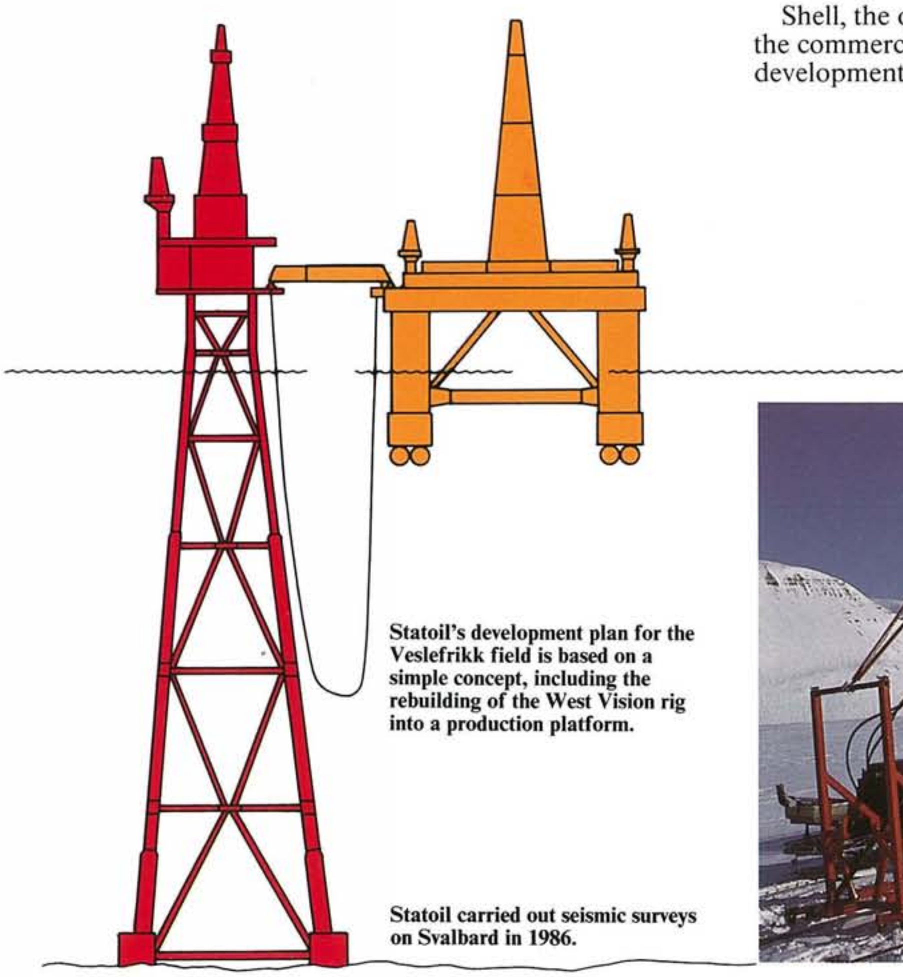
The development will use a conventional platform.

Heidrun
Operator: Conoco
Statoil financial share: 20%
Government DFI: 30%
Total recoverable reserves:
Oil - 107 million cubic metres (675 million barrels)
Gas - 35 billion cubic metres

Conoco, as operator for block 6507/7, presented a commerciality report in December 1986. Reserved extend into 6507/7 and 6507/8, where Statoil is operator. The partners are engaged in unitisation negotatiations.

Draugen
Operator: Shell
Statoil financial share: 20%
Government DFI: 30%
Total recoverable reserves:
Oil - 65 million cubic metres (410 million barrels)
Gas - 3.4 billion cubic metres

Shell, the operator, has presented a report on which the commerciality declaration will be based. A field development plan will be presented during 1987.



Statoil's development plan for the Veslefrikk field is based on a simple concept, including the rebuilding of the West Vision rig into a production platform.

Statoil carried out seismic surveys on Svalbard in 1986.

Oil and gas exploration

General

Exploration in the Norwegian sector shelf saw a substantial decline last year. At the end of the year, Statoil had three drilling rigs operational. Two were used for production drilling on Gullfaks and Tommeliten.

A total of 37 wells were started in 1986, compared to 50 in 1985. Statoil was operator for 12 compared to 18 in 1985.

Two third of Statoil's drilling activity was in the areas north of the 62nd parallel.

The North Sea

Statoil drilled in the Gullfaks area and one well in block 15/12, south of Sleipner. The wells yielded positive results.

Mid-Norway

A number of delineation wells were drilled close to previously proven fields on Haltenbanken. Statoil proved an extension eastward of the Heidrun field in the adjacent block 6507/8.

In block 6406/3, west of the Tyrihans field, Statoil has made a small oil discovery.

Statoil estimates that the total recoverable reserves on Haltenbanken are some 300 million cubic metres (1,900 million barrels) of oil and some 300 billion cubic metres of gas.

Tromsøflaket

In 1986 Statoil spudded two wells which contained hydrocarbons. These discoveries are not large enough to form the basis for a potential field development on Tromsøflaket.

Svalbard

Statoil has completed its first onshore seismic survey on Svalbard.

Haltenbanken was Statoil's most important exploration area in 1986. Core samples are being studied on board the Dyvi Delta. From left to right: Geologist Olav Beyer, Statoil, S. Lupton, Exlog, and M. Fjell, Diamond Boart.

Exploration and production abroad

The Netherlands
Statoil Netherlands B.V.
Ownership interest: 100%
Operating income: NOK 112 million
Operating profit: NOK 7 million

Kotter field	*Logger field*
Operator: Conoco	Operator: Conoco
Statoil's interest: 6.475%	Statoil's interest: 7.5%
Total recoverable reserves:	Total recoverable reserves:
Oil - 7 million cubic metres (44 million barrels)	Oil - 3 million cubic metres (19 million barrels)
Produced quantities in 1986:	Produced quantities in 1986:
Oil: 1.2 million cubic metres (7.7 million barrels)	Oil: 0.6 million cubic metres (3.6 million barrels)

On block F14a, where Statoil is operator, oil was proven in the wild-cat well.

Statoil Netherlands B.V. submitted an application for new blocks in the 6th licencing round on the Dutch continental shelf. Awards are likely to take place in 1987.

Denmark

In the 2nd licencing round in Denmark, Statoil, represented by its wholly owned subsidiary Statoil Danmark a.s, was awarded interests in two licensees on the Danish continental shelf, as well as in one licence onshore. Statoil is operator for the two offshore licences with a 26.5% holding in each licence.

Seismic surveys were conducted in 1986. Drilling will start in summer 1987.

China

In the Bay of Beibu, Statoil has a 9.8% interest in a licence operated by Total. In August 1986 oil production started in a part of one field in the licence.

In the Yellow Sea, Statoil is a partner in a licence operated by Cluff Oil. An exploratory well was drilled in the block, but no hydrocarbons were proven.

Malaysia

In 1986, Statoil purchased a 20% interest in a concession area offshore Malaysia, where Elf is operator. The first exploratory well was spudded in November.

Other activities

Research and development

Research and development work (R&D) is undertaken within the company's operating divisions and by the R&D unit, headquartered in Trondheim.

In 1986 the company increased R&D into gas utilization. This move was stimulated by Norway's large offshore gas reserves and the need to find alternative markets for gas. Among the areas being considered is conversion of natural gas into LNG or directly into fuels and petrochemical feedstocks.

High priority continues to be given to development of simpler and more economic production and transport of oil and gas. Considerable resources have been invested in further development of the deep water programme. This comprises the three corporate projects:

"UPS pilot project" to develop an underwater production system and test critical components.

The LNG Project, to develop a concept for offshore liquefaction of natural gas.

The two-phase flow project, to develop and test equipment for transport of two-phase flow in the same pipeline over long distances.

The company is still faced with the great challenge of cutting costs of exploration and enhance recovery from reservoirs already in production. In 1986, major R&D investments were made in basin analysis, reservoir technology and well technology.

Norwegian Underwater Technology Centre a.s
Ownership interest: 60 percent
Operating income: NOK 111 million
Operating profit: NOK 12 million
Investments: NOK 14 million

The Norwegian Underwater Technology Centre a.s (Nutec) runs research and testing in connection with diving and deepwater technology, and offers training in helicopter evacuation and the use of free-fall lifeboats. The total number of employees is about 100.

Gas Laboratory at Kårstø
Operator: Statoil
Statoil's share: 2/3

Statoil is constructing a gas metering and technology laboratory at Kårstø in a joint venture with Total.

Work at the laboratory will include improvements and development of metering technology for large gas flows, testing of equipment and components and other R&D assignments associated with gas technology.

Construction work has now been initiated and all major contracts have been awarded.

Preparations for start-up of the operations is progressing.

Supply base activities

The new supply base in the Hammerfest area started operations in spring 1986. The base is located in Leirvika in Sørøysund and is owned by Sørøysund Eiendomsselskap a.s.

In Harstad, the new base facility at Sør-Stangnes was commisioned in summer 1986. It is let to Norbase a.s, which runs the facility.

Statoil Forsikring a.s
Ownership interest: 100 percent
Operating income: NOK 346 million
Operating profit: NOK 42 million

Statoil Forsikring a.s took part in the insurance of Statoil's installations in the Norwegian and Dutch sectors of the North Sea.

No claims for damages were made to Statoil Forsikring a.s in 1986.

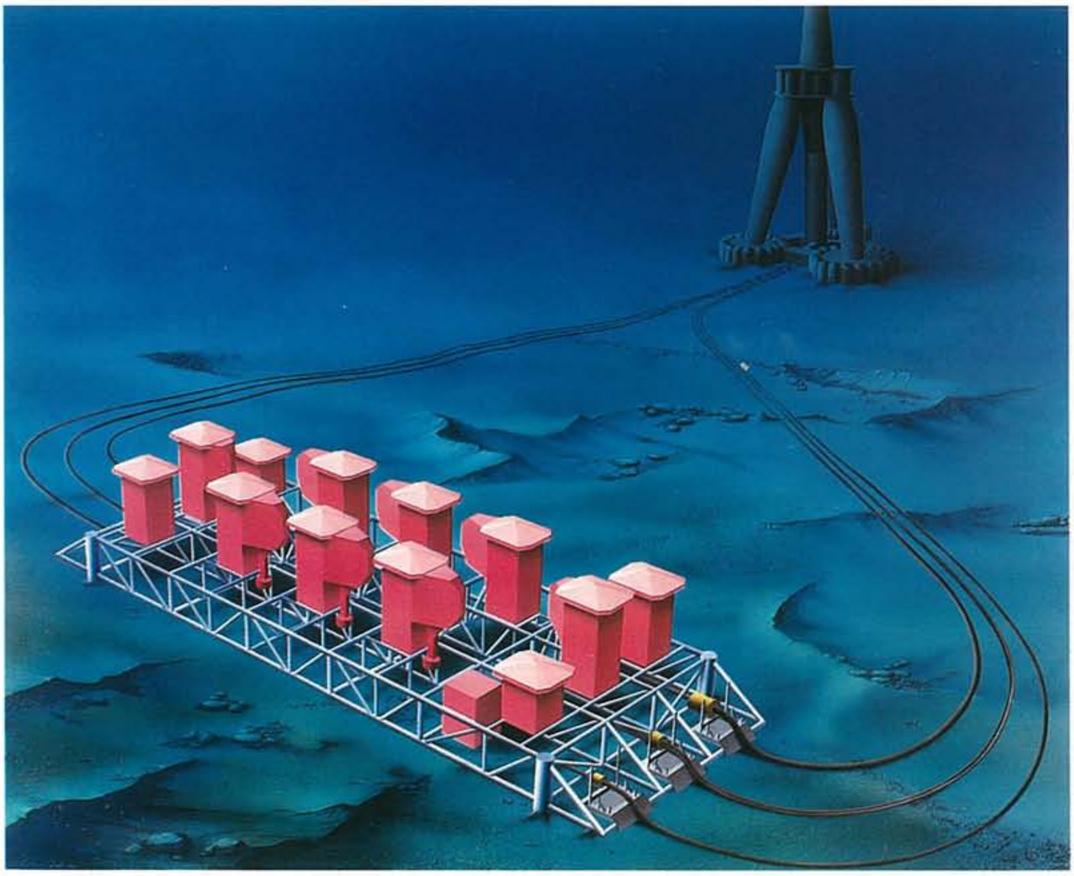
Safety and quality control

Statoil's guidelines for safety and quality control have been updated according to the new Petroleum Act and to take account of the company's development.

A great deal of work went into preparing for the transfer of the Statfjord operatorship, as well as working environment and safety measures for the start-up and operation of Gullfaks A.

The company's security record in 1986 was improved by great efforts in the field of training and employee motivation. Cooperation has been established on a Group basis. Different parts of the Group now cooperate closely in security matters.

Several accident and oil spill protection exercises were organized to maintain the necessary contingency level in the company. A number of research projects into various aspects of safety were also conducted.



Statoil found oil in its first well outside Norway, in block F14a offshore the Netherlands. From left to right: Technical Manager Øivind Reinertsen, Drilling Superintendent Halstein Telle and Managing Director Kjell Helle.

Research into subsea production systems is important to Statoil. This is a sketch of how such a system will look.

Statoil's interests in licences allocated

As of January 1987

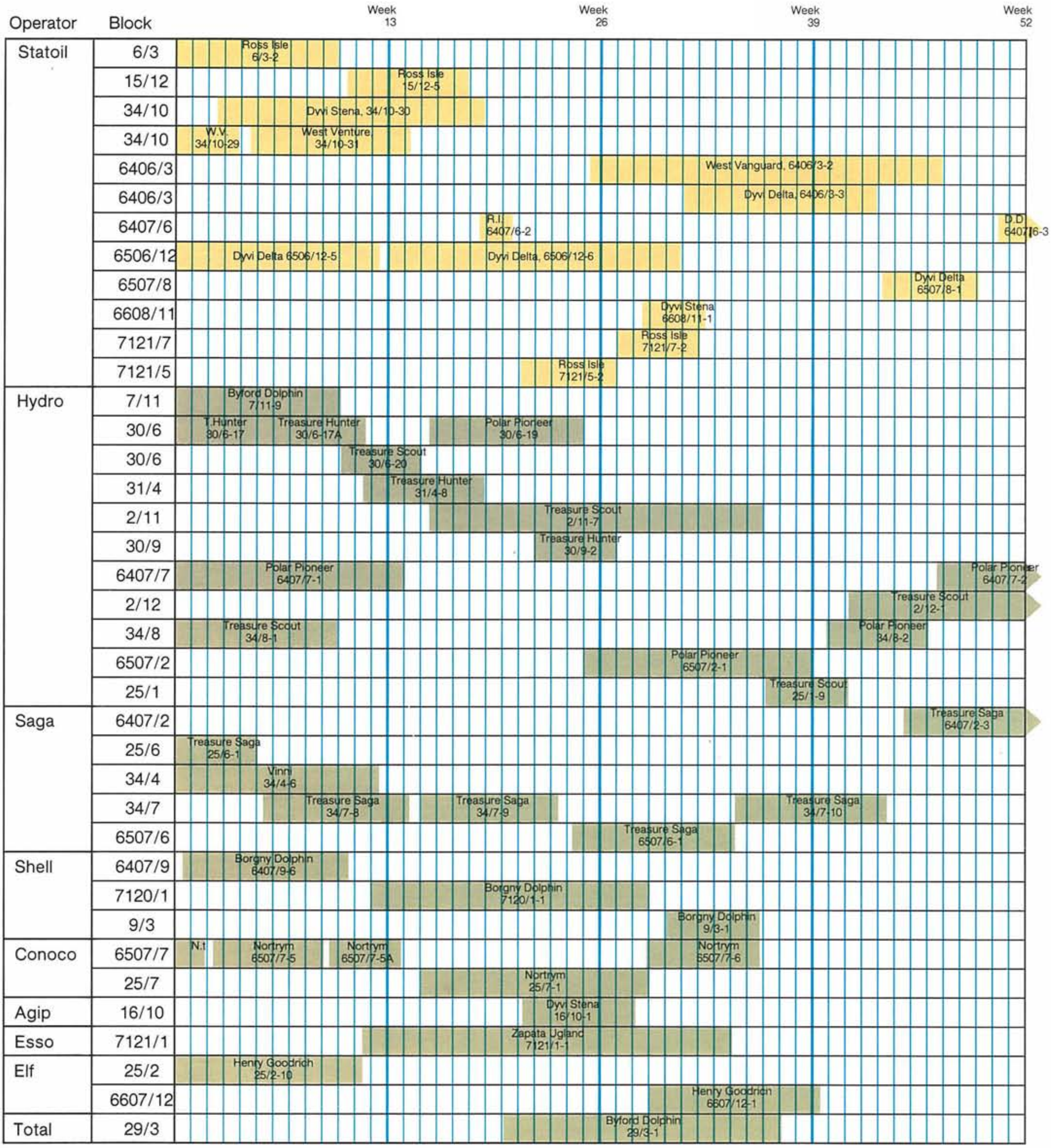
Production licence and year allocated		Blocks	Operator	Statoil's share Total	Statoil's share Financial	Type of discovery	Field
Norway							
008	- 1965	18/10, 2/6	Elf	2%	2%		
019A	- 1965	7/12	BP	12.5%	12.5%	Oil	Ula
019B	- 1977	2/1, 7/12	BP	50%	20%	Oil	Gyda
020	- 1965	16/8	BP	12.5%	12.5%		
024	- 1969	25/1	Elf	5%	5%	Gas	Frigg, NE Frigg
025	- 1969	15/3	Elf	6%*	6%*	Gas	Gudrun
026	- 1969	25/2	Elf	5%	5%	Gas	E Frigg, SE Frigg
027	- 1969	25/8	Esso	17.5%**	0%	Oil	
028	- 1969	25/10	Esso	17.5%**	0%	Oil	Balder
029	- 1969	15/6	Esso	17.5%**	0%	Gas/condensate	Sleipner/Dagny
030	- 1969	30/10	Esso	17.5%**	0%	Gas	Odin, NE Frigg
031	- 1969	2/10	Phillips	17.5%*	17.5%*		
032	- 1969	2/9	Amoco	10%**	0%		
033	- 1969	2/11	Amoco	10%**	0%	Oil/gas	Valhall/Hod
036	- 1971	25/4	Elf	40%	20%	Gas/condensate	Heimdal
037	- 1973	33/9, 33/12	Statoil	50%	20%	Oil/gas	Statfjord/Murchison
038	- 1974	15/12	Statoil	50%	20%	Oil	
040	- 1974	29/9, 30/7	Norsk Hydro	50%	20%	Gas/condensate	Hild
041	- 1974	35/3	Saga	50%	20%	Gas	Agat
043	- 1976	29/6, 30/4	BP	50%	20%	Gas/condensate	Hild
044	- 1976	1/9	Statoil	50%	20%	Gas/condensate	Tommeliten
046	- 1976	15/8, 15/9	Statoil	59.6%	30%	Gas/condensate	Sleipner
047	- 1977	33/5	Norsk Hydro	50%	20%		
048	- 1977	15/5	Norsk Hydro	50%	20%	Gas/condensate	
050	- 1978	34/10	Statoil	85%	12%	Oil/gas	Gullfaks
051	- 1979	30/2	Statoil	50%	20%	Gas	Huldra
052	- 1979	30/3	Statoil	50%	20%	Gas/oil	Huldra/Veslefrikk
053	- 1979	30/6	Norsk Hydro	56.4%	14%	Oil	Oseberg
054	- 1979	31/2	Shell	61.8%	21%	Oil/gas	Troll
055	- 1979	31/4	Norsk Hydro	50%	20%	Oil	Brage
057	- 1979	34/4	Saga	50%	20%	Oil	Snorre
058	- 1979	35/8	Gulf	50%	20%	Gas/condensate	
061	- 1980	7120/12	Norsk Hydro	50%	20%	Gas	
062	- 1981	6507/11	Saga	50%	20%	Gas/oil	Midgard
063	- 1981	7117/9	Norsk Hydro	50%	20%		
064	- 1981	7120/8	Statoil	50%	20%	Gas	Askeladden
065	- 1981	1/3	Elf	50%	20%	Oil	
066	- 1981	2/2	Saga	50%	20%	Gas/oil	
067	- 1981	2/5	Shell	50%	20%	Oil	
068	- 1981	2/8, 2/11	Norsk Hydro	50%	20%		
069	- 1981	7/8	Conoco	50%	20%	Oil	
070	- 1981	7/11	Norsk Hydro	50%	20%	Oil	
071	- 1981	8/3	Statoil	50%	20%		
072	- 1981	16/7	Esso	50%	20%	Gas/condensate	
073	- 1982	6407/1	Statoil	50%	20%	Oil/condensate/gas	Tyrihans
074	- 1982	6407/2	Saga	50%	20%	Gas	Midgard
075	- 1982	6507/10	BP	50%	20%		
076	- 1982	7119/7	Norsk Hydro	50%	20%		
077	- 1982	7120/7	Statoil	50%	20%	Gas	Askeladden
078	- 1982	7120/9	Norsk Hydro	50%	20%	Gas	Albatross
079	- 1982	30/9	Norsk Hydro	73.5%	14%		Oseberg
080	- 1982	6609/5	Statoil	50%	20%		
081	- 1982	6609/7	Phillips	50%	20%		
082	- 1982	6609/10	Saga	50%	20%		
083	- 1982	6609/11	Norsk Hydro	50%	20%		
084	- 1982	6610/7	Statoil	50%	20%		

Production licence and year allocated		Blocks	Operator	Statoil's share Total	Finacial	Type of discovery	Field
Norway							
085	- 1983	31/3, 31/5, 31/6	Norsk Hydro Statoil, Saga	85%	12%	Gas/oil	Troll
086	- 1984	6/3,7/1	Statoil	50%	20%	Oil	
087	- 1984	16/4	Norsk Hydro	50%	20%		
088	- 1984	24/6,25/4	Total	50%	20%		
089	- 1984	34/7	Saga	50%	20%	Oil	Snorre
090	- 1984	35/11	Mobil	50%	20%		
091	- 1984	6406/3	Statoil	50%	20%		
092	- 1984	6407/6	Statoil	50%	20%		
093	- 1984	6407/9	Shell	50%	20%	Oil	Draugen
094	- 1984	6506/12	Statoil	50%	20%	Gas/condensate	Smørbukk, Beta
095	- 1984	6507/7	Conoco	50%	20%	Oil/gas	Heidrun
096	- 1984	7119/9	Elf	50%	20%		
097	- 1984	7120/6	Norsk Hydro	50%	20%	Gas/oil	Snøhvit, Albatross
098	- 1984	7120/10	Esso	50%	20%		
099	- 1984	7121/4	Statoil	50%	20%	Gas/oil	Snøhvit
100	- 1984	7121/7	Statoil	50%	20%	Gas	Albatross
101	- 1985	16/10	Agip	50%	20%		
102	- 1985	25/5	Elf	50%	20%		
103	- 1985	25/7	Conoco	50%	20%		
104	- 1985	30/9	Norsk Hydro	50%	20%		
105	- 1985	6406/6	Statoil	50%	20%		
106	- 1985	6407/4	Statoil	50%	20%	Gas/condensate	
107	- 1985	6407/7	Norsk Hydro	50%	20%		
108	- 1985	7120/1	Shell	50%	20%		
109	- 1985	7120/2, 7120/3	Norsk Hydro	50%	20%		
110	- 1985	7120/5, 7121/5	Statoil	50%	20%	Gas/oil	Snøhvit
111	- 1985	7121/1	Esso	50%	20%		
112	- 1985	25/2	Elf	50%	20%	Gas	East Frigg
113	- 1985	2/12	Norsk Hydro	50%	20%		
114	- 1985	9/2	Statoil	50%	20%		
115	- 1985	9/3	Shell	50%	20%		
116	- 1985	15/12	Statoil	50%	20%		
117	- 1985	25/6	Saga	50%	20%		
118	- 1985	26/4	BP	50%	20%		
119	- 1985	29/3	Total	50%	20%		
120	- 1985	34/8	Norsk Hydro	50%	22%		
121	- 1986	6407/5	Mobil	50%	10%		
122	- 1986	6507/2	Norsk Hydro	50%	20%		
123	- 1986	6507/6	Saga	50%	15%		
124	- 1986	6507/8	Statoil	50%	20%	Gas/oil	Heidrun
125	- 1986	6508/5	Shell	50%	20%		
126	- 1986	6607/5	Esso	50%	10%		
127	- 1986	6607/12	Elf	50%	20%		
128	- 1986	6608/10, 6608/11	Statoil	50%	25%		
129	- 1986	25/1	Norsk Hydro	50%	20%		
Denmark							
7/86	- 1986	5604/22, 5604/26	Statoil	26.5%			
8/86	- 1986	5707/20,5808/17, 5808/18	Statoil	26.5%			
9/86	- 1986	5508/31, 5508/32	Danop	26.5%			
The Netherlands							
	- 1968	K/18, L/16	Conoco	6,375% 7.5%		Oil Oil	Kotter Logger
	- 1985	F14a	Statoil	60%			
China							
	- 1985***	Beibu Wan	Total	9.8%		Oil	Weizhou 10-3
	- 1986***	10/36, Yellow Sea	Cluff Oil	55%			
Malaysia							
	- 1986***	Sarawak Offshore Block III	Elf	20%			

* Option for direct participation.
** Net profit.
*** The year Statoil bought shares in previously allocated licences.

Counting from licence No. 038 Statoil's share may be increased, depending on production level in the licence and the specific licence conditions.

Exploration and delineation wells in 1986



D.D. = Dyvi Delta
W.V. = West Venture
N.t = Nortrym 6507/7-4
R.I. = Ross Isle

Operated by Statoil

Operated by others, Statoil is a partner

Survey of Group's activities in 1986

As of 31 Dec. 1986

Field, company	Operator	Location	Share, % Total	Share, % Financial	Comments
Exploration					
27 exploration licences	Statoil	Norway	Minimum 50	12-30	Exploration or evaluation
74 exploration licences	Other companies	Norway	Minimum 50	0-50	Exploration or evaluation
1 exploration licence	Statoil	The Netherlands	60	60	Exploration or evaluation
1 exploration licence	Other companies	The Netherlands	6.375 and 7.5	6.375 and 7.5	Exploration or evaluation
2 exploration licences	Other companies	China	9.8 and 55	9.8 and 55	Exploration or evaluation
2 exploration licences	Statoil	Denmark	26.5	26.5	Exploration or evaluation
1 exploration licence	Other companies	Denmark	26.5	26.5	Exploration or evaluation
1 exploration licence	Other companies	Malaysia	20	24.69135	Exploration or evaluation
Development					
Gullfaks	Statoil	Block 34/10	85	12	Oil/gas
Oseberg	Norsk Hydro	Block 30/6, 30/9	63.24	14	Oil/gas
East Frigg	Elf	Block 25/1, 25/2	8.15	6.05	Gas
Oseberg Transport	Norsk Hydro	Block 30/6, 30/9	63.24	14	Oil transport
Mongstad Terminal	Statoil	Mongstad	100	100	Crude oil terminal
Mongstad Refinery	Statoil	Mongstad	100	100	Expansion and upgrading
Troll [1]	Shell	Block 31/2, 31/3, 31/5, 31/6	77.576	14.88	Oil/gas
Sleipner [1]	Statoil	Block 15/9	59.6	30	Gas/condensate
Production					
Statfjord	Mobil	Block 33/9, 33/12[2]	42.04661	42.04661	Oil
Murchison	Conoco	Block 33/9[2]	11.1	11.1	Oil
Frigg	Elf	Block 25/1[2]	3.041	3.041	Gas
North East Frigg	Elf	Block 25/1	2.1	2.1	Gas
Kotter	Conoco	The Netherlands	6.375	6.375	Oil
Logger	Conoco	The Netherlands	7.5	7.5	Oil
Ula	BP	Block 7/12	12.5	12.5	Oil/gas
Heimdal	Elf	Block 25/4	40	20	Gas
Weizhou 10-3	Total	China	9.8	9.8	Oil
Transport					
Statpipe	Statoil	Kårstø	60	60	Gas transport
Norpipe a.s	Separate adm.	Stavanger	50	50	Oil and gas transport
Norpipe Petroleum UK Ltd.	Separate adm.	Teesside	50	50	Oil terminal
K/S Statfjord Transport a.s & Co.	Statoil	Stavanger	42	42	Crude oil transport by tanker
Gullfaks Transport	Statoil	Stavanger	85	12	Crude oil transport by tanker
Ula Transport	Statoil	Stavanger	100	100	Condensate transport
Refining and marketing					
Rafinor A/S & Co.	Separate adm.	Mongstad	70	70	Refining
Norsk Olje a.s	Separate adm.	Oslo	73.62	73.62	Marketing
I/S Noretyl	Norsk Hydro	Bamble	49	49	Petrochemicals
I/S Norpolefin	Statoil	Bamble	66⅔	66⅔	Petrochemicals
Svenska Statoil AB	Separate adm.	Stockholm	100	100	Marketing
Statoil Petrokemi AB	Separate adm.	Stenungsund	100	100	Petrochemicals
Statoil A/S	Separate adm.	Copenhagen Kalundborg	100	100	Marketing Refining

[1] Effective from 1 January 1987.
[2] The field straddles the British/Norwegian median line.

Den norske stats oljeselskap a.s

Norway

Headquarters, Stavanger
P.O. Box 300,
N-4001 Stavanger
Telephone (04) 80 80 80
Telex 73 600 stast n

Statoil, Bergen
P.O. Box 1212, N-5001 Bergen
Telephone (05) 22 20 00
Telex, exploration:
40 633 stabg n
Telex, Gullfaks Prod.:
40 639 drift n

Statoil, Bamble
Bamble, N-3960 Stathelle
Telephone (035) 77 000
Telex 21 736 staba n
Telex, distribution:
21 495 staba n

Statoil, Trondheim
Klæbuvn. 194,
Postuttak
N-7001 Trondheim
Telephone (07) 58 40 11
Telex 55278 statd n

Statoil, Harstad
P.O. Box 40, N-9401, Harstad
Telephone (082) 74 377
Telex 65 828 staha n

Statoil, Kristiansund
P.O. Box 2123, Løkkemyra,
N-6501 Kristiansund N
Telephone (073) 82 211
Telex 15 646 stlkr n

Statoil, Asker
P.O. Box 74, N-1360 Nesbru
Telephone (02) 84 53 20, 79 43 01
Telex 77 406 staas n

Statoil, Kårstø
P.O. Box 308,
N-5501 Haugesund
Telephone (04) 77 22 00
Telex Statpipe drift
40 807 staka n

Statoil, Ågotnes
CCB, P.O. Box 10,
N-5363 Ågotnes
Telephone (05) 33 40 50
Telex 42 500 stbbe n

Statoil, Florø
P.O. Box 223,
N-6901 Florø
Telephone (057) 42 466
Telex 40 740 stafo n

Statoil, Mongstad
P.O. Box 115,
N-5154 Mongstad
Telephone (05) 36 00 00
Telex 42 982

International

Statoil, China
Great Wall Hotel,
Room 346-348, Beijing,
People's Republic of China
Telephone 500 55 66 - 346/644
Telex 22 591 stapk cn

Statoil, North America
Allied Bank Plaza
1000 Louisiana St.,
2001 Houston, Texas,
77 002, USA
Telephone (713) 651 1943

Subsidiaries

Norway

Norsk Olje a.s - Norol
P.O. Box 1176 Sentrum,
N-0107 Oslo 1
Telephone (02) 31 05 50
Telex 78 063 olje n, 71 060 olje n
Telex, distribution 72718 olje n

Rafinor A/S & Co.
Mongstad, N-5154 Mongstad
Telephone (05) 36 11 00
Telex 42 266 olje n

Norwegian Underwater Technology Center a.s - Nutec
P.O.Box 6, N-5034 Ytre Laksevåg
Telephone (05) 34 16 00
Telex 42 892 nutec n

International

Svenska Statoil AB
P.O. Box 5833, S-102 48
Stockholm, Sweden
Telephone (8) 7836 000
Telex 19 135 staoil s

Statoil Danmark a.s.
Sankt Annæ Plads 13
DK-1298 København K,
Denmark
Telephone (1) 14 28 90
Telex 27 090

Statoil A/S
Sankt Annæ Plads 13
DK-1298 København K,
Denmark
Telephone (1) 14 28 90
Telex 27 135

Statoil (UK) Ltd
10, Piccadilly,
London W1V 9LA,
United Kingdom
Telephone (1) 409 0015
Telex 005 127 801 stato g

25-29, Queen Street,
Maidenhead, Berks. SL6 1NB,
United Kingdom
Telephone (62) 83 75 43
Telex 84 92 36 stalo g

Sales Office Denmark
Hovedgaden 6, DK-2970
Hørsholm, Denmark
Telephone (2) 86 88 22
Telex 37 536 stakoe dk

Statoil Petrokemi AB

Olefins Division
P.O. Box 855, S-44401
Stenungsund, Sweden
Telephone (303) 87 000
Telex 2404 staolef s

Plastics Division
S. Hamngatan 37-41, S-411 06
Gøteborg, Sweden
Telephone (31) 80 50 00

Statoil Netherlands B.V.
P.O. Box 1193, 2260 BD
Leidschendam, Netherlands
Telephone (70) 20 92 30
Telex 34 292 stato nl

Statoil Finland OY
Tallvägen 13C17, SF-00270
Helsinki 27, Finland
Telephone (0) 41 01 33
Telex 123 413 stahe sf

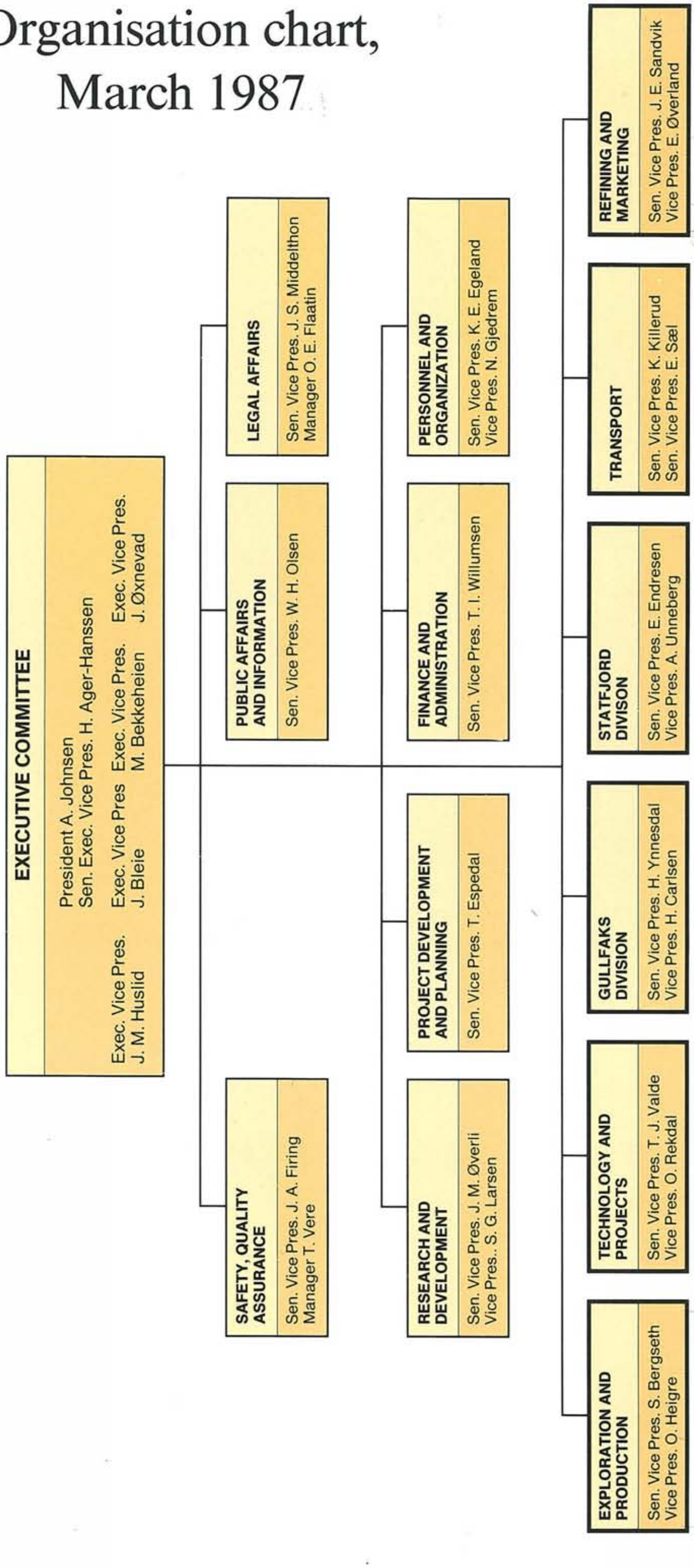
Statoil France S.A.
Immeuble Rosny 2, Avenue du
General de Gaulle, F-93 118
Rosny sous Bois, France
Telephone (1) 485 54 562
Telex 231 493 stapa f

Den norske stats oljeselskap Deutschland GmbH

Kennedydamm-Center,
Schwann Str.3, D-4000
Düsseldorf 30, Federal
Republic of Germany
Telephone (211) 45 07 45
Telex 858 2 806 stat d

Werk Hamburg-Norderstedt,
Robert Koch Str.25, D-2000
Norderstedt 2, Federal
Republic of Germany
Telephone (40) 52 400 31
Telex 21 74 351 stah d

Organisation chart, March 1987



The drilling rig *West Vision* in the Stavanger harbour.

Den norske stats oljeselskap a.s
P.O. Box 300, N-4001 Stavanger, Norway
Telephone 47-4-80 80 80. Telex 73 600 stast n

Photo: Leif Berge, Statoil. Lay-out consultants: Olsson Peter Sentrum. Typesetting: Statoil. Printer: Aske Trykkeri AS